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THE ENDS OF THE INDUSTRIAL ORGANISM.

THE object of this article is to indicate some of the chief problems, touching social philosophy, which political economy raises and generally abandons. Borderland problems they might be called, standing in a mixed atmosphere of ethics, economics, and sociology. Further definition of the subject is best left to the argument to unfold.

The first part deals with some old-fashioned aspects of these questions and with new points of view ; the second with the nature of the industrial organism which static forces are inducing ; the third with dynamic forces and social ideals. I use "static" and "dynamic" for want of better terms, for I know of no other pair which will at all adequately indicate the distinction intended, a distinction the nature of which must be gathered from the contexts in which the words occur in what follows.

I.

It is frequently said that students of political economy must remember from how much, when merely economists, they have abstracted ; for there are many other motives besides the economic. The grounds for this charge in the past cannot be denied. We know that many early writers did, after analysis of the internal man, set apart certain

motives as economic. We know, moreover, that some thinkers were even apt to identify the economic with the ethical; or at any rate to suppose that they both came to the same thing at the end, that the "unseen hand" worked if not by merit yet by grace. But master minds admitted exceptions. There are many in the "Wealth of Nations," but Adam Smith evidently thought them easily discoverable and capable of isolated but simple treatment by special arrangements. The father of English economics, indeed, is not without something of that breezy optimism which characterized many of the early writers, especially the popularizers. But there were others of the early school who kept the ethical and the economic apart, and assigned to each its own domain. And frequently a tone of depression is noticeable in the utterances of these thinkers—naturally, because the economic was half-conceived by them as a brass-bound system from which there was no escape. The rigid law was galling,—except to optimists,—and the best thing for the world to do, they held, was to acquiesce in the inevitable as patiently as it could. There were others, the emotionalists, some in quite recent times, who pictured the world as an arena in which the ethical and economic were fighting to the death.

We have above merely the extremes to which thinkers had a tendency to drift. Professor Marshall is certainly very close to a much neglected truth in his vindication of the earlier economists; and Ruskin was no doubt generally wrong when he denied,—as he denied. But, though many supposed errors can one by one be read out of the systems of the most mistaken economists, the tone and the tendency are still there. The economists who wrote at the end of the last century, and at the beginning of this, may have been in the main positive scientists and not artists; but in an age with a psychological bias, when the natural—sometimes so conceived as to be scarcely distinguishable from the actual—was identified with the ethical, an oscillation between the positive and normative standpoints was easy; and it was not uncommon. The merit of not cutting political economy adrift from ethics was

due more to short-sightedness than to insight, for analysis had not yet completed its surgical operations upon the so-called moral sciences. Might we not say that these writers, even if they saw the one in the many, failed to see the many in the one?

But, say what you will of the grotesque absurdity of the narrow abstractions of the system based on motives, the fact remains that its results very frequently came out on the whole correct. "This rage was right i' the main," though it had a weakness for painting political economy as the make-believe science of a bogey-land of india-rubber abortions. It may have been defective, but it worked, and in many branches of economics, if cautiously used, it works still.

Economics for the most part no longer stands on the foundation of motives. We are therefore spared the difficulties, as regards the ethical and the economic, which the distinctions drawn by the earlier economists left them to face, and saw them passing by. Neither is it at all largely concerned with the sequences and coexistences of events capable only of inductive treatment; the dismal warnings of the ultra-historical school, notwithstanding. It has taken up a position midway between the two extremes on the basis of *normal action*. It seeks to discover uniformities of average behavior sufficiently fundamental to be suitable for wide application; and thus to provide a deductive basis free from the burr-like objections which cling to inferences from motives.

The statement with which we began, then, as it may be interpreted, has little application to the orthodox economists of to-day. Students are not always "forced to remember from how much, when merely economists, they have abstracted," for, in so far as they have been successful on the new lines, they have not abstracted in the sense intended at all.* They have generalized, but in their generalizations they have not ignored supposed negligible motives. Their generalizations are, in fact, nothing more nor less than the first

* Of course they have abstracted in the sense of not dealing directly with all social laws.

resultants of the totality of motives of the typical or normal man. We must, however, hasten to add that the new laws are not yet quantitative ; that they therefore have the old look, and that, in consequence, it is the easiest thing in the world to slip back into the old orthodoxy. In fact, until the new laws are quantified, the distinction between them and the old exists more in name than in reality. It is worthy of passing notice that the uniformities established by the old orthodox English school were not even capable of quantitative expression, for motives are measurable only by their effects ; and it is impossible to isolate a single motive for observation, human actions being invariably the intermixed effects of a composition of motives.

At the outset we must remind ourselves that the economist of the new orthodoxy neither denies nor ignores moral forces. He takes men just as they are, with all their virtues and all their vices, and he tends to be a strictly positive scientist, to say just what will normally happen, and to meddle not at all with political and ethical issues. By "economic force" he understands any social force which is operative with respect to wealth. By "wealth" he means simply goods, or what is now demanded, whether for moral or entirely selfish reasons. Perhaps, indeed, he may qualify the term by the notions of transferability or of limitation in quantity ; but the qualification is merely a harmless and unimportant subtlety.

II.

Do economic forces in the modern industrial world tend to produce a maximum of satisfaction ? In asking this question, we have not of necessity happiness in mind. We only assume that people desire to satisfy their wants, good or bad, even if they want unhappiness. There is nothing at all to prevent us from being perfectionists, or anything else that we please. Moreover, we are altogether concerned with present valuations.

In seeking an answer to the inquiry propounded we soon find ourselves in a domain in which many a socialist exer-

cises himself, and frequently with a confidence not to be shaken by the logic of mortals. But it is by no means certain that in their denials the socialists are not right, whatever they may be in their affirmations. We need not argue the point at length, since the ground has been well worked over, and we therefore could not hope for more than a few insignificant fragments as a reward of further investigation here. See, for instance, Professor Sidgwick's discussions in Book III. of his "Political Economy," especially Chapters VI. and VII. Take the following passage for example: "the more any society approximates to equality in the distribution of wealth among its members, the greater on the whole is the aggregate of satisfactions which the society in question derives from the wealth which it possesses." Take again Professor Marshall's criticism of the doctrine of maximum satisfaction. What it all comes to is that by a redistribution of rewards satisfactions may be increased. But the arbitrary rearrangement of rewards involves tampering with productive forces, and the result of interference may therefore be a greater loss than gain. The conclusion seemingly is, that you may be an optimist with regard to the effect of distribution determined by the interaction of social forces, if you like, but that, if you are, you walk by faith and not by sight.

It may be objected that the unqualified reference to Professor Sidgwick's results is inappropriate, as he is frankly a hedonist, whereas we are not necessarily so. In reply, it suffices to say that, in view of the fact that "the élite certainly disagree very much with the vulgar as to the real value of particular purchasable commodities," we can find no other common measure of wealth, from the positive standpoint, than satisfactions, having regard to the future as well as the present. But satisfactions need not be interpreted hedonistically. Professor Sidgwick's results really follow from the law of diminishing utility, a law which is capable of widely different interpretations. Expressed most cautiously, it merely asserts the normal variation of preferences with quantity: it is a law, therefore, which is equally true of the perfectionist and

hedonist. And you can certainly measure the relations of satisfactions to each other.*

Now, casting behind us all questions of distribution primarily, and examining the other end of the consumption-production process, can we be sure that existing social forces are tending to bring about that condition of the industrial organism which is conducive to a maximum of satisfactions? In asking this question, we are supposing a condition which is never realized, for every change in the social organism as a productive agency involves changes in it as a distributive agency. We may take it, however, as roughly correct, that if all products increase and none diminish, possibilities of a greater aggregate satisfaction are opened up, other things being as before; and that if some increase and others diminish we shall arrive at a roughly correct result by weighing them against each other by the common measure of price.

Let us restate the question. Do economic forces conduce to the industrial arrangements productive of the greatest aggregate satisfaction? There is absolutely nothing to show it. The old argument which resulted in the doctrine of the economic harmonies is faulty, even assuming perfect mobility of labor and capital, and so forth. An existing combination of productive factors, which results, let us suppose, in 100 x , need not be the most productive arrangement. It is quite possible that another combination might turn out 150 x . And it is equally possible that the second organization may be impossible, in view of existing social forces, because the total supply prices of the factors may be greater than 150 x , or because the self-interest of the stronger class may induce the less productive combination. What economic forces are working towards is not a maximum aggregate net gain, but, roughly, a maximum in the formation of which the gain of each is weighted by his strength as a social force. This sounds indefinite. The reader will be much assisted in mak-

* See Marshall's "Principles," Bk. III., Ch. V., §2.

ing it definite by referring to Professor Pantaleoni's article on "Strong and Weak" in the *Economic Journal* for June, 1898, especially Section VI. Not only is it a conceivable, but it has been and still very largely is the normal, state of affairs for one factor in production to be weak in the senses, among others, firstly, that when it bargains the rate of exchange finally determined invariably approximates to its supply price; and, secondly, that its supply price tends to take a lower level, with reference to its efficiency supply price, than that which we regard as normal. The second kind of weakness follows from the first; for the man who always gets more than he demands inclines to ask for more, and the man who never gets more is prepared to take less. Notice that the function of the employer as the medium through which the law of substitution acts gives him a peculiar strength; a strength upon which trade-unions are attempting to lay hands. It has been suggested, further, that the factor which consists in the combination of managing ability and capital may have the power which is born of the world's poverty in that particular compound.

We cannot now pause to classify "strengths." Suffice it to say that they are internal or external. As internal they are seated in character, and are largely formed by success and knowledge. As external they may consist solely in limited supply. And internal strength may act through the external by a self-limitation of numbers. For instance, we see some of the most vigorous unions regulating the number of apprentices in order to strengthen their position.

In the results of the above analysis we have the general form of the numerous reasons which may be advanced to meet the many different cases in which social forces do not conduce to a maximum of advantage. And notice particularly that the group of arguments of which we have provided the formula are not dependent upon any assumptions as to friction, immobility, unequal opportunity, and so forth. Were the opposites of these three ideas, and of those cloaked in the "so forth," in effective occupation of the world of industry,

yet the reasoning put forth above would be cogent and valid. In short, assume the "economic man," and the "economic harmonies" are still untrue. Our results continue applicable to fact so long as there are unequal strengths exercised not for the good of the whole, and so long as mere wanton desires present themselves to regulate effort.

We may now pass from the bareness of the universal form to the varieties of living fact. Instances of the operation of the general cause which we have in mind might be indefinitely multiplied. We see it ruling among grades of employees as well as in their relations with the directors of industry. Suppose there is a piece of work to be done, and that it can be performed ill by a group, chiefly of unskilled labor, at a cost of £20, and well and in a shorter time by one chiefly of skilled labor, but at a cost of £30. We may frequently find it undertaken by the first group. That is (*ceteris paribus*) the less productive combination survives. Now I say nothing here of the reasons which may be assigned for the difference in the two supply prices. It may be that the former is too low because the latter is too high, or because some other element in remuneration is swollen through the exercise of an economic strength which unskilled labor has been less able to resist than skilled labor. In this connection, I cannot forbear quoting a forcible passage from Professor Marshall, who speaks of "the strange and paradoxical result that the dirtiness of some occupations is a cause of the lowness of the wages earned in them. For employers find that this dirtiness adds much to the wages they would have to pay to get the work done by skilled men of high character working with improved appliances; and so they often adhere to old methods which require only unskilled workers of but indifferent character, and who can be hired for low (time-) wages, because they are not worth much to any employer. There is no more urgent social need than that labor of this kind should be made scarce and dear."* Here is a very

* Page 590 of "Principles" (second edition). See also Book VI., ch. iv.

striking example of existing economic forces resisting change to the most efficient social structure.

It may be argued that at any rate economic law must secure an efficiency wage to all labor, because, if it did not, the other factors in production would lose. This looks convincing, but it is ambiguous. If efficiency wage has reference only to the work to be done now in a particular combination, it is true; but if it means that which will produce the most efficient man,—that is, if efficiency wage means that which will result in factors which, but for unequal strengths in individuals, would incline to arrange themselves in the most productive organization,—then it is untrue. Hence a paradox which mocks while it comforts. The outcome is that efficiency wage is a relative term. Efficiency for what? If it is for a maximum result, so far as it is consistent with a given industrial structure, then we must hesitate before congratulating ourselves that all economic forces are working together for satisfaction. Consider, moreover, the well-worn remark upon this question, to the effect that it is only on the assumption that the future labor of the employee will be assured to the employer that he will find it to his interest to pay a full efficiency wage. Wherefore, apparently, free labor may be reduced to straits to which slave labor could not be reduced.

Let us consider as a second example the multiplication of retailers. We shall take it as established that the means for the distribution of products are not only uneconomical in their organization, but also excessive in quantity. The cause of the latter is that already adduced;—at the cause of the former we shall briefly glance later. Suppose that wages fall, then some who were employees, but who have or can raise a little capital, will go into small shops. If wages fall still more the number of little retailers will still further increase. Employees may still receive an efficiency wage, but retailers' profits give in addition a comfort-surplus. Now it is quite conceivable that the most economic industrial arrangement is one in which the number of retailers would be considerably less than it is.

If we take within our purview social friction, we find that society has missed the mark of maximum satisfaction by much more than the previous class of instances indicates. It has been a commonplace since the publication of Gray's "Elegy" that the social machine is a depressingly inefficient instrument for distributing capacities wisely. Captains of industry, to the quality born, never find their companies, and regiments of labor have their leaders still to seek. Consider, moreover, the quantity of effort engaged in opening up markets and extending connections; the half of which is employed in counteracting the enterprises of rivals. Obviously, however, if effort so directed were needless, because custom and habit did not exist and consumers flowed readily from dealer to dealer at the beck of price, the law of increasing returns would lead rapidly to monopoly. But there would be the gain which the law of increasing returns supplied; provided that there was not less vitality in an organism with few centres, each heavily burdened with functions. Consider, further, the waste involved in the birth and decay of businesses. The normal life of the business is about three generations of owners, and the period of full efficiency is probably not more than one-half of this life. The work of business-making, truly, presents many distressing resemblances to the web-making of Penelope. A more cheerful light is, however, thrown on the situation by the suggestion that some loss is prevented by the modern tendency of private concerns to become joint-stock companies at a certain period in their existence. But a contemplation of joint-stock companies strengthens our conviction that there are few unmixed goods in this world.

We must now take up another subject of some importance in the question as a whole. We frequently hear systems, customs, and laws judged by the test of productivity. The inquiry immediately arises, is the most productive form which the industrial organism can take the most advantageous, as the use of such a test seems to imply? It most obviously is not. There may be two forms, A and B, and they may result respec-

tively in x and $2x$. B is then the most productive, but it may not be the most advantageous, as the value of A may be $3x$ and that of B only x . By the value of a process is meant the satisfaction derived from the work itself, which it is needless to say, may be negative ;—and, as things are, most likely it will be. But, quite apart from the satisfaction or dissatisfaction attaching to the process itself, the most productive need not be the most satisfactory for the reason, as Professor Patten would say, that the production period may in the one case eat into the consumption period. Take again the previously supposed cases : it may be that combination B will require more hours out of the twenty-four or more effort, and that in consequence the value of the $2x$ to the producers will be less—there being less time for the enjoyment of it—than that of x to the producers in combination A. It is just worthy of notice incidentally, as a rider to the above, that the most productive consumption is not therefore the most advantageous. One kind of consumption, for example, may produce ten units of present satisfaction and ten units (resulting from the efficiency given by the consumption) for the future ; another one unit for the present and fourteen for the future. The latter line of consumption is the most productive, but the former is the most advantageous. This point has some interest, as we frequently find it assumed that it is desirable for the standard of life to make consumption the most productive. Apparently we are expected to put on a large optimism and take it for granted that the most productive system must give the most satisfaction,—perhaps must be the most moral.

III.

So far we have been concerned only with statical problems, so-called ; but it must not be forgotten that there is a dynamic economics which should trace the changes continuously taking place in social forces. The realistic science must combine statics and dynamics. Society is like a ship acted on by wind and stream,—the former giving it, let us suppose, a northerly

direction, and the latter a westerly direction ; the two together driving it in consequence north-west. Is this analogy true to any extent, and, if so, to what extent? The reader must be warned that we are here in treacherous surroundings, where the exactness of full truth is at present an unattainable ideal.

Firstly, let it be observed that the dynamic process is not independent of the static. What we are determines what we are to be. But existing conditions are not the sole forces directing the dynamic process. Secondly, notice that the dynamic process cannot be represented as a mechanics so completely as the static process, since our knowledge of the former is less, and so our method of studying it approaches closer to that of biology. Of course neither can the static process be treated entirely by the aid of the mechanical analogy.

It has been remarked above that the real dynamic change which we see is not independent of the static process : that there is mutual determination. But, nevertheless, we can find in the former an independent tendency, the effect of which is to be seen in the progressive realization of an ideal. We discover it in varying conceptions of wealth, in the standard of life, in notions of just dealings, in the recognition of social responsibilities. But those structural changes of which the economist takes cognizance are a compound of the moral tendency and of the reaction of the static process. This fact raises grave questions.

Is there anything in the actual combinations which result from the static process to retard development? In biological language, do statical forces atrophy the industrial organism (judged by the ideal), and is the atrophied condition perpetuated?

This is not only a very disturbing question but it is also a very difficult one ; and there are many thoughts which forbid too optimistic an answer. Consider, for instance, the passage in Professor Marshall's "Principles" about the fear that the *quality* of human life would be lowered on the Pacific slope. Consider, again, the following case. Social forces, say, bring it

about that labor of quality x does not receive an efficiency wage; or suppose that conditions of work are such that a deleterious form of consumption is adopted, and that the labor in question loses its quality x and becomes $\frac{x}{2}$. The latter value may be perpetuated, and x may be irrecoverable. Can we deny the permanence of economic shocks? Do they cause mere oscillations from a type which tends to re-establish itself? Is it true or false that from him that hath not shall be taken away, and from his children; and is it unto the third and fourth generations; and does the deprivation, or the race, cease then? If the former, is there a return to the old status, or settlement about a lower type? Take, again, the action of the standard of life on population. We find that the lowest stratum is the most thoughtless, and that the birth-rate in this class is consequently higher than in any other; and moreover, although the death-rate is also highest here, that the rate of increase is greater generally than that of any other class; and that it is inclining to become even greater in this age of philanthropy and sanitation. Then apparently those in whom civilizing forces act the most strongly are much in the position in which peace-lovers acting on their convictions would be in a warlike age: the peace-lovers would find themselves enslaved; and the prudent are seemingly doomed to be displaced by the imprudent and—are we wrong in making the assumption?—by the less developed. Mitigating circumstances are no doubt discoverable. It seems quite likely that the submerged tenth will never become a ninth. Firstly, because education is sifting its young, which, according to most authorities, can only be subject to a limited contamination at birth. Secondly, because the standard of life may come to act more strongly there. Thirdly, because, if it does not, and the continuous action of the standard of life widens the gulf between the condition to which it raises those in whom it operates at all appreciably and that of the lowest stratum to-day, the latter may propagate less. A diminished rate of increase might easily result when those who remained in the lowest state experienced a bigger difference between

themselves and their fellows than previously, and felt the mental depression which is engendered in an inferior grade of life when it faces a superior. Compare, for example, the disappearance of some aborigines, in all likelihood for this reason, among others, and largely for this reason.

The reader will see that we have really assumed a new law which requires proof. It might be stated thus: when different kinds of life are found together, the greater the quantity of difference the more rapidly the lower tends to increase when compared with the higher, but the greater the quality of difference the more rapidly the higher tends to increase when compared with the lower. The disappearance of the lower quality of life is explained by the hypothesis that each aggregation of human life inclines to become organic, and that one organism can contain only one quality of life. Sometimes, however, a compound organism, made up of organisms of different qualities, seems possible. Of course this law is a guess, and it is put forward as nothing else; but it is plausible, and to support it there are a few weak reasons, which limited space prevents me from stating here. To be of use for our purpose, however, it must imply that a quantitative change passes into a qualitative. But what is to be the distinction between them? It is very hard to say. Indeed, we are deplorably ignorant about the laws of population. The most we can say now is that it seems likely that the new population problem, which is created by the solution of the old one, must be solved in some such way as that crudely sketched above, for it is very certain that the struggle for existence cannot continue by means of the direct destruction of life among civilized races.

It has been pointed out that the law of survival in some manner tends to quench the highest types of life: prophets are always stoned before their tombs are builded, and those who are in advance of their age live their ideas to their own hurt. Professor Marshall sees the slough of despond into which this generalization must lead us, and he suggests that the action of the popular law is tempered by that of heredity.

But is the tempering adequate? It is tolerably certain that the law of survival provides chiefly for the continued existence of those who are most suited to their environment, not of those who most benefit it; and we have seen that it is quite likely that static social forces may be conducing to an environment not best for the whole, but only for the strongest part of the whole. Then, assuming devolution of this kind, as a race misses the mark, does it disappear? Is this the explanation of extinct civilizations? Or is the law of survival as much in fault with respect to races as it seems to be with regard to individuals?

In this final answer we shall assume much and guess much. From what has gone before, it appears probable that a nation is strongly protected against all forces directed to closing its line of advance. If it loses the path it may regain it, its loss being only in time. *Natura facit saltum*, the theory of evolution will probably have to be written in the future; if the type does not leap far enough it will come back like a boomerang to its starting-point. We might describe the tendency to the recovery of an original state by the word "elasticity," and say that the elasticity of the social organism prevents the effects of economic shocks of a limited force from being permanent. And protective functions operate in an even wider field. If a portion of a society leaps beyond the scope of the operation of elasticity, then the social organism may amputate the diseased member by the law of population given above. But once there comes to be a question of amputation, a great danger threatens. The chances are that the house divided against itself will not stand. Degeneration spreads; the outward disease generally indicating a subtle and more widely extended inward disease. Besides, when the members affected by the social lapse pass a certain limit, the organism inclines to sever itself not from the lower but from the higher type.

Let us now propound two more problems: (1) Would progress towards the ideal be furthered or further impeded if social forces tended to produce a maximum of satisfaction?

(2) Is there any more desirable proximate end which can be consciously induced? These questions are of great practical importance since economic forces are modifiable by legislation and public opinion; and it is therefore most desirable that reformers and others should have a proximate end in mind to use as a criterion of social functioning. It is not every principle which can be so applied; but that of maximum satisfaction does happen to be moderately workable. As regards these questions, I can only say that I cannot pretend to answer them with my present knowledge and in the space at my disposal here. Nevertheless, they suggest some thoughts which may be briefly expressed.

The belief that the ideal is attainable by the steps of maximum satisfaction would be well founded if economic strength varied as moral insight and moral vigor, and satisfaction as the morality of wants. And we can trace growing relations of the kind: the moral wants are the least friable, and consequently the developed man, whose desires, shaped by a standard of life (with ethical implications), are welded into a rigid system, is less flexible in a bargain than he whose wants are keen but not rooted in his system—are not, in short, an essential part of his life. Adam Smith, somewhere in the "Wealth of Nations," in contrasting virtue and vice, gives the palm of strength to the former, for the reason that, although the latter may be the most importunate and undeniable, the former is the most continuous in its operation. There is much wisdom in the verdict. And may it not be said that the real, essential, or moral want, when met, gives rise to a greater intensity of satisfaction than the apparent want or wanton desire? Notice that if strength varies as the morality of the agent, and satisfaction as the morality of the want, that disproportionate strengths would be productive of maximum satisfaction; for the greater the strength combined with morality the greater would be the proportion of moral wants satisfied, since morality's object is the good of the whole.

A few words upon the standard of life may throw some light upon the problems we have in mind. We understand

by the standard of life a constraint to live in a certain way; that is an internal force regulating the expenditure of productive energy and the direction of consumption. We can easily see that moral development has had much to do with the growth of the standard of life, and we can also see in it—especially in conceptions of it—the effect of social forces. How is it moving now? Is it tending to induce (1) the most moral consumption and production, (2) the most productive or (3) maximum satisfaction? Under an appearance of great unanimity there is much disagreement among those who speak of the standard of life. We sometimes hear it said, for instance, that it is operating in securing for each just that which he is worth. Now you can certainly hold that in many cases remunerations approximate to the discounted value of labor; but you cannot say what any kind of labor is worth, if you measure worth by production. Industrial society to-day is so organized that you can no more estimate how much is due to the labor of each member than you can measure the proportion of a crop which is due to the sun and that which is due to the rain. No man can point to a commodity and say, "I made that," for production is more or less organized, not on the foundation of individuality, but on that of capacity. Distribution, in consequence, is tending to be determined more and more by wants.

Ideal distribution rests entirely on the basis of wants. The organism being what it ought to be, it will produce as it ought to produce: its product being real wealth, not that which has only "fancy value." The wants of its parts will be the expression of their real needs as parts of the whole, and they therefore will determine distribution. But, it may be argued, this supposes society to be qualitatively otherwise than it is, for to-day the supply of labor also determines distribution. The remuneration of a class of labor, for instance, is high; labor flows into that class and wages fall; and, if the work calls for special ability, so that the high wage is not followed by a flow of labor, then the wage remains high, unless the greater strength of some other factor with which it is asso-

ciated can beat it down. In reply it may be counter-argued that such a state of affairs implies a multitude of wants which do not arise in a moral need. If wants express real needs and needs take their origin in function, then wages must vary with function. Hence work of one kind may receive one price, and yet distribution may be based on wants, since, if wants arise from function, identity of function means identity of wants. Lastly, since distribution is by wants, it must be a distribution which gives the greatest aggregate satisfaction.

When a productive system, assuming the organic nature of society, establishes itself, a scheme of distribution which also assumes that organic nature becomes inevitable. It is just because society has been getting more and more organic that the questions raised in this paper are acquiring such importance. When society had almost entirely an individual-unit industrial constitution, each man could be more independent in his ideals. The half of a community might plunge to its ruin, and the other half might climb the rugged steep of civilization. (All this, of course, is true only with numerous qualifications. Let me guard myself against the historian by adding that only possibility is asserted.) But now that we are approaching conditions under which society functions industrially as an organic whole, the individual finds his freedom cramped and discovers that the survival of a certain type only is assured. We must all go, between close-set confines, whither the dominant forces in the system would have us go. In most positions, now, it is only possible within narrow limits for a group to say, "we think otherwise," and to act on their thought, and yet continue in the society. And if a section in a civilized country to-day is mistaken, and it is a ruling element, the penalty has to be paid, as a rule, not by that section only, but by the whole organism. There is some lopping of branches, but also root and branch destruction.

If brief, here is the conclusion of the whole matter. There are momentous questions which a further division of the domain of knowledge has cut away almost completely from the modern study of political economy. Some of the old

writers, who offered us results compounded of fragments of different sciences, answered many of these questions. But their arguments are refuted, and nothing else has taken their place. And as a result the old convictions are remaining,—as reliable as ice from under which the supporting water has been withdrawn,—or they have perished and left no successors but agnosticism. Social philosophy has apparently not yet acquired sufficient vigor to grapple with them. The vague optimism abroad is face to face with a less influential but a tumultuous pessimism. These are the questions which are upheaving socialist movements. And socialism sometimes means accepting a lower ideal in despair of ever attaining the higher. Here and there it determines to have outward conformity if it cannot begin with uniformity in belief. History repeats itself: we have in this determination the essence of the old notion of a national or universal church. The advice to “settle controversy by infallible artillery” is not new. To-day, of course, the artillery meant is simply the police. Conformity may work wonders; yet the compulsory sprinkling of holy water is full of dangers. But mere confessions of faith or scepticism are futile. The great need is profound analysis.

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