

## POLITICAL ECONOMY.

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Few subjects are so generally misunderstood as political economy ; and not only among the masses is ignorance of its simplest principles found, but even among those who aspire to be the leaders of public opinion. And yet, no branch of knowledge is more necessary for that large class of men whose province it is to direct or to influence the destinies of States by wielding the Executive and Legislative powers, by instructing the people, and by ministering in the way of commerce, to its wants. Our educational systems are much to blame for this defect. For while such sciences as philology, geology, botany and zoology, which have a *comparatively* remote bearing on the welfare of a country, receive, and justly receive, a full share of attention, that of political economy, which closely concerns the supply of our physical wants, and in consequence, our material well-being, and has even an important bearing on our moral condition ; which shows how communities are bound together in the bonds of brotherhood by the ties of a common interest, teaching in the most practical manner that each is but a part of the whole ; and how on the other hand by setting itself in antagonism to the laws established by supreme wisdom, mistaken self-interest not only breeds discord between different countries, but causes a serious loss of national wealth,—this science, I say, has been greatly neglected. “ God meant man,” says one of the most able and earnest of living writers, “ to learn more and more continually of his need and ministry of other men for the completion of his life. He meant to bind the tribes and the nations together in a sweet interchange of gifts and influences, man leaning on man, people on people, continent on continent, each increasing the other’s store, and gaining in return increase of its own. . . . .

“ Commerce has failed signally in her peaceful and benign ministry, because her activity has been degraded into a selfish scramble for profit. She will never comprehend her true position until she understands that she holds a commission from God to minister to the brotherly intercourse, and to cement the brotherly relations of men.” [“ Buying, Selling, and Getting Gain,” by Rev. J. Baldwin Brown, p. 9.]

If the mission of Commerce be so lofty and so beneficent, the laws to which it is amenable, it must be an object of the deepest importance to discover ; and this is one of the branches of Political Economy.

Could men be induced to act upon these just and noble

conceptions of commercial ethics as applied to the relations of States, there can be no question that the interests of all parties concerned would be greatly promoted. A miserable example of the contrary we have in the mode adopted of dealing with the subject of the border duties as between New South Wales and Victoria; and, in a less degree, in the war of tariffs between the colonies generally. The only remedy for such a state of things is to observe in affairs of State the same rule as all men of high morality consider themselves bound to observe to individuals—that is, to treat them as they would themselves wish to be treated. A thorough, intelligent study of the principles of political economy will demonstrate that the commercial intercourse of individuals and nations is quite as much promoted by the practice of the great Law of Love as is their moral welfare. It is an old idea that commerce is the handmaid or pioneer of civilisation; and Livingstone wisely made it a part of his scheme to establish commercial relations with the natives before he set about the task of Christianising them.

The older countries have had to work out through centuries many a social and commercial problem, and have arrived at a satisfactory solution only after many mistakes. The facts thus gained often stand instead of principles,

“Till old experience do attain  
To something like prophetic strain;”

axioms become established; opinions fixed; and there is a practical creed from which public men do not think it safe to depart unless for well considered reasons. But in new countries the case is different; the circumstances are novel, the conditions varied; and the mind needs a special education before it can realise the fact that there are certain *fundamental* principles at work deep down below the surface of things, which are the same in all countries, in all ages, and in all circumstances. In the old countries there is a large sprinkling of men whose minds, even if they have had no special training, are yet prepared by high cultivation to appreciate the force of the abstract truths of philosophy; but in the new, the number is much smaller, and the general tendency is to superficiality, the result of very imperfect acquaintance with first principles; and it is therefore far more necessary in the latter that a science of such vital importance in Government and legislation as political economy, should be made a part of the higher studies of youth. It has always appeared to me, therefore, to be a serious defect in our Tasmanian Council of Education and Scholarships Act, and in the regulations made under it, that they do not include Political Economy in the subjects of examination prescribed

for the Scholarships and the Associates' Degree. If we are ever to ensure a succession of men really fitted for the work of dealing with public affairs, it is only in this way that they can be obtained. Our lawyers must study law, our doctors must study medicine and surgery, our clergy must study theology and bibliology, and give proof of competent knowledge of those subjects before they are allowed to enter their several professions, in order that the interests of the public may be protected against the wild work of ignorance. Why then should state-craft be the only profession in which no special preparation—no study of its principles—is demanded?

The lawyer, the doctor, and the clergyman, deal with individuals only; the statesman with the whole population and interests of a country. To require from the three first a particular training, but from the last none,—is it not to allow that a part is greater than the whole? As long as the governing body in the State is chosen by the popular suffrage, it is of course impossible to bring it about that none shall be placed in a position of power but such as are prepared by a course of special training; but what I design to urge is that, as our future rulers will in the course of things be chiefly taken from those who have passed through the highest educational institutions of the Colony, it seems a public duty to prescribe such subjects of study as shall as far as possible conduce to give the youth that skilled education which he requires on his entrance into political life; and of this education Political Economy is an indispensable part.

These remarks have been suggested by an article *apropos* of the reduction of wages by the companies at the London Docks, in an English journal (*Keen's Bath Journal*, December 2nd, 1871), in which these passages occur:—"Labour insufficiently paid by those who have its profits is not political economy in an enlarged sense. It is not political economy in the sense of those who relieve the poverty consequent thereon." "What a difference then is there in political economy as to practice!" "Political economy individually considered is one thing; but nationally considered, it is somewhat different. While it is prudent for everyone to sell in the dearest market and buy in the cheapest, this alone would not be political economy in the true sense." "Political economy in this sense would profit the employers; but it would be at the cost of the London charities and of the nation." "Political economy for the nation is the prevention of pauperism and crime, and the sustentation of the working power of the country."

There is here a confusion of ideas, by which the abstract is put for the concrete. Mathematics do not build a bridge,

although it is perfectly true that a bridge is built upon mathematical principles; neither does political economy regulate the affairs of trade and commerce, or make or mar the welfare of a people, although it is wise to be guided by its principles in dealing with such subjects. It is in consequence of this misapprehension of the nature and scope of political economy, that it has been decried as visionary and selfish, much as geology used to be supposed by many well-meaning people to be antagonistic to revealed religion. "Hitherto," says Newman, "the value of the science has been great in dispelling false and injurious theories, but very small in originating positive benefit: and for this it has been scoffed at; but very unjustly. The same may be said of physic and of politics. Physicians are themselves ready to allow how unsatisfactory are the practical results of their *art* in curing diseases; yet their *science* is of great value in repressing false pretenders and mischievous treatment. Were there no educated physicians among us, we should be deluged with astrology, charms, and magic. . . . In political economy the danger of quackery is immense; as the history of opinion shows; and those who have not studied systematically the works of men who have devoted themselves to the science, are (here as in other branches of human knowledge) apt to trust their own theories, and to name all others *mere theorists*." ["Lectures on Political Economy, p. 19.]

In the beginning of the newspaper article quoted, political economy is truly said to be "a science of rigid logic;" and it is that science which discovers the laws that regulate the production, the distribution, and the exchange of wealth. Newman is inclined to "call it simply *The Theory of Wealth*."

Political economy being a science, before we can fix the true limits of its functions, we must enquire what is a science? The best definition I have seen is in the Encyclopædia Britannica: "Science (*scientia*), in its strictest sense, is a body of organised knowledge, whose phenomena are arranged so as to exhibit the reasons or causes by which they are influenced, in their legitimate connection and interdependence. That science which deals with the succession of reason and consequent is entitled an *abstract* science; while that which deals with causes and effects is called, for the most part, a *natural* or *physical* science. Those sciences which are supposed to be complete are called *exact* sciences, such as geometry. But the great majority of what are called sciences—that is, all those branches of knowledge in which discovery is possible—hardly deserve the name, being only a bundle of theories or of facts, bound together with more or less exactness, and which a fresh discovery may any day untie. Science

not only sees, and sees with certainty, but the distinguishing characteristic of it is, that it *foresees*. Thus it is distinguished from *art*."

In its simplest enunciations, political economy is nearly as much an exact science as mathematics; as for example, when it lays down the proposition that *the demand creates the supply*, or that *competition lowers prices*, for these are matters of pure reason, and are universally true; but when facts have to be observed, and disturbing elements are introduced, its character becomes more mixed; but it is always a *science* still, and never an *art*.

As there is a good deal of confusion in the popular mind as to the relative meaning of these terms, it may be as well to say a few words by way of distinguishing them.

Science discovers law, and systematises or interprets facts, which are, so to speak, fragments of law. Art is the application of the principles discovered by science to purposes of utility. Thus perspective, in as far as it treats of the angles made by an object when viewed in different positions, is properly a part of mathematical science, but in as far as it is applied in the delineation of objects, it is an art. So also chemistry, when it discovers the laws which regulate the combination of matter in different forms, is a science: but when it is applied to the useful arts, it becomes itself an art. Science *discovers* or *demonstrates* something; art *does* something. Science *enunciates* principles; art *applies* them. Science is therefore theoretical; art practical. The difference between science and art is pretty nearly the same as between a theorem and a problem.

The determination of the relations existing between capital and labour may be called a theorem, and is a proper function of political economy; how to regulate them so as best to reconcile the interests of both is a problem, which is beyond its real scope.

From all this it will be seen that those persons who expect political economy to settle the disputes between capital and labour, to equalise the burdens of taxation, or *directly* to interfere in any way in government or in the social relations, simply look for that which, in the nature of things, can never be. When men are on strike, for example, political economy can never give them better wages, but it may show them the consequences of their action, and make both their masters and themselves more ready to accept a rational solution of the difficulty.

We may compare this and other abstract sciences to a monarch who, choosing to lead a contemplative rather than a practical life, contents himself with laying down, as the fruit

of his meditations, certain general principles for the government of his dominions, leaving it to his ministers and subordinates to carry them into practice. But, it may be asked, if political economy must never soil her hands with practical work ; if she be a mere abstraction—an incorporeal essence—instead of a creature of flesh and blood, bones and muscles ; of what use can she be in the ordinary work of life, and why do you plead so strongly for the study of the science as a part of our higher education ? Let me answer this question by asking another. What is the use of physiology, which is only a systematised collection of facts and inferences relating to the functions of the living body, which merely shows, in fact, how the organs work ? Yet this purely theoretic knowledge is the basis of much of the physician's practical skill, and his constant guide in the treatment of disease. And just as physiology is necessary to the physician, so political economy is necessary to the publicist in order that his practice may be founded upon correct principles.

The intention of the article upon which this paper is founded was to treat of a question of labour ; and I shall, therefore, not be travelling far out of the way if I add a few suggestions, with the view of obviating some of the difficulties in regard to labour and pauperism, which are felt in this colony.

In order to transfer the unemployed from the two principal towns into the country, where there would be a constant demand for their labour, I would propose the following plan. A labour office to be established in connection with the arrangements for dispensing State Relief, in Hobart Town, and another in Launceston. Any person in those towns in want of work should go to the Labour Office, and have his name, age, qualifications, references, number of children, and any other necessary particulars, registered. Printed forms should be sent to, and be obtainable from, every head of police, and every postmaster in the country districts, in which should be entered the name and residence of any one who might state his desire to procure labourers, the description of labour required, and any other like particulars. If the form were filled up by the police or postmaster, at the request of the applicant, a small fee, not exceeding sixpence, might be paid by him to the person performing the service for him. The forms thus filled up should be sent, franked by the Wardens, or by some one else authorised to do so, to the nearest labour office. The next step would be to select and forward suitable persons from among those registered, who are not, or from those who are, receiving relief for themselves or their families from the public funds. In the first case they might

be sent either at their own, or at their employer's expense, as might be arranged, or in order to keep them or theirs from becoming objects of charity, some help might be given from the public purse; and in the second, the State would often be a gainer by bearing the whole cost of their transit, if it were thereby relieved of all further expense on their account; but whenever the cost of transport could be recovered, it should be done. A notification of the despatch of any such person should be posted to the employer, containing a directed and franked form, on which he should be requested to note the arrival of the person so sent, then to return the form, as addressed, to the Labour Office. Any person whose passage had been paid, who had thus been forwarded to an employer, and who without valid excuse, had failed to present himself, or had left his service before the time of his engagement had expired, should, if he were found idling or begging, be sent to the House of Correction to hard labour; and with this view, the co-operation of the municipalities should be solicited. Such an arrangement could, however, be much better worked if the police were under the control of the general Government.

By thus bringing employers and unemployed into connection, the towns, where there is a surplus of labour, would be cleared of able-bodied men who are really desirous of getting work, but either know not where to obtain it, or have not the means of finding their way into the country; and those who are too idle to work, and prefer to prey upon others, would be seen in their true colours, and treated accordingly.

Relief should never be given in the form of money if it can be given in kind, and whenever practicable, a certain amount of work should be required as an equivalent, from women and children, as well as from men. The former might be employed in making up clothes, or washing for the children in the Queen's Asylum, the Hospitals and other Government establishments; the men in public works—stone breaking, &c. The avoiding money payments, the helping people to help themselves, and the exacting a *quid pro quo* in the shape of labour, would conduce to preserve the feeling of self respect, which is always impaired if it be not altogether destroyed, by the acceptance of eleemosynary aid, and to foster or form habits of industry, and might be regarded as one mode of industrial education for the more indigent classes.

A well-organised system such as that established in Boston, and described in *Macmillan* for November last, would do much to relieve the public funds, the charge upon which for

charitable purposes has increased to so serious an extent, and will probably be still further augmented.

Since these remarks were written I have met with the following passage in an article entitled "The secular studies of the Clergy," in *The Contemporary Review* for December, 1871. The writer is speaking of the value of various secular studies to clergymen:—"So too with political economy. I suppose no one can be blind to the terrible evil of English pauperism, but I am afraid a majority of the English clergy through their ignorance of political economy, are quite blind to the large share they have in maintaining and propagating that pauperism by their unwise and indiscriminate almsgiving, which is as far removed as possible from true charity. The same Apostle who wrote that famous panegyric of charity which has commended itself to the heart of all Christendom, is also he who has laid down the stern rule, 'He that would not work, neither should he eat.' The fatal encouragement of sloth and dirt, of lying and theft, of ignorance and disease, from generation to generation, through clerical neglect of this Apostolic law, has done incalculable harm to the morality and progress of the country. And, on the other hand, Canon Girdlestone's example has taught us that a careful observance of the laws of political economy may enable a man to confer permanent benefits on his poorer neighbours, instead of merely giving them continual and useless sops; for he struck at the root of the local pauperism in an overcrowded rural district, by providing means for the transfer of labour to places where work was abundant and well paid, but men scarce."\*

If some such plan as this were adopted, the constant applications to Government for work by "the unemployed" would be avoided; and by equalising the supply and demand in regard to labour, the productive power of the country would be materially increased, as well as its power of consumption.

But it may be urged on the other side, that in establishing such an arrangement, Government would be overstepping the proper limits of its functions, and that supply and demand ought to be left to adjust themselves. Theoretically this is true; but the theory is pushed aside for the time by a disturbing force, just as a comet is drawn out of its orbit by the attraction of some other body. When the supply of labour in the towns greatly exceeds the

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\* Until my scheme had been matured and committed to paper, I was not aware that it had occurred to any one else. That it has been tried, and has succeeded elsewhere, makes me feel the less hesitation in proposing its adoption here.



demand—that is, when work is more than usually scarce—Government is asked to provide it, and does so. But such relief is only temporary. Since then Government must interfere, the only question is, how may it do so most permanently and effectually? And the answer is—by cutting up the evil at the root, and taking measures to prevent people from becoming paupers, rather than by giving them alms when they have become so.

“A stitch in time,” says the old saw, “saves nine;” and the needle of political economy, judiciously plied, may save many an ugly rent in the garments of the body politic.