

APPENDIX.

THE PRESENT POSITION AND PROSPECTS

OF

POLITICAL ECONOMY:

BEING

THE INTRODUCTORY ADDRESS

DELIVERED IN

THE SECTION OF ECONOMIC SCIENCE AND STATISTICS

OF THE

British Association for the Advancement of Science,

AT ITS MEETING AT DUBLIN IN 1878:

BY

THE PRESIDENT OF THE SECTION,

JOHN K. INGRAM, LL.D., F.T.C.D., M.R.I.A.,

President of the Statistical and Social Inquiry Society of Ireland.

REVISED, WITH NOTES AND ADDITIONS.

ADDRESS.

HAD I been called upon at any other time to preside over this section, I should have followed the example of most of my predecessors, in selecting as the subject of the discourse which it is usual to deliver from this chair, some one of the special economic questions of the day, which my knowledge might have enabled me most adequately, or, let me rather say, least inadequately to treat. But I have felt that the matter with which I should deal has been practically determined for me beforehand. An important crisis in the history of our section has taken place. Its claim to form a part of the British Association has been disputed. Some of the cultivators of the older branches of research but half recognise the right of Political Economy and Statistics to citizenship in the commonwealth of science, and it is not obscurely intimated on their part that these studies would do well to relinquish pretensions which cannot be sustained, and proceed, with or without shame, to take the lower room to which alone they are entitled.

How far this sentiment is entertained by those who would be recognised as the best representatives of the mathematical, physico-chemical, and biological sciences, I am unable to say. But it is natural to suppose that no one clothed with an official character in the Association could have assumed towards us such an attitude as I have described, unless supported by a considerable weight of opinion amongst those within the body who are regarded as competent judges. Still more—and this is what lends a peculiar gravity to the incident—such a step could scarcely have been taken if the general mass of the intelligent public entertained strong convictions as to the genuinely scientific character of political economy, as it is usually professed and understood amongst us. It is, in fact, well known that there is a good deal of scepticism current on this question. There may be seen in various quarters evidences sometimes of contemptuous rejection of its claims, sometimes of uneasy distrust as to their validity. And even amongst those who admit its services in the past, there is a disposition to regard it as essentially effete, and as having no scientific or practical future before it.

When some of our leading economists met not long ago to celebrate the centenary of the publication of the *Wealth of Nations*, it was plain from the tone of most of the speakers that the present position

of their studies, as regards their general acceptance and public influence, was considered to be far from satisfactory.

"To those who are interested in economic science," says a recent writer in *Mind*,¹ "few things are more noticeable, than the small hold which it has upon the thoughts of our generation. Legislation has been directly influenced by it in the past, and the results of the application of its doctrines are manifest in every department of our laws; yet in spite of its triumph in this region, we find a widespread tendency to look on its teaching with suspicion."

"I seem to observe," said Professor Cairnes in 1870,² "in the literature and social discussions of the day, signs of belief that political economy has ceased to be a fruitful speculation; nay, I fear I must go further and admit that it is regarded by some energetic minds in this country as even worse than unfruitful—as obstructive—a positive hindrance in the path of useful reform. . . . It is not denied that the science has done some good; only it is thought that its task is pretty well fulfilled."

The attitude which the working classes generally take up with respect to political economy, may be seen from Mr. Howell's candid and instructive book on the *Conflicts of Capital and Labour*.³

Professor Jevons has recognised quite recently the state of facts indicated by these testimonies, though he has no misgiving as to any grounds for it in the current methods or doctrines of political economy; if the public do not like the science, so much the worse, he thinks, for the public—"the fact is," he says, "that just as physical science was formerly hated, so now there is a kind of ignorant dislike and impatience of political economy."

It is plain, therefore, that the low estimate of the studies of our section which is entertained by some members of the Association, is no isolated phenomenon, but is related to a mass of opinion outside the body—that in fact the crisis which, as I have said, has shown itself in the Association with respect to our section, is only the counterpart, in a more limited sphere, of a crisis in the history of economic science, which is apparent on the face of English—and, as I shall point out by and by, not of English only, but of European—thought. It is important to understand the origin and significance of this state of things; and to that subject, accordingly, I purpose to direct your attention.

We must take care to distinguish, at the outset, between two views which are sometimes confounded—namely, between the opinion that economic facts do not admit of scientific investigation, and the quite different opinion that the hitherto prevailing mode of studying those facts is unsatisfactory, and many of the current generalizations respecting them unsound. That economic phenomena are capable of scientific treatment is a proposition which I do not intend to spend

¹ Rev. W. Cunningham, in a remarkable article, entitled "Political Economy as a Moral Science," published in *Mind* of July, 1878.

² Introductory Lecture delivered in University College, November, 1870, reprinted under the title "Political Economy and Laissez faire," in his *Essays on Political Economy, Theoretical and Applied*. See pp. 238-240 of that volume.

³ London, 1878.

time in demonstrating. It is comprehended in the more general question of the possibility of a scientific Sociology, and any one who disputes it will have enough to do in combating the arguments by which Comte, and Mill, and Herbert Spencer have established that possibility. Nor do I intend to waste words in showing that, if there be a science of society, no other branch of investigation can compete with it in importance or in dignity. It has the most momentous influence of all on human welfare. It receives contributions from all other departments of research—whether in the ascertainment of results to be used for its purposes, or in the elaboration of methods to be applied in its inquiries. It presides, in fact, over the whole intellectual system—an office which some, mistaking the foundation for the crown of the edifice, have claimed for mathematics. It is the most difficult of all the sciences, because it is that in which the phenomena dealt with are most complex and dependent on the greatest variety of conditions, and in which, accordingly, appearances are most deceitful, and error takes the most plausible forms. That the professors of the more stably—because earlier—constituted branches of knowledge should ignore the claims of this great department of inquiry would be doubly disastrous—first, by leaving the scientific system without its necessary completion in a true theory of the highest and most important class of phenomena accessible to our researches; and secondly, by tending, so far as prejudice and misconception can temporarily produce such an effect, to hand over to minds of insufficient power, and destitute of the necessary preparation, studies which, more than any others, require a strong intelligence, disciplined in the methods and furnished with the results of the sciences of inorganic and organic nature. There is, in my judgment, no duty more incumbent in our day on the professors of these last, than that of recognising the claims of Sociology, whilst at the same time enforcing on its cultivators the necessity of conforming to the genuine scientific type. Yet it is now sought to expel from this Association, which ought to represent the harmonious union of all positive research, the very limited and inadequate portion of the science of society which has ever found recognition in its scheme.

I assume, then, that economic phenomena are proper subjects for scientific treatment. This I imagine the public at large are not disposed to doubt, though they may not repose much confidence in the methods actually followed. But, strangely enough, a professor of political economy has recently disputed the possibility, or at least the utility, of a scientific handling of economic questions. Professor Bonamy Price, of the University of Oxford, who has published a volume⁴ in which several of those questions are handled with much ability and freshness of treatment, not only repudiates a scientific character for his own inquiries, but alleges the scientific method to be a mistake. According to him, ordinary people are right in believing that they can arrive at truth on these questions by the aid of their natural lights, by their untrained sagacity—that they can take a shorter and far clearer path through their own observations, than

⁴ *Chapters on Practical Political Economy.* London, 1878.

through what he calls "the tangled jungle of scientific refinements." In plain terms, he is in favour of relegating the study of economic phenomena to the domain of empiricism—to what is called the common sense of practical men.

A more fatal suggestion could not, in my judgment, be made. I shall have to express the opinion, that the prevalent methods of economic research and exposition are open to grave criticism; but how can this be remedied by throwing ourselves on the undisciplined and random inspirations of so-called common sense? It was "common sense" that long upheld the mercantile system; and indeed there is scarcely any error that it has not, at different times, accepted and propagated. What security can there be in this as in other branches of inquiry against endless aberrations and confusions, but systematic observation and analysis of the phenomena, resulting in a body of ascertained and reasoned truth; and what is this but science? I am forced to say that Professor Price seems to me to labour under radical misconception as to the nature and conditions of science. Because the facts of the production and distribution of wealth have always gone on spontaneously amongst mankind, and definite modes of social action with respect to them have progressively established themselves, economic investigation, he argues, adding nothing to what men have with more or less sagacity and intelligence always practised, cannot be regarded as having the nature of a science. But it might be similarly shown that there is no science of human nature, for the intellectual processes, the feelings, and the practical tendencies of man have always been similar; they have not waited for science to develop themselves and pass into action; rather their long continued spontaneous action was the necessary condition of the science that studies them. So, too, with respect to all human action on external nature—practice always must precede theory; art, more or less intelligent, must precede science. Science is simply the ascertainment and co-ordination of laws; a law is the statement of a general fact; we explain a particular fact by showing that it is a case of a more general fact. Now, from the beginning to the end of his own book, Professor Price is endeavouring to ascertain such general facts, and to explain particular facts by means of them—in other words, he is busied upon science without knowing it. He rests much of the importance of economic studies, which he regards as essentially practical, on their efficacy for uprooting the evil weed of false theory; but theory of some sort will always be necessary. *On ne détruit que ce qu' on remplace;* and the only way of extinguishing false theory is to establish the true.

I therefore repudiate the doctrine of Professor Price, and I hold by the truth, which has indeed now become a philosophic commonplace, that social phenomena generally, and amongst them the economic phenomena of society, do admit of scientific treatment. But I believe, though on different grounds from his, that the mode in which the study of these phenomena has been conceived and prosecuted in the hitherto reigning school, is open to serious objections; and the decline in the credit and influence of political economy, of which I have spoken, appears to me to be in a large measure

due to the vicious methods followed by its teachers. The distrust of its doctrines manifested by the working classes is no doubt in a great degree owing to the not altogether unfounded belief, that it has tended to justify too absolutely existing social arrangements, and that its study is often recommended with the real, though disguised, object of repressing popular aspirations after a better order of things. And it is doubtless true that some of the opposition which political economy encounters, is founded on the hostility of selfish interests, marshalled against the principles of free-trade, of which it is regarded as the representative. But it is not with manifestations of this kind, which belong to politics rather than philosophy, that I am now chiefly concerned. It is more appropriate to this place to point to the growing coldness or distrust exhibited by the higher intellects towards political economy, a fact which lies on the surface of things, and shows itself everywhere in contemporary literature. The egoistic spirit in which it is steeped may explain the continued protest which Carlyle and Ruskin have, mainly as moral preachers, maintained against it—though that very spirit is, as I shall show, closely connected with vicious method. But what are we to say of Miss Martineau's final judgment? Speaking in her *Autobiography*⁵ of that part of her career in which, as Professor Jevons says, "she successfully popularized the truths of political economy in her admirable tales," she tells us that what she then took to be the science of political economy as elaborated by the economists of our time, she had come to regard as being no science at all, strictly speaking.—"So many of its parts," she adds, "must undergo essential change, that it may be a question whether future generations will owe much more to it than the benefit (incalculable to be sure) of establishing the grand truth, that social affairs proceed according to great general laws, no less than natural phenomena of every kind." Here is a conclusion resting essentially on intellectual, not moral, grounds; and I presume Professor Jevons will not explain it as a result of ignorant impatience.

But it is no longer necessary to consider scattered indications of the feeling of eminent individualities on this matter, for of late years the growing dissatisfaction has risen to the dimensions of a European revolt, whose organs have appeared not in the ranks of general literature, but within the sphere of economic investigation itself. It is a characteristic result of the narrowness and spirit of routine which have too much prevailed in the dominant English school of economists, that they are either unacquainted with, or have chosen to ignore, this remarkable movement.

The largest and most combined manifestation of the revolt has been in Germany, all whose ablest economic writers are in opposition to the methods and doctrines of the school of Ricardo. Roscher, Knies, Hildebrand, Nasse, Brentano, Held, Schmoller, Schäffle, Schönberg, Samter, and others, have taken up this attitude. In Italy a group of distinguished writers, amongst whom are named Luzzatti, Forti, and Lampertico, follow the same direction, and have

⁵ Vol. ii., p. 244.

a special organ in which they advocate their views. In Denmark a similar scientific evolution is in progress, chiefly under the leading of Frederiksen. The eminent Belgian publicist, M. de Laveleye, has done much to call attention to these new tendencies of economic doctrine, in which he himself participates.⁶ In England a corresponding movement, by no means imitative, but on the contrary, highly original in character, is represented by Mr. Cliffe Leslie, whom I mention with pride as an alumnus of this University. In France, the new direction is not so marked in the economic world, strictly so called, though in that country it really first appeared. For the vices of the old school which have led to the development of the new, were powerfully stated more than forty years ago by a French thinker, who is too little studied by the mass of his countrymen, Auguste Comte, the greatest master who has ever treated of sociological method. How far the Germans may have been led by national prejudice to ignore his influence in the formation of their views, I will not undertake to say; but there is no doubt of the fact that the tendencies they have sought to impress on economic studies are largely in accordance with the teaching on that subject contained in his *Philosophie Positive*.

In the admirable chapters of that work, in which he described the normal conditions and method of social science, whilst paying a warm tribute to the merits of Adam Smith, he criticised what he considered the aberrations of the later political economists. The late Professor Cairnes, of whom, as a member of this University, we are justly proud, and whom, even when I differ from him, I name with all the respect due to an able and earnest searcher after truth, attempted an answer to some of these strictures of Comte, which again elicited a reply from Mr. Frederic Harrison.⁷ Considering the criticisms of the great Frenchman to have been perfectly just when he wrote them, and only requiring a certain correction now in view of the healthier tendencies apparent in several quarters since his work was published, I shall dwell at some length on the several grounds of his censures, stating and illustrating them in my own way, which will differ considerably from the mode of treatment which they received in the controversy to which I have referred. Those grounds, though by him nowhere formally enumerated, are essentially reducible to four, having relation—first, to the attempt to isolate the study of the facts of wealth from that of the other social phenomena; secondly, to the metaphysical or viciously abstract character of many of the conceptions of the economists; thirdly, to the abusive preponderance of deduction in their processes of research; and fourthly, to the too absolute way in which their conclusions are conceived and enunciated. It will be found that these heads cannot be kept strictly apart, but run into each other at several points. The separation of them will, however, serve to give distinctness and order to the discussion.

⁶ See his article "Les Tendances Nouvelles de l'Economie Politique et du Socialisme," in the *Revue des deux Mondes* of July 15, 1875.

⁷ Professor Cairnes' article, "M. Comte and Political Economy," appeared in the *Fortnightly Review* of May, 1870, and is reprinted in his *Essays on Political Economy*. Mr. Harrison's Essay was published in the *Fortnightly Review* for July of the same year.

I. The first objection is, as I have stated, to the pretension of the economists to isolate the special phenomena they study, the economic phenomena of society, from all the rest—its material aspect from its intellectual, moral, and political aspects, and to constitute an independent science, dealing with the former alone, to the exclusion of the latter. This question as to the relation of economic studies to the general body of human knowledge, is really the most radical and vital that can be raised respecting them, and on it more than on any other depends, in my opinion, the future of these studies.

It is sometimes sought to get rid of this question in a very summary manner, and to represent those who raise it either as weakly sentimental persons who shrink from studying the conditions of wealth apart, because there are better and higher things than wealth; or as persons of confused intellect, who wish to mix together things which are essentially different in their nature. On the former of these imputations it is unnecessary to dwell. I am far from undervaluing sentiment in its proper sphere; but I take up no sentimental ground on the present question. In denying the propriety of isolating economic investigation, I appeal to considerations derived from the philosophy of science. The second allegation is therefore the only one with which I am now concerned.

In a recent elementary treatise on political economy, by a well-known writer, it is argued:—"We must do one thing at a time; we cannot learn the social sciences all at the same time. No one objects to astronomy that it treats only of the stars, or to mathematics that it treats only of numbers and quantities. . . . There must be many physical sciences, and there must be also many social sciences, and each of these sciences must treat of its own proper subject, and not of things in general."

But a little consideration will show that these remarks touch only the outside of the question. Of course we must do only one thing at a time. Only one out of several branches of a subject can be considered at a time; but they are yet branches of a single subject, and the relations of the branches may be precisely the most important thing to be kept in view respecting them. It might be said: "It is important, no doubt, that plant life and animal life should both be understood; but zoology and botany are different sciences; let them be studied apart; let a separate class of *savants* be appropriated to each, and every essential end is secured." But what says Professor Huxley, in unison with all the most competent opinion on the subject?—"The study of living bodies is really one discipline, which is divided into zoology and botany simply as a matter of convenience."⁸ They are, in fact, branches from the common stem of biology, and neither can be rightly conceived without bearing this in mind. Now I maintain that for still stronger reasons the several branches of social science must be kept in the closest relation.

Another biological analogy will place these reasons in the clearest light. When we pass from the study of the inorganic world to that of the organic, which presupposes and succeeds to the former, we

⁸ Preface to *Elementary Biology*. London, 1875.

come upon the new idea of a living whole, with definite structures appropriated to special actions, but all influencing one another, and co-operating to one result—the healthy life of the organism. Here, then, it is plain that we cannot isolate the study of one organ from that of the rest, or of the whole. We cannot break up the study of the human body into a number of different sciences, dealing respectively with the different organs and functions, and, instead of a human anatomy and physiology, construct a cardiology, a hepatology,⁹ an enterology. It is not of course meant that special studies of particular organs and functions may not be undertaken—that they may not be temporarily and provisionally separated from each other in our researches; but the fact insisted on is, that it is essential to keep in view their relations and interactions, and that therefore they must be treated as forming part of the subject matter of one and the same science. And what is thus true of theory is also true of practice—the physician who had studied only one organ and its function would be very untrustworthy even in the therapeutics of that organ. He who treats every disease as purely local, without regard to the general constitution, is a quack; and he who ignores the mutual action of the *physique* and the *moral* in disease, is not properly a physician, but a veterinary.

These considerations are just as applicable, *mutatis mutandis*, to the study of society, which is in so many respects kindred to biology. The most characteristic fact about what is well called the social system, is the consensus of its different functions; and the treatment of these functions as independent, is sure to land us in theoretic and practical error. There is one great science of Sociology; its several chapters study the several faces of social existence. One of these faces is that of the material well-being of society, its industrial constitution and development. The study of these phenomena is one chapter of sociology, a chapter which must be kept in close relation with the rest.

The justice of this view is clearly seen when we consider the two-fold aspect of sociology as statical and dynamical—that is, as dealing on the one hand with laws of coexistence, and on the other with laws of succession. As in biology we have, alongside of the theory of the constitution and actions of an organism, the further theory of its development in time; so in sociology we have, beside the doctrine of the constitution and actions of society, the doctrine of its evolution from a primitive to a higher condition. Now nothing is plainer than that in the course of the human evolution the several social elements did not follow separate and independent processes of growth. The present economic state, for example, of the nations of western Europe as a group, or of any individual one amongst them, is the result of a great variety of conditions, many of them not in their own nature economical at all. Scientific, moral, religious, political ideas and institutions have all concurred in deter-

⁹ Some phrases in this sentence coincide remarkably with those used in a similar connection in an article by Dr. J. H. Bridges in the *Fortnightly Review* for July, 1878, entitled, "The Place of Sociology." The passage was, however, written before I saw that excellent essay, which I earnestly recommend to the study of my readers.

mining it. But if they worked in this manner in the past, it follows that they are working so in the present. It is therefore impossible rationally to conceive or explain the industrial economy of society without taking into account the other coexisting⁷ social factors.

In nothing is the eminent superiority of Adam Smith more clearly seen than in his tendency to comprehend and combine in his investigations all the different aspects of social phenomena. Before the term "social science" had been spoken or written, it could not be expected that he should have conceived adequately the nature and conditions of that branch of inquiry, much less founded it on definitive bases—a task which was to be achieved more than fifty years later by the genius of Comte. But he proceeded as far in this direction as it was possible to do under the intellectual conditions of his time. In his *Theory of Moral Sentiments* he promises to give in another discourse "an account of the general principles of law and government, and of the different revolutions they have undergone in the different ages and periods of society, not only in what concerns justice, but in what concerns police, revenue, and arms, and whatever else is the subject of law." Here is no separation of politics, jurisprudence, and political economy, but rather an anticipation, wonderful for his period, of general sociology, both statical and dynamical—an anticipation which becomes more extraordinary still, when we learn from his literary executors that he had formed the plan of a connected history of the liberal sciences and elegant arts, which would have supplied, in addition to the social aspects already mentioned, a view of the intellectual progress of society. Of this last undertaking there remains to us only the remarkable essay on the history of astronomy, which is evidence at once of his thorough acquaintance with that branch of science, and of his profound philosophical conceptions on the nature of scientific inquiry in general. The other project too was never fully carried out; it may well be thought because it was essentially premature. The *Wealth of Nations* is in fact a part of that larger design; and though in this work he has for his main subject the economic phenomena of society, he has incorporated into it so much that relates to the other social aspects that he has on this very ground been censured by some of the later economists. Mill, however, who of all his English successors was the most large-minded and the best equipped in respect of general culture, has recognised it as the great characteristic excellence of Smith that, "in his applications of political economy, he perpetually appeals to other and often far larger considerations than pure political economy affords."¹⁰ In consequence of this admirable breadth of view, the study of the work of Adam Smith is, I believe, more fitted than that of the writings of any other economist, to cultivate in the theorists a philosophic, and in practical men a statesmanlike, habit of mind.

In striking contrast with this spirit of the master is the affectation, habitual in his followers, of ignoring all considerations except the strictly economic, though in doing so they often pass over agencies

¹⁰ Preface to the *Principles of Political Economy*.

which have important effects on material well-being. Thus, when Senior is led to make some observations of the utmost importance and interest, on the very doubtful advantage to a labouring family of the employment of the mother and the children in non-domestic work, he thinks it necessary to apologise for having introduced such remarks, as not, perhaps, strictly within the province of political economy. And when he finds himself similarly induced to observe on the evils of severe and incessant labour, and the benefits of a certain degree of leisure—subjects so momentous to working men, and closely connected with their material as well as moral condition—he pauses and corrects himself, admitting that he should not only be justified in omitting, but perhaps was bound to omit, all considerations which have no influence on wealth.¹¹ This is the very pedantry of purism; and the purism is not merely exaggerated, it is really altogether out of place. Mill, though, as I believe, he did not occupy firm ground in relation to the constitution of social science, is free from any such narrowness as this:—"For practical purposes," he says, "political economy is inseparably intertwined with many other branches of social philosophy. Except on matters of mere detail, there are perhaps no practical questions, even among those which approach nearest to the character of purely economical questions, which admit of being decided on economical premises alone." This is true; but it is only part of the truth. For purposes of theory as well as of practice, the several branches of social inquiry are inseparably intertwined; and this larger proposition Mill in another place has stated with all the desirable fulness of enunciation, declaring that "we can never understand in theory or command in practice the condition of a society in any one respect, without taking into consideration its condition in all other respects."¹²

Yet, notwithstanding this ample admission, he appears to exhibit some uncertainty of view with respect to the relation of economic studies to general sociology; at least after repeated careful examination of all that he has written on the subject, I confess myself unable to understand exactly the position he occupies. Sometimes¹³ he speaks of political economy as being a department "carved" (to use his own expression) "out of the general body of the science of society;" and again¹⁴ he speaks of it as belonging to a subordinate order of speculation to that with which the science of society is conversant—proposing to itself a quite different sort of question, and supplying only a sort of knowledge sufficient for the more common exigencies of daily political practice. The latter view is apparently reflected in the title of his economical treatise, which is called *Principles of Political Economy, with some of their Applications to Social Philosophy*, a phrase which seems to imply that political economy is not a part of social philosophy at all, but is preparatory and ancillary to it. And it is interesting to observe that it was from this point of view of the study, as preliminary only and intended to prepare the way and provide

¹¹ Senior's *Political Economy*, separate edition, 1850; pp. 152 and 148.

¹² Preface to his *Political Economy*; and *System of Logic* (6th ed.) vol. ii., p. 488.

¹³ *Logic*, ii., p. 496.

¹⁴ *Ib.*, ii., p. 509.

materials for a true science of society, that Comte, in his correspondence with Mill, encouraged the latter in his project of a special treatise on political economy.¹⁵

The ground which the economists commonly take up in justifying their one-sided attitude, is this: they announce that their treatment of every question is partial and incomplete, and that for a real solution all the other elements involved must be taken into account. Political economy, Professor Cairnes tells us,¹⁶ is absolutely neutral as between all particular schemes and systems of social or industrial life. It furnishes, he tells us, certain data that go towards the formation of a sound opinion, but can never determine our final judgment on any social question. Now this systematic indifferentism amounts to an entire paralysis of political economy as a social power capable of producing or confirming in the mass of the community just convictions on the most important of all subjects. How, it may well be asked, are sufficiently fixed and convergent opinions on such matters to be generated in the public mind? How are the scattered lights, supplied by the several partial and one-sided studies of human affairs, to be combined, so as to convey social truth to the understanding, and impress its practical consequences on men's consciences? These queries bring into the clearest light the doctrine I wish to commend to your attention—namely, that what is wanted for this purpose is a study of social questions from all the points of view that really belong to them, so as to attain definite and matured conclusions respecting them—in other words, a scientific sociology, comprehending true economic doctrine, but comprehending also a great deal more.

Even on the special subjects in which purely economic considerations go for most, it will not do to take into account those considerations only. Professor Fawcett, in his recent timely and useful treatise on Free-trade and Protection, finds that he cannot restrict himself, in the treatment of that question, to the economic point of view. "As complaints," he says, "are constantly made by protectionists that their opponents persistently ignore all the results of protection which are not economic, I will be careful to consider those results."¹⁷ And he goes on to maintain the proposition, in which I entirely concur, that protection may produce social and political consequences, even far more mischievous than the economic loss it causes to a country. I

¹⁵ "Je persiste à regarder votre projet de traité sur l'économie industrielle comme une très-heureuse et fort opportune tentative d'attirer à la nouvelle philosophie une classe d'esprits estimables qui, tendant avec énergie vers la formation de la vraie science sociale, n'ont besoin, à cet égard, que d'être mieux dirigés; en attendant, ils préservent le public, à leur manière, du pur empirisme sociologique, qui serait bien plus dangereux. Ainsi présentée, ou du moins conçue, avec la destination purement préliminaire et l'office provisoire que lui assigne l'ensemble de l'appréciation historique, l'économie politique perd ses principaux dangers actuels, et peut devenir fort utile; car les sympathies qu'elle excite encore, sans être communément fort éclairées, ont certainement un caractère progressif."—*Lettres d'Auguste Comte à John Stuart Mill*, p. 254.

It is much to be regretted that, for personal reasons, the letters of Mill to Comte are still withheld from the public. For the influence exercised on Mill by the *Philosophie Positive*, see *Lettres d'Auguste Comte*, p. 4.

¹⁶ *Essays in Political Economy*, p. 256.

¹⁷ Pages 80, 81.

believe that the most effective weapons against this and other economic errors will often be found in reasons not based on material interests, but derived from a consideration of the higher ends of society, and the ideal of the collective life of the race. And, *a fortiori*, when we have to deal with the larger economic subjects, now rapidly increasing in urgency, which are more immediately in contact with moral conceptions, these questions of the ultimate ends of the social union cannot be left out of sight. This was recognised by Mill, who was open to all noble ideas, and saw that the practical life of mankind cannot be governed by material egoism. In discussing the claims of communism,¹⁸ he says:—"Assuming all the success which is claimed for this state of society by its partisans, it remains to be considered how much would be really gained for mankind, and whether the form that would be given to life, and the character which would be impressed on human nature, can satisfy any but a very low estimate of the capabilities of the species." Here, you observe, is raised the entire question of the ends of social life; and economic progress is subordinated, as it ought to be, to the intellectual and moral development of humanity.

Mr. Lowe, at the Adam Smith celebration,¹⁹ declared himself not to be sanguine as to the future of political economy; he believes that its great work, which he justly remarks has been rather a negative than a constructive one, has been already accomplished, and that not much more remains to be achieved. Such, indeed, as we have seen, Professor Cairnes declared to be the prevalent idea of the great majority of educated people—that political economy has fulfilled its task by removing impediments to industry; and that it cannot help us—is rather likely to be an obstruction—in the social work which now lies before us. I will not use language so strong; but it does appear to me that either as a fruitful branch of speculation, or as an important source of practical guidance, it will cease to command, or rather will fail to regain attention, unless it be linked in close connection with the general science of society—unless it be, in fact, subsumed under and absorbed into Sociology.

II. The second common error of the political economists since the time of Adam Smith, consists in this, that mainly by the influence of Ricardo, they have been led to conceive and present, in a viciously abstract way, the conceptions with which they deal.

Abstraction is, indeed, necessary to all science, being implied in the search after unity amidst variety. The criterion of true or false science lies precisely in the right or wrong institution of the relation between the abstract and the concrete. Now, in matters of human life especially, we have only to carry abstraction far enough in order to lose all hold on realities, and present things quite other than they in fact are; and, if we use these abstractions in the premises of our

¹⁸ *Political Economy* (1st ed.) i., p. 246. The passage has dropped out from the chapter as recast in late editions; but the necessity of considering the influence of systems of life on the formation of character is still maintained.

¹⁹ Revised Report of the Proceedings at the celebration (by the Political Economy Club) of the hundredth year of the publication of the *Wealth of Nations*. London, 1876; p. 20.

reasonings, we shall arrive at conclusions, either positively false, or useless for any practical purpose. As Comte remarked,²⁰ the most fundamental economic notions have been subtilized in the ordinary treatises, till the discussions about them often wander away from any relation to fact, and lose themselves in a region of nebulous metaphysics; so that exact thinkers have felt themselves obliged to abandon the use of some of the most necessary terms, such as *value*, *utility*, *production*, and to express the ideas they attach to them by circuitous phrases. I am far from condemning the effort after accuracy of language and well-defined terms; but the endless fluctuations of economists in the use of words (of which numerous examples are given in Senior's Appendix to Whately's Logic, and in Professor Price's recent work²¹) certainly indicate a very general failure to apprehend and keep steadily in view the corresponding realities.

A vicious abstraction meets us on the very threshold of political economy. The entire body of its doctrines, as usually taught, rests on the hypothesis that the sole human passion or motive which has economic effects, is the desire of wealth. "It aims," says Mill,²² "at showing what is the course of action into which mankind living in a state of society would be impelled if that motive"—except so far as it is checked by aversion to labour, and desire of present indulgence—"were absolute master of all their actions." "So strictly is this its object," he adds, "that even the introduction of the principle of population interferes with the strictness of scientific arrangement." But what is the desire of wealth? It is, as Mr. Leslie says in an article in *Hermathena*,²³ in which he urges the necessity for a new method in political economy—it is a general name for a great variety of wants, desires, and sentiments, widely differing in their economic character and effect, and undergoing fundamental changes in some respects in the successive periods of society. As moralists, viewing the same abstraction, not as a condition of well-being, but as the root of all evil, "have denounced under the common name of love of wealth, not only sensuality, avarice, and vanity, but the love of life, health, cleanliness, decency, and art, so all the needs, appetites, tastes, aims, and ideas which the various things comprehended in the word wealth satisfy, are lumped together in political economy as a principle of human nature, which is the source of industry and the moving principle of the economic world." The motives summed up in the phrase "vary in different individuals, different classes, different nations, different sexes, and especially in different states of society;" in these last, indeed, the several desires comprehended under the general name follow definite laws of succession. The point Mr. Leslie here insists on is, be it observed, not merely—though that is also true—that the phrase *desire of wealth* represents a coarse and crude generalization in the natural history of man; but that the several impulses comprised under the name assume altered forms and vary in their rela-

²⁰ *Philosophie Positive* (1st ed.), tome 4, p. 270.

²¹ See especially pp. 9, 33, 34, 105, of Professor Price's volume.

²² *Logic*, ii., pp. 492, 493.

²³ *Hermathena*, No. IV., 1876 "On the Philosophical Method of Political Economy," p. 269. I am much indebted to this article.

tive strength, and so produce different economic consequences, in different states of society; and therefore that the abstraction embodied in the phrase is too vague and unreal for use in economic investigations of a really scientific character. The special desire for accumulation, apart from the immediate or particular uses of wealth, is no doubt a principle of social growth which must not be overlooked; but this, too, takes different directions and works to different ends in different stages of social development. All these economic motors require to be made the subjects of careful and extensive observation; and their several forms, instead of being rudely massed together under a common name, should be discriminated as they in fact exist. The consumption, or more correctly the use, of wealth, until lately neglected by economists, and declared by Mill²⁴ to have no place in their science, must, as Professor Jevons²⁵ and others now see, be systematically studied in its relations to production and to the general material well-being of communities. And none of these things can be really understood without correct views of the structure and evolution of society in all its aspects; in other words, we are led back to the conclusion that they cannot be fruitfully treated apart from general sociology. I have not here been able to do more than indicate the leading features of a criticism which I recommend all who are interested in the subject to pursue in its full development in Mr. Leslie's admirable essay.

There is a common economic abstraction which, by the unsympathetic colour it has given to political economy, has tended, perhaps more than anything else, to repel the working classes from its study. By habitually regarding labour from the abstract point of view, and overlooking the personality of the labourer, economists are led to leave out of account some of the considerations which most seriously affect the condition of the working man. He comes to be regarded exclusively as an agent—I might almost say, an instrument of production. It is too often forgotten that he is before all things a man and a member of society—that he is usually the head of a household, and that the conditions of his life should be such as to admit of his maintaining the due relations with his family—that he is also a citizen, and requires for the intelligent appreciation of the social and political system to which he belongs a certain amount of leisure and opportunity for mental culture. Even when a higher education is now sought for him, it is often conceived as exclusively designed to adapt him for the effective exercise of his functions as a producer, and so is reduced to technical instruction; whereas moral and social ideas are for him, as for all of us, by far the most important, because most directly related to conduct. Labour again is viewed as a commodity for sale, like any other commodity; though it is plain that, even if it could be properly so called at all, yet in some particulars, as in the difficulty of local transfer (a family having to be considered), and in the frequent impossibility of waiting for a market, it is quite exceptional amongst commodities. By a further abstraction, the difference of

²⁴ *Essays on some Unsettled Questions in Political Economy*, p. 132.

²⁵ *Theory of Political Economy*, pp. 46, 47.

the social vocations of the sexes is made to disappear, in economic as in political reasoning, by means of the simple expedient of substituting for *man* in every proposition *person* or *human being*; and so, by little else than a trick of phraseology, self-support is made as much an obligation of the woman as of the man. It is true that ungenerous sentiment has much to do with the prevalence of these modes of thought; but what it is most suitable to insist on here, is that the science on which they rest, or in which they find justification, is false science. By merely keeping close to facts and not hiding realities under lax generalizations, we shall be led to more humane, as well as truer, conceptions of the proper conditions of industrial life.

It is a characteristic feature of the metaphysical habit of mind (using that phrase in the sense with which Comte has familiarized us) to mistake creations of the speculative imagination for objective realities. Examples of this tendency have not been wanting in the dominant system of political economy. The most remarkable is perhaps furnished by the *Theory of the Wages-Fund*. The history of that doctrine is instructive, but I cannot here enlarge upon it; it may suffice to say that though the so-called wages-fund is simply a scientific figment, the only legitimate use of which would be to facilitate the expression of certain relations, it has been habitually regarded as an actual entity, possessing a determinate magnitude at any assigned instant. It is true that Mill gave up this theory, when Mr. Thornton had convinced him²⁶ of its unsubstantial nature; but, strange to say, even when relinquished by the master, some of the disciples continued to cling to it. Professor Cairnes in his latest work²⁷ insisted that Mill was mistaken in abandoning it, and it is still taught in some of the elementary manuals—not, I am glad to observe, in that of Professor Jevons, who indeed never adopted it.²⁸ There are, in my opinion, other quite as illusory economic conceptions which have met with a good deal of acceptance, and have even obtained the sanction of distinguished names. If I do not now enter on an examination of them, it is because I am unwilling that the general views I am desirous of presenting should be lost in a series of special discussions, for which a more suitable opportunity can easily be found.

III. The third prevailing error of the economists—and, with the exception of the isolation of their study, this is the most serious of all—is that of exaggerating immensely the office of deduction in their investigations.

Deduction has indisputably a real and not inconsiderable place in Sociology. We can sometimes follow the method which Mill calls the direct deductive, that is, we can, from what we know of the nature of man and the laws of the external world, see beforehand what social phenomena will result from their joint

²⁶ Thornton "On Labour," p. 84, and Mill's review of that work in the *Fortnightly Review* of May, 1869, reprinted in his *Dissertations and Discussions*, vol. iv.; see pp. 43 and foll. of that volume.

²⁷ *Some Leading Principles of Political Economy newly Expounded*, pp. 184, 185.

²⁸ *Theory of Political Economy*, Preface, p. vii.

action. But, though the economists of the so-called orthodox school recognise no other method, we cannot really proceed far in this way, which is available only in simple cases. Social phenomena are in general too complex, and depend on too manifold conditions, to be capable of such *a priori* determination. In so far as the method can be used, the vital condition of its legitimate employment is the ascertainment of the consistence of the results of deduction with those of observation; and yet such verification from fact of the conclusions of theory, though essential to the admissibility of this process of inquiry, is too often entirely overlooked.

Much more commonly the function of deduction is different from what has just been described, and its relation to observation is inverted. The laws of the economic constitution and movement of society are first obtained by observation, directed whether to contemporary life or to the history of the past. The office of deduction is then to verify and control the inductions which have been arrived at, using for this purpose considerations founded on the qualities of human nature and the external conditions to which society is subjected. Results which could not have been elicited by *a priori* reasoning from the latter data, may, when inductively obtained, be in this way checked and rationalized. The pretension of the economists, formally set forth in Senior's treatise,²⁹ to deduce all the phenomena of the industrial life of communities from four propositions, is one that cannot be sustained. But conclusions derived from observation may be placed in relation with the laws of the world and of human nature, so far at least as to show that they contradict nothing we know respecting those laws. This method, in which inductive research preponderates, and deduction takes a secondary place as means of verification, is the really normal and fruitful method of sociological inquiry.

But the method of Sociology must be not only inductive, but historical; and by the latter name it may best be characterised. By this is meant, not merely that it finds the materials for its studies in the general field of human history: we mean further that it institutes a comparison of the successive states of society in order to discover the laws of social filiation—a process similar in principle to the biological comparison of organisms of different degrees of development. If we followed exclusively the *a priori* method, in (for example) economic research, and sought to infer the economic facts of life from the nature of the world and man, we could arrive only at one determinate order of things, whilst we know that in reality the economic organization and functions of society vary in time according to definite laws of succession. Mr. Lowe, indeed, will have it that "political economy is founded on the attributes of the human mind, and nothing can change it;" which means, I suppose, that its formulas must always correspond with the phenomena. But how can this view be reconciled with the now ascertained fact, that society has passed through states in which the

²⁹ *Political Economy*, p. 26.

modern economic constitution was so far from existing, that property did not belong to the individual but to the community? The *a priori* method, in fact, overlooks what is the main agency in the social movement—namely, the accumulated influence of anterior on subsequent generations of mankind; an influence too complex to be estimated deductively. Every department of social life, and amongst the rest the industrial system, undergoes transformation—not arbitrarily indeed, but in accordance with law; and if we wish to understand any of those departments, we must study its transformations, considering each successive form in relation to all the preceding and contemporary conditions.

There is, indeed, no more important philosophical theorem than this—that the nature of a social fact of any degree of complexity cannot be understood apart from its history. “Only when its genesis has been traced,” says Mr. Herbert Spencer, “only when its antecedents of all orders have been observed in their co-operation, generation after generation, through past social states—is there reached that interpretation of a [fact which makes it a part of sociological science.” To understand, for example, the true meaning of the trade societies of modern times, so important an object of economic study, “we must,” he says, “go back to the older periods when analogous causes produced analogous results.” And facts of this order, he adds, “must be studied not merely in their own successive forms, but in relation to the other phenomena of their time—the political institutions, the class distinctions, the family arrangements, the modes of distribution and degree of intercourse between localities, the amounts of knowledge, the religious beliefs, the morals, the sentiments, the customs.”³⁰ These considerations all point to the historical method, and, I may add, they all confirm what I have already urged, that the economic phenomena of society cannot be isolated from its other aspects. When our object is not the explanation of any past or present fact, but the prevision (within possible limits) of the future, and the adoption of a policy in relation to that future, our guide must still be the historic method, conceived as indicating, from the comparison of successive states, the general tendency of society with respect to the phenomenon considered, and the agencies which are in course of modifying existing systems. “Legislative action of no kind,” again says Mr. Spencer, “can be taken that is not either in agreement with or at variance with the processes of national growth and development as naturally going on.”³¹ We can by judicious action modify in their special mode of accomplishment or in the rate of their development, but cannot alter in their fundamental nature, the changes which result from the spontaneous tendencies of humanity. An attempt to introduce any social factor, which is not essentially conformable to the contemporary civilization, will result, if not in serious disturbance, at least in a mere waste of effort. Any proposal of social action, therefore, should repose on a previous analysis of those spontaneous

³⁰ *The Study of Sociology*, pp. 131, 132.

³¹ *Ib.*, p. 71.

tendencies, and this is possible only by the historic method. Let me give an example from an economic subject which happens just at present to offer a special interest. Attention has been called by Sir Henry Maine to the general law that property in land originally belongs, not to individuals, nor even to families in the modern sense, but to larger societies, and that in the progress of mankind there is a natural movement from common to separate ownership. This historical result has been elaborated by a number of independent inquirers, and M. de Laveleye in a work³² of great research has brought together a vast mass of evidence, both establishing the main fact, and exhibiting the varied features which the common evolution has assumed in different countries. There is much that is attractive in particular sides of this early organization of territorial property, and M. de Laveleye has yielded to the charm, so far as to regret its disappearance in the developed communities of the west, though he stops short of recommending what others have suggested—namely, a return to the primitive constitution, by replacing the commune in the possession of the soil. Indeed, he himself, by establishing the progressive spontaneous tendency of society towards individual property, shows such a project to be a dream, and banishes it from the field of practical economic policy. From the general appearance of this collective ownership in an early stage of society, it is sometimes argued that it is a *natural* system; but the historic method shows that it is just as natural that it should disappear at a more advanced stage. Serving useful ends in the former period, it becomes in the latter an obstruction to progress by stereotyping agricultural art, and impeding that individual initiative which is an indispensable condition of social improvement. The safe prediction is that the Swiss *Allmend*, the Russian *Mir*, and other forms of collective ownership will disappear, and that personal appropriation will become the universal rule. The social destination of property in land, as of every species of wealth, will be increasingly acknowledged and realized in the future; but that result will be brought about, not through legal institutions, but by the establishment and diffusion of moral convictions.

There have been great differences of opinion as to the method of economic inquiry pursued by Adam Smith. Mr. Lowe insists that his method was deductive—that he had the unique merit of having raised the study of a branch of human transactions to the dignity of a deductive science. At the same celebration at which this opinion was put forward, Professor Thorold Rogers expressed his surprise that anyone should entertain such a view. It seemed to him clear that Adam Smith was pre-eminently an inductive philosopher. Mr. Rogers has edited the *Wealth of Nations*, and in doing so has verified all the references; and what strikes him is the extraordinary wideness of the reading from which Smith drew his inferences. The work, he says, is full of facts. It is interesting to observe that David Hume made just the same remark on the book at the time of its publication:—"It has depth," he said, "and

³² *Primitive Property*, translated by G. R. L. Marriott. London, 1878.

solidity, and acuteness, and is so much illustrated with curious facts, that it must take the public attention."

Of the two views thus advanced by Mr. Lowe and Mr. Rogers, the latter seems to me much the more correct. That the master tendency of Smith's intellect was the deductive, or that it is at the deductive point of view that he habitually places himself, seems to me plainly at variance with fact. Open his book anywhere, and read a few pages; then do the same with Ricardo's principal work, and observe the difference of the impression produced. Under the guidance of Ricardo you are constantly, not without misgivings, following certain abstract assumptions to their logical results. In Smith you feel yourself in contact with real life, observing human acts and their consequences by the light of experience. Of course deduction is not wanting; but it is in the way of explanation; the facts are *interpreted* from the nature and circumstances of men in general, or particular groups of men. Sagacious observation and shrewd comment go hand in hand.

Adam Smith, besides giving generally a large place to induction, opened several lines of interesting historical investigation, as notably in his Third Book, which contains a view of the economic progress of modern Europe as shaped by political causes. But historic inquiry was neglected by his successors, with a partial exception in the case of Malthus, and the *a priori* method became dominant chiefly by the influence of Ricardo. Professor Price objects to this method as too scientific; but, as Mr. Leslie has said,³³ what ought to be alleged respecting it is that it is unscientific, because ill adapted for the successful investigation of the class of phenomena with which it deals. Setting out from propositions involving the loose abstractions of which I have spoken, it arrives at conclusions which are seldom corrected by the consideration of conditions which were at first, for simplicity, omitted in the premises. And these conclusions can in general not be directly confronted with experience for the purpose of verification, for they are hypothetical only; they give us, not the resultant phenomenon, but only a tendency of a certain character, which will be one component of the resultant.

I am not concerned nor disposed to deny that useful general indications have been gathered by inference of this kind. But it is evidently a very unsafe process, even in purely economic matters, especially when consequences are pushed into any degree of detail. Careful thinkers have a profound distrust of lengthened deductions in economic inquiries. When it is argued that A must lead to B, and B again to C, and so on through a long chain of results, they assume in self-defence a sceptical attitude of mind, and often feel more than half convinced that what is going on is a feat of logical sleight of hand. And this suspiciousness is, I think, reasonable; for we are not here on the same ground as in mathematics, where protracted deductions are always safe, because we can be sure that we have before us at every step all the determining data, and each proposition successively used is universally true. But as the most

³³ In a review of Professor Price's work in the *Academy* of June 8th, 1878.

that the economist can affirm is a set of tendencies, the certainty of his conclusions is plainly weakened in a rapidly increasing ratio by the multiplication of links, there being always a possibility that the theorems applied in the course of the demonstration may be subject to special counteractions or limitations in the case we are considering.

I observed before that Mill betrayed some uncertainty of view as to the precise relation of economic inquiries to general sociology. As to the proper method of the social science also, he appears to me not strictly consistent with himself. That method he declares,³⁴ in so many words, to be the direct deductive. Yet elsewhere³⁵ he as plainly agrees with Comte, that in the general science of society, as distinguished from its separate departments, nothing of a scientific character is possible except by the inverse deductive—as he chooses to call the historical—method. In one place³⁶ he seems to assert that the general course of economic evolution could be predicted from the single consideration of the desire of wealth. Yet again³⁷ he admits that no one could determine *a priori* from the principles of human nature and the general circumstances of the race the order in which human development takes place. Now this involves the conclusion that the laws of economic progress—like all dynamic laws of sociology—must be ascertained by observation on the large scale, and only verified by appeal to the laws of the external world and human nature; in other words, that the right method for their study is the historical.

I hope it is not inconsistent with a profound respect for the eminent powers and high aims of Mill, to say that he appears to me never to have extricated himself completely from the vicious habits in regard to sociological method impressed on him by his education. His father had the principal part in the formation of his mind in his early years. Now whatever were the intellectual merits of James Mill, his mode of thinking on social subjects was essentially metaphysical, as opposed to positive. Through him, as well as directly, John Mill came under the influence of Bentham, of whom, whilst fully recognizing his services, we may truly say that he was one of the most unhistorical of writers, building most, I mean, on assumed *a priori* principles, and sympathizing least with the social past, in which he saw little except errors and abuses. It is strong evidence of the natural force of Mill's intellect that he more and more, as he advanced towards maturity, shook himself loose of the prejudices of his early *entourage*. On every side, not even excluding the æsthetic, he grew in comprehensiveness, and his social and historic ideas in particular became wider and more sympathetic. The publication of the letters addressed to him by Auguste Comte has revealed more fully, what could already be gathered from his writings, that the study of that eminent thinker's first great work happily concurred with and aided his spontaneous tendencies. Hence in his economic studies he broke away in many respects from the

³⁴ *Logic*, vol. ii., pp. 484, 487.

³⁵ *Ib.*, p. 498.

³⁶ *Ib.*, p. 492. "Under the influence of this desire, it shows mankind," etc.

³⁷ *Ib.*, p. 509.

narrow traditions of the reigning English school, and by opening larger horizons and discrediting rigid formulas, did much to prepare the public mind for a more complete as well as truly scientific handling of these subjects. But, though the interval between his father and himself represents an immense advance, yet never in regard to method did he, in my opinion, attain a perfectly normal attitude. Whilst in his *Logic*³⁸ he criticized with just severity what he, not very happily, calls the geometrical mode of philosophising practised by the Benthamites in political research, he approves what is essentially the same course of proceeding in economic inquiry; and, whilst protesting against the attempt to construct a special science of the political phenomena of society apart from general sociology,³⁹ he yet, with whatever restrictions and qualifications, accepts the separate construction of a science of its industrial phenomena. His ambition in his work on political economy was, as may be seen from the preface, to replace the *Wealth of Nations* by a treatise which, whilst more uniformly correct on points of detail, should be in harmony with contemporary social speculation in the widest sense. Admitting fully the great merits of the book, I yet must hold that, chiefly from the absence of any systematic application of the historic method, he has not succeeded in attaining this end. The presentation of what is solid and permanent in the work of the economists in relation with the largest and truest views of general sociology, is, in my judgment, a task which still remains to be accomplished.

The tendencies of the new school with respect to method are sufficiently indicated by the names of the Realistic and the Historical by which it designates itself. It declares, in the words of Brentano,⁴⁰ the description of political economy by the so-called orthodox writers as a hypothetic science, to be only a device to cloak its dissonance with reality; and affirms that much of the current doctrine is made up of hasty generalizations from insufficient and arbitrary premises. It sets out, says Held,⁴¹ from observed facts, and not from definitions, which often serve to mask

³⁸ *Logic*, pp. 477, 482.

³⁹ *Ib.*, p. 498.

⁴⁰ "Die ältere ökonomische Schule hatte allerdings ein einheitlich zusammenhängendes Lehrgebäude angeblicher volkswirtschaftlicher Wahrheiten errichtet, das jedoch seine Dissonanz mit der Wirklichkeit nur dürtig zu verschleiern vermochte, indem es durch den Mund seiner wissenschaftlichsten Vertreter sich selbst für eine lediglich 'hypothetische Wissenschaft' erklärte." . . . "jenen unwissenschaftlichen Methoden, welche den Namen der Nationalökonomie zum Beiwort hastiger Generalisationen aus ungenügenden und willkürlichen Prämissen . . . gemacht haben."—*Verhältniss von Arbeitslohn und Arbeitszeit zur Arbeitsleistung*, von Dr. L. Brentano, pp. 1, 2.

⁴¹ "Die aufgabe des Nationalökonomem ist zunächst, auszugehen von richtig und nach allen Seiten hin beobachteten Thatsachen, nicht von Definitionen, welche verkaptte Axiome oder Wünsche enthalten." "Die Nationalökonomie, welche die gegenwärtigen Verhältnisse objectiv schildert, und als Produkt allmäliger historischer Entwicklung begreift, begnügt sich nicht mit starren Festhalten am Bestehenden, versteigt sich aber auch nicht zu utopischen Zukunftsplänen, sondern giebt Fingerzeige, etc."—*Sozialismus und Sozialdemokratie*, von Adolf Held, p. 69.

foregone conclusions. It aims at describing objectively existing economic relations, not as immutable necessities, but as products of a gradual historical development in the past, and susceptible of gradual modification in the future. "Its philosophical method," says Mr. Leslie, "must be historical, and must trace the connection between the economical and the other phases of national history." In these tendencies the rising school seems to me to be in harmony with all that is best in the spirit of the most advanced contemporary thought.

IV. Lastly has to be noticed the too absolute character of the theoretic and practical conclusions of the political economists. It follows (as I have already indicated) from their *a priori* and unhistoric method that they arrive at results which purport to apply equally to all states of society. Neglecting the study of the social development, they tend too much to conceive the economic structure of society as fixed in type, instead of as undergoing a regular modification in process of time, in relation to the other changing elements of human condition. Similar consequences arose in other branches of sociological inquiry from the prevalence of unhistoric methods. But reforms have been largely carried into effect from the increasing recognition of the principle, that the treatment of any particular aspect of society must be dominated by the consideration of the general contemporary state of civilization. Thus, in jurisprudence there is a marked tendency to substitute for the *a priori* method of the Benthamites a historical method, the leading idea of which is to connect the whole juristic system of any epoch with the corresponding state of society; and this new method has already borne admirable fruits, especially in the hands of Sir Henry Maine. Again, the old search after the best government, which used to be the main element of political inquiry, is now seen to have been radically irrational, because the form of government must be essentially related to the stage of social development and to historic antecedents, and the question, what is the best? admits of no absolute answer.

Mill admits that there can be no separate science of government; in other words, that the study of the political phenomena of society cannot be conducted apart, but must, in his own words, stand part of the general science of society, not of any separate branch of it.⁴² And why? Because those phenomena are so closely mixed up, both as cause and effect, with the qualities of the particular people, or of the particular age. Particular age must here mean the state of general social development. But are not economic phenomena very closely bound up with the particular state of development of the society which is under consideration? Mr. Bagehot,⁴³ indeed, took up the ground that political economy is "restricted to a single kind of society, a society of competitive commerce, such as we have in England." And Mill himself, whilst stating⁴⁴ that only through the principle of competition as the exclusive regulator of economic phe-

⁴² *Logic*, vol ii., p. 498.

⁴³ "The Postulates of English Political Economy," in *Fortnightly Review* of February, 1876.

⁴⁴ *Political Economy*, i. pp. 284, 285.

nomena, has political economy any claim to the character of a science, admits that competition has, only at a comparatively modern period, become in any considerable degree the governing principle of contracts, that in early periods transactions and engagements were regulated by custom, and that to this day in several countries of Europe, in large departments of human transactions, custom, not competition, is the arbiter.

The truth is, that in most enunciations of economic theorems by the English school, the practice is tacitly to presuppose the state of social development, and the general history of social conditions, to be similar to that of modern England, and when this supposition is not realised, those theorems will often be found to fail.

The absolute character of the current political economy is shown, not only by this neglect of the influence of the general social state, but in the much too unlimited and unconditional form which is given to most of its conclusions. Mr Fawcett has, in his latest publication,⁴⁵ animadverted on this practice, thus, he points to the allegation often met with, that the introduction of machines must improve the position of the workman, the element of time being left out of account; and the assertion that the abolition of protection in the United States could not injure the American manufacturer. But this lax habit cannot, I believe, be really corrected apart from a thorough change of economic method. As long as conclusions are deduced from abstract assumptions, such as the perfectly free flow of labour and capital from one employment to another, propositions which only affirm tendencies will be taken to represent facts, and theorems which would hold under certain conditions, will be announced as universally true.

The most marked example the economists have afforded of a too absolute conception and presentation of principle, both theoretic and practical, is found in the doctrine of *laissez faire*. It might be interesting, if time permitted, to follow its history in detail. First inspired by *a priori* optimistic prepossessions, it long served a useful purpose as an instrument of combat against the systematic restrictions with which a mistaken policy had everywhere fettered European industry. But, from the absolute manner in which it was understood and expressed, it tended more and more to annul all governmental intervention in the industrial world, even when intended, not to alter the spontaneous course of industry, but only to prevent or remedy the social injustices and other mischiefs arising from the uncontrolled play of private interests. Experience and reflection, however, gradually surmounted the exaggerations of theory. The community at large became impatient of *laissez faire* as an impediment and a nuisance, statesmen pushed it aside, and the economists, after long repeating it as a sacred formula, themselves at last revolted against it. So far has the reaction proceeded, that Professor Cairnes has declared⁴⁶ the doctrine implied in the phrase, namely, that the economic phenomena of society will always spontaneously

⁴⁵ *Free Trade and Protection*, pp 6-7

⁴⁶ *Essays in Political Economy*, pp 244, 252.

arrange themselves in the way which is most for the common good, to be a pretentious sophism, destitute of scientific authority, and having no foundation in nature or fact.

Let me now recapitulate the philosophical conclusions which I have been endeavouring to enforce. They are the following.—

(1) That the study of the economic phenomena of society ought to be systematically combined with that of the other aspects of social existence; (2) That the excessive tendency to abstraction and to unreal simplifications should be checked, (3) That the *a priori* deductive method should be changed for the historical, and (4) That economic laws and the practical prescriptions founded on those laws should be conceived and expressed in a less absolute form. These are, in my opinion, the great reforms which are required both in the conduct of economic research, and in the exposition of its conclusions.

I am far from thinking that the results arrived at by the hitherto dominant economic school ought to be thrown away as valueless. They have shed important partial lights on human affairs, and afforded salutary partial guidance in public action. The task incumbent on sociologists in general, or such of them as specially devote themselves to economic inquiries, is to incorporate the truths already elicited into a more satisfactory body of doctrine, in which they will be brought into relation with the general theory of social existence,—to recast the first draughts of theory, which, however incomplete, in most cases indicate real elements of the question considered,—and to utilize the valuable materials of all kinds which their predecessors have accumulated. Viewed as provisional and preparatory, the current political economy deserves an approbation and an acceptance to which I think it is not entitled, if regarded as a final systematization of the industrial laws of society.⁴⁷

Returning now from our examination of the condition and prospects of economic study in the general field of human knowledge to the consideration of its position in this Association, what seems to follow from all I have been saying? I do not take into account at all the suggestion that that study should be removed from what professes to be a confederation of the sciences. As has been well said, the omission from the objects of this body of the whole subject of the life of man in communities, although there is a scientific order traceable in that life, would be a degradation of the Association. If the proper study of mankind is man, the work of the Association, after the extrusion of our section, would be like the play with the part of the protagonist left out. What appears to be the reasonable suggestion, is that the field of the section should be enlarged, so as to comprehend the whole of sociology. The economic facts of society, as I have endeavoured to show, cannot be scientifically considered apart,

⁴⁷ "Bien que l'analyse économique proprement dite ne me semble pas devoir finalement être conçue ni cultivée, soit dogmatiquement, soit historiquement, à part de l'ensemble de l'analyse sociologique, soit statique, soit dynamique, cependant je n'ai jamais méconnu l'efficacité provisoire de cette sorte de métaphysique actuelle, surtout élaborée par un aussi bon cerveau que le vôtre"—*Lettres d' Auguste Comte à John Stuart Mill*, p 231.

and there is no reason why the researches of Sir Henry Maine, or those of Mr. Spencer, should not be as much at home here as those of Mr. Fawcett or Professor Price. Many of the subjects, too, at present included in the artificial assemblage of heterogeneous inquiries known by the name of anthropology, really connect themselves with the laws of social development, and if our section bore the title of the Sociological, the studies of Mr. Tylor and Sir John Lubbock concerning the early history of civilization would find in it their most appropriate place. I prefer the name sociology to that of social science, which has been at once rendered indefinite and vulgarised in common use, and has come to be regarded as denoting a congeries of incoherent details respecting every practical matter bearing directly or remotely on public interests, which happens for the moment to engage attention. There are other societies in which an opportunity is afforded for discussing such current questions in a comparatively popular arena. But if we are to be associated here with the students of the other sciences, it is our duty, as well as our interest, to aim at a genuinely scientific character in our work. Our main object should be to assist in fixing theoretic ideas on the structure, functions, and development of society. Some may regard this view of the subject with impatience, as proposing to us investigations not bearing on the great and real needs of contemporary social life. But that would be a very mistaken notion. Luciferous research, in the words of Bacon, must come before fructiferous. "Effectual practice," says Mr. Spencer, "depends on superiority of ideas; methods that answer are preceded by thoughts that are true."⁴⁸ And in human affairs, it is in general impossible to solve special questions correctly without just conceptions of *ensemble*—all particular problems of government, of education, of social action of whatever kind, connect themselves with the largest ideas concerning the fundamental constitution of society, its spontaneous tendencies, and its moral ideal.

I have as yet said nothing of statistics, with which the name of this section at first exclusively connected it, and which are still recognized as forming one of its objects. But it is plain that though statistics may be combined with sociology in the title of the section, the two cannot occupy a co-ordinate position. For it is impossible to vindicate for statistics the character of a science,⁴⁹ they constitute only one of the aids or adminicula of science. The ascertainment and systematic arrangement of numerical facts is useful in many branches of research, but, till law emerges, there is no science; and the law, when it does emerge, takes its place in the science whose function it is to deal with the particular class of phenomena to which the facts belong. We may arrange meteorological facts in this way as well as sociological; and if doing so helps us to the discovery of a law, the law belongs to meteorology, and, in the same manner, a law discovered by the aid of statistics, would belong to sociology.

⁴⁸ *The Study of Sociology*, p. 220

⁴⁹ See the remarks on this subject in the Address of Mr. G. J. Shaw-Lefevre as President of the Statistical Society of London, *Journal* of that Society for December, 1877

But though the character of a science cannot be claimed for statistics, it is obvious that if the views I have advocated as to the true nature and conditions of economic study should prevail, the importance of statistical inquiries will rise, as the abstract and deductive method declines in estimation. Senior objected⁵⁰ to the saying that political economy is *avide de faits*, because, according to him and the school of Ricardo in general, its work was mainly one of inference from a few primary assumptions. But if the latter notion is given up, every form of careful and conscientious search after the realities of the material life of society, in the present as in the past, will regain its normal importance. This search must, of course, be regulated by definite principles, and must not degenerate into a purposeless and fortuitous accumulation of facts, for here, as in every branch of inquiry, it is true that "*Prudens interrogatio est dimidium scientiæ.*"

I do not expect that the views I have put forward as to the necessity of a reform of economic studies will be immediately adopted either in this section or elsewhere. They may, I am aware, whilst probably in some quarters meeting with at least partial sympathy, in others encounter determined hostility. And it is possible that I may be accused of presumption in venturing to criticize methods used in practice, and justified in principle, by many distinguished men. I should scarcely have undertaken such an office, however profoundly convinced of the urgency of a reform, had I not been supported by what seemed to me the unanswered arguments of an illustrious thinker, and by the knowledge that the growing movement of philosophic Europe is in the direction he recommended as the right one. No one can feel more strongly than myself the inadequacy of my treatment of the subject. But my object has been not so much to produce conviction as to awaken attention. Our economists have undeniably been slow in observing the currents of European thought. Whilst such foreign writers as echo the doctrines of the so-called orthodox school, are read and quoted in England, the names of those who assume a different and more independent attitude are seldom heard, and their works appear to be almost entirely unknown. But the fence of self-satisfied routine within which in these countries we formerly too often entrenched ourselves, is being broken down at every point; and no really vital body of opinion can now exist abroad without speedily disturbing our insular tranquillity. The controversy, therefore, as to the methods of economic research and its relations to sociology as a whole, cannot long be postponed amongst us. It has in fact been already opened from different sides by Mr. Leslie and Mr. Harrison, and it is desirable that it should arrive as promptly as possible at a definitive issue. If I have done anything to-day to assist in launching this great question on the field of general English discussion, the purpose I have set before me will have been abundantly fulfilled.

⁵⁰ *Political Economy*, p. 4

I here subjoin some further extracts, illustrative of the method and spirit of the new school

1 From the *Geschichte der National-Oekonomie in Deutschland* (1874) of Wilhelm Roscher, §209-211 (The whole passage well deserves attention)

"The now prevailing direction of economic studies in our universities has been rightly called Realistic. It takes men, as they in fact are, influenced at once by very different motives—some of them not of an economic kind—and belonging to determinate races, states, and periods of history. Abstraction from all these, which has led many, even great, economists into serious errors is permissible only in the preparatory studies, but in the completed theory as little as in practice.

If this direction is consistently carried out, it must also be Historic. We no longer believe in the abstract man as he was imagined

by the old teachers of Natural Law. This realistic-historical direction may also be called Moral (*ethisch*), we must consider what is good for the whole life of the nation. An economic fact can then only be regarded as scientifically explained when its inductive and deductive explanation are shown to harmonize."

2 From the *Social-Lehre* (1875) of Adolf Santer (*Vorwort*)

"Political economy, as it has developed itself since Adam Smith, is no longer adequate to the requirements of the present. The question is, in the last resort, not about wealth, but about men. Wealth must retire into the background, man must come to the front. Not only material, but immaterial interests also, must be kept in view."

3 From the *Grundriss für Vorlesungen über National-Oekonomie* (2nd ed 1878) of Dr Adolf Held, p 25 (This work has come into my hands since the Address was delivered)

"1. The new school opposes itself to the view, whether arising from shortsightedness or from conscious materialism, that the production and acquisition of wealth by individuals is the single or principal object of human life, wealth, on the contrary, it regards as a means used by Humanity in its struggle towards moral ideals of life, and for the furtherance of universal culture

"2. It rejects absolute Economic 'laws of nature' (*verwirft die absolut gültigen wirtschaftlichen Natur-gesetze*), it seeks to understand present economic phenomena through the study of their historical development, and to ascertain them as accurately as possible through statistical investigations. It uses the knowledge of the nature of man's intellect and will for the rational explanation of economic facts, but does not construct those facts themselves out of one-sided assumptions respecting the nature of man.

"3. As compared with the English school, it lays greater stress on the question of the Distribution of wealth, and recognises the right of the state to positive intervention in the economic relations of the community, for the support of the weak and the strengthening of public spirit. As the Political Economy of the last century applied itself chiefly to the liberation of the economic forces from antiquated and useless restrictions, so the new school specially meets the acknowledged need of new social arrangements, the need of social reform, in opposition to social revolution on the one hand and to rigid *laissez faire* on the other

"4. It takes up, therefore, a less isolated position in relation to the other Moral and Political Sciences."

I do not, of course, bind myself to an acceptance of all the views of the School at large, or of any of its members, but it will be seen that I am in general agreement with it as to the right direction and method of Economic studies.