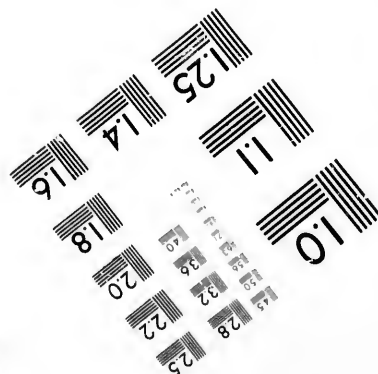
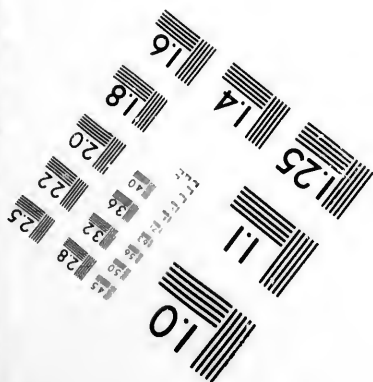
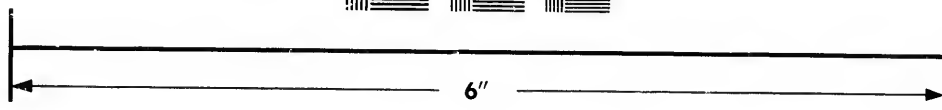
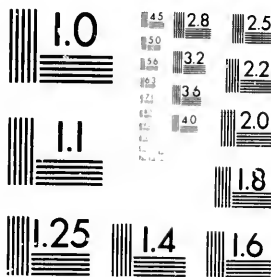


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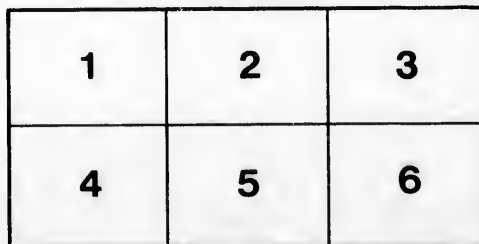
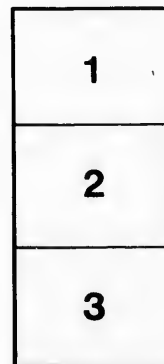
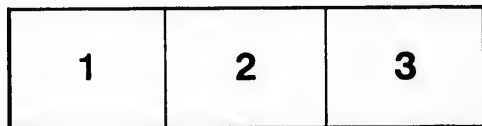
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POLITICAL ECONOMY  
AND ETHICS.

—BY—

JAMES GIBSON HUME, A.M., Ph.D.,

*Professor of Ethics and the History of Philosophy in the University of Toronto,*

*Toronto, Canada.*

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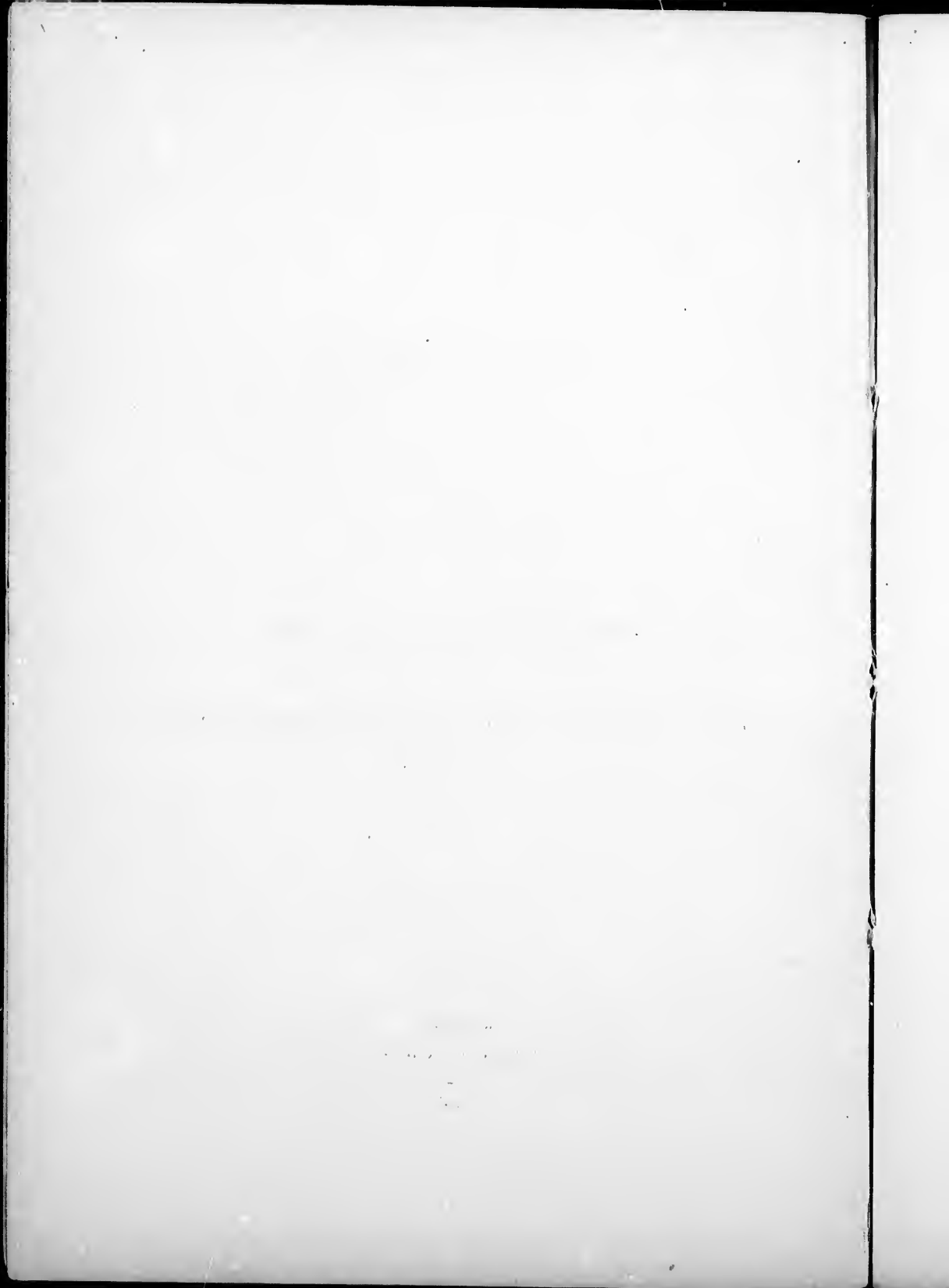
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Though I have received no direct assistance in the preparation of this little Essay, I avail myself of this opportunity to acknowledge my indebtedness to my teachers.

My deepest obligation is to my first teacher in Philosophy, Ethics, and Psychology, the late Professor George Paxton Young, LL.D. For his careful training in methods and his skilful guidance in philosophical problems, and for the privilege of coming into close contact with a teacher of such noble character, pure life, and lofty ideals, I feel profoundly grateful.

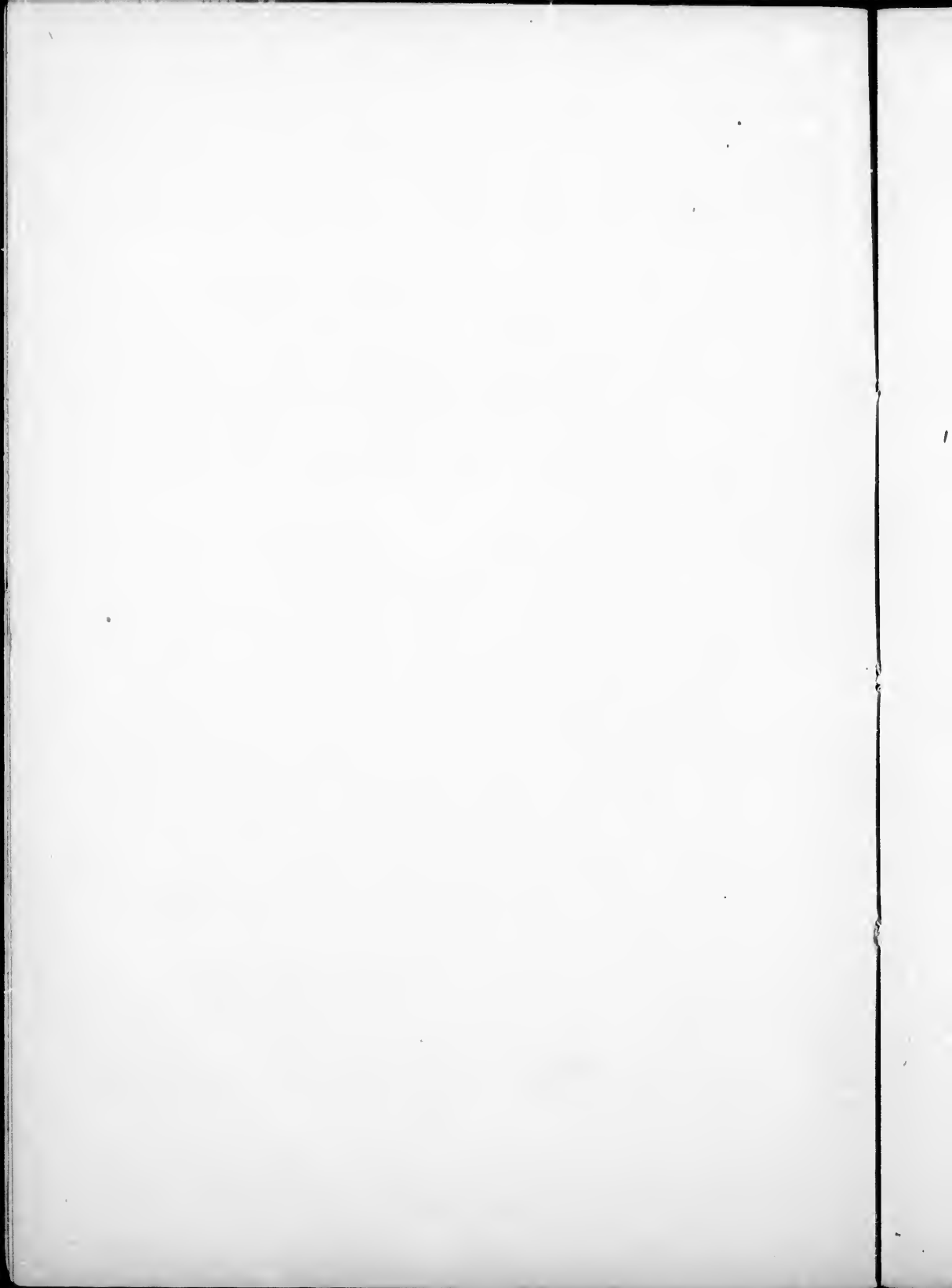
In my post-graduate studies I am under obligation for assistance, suggestion, and guidance, to the following Professors :

In Psychology—Dr. G. Stanley Hall, President of Clark University, formerly of Johns Hopkins University ; Dr. H. H. Donaldson, of Clark University, formerly of Johns Hopkins University ; Professor William James, of Harvard University ; and Dr. Hugo Münsterberg, of Albert-Ludwig University, Freiburg, Germany.

In Political Economy and History—Dr. Richard T. Ely, of Johns Hopkins University ; Dr. J. G. Brooks, of Harvard University ; and Professor Von Holst, of Albert-Ludwig University, Freiburg, Germany

In Philosophy and Ethics—The late Professor Francis Bowen, Professor C. C. Everett, Professor G. H. Palmer, Professor F. G. Peabody, and Professor J. Royce, all of Harvard University ; and, lastly, to Professor Riehl, of Albert-Ludwig University, Freiburg, Germany, to whose able instruction and friendship I owe many pleasant recollections of the Fatherland.

JAMES GIBSON HUME.



# POLITICAL ECONOMY AND ETHICS.

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## HISTORICAL ANTECEDENTS OF THE MANCHESTER SCHOOL OF POLITICAL ECONOMY.

Political Economy, the theoretical investigation of the laws governing the production, distribution, and exchange of wealth, has only in modern times received the attention which it deserves.

The distinction between Political Economy and Politics can now be drawn with considerable definiteness. In the consideration of Politics, an attempt is made to estimate what policy of government, what legislative action, will be most conducive to the "public welfare."

The earliest speculations in Political Economy occupied very nearly the same standpoint. Policies were outlined and reasons were given to prove their advantageousness by men who did not happen to occupy an official position and yet wished to influence the action of those who had a place in the government. Gradually Political Economy became separated from the immediate practical aim, and acquired its position as a special province of theoretical research.

Among the first who deserve to have a distinct place as Political Economists we may name the Mercantilists, and in all probability they succeeded in separating for special consideration the limited field of Political Economy, as distinct from the wider consideration of the "public welfare" in general, simply because they happened to have taken a narrow view of what chiefly constituted the "public welfare."

The "State" was set up in a kind of abstract independence from the citizens who composed it, and the question was, "What is for the interest of the State?" The "State" was regarded as fighting for existence among other "States," and the problem that presented itself was, "How can our 'State' best succeed in this struggle?" As in war an effort is made to gain the strategic position, the Mercantilists believed that the great stronghold to be captured in the eco-

nomical or industrial war was the greatest possible supply of the precious metals. In the possession of these consisted the nation's wealth. In the exchange of goods in the world's market, how could the greatest amount of the precious metals be secured? This would be a "favorable balance of trade."

It was concluded that foreign trade ought to be encouraged and manufacturers of exportable articles regarded as the real makers of wealth because they sent abroad their products and brought back the precious metals.

However, experience soon taught the more observant and reflective that the advantage of the so-called favorable balance of trade had been greatly overestimated. The precious metals were seen to be commodities among other commodities. Thereupon there was a direct reaction against each one of the principles defended by the previous Economists. Previously the manufacturer who finished the article for commerce was the productive and important person; the producer of the raw material was a mere assistant or subordinate to the manufacturer. Now, on the contrary, it is held that the producer of the raw material is the really important person; he alone is truly a producer. The merchant and manufacturer depend upon the farmer. It is the hen that lays the egg, not the one that hatches it, that is the mother of the chicken.

As the government had been previously employed in making restrictions, guided by the views of the Mercantilist, there was a cry for the removal of restrictions of every kind. The Physiocrats Quesnay and Gournay express very clearly the theoretical views of this period regarding the relation of the individual to the "State."

We may classify the leading doctrines of the Physiocrats as follows:

- (1) Society is made up of individuals having the same "natural rights."
- (2) Each individual understands best his own interests and is led by "nature" to follow it.
- (3) The social union is a "social contract" between these individuals.
- (4) The object of the "social contract," the function of the State, is the limitation of the "natural powers" of each just so far as it is inconsistent or interferes with the natural rights of others.

Therefore :

Labor should be unfettered.

Property should be protected and held sacred.

Freedom of exchange should be ensured.

Monopolies and privileges should be abolished.

It is needless to point out in detail how this combines the contrary views of Hobbes and Rousseau. It agrees with Hobbes that government is necessary, and with Rousseau that it is an evil. It would be unfair to criticize this inadequate view of government without remembering that there was at this time very little self-government. The government was very largely external to the citizens. It only to a small extent expressed the wishes of the governed. It chiefly reflected the wishes of a governing class. There was great need, therefore, of the sturdy claim for the full recognition of the rights of the subject. Not seeing any way to bridge over the dualism and opposition of governing and governed, they did well to emphasize that the aim of government should be the good of the citizens. Many of the principles of the Physiocrats have become familiar to English readers through their restatement by Henry George.\*

All brief representation almost necessarily suffers more or less from incompleteness. The present brochure cannot pretend to do more than refer to some of the characteristics that have been usually selected as chiefly marking the teaching of the Mercantilists and Physiocrats (those early protectionists and free traders), leaving entirely unnoticed many suggestive statements and acute observations.

ADAM SMITH.

Adam Smith is often called "The Father of Political Economy." He was an original thinker in Ethics as well as Political Economy. Before him, the Mercantilists had set up an abstractly selfish State. The Physiocrats had, in opposition, set up an abstractly selfish individual. The method in both cases had been to start with a certain number of principles or assumptions, and by deductive reasoning to unfold their consequences. One of their chief assumptions had been the original and natural selfishness of human nature. They also took a necessitarian view of the nature of impulses to conduct.

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\*See "Progress and Poverty" and a reply by Huxley in *Nineteenth Century* for Feb., 1890, "Natural Law and Political Law."

It is in his ethical writings that Adam Smith occupies opposite ground. He maintained that "sympathy" was the chief principle in moral conduct. What we can sympathize with is right, what we cannot sympathize with is wrong. When we consider our own acts, we must ask how would an impartial observer regard them? With which acts would he sympathize? As we always sympathize with benevolence, it must always be right; as we can never sympathize with malevolence, it can never be right. There is little doubt that Adam Smith, in writing his "*Wealth of Nations*," attempted to commend the same sympathetic consideration between nations that he advocated between individuals. In method, while using the deductive method freely, he did not confine himself to it, but also respected and employed the historical method.

Though his teaching produced important practical results, yet his attempt to introduce "sympathy" as a principle in Political Economy does not seem to have been successful.

He first tried to prove that the selfish principle of international policy that had made various restrictions upon trade was self-defeating. In proving this, it seemed, further, as though all governmental action with reference to the regulation of trade was simply a kind of officious meddling that always did harm. The best thing a government could do in regard to industrial matters was to do nothing. Individuals understood best their own interests, and succeeded best when let alone. Now it is evident that this aspect of Adam Smith's teaching could easily be interpreted so as to entirely agree with the preceding Physiocrats; that is, that however good sympathy may be in the moral life, in matters of commerce, selfishness was the principle that, as a matter of fact, ruled, and, what is more, the principle that gives the best results. There thus seemed to be a total separation between ethical conduct and industrial action. Adam Smith soon had successors who accepted the latter aspect of his teaching and totally rejected the "sympathy" which he had wished to make the chief corner stone.\*

Thus a return is made to the abstract conceptions, the deductive method, and the more purely necessitarian views of the previous speculators, by Ricardo and his disciples, often known as the "Manchester

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\*An able exposition and defence of the unity and harmony of Adam Smith's ethical and economical teaching is given by Zeys—"Adam Smith und der Eigennutz," Tübingen, 1889.

School." The distinguishing mark of this school is the acceptance of certain formulæ, principles, and assumptions as starting-points of enquiry; the excessive use of the deductive method; a tendency to underrate the value of observations and history; a tendency to set the individual up in a kind of abstract independence of society, and in opposition to government. Adam Smith and John Stuart Mill, though warmly advocating the rights of the individual (J. S. Mill advocated the enfranchisement of women), did not so sharply antagonize the individual and the State.

The aims and method of the "Orthodox School" of economists, as the later development of the views and method of Ricardo and Malthus is sometimes designated, has received an able exposition in Mr. Cairnes' classical work, "The Character and Logical Method of Political Economy."\*

It clearly presents the advantages of the deductive method, and, as the "Historical School" is sometimes apt to underestimate the importance of this element in the realm of Political Economy, Professor Cairnes' contribution must remain of lasting value. Before considering his special treatment of the character and method of Political Economy, it may be well first to state the relation of Political Economy to other studies in a general way. Here we have also a clear statement by an able writer in Ethics and Political Economy, Professor Sidgwick.

WHAT IS POLITICAL ECONOMY?

Professor Sidgwick, in his work, "The Principles of Political Economy,"† asks the question, Is Political Economy a theoretical enquiry dealing with matters of fact, with what is, *i.e.*, is it a Science? or is it a practical enquiry dealing with conduct, asking what ought to be and ought to be done, *i.e.*, is it an Art?

In reply, he states that he would term Politics, and also Ethics, an Art, because both Politics and Ethics are primarily concerned with the problem, what is the right course of conduct to pursue? How ought we to act? What ideals should we attempt to realize? In what manner should we endeavor to influence the opinions and conduct of men? He asserts, on the contrary, that Political Econ-

\*"The Character and Logical Method of Political Economy." J. E. Cairnes, LL.D. Second Edition. London: Macmillan & Co., 1875.

†"The Principles of Political Economy." Henry Sidgwick. London: Macmillan & Co., 1883.

omy, when it finds its own business, is not an Art but a Science, a dispassionate theoretical enquiry. Its concern is not with what ought to be, but with what is. Its attempt, if it would remain Political Economy, should be to describe accurately and truthfully the facts just as it finds them. In so far as it is Political Economy, having found out and described what is, it gives no decision whatever as to whether what is, ought to be, or ought not to be. It neither praises nor blames; with that it has nothing to do. That is outside its province.

THE CHARACTER OF POLITICAL ECONOMY.

Cairnes deplores the fact that the strictly scientific attitude of Political Economy has been so often forgotten. "The subject matter of Political Economy is the production, distribution, and exchange of wealth."

It is sometimes urged against Political Economy that it exalts selfishness, speaks as if a man's only aim in life should be to acquire wealth, the exchangeable commodities, the material good things of this world. The reply from Cairnes is that it does nothing of the sort. It has nothing whatever to do with what a man's aim should be. It recognizes as a matter of fact that man does seek to acquire wealth. Again, it is said that the self-interest that is supposed to govern the accumulation, distribution, and exchange of wealth is essentially a selfish and morally reprehensible principle, and that thus Political Economy approves of selfishness. It says: Get as much as you can, give as little as possible; thus will you become great and wealthy. The reply again is that Political Economy has no business either to approve or disapprove. It records the fact that, as a rule, in the accumulation, distribution, and exchange of wealth, men try to get as much as possible and give as little as possible. Still further, it is objected that Political Economy arbitrarily abstracts for its consideration the pursuit of wealth, and considers this by itself, while the activities, interests, and aims of mankind are almost infinitely complex and varied. The answer to this is an admission of the charge; but it is at the same time pointed out that every scientific study is compelled to abstract its subject from the almost infinitely complex world; that the objection, therefore, is not merely directed against Political Economy, but against all scientific method.



THE PRINCIPLES AND SPHERE OF POLITICAL ECONOMY.

While Cairnes is on the defensive and speaking in general terms, he seems to maintain his ground remarkably well; yet, when we follow him further and trace the connection between Political Economy and other departments, we shall see that there are peculiar difficulties if we make the separation too absolute. In abstracting a particular aspect for special consideration and limiting our attention to it, we are making an artificial limitation, and this should never be forgotten. That the same objection applies to every scientific enquiry simply admits that there is a certain danger to be guarded against in every Science and in all scientific method. If we still further quote from Cairnes, the danger in making too absolute a separation may become more apparent.

“Neither mental nor physical nature forms the *subject-matter* of the investigations of the Political Economist. He considers, it is true, physical phenomena, as he also considers mental phenomena, but in neither case as phenomena which it belongs to his Science to explain. The subject-matter of that Science is wealth; and though wealth consists in material objects, it is not wealth in virtue of those objects being material, but in virtue of their possessing value—that is to say, in virtue of their possessing a quality attributed to them by the mind. The subject-matter of Political Economy is thus neither purely physical nor purely mental, but possesses a complex character equally derived from both departments of nature, and the laws of which are neither mental nor physical laws, though they are dependent, and, as I maintain, equally dependent on the laws of matter and on those of mind.”\*

Cairnes stoutly affirms that Political Economy does not itself discover, but simply accepts from other branches of enquiry, the laws of matter, and the laws of mind. Political Economy takes these and applies them in its endeavor to solve the problems of the production, distribution, and exchange of wealth.

Again, quoting from Cairnes: “The desires, passions, and propensities which influence mankind in the pursuit of wealth are, as I have intimated, almost infinite; yet amongst these there are some principles of so marked and paramount a character as both to admit

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\*Page 32.

of being ascertained, and, when ascertained, to afford the data for determining the most important laws of the production and distribution of wealth, in so far as these laws are affected by mental causes. To possess himself of these is the first business of the Political Economist; he has then to take account of some leading physiological facts connected with human nature; and lastly, to ascertain the principal physical characteristics of those natural agents of production on which human industry is exercised.\*

Then Cairnes gives examples of "paramount mental principles," "leading physiological facts," and "principal physical characteristics," and a general result that may be deduced from them as follows: "Thus he will consider as being included amongst the paramount mental principles to which I have alluded the general desire for physical well-being and for wealth as the means of obtaining it; the intellectual power of judging of the efficiency of means to an end, along with the inclination to reach our ends by the easiest and shortest means—mental facts from which results the desire to obtain wealth at the least possible sacrifice; he will further duly weigh those propensities which, in conjunction with the physiological conditions of the human frame, determine the laws of population; and, lastly, he will take into account the physical qualities of the soil, and of those other natural agents on which the labor and ingenuity of man are employed. These facts, whether mental or physical, he will consider, as I have already stated, not with a view to explain them, but as the data of his reasoning, as leading causes affecting the production and distribution of wealth."†

Yet there are other "subordinate causes." "The next step, therefore, in his investigations will be to endeavor as far as possible to ascertain the character of those subordinate causes, whether physical or mental, political or social, which influence human conduct in the pursuit of wealth; and these, when he has found them, and is enabled to appreciate them with sufficient accuracy, he will incorporate among the premises of the science as data to be taken account of in future speculations."‡

The subordinate causes which "modify the operation of more fundamental principles" are such as political and social institutions,

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\* † Page 41.

‡ Page 42.

discoveries and inventions, custom, new standards of conduct, increase of prudence, ideas of decency, comfort, etc., influencing the law of population. Moral and religious considerations have also a subordinate place, and must also be considered in so far as they affect the conduct of men in the pursuit of wealth. As Cairnes says, "In so far as they operate in this way, they are as pertinent to his enquiries as the desire for physical well-being, or the propensity in human beings to reproduce their kind; and they are only less important as premises of his science than the latter principles, because they are far less influential with regard to the phenomena which constitute the subject-matter of his enquiries."

Cairnes further says "that though it is difficult to take all the premises into account, yet the more important ones may be made available for deduction, and, in proportion to the accuracy and fulness of the premises and the correctness of the deduction, we shall reach conclusions most nearly in accord with actual facts, and the doctrines of Political Economy will become safe and trustworthy guides to the practical statesman and philanthropist."

We have quoted Cairnes at considerable length because he gives a masterly statement of the principles, aims, and methods of Political Economy as interpreted by the older or "Orthodox School," and also indicates the place which this study occupies in relation to other departments.

In the first place, then, from the various sciences and from theoretical Ethics, Political Economy receives certain conclusions as premises or data. Political Economy would thus allow the scientist and the ethical student to carry on their independent investigations, accepting from the former his conclusions regarding the physical and physiological laws, and, from the latter, regarding the desires, motives, and ideals of mankind. In the second place, Political Economy, having traced out deductively the results of the various forces and tendencies, physical, physiological, mental, and moral, involved in the production and distribution of wealth, hopes to arrive at general principles that the practical statesman may make use of; that is, Political Economy, in turn, offers data to the politician and to the philanthropist, to the field of applied Ethics, to the practical as distinguished from the theoretical moralist; for, though the subject-matter of Ethics is the practical rather

than the theoretical, yet we may theoretically consider the practical reason, that is, we may be speculative, theoretical moralists, or, on the other hand, wish to apply our principles in practice, that is, become practical moralists or philanthropists. With sufficient clearness, we may easily discriminate

- (1) The actual, or existent, in fact or tendency.
- (2) The ideal or absolutely desirable.
- (3) The expedient or proximately desirable.

Thus we have :

- (1) General, theoretical, or scientific Political Economy.

This involves :

(a) Classification and description of phenomena pertinent to the enquiry. A consideration of what is.

(b) Historical account of the appearance of phenomena. A consideration of what has been.

(c) An attempt to determine the definite and permanent relations of phenomena and uniform laws of occurrences. Passing beyond the descriptive and historical, it attempts to be explicative or explanatory. It now considers what is and what has been to discover definite relations, laws, and rules, and thus arrive at a knowledge of what may be.

(2) Ethics. A consideration of the ends men ought to seek, the highest good, the ideals we ought to attempt to realize. Perhaps, without misunderstanding, we might say the ultimately expedient or ultimately desirable.

(3) Special or practical economy. Applied Political Economy. This is the consideration of the most suitable and effective means to attain admittedly desirable ends, *i.e.*, a consideration of the proximately expedient, or conditionally, or hypothetically desirable.

The leaders of the Historical School of Political Economy (generally) include under their enquiry (1) and (3). Many of them seem to forget that, if they include (3), they must not neglect (2), *viz.*, a preceding consideration of Ethics.

It is not enough to consider the best means to gain accepted ends; we must consider the best means to the best ends. A consideration of the ends we ought to try to realize is surely as necessary and important as the estimation of the suitable means to employ when we attempt to apply the principles of Political Economy to practice.

In Cairnes' presentation of the method of Political Economy, we notice that he excludes (2) and (3) from Political Economy, and limits it to (1). Further, he limits it to a part of (1), viz., *c*, relegating to other sciences the work of furnishing (1), *a* and *b*.

THE LOGICAL METHOD OF POLITICAL ECONOMY.

Cairnes, in treating this topic, enters into a discussion of Induction and Deduction, during which he explicitly and clearly states his own position.

He first points out that John Stuart Mill uses the word "Induction" very ambiguously.

(1) Sometimes to indicate merely empirical generalizations from observed facts, as opposed to the other process whereby we deduce the logical consequences of received or discovered principles.

(2) But, again, he uses the term in a much wider sense to describe the whole process of scientific method, viz., including both Induction, in the former sense, and Deduction as well. Now, if Induction is used in this wide sense, of course we must proceed inductively, if we proceed at all; but we may well distinguish between the two moments in this whole process, viz.:

(*a*) Induction in the narrower, more precise sense of the term, *i.e.*, empirical generalization, or the statement of principles or general laws from the observation of a large number of particular cases.

(*b*) The analysis and application of those general laws, *i.e.*, Deduction in the narrower, more exact, sense.

Cairnes asserts that, if we limit the meaning of the term Induction to indicate mere generalization from observed facts, then we must rather say that the method of Political Economy is deductive. For Political Economy accepts the conclusions of Ethics and the results of the various sciences, and then endeavors to trace the consequences of these. When a discrepancy arises between the result thus reached and the existent facts, an effort is made to discover what cause or causes led to the discrepancy. If some cause (subordinate or disturbing) is known to be present, its effect is deduced, the new result thus corrected is compared with the facts, and, if there is still a discrepancy, we are led to suspect either error in our deduction or the presence of other modifying influences than those considered.

We may classify the various elements in the scientific procedure as follows :

(1) The discovery of general rules by Induction in the narrowest sense of that term, *i.e.*, empirical generalization from observed facts.

(2) The selection of principles pertinent to the enquiry. These principles are adopted as already acknowledged or known and established.

(a) As the results or conclusions of other sciences without consideration of the methods employed.

(b) Principles of such a character as to be self-evident, necessary, universal, or fundamental.

(The existence of such principles not discovered by a process of empirical generalization of particulars, but necessary as the very basis of any generalization of particulars, is usually denied by the Empirical school of thinkers to which Mill belonged. Cairnes, however, would admit them.)

(3) The logical manipulation of principles discovered, accepted, or fundamental.

(a) By analysis to discover the implications of particular principles (Deduction in the narrowest sense).

(b) By synthesis, a combination and construction of different principles to get the resultant effect.

(c) A second series of logical manipulations which is found necessary when a discrepancy is discovered between the result of the logical process and the actually existing facts which we are attempting to explain.

It will be noticed that Cairnes includes all but (1) under the name of Deduction, and so settles to his own satisfaction that this is the chief part, if not the whole, of the logical process employed by Political Economy.

We must observe that Deduction is just as often used in two meanings as Induction. In the first meaning it means simple analysis, or dissection into component parts. (3) (a). Cairnes, as we see, uses it to signify the whole process of logical manipulation, analytical and synthetic. The only thing that is excluded is generalization.

It is quite easy, then, for him to claim that the method of Political Economy is Deductive. for whatever empirical generalizations may be

necessary are relegated to other fields whose results are accepted without further question.

However, if we must make a choice between the two terms to express the whole scientific procedure, including empirical generalization, acceptance of principles, analysis and synthesis of generalizations and principles, Induction, in spite of its ambiguity, would seem to be preferable to Deduction. If Induction is used in this wide sense, we must be careful to discriminate Induction in the narrower sense indicated by Cairnes by such a name as generalization. Certainly his objections against the sufficiency of Induction, if this in the narrower sense, as mere generalization from observation is claimed to be all, are very pertinent. He points out that in observing facts, or in gathering together the particulars from which we make our generalization or induction, we make use of many accepted principles and make many deductions, the principles being so fundamental and familiar, the deductions so apparent, rapid, and easy as to escape our notice. Again, all scientific observation is made with an end in view. In our scientific procedure, we select the facts that are pertinent to our enquiry; we do not merely observe and record anything and everything; hence even our observation of particulars is guided throughout by principles assumed.

Cairnes is here exposing a very weak spot in the theory of knowledge of the Empirical school of thinkers to which John Stuart Mill belonged, and to which many of the Inductive school, "the Historical School," as they term themselves, still claim to belong. The "Historical Method" in Political Economy is not committed to Empiricism; yet it is true that many of those who have been most unsparing and even bitter in their attacks upon the "Orthodox School" have been Empiricists.

To the Empirical school wishing to reduce everything to the sensations of the moment, making the mind purely passive, all construction was secondary. It was merely the result of the contiguous and contingent association of the passively received sensations. It did not imply any spontaneous, productive, constructive activity on the part of the mind. Such a theory of knowledge inevitably has its effect upon method. It leads to an excessive veneration for specific details of observed occurrences, to the aimless accumulation of masses of infor-

mation, to an almost superstitious horror lest any mythical universal principle should be admitted or employed. The consistent outcome of this theory is that all our intellectual activity is simply to gratify a curiosity about the past. Man must forever walk blindly backward. He can only see what he is passing after he has passed it; he can never know what he is doing, or what he meant to do, until after he has done it. It is not to be denied that there is a certain amount of truth in this; it represents what occurs before we have arrived at the capability of reflection upon experience, and the ability to predict the future from reflection upon the past, and what is involved in experience.

The constructive, spontaneous activity power of the mind has usually been denied as explicitly and emphatically by the abstractly Deductive school. They have also again and again claimed quite innocently that a man can never do anything except what he has done before. He can only take to pieces what he has previously put together. He can never construct; he can only dissect what he has constructed. In other words, both the empirically Inductive school of John Stuart Mill and the ordinary analytic, dogmatic, Deductive school have limited their attention mainly to the analytic activity of the mind, forgetting that there could be no analysis where there had not been a previous discriminating synthesis. There was a lurking contradiction between the theory and practice of both the abstract Inductive and the abstract Deductive method. Both built on what they denied. Both built by reason of, and by means of, what they denied. The Deductive school, as represented by Cairnes, has taken a wider view. By limiting the field of Political Economy, and by claiming that it must start with certain accepted principles, taking the conclusions of other sciences and also certain principles of which we are immediately aware by consciousness, he leaves an open door for the employment of hypotheses and for the use of the imagination in the explanation of facts.\* He thus leaves room to admit that the employment of the constructive activity of the mind is not surreptitious, illegitimate, and improper, but legitimate, necessary, and of the greatest importance.

Though his criticism of the abstractly Inductive method is well sustained, yet he himself does not altogether escape certain

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\*For a defence and exposition of the legitimate use of the imagination in scientific enquiries, see Tyndall, "The Scientific Use of the Imagination," and Everett, "Poetry, Comedy, and Beauty."



dangers that seem to peculiarly beset his own method, which lays the stress upon the Deductive element in the whole process. This method seems to have a natural tendency to become dogmatic and over-confident ; a tendency to look upon all its assumed or accepted principles as fixed, stable, and final ; a tendency, therefore, to entirely neglect any critical examination of the principles with which it is all the time dealing ; and, lastly, a tendency to underrate or entirely neglect the importance of the observation, statistics and history of economic phenomena.

Cairnes has pointed out that Political Economy accepts data or premises equally from the physical and mental fields. It would scarcely be necessary to point out, were it not so often forgotten, how wide a difference there is between these. The physical laws, once accurately determined, remain invariable. The chemist, having discovered the combining weight of hydrogen and oxygen, knows that it is just that 1.16, and nothing more or less. The law of diminishing returns in agriculture, or the fact that beyond a certain stage of cultivation an added outlay of labor and capital will not yield a proportional profit, is as fixed as the eternal hills. This is not the case in the same way with the principles in what Cairnes terms the mental field, where we have to deal, not with existent facts and tendencies alone, but with their employment by a self-conscious, selecting, choosing subject. The latter depend on the variable human will. As thus modified and employed, they do not have the same computable, constant, unchanging character as the ordinary physical laws. They are different in different men in the same country, different in the same man at different times. Cairnes would not hesitate to admit this. He even advances the very same objection against Jevons' attempt to apply mathematical formulæ to the representation and solution of economic problems. Jevons also, with his mathematical formulæ, admits that he is dealing with subjective and variable principles, though he fancies, like Bentham, that they may be very approximately calculated. But, notwithstanding such admissions, the tendency of the Deductive method, as well as of the mathematical representation, is to lead those who employ these methods to forget their admissions, and to learn to look upon all the principles as having the invariability and computability which belong to the physical laws alone. This may be made more apparent by again

quoting from Cairnes. He compares Political Economy with the strictly physical enquiries, and notes advantages and disadvantages of each. The advantage in the purely physical enquiries is that in these we may perform experiments and employ the methods of "difference" and "concomitant variations." In the laboratory, we can accurately determine the conditions, can introduce a new element and note its effect. We can vary the conditions, etc. Yet there are certain compensating advantages to the Political Economist, who is debarred from exact experimental methods.

*"The economist starts with a knowledge of ultimate causes.* He is already, at the outset of his enterprise, in the position which the physicist only attains after ages of laborious research. If any one doubts this, he has only to consider what the ultimate principles governing economic phenomena are. . . . They consist of such facts as the following: certain mental feelings and certain animal propensities in human beings; the physical conditions under which production takes place; political institution; the state of industrial art: in other words, the premises of Political Economy are the conclusions and proximate phenomena of other branches of knowledge. These are the sources from which the phenomena of wealth take their rise, precisely as the phenomena of the solar system take their rise from the physical forces and dynamical laws of the physical universe; precisely as the phenomena of optical science are the necessary consequences of the waves of the luciferous medium striking on the nerves of the eye. For the discovery of such premises no elaborate process of induction is required. . . . Every one who embarks in any industrial pursuit is conscious of the motives which actuate him in doing so. He knows that he does so from a desire, for whatever purpose, to possess himself of wealth. He knows that, according to his lights, he will proceed towards his end in the shortest way open to him; that if not prevented by artificial restrictions, he will buy such materials as he requires in the cheapest market, and sell the commodities he produces in the dearest. Every one feels that in selecting an industrial pursuit where the advantages are equal in other respects, he will select that in which he may hope to obtain the largest remuneration in proportion to the sacrifice he undergoes; or that in seeking for an investment for what he has realized, he will, where the

security is equal, choose those stocks in which the rate of interest to be obtained is highest. With respect to the other causes on which the production and distribution of wealth depend—the physical properties of natural agents and the physiological character of human beings in regard to their capacity for increase—for these also direct proof, though of a different kind, is available; proof which appeals not indeed to our consciousness, but to our senses.”\*

To sum this all up in a few words, we start in Political Economy with absolutely certain principles; and though we cannot make experiments in the laboratory, yet we may construct hypothetical cases, deduce the results, and compare these with the facts.

It is stated that, for the discovery of those principles, “no elaborate process of induction is required.” It is perfectly true that we may thus easily discover their existence; but not only is a great deal of delicate analysis and careful discrimination required to even approximately estimate their significance, relative place, and effects in the economic field, but when we come to compare the result of our deduction with the facts we certainly need to make “a laborious Induction” to know what the facts really are.

Again, it is represented as if the desire for wealth, for whatever purpose, made no difference to the character of this desire, and to the means that would be considered legitimate in realizing this desire. T. E. Cliffe Leslie, in a little monograph entitled “The Love of Money,” has excellently delineated how many different desires may all be designated by such a phrase. He concludes that a generalization which speaks indiscriminately about “the love of money” is highly ambiguous and misleading. He has reference to judgments of moral approbation or condemnation in reference to such “love.” The same result, however, which he reaches in this respect is also true in the strictly economic aspect. The purpose for which wealth is desired not only changes the moral character of the desire, but affects it so that we cannot generalize very safely as to what a man will do to “obtain wealth.” While we read Cairnes and admire his clearness of statement, we can scarcely help feeling that his generalizations are too wide, and that the principles he refers to are represented as being more invariable and computable than they really are.

The saving clause is often inserted, “other things being equal,” or,

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\*Page 75.

again, it is said, if these "principles" are not "interfered" with. The principles become regarded as having a fixed, definite, and determinate character like the laws of Mechanics. Now we cannot agree that the principles referred to are "precisely like the laws that govern the solar system." Such a view abstracts the principles too much from the persons. We may talk abstractly about capital and labor, but neither the one nor the other can be separated absolutely from capitalists and laborers. The principles and disturbing causes are not causes in the ordinary mechanical sense. For instance, the principle which Cairnes places at the head of the list, the desire for wealth as the means to physical well-being, is a motive that cannot have its existence apart from the choosing subject. Not only do such motives depend for their existence upon a choosing subject, but they continually vary according to the character and the greater or less rationality of the choosing subject. In short, we must maintain the subjectivity and variability of motives as opposed to their assumed objective invariability. An assertion of variability is not a declaration of the entire irrationality of choices. If they were entirely irrational, there might be a possibility of gaining an exact and invariable computation; because with the assumption of utter irrationality, these motives would cease to be the choices of a self-directing rational being; they would be merely the impulses as effects of physical laws, and the distinction between the physical and mental laws would disappear by the abolition of the latter. Yet we cannot go to the other extreme and claim that men's choices and preferences are entirely rational, guided by perfect wisdom and unswerving goodness. Man is neither entirely irrational nor absolutely rational, and there are innumerable degrees of rationality possessed by various men.

Sometimes a man acts merely from animal impulse, sometimes from conscious choice. Sometimes the choice is made upon very slight grounds and for very insufficient reasons; sometimes after careful deliberation and a wide comparison of possibilities. In so far as a man makes choices he is acting rationally, and must, indeed, choose for reasons that seem good to him, for that is just another way of saying that he makes a choice or judgment of preference. But though all choice is thus an exercise of rationality, it does not follow that it is necessarily a rational, wise, or good choice; it may be made for mistaken reasons, to gain improper ends.

Though wealth is certainly one of the ends that men seek to gain, it is simply one among many other desirable objects of pursuit. Though wealth is sometimes sought as an end, it is more often sought as a means to other ends. These other ends or main motives chosen by men are very varied, and according to their character, or according to the character of the man, the conduct of the man in his dealings with other men in endeavoring to gain wealth is much modified. When Cairnes sums up the result of the mental facts with the statement that men "desire to obtain wealth at the least possible sacrifice" it seems very plausible, and we are apt to accept the conclusion without any further question. But this is the road to fallacy and self-deception. We must ask what does this plausible statement mean that has been so often repeated from the time of the Physiocrats, accepted by Adam Smith, and re-echoed down to the present time.

Does it mean that all men, or the majority of men, or the ordinary man, is naturally inclined to be selfish and lazy? Suppose it is granted that there is a selfish and lazy streak in the most of us, must we maintain that this is the predominant element in our constitution? Whichever one of these various meanings is taken, that particular statement might indeed be true of a certain class of men, in a certain country, at a certain time. But this or any other similar generalization becomes exceedingly doubtful the moment we begin to extend and universalize its applicability. And what we must notice is that whether it is true or not when referring to a class or country or more universally can certainly never be decided off-hand by any one merely questioning what would be his *own* motives to action. It must be by a careful estimation, by the despised Empirical generalization, or "labored process of Induction," from the observation of the majority of the people to whom the generalization is to be applied. The result of such an empirical generalization about what, as a matter of fact, are the chief motives in men's conduct will inherit the weakness of all such generalization, *i.e.*, it will differ in different times, in different countries, in different parts of the same country at the same time.

In truth, the statement that men have the intellectual power of judging of means to ends, and the desire to obtain wealth at the least possible sacrifice, has been made the cloak for the most vicious fallacy. Under cover of this statement, the doctrine that morality has no place

in business transactions is insidiously but effectually inculcated by those who neglect or expressly exclude the ethical element. When we admit man's capability of judging of means to accomplish his end and the inclination to reach it by the least sacrifice, we first think of him as dealing with the powers of nature, and we approve of his action. Here we call the man who can make use of these powers to the best advantage ingenious, clever, inventive. The Hollander, in constructing his windmill, tries to catch the most breeze with the least machinery. We do not regard the wishes of the wind, we do not consult its interests, we do not desire its good, simply because it has no wishes, interests, or good to be consulted. But the moment we come to exchange our manufactured article with another person who has also produced an article by using machinery as advantageously and economically as possible, we have an entirely different consideration. It is now one person dealing with another person. It is only in this latter case that we can make sacrifices or be truly generous. If, in employing a laborer, the employer regard him as he would the powers of external nature, try to get all he can from him, give as little as possible to him, do we commend his cleverness, approve his ingenuity, admire his sharpness? We never speak of a man cheating nature, taking a mean advantage of nature; but when a man seeks his gain or happiness at too great an expenditure on the part of the person who supplies him with the means of gratification, we say, "You, as a person, as a man, were not justified in so using your fellow-man."

The method which speaks of all the principles involved as though they had the character of unchangeable, unalterable, mechanical laws leads to a discouragement of legitimate moral effort to improve conditions. Whatever the Economist may mean by it, the ordinary public get a confused idea that the interference with any economic law, *e.g.*, the working of unrestrained competition, is really wrong. If not wrong, it is useless; as Justice Stephens wittily puts it, people feel "as if an attempt to alter the rate of wages by combination of workmen was like an attempt to alter the weight of the air by tampering with barometers."

Cairnes complains that Political Economy has fallen into discredit because Economists did not keep to the scientific standpoint, but mingled Ethics with Economics, and began to give advice.

May we not rather suspect that the discredit into which Economic

study fell was due to the fact that the Economists in question had accepted an inadequate view of Ethics and of the nature of moral impulses and motives, which really made advice-giving ludicrous, because they had based all action upon mechanically necessitating impulses?

We cannot remain satisfied with any view of Political Economy that tends to exclude in advance the possibility of modifying, moulding, and directing its laws by our ethical ideals.

THE RISE OF THE HISTORICAL SCHOOL.

We have now to glance at certain lines of speculation upon the principles and methods of Science, Philosophy, and Ethics which have led to the establishment of the Historical Method and to the rise of the Historical School in Political Economy with its closer alliance with Ethics.

The conflict of opinions and the separation into two opposing parties came into great prominence in the field of Ethics. After the time of Hobbes we have two schools in Ethics which we may clearly distinguish, and shall term (1) The Empirical School, and (2) The Intuitional School.

These began with the widest divergence, and by mutual criticism and correction have approximated more and more ever since. But in the beginning of their struggle, the dogmatic way in which each affirmed what the other denied, and denied what the other affirmed, the explicit—if not always polite—manner in which each party condemned the doctrines of the other, is very refreshing to the modern reader.

(1) The Empirical School affirmed that man was inherently selfish; pleasure not only was his only motive, but every other motive was inconceivable. All action was interested.

(2) The Intuitional School flatly denied this. They maintained that there were other motives, which they termed disinterested to distinguish them from the purely selfish. They claimed that though man sometimes sought pleasure, he ought not always (or some said ever) to do so. The Intuitionalists appealed to Conscience.

(1) The Empiricists asked, what is Conscience? They took up the cases of disinterested action cited by the Intuitionalists and endeavored to show how these arose out of what they termed the

primary desire for pleasure, through association of ideas, transference through certain of the associated links dropping out, of the attentive regard, etc.

(2) It would never do for the Intuitionists to admit that their "disinterested motives" grew out of "interested" ones. They would not grant that ideas of duty and benevolence were secondary and derived. They claimed the existence of "innate ideas."

Then began a great controversy about innate ideas. At first both parties seemed to fully admit that whatever was prior in time was also more important and fundamental, the second in temporal appearance was secondary and of subordinate rank and less importance. The struggle was to decide which could get their principles first on the field, and both parties seemed to be fully convinced that the Devil got the hindmost.

(1) The Empiricists tried to discredit "innate ideas," and to place custom and opinion in the place of Conscience.

(2) The Intuitionists clung desperately to their "innate ideas," and to the infallibility of "Conscience." They asserted that in spite of the seeming diversities in custom and moral conduct, there were certain moral convictions, certain "universal principles," everywhere accepted.

(1) On the basis on which the argument was usually conducted by these disputants, the Intuitionists found it very difficult to answer the following objections:

(1) Although on the hypothesis every one knew at once what was right and wrong, yet we find it impossible to define any given wrongdoing in such a way as to cover all cases to be condemned and allow no exception; e.g. give such a definition of lying, stealing.

(2) If conscience immediately and unerringly guided, as was represented, why were principles of conduct not universally accepted?

(3) Why was there a reference of conduct to a further end?

(4) Why was there any exception to any rule?

With Jeremy Bentham we have no longer a merely negative attitude towards the Intuition School of Moral Philosophers, but a positive attempt to construct a system of Ethics on the basis of the primary "interested" motive of pleasure.

Beginning with the assertion that



(1) Each acts for his own pleasure (the word "own" is really redundant, but we introduce it to express the significance of saying that each acts for pleasure alone), Bentham next separates the pleasure from the person experiencing or having the pleasure as if it were something self-subsistent, detached from the individual feeling the pleasure; he then says :

(2) Each acts for pleasure.

Having thus got pleasure as an abstract thing in itself, he does not see any ludicrous inconsistency with his original premises in enjoining each one to act

(3) For the pleasure of others.

The *summum bonum* is the greatest happiness (pleasure) of the greatest number. He attempts to give a scale of pleasures and the basis for making a computation. Jevons, in later attempting to apply his mathematical method to Political Economy, quite naturally returns to Bentham's attempted table of pleasures.

It is evident that with Bentham we have the beginning of a transition to another point of view. The two schools enter upon a period of reconciliation.

John Stuart Mill may be selected as the representative of a new form of the Empirical School. He sets up a new and wider Utilitarianism, which was not quite consistent with his philosophical presuppositions, but in this matter, like the ordinary unphilosophical but practical English mind, he would much rather be right than consistent. Bentham had inconsistently changed "acting for pleasure" into "acting for the pleasure of others." But Mill goes further by discriminating an intrinsic difference in the quality of different pleasures, which, he declares, differ in kind and not merely in degree, for that is what is implied in his saying that we ought to act for some termed "higher," "possessing more dignity," etc., rather than for any amount of the lower.

Kant may be taken as the representative of the new Intuitionism. In him we find just as complete and startling a transformation as in Mill. Kant, it is true, often uses the same words that were employed by the former Intuitionists in maintaining their position, but he infuses an entirely new meaning into them. The former Intuitionists, to defend the primacy and infallibility of Conscience, had been forced in discussion to attempt to maintain the "immediacy," "universality," and

"necessity of its deliverances." Kant's transformation takes place in his treatment of the intellectual or theoretical reason. Here we find him using the terms "*a priori*," "universal," and "necessary," the same old terms, but with an entirely new meaning. By *a priori* he means referable to the constructive activity of mind. By universal principles, the former Intuitionists meant that every man in the world used them. By necessary, they meant that each man had a kind of inner constraint compelling him so to feel. But when Kant endeavors to prove the existence of universal and necessary principles or elements in experience, he does not set us at work upon an introspective psychological self-questioning as to whether we are aware of using such principles or feel a kind of compulsion driving us to use them. To get at what Kant means by the term universal we must cease picturing to ourselves all the people in the universe, and imagining how they feel. Instead of this, we should consider the various elements entering into knowledge. In contrast to the particular, transient, phenomenal, we may distinguish that element in an experience by which we can speak of it, describe it, by which the experience is communicable as knowledge, and not merely private and peculiar to the individual who has the experience, and confined to the moment of having the experience. By "necessary," too, Kant does not mean that we have an inner feeling of compulsion and constraint that forces us to declare that we are compelled to use certain judgments, but rather that certain elements are so constitutive of the experience we have that to remove them would be to remove the experience, so vital that to eliminate them would be to destroy the experience.

Kant gives up the appeal to the psychological feeling of immediate certainty, to the feeling of constraint, and compulsion attaching to certain judgments. He makes a new approach to the problem. Every student of philosophy is familiar with Kant's significant question, "What is necessary as the very condition of the possibility of experience?"

The ambiguities in the term experience have often led to misapprehension of Kant's position.

(1) Experience, in one of its significations, is used as a name for the now and here immediately felt impression, considered as in a peculiar sense more real than anything else; in fact, the ultimate reality. Along with this there usually goes a theory that those disconnected sensations

continually coming to view, and fleeting immediately into the unknown, are in some way caused in us by the impulsion of outer independently existing objects. But the main thing to be emphasized is that the recipient of these impressions is entirely passive and receptive, absolutely without spontaneity. The next thing is to deny all general ideas of interrelation and connection as fictitious and unreal additions; that is, a certain spontaneity is granted to the mind, but all that results from this activity is a deceiving, illusory adding to the reality. It is a little difficult to coherently state this view of experience without making it seem absurd, yet it is just the absurd element in it that is often maintained by many of those who pride themselves upon holding the only sensible and rational view that "everything comes from experience."

(2) There is, however, a wider, more significant, and pregnant meaning of the word "experience," and when Kant asks the question, "What is necessary to constitute experience, what is the condition of the possibility of experience?" he does not mean experience in the narrower sense that we have attempted to describe as a disconnected manifold of changing, fleeting, transient impressions. He means an objective experience as distinguished from the merely subjective psychological feeling. He means experience as an orderly, definite, interrelated whole of knowledge. The question assumes that we have knowledge, and asks what is necessary to make knowledge a possibility. Experience in the wider sense means knowledge, and knowledge in the proper sense means true knowledge, or simply truth. Now, taking experience in this more significant meaning as consisting of actual, definite, intelligible interrelations, in orderly, verifiable, communicable interconnection, Kant asks, What is necessary as the condition of this experience? The Empirical School had given one answer. They had said that impressions passively received are capable of explaining the whole matter. When it was discovered that this explains experience away in the wider sense as knowledge, they accepted the result and fell back upon the lower meaning of experience. But this is merely a confession of defeat. Kant, it must be noticed, does not say that the Empiricists are entirely wrong. He admits the necessity of the element they had built upon; wherever it came from, however it entered the mind, there is an element to be distinguished as the "manifold." But this in itself is not enough; other elements are just as necessary. Not only do

we need terms of relations, but also relations of the terms; there are principles of connection or relation without which we could not have the knowledge we possess. Kant therefore demands as necessary, certain combining notions, or categories, as he terms them. These are methods of uniting the particulars that are necessary as the very condition of the possibility of the experience he is talking about. In fact, further reflection shows that the particulars do not have an independent abstract existence, to be later put together into a new and different combination by the categories. On the contrary, the particulars can only be separated from the constituting notions by a process of abstraction. Kant reaches the conclusion, too, that we must postulate what he terms "a primitive unity of apperception"; a synthesizing, combining, relating principle that constitutes by its activity the various relations, thus rendering possible that interconnected unity or oneness of experience without which it would not be experience, but merely a disconnected manifold; a disconnected manifold which, were it all, would certainly never be known as such.

Now as each rational, self-conscious being, capable of knowledge, shares in this universal, unifying principle, the way is paved to escape from the purely individualistic standpoint—the petty view of human nature that regards each individual as possessing a little private consciousness absolutely his own, shut out from all others, separate from all others, independent of all others, unlike all others, his own peculiar monopoly, that nobody else can know, that can know no one else, but lives alone in its self-isolation, self-conceit, exclusion, and repulsiveness. Not that it is denied that there is such a peculiar private element in the experience, in the life, of each person; it is simply denied that this is *all* and all-important. It is by sharing in the more universal conscious principle that his true, real life is for him a life of his own, and known as such; and it is also by virtue of sharing in this same unifying principle that he can never be merely his own.

In Kant's theory of knowledge, and in Mill's theory of morals, an element has been introduced and defended that prepares the way for an organic view of society.

We have started on a pathway that leads to the harmony of the theoretical and practical reason that had been so roughly and completely sundered.

Kant's "primitive unity of apperception," as an active constitutive principle introduced in the sphere of knowledge, is the same active constitutive principle which we designate Volition in the sphere of conduct.

Mill's admission that there is an intrinsic difference in pleasures, some being more worthy, more dignified, etc., than others, is in reality an abandonment of the Empirical position, which was based on the assumption of absolute receptivity and passivity. There is now postulated an active principle that judges and estimates the pleasures, deciding which are to be regarded as more worthy, more dignified.

Kant, in short, has admitted a practical element into his account of knowledge; Mill has admitted a rational element into his account of morals.

The foundation laid for the organic view was soon built upon. We have the rise of theories of development and evolution, and the appearance of such works as Darwin's "Descent of Man" and Hegel's "Philosophy of History." The view of organic connection and development has now become most widely accepted. It is now very generally conceded that just as the Biologist supposes in the development of organisms, so in the history of the institutions of mankind, in the growth of intelligence and civilization, there has been an orderly sequence, a gradual transition, a development.

That we must build upon the past, that our actions in the "living present" affect the future, is that which gives the basis to moral responsibility attaching to a man's own conduct in the upbuilding of his own character. It is this which gives the earnestness to the note of warning, the entreaty, the eternal truth to the prophet's utterance, "Behold, now is the accepted time; behold, now is the day of salvation."

Were it otherwise, if what he did now made no difference whatever to what he could or should do next, why should he be so careful about what he did now? It is because his every act moulds his character, makes or mars his true being, brings to him different possibilities in the future, that there is such a tremendous responsibility resting upon him to do the right now and always. So with the history of institutions in the continuous life of the nation, what has been done in the past determines the possibilities now open to us; what we do with these possibilities determines what possibilities will be open to our successors. At

first sight, this seems to some as the denial of effective moral freedom. It is certainly a denial of that absolute "liberty of indifference" that is really indistinguishable from pure caprice. From a deeper view, it is that which gives meaning and use to freedom, makes it an effective freedom. Responsibility is the accompaniment and sign of effective moral freedom. With which view is there most responsibility?

It will be well here to call attention to a very important element involved in the idea of development. It means that the former in time or appearance exists to bring about a higher or better result in the future. The acorn finds its full meaning in the oak, the seed in the flower, the flower in the fruit. We gather the significance and meaning of capabilities in their realization.

We may recall that in the first stage of the long period of discussion which we have so briefly sketched, the important element was considered to be the one that first appeared upon the scene, and both of the contending parties fought fiercely for first place.

In the second stage this squabble is pretty much dropped, though the discussion goes on as warmly as ever about the more or less important. It is now to be decided not so much by priority of phenomenal appearance as by its origin or source. Does such an element arise or come from the material side, or does it come from the mental side?

In the third stage, the order with which we began has become entirely reversed in the estimating of value or relative importance. Both sides now pretty well agree in admitting that the means are subservient to the end, and secondary to the outcome or result. The use just made of the word secondary is one of the relics of the previous point of view. Throughout the whole history of conflicting opinions, we make use of the fundamental assumption of a more or less important. In fact, if there was not such a tacit assumption, there would be no discussion whatever. Opinions might be different, but there would be no differences of opinion. There would not be argument, for there would be no interest in arguing; in fact, nothing to argue about.

We must notice what is involved in this judgment of more or less important. It is ultimately based on a moral judgment, a decision that something ought to be more highly estimated than something else. A judgment affirming more or less importance, like every judgment of

estimation or preference, has meaning only in reference to a conscious, rational being who is capable of making such a decision. Just here we see the confusion of the ordinary hedonist. In one breath we are told that the highest good that should be chosen in each case is pleasure, usually meaning by that term, primarily, sentient gratification; in the next he represents this pleasure as an impulse of the organism leading necessarily to action without any choice. The impulses towards the attainment of gratification and the avoidance of pain in the body fight it out among themselves. Advice, which is usually tendered (*e.g.*, by Herbert Spencer), becomes superfluous and contradictory, and morality ceases, for there can be no morality or responsibility where there is no possibility of rational preference or choice.

When pleasure is chosen as a worthy end, it becomes something entirely different from a mere animal impulse. Animal impulses, as such, are neither moral nor immoral. It is only when an animal impulse is chosen as a conscious motive that morality can be predicated of it. We have, then, a motive as distinguished from a mere animal impulse or appetite stimulating to organic movement.

A motive, as distinct from a mere impulse, "is constituted when some end definitely apprehended by the mind is regarded as desirable, is judged to be fitted to yield satisfaction to the choosing moral agent."\* Any end so regarded is to the choosing subject a good; it may not be the good. To be objectively and actually good, the end chosen must be such an one that, upon further reflection, will never be regretted, but will harmonize with the true nature of the moral being, satisfying and completing it, and forming the basis for still higher development in the future.

Now, as being a sentient being, a man may choose pleasure; he may look upon this as an indication and means to bodily corporeal good; a man's body is one of his charges. But man is more than merely sentient; he is also an intellectual being, and in so far as he is intelligent his good consists in the expansion of his intellectual powers. But, again, man is, as Aristotle says, a "social animal," and in so far as he is social his good consists in the perfection of his social and benevolent impulses, in including the good of others as the aim of

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\* Professor G. P. Young.

effort. It is, then, only in so far as man is sentient that his good consists in agreeable feeling. The fact that man is sentient, intellectual, and social, all at the same time, leads us to see that what may be good for him, in so far as he is sentient, may not be good for him in so far as he is intellectual, or in so far as he is social.

But these are not independently existing separate natures; a man cannot divide himself up into parts like the old representation of phrenological faculties. The whole man expresses himself in every consciously chosen act. He must seek for the harmonious adjustment of all the aspects of his nature, as they will fit best into one life. Each act that is contemplated must be judged by its consequences, not simply in the way of sentient gratification, since that is merely one part of the whole nature, but in so far as it harmonizes with the full development and perfection of the whole personality as an ideal person living among, and connected with, other persons. The moral problem, then, is the adjustment of the various relations that constitute the full content of personality. The aim is to complete the personal life by including all those relations that give a content to the widest, highest, conscious existence in self and others. This may be designated the organic point of view. Each person is a member in an organic social life. This tremendously increases the importance and responsibility of the individual. A lonely player upon the violin in the solitude of his own room may make many mistakes in playing without serious consequences; but if as a member of an orchestra he play falsely, he may mar the whole performance. The organic point of view does not minimize, but exalts, the significance of the individual. It insists as strenuously as the former Intuitionist view did upon the importance of the personality. The great truth insisted upon by the Intuitionists was that duty could not be deduced from something less important. It maintained that the ultimate "ought" was a fundamental judgment. The organic view needs also to maintain that Truth and Duty are fundamental notions in consciousness. The Intuitionists had attempted to prove this by appealing to the psychological feeling they had that it was so. Kant has indicated the only philosophical way of establishing what the Intuitionists sought to maintain. He did not seek, as an anthropological study, to determine whether all men, Hottentots, Kaffirs, and Cannibals, have a sort of feeling of Duty, or a conception



of what Truth is. He pointed out that a universal principle of thinking is necessary as the basis of self-consciousness. The assumption that to agree with the decisions of the universal thinking is better than disagreement, in the nature of the case, cannot be based on anything more fundamental. If we attempted to prove that it was better to agree with the normal thinking, we should have to employ the universal normal rules of thinking to prove it by. That is, we should still have to assume what we were foolishly trying to prove. We have nothing more fundamental than rationality to prove that Reason, theoretical or practical, is reasonable and rational. But though the perception of Duty is an expression of the exercise of the practical reason, though the possibility of discriminating that one course of conduct is better than another, presupposes that we have a consciousness that is capable of making the judgments "better," "worse," "more worthy," "less worthy"—yet it does not follow that we are immediately aware that an act or course of conduct is right or wrong, taken out of relation to all others, when, in fact, it is only a duty in its relation to other acts and courses of conduct. The mere possession of the general notion of causation by the theoretical reason does not reveal the specific laws of the universe without any more ado; no more does the universal notion of Duty possessed by the practical reason give us an immediate revelation of specific, particular duties. We do not know what any act, what any course of conduct, really is until we see its relation to other courses of conduct, and it is only by thus knowing it in its relation that we can determine its true character, and decide whether it is a duty or not.

A curious perversion of the meaning of development has been made by certain later members of the Empirical School, who have eagerly taken up "the law of evolution" as the means to solve all their difficulties. By evolution they do not mean mere change, but change of a certain kind, or in a certain direction. They believe that an improvement is taking place. Now as development, or improvement, in the conscious personal life can only take place by such courses of conduct as lead to such development being consciously adopted by persons, it becomes apparent that here we cannot properly be said to have improvement as a law necessarily working apart from the choice of rational, conscious moral agents. Yet what we may term the fatalism

of improvement is earnestly advocated by many who neither see the contradictions in such a doctrine nor in their earnest advocacy of it. This fatalism may take several forms. Consistently, it leads to Oriental indifference. Yet sometimes we have an optimistic type, as in Herbert Spencer; or, again, we may have a fanatical type that cannot listen to any arguments. The latter are sometimes left-wing Hegelians, who will show that two stages have now been passed in this or that, and the third stage—some idea they have of what they think ought to come next—is announced as inevitable.

The various lines of thinking that we have sketched have contributed to an organic view of Ethics, and have influenced the growth of Economic Theory, giving rise to the Historical School, and the employment of the Historical Method, and preparing the way for an organic view of Political Economy.

There are certain dangers that the Historical School should carefully guard against:

(1) In accepting the theory of evolution, and recognizing Historical development, the fatalistic view should not be accepted. This separates the principle from the persons. It would simply repeat in a new form the mistake so commonly made by members of the Orthodox School, who set up principles and laws in independence and abstraction, and regarded them as necessary, incapable of being modified or utilized by the choice of persons.

(2) The Historical School should avoid confounding different enquiries. The statement of the actual tendencies in operation, the attempt to scientifically estimate and classify these, and the endeavor to trace their interconnections and effects, is one thing. It is altogether a different matter to select and state the ideals that should govern men's conduct. And it is still another matter to advocate certain laws or changes in government that are supposed to be, under the present circumstances, the most expedient and effective means of approximating to certain accepted ideals. It may be granted that the actual, the ideal, and the expedient are most intimately related to one another. This fact should make us all the more careful to discriminate and distinguish them. Dr. Richard T. Ely, in his interesting "Introduction to the Study of Political Economy," divides Economics into "General" and "Special" Economics. This admits that different standpoints

need to be distinguished and separated. It is a perfectly legitimate department of Political Economy to consider what Dr. Ely terms "Special Economics," and it is the work for which the man trained in "General Economics" is peculiarly well fitted. Yet it must never be forgotten that these are different considerations with different immediate aims. The "General Economics" deals with the past and present. It wishes to accurately determine what has been and what now is. The "Special Economics" looks forward into the future. It proposes to modify the conditions that now exist. Dr. Ely seems to be more successful in discriminating the actual and the expedient than in noticing the distinction between the expedient and the ideal. For instance, he says, p. 102, "We want to know what ought to be, and how it can be; and who can tell us so well as he who has studied what exists and the processes by which it came to exist?" Certainly, to settle "how it can be"; but for determining "what ought to be," he is more competent than other people only in so far as his study has enabled him, not only to see what possibilities and alternatives, are open, but also to note what the influence of each one of these would be in its tendency to bring about a higher grade of personal character. In the lower sense of what "ought to be," viz., what is proximately expedient as a suitable means of attaining an admittedly better condition, he is a specialist in this field, and should be heard with the greatest respect. Also, for the higher consideration of what "ought to be" as the ultimately desirable, the Economist is well fitted if he turns his attention to that aspect; that is, if he becomes an Ethical student. But we must insist that the enquiry into what "ought to be," in the higher signification, involves a wider consideration. It is a question of philosophical Ethics concerning man's capabilities, aspirations, possibilities, and ideals. In "Special Economics" the Economist, instead of settling what ought to be in the highest sense, is mainly concerned to discover how we may employ our industrial activities most advantageously in our endeavor to reach some accepted better. He is dealing with the selection of means to attain ends. In so far as he concerns himself with what ultimate ends should be aimed at, he is concerning himself with an Ethical problem. We are inclined to think that Dr. Ely's statement, that the "is" embraces the future "ought" (p. 102), is liable to cover a fallacy.

(3) Again, it is a misrepresentation to regard the Historical method as absolutely opposed to the method employed by the Orthodox School. It should not supplant that method, but merely supplement it.

It is well to see that we need to study the history of the processes by which the existing conditions arose in order to understand them. In short, Political Economy cannot very well accept all its material without running the risk of not understanding that material. Yet Cairnes is quite right in pointing out that the object of accepting (or, with the Historical School, collecting) material is to arrive at certain conclusions that may be employed by the politician and philanthropist. The Historical School, in combining the functions of Economist and philanthropist, must remember that the establishment of definite rules is as necessary a material for the philanthropist as the collection of facts is for the Economist.

However liable to be misunderstood and perverted, it cannot be denied that the older Economists also reached important results by the method of hypothetical cases. Perhaps an instance of the perversion of this method may bring out more clearly the place for its legitimate employment. An example of the perversion of this method is afforded by the widely-read work, Bellamy's "Looking Backward." With the older Economists, the method of hypothetical cases was a patient deductive working out of several prominent factors in the social problem known to be present. Then a comparison was instituted, by a reference to the existing facts, to discover the discrepancies between the result of their deduction and actual circumstances. In this way new modifying influences were discovered, and sometimes corrections made in the theory of the operation of the various principles known to be present. But the aim throughout was to discover antecedent conditions and their effects upon the industrial activity. They never dreamed of throwing their hypothetical cases into the future, where no correction of mistakes is possible until the future comes to be present. Bellamy makes a certain show of proceeding in the same way as the older Economists, but he throws his hypothetical case into the future. He pretends to take account of the various disturbing elements, but he usually gets rid of them with a mere wave of the hand, like Herbert Spencer, saying that in the future such motives will cease to exist, or they will be entirely overcome, practically obliterated by certain other tendencies that no

doubt do exist, and certainly tend in the direction indicated; but a tendency is one thing, the accomplished result of that towards which it tends another thing altogether. Bellamy coolly assumes that, having pointed out a tendency, he has proved its actualization in the future. Every time a man fills his lungs with air, as it becomes warmed and lighter than the surrounding atmosphere, the man has a tendency to fly towards the sky. For all that, the ordinary man does not fly. Bellamy may. It was a conviction that tendencies should, if possible, be approximately estimated, and not merely set over against each other in an eternal deadlock, that doubtless led Jevons to the employment of his mode of mathematical representation.

The Economist of to-day cannot afford to be a partisan of any school or method. He must endeavor to utilize all that is best in the various opposing tendencies of thought. We must all recognize that the Economist is coming more and more to occupy a most important function as he interprets the meaning of the tendencies now in operation and foresees their outcome, and, in the light of past experiences of failure and success, fairly, yet fearlessly, criticizes these tendencies where they are unworthy, proposes changes where they are improper or ineffective, and points out definite lines by which we may successfully realize many of our recognized and accepted ideals. We are convinced that his work would be better done if a closer alliance were maintained between the study of Political Economy and of Ethics.

As the organic point of view in Ethics tremendously increases the importance and responsibility of the individual moral agent, so an organic view of the interrelation of the various departments of thought increases the importance of each. For an excellent statement of this, we cannot do better than quote from Dr. R. T. Ely, p. 16: "But the reader must first be warned that the scope of our science is neither small nor insignificant because we have excluded so much, and more especially because we have excluded the higher life-spheres of society. Our department touches all others, modifies and conditions all others, and in studying it we are examining those things which are fundamental, those things which serve as an indispensable basis for the highest flights of the soul in art, in music, and in religion. There is scarcely a phenomenon of society, perhaps none at all, which does not come sooner or later within the range of the Economist's discussion, although he arrives at all from his own peculiar starting-point."

This is a self-respecting view of Political Economy that naturally goes with a proper view of society as an organism.

P. 14: "Society an organism. As a first step in the study of sociology, and in that branch of sociology called Political Economy, it must be clearly understood that society is an organism; that is to say, it is composed of interdependent parts performing functions essential to the life of the whole. Society expresses a will in various ways, and particularly, but not solely, through government, and it finds methods for the execution of its purposes. Society punishes those who offend it and violate its well-known desires, and this punishment assumes almost infinitely varying degrees of severity, including even torture, disgrace, and death. At the same time, society differs from many other organisms in the fact that its separate parts are themselves organisms, and that each of these parts has a purpose and a destiny of its own. Society is composed of individuals, but individuals find their true life in society."

In conclusion we may indicate the central problem that stands before our civilization challenging solution—how can the highest individuality be reached in the most complete society?

In seriously attempting to solve this problem, we must set aside the ancient illusion that the members of society—individuals—are necessarily opposed to society; that whatever tends to conserve the one must necessarily destroy the other.



