

Not every tool made produces wealth. As the aeroplane was preceded by a great amount of waste, so all industry involves waste. Many millions of dollars worth of labor and material were lost in attempting to dig tunnels under the Hudson River before the feat was accomplished. If the total cost of all the failures were added to the cost of the successful tunnel, and a profit figured on that basis, the public would be up in arms about it. Yet had all those attempts been made by the city of New York, the whole cost would have been borne by the people.



The capitalist, in so far as he is a monopolist, is able under present conditions to collect inordinate and unearned charges from his fellows. But stripped of monopolistic privileges—and the Single tax will strip him—his charges will merely be sufficient to keep him in the business. For with business free, all men, individually or collectively, can enter, and the gain will be reduced to just compensation.

Certain activities, such as police service, and the maintenance of highways, are social, and must be performed by the government, even though it be done at a higher cost than competitive service. But these necessary government functions are kept somewhat within the bounds of reason by the fact that the great mass of human activities are on a competitive basis, and serve as a guide, standard, and corrective. Remove that corrective, make all business public, destroy individual initiative, and we shall quickly drift into industrial chaos.

The laws of social being are as inexorable as the laws of physical being. All life is a contest, a struggle, a competition. No human enactment can repeal or suspend the law; society would perish if the law were suspended. The one thing to do is to remove the man-made obstructions to the free play of the law.

s. c.



NATURAL LAW IN THE ECONOMIC WORLD.

PART ONE.

That there are natural laws in the economic world having the qualities of causation and effect as have laws in other spheres of physical or human activity, approaches almost the announcement of a new discovery. But so much as this cannot be claimed for it, since many writers on political economy have recognized it in a more or less perplexed way among those muddlements of artificial

explanations which have so long discredited the science. Confronted with systems built up by legislative enactment, which bore evils which other legislative enactments were intended to cure but which instead called into being other evil conditions, political economists stood perplexed before the intricacies of the problem. Starting out as defenders of one or other of these systems, they could not, even if they would, argue for the existence of natural laws. And this is the explanation why political economy is not only "the dismal science," but why every teacher is a law unto himself.

What could the protectionist know of the laws of trade? The Socialist of the laws of distribution? The defenders of the general property tax of those laws of incidence which point to a true system of taxation? The trades unionist (or those of his class who look no further) of the law of wages? or the advocate of artificial co-operation (looked upon as a final solution of the problem) of those natural laws of co-operation, so powerful and beneficent when left unhindered? In short, what could the advocates of artificial systems know of the natural ones? They were like men building with infinite and laborious pains a dividing and opaque wall between themselves and the outer world, in which all that went on beyond was screened from observation. In this way they were compelled to account for phenomena observed in accordance with their artificial laws, under the rule of which effects could be made to answer readily enough to the dozen or so assigned causes if they were shifted often enough, and in the light of which theories of wonderful ingenuity, infinite in number, seemed all equally plausible.



It has often been pointed out that the discovery of natural laws has not usually been made by men engaged in the practical affairs of life, but on the contrary by those whose investigations have for the most part been confined to library and cloistered study. These sources of inspiration are often referred to in terms of depreciation by those who wish to discredit the results of such investigations. The great majority of the unthinking assume that the conclusions of the theoretical student are of lesser value than those drawn from experience by the practical man. Yet it was such a man as Adam Smith who laid down the laws of trade for the business world.

Not only is it not remarkable that the economic laws of society should first reveal themselves to the student removed from the close touch of prevailing habits and customs, but it is inevitable

that the discovery and development of these laws should proceed from just that source. The world of trade and commerce must look to the student to furnish it with the necessary rules in accordance with the primary natural laws that govern its operations. And it must be insisted upon with all emphasis that society can make no real progress until there is a general and intelligent comprehension of those laws of social development which underlie every one of the processes of distribution.

It will seem like a new and strange heresy to say that even established reforms, however permanent they seem, must disappear, that every forward step in society must be retraced if there is no comprehension of the laws of human progression more or less generally understood and accepted by the members of the community. This is the indispensable human equation in the progress of political and economic society. Where improvements or adjustments are made through accident or revolution, and do not grow out of the intelligent apprehension of economic laws, there can be no permanency. Therefore, it is mandatory upon us to do what we can to show that each forward step in societary movements rests upon a wide popularization of the laws upon which they are dependent, and that the failure of communities to advance is because of the ignorance of the natural laws that govern progress. This is the first lesson for reformers to learn; not to know it is to weave ropes of sand. And society today is hardly on the threshold of this knowledge of knowledges.



It is assumed by writers of sociology and admitted by writers on political economy, that there are *laws of association*, but no laws of economics. It is contended by writers on sociology that the social organization is not a fabrication of the human intellect, that forms of society do not exist in obedience to certain theories held by individuals. But when it comes to consider political economy, whose forms and mutations arise from social organization, we are supposed to pass from a reign of law to a sphere where forms are determined and movements directed by arbitrary enactment; we pass from a sphere of law and fixed principles to one of artificial adjustments. How comes it that one class of social phenomena, and that the chiefest and most important (sociology itself being dependent upon the principles of biology and psychology) is itself without principles that can be scientifically stated in forms of law, of causation and effect? Does not the failure to account for this class of phenomena in terms of law explain the awe-inspiring confusion of what

its professors still persist in calling the "science of political economy?"

It will be of interest to see just how the economists themselves define the term "law" as they use it, for use it they do. "In the modern conception of economics," says President Hadley, "the word law is necessarily used in two quite distinct senses. In the majority of cases the economist is primarily concerned with establishing and investigating natural laws, or observed sequences of cause and effect. . . . But the economist also includes in the scope of his investigations the positive laws or commands relating to wealth, whether moral or jural in their character." It may be said in what follows in President Hadley's "Economics" there is no appreciable tendency to consider the problems that arise in the light of laws definitely stated.

"By natural laws are meant laws precisely like those of the external physical universe," says Professor Ely. "If this sense of the term be employed there are no natural laws in political economy." In reply to this it may be said that it is not necessary to assume that the laws of political economy are "precisely like" those of the external physical universe. No bodies of laws that determine either the movement of natural forces or the varied activities of mankind are exactly alike. But what is contended for is the universality of their sway, the identical character they bear in all places and periods, and the same easily tracable relation which distinguishes the natural laws of the physical universe.

Professor Seligman on the other hand with somewhat clearer vision says: "Law may mean the statement of cause and effect between phenomena, as a law of physics. When we speak of an economic law we properly use the term in this sense. . . . A scientific law states that definite causes necessarily lead to definite results. . . . An economic law affirms that if certain causes exist, certain results are sure to follow."

But Professor Seligman insists that "these laws are not of the kind that signify a precept, a rule of action or a moral law." It will be observed that this permits him to deny a law of property and a natural order of economics, though he elsewhere says, with the common tendency of all these writers to qualify, that "there can be conflict between correct economic action and true ethical theory."



Economic laws possess the duplicate character we term natural in the physical world and the laws which belong to the sphere of morals. The

true concept is that of a natural order in the sphere of economics in which the inevitable and easily discoverable sequences of cause and effect with which we are familiar in the physical universe are co-related with a like chain of sequences in the sphere of morals.

Economists have caught glimpses of this truth in blurred, half lights, the physiocrats in their way, the Manchester School in theirs. But later the historical method dominated the writings of these men; the mysterious mathematical school of the brain-terrifying Marshall gained increasing adherents; theories were tested by or were made to rest upon forms of legislation. And the great white light which might have blazed a pathway to the solution of every one of these problems was allowed to die out in darkness. The physiocrats were the first to seek the establishment of a theory of economic life. Rousseau had a somewhat cloudy conception of laws established by nature governing production and exchange. Subsequent political economy, however, for the most part, has been concerned in denying these tenets, in erecting artificial theories and discussing phases of economic life in terms of legislation.

Not that the historical or *a posteriori* method that sets out to discover economic principles as exemplified in the life of peoples is to be unqualifiedly condemned, and the *a priori* exalted as the one and only line of inquiry. They must travel together. The fault with the historical school has not been so much its adherence to the *a posteriori* and its neglect of the *a priori* as its failure to follow even the lines of the first to the discovery of anything likening itself to "principles."

The natural laws of economics prescribe a rule of action, but they do not necessarily secure its observance. Penalties innumerable are provided for their violation, for there is no law, man being a free agent, that does not permit of its violation, and there is no violation which does not insure its penalty. These penalties are of two kinds, embodying both a moral and material loss. "What a man soweth that shall he also reap" is a final law of the economic conduct of peoples.

The attempt is constantly made by writers on political economy to deny these laws by denying the universality of their application. It is assumed that economic laws, if there are any, are subject to constant change, that there is a national law of political economy; and that every land has its own economic laws, much the same as every land has its own political system.

With the banishing of the concept of "natural" and "moral" from the domain of political

economy, the field was left free for individually created dogma and the finest of fine-spun theories; economic institutions acted upon by legislation were taken for phenomena created by it and the solution of such evils as appeared sought for in additional legislation. Looked upon as an artificial and not a natural order, there could thus be no appeal to natural forces nor a return to first principles. Prohibition of the employment of children must be had, for example. Few had the temerity to ask why. Was it not clear that children should not be condemned to stunted lives in shop and factory at a time when they should be at play? To ask the question was to answer it. Yet we can safely trust even a dog to look after its young. No guardianship other than the parental instinct is needed, save in rare abnormal instances. Was Man inferior to the lower animals in such instincts that large numbers should voluntarily condemn their offspring to arduous and in some cases hazardous occupation? Clearly the conditions that prompted them was not a natural one. Some natural law of economics had been violated.

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EDITORIAL CORRESPONDENCE

SOUTH AUSTRALIAN NOTES.

Adelaide, South Australia, January 16.

Since last writing, two polls under the Land Values Assessment Act have been taken in South Australia. On December 6, at Wallaroo, the ratepayers were given an opportunity of saying whether they wished to exempt improvements from taxation. They decided by 299 votes to 272 to continue under their present system. We shall continue our educational work in this town, and we are hopeful that in the near future we shall be able to secure a majority of ratepayers in favor of revenue being raised from land values only.

Special interest attached to the poll taken at Thebarton. This municipality was the first in South Australia to adopt the principle of land values rating at a poll in 1907. The system came into operation in 1908 and immediately the land speculators commenced to unload. During the past year opponents of the principle secured control of the Thebarton Council, and at once set to work to discredit the principle. Instead of taking advantage of the Amended Land Values Assessment Act, which gives Councils power to make their own valuation, the Council preferred to work under the Government assessment, which was very much out of date as to values. The result was shortage in the amount of revenue required to meet the needs of a growing town. The ratepayers petitioned the Mayor and asked that a public meeting should be convened so that the matter of the new assessment might be discussed. The petition was turned down by the Mayor. Then six ratepayers, whose rates were increased under the land values rating system, petitioned for a