

III.

SOME MISTAKES ABOUT ECONOMICS.

SOME people say that it is not worth while to study Economics because it is not exact in its conclusions. That is, it cannot tell a business man that this month will be a good month in which to sell, and next month a good month in which to buy, or that he can be sure to make money by doing so-and-so. In fact, Economics is not an exact science, as arithmetic is, in which we know surely that twice two is four and can't be anything else. But much of our knowledge that is of most practical use comes from studies which are not exact. A farmer might as well say that he wants to know nothing about the weather, because he cannot be sure that the last week in April will be rainy and the first week in July hot. If he could have a weather science that would tell him the heat and rain and sunshine for each day in the year, then indeed he could

plant with some certainty about his crops. Yet, as a matter of fact, he seeks to know all he can, however imperfectly, about the weather. He relies surely on the general facts that winter is cold and summer hot, that spring is seed-time and autumn the time of harvest. Then he seeks to learn from his weather-wise neighbors the signs of the clouds and the sun, the birds and the flowers, the barometer and the weather-glass. Finally, out of this study of the weather there comes a science, and the Weather Bureau warns him of the coming of a great storm or of a season of drought, which it foretells from the telegraphic reports or from the spots on the sun. It cannot tell him that at three o'clock Thursday there will be a shower heavy enough to spoil his hay, but its warning is nevertheless a real help. Millions of dollars have been saved to the farmers of this country by the predictions of the Signal Service. It is the same with Economics, and with many other studies. It has its foundation facts, its general laws, its specific applications. It is a great help, but it does not claim to tell the day and the hour at which prices will go up or go down.

Others say that it is not worth while to study

Economics because economists themselves differ, and "when doctors disagree, who shall decide?" Yet it is true in medicine, which is also an inexact science, that while two doctors may disagree as to the exact kind of sickness of a patient, and the specific remedies that will make him well, and even quarrel desperately over "old school" and "new school," yet doctors do agree as to the general laws of health and of healing, and, despite all their mistakes, do help people to get well. So, also, ministers of different denominations disagree as to doctrines, but they agree as to Christianity and its power over life. The same is true of economists: all recognize the great truths, almost all recognize the same general laws; there is still much division on specific applications.

But it is also true that schools which differ in methods arrive at the same results. The English or Manchester school, as it is called, taking up many of the ideas of the earlier French economists, and including the great Scotch and English economists from Adam Smith to Richard Cobden, thought most about the great laws which *must be*, and so they are called the *a priori* or scientific economists. They considered Economics almost an exact sci-

ence, and showed that because of such-and-such laws such-and-such things must come to pass. The German or "national" school, to which many of the later English and American economists belong, seek to find out what *has been* the historical experience of nations as to economic matters, and so they are called the empirical or historical economists. They consider that even great laws act somewhat differently as applied to nations in different stages of growth, and claim that we must look not only at laws, but at historical events and the circumstances of individual peoples. In their view Economics is a science only as physiology is a science: in both small circumstances influence, and great events modify, great laws. Christianity, which is so great an event in history that we date everything from the birth of Christ, introduced certain springs of action, like the "golden rule," which have had the greatest possible influence upon the action of economic laws.

But the scientific and the historical schools of economists, after all, reach much the same conclusions and confirm each other's results. When the French merchant Legendre was asked by Colbert, minister of Louis XIV., what the Government

should do for the merchant, he answered "*Laissez faire*"—"Let us be," "Do nothing." This phrase became the cry of the Manchester economists, who said that Government should do nothing to interfere with the natural course of business. The historical school studied the same subject as a matter of experience, and most economists come to the similar conclusion that a people gets on best when its Government does only those things which ordinary business organization cannot do as well. But there is great difference of opinion as to the application of this conclusion—for instance, as to whether Government can best manage the telegraph and railroads.

Still others say that it is not worth while to study Economics, because it is largely a quarrel about words. This means that economists have generally given much space to explaining what certain words, such as "wealth," "property," "value," and the like, do mean, and what they don't mean. When "Alice in Wonderland" meets Humpty Dumpty, he tells her that he makes words mean what he wants them to—otherwise, what is the use of having them? Perhaps Humpty Dumpty was making fun of economists. But a great many words

are carelessly used, and mean somewhat different things to different people, and it is said that half the quarrels in the world have come from misunderstandings about words. Therefore it is of first importance that a writer should make clear how he means to use a word, and that his readers should keep that meaning clearly in mind. But it is foolish to waste time in quarrelling with another because he uses a word whose meaning is not absolutely settled, in another sense than that you would give to it. As the science of Economics progresses, the scientific meaning of its words becomes more and more settled.

An example is the word *wealth*, which expresses the object of Economics. It may be said that there are two kinds of wealth—possible wealth and actual wealth, or wealth potential and wealth produced. Every young man who has health, ability, and skill, has, we often say, the best capital for life; and so a country which has many such men may be said to have great wealth. So it is said that every able-bodied man among the 600,000 immigrants who came to the United States in 1883 was worth a thousand dollars to the country. A wise statesman ought to do all he can to promote

good habits of living among the people, and to encourage immigration, for the more workers the more wealth. Adam Smith used the word wealth in this broad sense. But this kind of wealth cannot be exchanged, and Economics cannot deal with it. Therefore, when modern economists speak of wealth, they mean usually wealth produced,—the fruits of work, not the possibilities of it. And most of them do not include in wealth either natural resources, as land, which cannot be increased or decreased, or mere evidences of debt, as promises-to-pay, which, if burned up, would be no loss of real value. Wealth in this sense is product, and not the possibility or the evidence of product.