T H E S I S.

THE PSYCHOLOGY OF ECONOMICS.

By Thomas Templeton M.A.

Manse,

Mount Vernon Avenue

COATBRIDGE.

Submitted to

GLASGOW UNIVERSITY

April 20th, 1927.

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The Psychology of Economics.

C O N T E N T S.

INTRODUCTORY. This thesis, a Survey of the Borderland between Psychology and Economics. All sciences have such borderlands.

PART ONE. The Psychology of DOING and GETTING, treated generally.

Chapter I. Action because of THINKING.

Utility-thinking alleged by Utilitarians to be spring of action The urge of pleasure not trusted to, but calculation about it. Hobbes, Bentham, J.S.Mill, all intellectualist as to action. Sidgwick doubtful of Hedonistic calculus. Pleasure-Pain tone. It may prolong or shorten action. But action is impulsive, thought coming after.

Thought of Rightness, does not cause action directly. But may be used critically, and may touch knobs of instinctive power.

p.p. 8-16

Chapter II. Action because of FEELING.

Reflex action. Not much feeling in it. Impulse, tension discharging in action. Chief impulses, the Instincts. Definition. Desire is impulse, plus conception of end in view. Sentiment, confirmed, instinctive feeling, attached to object. Will, a synthesis, the whole man in action.

Three harmonies needed: Of the inner world with itself, of the outer world with itself, of these two worlds with one another. Our power to secure these harmonies(?).

Feeling has reference to utility, or right, or both. Interests behind feeling, personal, family, herd. Incumbency of right. Heroisms and crimes therefrom. Pressure towards good life.

p.p. 17-22

Chapter III. Why people seek to GET things.

Economics said to be study of Acquisitive Instinct. But all instinct comes in, and Reason, and Will. The Acquisitive leads. Food-seeking instinct part thereof. Escape, Repulsion, Pugnacity, Self-Assertion, the Constructive, the Laughter-tendency, Curiosity, all these intervene, Also the Pairing, the Parental, and the Gregarious. Hormic influence on action.

p.p. 23-[illegible]

The Psychology of Economics. Contents.

Chapter IV. Control of the Hormic Tendencies.

It is INSTINCTIVE. The instincts compete with and limit one another. The Pairing, Parental, and gregarious limit the Acquisitive. The Altruistic modifies it. Kropotkin:The altruistic is earlier and stronger than the Egoistic.(?) Rivers and Malinowski on semi-civilised communism.

It is RATIONAL. Reason in instinct. Reason, the comparing power, and that which sees truth intuitively. Both phases influence control. Reason sets instinct against instincts. It alters environment. Its rule indirect.

It is CONATIVE. Inner will and outer action. Whitehead, Hocking. Attention, enjoyment. Habit, Will involved when it was forming. Instincts naturally selected for combination, as well as separate action.

p.p. 28-38

Chapter V. VALUE.

Values influential in deciding all action, specially acquisitive action. It is Valuation,plus effort or sacrifice to obtain or retain things.

Value has elements within,and conditions without.(Diblee)

The elements include all life - instincts, habits, character, ideas. Conditions are utility, scarcity, security for life and property, transferability. values mostly vague.

Price is a compromise value, expressed in money.

Value chiefly Psychological.

pp. 39-41

The Psychology of Economics. Contents.

PART TWO. The Psychology of the PROCESS of Getting.

Introductory:

The modern getting of things, complex. The whole world involved. Outline - Production begins, Consumption ends. The end causes the beginning. Division of Labour must be followed by Exchange. Organisation must superintend. Competition enters, and Combination. The Credit-system facilitates. Distribution allots rewards. p.42

Chapter I. PRODUCTION.

1. LABOUR, Productive exercise of body and mind. The active capitalist, a labourer, and the active land-owner. Transporters and middlemen, producers.

2. CAPITAL, The implements of production. Capital and labour employ one another.

3. LAND, Nature from the economic point of view. Site, and source of material and energy for production. Production, the turning of Nature's powers back on herself to increase returns. The PSYCHOLOGY. Necessity drives, but as understood and felt. The self-instincts require production, so, the reproductive and the gregarious. Thought has influence in selecting ends, more in choosing means. The acquisitive instinct captains the team. Production not well co-ordinated. pp. 43-47

Chapter II. DIVISION of LABOUR.

Adam Smith. World-division. Contributions of nations and countries to world-production,

The PSYCHOLOGY. First division was between men and women, the latter getting the less interesting work. Slaves and owners. Country's share, settled by natural endowment and national aspiration and aptitude. Allocation of workers to jobs, opportunity, imitation, inclination, social values. Tragedy of misfits. Dangers of Division. Human cogs. Generalise before and while you specialise. pp. 48-51

Part II, Chapter III. EXCHANGE.

Begins with Division necessarily. Exchange of newspaper and box of matches by means of a penny. Each of these involves the whole world of supply and demand.
The PSYCHOLOGY. Intellectualist explanation insufficient. Values decide, and they have instinctive and conative elements. External circumstances have influence. Acquisitive instinct again, reinforced as formerly. Habitual values give calculability. The automatic establishes regularity. pp. 52-56

Chapter IV. ORGANISATION.

Entrepreneur, central in industrial process. Works to estimate, more than to order. Is the millionaire and the pauper of industry.
The PSYCHOLOGY. "Born, not made", A. Carnegie. Business genius. Practical intuition, spirit of adventure, self-assertion, pugnacity, the constructive instinct. The background. Can bureaus supplant the organiser? pp. 57-60

Chapter V. COMPETITION.

Wide. Touches sport, education, economics. Competition of labourers, buyers, sellers, materials, all factors of production. Two kinds; by excellence, and by force. Freedom needed.
The PSYCHOLOGY. Not things, but persons compete. Excitement, emulation, pugnacity. There is "something on the game". Class-competition. Patriotic. Does society coddle its weaker sons? pp. 61-62A

Chapter VI. COMBINATION.

Combines, Cartels, Perpendicular and horizontal. The co-operative movement.
The PSYCHOLOGY. The informal world-combine suggests others. Society, a combine. Organism(?) Idea and purpose explain. The gregarious. Nature favours and compels combination. The "better spirit" helps. Rewards of combination. pp. 63-64A

Chapter VII. The CREDIT SYSTEM.

Money. Gold dear and scarce. Therefore credit. Farmer waits two years for returns. Business must be "financed". The "Third Trade".

The Psychology of Economics. Contents.

Chapter VII, Credit. (continued)

The PSYCHOLOGY. Credit Individual and Social. Thought, will and instinct involved. A new instinct posited and defended - TRUST, and its emotion, Confidence. Fear is absent, expelled by trust. Sympathy, suggestion, imitation, all help credit - and panic. Credit better than gold. pp. 65-68.

Chapter VIII. DISTRIBUTION.

Theory, to each according to his contribution. Difficult to apply. CHART of the Rewarding of Labour. Distribution immediate, from nature or society. Or mediate, per the entrepreneur. Co-partnership.

The PSYCHOLOGY. Laws of distribution are not "iron", but are laws of human nature. Self-assertive acquisitiveness. The gregarious - class-claims. Ultimate principle: suum cuique. Discussion thereof. pp. 68A-71

Chapter IX. CONSUMPTION.

Is the using and choosing of things. Choice, limited by mass-production, but chiefly determines production.

The PSYCHOLOGY. Value enters again. Standard all-important. Standards order chaos, need cultivation, are living, folk-lore things. Stimulus of natural needs. Desire for distinction in consumption. pp. 71A-74

Chapter X. SUMMING UP.

Economics permeated by psychology. Simultaneousness of the economic man. Instinctive care for self socially useful. Are there economic laws? Economic life a "pool" or a "river". pp. 75-77.

Chapter XI. (Supplementary) EMULATION.

Veblen, The Leisure Class, makes Emulation leader of life. When Nature is tamed, a leisure class emerges. It takes war, religion and sport as its work. Emulation becomes fierce. Pecuniary emulation seeks distinction in show. Conspicuous leisure. Work has stigma. Vicarious leisure - ladies, lackeys. Conspicuous consumption. Colleges and churches compete in show. Dress must be expensive. Business is predatory.

Critique. Caricature, but informative and reformative. Excess and defect. Distinction sought in all ways, It helps and hurts. pp. 78-82.

The Psychology of Economics.

INTRODUCTORY.

The purpose of this paper is to survey the borderland between Economics and Psychology. Its plan is to go just so far into each, as may be needful to shew their connection and interaction.

All sciences have such a borderland between them and psychology. Those that deal with the inorganic world involve epistemology, and the axioms of thought. They have big debatable assumptions as to the regularity of nature. And they need to allow for the personal equation of observers.

Sciences that deal with living things soon meet rudimentary mind, and so overlap with psychology. If mechanistic or biological hypotheses are adopted, the psychological alternative should be well known and fully considered. Sciences that deal with man overlap much further. Economics may be said to be a specialised branch of psychology. Its subject is man's behaviour regarding wealth, and behaviour is psychology's province. Moral Philosophy is in the same position, but it admits the position freely, while whole treatises on economics "cut" psychology altogether.

It has been said that economics is the study of the acquisitive instinct. That is narrow. As we shall see in detail, the whole psychology of man is involved.

Two questions have to be answered:

I. Why do people DO things?

II. Why do people seek to GET things?

The first question requires a brief summary of the psychology of behaviour. Two main answers have been given: (1) We do things because we <u>think</u> we should do them. And we may think we should do things (a) Because of their <u>Utility</u>, or (b) Because of their <u>Rightness</u>.

(2) The other answer is that people do things because they <u>feel impelled</u> to do them. There are Hormic tendencies. They have urge. They are impulses. These impulses also may have respect to utility, and to rightness.

Both of these answers admit <u>rational</u> criticism and guidance.

The second does not rely so much on reason as the first, but does find it a place.

Both admit <u>conative</u> control. There is a personal casting vote, as between courses favoured by opposed thinkings, and between courses supported by opposed impulses.

The second question, Why do people seek to <u>get</u> things? is the proper subject matter of Economics. The answer repuires some adaptation of the methods of action in general, and some expanded treatment of those chiefly emplpyed.

A chapter on VALUE is introduced. It is the product of both thinking and impulse. It is really valuation, plus some willingness to make effort or sacrifice to get the thing that is valued. The impulse, as always, is the hormic element, that urges to action.

The treatment of the foregoing points occupies

PART ONE - The Psychology of DOING and GETTING.

PART TWO - The Psychology of the detailed process of GETTING - is an analysis of the phases of Production. The getting of things always was a long, wide process. But in modern civilisation, the length and the width are vastly increased. As when forests are planted to make matches. Or when one article may include compoments from many trades and countries. Between production and consumption, there are now interpolated many complexities, which invite psychological analysis.

The Psychology of Economics.

PART ONE

THE PSYCHOLOGY OF DOING AND GETTING.

Chapter I.

ACTION BECAUSE OF THINKING.

People have been held to do things because they THINK they should do them, (1) Because of their UTILITY, and (2) Because of their RIGHTNESS. We consider then

1. The THOUGHT of UTILITY as a Spring of Action.

The whole Utilitarian School has held the view that thought impels to action. They reflected a popular view, that still persists.

They took Utility, Pleasure, or Happiness as their principle. There is no practical difference among these three things. "Utility is pleasure itself, with the remission of pain." J.S.Mill, Utilitarianism, p.8. And Bentham thinks "happiness" presents pleasure in too elevated a form. Still he accepts it. And Priestley's slogan: "The greatest happiness of the greatest number", was accepted by the school. So these three words stand as synonyms.

But the spring of action was not the urge of utility, pleasure, or happiness. It is understood and stated to be an intellectual calculation as to what will secure pleasure and avert pain. This will be made abundantly plain in many following citations.

Hobbes was the pioneer of the school, with his Leviathan. By that title, he means "The Commonwealth". He, following St Paul, who thinks of men as members of a body, in the same sense as limbs are members, almost anticipates Spencer's idea of Society as an organism. Hobbes leads the way in identifying goodness and pleasure, and in intellectualising conduct. He says:

"'Good' and 'Evil' are names that signify our appetites and aversions" Leviathan, cap.15. Again: "Whatsoever is the object of any man's appetite or desire, that is it which he, for his part, calleth 'good', There being nothing simply and absolutely so."ib.6. And "The final end, cause, or design of men...in the introduction

of that restraint upon themselves, in which we see them live in commonwealths, is the foresight of their own preservation." And, as if to shut out the gregarious instinct, he says further:" The agreement of these creatures (bees and ants) is natural, that of men is by covenant only, which is artificial." ib,cap. 7.

The idea of instinct is modern. But Hobbes comes very near to it in citing as the principal causes of quarrels, "competition" "diffidence" and "glory". " The first maketh men to invade for gain, the second for safety, the third for reputation." ib., 13. "Competition" is the acquisitive instinct; "diffidence"is the escape instinct, using attack as defence; "glory" is emulation. But this line is left undeveloped. When Hobbes generalises on conduct, he intellectualises, as above. A fine example of this is his explanation of "the grimaces called laughter". These are caused by the "passion, called sudden glory". But"it is incident most to them, that are conscious of the fewest abilities in themselves, who are forced to keep themselves in their own favour by observing the imperfections of other men". ib., 6.

Pleasure might naturally have been regarded as an immediate spring of action. But Hobbes set a fashion in subordinating it to calculation, which fashion was faithfully followed.

Jeremy Bentham is the next great name. His chief book is Legislation. He says:(P. 2) " Nature has placed man under the empire of pleasure and of pain... The principle of utility subjects every-thing to these two motives." But all is intellectualised by him also. A leading object of his is"to find the process of a moral arithmetic by which uniform results may be arrived at ... When one has become familiar with the process ... he can compare the sum of good and evil, with so much promptitude as scarcely to be conscious of the steps of the process." p. 32. Pleasure-pain is not the direct motive but our estimates thereanent.

J.S.Mill is the more modern high priest of Utility. He says: "Utility, or the greatest-happiness principle, holds that actions are right in proportion as they tend to promote happiness, wrong as they tend to produce the reverse." Utilitarianism, p. 8.

He makes the admission, fatal to his theory, that there are higher and lower kinds of pleasure. "Some kinds of pleasure are more desirable than others. It would be absurd that .. the estimation of pleasure should be supposed to depend on quantity alone". He pleads guilty, on behalf of previous utilitarians, to doing so. But he puts himself in a dilemma. They could make pleasure, simpliciter, their norm of right. He cannot. He needs a norm for pleasure itself, and he has none. As a substitute he counts heads. " Of two pleasures, if there is one to which all, or almost all, who have experience of both, give a decided preference, irrespective of any feeling of moral obligation to prefer it, that is the more desirable pleasure." Util. p.12 Applying this majority-vote super-standard, he finds that "those who are equally acquainted with, and equally capable of appreciating both, do give a most marked preference to the manner of existence, which employs their higher faculties.... It is better to be a human being dissatisfied, than a pig satisfied." Util. p. 14.

But Mill is a high-minded, conscientious, unconscious smuggler. He drops the pleasure-norm overboard, and nominally hauls in the majority-vote. But he has another norm in the background. We have to guess at it. Take a few quotations: "Virtue should be desired disinterestedly, for itself" p. 54. "Those only are happy, who have their mind fixed on some other object than pleasure." Autobiog. p. 142. "Man comes, as though instinctively, to be conscious of himself as a being who, of course, pays regard to others. The good of others becomes to him a thing naturally and necessarily to be attended to." "If anyone can best serve the happiness of others by the absolute sacrifice of his own... such a sacrifice is the highest virtue, which can be found in man." ib., p. 23.

These passages show a sense, a feeling, of personal obligation. We shall refer back to them in next chapter, on Action from Feeling. In them, Mill has found a concealed passage from egoistic utilitarianism to universalistic. But in the passage he has shed intellectualism, and has become instinctive and intuitional.

When he deals with economics, Mill relapses into calculationism, "Political Economy is concerned solely with man as a being,

who desires wealth, and who is capable of judging the comparative means for obtaining it." Pol. Econ. p. 27.

H. Sidgwick is rather non-committal as between calculation and intuition. But he is clear that, if only certain kinds of pleasure are to be sought, that is not hedonism. "The less pleasurable consciousness must not be preferred to the more pleasurable on the ground of any other qualities it may posses. The distinctions of quality that Mill and others urge, can only be admitted as grounds of preference, if, and in so far as, they can be resolved into distinctions of quantity." Methods, II, 1. He adds, suppose "that no other pleasures are worth seeking, but those that tend to the practice of virtue", then that would really be intuitionism, disguised as hedonism.

On the "Hedonistic Calculus" he says that in weighing lines of possible action, we are "to judge which series (of associated feelings) appear on the whole preferable, and adopt the corresponding line of conduct." But he adds that our prospective imagination of pleasure is liable to fundamental error, and, second, that the mood that measures pleasure is unfavourable to pleasure itself. The calculus is therefore suspect, See Methods II, 3.

Sidgwick also builds a bridge to take the place of Mill's concealed passage from egoistic to universalistic utilitarianism. " When the egoist offers the proposition that his happiness or pleasure is objectively desirable or good ... we can point out to him that his happiness cannot be more ... a good, than the similar happiness of any other person. The mere fact that... he is he, can have nothing to do with it ... Hence he must accept the wider notion of universal happiness ... as the absolute good." Methods, 4, 2

But this is only an argumentum ad hominem. It concerns only the egoistic hedonist. And the consistency of that individual is not of general interest or validity. There is no way yet, by which to pass from egoistic pleasurism to universalistic utilitarianism, without resorting to intuition and instinct.

The Psychology of Economics.

Reviewing this sustained attempt to find the springs of action in thinking, we may admit that pleasure and pain prolong or shorten action, and that estimates of them come in to modify action especially in later stages, if action be continued.

There is a pleasure-pain tone in all experience. Even mathematics has pleasure for its votaries. A neat solution is a joy. There is no activity of body or mind without this tone,which may occupy the background, or the front of the picture. It is readily taken to be the main thing. The stimuli of an instinctive action may be sought for the sake of the pleasure found in it formerly. It needs careful analysis to see the deeper forces working. Such analysis is postponed till instinct is considered.

Further, pleasure-pain is a clue to to the right and the wrong. In the wide, long view, the good is pleasant, and the bad is painful.This is the obvious experience of practitioners in either line. And it may well be taken as confirmatory of views as to the right, or the useful.

It is also agreed that action is influenced intellectually, and this the more, as intellect develops. But it is mostly in times of pause, and reconsideration, and elaboration that we plan action deliberately. And these plans do not carry themselves out. They need impulsive energy, which dry intellect cannot supply.

But all this is far from saying that, when we act, we measure the pleasure-pain of the action, near and far, strike a balance, and then act so as to secure the bigger lot of pleasure. Of this, two things may be said: We don't do it; It can't be done.

We don't do it. We are absorbed in doing. We have not much attention to spare for far considerations. Immediate satisfactions, social approvals, emulations, automatism, feelings of right, instinctive emotions - a combination of such things moves us into action.It is when we review our action that we do some estimating, as to remoter sanctions. Then we admonish ourselves as to our habits and make resolves for the future.

This balancing business can't be done, by the intellect.

The Psychology of Economics.

A working balance is come to by the energetic impulses. And a more or less continuous line of action is followed. But that is quite different from an intellectual weighing of pleasures. That is impossible, because pleasures are incommensurable . Bentham did not think so. To him pleasure from poetry, or "pushpin" was the same. But J.S.Mill disagreed. He saw pleasures of the higher and lower natures. And these, we saw, cannot be weighed intellectually, without some intuitive or instinctive norm. Species of the same genus are not necessarily comparable. An equal weight of cats are not equal to a tiger. Put them into a cage, and see!

But, it is alleged, pleasures can be reduced to a common denominator - money. A man has a shilling. Shall he take a hansom home? Shall he have a cup of tea? Shall he buy a cigar for himself, or a flower for an invalid? When the shilling goes on one of these ~~those~~ things, he has weighed them up thereby. (Marshall) Marshall also thinks that a thousand people in Sheffield , and a thousand in another town will probably view £1 on their taxes in much the same light. In this second case he is quite likely to be right. The big numbers taken bring in the principle of average, which is a very levelling thing. It irons out differences. Or it covers them up. But no conclusion can be drawn as to any of the individuals included. The man with the shilling, if he plump for the invalid's flower, might have ~~have~~/forced himself to find five times as much for it, if need were, and he would have been led by sentiment, not calculation.

Only some pleasures can be roughly measured by money. Bodily ones may be, partly. Intellectual ones less so, and the spiritual, not at all. There are pleasures in the exercise, or contemplation of love, heroism, high aspiration. But money is irrelevant to them.

Thoughts of utility are no adequate spring of action. They need much supplementing from other sides of human nature.

2. The THOUGHT of RIGHTNESS, as a spring of action.

We have unavoidably touched on this phase in treating the last Because the right and utility have been identified by utilitarians.

But a little more may be said. In doing so, we must refer back to what has been said, and shall have to anticipate partly what has to be said on Action from the Feeling of Right.

The writers we have discussed base action on Utility, which is Right. But it inspires action mediately, through calculation. Thought of the right is the mainspring of human action. This is contrary to consciousness. We are aware of instinctive judgments and sentiments as to right and wrong, apart from, or opposed to, our judgments as to the pleasurable. How is this proved? Well, take J.S. Mill's proof! "The only proof capable of being given that an object is visible is that people see it. The only proof that a sound is audible is that people hear it: and so of the other sources of our experience." Util., p. 52. He uses this proof to show that the desire for happiness is universal. We agree. And he also goes on and "maintains not only that virtue is to be desired, but that it is to be desired for its own sake." ib. p.54. His proof is still the same. And that is our case, proved by Mill, against himself.

A new deference is now paid to common, instinctive judgments and feelings. Such judgments are allowed to be the basis of all thinking, and of all science, ethics included.

Justice is a crucial case for Mill. He struggles with it earnestly, and makes us a present of himself. He says: "All cases of justice are cases of expediency: the difference is in the peculiar sentiment that attaches to the former..." ib. p. 95. Also: "All persons are deemed to have a right to equality of treatment". ib.p. (italics his) "Sentiment" as used here by Mill, was not fully understood in his day. It is better known now. It is an instinctive emotion, become habitual, and attaching itself to some particular thing or person. It is independent of, though associated with pleasure-pain. It foregoes pleasure, and endures pain. Mother-love in Kipling's Mother o' Mine, persists in spite of agony.

In the case of justice, we add a sentiment of respect, incumbency, and devotion to expediency, and so get justice. But what is added is greater than that to which they are added. Of course,

we do not get our sense of justice by any such synthesis. We find it growing in us. But we can analyse it, and recognise its elements. Mills"right to equality of treatment" implies an ideal behind it, which is not a mere calculation. Measurement of pleasure-pain is comically insufficient as a basis for a course of action. The judgment-sentiment involved may have developed in our evolution, but it is now part of our inheritance. Anything that is quite obvious, that should be done, or believed, anything that it is absurd to question - that thing has something of the instinctive wrapped up in it.

Our sense of right and wrong emerges in experience. It is tested and confirmed thereby. It is very general, leaving much room for mistakes in particular cases. It is strengthened by authority accepted by us. It grows in clearness and power as it is acted on, and studied. It becomes the head of the hierarchy of instinctive judgments, which really rules us. But they are our judgments. We are at least, in partnership with them. We can bring them to bear in the selection and coercion of our impulses. So we choose those, to which we shall give personal alliance and energy. Thus we acquire moral momentum in various directions . That is we acquire character. All this is much bigger than just doing things because we think they are right.

But it must not be said that character determines us and our action. Character is an abstraction. And abstractions do not do things. We abstract the qualities of objects, and conceive whiteness, hardness, coldness, etc. But we do not expect whiteness to seem white. It requires a white thing to produce (with our co-operation) the perception of white.So we can abstract a man's tendencies, and speak of his character. But that is impotent. It does not determine him; but he it. There is some determination from the without, material and spiritual. But that must be fought out between the man and it. There is no third factor in the fight - character. The man is the living force. There is no such thing as thought. There is a man thinking. There is no such thing as emotion. There is a man feeling. There is no such thing as will. There is a man willing.

The Psychology of Economics.

Our final conclusion then is That our mental conception of the right is, like our conception of the useful, incapable of inspiring action. They have some modifying influence, especially at times of pause, and review. But they have no drive, save as they touch the electric knobs of instinctive energy.

Chapter II. Action, because of Feeling.

Feeling is the most obvious of the collection of impulsive forces that lead us into action.

But there is action, in which there does not seem to be any feeling. A reflex arc, such as the blinking of an eye, when dust enters, seems to be complete before feeling is felt. And in our automatic, habitual actions, there seems to be little or no feeling. Feeling was present when the habit was being formed. But it evaporates. And the action performs itself, when the stimulus comes. We may not know we have done it.

This is true of some pleasures, supposed to be of feeling. Such is smoking. At first it is pain. Then it is pleasure. Then it is the avoidance of pain, But when regularly done, there is not much positive pleasure about it. It needs an interruption of the habit to recuscitate the feeling of pleasure.

IMPULSE is the vague, general word used to describe the mental state or tension that immediately precedes action. It also persists through the action. If the action succeeds, it slackens off. As it slackens, the action fades. If action cannot follow, or if it fail, impulse-feeling is dammed up,and accumulates force. It will then overflow in other directions. It may energise other actions, which are kindred to the foiled action, and are taken as substitutes. This may be done quietly or violently. We may <u>have</u> to do something to relieve the tension.

Our main impulses are racial modes of acting in particular ways, in particular situations. The lowest living things survive by lavish fertility. The higher creatures survive by behaviour. They have impulses to eat suitable food, and to fight, or fly, as safety may require. (cf Hobhouse, <u>Social Development</u>.)These impulses are the <u>instincts</u>. In each instinct three phases are distinguishable, aperceptual beginning, an emotional middle, and an

NOTE. Professor Hocking in his Human Nature, has an interesting speculation on the origin of the Instincts. He thinks they may be divided into the Expansive and the Retractive, on the basis of the first activities of the lowliest organisms. Thus the self-assertive and the pugnacious instincts would represent the expansive, and the flight, and the self-submissive instincts ,the retractive,

He also thinks that there are component elements in instincts. For example, he cites rhythm, which may be derived from our experience of breathing and heart-beats. Also initial tendencies in favour of unity and harmony, and clear-cutness of conception seem to be indigenous growths in the soil of the mind.

active end. But the succession is rather logical than temporal. All three are simultaneous. The emotional middle, the feeling, is the least variable element in an instinct. Perception of stimuli, and practical applications vary infinitely, as intellect develops, and situations grow complex. Feeling, it is chiefly, that links the present to remote generations, and links also the stages of an individual life. Feeling gives their drive to instincts.

Feeling and instinct may not be selfish. Even when they conserve and develop self. The self may have service in view. They often go beyond self. They may be disinterested. They may be generous. They are of the gregarious system of instincts, as well as of the individual, and of the reproductive. The mother, when her child is threatened or injured, shows violent protective feeling. And so does mate for mate. (Thouless, Social Psychology, p. 94)

A definition of instinct is: "An inherited or innate psycho-physical disposition, which determines its possessor to perceive, and pay attention to, objects of a certain class, to experience an emotional excitement of a particular quality upon perceiving such an object, and to act in regard to it in a particular manner, or at least. to experience an impulse to such an action." Mc Dougal.

Sample instincts are: Escape, Pugnacity, Sex, the Constructive. But we shall deal with many of them more fully, later.*

All this is debatable. The validity of introspection, on which these positions are chiefly founded, is denied. The subjective idealist cuts away, or reconceives the outer world, and alters the nature of action. The biologist may go in another direction. He may question or alter the inner world. He finds the springs of action in the body. He may deny personology as an interpretation of the facts.

These differences need not be resolved for our purpose, Idealism has to accept the facts of action, and account for them in its own language. The result does not greatly affect economic motive. And there will need to be a very special department of biology to deal with motive and action, if it take them over. Economics will not be greatly altered in conception. For the biologist, and the idealist

too, For practical purposes, make the same assumptions as introspective psychology, especially in social relations. "We should still want to know why men behave as they do, even if the answer could be given entirely in terms of nerve currents and internal secretions." (Thouless op. cit. p.8)

When feeling issues in action, it passes on into Desire. For action has ends. And the ends are brought forward, and combine with feeling. Desire is feeling blended with the idea of its end, which is remembered as satisfying.

Feelings also tend to become sentiments. These are fixed feelings, attached to things or persons. They are mainly aversions and attractions.

Will is the synthesis of all these things. Volition includes thought as to the desirability of a thing, feeling-impulses toward it, and the attraction of the end it serves. These prompt a movement of the self toward the thing. The self decides on it. Will, proper, is the whole man trending toward a set of ends. A fairly settled view of things has been reached. A ground-plan of life glimmers into sight. It includes the great root-interests. The instincts have been canalised into a working compromise. So there comes to the person a sense of power to control action, and an impression of some freedom and responsibility.

Three harmonies are needful for a successful life on these lines. (1) Our inner world must have coherence and consilience. Thought must be unified, and purpose must be consistent. We have some power to secure this first harmony. We must co-operate with nature. (2) The outer world must be harmonious in its parts and interworkings. It must be responsive to us, and reliable, and regular. Given response, and regularity, we can work wonders, but these must be given. We cannot cause them. (3) Both worlds must be in harmony together. They must correspond. We must be able to know the outer world. And we must be able to foretell happenings, particularly results of our actings toward it. The possibility of all this must be established, apart from us. But that given, we must, and can, work it out. We can educate ourselves to interpret meanings. We can modify the outer, so that it will respond to us.

The Psychology of Economics.

The feelings that thus head the forces leading us into action have respect to UTILITY or to RIGHTNESS, or , of course,to both .

FEELING as to UTILITY.

We feel Wants, and have desires that they be supplied, These wants are very many,and of all sorts. They are natural and artificial individual and fashionable. Whether they aim at real utilities,or fancied, matters much in normative ethics, not much in positive economics. Many doubtful things are in high demand, and plentiful supply.

Great interests lie behind the want-feelings, family, profession social set, nation - all these tell on wants. And all is pitched to a standard we have set up, and which rises as we approach it.

But we are trenching on the discussion of Why we seek to get the things - subject-matter of a later chapter. We simply note now illust -ratively, that the doing of things may satisfy wants, apart from the getting of things. There is much "utility" in a country walk, which requires only public property. Many feelings conspire to make it enjoyable. It appeals to body and mind.

Most of the things we do have feelings as to their utility among the motive forces behind them.

FEELING as to RIGHTNESS.

This need not be opposed to utility- feeling. It generally blends, and they reinforce one another.

When we have concluded that a thing is right, by an intellect which is suffused with feeling, and which proceeds largely on innate tendencies to think certain axioms about the right, there rises simultaneously an instinctive feeling that the thing is incumbent upon us.It is a Duty. We feel responsible about it. We blame ourselves, if we fail to do it; we credit ourselves, if we do.

This is a general experience. Life, individual and social, with all its institutions, is built on it. It is a great human fact. It "winna ding". It may be variously explained. It must not be explained away.We are now interested mainly in its effect on action.

Great heroisms and great crimes have come of these feelings.

Martyrdoms and massacres were old-time consequences. In more modern times schisms and ostracisms follow. Crimes are confessed, conscience-money is sent to the Chancellor, public parks are presented by magnates, who have ground their employees. And all sorts of just and fair dealing are inspired. It is an absurd and blind, but common method of treating economics - to assume that the regular principle is to make profits, honestly, if you can, but make them. High standards of commercial morality must be assumed and cultivated. Ordinary humaneness must be recognised. "Iron laws" need not be conceived or acted on.

Sometimes, it must be admitted, this feeling is rather stressed to strengthen our own claims. "The rights of man" were a disguised insistance on lower-class rights as against tyranny. So it is said. Though these "rights" might properly be invoked for vindication of any right. Still they may be used just as a stick to beat the other side. Perhaps our sympathy with the under-dog is intensified by our kinship with him. A hero like Ivanhoe, facing Front de Bœuf, commands our favour partly because we identify ourselves with him. Cinderella is the model heroine, endlessly reproduced.

The feeling of right is a constant pressure in good directions. Economic life is saved by it from evils, and will be redeemed in time to come.

The Psychology of Economics.

Chapter III. WHY PEOPLE SEEK TO GET THINGS.

Having discussed action in general, and its motivation, we now now concentrate on one phase of action. That is the effort to get possession of things desired. This discussion is the special subject-matter of economics.

It has been said that economics is the detailed study of the ACQUISITIVE instinct. But that is only part of the truth. Other instincts come in, and the emotions generally, and reason and will. The economic man is the whole man, not the being whose motto is: "Get as much as you can for as little as you can", and who proceeds solely on a calculation-policy. The classic economists mostly assumed him to be so. e.g. Jevons: "Pleasure and pain are undoubtedly the ultimate objects of the calculus of economics. To satisfy our wants to the utmost with the least effort, to procure the greatest amount of what is desirable, at the expense of the least that is undesirable, in other words, to maximise pleasure, is the problem of economics." Polit. Econ., P. 40.

Marshall (Economics of Industry, P.89.) is more human. He describes the economic man as a being of flesh and blood - egotistic, reckless sometimes, sometimes loving work and virtue for their own sakes; even sacrificing himself for others.

But he, and the others, have conducted economic life in the full light of consciousness always. Sub-conscious motives do not seem to work. All is "rationalised", that is, impulses are interpreted in the light of their ends, and an intellectualised version of them is substituted, and alleged to self and others as accounting for action. Calculation supersedes craving. Now, the conception of economic life must vary with the conception of life in general. The new emphasis on the sub-conscious, has radically altered the psychology of conduct. And it must be taken into account when we estimate economic motive.

In the sub-conscious life, instinct takes chief place. And it is the acquisitive instinct that leads its kind in determining economic attitude. Under McDougal's definition of instinct, the

acquisitive will be: An innate disposition to perceive, and pay attention to, Wealth, and to have desire regarding it, and to attempt to possess it. Social Psychology, p.29 (adapted)

The thing, so defined, undoubtedly exists. Animals hold, and even hoard property. Children do the same. The nursery is society in miniature, and undisguised. Property-rights are strongly insisted on, though chumminess may waive them, on terms. Insanity, too, may drive the acquisitive to extremes. The miser is the stock example. And funny fads in collecting seem mildly insane to those who do not sympathise.

A tendency, which is found among animals, and in children, which is exaggerated in insanity, and which may be introspected by any of us, is held to be a full-blown instinct. The Acquisitive fulfils these conditions amply. There are no instincts, if it be not one.

It is one of the most powerful and persistent of the instincts. If not controlled and modified, it makes a human being into a real economic man, whose policy is ruthless grab. It makes reason and will mere adjuncts to itself. In moderate, controlled forms, it is a strong under-current in good, unselfish men and women. And why not? They must survive, and they must be well equipped for service to society and themselves. Material things, in vast variety, are needful for these ends. All instincts are good, in their place and degree. So is the acquisitive. It has a rightful place as the great economic force.

A caution must be offered. We must not substantialise the instincts on the line of the faculty-fallacy. They are not clear-cut, semi-independent things that pull strings, and make us move. They are just distinguishable tendencies of the whole man. They are indivisible from the main current of his impulsive motivation. But it is very convenient to speak of them as doing things, or as making us do them. It saves much periphrasis.

Keeping this in mind, we further note that other instincts come in to qualify the acquisitive, and to reinforce it. We act on constellations of thoughts and feelings, not on single stars.

1. The Food-seeking instinct is really part of the acquisitive.

The Psychology of Economics,

Bees, squirrels, and humans sometimes hoard food, far beyond need, present or future. Possession of it evidently gratifies. It is treated as property. But to begin with, food is sought simply because of hunger. Calculation is secondary. Appetite is the original mainspring

2. The instinct of Escape (from the danger of need, and suffering thereby) reinforces the acquisitive. Fear is the emotion here. It may become cowardice, and lead to morbid efforts to accumulate goods by gain and abstinence. This is a root of miserliness.

3. Repulsion may be bracketed with escape. It seeks instruments and resources to avoid the disagreeable. And so joins to fight for acquisition. It operates specially in those who "have come down in the world". The disagreeables of poverty are peculiarly repulsive to them.

4. Pugnacity also! It wants to build forts for itself. And to stock its arsenals with munitions. Great extravagance prevails in all war. Requisitions are almost limitless. Our government has been disposing of fabulous surpluses for many years past. Private campaig-ners are similarly extravagant in their demands.

5. Self-assertion, too! It is first cousin to pugnacity. Love of distinction is the last infirmity of even great men. Property confers distinctions of its own, and helps to command other kinds. It pulls strings of influence that reach far. It confers leisure, and multiplies opportunities. So this instinct joins the others that are out for goods.

6. The Constructive instinct wants tools, material, and machinery. It often takes great pride in its equipment. Its ends are obscured sometimes by its emphasis on means. So its demand is magnified. It becomes very acquisitive.

7. The Laughter-tendency, the amusement-craving, makes its claim heard for possessions. Before necessities are fully supplied, it puts in for its satisfaction. It is the imperious thing with many. "Shall I marry, or get a motor car?" is a real question, asked lately, and answered in favour of the motor.

8. Curiosity enters its claim for its means of satisfaction. It founds knowledge, science, and education. It demands endowment.

Love of distinction may blend in creating benefaction-endowments, But the original claim is from curiosity, and its developments, in the interests of education and research. But sometimes love of knowledge may despise chances of fortune. It may take the narrow way of self-denying study. That is a later stage. At first, it may have to earn its way through an education. Other motives will combine with the desire for knowledge. But it is a leading force.

The above are mainly self-instincts, though they may blend with the social. But other instincts, more of the social type, join up with the acquisitive:

9. The Pairing instinct does. Setting up and maintaining a house demands many things. And every effort, and much self-denial are used to attain the end in view. This is one of the strongest impulses to acquire. It may set up a goal, years ahead, and work steadily towards it.

10. The Parental instinct follows suit. It has given hostages to fortune, and faces the world fiercely, if need be, to wrest from it a living for the family.It is insatiable sometimes. Great waste supplies of food have been found round eagles' eyries. Big fortunes have been accumulated for children, often to their hurt.

11. The whole Gregarious group of instincts comes in, too, Members of a herd may use it for their own ends. Wolves make a living through their connection with the pack. Members of professions or trade-unions do the same. Or the herd may acquire common property. Guild funds and buildings are samples. So are roads, harbours, museums, libraries, picture galleries, and many other such things.

Rivers suggests that intuition, sympathy, suggestion, and imitation are the real forces in the gregarious. We may add emulation, These all support acquisition in some herds. In "business circles" they make for money-making. Everybody is doing it, or trying hard. It is in the air. It is infectious. Fashion has tremendous power over valuation. Changes sky some values, and sink others. Always,

however, the socially valuable thing of the moment is striven for. Values vary from herd to herd. Central Africa, India and Britain have each their own sets. The social classes in each differ again in their valuations. Suggestion, imitation and emulation are specially powerful in indicating the things that must be acquired.

This rapid sketch brings out a team of instinctive impulses headed by the acquisitive, all combining for its ends. They chiefly account for the indomitable determination, and hard labour, and developed skill with which civilised man pursues wealth.

Thinking as to utility and as to rightness is influential in later stages, when we review action, when we decide "to throw our selves" in with one set of instinctive impulses, rather than with another, and when we adapt means to ends. Feelings of pleasure and pain, too, are secondary. Pleasure is powerful, but would have no power apart from appetite. The sweetness of sugar, for example is pleasant, so long as we have the appetite for it. When appetite is sated, the sugar is unpleasant. But appetite is instinctive and conative. Its aims are the survival and development of life. These instinctive conations are in semi-secret control of action, under the seeming control of pleasure and pain. Pleasure prolongs, and unpleasantness checks action. But instinctive impulse really induces action, and ceases, when satisfied. This is Hormic control of conduct, as contrasted with hedonistic.

The hormic theory holds that man is natively endowed with dispositions that strive towards goals, proper to himself. These tendencies are brought into play, and are controlled, by cognitions of proper objects. cp McDougal, Pleasure, Pain and Conation, in The British Jrnl of Psychology, Jan. 1927.

The team of instincts, sketched in this chapter, is a description of the hormic control of economic conduct.

Chapter IV Modification and Control of the Hormic Tendencies.

There is Instinctive, Rational and Conative control. These are not distinct from one another, much less opposed. They are interblended. But they can be discussed successively, if we remember that they are phases of a whole.

1. Instinctive modifications of instinctive action.

The instincts fight one another. They compete for notice and energy. They have alliances and feuds. One set seize power for a little, but are deposed by another. The main conflict is between the Egoistic and the Altruistic. We have noted that some of the gregarious instincts join to reinforce the acquisitive. But they sometimes act like a Chinese army, and join the other side. In particular:

(1) The Pairing instinct restrains the acquisitive. Each partner is benevolent towards the other's efforts to acquire, furthers them, and does not dispute results.Generosity often supervenes. All that can be given is given. This is true of animals and of human beings.

(2) The Parental instinct acts similarly. Parents do not compete with their family. They help and give. Birds can be seen feeding their young when as big as themselves, and as able to help themselves. That passes soon, but in the human family, it continues, and extends to related families. Nepotism is evidence thereof.

(3) The Gregarious instinct, in its more general forms, limits the acquisitive. A man may have little consideration for the animals he is dealing with. They are mere means for his ends. But he has,or is socially forced to have, a good deal for employees. Factory laws interfere. Hours, conditions, wages and insurances, are much regulated. Such regulations ultimately depend on public feeling. A sense of kinship mollifies relations. Morals are, in part, inspired by the herd, and by a tendency to think and feel fairly, which belongs to the gregarious group.

Also, sympathy, suggestion and imitation, in some herds, join in braking the acquisitive. In benevolent circles they lead

to kindly public spirit. Charity, individual, and communal, is much fostered by them. Emulation does the same. Subscription lists show its influence. This need not be cynically said. There may be competition in well-doing from high motives. Such firms as Cadburys and Lever's get kudos for their welfare work. But no-one will say that is why it is done.

These considerations lead up to the big debate as to whether the Egoistic or the Altruistic is the waxing force. It has been assumed generally, and especially by economists that egoism was dominant. But there is a modern school, not all socialist, which champions the altruistic. Kropotkin, Rivers, and Tawnay help to lead it.

Our position must be that the self-instincts on the one hand, and the altruistic group on the other, are both "human nature", and must find their modus vivendi in a fairly balanced system.

Kropotkin, in Mutual Aid, finds the altruistic far down the scale of life. The gregarious animals and insects show it, with qualifications. Wolves eat their wounded, and bees do not always render mutual aid to the drones. All animal societies exist by their mutual helpfulness. The same altruism he finds in early and mediaeval society. Interesting instances are cited freely. And special citation is made of simple, primitive communism among savage peoples.

Anthropologists often instance this phase of pre-civilised life. Rivers, Psychol. and Politics, refers to Melanesia, where he found a happy, family communism, which rather shook his belief in the priority and omnipotence of the acquisitive.

These writers do not discount the egoistic impulses to any great extent. But there are schemes of social reconstruction, that require a renovation of human nature, such that the egoistic must retire into obscurity, like the old man in the weather-indicator, and the altruistic come out into the sun, like the old woman in the same apparatus.

Many fine things transpire in the study of primitive economies. Evidently early human nature is not undilutedly savage. Else, indeed

there would not have been survival.Things like infanticide, cannibal-ism, and the killing off of the old are shades in the picture. But there is much neighbourliness, and an enlarged family life. This account is used to make the Primitive, by his mutual aid, show up the Modern,with his each-for-himself practice.The hope is held out that soon there shall not be an "Acquisitive Society".

But Malinowski, Primitive Law and Order, in Nature, 2/6/26, rather upsets this view of primitive life. He gives an intensive study of some Melanesian tribes, and shews definitely that there are qualifications in the communism, he actually observed. And he prophesies that similar qualifications will be found in other cases, if sufficient study be given.

To begin with,he goes all the way with previous observers. In the Trobriand Archipelago of N. W. Melanesia, he found the common canoe, the communal fishing, and the division of the catch, without price, or definite exchange. Most of the fish was sent inland, per waiting messengers, to cultivators there. They sent down fruits and vegetables, to which the shore folks helped themselves ad lib. There were ceremonial presentations of heaps of the stuff. Processions and music rounded off the the proceedings, and feasts were held. All went merrily, No sordid merchandising showed its cloven hoof.

But deeper investigation, when the language had been learned, and native confidence gained, showed under-surface tendencies. There is an owner to each canoe, though the crew have rights in it. They are permanent members of a joint-stock company, with fixed duties and shares of the catch. When the fish is sent off inland, it is really sent by members of crews to their individual partners there. who regularly supply them,in return, with yams etc. There is no general gift from the fishing community, to the gardening, nor are the return gifts common. The very publicity and ceremony, with which the piles of food change hands, are a check on unfair exchanges. Each is put on his honour to exceed the other. If he do,he gains credit, and votes of censure, public and private, come down on stinginess. Reciprocity and mutuality are the ruling principles.

The Psychology of Economics.

A good deal of gossip is current about so-andso's habits in this trading. One partner would congratulate himself on his fellow. Another would be very sorry for himself, about his.

In confirmation of Malinowski, it may be added that this simple communism is really barter, on credit, with long accounts. Rudimentary money comes in early, but is little used. Direct exchange of staple goods is the practice. But a difficulty emerges. Large quantities of vegetables that will keep can be handed over at harvest. That is convenient for both parties. An equivalent amount of fish, if available, might be accepted in Greenland, not in Melanesia. So the yams must be paid for by instalments of fish, fresh from the sea. Accounting is rude, but it must be roughly right in the long run. There is watchful scrutiny. The acquisitive instinct is not dead, nor even sleeping. The egoistic is there to qualify the altruistic.

But similarly the egoistic is modified and mellowed by the altruistic. It is a growing force. It grows with the development of higher life. It has, as noted, a smaller team of instincts under it, than the egoistic has. But they are strong ones and well linked. The whole group of gregarious tendencies becomes stronger as society integrates itself more fully. They act together to convert the acquisitive instinct, and its allies to better ways.

Kropotkin, Ethics, p. 33, discusses priority, as between the ego and the alter tendencies. He says: "The true foundation of all moral feeling, Darwin sees in the social instincts, which lead the animal to take pleasure in the society of its fellows, to feel a certain amount of sympathy with them, and to perform various services for them." Also, p. 42, he says that ethical writers have started with the postulate that the self-preservation instinct is the strongest in man, and that it is softened by supernatural influence, or by state coercion. He asserts, however, that self-sacrifice is a zoological fact of every-day occurrence. And he cites Darwin again as holding that, of the two instincts, the social and the individual, it is the social that is the stronger, the more persistent, and the more permanent. He reminds us in confirmation,

that the individual emerges late in evolution. "Social life- that is we not I,- is the normal form of life. It is life itself." p. 60. (Italics original)

On this showing, the altruistic is the early and the dominant thing. The egoistic comes in later, usurps power, and may be deposed in turn. For our purpose this priority question does not much matter. We are concernad that the two trends live together, leaven one another, and , in measure control one another. This they can do on either theory.

It need not be desired that the altruistic swamp the egoistic. Unless there be a strong, well developed, well provided self, its altruism will not be of great value,

There is, then, some instinctive control of instincts. Each fights strongly for its own place, and for its opportunity of exercise. They also ally themselves in groups - mainly in the ego and the alter parties. The resultant division of the available energy among them gives a certain balanced flow of action. After a good deal of mutual accentuation and cancelling, there comes to be , in each life, a great compromise-complex of instinctive tendency, which grows more confirmed in kind, and stronger in power, as the years elapse.

But this is only one part of the threefold process of control.

2.Rational Control of Instinctive Tendencies.

There is reason in instinctive life, from the first, though it be rudimentary. For example: different kinds of wasps paralyse different creatures to be living larders for their larvae. One sort of wasp takes caterpillars, another spiders, and they do not vary. So there must be selection, involving comparison. They discriminate among stimuli. Response is made only to the right one.

This comparison becomes wider, more complicated, and more conscious, till the human stage is reached. There the intellectual end of each instinct is more amply developed. Its afferent phase becomes wide in its view, and stronger in its influence on action. Later the rational self goes off on its own, and developes an intellectual life, which wills to be complete in itself. It even disowns

the instinctive, or treats it as a poor relation.

We have plumed ourselves on being rational, as distinguished from the lower creatures of instinct. It is only of late that human instincts have been mapped out. The sub-conscious was very tardily admitted to place and power. And still we think we are led by ideas, when instinct is at work. A whole political campaign will be fought out in arguments, while it is decided by feelings and desires. We do not like to admit the leading of instinct. We "rationalise", that is we accept and give reasons for our actions, which are not the chief impulses. A man loves a woman "because she is beautiful". But she may be beautiful to him because he loves her. That is why others often fail to understand "what he sees in her".

Reason may be a synonym with intelligence. They compare things, mental phenomena, actions and persons, They note likenesses and differences. They classify. They note connections of objects and results of connections. The connections may be long and complicated; the results may be much mediated and far distant. Thus great systems of thought may come into being.

But reason may be distinguished from intelligence. It may be taken to indicate the power of intuition into truth. We have "innate tendencies to thought". (McDougal) There are "truths that wake", as we grow up to the understanding point. Miscellaneous examples are: Effects have causes; Things cannot be and not be at the same time; The part is less than the whole; The right is incumbent. These are not conclusions of chains of reasoning. They are at the beginnings of all such chains. Our power to perceive and feel their cogency, we call reason.

By exercise of reason, in both of its meanings, we come to have some understanding of order in life. We may even aspire to a scheme of the universe. And regularly we choose between explanations of things, between means proposed for ends, and between ends themselves, as they offer themselves for our acceptance.

Reason cannot do things itself. But it can touch the knobs of power. We are conscious of a measure of ability to seek some stimuli and avoid others. At least we can seek the setting of

circumstances that favours the desired stimuli. Reason can also crit-icise the hormic tendencies, and approve or censure them. It cannot fight the censured ones of itself. The thinking man can influence the willing man to set one complex of instincts against another. Mere attention can often do this. The impulse, that receives attention gets energy also, as the arguments that receive attention gain influence. In complex cases, what is attended to convinces and impels. Thus possibilities of strategy in the control of impulses open up before reason.

A conviction is reached by reason that harmony is possible among the competing instincts. It is natural. The egoistic makes for strength, concentration, and command of powers. But the altruistic mollifies and sweetens all. The powers will be ill directed, if it be assumed that the individual can live for and by himself. We live a common life, and help given to the whole is self-help. If ten men obey the command: "Bear ye one another's burdens!" Then each becomes servant to the other nine, but he has ten servants, including himself. The reaching of this conviction as to the possibility of control is the the first step towards its actuality.

Further, environment may be better planned. It is partly within our control or selection. Reason finds field here.

Instincts sleep till waked by their appropriate stimuli. Control of stimuli is indirect control of the instincts. Now, stimuli for the egoistic have too much abounded. Uncertainty, insecurity, needs that have expanded more rapidly than supply, these things make a hothouse for the acquisitive. Better conditions would lessen such stimuli. Some certainty, and a simpler life would reduce strain Rationing and price-control did much in war-time to still the desire to hoard. A fairer distribution of wealth would help in the same direction. These are problems for the statesman's reason.

Then instincts are deflectable. Reason helps in the process. Instincts have their lower and their higher phases. Curiosity may revel in gossip, or may rejoice in getting and giving highest truth Pugnacity is readily roused in defence of others, and may be translated into moral campaigning for great causes. Even food-seeking

invites co-operation in gaining and in sharing spoils. And, of course, sex is the stock example of sublimation. It bursts into music and painting naturally. Some thinkers hold it basal in all life's activities. In short, all the instincts quiver together, readily provoke one another, and energy passes freely among them. A Flash-light Sign is an illustration. The current lights up parts of the picture simultaneously or successively. An inscription - a complex of thought and suggestion - glows suddenly , and gives way to another. Such is the instinctive life. Set patterns appear automatically. Hierarchies establish themselves. But the automatism of these signs is not invariable. It can be set to new patterns. So can ours. Here is reason's province.

3. <u>Conative</u> control of hormic (urging) tendencies.

Experience is not passive. From perception onwards, man works on his outer world, transforms it, rebuilds it as his own. No merely natural, external force sways him. He must assimilate it, and have it in his own forms, before it can influence his action. If he is physically forced to anything, the action is not his. If a hand be guided to write, the writing is the guide's.

The immediate spring of activity in man is the will. We know it introspectively, and we have corroborations from observation. If our consciousness of willing is doubtful, nothing is certain. Not even the denial of will. For that is based on the same sort of consciousness, If will were a connected series of reflexes, that series would be of such a special kind, as to need a discussion such as psychologists give it. The idea that the whole thing occurs

in the mental world, that there is no real external world, that nothing really happens, when we will, and something seems to follow, is an outgrown idea. Solipsism is just funny. It is against all the instincts, and all experience. It does not meet the tests of living. Life is one long corroborative test of the belief that there is an outer world.

So, too, the idea that the outer world is all, is out of court. There is a modern scientific acceptance of the essentials of the position of the man in the street. (We all haunt streets) He knows things directly, and places them outside of a real self. He does not recognise their connection with, and dependance, partially, on, himself. But that is not vital for his purposes. His general belief works. Here is one use of pragmatism.

A very little of Metaphysics may be introduced here. Dr Whitehead may be cited, and his Religion in the Making. Following on, and improving on Descartes' "I think, therefore I am", he says: "The most individual, active entity is a definite act of perceptivity ...So matter and mind must be relatively abstract." p., 95.

The usual mode of explaining experience has been to take mind and matter as the original existences in our life, and to find experience in their interaction. Thinkers begin with one and try to find the other. They begin with mind and try to find matter. But it is elusive, and unsatisfactory. Or they begin with matter, and in its developments, and reflexes find what stands for mind. Doubt and difficulty are found here also.

Dr Whitehead finds the original actual in an action. And both mind and matter are involved therein, from the first. We incline to include more than perception in this significant act. There is no such thing as perception alone. Always feeling and conation are simultaneous with it. One of the three is usually in the foreground. For the end in view, it does not much matter which.

Viewing such an act from within, one of our own, we have direct knowledge of the act. And we irresistibly assume the actor and the object. On reflection, we have also intuition of the actor, and of the clues to the thing acted on.

NOTE. Hocking, in his *Human Nature*, holds that there is no "parall-elism" between the physical and the mental concomitants of an act. There is only one two-sided happening in a perception or in an action. This would mean that there are not two worlds, as Whitehead puts it, but only one. Still that one would have two phases, so distinct, that they would need just such separate treatment, as must be given to the two worlds - mental and physical, as ordinarily conceived. The difference, from our point of view here, is not vital.

The Psychology of Economics.

When we view an action from the outside, another's action, the case is different. The old prescription for the recognition of other personalities was to read our own into them. The opposite is possible.(Hocking) We know others before we know that we have body or mind of our own. Baby instinctively recognises and shares the life of Mother. The dim recognition of personality behind the acts of others must be a factor in Baby's recognition of himself. One part of his world, the internal, cannot be completed, and then add on the other, the external. Both grow together. And that process continues to the end.

If we simply see or hear an act, from a distance, and do not share or enjoy anything of life with the actor, the old idea of inferring his personality from our own may hold good.

Ultimately, introspection of our own actings, and observation of their results will chiefly determine our views of the worlds, outer and inner. But these actings will be influenced by all that we know of the acts of others. Still, our acts, recognised directly, intuitively, irresistibly, are our long experiment with life, and are our educators as to reality.

On the unbridged gap between the mental and the physical concomitants of an act, Dr Whitehead has some light. He indicates a possible explanation by widening the gap. It is better seen in large. It is the gap between two worlds. An act is the meeting and relating point of inner and outer. He says: "A mental occasion is an ultimate fact in the spiritual world, just as a physical occasion is an ultimate fact in the physical world. There is an essential reference from the one world to the other." p. 89. He adds: " Another example of the same principle (That a "consequent", a new fact, must agree with its"ground", a previous fact, which is helping to make it.) is to be found in the connection between body and mind.Both body and mind refer to their life-history of separate, concrete occasions, relating a physical occasion in the life of the body to its corresponding mental occasion in the life of the mind." p. 102.

We are a little like the experimenters in communication between

Earth and Mars. But we are in advance of them. Our Morse works. It brings information in, and conveys impulse out. Our numberless predictions come true, as to messages expected in, and as to motor-impulses sent out. Unless there be solipsism, we have the two worlds in regular communication. And we are sure that we have some control of our action. This applies to the three kinds of control, we are here discussing - instinctive, rational, and conative.

In conative control, the will we use is not a faculty. It is the whole man in action. It is the sum and concentration of all the forces of his life. If this be so, then many actions have not much will in them. For the whole person is not always active. Automatism, of various degrees, runs many of our doings. A vague volition, suggested by a document, makes us begin a signature, and the beginning passes on to the end without much supervision. It is almost a bodily process. A man is like a firm; he takes his tendencies and powers into partnership, and entrusts them with departments of action. His supervision is sometimes perfunctory. He abdicates, and becomes a creature of habit.

But the whole man was actively employed in learning the habit. Habit is a monument to will. And in times of doubt, or reformation, the whole man is engaged again. Conation has a casting vote, when the firm is divided as to what should be done.

As already said, attention has much power. And attention is drawn by interest. And interest can be cultivated. So our determinism is partly self-determinism, which determines what the self is to be, by a long course of choices, and then determines, as a resultant, actions, as they come up for approval.

Enjoyment is conjoined with interest. It is decided by appetite but helps to the recognition of appetite. There may be no very conscious pleasure. But all natural action has gusto in the background till we have had enough. The enjoyment may be joint, with others, and has great revealing, attracting, combining influence.

But the sub-conscious is now understood to be very determinant of action! True! But it is so by its appeal to attention and enjoyment. An instinct is partly defined as: " an innate disposition

to pay attention to objects of a certain class". (McDougal) Such a disposition, throbbing with energy, forces itself on attention, moves judgment, and almost coerces will. But a slight veering of attention will alter results. It may be difficult to stop the sub-conscious humming of a tune. A good way is to pay attention to another one. It will drive the first out. By a little care, we can establish the second tune as our sub-conscious favorite.

When moments of balanced indecision come, the person can thus throw himself into one scale, and weigh it down. That is, he brings more of himself to bear; calls up more of his character; brings in other dispositions, and interests, and sentiments. They do what is wanted. But conation, working through attention, and interest, was the real ruler.

At such junctures, freedom finds play. It is not very complete, but it is enough to give some credit, and some blame to the doers of deeds. If we find ourselves approving what we do, we are fairly free If we are in protest against our actions, we are slaves.

Along these three lines, the instinctive, the rational, and the volitional, we come to some control of the hormic tendencies. Control is feeble at first. For the instincts grow up early, and are stayed only by satiety, and by competition of other instincts. But as we develop personality, the rational side of us and the conative grow in influence. So we become masters in our own house.

In circuses, a man sometimes rides four horses at once. He does it by his acrobatic skill, and by the good training of the animals. They work with him, else he would fail. We have to ride possibly a forty-horse team. We do it by acquired skill, but also by the fine working together of the team. They are all natural, well selected, fit and proper tendencies for the life we have to live. They are high spirited, but they are good workers, and they combine well. So that our ideal is not repression, but ordered, harmonious expansion, and expression. Every tendency should have scope. Harmonious development of the whole is the norm for each instinct. They should be restrained, and drawn out, for that end.

Chapter V. VALUE.

Value is influenced both by the thinking and the impulses of the valuer. It is really his valuation of a thing, plus the effort he is willing to make to get it. Value does not lie in the thing valued, but in the person valuing it. There may be many values for the same thing in different minds. Value then, is psychological.

Diblee, (The Psychological Theory of Value) points out that there are elements of value, internal to the valuer, and conditions, external to him.

The elements include all that expands and raises life. The greater a life, the higher may be its values for some things, and the lower for others. Instincts, habits and character all contribute to value. Pugnacity makes a man strive hard to secure things, if others want them. Mental estimates of a thing, and of the possibility of getting it, help to fix its value. And so do our estimates of its utility. The "suggestions" of the crowd, fashionable or commercial, "bull" values, or "bear" them. Customary values are influential. Supply works toward them.

Conditions of value are external to the valuer. There is utility, based on the qualities of things valued. A thing may add a real good to life. Ethics and economics overlap just here. Ruskin's norm need not be quite left out: "There is no wealth but life."

Scarcity, also, increases value. It is not a quality of the thing valued. It is the absence of other things of the same sort. Scarcity increases our need of things, and also our desire for them.

Security is another, and a little noticed condition of value. But unless there is a stable government, values will be erratic. Necessaries will mount steeply, and high-priced things may slump.

And things must be transferable, if they are to have value. Qualities and powers of persons may be hired, but they cannot be sold outright. Entailed property, which by law cannot be sold, may be a liability, not an asset.

All this applies to Exchange-values, which chiefly interest economists. These are always in flux. The possible price varies from person to person, and from time to time. Actual prices also vary slightly from place to place, and greatly from time to time. Value is protean.

The Psychology of Economics.

It follows that values are vague, in many cases, perhaps in most. Intermediate buyers and sellers on the large scale know their own minds pretty well. They are in the immediate grip of costs. And the controlling people are commercial, rather than manufacturing. It is their special business to deal with values. They concentrate on it. And it is the economist's business to deal specially with their case. But he turns aside to discuss the vaguest case of all; for example, that of a horse, raised by a farmer, bought by a rider. The farmer does not know what the horse has cost him. He may like it, and may need a big prise to induce him to part with it. Or he may dislike it, and want it away. But in either case his figure is not definite. The buyer is in similar circumstances. The issue, within limits, will be that of a lottery. But the long run of such instances will be such as to dispose farmers to go on raising horses, or to drop it. Here economic considerations come in.

Value has price as its calculation mark. Though the calculation may be very rough. Prices range between two vague values, that of sellers as a class, and that of buyers as a crowd. The sellers are usually better organised than the buyers.

Our definition of value has proceeded on the buyers estimate, plus his effort to obtain. It is the same <u>in principle</u>, if we proceed on the seller's attitude. The definition then would be: Value is the seller's estimate of a thing plus the effort he is prepared to make, or the sacrifice, to <u>retain</u> the thing valued. The difference between the seller's retaining of the thing, and the buyer's obtaining of it does not matter.

The final, temporary, agreed, compromise-value, expressed in price, at which things are changing hands, will be not less than the sellers' value for retaining the things, and not more than the buyers' value for obtaining them. There is a good deal that is whimsical in single cases; not so much in classes of cases. And it is economics' concern to deal with classes of cases, especially in world-markets, such as those that deal with wheat, tea, cotton, wool etc.

Value, then, is the grand summation of the results of all

the influences that play about exchange, mental and emotional, rational and instinctive. The psychological is central. External circumstances merely condition its action. We shall have to consider in detail the stages of production, leading on to consumption. In all of these, we shall find value in the foreground of the pictures or hiding in the background. Always it decides the giving up and the getting of things.

Looking back, too, over our earlier chapters it will be seen that value was everywhere implied. When people think they should do things , either because of their utility, or because of their rightness, there is valuation of action all the time. And when they feel impelled to do things, value is less consciously present, but is as really there. Instinctive action has been established, and survives, because its value for the purposes of life has been proving itself steadily.

All action aims at some satisfaction, higher or lower, egoistic or altruistic. Measurement of satisfaction, whether it be mental or instinctive, is always valuation. Even into the coldest comparison of things, into the calmest intellectual scrutiny, there creeps in this warmer element of personal interest, which need not be selfish always or mainly. It rules all life.

PART TWO.

THE PSYCHOLOGY OF THE PROCESS OF GETTING.

INTRODUCTORY

We have discussed the psychology of doing and getting in general. We have now to consider the detailed process of getting, which has become exceedingly complex in modern times.

OUTLINE. The great process of getting things, which is the subject-matter of economics, begins with

PRODUCTION, and ends with

CONSUMPTION. The end is the final cause of the beginning.

DIVISION of LABOUR facilitates production. And consequently

EXCHANGE of products must follow.

ORGANISATION superintends the whole process.

COMPETITION pervades all its phases, and so does

COMBINATION.

THE CREDIT SYSTEM facilitates the work.

DISTRIBUTION allots to each factor its rewards.

CONSUMPTION ends all, and begins again.

The process of getting things is continuous, and its phases are all simultaneously running. It must be analysed in motion. It cannot be stopped for examination. There can be no separation of the phases from one another. They can only be distinguished and emphasised,to the temporary neglect of the other phases. Allowance must be made for the fact that they are all always modifying one another.

A chapter will be given to each heading above. Every chapter will be in two sections. The first will describe the economic phase. The second will discuss its special psychology.

Chapter I.

P R O D U C T I O N.

Production is the securing of natural things, and the alteration and combination of them to suit wants.

In production, as now known, there is one agent, LABOUR;
one Site, and Source of raw material and power, LAND;
and one set of equipments, CAPITAL.

1. LABOUR. It is the productive exercise of body and mind - always of both together, though in differing proportions. Manual labour has mind in it. Mental labour has a bodily side and expression

This definition cuts athwart political ideas and classifications Under it, the capitalist is a labourer, if he take any part in the running of his business, or in the management of his capital. The directors of a company are among its labourers. The chairman of a ship-building company, and the charwoman of the office, and all between them, are ship-builders. Under it also, the landlord is a labourer, if he help to run his estate. But, of course, he can shirk, and have his work done for him.

By this definition also, transport workers are producers. They add service to things, and make them available for use. The middle-man is also, generally, a producer, though sometimes he is parasitic, He surveys need, and ransacks the world to supply it. He finds trans-port, breaks bulk, and brings supplies, in suitable quantities, to convenient points. His survival, in force, shows that he is the best bridge between product and want.

But, of course, the person chiefly indicated by the word "Labour", is the hand-worker, who manipulates the things produced, or tends the machinery that does the work. He is the multitude. He is the private soldier of the industrial army. His nunber, and his growing class-consciousness, make him the dominant factor of the situation. THE question to be settled is: Shall the production-system be run, with wealth as its chief aim, welfare of the worker being secondary; Or shall welfare be first, wealth coming after?

2. CAPITAL.

It consists of Buildings, Machinery, Raw Materials, Finished Good Circulating Medium, and other such things. Wealth, applied to production, is the usual definition. It is preserved and applied labour, embodied in gifts of nature. Or it exists as claims on the general stock of possessions. In the latter case, it is rather potential. Capital is in constant flux. It wears out, or is superseded. As immense, complex plants, it controls some industries, and approaches monopoly. But such control depends on terms, made with labour, either by agreement, or compulsorily. Capital is the instrument used by labour for production. When labour is said to be employed by capital, the real meaning is that the labourers, who manage capital employ their fellow-labourers, who manipulate it.

2. LAND.

Land is the economic name for Nature. It includes the ground, with its natural fertility, and the underground stores of minerals. Water is included, if let for fishings, or for power. Air, too, if harnessed, is let with land for rental. Even if not harnessd, it is lumped with land and charged for, so is sunlight, sun-heat and rain. The farmer pays rent, not for bare ground, but for the ground with its income of sunshine, air and rain. Slums have too little of these "elements", because they have too little land.

So that land is the source of all the raw material for production, and ultimately all the energy, required for the same. The sun lifts water, and gives it energy of position. It bestows latent heat on wood, coal, and oil. So, water-power, steam and electric power are all derived from the sun, via land. Even human energy is from land. The sun's energy, latent in food, vegetable and animal, becomes active in the body, and by it all labour is carried out.

Land is the site for production. Support for buildings and persons, and room for standing and moving, are attributes of land. All this is charged for in rent.

It should be remembered that much "land" is capital. The cost of roads, drainage, fencing, buildings etc, on a farm, sometimes

represents a sum invested, for which the "rent" is inadequate interest.

Summarily, it may be said that production, in its modern forms, is the turning of Nature's powers back upon herself, to make her give ever larger returns to human effort and desire (Marshall) In this process, labour and capital co-operate. But labour is the living thing, and is the agent in production. But labour includes capitalists and landlords, so far as they are active partners in industry.

THE PSYCHOLOGY OF PRODUCTION.

To begin with, we note that Necessity drives to produce. But it is not necessity, as an external thing, that drives us. Hegel points out that mind must take external things into itself, and convert them into its own sort of thing, before they can become impulses and move us to action. If a gale blow us along, or over, that is not human action. But if we set sails to it, that is human, and mental. The gale has been interpreted, and brought into our system of things The external has been internalised. And our action has not been forced, but induced.

Also, inducements to action vary from person to person. The same external situation, internalised, induces very different action in different persons. There is different understanding and feeling, and therefore different response. The human selects its stimuli, within large limits of choice, and responds according to its own character, not simply according to the character of the stimuli. This is a fact of experience.

In this internal reaction to situations, INSTINCT takes a large place. As noted in Part One, instincts are complex response-tendencies of the whole person to an entire situation. All organic life has contributed to their growth. In some persons they may be almost reflexes, dictating ends and means. In others, they may be very vague tendencies, well controlled by reason,

All the instincts have play on production, directly or indirectly. The self-instincts are primary. Food, drink, warmth, shelter

-these come first as the things to be "produced" . Survival depends on them. But the reproductive and the gregarious instincts prompt towards the same things for their own ends.

Modern command over Nature makes the satisfaction of our first needs easier and surer. Famine is almost unknown. Refinements in eating, drinking, clothing, and housing demand much more effort than mere necessity requires. And a multitude of other objects comes in. The needs of the family, too, grow with the times. Fashion has great power, after first needs are satisfied, often before then,

Thus a great complex of instincts, blending and cancelling, helps to sway our actings. This is the mighty motive-power of life. It gets things done. THOUGHT has a great place,too. It selects ends, often pre-selected, or nominated, by instinct. And it chooses and plans means. But the <u>urge</u> comes from the instincts, especially from the emotions in the instincts. Reason may be an umpire. Then it has its greatest influence. Instincts often clash. Pugnacity and anger may fight flight and fear, or the constructive instinct has to overcome tendencies to idle. Then, led by reason, a person may throw himself on one side, and that carries. He calls up other phases of his character into play, and so decides the conflict. All this obtains in production.

The ACQUISITIVE instinct is the mainspring. It marshalls the other instincts behind it, or they push it forward. We desire to get things for all the purposes of life. And some of these purposes are limitless. For example, the desire for distinction and for power can hardly ever be satisfied.

But we may go on to acquire, for acquisition's sake. The instinct is blind. The miser never sees sufficiency. He loses sight of the purposes to be served by things, and simply gloats on them. This is true of many kinds of collectors. They gather curios, pictures, stamps, motor cars and so on. Their main aim is to have the biggest and most unique collection ever assembled. That is often all. And production is forced in wrong directions, which do not serve general social good.

Still extremes, though not negligible, are not decisive. The

The great production-machine exists and runs, impelled and guided by the needs of the average man, as he conceives them, and specially as he feels them. Consumers do not simply consume; they choose. And their choice has repercussion, back to the earliest sources of production.

On the other hand, production "suggests" needs to the consumer. We do not always know what we want, after first needs are satisfied. A thing offered may kindle desire for itself. Fashions in dress are determined by producers long before the vogue appears. Else the stuff could not be supplied in sufficient quantity. Mass-production also, limits choice. One, or a few, patterns are produced in very great numbers. These are designed to suit the average taste. Other tastes can adapt themselves or do without.

Generally, production is ruled by human needs, but by them interpreted and felt as wants. These wants may not truly represent the real needs of life. Some advance in intelligence and character is necessary, before the best things are demanded.

The rule over production is not very efficient, as unemployment shows. Production pours into the "pool" a vast assemblage of goods and services. Miscellaneous examples are foods, houses, songs, sermons, cinemas, whiskey and water. The consumer draws on the pool, up to his effective demand. He drains the supply of some things, and leaves others to waste, or be thrown away. And the puzzling sight is presented, of tragically unsatisfied demand, along with ample, unemployed power to meet it. The co-ordination is not good.

Chapter II.

DIVISION OF LABOUR.

The classic statement is by Adam Smith, re Pin-making. Ten people, working on the Division system, made 48,000 pins a day. this output showed that the productive power of each worker was multiplied by at least 240, perhaps by 4,800, when compared with the product of workers , making pins complete, alone. Wealth ,p.4.

All modern industries are on this plan. For example take Shovel-making. One set of workers heat old rails, and roll them into sheets. Then one stamps out the blanks. another punches holes for nails, another heats it. The blade is pressed; the part that fits the handle is pressed; the handle is fitted and one nail driven; the other nail is driven; the steel part is dipped in varnish, and set to drain. Incidentally lugs and washers are punghed out of the scrap metal. And the chips from the handles are sent off to smoke haddocks. So a good kitchen shovel is sold for sixpence.

This Division is, at the same time, Conbination. Differentiation and integration go together in industry, as in biology. And this combination is conscious. The workers and the stages are all in touch. The whole is one process, though carried out in parts.

But there is a wider Division - world-wide,indeed. In it the sets of workers may not know of one another's existence. A stream of material, as it flows forward, may divide and subdivide. Steel. for example, flows to ship-building, bridge-building, house-building watch-spring making, and to many more industries. Other streams of material converge. Nearly all finished articles represent such convergent streams. There is a flow of gold, silver, copper, tin,glass, "jewels", and other sugh things, all combining in the stream of watches, that is going to meet consumption. Countries co-operate in this division. Switzerland makes watch-movements for Britain. Bohemia makes watch-glasses. The whole world is one work-shop, in the multiple departments of which, the world's work is done.

Herein the division is thorough, but the combination is not so good. Material from the different quarters is not always forthcoming, right in kind and quantity. There are vagaries in method.

Why should Dundee make jute goods and marmalade for the world? It has to draw its material from the other side, and used to send its products back again. The situation is not quite natural. So the city lives in fear of losing its staples. The world-machine lumbers a little, yet it lumbers along.

THE PSYCHOLOGY OF DIVISION.

Division of labour has a history. At first women got the hard work. Men took the interesting jobs - hunting and fighting. It is so still in some tribes. Or a Kaffir works in gold mines, then retires to his village, buys a few wives, and lives on their labour. In early civilisations there were slave populations. These were recruited by prisoners of war, importations, and natural increase. Such slaves relieved the wives of their owners. They might even have slaves of their own, and live as "ladies". Naturally the slaves would be set to the tasks they could do best. Some could read and write, when their masters could not. These were amanuenses. Aesop was a slave. Custom and caste settled the part in division that the early workers had to take.

Now it is assumed that to be the habitat of wheat, tea, rubber, or timber settles the lot of a country. Some are to raise raw material; others will make it up. Britain used to aspire to be the workshop of the world. But there is general aspiration to be self-contained. Countries desire manufacturing profits, and prosperity. They will not be hewers of wood to others. They will manufacture it themselves. Norway now exports her timber largely as flooring, doors and windows. And governments want to have their own war-material factories. The things that decide what part a land shall take in world-labour are evidently not all physical. There are also national aptitudes, which deepen, and become more effective with time. French, German and Indian peoples are all qualified for different specialisations.

Individuals acquire automatic skill and speed, when they do one, or a few operations only. They become machine-like. That has been sufficiently explicated. But the question remains: Why and how are they allocated to their jobs?

The Psychology of Economics. Division.

Imitation does much. Sons often follow their fathers. Young people follow the crowd into the industry of their district. There may be nothing else to do. The acquisitive instinct tells, also. The best paid work is flooded with workers, till their number brings wages down. Others again, love security. A steady job, though the pay be low, has its attractions. So government and municipal posts are eagerly sought. Gentility has its devotees. There are subtle social grades in work. The shop-girl looks down on the "slavey"; the collared and hatted on the collarless and capped.

Also, special aptitudes seek expression. An artistic, a scribbling, or a musical lad looks for an opening, that will give him scope. Some wicked psychologists say that sadism may make a young man a surgeon, that he may be cruel, without being criminal.

A great and common tragedy is the quenching of talent, or even of genius, by the lack of opportunity, or by wrong choice thereof. Gray's Elegy takes us to the graves of village Hampdens, and of mute Miltons, who never had a chance to be themselves. How great this impoverishment is, none can tell. And it is aggravated by the fact that incompetents hold the posts, which these geniuses should have filled.

Remedy is being sought now, though not very effectively. Scholars are being examined psychologically to find their fitnesses. And recommendations are given them, as to the sorts of work that should be tried. This should not be put off, till the end of school life. General culture need not be neglected. But things to specialise in should be fixed early. And also things that it is of no use to dabble in. This would both help later life, and avoid huge waste in the educational machine. Also, the ladder of special training should be made easy of access. It is often like a telegraph-pole. The first twelve feet give no help to the climber. But after that, there are bracket-steps to the top. The old monopoly of opportunity, long held by the better-off classes, is giving way somewhat. It should be broken up.

There is, however another side to Division of labour. It is not all good. It multiplies product, but often degrades the pro-

ducer. Work loses its interest for him, and its educational value. A complex bit of construction, which has problems in it, and physical difficulties, stimulates the constructor on all sides of his nature. A repeat-operation, involving only a few movements, which become quite mechanical, makes the day a weariness. Excesses may follow. Work has great influence on intelligence and character. It rivals recreation, because it has us under its training for longer periods.

A worker is a man before and while he is a worker. Manhood is to be considered, as well as production. Generalise, before you specialise is a good motto in industry, as in knowledge. Generalise <u>while</u> you specialise may be added. To this end the hours of monotonous labour should be reduced, that a larger life may be lived, even at the cost of reduced product. And the work itself should be varied.

Kropotkin in <u>Fields, Factories, and Workshops</u> (p.p. 178,182) says: "The moral and physical advantages which a man would derive from dividing his work between field and workshop are self-evident. ... They will find it healthy <u>not</u> to perform the same monotonous work all the year round. And they will abandon it for the summer, if indeed, they do not find a means to keep the factories running by relieving each other in groups."

Goldsmith's lines put the position perfectly:

" Ill fares the land, to hastening ills a prey,
" Where wealth accumulates, and men decay."

Chapter III. E X C H A N G E.

Exchange follows Division, as effect follows cause. When a man or a group specialises, they get more of their speciality than they can use, and less of other necessaries than they require. Other groups are in the same position. But the superfluities of one are the deficits of another. Exchange is the good genius, that readjusts things.

It must have begun early. Fruit-gatherers, hunters, and fishers would exchange occasionally. The old, self-contained village, which imported nothing but salt, to make flesh keep through the winter, yet would have internal exchanges. Baker, brewer, weaver, tailor, and shoemaker were all in the household. But mason, carpenter, and smith branched off early, as the power of Division asserted itself. They had to be paid for the work they did - in kind. That is by exchange. From these beginnings, the great present system, in which the whole world joins, has grown, It gives Economics its work. The Why, the How, and the Proportions of exchange raise nearly all the big questions.

Take a common case! A newspaper is exchanged for a penny. Each of these represents the world with a difference. The material of the paper, the machinery it required, and the supply of its workers' needs require that the world shall have reached pretty much its present stage of development. The penny also needs copper-mines, tin-mines, refineries, and factories. Its workers, also, need world-supplies. Further the penny is part of a great financial system, which involves a stable, advanced civilisation.

In the exchange of these two things, four things happen simultaneously:

1) The newsagent sells the paper.

2) He buys the penny.

3) The customer buys the paper.

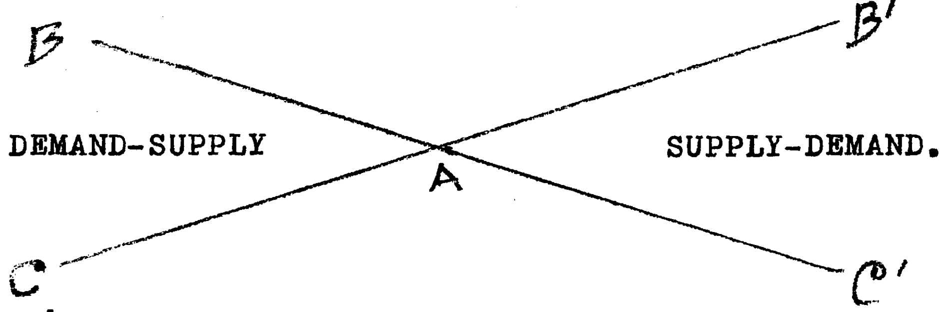
4) He sells the penny.

There is no deep difference between the two sides of a shop-counter. The shopkeeper buys from the customer. The customer sells

to the shopkeeper. It is money that disguises the transaction. It may be, and sometimes should be, eliminated.

Suppose that the newsagent buys a box of matches with the penny. Then the final issue of the business is that the paper was exchanged for the box of matches. The penny was just a bit of machinery, and may be left out of sight meantime.

This diagram may be laid down on any exchange transaction:



A is the exchange point. A B C is the world of Demand, which is also Supply. A B'C' is the world of Supply, which is also Demand. These worlds filter through at A, in both directions. The paper, demanded by one, supplied by the other passes through. The box of matches, demanded by the other, and supplied by the one, passes through per contra. It is a measured process. Equivalences have to be established. Flow in either direction is stimulated from the other. The fixing of the ratio is the great thing, which exercises the merchants to reach it, and the economist to explain it.

THE PSYCHOLOGY OF EXCHANGE.

Prof Pigou says: " The nation... is clothed, fed, housed and amused by an extraordinary, complex system of mutual exchange, built round the motive of private money-profit." Polit. Economy of War, p.1. This view is not quite sufficient. Intellectual calculation of advantage does rule largely in business circles, where transactions are often anonymous, and between parties, who may not know one another. But business men have a larger life, of which, business is but part. The above representation is all intellectual, all conscious, and ignores instinct. It must be supplemented by the view of Dr Thouless: " The psychology of the instincts must form the foundation of any psychology of the social sciences." Social Psych. p. 13.

Exchanges are ruled by the relative values placed on the things exchanged. But value is valuation, and is personal. There are as

many values for a thing as there are persons valuing it. The effective value is the estimate we form, plus the effort or sacrifice we are prepared to make to secure the thing desired. Both estimate and effort will vary with our circumstances and our character.

Circumstances influence estimates. Our needs and possessions, the claims on us, our interests, all tell on our estimates. Wife and family are powerful, if they exist. Our circle, and its fashions profession, climate, the state of our knowledge, advertisements, inducements to do particular things - everything such, influences us. The whole framework, in which our life is set helps to shape our value-estimations.

All these circumstances influence our efforts also, and our sacrifices. The man who offers sixpence for a thing may be making a greater sacrifice than he who offers ten shillings. This fact tends to vary greatly the efforts of different people to secure the same thing. The utility of a thing draws effort. But that too, varies. An overcoat has one value in the Arctic, and another in the tropics. This objective utility is largely overruled by our subjective feelings regarding it. These in turn, are influenced by circumstances. Such considerations are never all present to our minds when we value. Their action is mostly sub-conscious and automatic.

Character also tells on our values for things. They are the out-come of our nature, original and acquired. The whole complex of our instincts and inclinations, which have settled down into compromises and ruts, determines our views. Our scheme of values, into which everything falls, is in flux in early years. It becomes more fixed as our tastes develop, and become settled. It may harden and fossilise in old people. All through, the entire person acts in unison. Each little thing valued fills some blank "in the picture-puzzle of a life". See chapter on Value herein!

The influence of particular Instincts can be traced in the valuations that rule exchange.

The ACQUISITIVE is chief. The desire to own the useful is indigenous in us. Animals and children show it amusingly. The miser lives for it. We all know it as an internal force. There are no

The Psychology of Economics.

instincts, if it be not one. By it what we have not tends to become more desirable, than what we have, We are not satisfied when our need is met. We would have for having's sake. The acquisitive is part of the expansive, self-assertive system of instincts. So, ultimately things are sought for the power and distinction they give. The desire therefor is limitless.

There are specific instincts that reinforce the acquisitive, and others that curb it.

All the self-instincts join its team. Things are useful for their ends, so they swell the motive to acquire. Food-seeking, sex, fear, pugnacity, the constructive - all of these, and more, have uses for things. They join the campaign for them. So too, the gregarious group A home and a family are hostages to fortune, and are spurs to acquire. Rivers cites sympathy, suggestion and imitation as the moving powers of the herd. All these, in some circles, make for acquisition. It is THE thing. Everybody is doing it. The infection spreads. Young people catch it early. The thing is "understood" by intuition. The idea is in the air, but has great terrestrial influence.

The fascination of the study of exchange grows. It is seen to be an activity, in which the whole of every person is engaged, and all things reachable are involved. And many things are reached that are thought to be inaccessible. Clay, for example says: "Fresh air, for example, and scenery are spoken of as wealth. In the ordinary sense of the word however, they are not wealth...No-one can get anything for them." This is not so. Fresh air, sunlight, and scenery are sold regularly. Farmers do not pay rent for the ground alone, but for it, with its income of light, heat, rain and air. Slums have not enough of these "free gifts" because they have not enough of land. Land is the meter, by which they are dealt out. They are also embodied in the food and fuel, sold in the markets. Scenery, too, is charged for by the summer landlady. Not many things escape exchange.

Be it remembered, however, that there are instincts that <u>curb</u> the acquisitive. The gregarious may do so, in other circles than those mentioned. Sympathy, suggestion and imitation may follow generosity and philanthropy. They may lead to self-sacrifice. They may

give rather than seek to get. Even emulation may be pressed into such service. And there may be sublimation of all sorts of self-impulses into altruism and curbing of the acquisitive. Acquisition itself may be converted. And after a certain standard of living has been reached, all that is then acquired may be devoted to public and private service. Every fine ideal, and the feelings that accompany it, exerts modifying influence on acquisition.

Finally, under this head, be it noted that the importation of instinct and the automatic into economic motive brings more of law and order into its action. And just here, at the exchange point, that is specially important. It is there we need most to know what to expect. Instincts are very independent of reasons, that may or may not be in evidence. Combined, they establish a kind of economic gravitation, that is moderately calculable. Of individuals, nothing definite can be predicted, unless we know them well. But of the mass, we can foretell some things confidently. This is the true foundation of the fancied "economic man", who buys in the cheapest, and sells in the dearest market. So economic laws come to have some probability. Business can be built on them. Experts need training. Trial and error may have to be their method to the end of the chapter. But on the whole, they get there, as we shall see under Organisation.

The Psychology of Economics

Chapter IV. O R G A N I S A T I O N.

As Production and Exchange become more complex and far-reaching, Organisation becomes more important. The inventor is the principal labourer. But, on the large scale, he is occasional. The organiser is always in evidence. He is the entrepreneur, the undertaker, the risk-taker, the profit-taker, and the loss-bearer. he is the Captain, the General of industry.

He stands in the middle of the production process. He looks forward and anticipates demand. When he "makes to order", his task is easy. Though big contracts require provision of enormous plants, and the selection of a competent staff. But the proportion of goods, especially raw, or partly made, which is made to order is not large. The organiser has his difficulty and opportunity in mapping demand for things beforehand - perhaps years before.

When he has fixed the product to be aimed at, he has to assemble the land, labour and capital needed. Or he has to modify former assemblages. So the great production machine is set, or kept, in motion.

Does he employ the factors of production, or is he employed by them? Both things are true. They employ one another, as trades-people regularly do. But the organiser takes the lead. Sometimes a Board selects him. Then that Board and he are a collective organiser.

He is immensely important, but is grossly undervalued by the rest of labour. Soldiers have their grouse about the command, and think they could do without it - could do better themselves. But all depends on leadership, as all depends on the private. Businesses are ruined, and whole trades wrecked, through the absence of correct prevision, and firm, prompt decision.

The organiser is not very popular. He has his hand in the till, and pays himself "as much as the business will bear". And sometimes he cuts down the other factors' share in his own favour.

But he is subject to great vicissitudes. Hairpin makers have had to get on to something else or get out lately. Makers or holders of things destroyed in the recent gale have had a rich harvest.

The Psychology of Economics.

Such buffets and boosts by fortune make the enterpriser the pauper and the millionaire of industry. Less is heard of the pauper, more of the millionaire, so the impression gains that he steals the cream of the social dairy. On the whole he makes a competence, else he would not abound. And the competition of his kind keeps him within limits.

The recent trend of organisation has been towards combination. It is perpendicular and horizontal. The first brings mines, steel-works, and ship-building into one concern. The second merges scores of big drapery businesses in many towns. It is not easy to say whether the great losses just announced, are due to over-bigness for an average management, or to undue profits taken by the mergers, or the bad times. All these causes may operate. Time will tell.

This phase is further discussed in Chapter VI.

THE PSYCHOLOGY OF ORGANISATION.

How are the generals of industry thrown up? Some are the sons of their fathers. Some get in on the ground-floor of a new industry, or exploit a new source of supply and grow with it. But sons often ruin their fathers' work, and new-comers, with later equipment, assail monopolies. Personal qualities tell ultimately.

"The poet is born, not made, so is the supreme business man. He is endowed with business genius. Neither capital, learning, nor influence can stand against all-conquering poverty." A. Carnegie, quoted by Marshall, Industry, p. 362.

This business genius does not know itself. It gives trite little lectures, attributing its success to hard work and self-denial. But millions have the work and the denial, without the success. There is endowment in germ. The work and denial develop that. And so we have the general.

The endowment is in the whole personality. There is physique and temperament. There is thinking power, with a practical bent. There is will, which is the whole person, aiming at ends. There is a complex of instincts, which supply some direction and all the energy. Special combinations of these give the possibility, not the actuality, of the industrial leader.

A spirit of adventure comes in, also adaptability. These are indred. Tradition carries on business in a way. But it does not eadily adapt itself to new circumstances, which require new departures. nd there is need therefor, even in old, steady-going trades. A pirit that will strike out may strike oil. The shovel-manufacturer, hose methods were referred to under Division of Labour, said his uccess was due to his not knowing much about his business when he tarted. He was not bound by customs of the trade. He made success-ul experiments.

Practical intuition is good. Some can sense situations in ad-ance. They do not know how. They "feel it in their bones". And they re ready for opportunity, when it comes.

A strong complex of well developed instincts is a prime essent-al. The acquisitive of course, and self-assertion and pugnacity. hese put steel into the will. Emulation is a master-motive kindred o them. It outdoes others with pleasure. Perhaps sadism influences he more ferocious competitors. The constructive also helps. It appl-ies not only to handiwork, but to the planning and building of in-stitutions. Indeed, all the instincts already mentioned as reinforc-ing the acquisitive apply here. Their energy contributes to the force of the leader. "The organising faculty of a masterful man can some-times make itself felt over the whole of a large business, even when under joint-stock." Marshall, Industry, p. 362.

There is a negative side. The ruck, by their self-submission, and lack of interest, or by the lower degree in which they possess t the positive qualities of leadership, serve the great organiser as background, and as agents. They contribute greatly to his greatness. Though his faculty of selecting and training them is his own. A good deal of suggestion, hetero- and auto-, comes thus to the chief. Admiring deference and loyalty inspires self-confidence in him, which intensifies itself. He feels himself invincible. This adds to his power, on the lines of Coué.

As society perfects itself, there will be more equality - fewer wealthy and fewer poor. And so there will be fewer luxuries, and less shoddy. The same standard will more nearly rule all demand.

t will be more steady and calculable. There will be less scope for coops by keen undertakers. Still there will always be new needs, and ew inventions. And vagaries of Nature will cause shortages and urpluses. Those who can forsee and act decisively will always be re-uired, and will always have their opportunity. This fact must be onsidered in any social system that would put bureaus into the place f individual organisers. A managing director who dominates his Board ay carry on successfully. An official, bound by red tape, stays in is rut.

The Psychology of Economics.

Chapter V. COMPETITION.

It is not quite the magic wand of the classic economists. But it has regulating influence. It is very wide. It touches everything, sport, education, literature, art, as well as economics. Here it is found among labourers for jobs, and among jobs for labourers. Sellers compete with one another, and buyers. Materials compete. When the American War shut cotton out, jute got its opportunity, and Dundee fortunes were founded. Land, labour and capital not only compete within themselves, but with each other. Alterations in methods change the best-paying proportions of the three, and may be conditioned by that fact. Manual labour and machinery are in grips. When machinery has won, however, it may cheapen product, multiply markets, and employ more labour than ever. This happened, when the power-loom put out the hand-loom. But the transition time is very hard, and justifies bureau-allowances.

There are two kinds of competition, that by excellence, and that which is more purely destructive. For example; A set of iron-works is remodelled. It does more, and better, and cheaper work. It can meet foreign competition. It is a social good. Other works must take the same road, or get something else to do, or get out. This may be destruction, but that was not the object, and it is the elimination of the less fit. Again; a multiple shop descends on a district, sells under its own general prices, and much under current prices. So it starves out competitors, and then raises its prices. This <u>may</u> be a social evil. Not excellence, but depth of purse may have decided the issue. The public may not be bettered. Sometimes, however, the new is better than the old.

Freedom is necessary to competition. By restricting freedom, authority may lessen competition. First, hours and conditions for women's and children's labour were fixed by law. Indirectly, this regulated hours for many men. Now all sorts of regulation affects all the conditions of labour. And the organiser can be humane, without becoming bankrupt. Other phases of competition are limited

y Protection, transport charges, adulteration laws, and other causes ut there remain large contested fields, where great issues are de- ided.

THE PSYCHOLOGY OF COMPETITION.

We have spoken of <u>things</u> competing. That is a figure. It is the ersons, who use, want, or offer the things, that compete. All is sychologically ruled. Things have their influence. But they must be onceived mentally, and related to desires, before they act on us.

Competition may be a game or a battle. It may be fair or unfair. ut there are samenesses all through. Ends are not very different. ame and battle employ largely the same psychological methods and orces. Fair or unfair is a question of principle , applying to means hiefly. Ultimate aims and ends may be much the same in either case.

There is competition for the sake of excitement and eclat. acing or bridge may be enjoyed, with nothing on the game. There is imilar enjoyment in economic competition. Men who have made their ortunes, still go on with the game. There is keen satisfaction in utdoing others in any grade of work. This aim is present always, hough often backgrounded by other motives. It is emulation, veering p to pugnacity. These lead on to love of distinction, a love always present, ever enduring, never satisfied.

The acquisitive instinct blends its force also. There is "some- thing on" in economic games and battles. Distinction in art, lit- erature, and business has solid rewards attached to it. The aim at these, varying from person to person, has its legitimate and necess- ary place. All the instincts, that usually join the acquisitive, do so here. They help to make competition keener.

The gains of competition can be used for gregarious purposes, and so these instincts lend their energy. But there is, further, a specially gregarious competition. It is team-work. It is playing for one's side. It is esprit. This comes into the economic game. Trade fights with trade for particular jobs. "Demarcation" is a sad, sore point in ship-building. This happens: An electrician could quite well bore a hole through a plate for his wire to pass. But he dare not. He must wait for the proper tradesman ~~to come and~~

do it. Else these proper tradesmen would strike. Such strikes have happened. A conference of the interested parties has just taken place, and has recommended that there be give and take in such matters between the trades concerned. So this bad phase may pass.

Competition among countries is sharp, and has more than economic motives. "Buy British" is business, and brings grist to mills. But it is also patriotic or nationalist. When it "supports home industries" it may miss its mark, and hurt the home trades, that export the goods to pay for the imports, objected to. But again, if home-grown eggs and butter would use land now waste, there might be advantage in transferring our custom. When Dominion trade is favoured, as against foreign trade, the difficulty regarding our export trades does not arise. But all we are now concerned with is to note gregarious, nationalist motive. Esprit has some curious effects.

Does modern society coddle its weaker members unduly, by shielding them from competition? Has Nature's plan, the elimination of the unfit, been too much left behind? One answer may be: No! Competition is coarse, and eliminates the fit for higher purposes, who may be unfit for the rough and tumble. Still, it must be admitted that the elements of character, that give success in competition, and that grow strong therein, are indispensable to a virile people. The problem for Governments, only partly solved, is to give scope for these, while limiting the predatory competition. The Factory Acts were a step in the right direction. Education, Insurance, and Pension legislation, while it raises difficulties, moves toward the good life.

The Psychology of Economics.

Chapter VI. C O M B I N A T I O N.

Division of labour is combination, as we have seen. But there is a further development. It comes in Massive production and big business. When large concerns are fighting for a market, and things are near their acme as to machinery and methods, a point comes, when mutual exhaustion looms near. Or this stage may be merely foreseen, from previous cases. Then one firm may acquire its competitors, or may combine with them on terms. Or a cartel is arranged, wherein each firm remains independent, but the market is divided among them in specified proportions. (Foreign meat importers are, just now, squabbling over these proportions) Two advantages follow such combines. Cut-throat prices are abolished, and each firm knows the total amount of stuff that is coming on to the market, and can make its quota, without fear of glut.

The public has suffered from some of these combines. But the profits of large production, and the cutting down of competitive expenses, leave room for sufficient gain , without fleecing the consumer too much. So that he sometimes escapes moderately well. As noted under Organisation, Combination is perpendicular and horizontal. A steel producer goes down to raw-material sources, and acquires mines, specially coal mines, since he needs five tons of coal to make one ton of steel. Then he goes up to ship-building, bridge-building, or big-gun-making. This does not extinguish any competition, for mines, steel works, and ship-building were not competing before. It rather intensifies competition at the ship-building end.

Horizontal combination does extinguish some competition. It adds together businesses that were fighting in the same market. It may close down less well equipped works, that were hanging on by reducing prices. It will buy in larger quantities, at cheaper rates. It will reduce expenses of management, and of placing its goods. It may also raise prices, as in thread and tobacco. So it may justify its promoters' prospectuses. It may not. Very bad results are just coming out in annual reports. But bad times are

blamed for the losses. But there has been over-capitalising, and the "working man" thinks that the management is defective. This lowers his morale and injures output.

The Co-operative movement is a conbination of customer and merchant. It is also horizontal, and adds branch to branch. Coatbridge, for example has nearly thirty large shops, mostly in surrounding villages. And it is perpendicular. By their membership in "The Scottish Wholesale", the societies annex the wholesale trade, and also enter on manufacturing. Farming is done too, and coal mines were in contemplation, if not actually possessed.

THE PSYCHOLOGY OF COMBINATION.

These combines are a special case of a larger thing. The world-division of labour, whereby all material, raw and partly made, flows toward final product, is a combine, though it is not very conscious of itself. It survives because of the successful absopption of the products of all parts of the world in each other's markets. Combination is the conscious adoption of the plan of the industrial world.

But that again is part of a still larger thing. It is on the lines of Society, which includes all phases of life. Its plan was co-nceived as a "social contract" by Hobbes, followed by Rousseau. But that contract was imaginary. Society is natural, instinctive, gregarious. Sub-human sosieties lead up to it, and throw light on it.

Spencer's idea of Society as an organism, is more an analogy, than a theory. That parliament be the brain of the nation, that telegraph wires be the nerves, and roads arteries, is more illustrative, than finally explanatory.

Bosanquet, _Phil_. _Theory_ of the _State_, is more helpful. The idea of Society explains and rules it. As the idea of a University explains it, and fixes the functions of its members - Principal, Professor, student, and beadle.

Later psychology would add that ideas need motive power. They have none of their own.The great gregarious group of instincts must

The Psychology of Economics.

Chapter VII. T H E C R E D I T S Y S T E M.

Money is a complicated piece of trade-machinery. Strictly, gold is the only real money. But in the wider sense, "Money is that money does". In normal times, and for amounts above £2, gold was the only legal tender, in this country. But gold money is costly and scarce. So it is eked out by credit.

It is costly. Send a bag of gold on a long railway journey, and it will lose weight, as tested by fine scales. Renewing worn sovereigns is a dear process. Then the loss of interest is serious. At five per cent per annum, gold will cost its whole value in twenty years. That is, if invested, gold would have more than doubled in value in twenty years, but if just kept, it would be neither up nor down. The less gold a man has, the richer he may be.

It is scarce. There is not enough of it to be machinery for all transactions, even if it could be made into small enough coins. Prices would need to be infinitesimal. If a change were made, and gold were required for all transactions, the present owners of the gold would get nearly all the world at a minute fraction of its value.

So a credit system must come in. Paper money is all credit. Silver and copper coins are partly so. They do not command their face-value in the metal market. Bills and cheques are credit, too. Even gold has a credit element. It loses value - when prices rise to a higher level all round. In very unstable times, it may go down towards zero.

The farmer is a good example of the general need for credit. The seed he sows may not be turned into money for two years. Some of the grain of one harvest must be held by some one till the next is ready. Meanwhile the cost of living, labour, material, and rent must be met. The same sort of thing happens in all business. The exporter must wait for his returns from abroad. The home-wholesaler has often to wait till the retailer has sold his goods, before he is paid for them. All big business must be "financed". Therefore

"third trade"must intervene. Money is a third commodity, which make asy the exchange of any two others. Banks intervene as third between any two trades that exchange goods on long-period terms. A customer gives for goods a bill, which he undertakes to cash, say, in three months. The seller goes to the bank with it, and gets it cashed at once, for a consideration. So both parties are helped. The customer puts off the evil day of payment, and yet the merchant gets spot cash. So the commercial wheels go round. Most business is done on such lines, retail transactions excepted.

THE PSYCHOLOGY OF CREDIT.

Credit is individual, and it is social. It has thought in it, and will, and instinct. Conclusions have to be drawn as to the trustworthiness of individuals, institutions, and projects. And there must be the will to believe and to trust them. This is individual, but it is also social. "The whole mechanism of society rests on confidence. It permeates life, like the air we breathe. Its services are apt to be taken for granted... till attention is forcibly attracted by their failure." Marshall, Industry, P.165. Also P.166: "Trust contains a personal element, but it contains more ... we may call it social credit ... trust in the character of society, in the stability of public order,... in the probity and reasonableness of people ... in the solidity and good working of currency ... in the breadth, persistency and fluidity of modern markets."

Credit began in small ways, but grew immensely. "Elementary partial division of labour grew up ... between families and villages Here we have the ~~the~~ origins of business trust and confidence, which were indeed enforced within each group by the social penalty of ostracism". ib.p. 164.

Marshall however holds the less admirable opinion, that as business grows big, trust "becomes less habitual and instinctive". (same page) We query that. The habit and instinct of trust covers more of life. It reaches out further. It risks more. It strengthens, as it trusts far-away people, and finds itself justified. The instinct is as strong as ever, though there is more of thought and experience in it. It is a thing of the herd; and herds per-

sist to the extremes of civilisation. Financial danger to business is like physical danger to a flock of birds. Its fear is contagious, and instant. There are many needless panics. If they first signs of danger find some unmoved, the rest remain unperturbed. But if some rise, all scurry. Business does just so. Values tumble and firms crash. Panic is as habitual, and instinctive, as ever. So is its correlate, credit.

To explain credit, we need to posit another instinct, additional to the usual lists. This is done despite Prof. McDougal's protest that some people "postulate strange instincts of all kinds, as lightly and easily as a conjuror produces eggs from a hat". Social Psych.

In his polemic with Shand, (ib.,Supplementary Chap.,III.) McDougal treats Confidence , lumped along with hope, disappointment, anxiety, despondency, and despair. But confidence is not in the same street with these. We assert that it is the emotion of a specific instinct, TRUST.

Hope is a compound of desire and expectation, these being present in all proportions, in different cases of hope. Disappointment is frustrated desire. Anxiety, despondency and despair are all derived from fear. They differ chiefly in the degree of their intellectual element, expectation. Confidence is an emotion proper, in the same class with fear,but opposed to it. Confidence and fear oppose and balance one another directly, as do self-assertion and self-submission. All the instincts oppose one another less directly, in the sense that they compete for energy. More to one means less to others. But confidence and fear are in grips all the time.

Distinction must be made between confidence that a thing will happen, and confidence in the thing, or in a person. The former is belief. It is almost entirely intellectual. The latter is the emotional glow of feeling in the instinct, trust. It is an unfortun -ate ambiguity to confuse these two meanings under one word. It seems best to use "belief" for the conviction.(though that will not be the sole meaning of "belief") "Confidence" should be retain -ed for the emotion. But confidence in a person or thing really means trust.

The Psychology of Economics,

The instinct, trust, has the regular phases. It has the perceptive end, by which trustworthiness is perceived. This is mixed growingly with the intellectual, as is the perceptive end of the flight-instinct. It has the emotional middle, confidence, which may glow, or flicker, be strong or weak. It has the active end, risking life, property, or honour on the trustworthiness of the person trusted.

It is found among the animals. Taming depends on it. The gregarious herd could not exist without it. Young animals have to learn suspicion. Chickens, brought up in an incubator, have none. Children are usually trustful. Fear is the earliest instinct, because flight is the only safety, in tender years. But, concurrently, and increasingly, confidence comes in, as strength increases, and knowledge of persons and things becomes fuller. There is an insane sort of trust, also. Credulous investors give themselves and their money away on slight provocation. South-sea -bubbles in late editions burst, with dire results. All these accepted marks of an instinct, the animal, the childlike, and the insane, join to corroborate our introspective recognition of the instinct, trust, and its emotion, confidence.

We do not notice sunlight, so much as we do moonlight. The former is so regular and dependable. So is it with this instinct. We walk by faith in everything. We cannot prove the trustworthiness of our best friends, but we trust them with all we have and are. It is so natural to do so, that we do not notice how we come to do it.

On this instinct, we base our credit system, sub-consciously. Trust, in business life does not differ in kind, from trust, in private life.

There is in credit, negatively, the absence, or the lessened activity of fear. But fear does not retire of itself. It is pushed out by confidence. As darkness is dispelled only by light, so panic is kept at bay only by trust.

Further, the regular forces of the gregarious system are generally at work in the credit system. They are sympathy, Suggestion, intuition, imitation. These are always, and often amusingly, busy in business. Their action is too obvious to need discussion.

oom times, and slump times show the action of these four instinct-
ve forces most clearly. But , though less striking, their
resence can be traced in ordinary times.

Rivers does not give emulation with the foregoing four forces.
ut it is perhaps the strongest gregarious element. And it tells here
here is much competition to give credit to people and especially
o institutions.

The foundations of the credit system are evidently broad and
eep. So that its greatness and strength are not surprising.

Credit is better than gold.

C H A R T

of the

REWARDING OF LABOUR.

CHART of the REWARDING OF LABOUR.

I. IMMATERIAL REWARDS.

SATISFACTION and, or PRACTICAL EDUCATION

THESE are EARNED in ADDITION to

II. MATERIAL REWARDS

IMMEDIATE REWARDS.			MEDIATE REWARDS, (per Entrepreneurs)				
From NATURE	From SOCIETY		Paid by TIME	Paid by RESULTS		Paid by TIME & RESULTS	
To	To the	To	To	To the	To	To the	To
Cultivators Breeders Makersfor own use.	Individual, Small Tradesman Capitalist-Labourers (Entrepreneurs) Landlord-Labourers.	Groups, Business-Partners Co-op. Associatns Socialised Industries.	Individuals.	Individual (Piece-wrk)	Groups (Gang-work)	Individual (Time-rates, & Bonus on his own work.)	Groups (Time or Piece, & Bonus on the work of all hands jointly.) | Profit-sharing. | Co-partnership.
1	2	3	4	5	6	7	8

Note: Labourers may come under several heads, e.g. Breeder, Tradesman, Co-op.

The Psychology of Economics

Chapter VIII. D I S T R I B U T I O N.

This is the division of the goods produced, among those who have [pr]oduced them. In theory, each should receive what he has contrib[ut]ed. And at first that would be roughly so. In the early stages of [th]e division of labour, equivalents would be bartered.

But this principle grows hard of application, as complexity [in]creases. A bricklayer lays 650 bricks in a wall as his daily con[tr]ibution to the social pool. He draws out a day's provision for [hi]s family, and something more. His table has tea, sugar, flour, [me]at, currants, etc, from the ends of the earth. Its simple implim[en]ts need mines, factories, and cotton or flax fields to supply [th]em. In this common case, no one knows the exact value of the [wo]rker's contribution, nor of what he gets in return. This enables [a]ll to think that they are entitled to more than they have. Hence the [g]reat tug of war, in distribution.

The standard lines plotted are: Wages, Interest, Rent. It will [s]erve our purpose to take the first only. Remembering however, that [t]he capitalist, who takes part in his business, is a labourer, and [t]hat so is the land-owner, who manages his land. They use their [p]ossessions to increase their shares. Sleeping partners, working by [p]roxies do not introduce new principles of division. The psychology [o]f the loafer, at the top or at the bottom of the scale, need not [n]ow come into view.

We submit a CHART of the Rewarding of Labour.

Part I mentions the immaterial rewards, satisfaction and training. These affect economics indirectly. They raise efficiency. And they may induce the choice of low-paid work, that gives them, in preference to higher-paid work that does not. The pot-boiler v. the master-piece is the common illustration.

Part II, read across, shews increasing complexity. Distribution is Immediate, and Mediate. The former is from nature or society directly. The latter is given to the worker, through the enterpriser who organises him, and who is the medium, through whom products reach society, and rewards reach the worker, all as di[scu]ssed under [O]rganisation.

The Psychology of Economics.

Among those immediately rewarded by society (column 2) are the
[en]trepreneurs themselves, and the landlord-labourers. These have
[in]terests opposed to those of the others. Their share is a keenly
[co]ntested one. Yet in the long run, the interests of all classes
[ar]e more identical than different. The prosperity of one class
[he]lps the others by increasing the demand for their contributions,
[a]s well as by inducing good relations.

The last column (8) is the most interesting and hopeful one.
[I]ts principle is not too good for human nature's daily food. It does
[no]t demand a revolution in human character straight away, as some
[sc]hemes do, It does not require any big change in social organisat-
[io]n. Given a fair chance, it works well, especially in U.S.A., where
[T]rades Unions are not so hostile as here.

Lovejoy, (Int. Jrnl of Ethics, Vol.31,p. 241) lays down criteri[a]
[f]or Profit-sharing:

Wages must be standard, not lowered in view of a bonus.

The share-rate, must be fixed and pre-announced.

The bonus must be big enough to induce effort, say 10%.

An employees' accountant must check the firm's books.

No interference with Unions.

If such conditions are observed, and specially if sharing goes
[o]n to partnership, Bonus being converted into shares, and the work-
[e]rs being represented by directors, in proportion to their holdings,
then the good will, now pled for, will have its possibility.

THE PSYCHOLOGY OF DISTRIBUTION.

The seamless garment of social product is not divided among
impersonal factors, as land, labour and capital. It is claimed by
persons, all more or less alive to their own interests, and keen to
promote them. There are no laws of distribution, that are not laws
of human nature. They belong to psychology not to physics.

J.S.Mill held that production was physically ruled, but that
distribution was humanly ruled. "Things, once there, mankind indiv-
idually and collectively, can do with them as they like." Princip-
als, II,1,1. This is true only in part. Production, as we have seen,
is physically conditioned, not so ruled. And things must continue

o come "there", else there will be no distribution at all, soon. For istribution must induce the produsers to go on producing, or t ncrease product. All is humanly ruled, through ideas, instincts nd interests. This does not mean necessarily that things will be we uled. That depends on the quality of the persons ruling.

Distribution is a life-long preoccupation. Different motives ominate us at different stages, In childhood we simply claim, and lamor for everything we want. We are central. All things are for us nd our service. This self-assertive/acquisitiveness continues all life through, but t is disguised and restrained by other ideas and sentiments. The ill, or the person willing, fortified by other instincts and prin- iples, exercises some control.

The acquisitive and the self-assertive instincts captain the he team concerned. The others follow in their train. The things to e distributed are instruments for their ends. So they urge acquire- ent. Even the altruistic instincts have uses for things. The inter- sts of a wife and family reinforce claims. The desire for power to each particular ends, tends to become love of power for itself. This is a phase of self-assertion, and is insatiable.

The gregarious instincts are strongly engaged. Members of a herd favour it, and the other members, and value means of helping their interests. A passion for benevolence may be the chief drive to acquire, after the person's standard of living has been reached. But specially modern distribution is contested by classes arrayed against one another. "Capital v. Labour" or "Haves v. Have-nots" are the labels of the parties. There is an acute class-consciousness which sees all desert in one's own class, and none in the others. Crowd-psychology has to be considered also. A crowd is braver, kinder, crueller, or fiercer than its members singly. They dare one another. A sense of power carries them on. Late strikes have shown this clearly. Though the order kept, showed also, the better class-consciousness at work.

There are, then, no "iron laws" . All are elastic. Wages and profits are not fixed at irreducible minimums by competition. "Standard" has great influence, as will be seen under Consumption.

nd payment of wages, far over subsistence scale, has been justified y incBeased efficiency, and productiveness. American trade bears itness to this. But though the laws of Distribution are not absol-e, still, on the wide average, regularities emerge and approach rtainty, because human beings have likenesses, far more real and ep than their differences. We all hold strong opinions about our-lves and our deserts. These give a consistent lead to our claims d efforts regarding our share in distribution. And there are milar, established trends of sentiment and character that decide d energise our life-programmes. So regularities are fixed.

We have still to consider the Right, the Just in Distribution. e final principle is "suum cuique". What is that? Locke says: very man has a property in his own person. This, nobody has a right , but himself. The labour of his body, and the work of his hands e properly his." Government, II,5. Perhaps this cannot be proved. t it does not need proof. Everyone believes it of his own body, if t of others'. This is part of "suum".

But we must amplify Locke. No-one has all his own, unless he has the opportunity of developing the best that is in him, A sys-em of things has failed, or has not reached its ideal, unless we l get that. Such opportunity completes "suum" Gray's "mute, nglorious Miltons" point this point.

Rewards of labour have their norm here. Workers are required y social justice to put theis best into the social pool. And they re entitled to draw out an equivalent for support, enjoyment and evelopment. The immaterial rewards of labour are specially needed or enjoyment and growth. And the good worker gets the best of these hat is just.

It seems rather unfair that an efficient, who enjoys his work, nd feels little strain in it, should get larger rewards, than a arder struggler. But the struggle is often penal, following neg-lect of opportunity. And the struggler may grow. It would crab economic progress to treat the inefficient as efficient. This last point belongs to ethics as well as economics, and is therefore left unfinished here.

The Psychology of Economics.

Chapter IX. C O N S U M P T I O N.

Consumption is the using, and the using up of things. It is dir-t and indirect. We eat our food, and wear out our clothes directly. must do so to get the good of them. We can eat our cake and have . We cannot have it without eating it. It does not become part of r life, and give us its latent strength, else. Many things however, simply hold and enjoy, while the collective forces in time wear em away. Pictures and houses are examples. This second process y be long; the first is usually speedy. Production is kept on the retch to fill gaps. And it may fall behind, even with slow con-mption; e.g. Housing.

But consumption is more than using; it is also choosing. We do t consume haphazard what comes to hand. We have our needs and ims. These we seek to satisfy by choosing what suits them. Thus nsumption decides Production. Routine using, without much choice it, clears the channels of demand, and leaves production free flow. Choosing again, directs production into more definite lines ssibly new lines. Some old lines of production are incidentally hecked.

Intelligent anticipation of general choices, or prompt notice of hem spells fortune for the enterpriser. Wrong anticipation may mean uin to him. There is a great crowd of courtiers waiting on the overeign choice of Demos. There are constant alternations of grat-fication and disappointment among them.

But the choice of the consumer is a limited sovereignty. Mass-roduction somewhat curtails it. It produces cheaply, on an average pecification. the consumer must accept the limited choice it gives r go without its advantages. There is some force in the gibe that ur leading industry is the manufacture of rubbish. But mass-prod-uction often raises quality. Costly designs may be employed, the cost of which is negligible, when spread over thousands of items. High, or high-brow art is excluded, except for those who can pay the price for small, or individual production. Competition of mass producers, however, tends to extend choice. Ford and Morris cars have multiplied their types.

The Psychology of Economics.

THE PSYCHOLOGY OF CONSUMPTION.

It is really the psychology of choice. Value comes in again, as in Exchange. All said there, and in the chapter on value applies here. Value is psychologically determined. External utilities have their influence. But they have to be mentally interpreted and applied, and they are transformed in the process. Value is valuation, plus the effort or sacrifice we are prepared to make to get the thing valued. This is buyers' value. Sellers' is the same, or holders', substituting the word "retain" for the word "get".

In this valuation, Standard is very important (cp Kyrk, Theory of Consumption) Standards are folk-lore ways of living. We share our scale of values with our immediate herd, which overlaps with many other herds. There is tradition in it. Present fashion is always modifying it.

Opportunity has developed the habit of consuming things out of season and out of place. The habit has spread downwards ... it has reached the better-paid artisan class." Marshall, Industry, p. 804. This illustrates the influence of fashion on standard. But it must be remembered that "changes of fashion are deliberately planned several months before they obtain vogue. " ib.p.809. There is some further compulsion of choice here, for people who must have new things in that there are only the fashionable styles and stuffs to choose from. There is also a much wider realm of fashion. It deals even with thinking. And thinking ultimately influences choice.

Standards bring some order into chaos. They help anticipation of demand. A liking for gramophones, or sewing-machines, or rum, has been fostered by traders with the less civilised "to make the niggers work".This means that standards can be manipulated. Appeals have been made to our Royal Family to wear so and so, to make it fashionable. But regularly, standards alter slowly, subtly, subconsciously. They often need to be heightened for the reason of the trades, just mentioned. They need to be lowered also in some respects. Extravagant standards hurt those who adopt them and divert industry on to luxury lines. The simple, cultured life would make a more equal distribution of income to be not a hardship to the

althy, but a boon.

If there be a standard for the standards it is that of the clas
st above our own. We know it better than that of loftier herds.
d the cost of it is nearer our reach. But there is no finality.
andards are living, growing things. Crowd-tendencies have play
them. As to food, clothing, sport, literature, and politics we
cept suggestion, by advertisement, or otherwise, and think we are
acting on our own".

The deeper, individual choice of the consumer proceeds, first,
physical needs, as understood and felt by himself. Hunger, thirst
d sex are general, but they have their special permutations and
mbinations ~~and combinations~~ in cases. They are imperious and com-
nding. Frustration, or even delay, lead to the tragedies of life
s well as those of literature. Desires are added to appetites. They
re wider in range, and are not readily satiated temporarily, as appe
tites are. The desire for distinction is perhaps supreme. Early, it
inds its field in the everyday things of appetite. Nehemiah is
musingly naive in his account of the provision he made for his
able. He is complacent in his sense of distinction, gained thereby.
Now that which was prepared for me daily was one ox and six choice
heep. Also fowls were prepared for me, and once in ten days, store
f all sorts of wine: yet for all this required not I the bread of
he Governor." V,16. Solomon's magnificence was most strikingly
hown, in the accepted idea of the day, by the size of his harem.
ven to-day, the costliness and quantity of the vintages on a table
re supposed to impress guests.

All such search for distinction stimulates production, through
onsumption. Distinction is now sought less obviously, and in more
refined ways. But the millionaire, who forms a gallery, and pays
~~$70,000~~ 280,000 for a picture, is led or misled by the same impulse. In
lowlier circles the same thing holds good on a wider scale. and with
equally marked effects on production. An eight-day clock, a piano,
lace curtains, with a fine flower-vase showing between them, and
perhaps a whippet and a funeral hat for the man of the house -
these are signs of "respectability", which are clung to at all

osts in many cottages, even in the direst straits.

Finally, every instinct we have, or that has us, seeks some atisfaction via consumption. Fear seeks means of flight and defence, ugnacity wants weapons and munitions. Curiosity demands implements f knowledge. Science and literature, with all their apparatus, are sed in its interest. Amd, all down the list of instincts, we find hem demanding material for their satisfaction; that is,they urge onsumption.

The psychology of consumption is nearly the whole psychology f Man.

The Psychology of Economics.

CONCLUSION - SUMMING UP.

We have seen that economics is permeated by psychology. Econom- behaviour is controlled and explained by psychological forces and ws. The modern phase of psychology, which deals with the sub-con- ious and the instinctive is spesially enlisted.

But the economic man acts as a whole person. He is not run by eas and instincts. He runs them. Strictly there are no ideas, nor stincts. There is a man thinking, and with natural tendencies to ink, feel and act. And he does not live in vacuo, but in society. usoe is not his model. He lives in a herd, and the herd lives in m.

There is a wonderful simultaneousness about him. He surpasses e man in an orchestra, who plays thirteen instruments, more or less once. Consider him, when he is cutting out some one in a business al! He uses his knowledge, which began in curiosity, and is held gether by memory. There may be a touch of hate, including fear and pulsion. There is love also, for his own, on whose behalf he is at rk. Strong self-assertion comes in, and love of distinction. In ct, there is nothing human, alien to him . His whole system is ivering with life. And yet there is unity and coherence.

His instinctive care for self is socially useful. If we took s little care of our own interests, as we take of others', avery- hing would go to wreck. But this egoism is not inconsistent with ltruism. There would be no altruism worth while, without a strong ell equipped self. The ego-instincts can be selected and deflected. hey can be enlisted for service. The instincts of mice have been xperimentally modified, specially as to the stimuli they respond to, uch more the instincts of men.

The vexed question: Are there economic laws? cannot receive a imple affirmative answer. But there are approximations to law, uling individuals, and much closer approximations, ruling masses f individuals. The necessity of making a living nearly determines ome action. Obvious views of life, appealing to all, have influence. nstincts are more calculable than notions, though we have recognis- ed some rational management of instinctive forces. The great common

impulses of human beings act almost regularly in each. Some action, in given circumstances, is fairly predictable. But there are still tracts of action, where whim seems to rule. At least foretelling is risky.

But, with man in the mass, it is different. We are not certain that one will choose the cheaper of two identical things. But we are sure that ninety nine per cent of a million will. So if economics' chief, almost sole, concern is with great world-markets, it may claim to be a science with laws. These are not Medo-Persian, but are practical guides to action, and to the prediction of action.

The psychology of "economics with a bias" is fairly clear. As Dr Whitehead points out, we cannot have observation without interest But interest affects the observation. In complex cases, not the evidence simply, but the evidence <u>noticed</u>,will decide conclusions. So that interest may lead us, quite virtuously,to decide as we desire. There is sub-conscious bribery of intellect. This is universal in politics. And politics is becoming more and more economic. Schools of economics arranged by the political parties to equip their speakers for propaganda are suspect. Chemists, working toward a conclusion they wish to prove, sometimes use unknown weights and measures intermediately, to circumvent the personal equation. We should, at any rate, test with special care any economic theory that suits us personally.

Finally, Economic life has been imaged as a POOL, and as a RIVER.

The <u>pool</u> is that familiar in some games. Players throw into it, and draw out of it. So do all workers in economic life. Multiform products and services are contributed to the pool. Goods, books, songs, sermons, bad whiskey, good pictures are all thrown in. Out of the pool, each draws all that he gets to live on, and to enjoy. The problem is to get the right contributions, and to give out fair returns. Some put in much and get out little. Others put in little, or nothing, and draw out affluence. "Production" deals with the putting in. "Distribution" handles the drawing out. The social problem, on its material side, is just here. It is hard to

olve. Attempted official control would deprive the productive sys-
em of its spontaneous spring. Interest is the great driving or
rawing force. It must remain enlisted. Restraint of it, and guida-
ce are necessary. Special taxation of big profits helps to harness
elf-interest to public welfare. More thereof is probably coming.
ut higher public opinion, and better public spirit are needed.
ven a completely recast system would be ineffective without them.
nd, with them, a defective system may work comparatively well.

The late Professor Smart used to dwell on the foregoing Pool-
mage. He also used the River-image, following. It is here elaborat-
d somewhat.

Economic life, like a river, has direction, depth, and force.
t is never still life. It is dynamic, not static. All its complexes
nd tendencies have a resultant inclusive complex and impulse, into
hich they combine and cancel. The whole is present in all its
arts. The river, as a whole, determines its course. And it is deter-
ined by its bed and laws. The result is a compromise between the
nified force of the river and the environment in which it flows.
he river receives tributaries, which swell and colour it. It may
ccasionally divide, and may, or may not, reunite. It may plunge
nderground and disappear for miles (as the Wharfe does) It may
spread out in shallows, and evaporate. Or it may be canalised - nat-
urally, as in the Strid of the Wharfe, or artificially, as in many
instances. Dammed up, it will make outlet for itself irresistibly,
with good or bad results. In all these points economic life is
illustrated.

People do not walk along the banks of the river, fishing for
things. They are in the swim. They are carried by its force, and
they add thereto. They may monopolise bits of the current, and re-
fuse accomodation to others. The brass pot may smash the earthen
one. But rules of the river-road may be established, and may become
the pleasure and pride of its living components.

There is a spirit of the river - vague, mysterious, but power-
ful. All its denizens contribute to it. It is an inheritance. It
is renewed constantly. War will die down in the economic river

as this spirit grows better, and gains ascendancy.

Thomas Templeton
Manse,
Mount Vernon Avenue,
C O A T B R I D G E.

P.T.O.

Chapter X (Supplementary) E M U L A T I O N.

Emulation was treated in its place, at perhaps sufficient length but a striking book by Thorstein Veblen, The Leisure Class, puts emulation in the position of almost absolute command of social life. A summary and critique may be of use.

The book is a good, lifelike portrait of Society, with a large element of caricature. It exaggerates recognisable features. Its caricature is informative and reformative.

The presentation is rather simplified. Motive is taken as single when it is very plural. We really act from complexes or constellations of motives. But our author makes emulation the master-motive. It looms large and threatening in the way of progress.

It has a history. Feudal times show sharp classification into higher and lower classes. The higher take war, religion, sport and government as their provinces. The productive and the menial are left to the common people.

In still earlier times the classes were not so differentiated. The struggle for existence had to become a victory for man, before the struggle for distinction could be prominent. Nature was the chief opponent. Men fought, but not professionally. Everyone's main business was to work for a living. It is only when nature is tamed, that Leisure-Class emerges. Time can now be spared for war, religious ceremonial, and sport. These are seized by the few. The lower classes, the women and slaves, both often trophies of war, do the ordinary work. They are the producers. The great ones may "produce" by hunting, but the inferiors must fetch the kill home.

The norm of difference in work is the element of exploit. The predatory, against man or beast, is the honourable. When the community was a working one, expertness, strength, and successful accomplishment were competed for. This emulation was socially good. When the community becomes predatory and successful, emulation becomes fierce and destructive. Its trophies are not produce but booty. The honourable is the formidable. Aptitudes and tradition fix this outlook.

The Psychology of Economics.

PECUNIARY EMULATION. The struggle for distinction required that he individual emerge from the mass, and have his own property, not ust a share in common possessions. The first form of property is he ownership of women by men. Ownership-marriage gives a household ith a male head. Prowess is proved by the possession of many wives. s well as slaves and goods. Wealth inspires respect. It is necessary o have as much as one's class. It is pleasing to have more.

Conspicuous LEISURE makes success evident. In early stages, mulation made men industrious and frugal. Not so later. To be a abourer means ill success and subjection. To be esteemed we must ot need to work. There is an uneconomic stigma on work. Things hat require long unproductive use ot time are valuable advertis-ents. They belong to status. Such things are dead languages, cor-ect spelling, musical and sporting skill, good manners, and refine-ent.

Leisure may be vicarious. A middleclass man works hard, but his ife must not. Women become ladies. Slaves become lackeys. Theirs s unnecessary, ceremonial labour, evidence of the greatness of heir master.

Conspicuous CONSUMPTION also reveals success. Not need, but how is its aim. Primitively, rude abundance sufficed. A whole ox, ull of poultry, was roasted. This pleased the crowd and exalted the iver. Later, things must be finer, and less obvious. Connoiseurs ppear. Show, utility and art are delicately blended. A man's own ress is mild, but his flunkey's is bizarre. All through, rude or efined, expenditure must be wasteful to be reputable. And the idea percolates down. The working woman's parlour, and the miner's whippet are cases. Dire need will be endured before this ceremon-ial expense will be cut. Emulation is now the chief economic mot-ive. Distinction is the aim.

The scholarly classes are touched. They are in social contact with richer people, and must vie with them. Colleges are like. As their districts grow rich, their buildings, vestments, and ceremon-ial take on splendour. And their teaching becomes less useful. Science had to fight its way in among the humanities.

The Psychology of Economics.

Religious observance too, is tainted with the same tendency. hurches must be costly and splendid, though austere and uncomfort-bl». Priests must be at leisure, and be finely vested. Their con-picuous leisure and expenditure is as those of other servitors of/t he great.

But DRESS is the commonest exhibition of the expensive for its wn sake, or for show. The shabby and old-fashioned are comfortable nd healthy, but are impossible.Dress is made inconvenient to show hat we do not work.Stable styles are evolved in poor countries, here garments may last for generations. Not so with us.

Modern business too, is predatory. The captain of industry as a good deal in common with the criminal. Both live by ferocity, orce, and chicane. Both incline to sport, gambling and animistic eligion. This kind of religion favours luck, and evades causality.

The Psychology of Economics.

CRITIQUE.

There is excess and defect in this presentation. But between the extremes there is much good matter.

The excess supplies the caricature element. There are funny little"airs"in church and college atmospheres. There is rivalry and millinery in both. There is superiority. The pharisee and the pedant survive. Show is not unknown. Trappings there are whish, if they were not heirlooms of a long past, would be ostentatious. And these may be used rather aggressively sometimes.

But these are not the high lights of the pictures. Mr Gladstone's collars and Mr Baldwin's pipe, greater in the pictures than in reality, are unimportant even in the caricatures, There is usually some big idea in them. And to make the odd features the whole of the important thing is absurd excess.

A fine church is an offering of the best to the Highest. Though mistakes may be made as to what is fine. Colleges should have the best equipment possible, in honour of learning. And may rightly pursue culture for its own sake. Pedantry, and a superior attitude to hoi polloi must be avoided. Burns' caricatures of the church were excessive. But they had a sting of truth in them. And they were curative.

The same is true of business life. The leading classes are not predatory . Captaincy and financing are indispensable. Bad leadership, and poor capitalism have failures enough at their door, to show the need for the good things of their type. True, they overpay themselves, when they can. But they compete among themselves and keep one another within limits. And the workers are not so very submissive, as is represented. Their fight is a pretty good one. Victory veers their way.

The defect in Veblen's view is obvious. Dominant motive is not so simple and single as shown. Emulous hostility has not the whole field to itself. Man is not quite irrational. He does use mind sometimes. No place is left for reason to fill in our writers scheme of things. If competition for distinction had always been so uncriticised and mad, how is survival and progress accounted for?

Then others of the great active instincts are left out. The
nstructive instinct, the desire for accomplishment, the love
achievement for its own sake, not for kudos, is omitted. Altruism
nowhere in the picture. Generosity and helpfulness, are still
lieved in by some. There are no ideals at all here, except that of
king other people stepping stones for our own advance.

Still there is much in the book that hits the mark. The general
wer of instinct comes out amusingly and convincingly. The mirror
storts a little, but we recognise ourselves. We see that in us
lf-assertion is a great force. The struggle for existence is
ning, because won. That for distinction is the great thing now,
e child, crying: "Look at me! See what I have done! is typical of
. We are all children of a larger growth. Though we disguise our
stincts more, they act in us, as in the children.

Dress, as discussed by Veblen, is a good instance. Comfort,
alth, and something of the aesthetic are easily reached. But none
op there, and some go out of sight beyond. Style, and protean fash
on reign. Life, expressed in dress, is only to a low degree
tional. Expenditure is excessive. Energy and thought are diverted
om higher ends. Emulation lays hold of the ornamental side of dre-
, and seeks to go one better than others. Hence a competitive deve
opment of adornment, which sometimes becomes the business of life.

What is true of dress may be true of nearly everything that
n be had or done. Competition lays hold of it. It may be used as
means of distinction. A competition, that is merely emulative,
dangerous. It does not help social advance. It deserves all that
blen says of it. Competition that has an interest in excellence,
different. It deserves more credit than Veblen gives it. It
es aim at distinction, but viā goodness of product, or action.
it reaches the ends of both self and society.

With the aid of a sense of humour, and a little of the crit-
al, much that is illuminating can be found in <u>The Leisure Class</u>.