

ECHO-NOMICS AND THE SCHOOLS.

By JAMES LOVE, Author of *Japanese Notions of Political Economy*.

There are reverberating places where if one shouts a question, the more or less remote, sharp cut bluffs, venerable nobles, moss grown eminences, though merely echoing the question, return such a medley of loud, and feeble, and mumbling inarticulations, that one cannot even recognize his question. With this in mind, and realizing that economics consists merely of the discordant echoes of current confusions, it has occurred to me that "Echonomics" might be an orthography preferable to "Economics" as now. However, in this paper the name is unimportant. I am thinking of the study (no matter how termed), as the professors present it.

Though Professor Arthur Latham Perry, LL.D., says: "It is impossible to make discussion in political economy amusing," I had really—in mid-summer madness—thought of so doing by citing passages from his own works, and abandoned the idea, not from lack of material, but because of the soberness of my own nature that is averse to levity in serious affairs. Whereupon, seeking concise statements of current teachings, I turned to an earlier writer who, while offering no opportunity for banter, presents with *unusual clearness* what are still the *essentials* of "Economics as she is taught,"—Mrs. Marcet, whose "Conversations on Political Economy," 1817, went through many editions, was very popular for such a book, and was much used in schools. I have a liking for this lady, for when a boy of fifteen, it was the reading of her arguments that made me ever after a friend of free trade. However, while believing her to be greatly superior to the bewildered and indecisive Walker, Marshall, Seligman, and the rest, there is yet much in her writing that might well lead one—not recognizing that custom is second nature—to doubt that man is a *reasoning* being.

That the present wide inequality in possession of "wealth" is natural, and largely unavoidable, was believed by Mrs. Marcet precisely as by recent writers. But, they are so occult and incomprehensible, that to present what they really teach I must make use of her.

The talks are between Mrs. B., the preceptress, and Caroline, her pupil. Emily, who figured in the "Chemistry Conversations," too young for this more thorny study, and whose questionings might be embarrassing, is prudently left out. The bits taken here and there I have arranged under heads.

WHAT IS "WEALTH" ?

p. 27. *Mrs. B.*—Anything that can become an article of commerce; such as *landed estates*, the products of agriculture, manufactures, domestic animals. In short, *whatever can contribute to the welfare and enjoyment of man.*

HOW IS WEALTH PRODUCED ?

(Though from her definition it could be brought into being by nothing short of Creative fiat.)

p. 31. *Mrs. B.* says:—It is very true that *Labor* is a most *essential* requisite to the production of wealth.

p. 44. *Mrs. B.*—*Land* may be considered as the instrument by which *alone* wealth is created. (Produced?)

p. 86. *Caroline*—Labor seems to be the natural and immediate cause of wealth.

Mrs. B.—Very true, Caroline.

p. 98. *Mrs. B.*—Do you understand now that no productive enterprise can be conducted without *Capital* ?

CAPITAL—CIRCULATING AND FIXED.

p. 107. *Mrs. B.*—(Speaking of farm produce, manufactures, *et cet.* “Circulating Capital.”) This class of capital is transferred *first* from the master to the laborer in the form of wages and raw material. From the laborer, in products increased in value, it is returned to the master, who sells it to consumers and realizes profits. (But how the master gets the capital to start the circulation is not made clear.)

p. 108. *Caroline*—You call maintenance of laboring men Circulating Capital, and that of cattle as Fixed Capital: they seem to me to be the same.

Mrs. B.—And so they are. If laborers were bought and sold, and not hired as now, they also would be fixed capital.

NATURAL INDOLENCE OF MEN.

p. 31. *Mrs. B.*—The labor of the savage who produces no wealth is *often more severe* than that of our common plowmen whose furrows teem with riches.

p. 32. *Mrs. B.*—Men are naturally disposed to indolence. (And yet on her next page the lines quoted from Goldsmith, if true, would prove that they are not.)

p. 33. *Mrs. B.*—“Every want that stimulates the breast,
Becomes a *source of pleasure* when redressed.”

SECURITY TO THE PRODUCER.

p. 38. *Mrs. B.*—Security is the great point. It is security that stimulates industry and renders labor productive.

p. 274. *Mrs. B.*—Another considerable advantage of landed property—as the farmer increases his products *the landlord can raise his rent.*

p. 272. *Mrs. B.*—The *rent* the farmer pays for the use of land is similar to the *interest* paid for the use of capital.

p. 202. *Mrs. B.*—A landlord cannot exact what a tenant is not willing to give * * * If the produce of the farmer can be sold for such a price as will repay the usual rate of profit on capital employed, and yet leave a surplus, farmers will be found who will willingly pay that surplus to the landlord for the use of his land.

p. 264. *Mrs. B.*—Sea fishing not being private property yields no rent. But inland fisheries do. There are forty-one salmon fisheries on the Tweed. And the Duke of Gordon lets one on the Spey for £7,000 a year.

p. 42. *Mrs. B.*—Men will not cultivate the earth * * * *when the idle may reap the harvest sown by the hand of industry.*

RESULTS OF “SECURITY.”

p. 63. *Mrs. B.*—(Omits Ireland, Scotland and her own loved England to tell of “The virtuous and happy Swiss.” Thus) That the Swiss are poor is not because of idleness—it is because of *natural obstacles*. For they are uncommonly active. “I have often seen them carry baskets of manure up steep heights to fertilize some little nook among the rocks. The country women carry their knitting about their waists so as to fill up every little interval with work. If a Swiss woman goes for water or wood she poises the burden on her head and knits as she walks along. But with it all, she adds, the father of a family cannot provide for his children and many are forced to migrate. (In the Art. Agriculture, Cy. Brit. Vol. 1, p. 413—I read that the medium quality of land which in England would hardly rent for thirty shillings an acre, will in Switzerland, *because of the greatly increased production under “Petite” culture,*

rent for £6 an acre. But the causes for Swiss poverty, other than "natural obstacles," that now might arise in an *ignorant* mind, will not, we find, in one "scientifically trained," and other reasons must be rendered. Thus)

p. 412. *Caroline.*—And do you suppose that the present distressed state of agriculture is due to our *producing too much* at home?

Mrs. B.—I have no doubt it is one of the causes.

p. 156. *Mrs. B.*—That population should tend to *press upon the means of subsistence* and render exertion necessary to obtain food, appears to me to be a law of nature wisely calculated to call into activity the various powers of man.

p. 156. *Caroline.*—The miseries arising from an excess of population have left a melancholy impression on my mind.

RELATION OF THE RICH TO THE POOR.

p. 89. *Mrs. B.*—In civilized society men cannot live from spontaneous produce. The wilderness is cultivated, and land has become private property.

p. 90. *Caroline.*—And when the land is occupied by the rich there seems to be no resource left to the poor?

Mrs. B.—The poor man may be supposed to say to the rich one: "You have more than you want, whilst I am destitute. Give me some little share of your wealth for a subsistence. I have nothing to offer in exchange but my labor, but with that I will undertake to procure you more than you part with,—if you maintain me I will work for you."

p. 91. *Caroline.*—(Dubious.) This is a resource for the poor, I own; but they are left at the mercy of the rich, and would starve should the rich not employ them.

p. 92. *Mrs. B.*—True. But what could the rich do without their assistance?

p. 93.—*Mrs. B.*—The poor and rich are necessary to each other, * * * *without the rich the poor would starve*; without the poor the rich would be compelled to labor for their own subsistence.

COMMENCEMENT-DAY AND THE CURTAIN DROPS.

(And now no longer needing this restraining monition of)

p. 6. *Mrs. B.*—at the beginning—"If you can remain satisfied with your ignorance of political economy you should at least * * * forbear to talk about it since you cannot do it to any purpose." *Caroline* closes her studies and is prepared for her "Degree."

p. 465. *Caroline.*—(Graduation thesis): Formerly I imagined that whatever addition was made to the wealth of the rich was so much subtracted from the pittance of the poor, but now I see it is on the contrary, an addition to the general wealth of the country, by which the poor benefit equally with the rich."

Though in primitive societies "wealth" seems to be very evenly apportioned; in all the *civilizations*, of the present and past, a great material inequality has prevailed that, in every case being the slow outgrowth of custom, has ultimately been accepted as a matter of course; except that at long intervals some superior men have been aroused to its evils and have inveighed against it. Such men were Plato, and Aristotle, in old Greek times. Isaiah, Micah, Ezra, among the Jews. Sir Thomas Moore, and James Harrington, in England. But their efforts being mainly empirical, and their audiences small, the results seem to have been altogether nil. And it was not until the middle of the 18th century that Quesnay and his fellows, proposing to seek the cause

of this inequality in a more methodical manner, originated the science of "Political Economy." They sought to explain how "wealth" is so unevenly distributed among the members of the same community. And wealth consisted—as they defined it—of material things produced by human exertion, (or "labor,") on land, and having value in exchange. This made wealth to consist singly of valuable *products*. But later writers, all enmeshed in the customs of their times, could not free their minds from the notion that "Land" in itself is not only wealth, but the most important item in the category wealth; yet land is not produced. So that after years of controversy, during which they devoted more and more space to the *production* of wealth—and, though "It is evident," as Plato said, "That the city cannot be happy unless the whole or the greater part of the people are happy, for happiness cannot be averaged;" they more and more neglected *distribution*. And abandoning the truth that wealth is a *product*, they came to hold that *value* is the chief, if not the *sole characteristic* of wealth. In the words of Francis A. Walker "Wealth comprises all articles of value and nothing else."

But a new dilemma arose, for this definition of wealth included slaves. And, while never doubting the moral right of individuals to appropriate "*Rent*," most men had come to see that the value of a slave is really the value of the legal power to *rob* a man of his wealth. But the notion that land is wealth, though weakening somewhat in the outside world, had a tenacious hold in the schools, and would not yield to the clearest exposition of natural law. When Mahomet found that the mountain would not budge, succumbing to physical law, he sensibly went to the mountain. But when the economists found that the moral law was against them, they proceeded to *repeal* the moral law. Thus Spencer, who once used the term "God" with reverence, and had written: "Nay, indeed, so *spontaneous* is this faith in the equality of human rights, that our very language embodies it. Equity and equal are from the same root; and equity literally means equalness"—dropped God for the "Unknowable," and moral law for "Evolution." Walker cautions us that "The economist is not to be influenced by any *ethical* consideration." And Hadley suggests that in a definition of Wealth we must not be guided by a preconceived ethical code because "Every race and every generation has a different ethical code of its own." And Ely, denying the spontaneity of the idea justice or equity, exclaims "There are no natural rights"—"All true rights are rational rights," are "Habits and not compulsory necessities of nature." While Seligman assures us that "Modern jurisprudence and political philosophy . . . have incontestably disproved . . . this assumption of natural laws or natural rights."

Thus while the use of the term justice is held to be non-scientific, and God has become an exploded idea, political economy under the name "Economics" has sunk to such complete indecision that to the questions: Is "Protection" ever a benefit? Can chattel slavery be justified? Is robbery always wrong? They can only respond: "There are no *universal theories* in economics to be applied without regard to time and circumstances." So, it has even become "Professional" to laugh at Jefferson's declaration that *all men are created equal*; believing its falsity to be shown by their *actual* condition. But what Jefferson enunciated was a *moral law* which, like a physical law, never ceases to exert itself—the facts proffered as conflicting with it really proving its truth. Just as in disregarding the physical law of gravitation a tower would be weakened, and if much disregarded would fall, so in disregarding this moral law of equality that gives the product to the producer—the law "Thou shalt not steal"—ill effects ever follow. And if much disregarded—famines and death, once populous lands turning to deserts, and great cities becoming ruins. So inflexible a law that even where the producer is not aware he is being robbed,

and the robber is unconscious of robbing, the results are just the same—most likely worse. For as was observed long ago by Plato, “It is the perfection of injustice to seem just without really being so.”

But in rejecting moral law they were impelled presently (excepting the so called laws of “Malthus” and of “Diminishing returns in agriculture,”) to deny the existence of any economic laws at all “That will save the statesman the labor of *working out each case on its merits.*” Thus, “It being as good to be in the dark as without light,” they really admit their books to be worse than worthless, for the time spent in reading them must be wholly lost.

Though among the people (including economists) of Europe and America no belief for ages has been more general than that land is capital; and to be included in the term “Wealth,” some economist is ever making the “Most important discovery” that land is capital. Thus Perry finds (1881) that “The largest part of all saleable land is nothing more nor less than capital,” a discovery that will cause “The difficulties that have perplexed economists and statesmen . . . mostly if not wholly to disappear.” And John Bates Clark, of Columbia, in treating land as “Capital-goods,” “Rent as merely a part of interest,” and “Rent and interest as describing the same income in two different ways,” is thought by many of his scholastic critics, and by himself too, to have made an important discovery. In the same belief Professor Plehn, of California, in his *courteous* letter to me, “Finally land *is* wealth, land *is* capital. . . . I am at present at work on a theory of distribution which does not leave room for the senseless and unbusiness-like distribution between land and capital—an elaboration and simplification both, of Senior’s ‘Analysis,’ which is hinted at once or twice in my ‘Public Finance.’”

Serious as the matter is, such Dogberry wisdom forces one to laugh in spite of himself.

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In political economy, from the beginning, the great difficulty has been to define the term “Wealth”—the very object noun, or subject matter of the study. For, not only to the professors but to most men who have not thought upon the subject, land seems to be by far the most important item of wealth,—termed “real wealth,” as being the most secure form of all wealth. This long continued habit of estimating land caused the Physiocratic definition of wealth, which excluded land, to be rejected, and, eventually, the Ricardian theory of rent to be denied. Thus ever going from bad to worse, the writers treating capital and labor as the *two* essential, yet *antagonistic* factors of production between which there is and always must be conflict, have been fatally lost in such a labyrinth of confusions and contradictions, that should a professor of geology, or of astronomy, attempt to convince his class by means of the same “logic” that economists use, and with which economic books are filled, he could not hold his chair for an hour.



PRESENT CONDITIONS OF THE SINGLE TAX MOVEMENT IN NEW ZEALAND.

(For the Review.)

By MERVYN J. STEWART.

On being invited to report on the present condition of the Single Tax movement in New Zealand I am only too conscious of the higher qualifications of many of my brothers. As a farmer by occupation, a political agitator, not specially successful, by preference, and an unpaid municipal officer by relax-