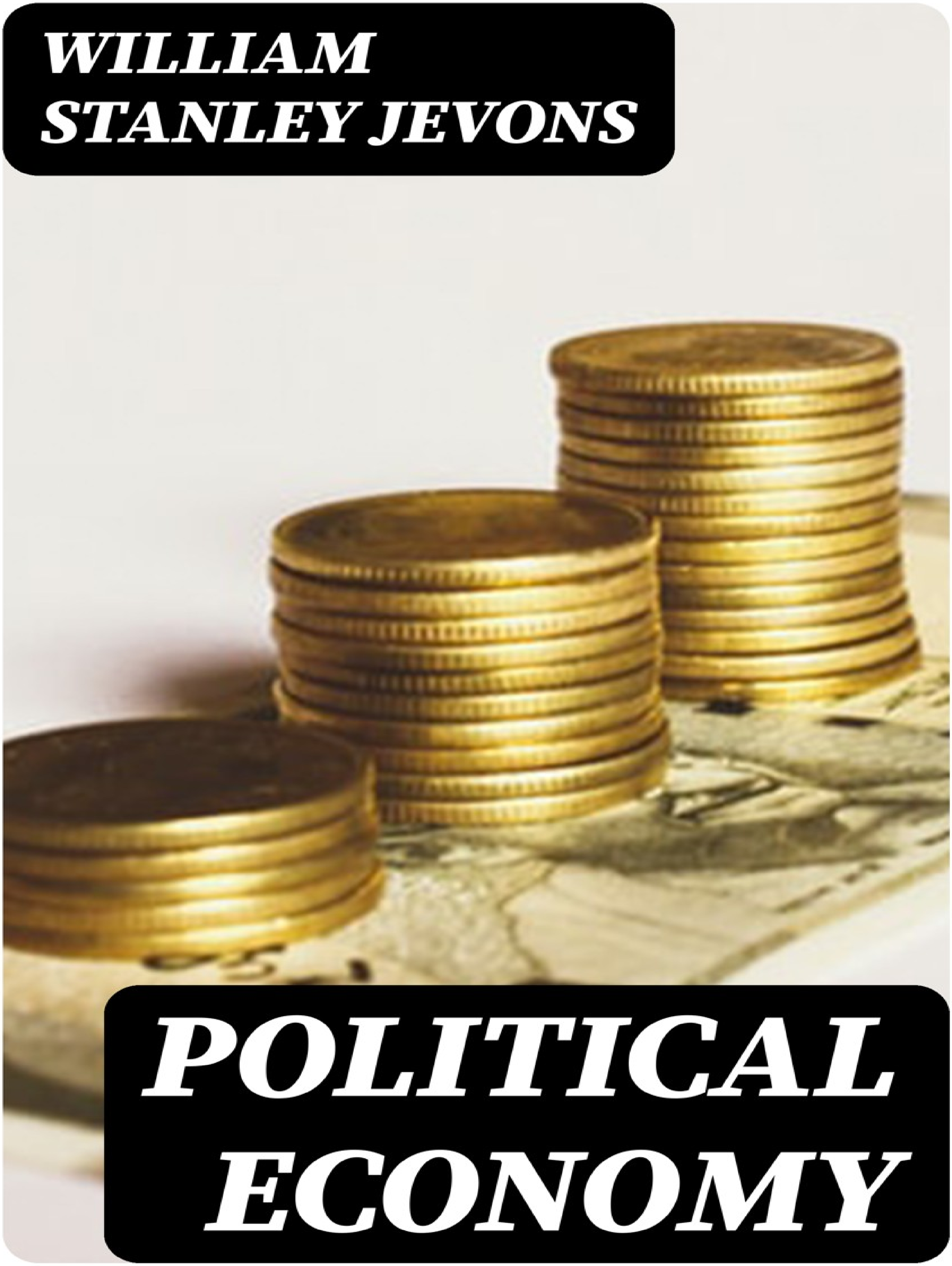

WILLIAM STANLEY JEVONS

POLITICAL ECONOMY


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Table of Contents

PREFACE.

Table of Contents

In preparing this little treatise, I have tried to put the truths of Political Economy into a form suitable for elementary instruction. While connected with Owens College, it was my duty, as Cobden Lecturer on Political Economy, to instruct a class of pupil-teachers, in order that they might afterwards introduce the teaching of this important subject into elementary schools. There can be no doubt that it is most desirable to disseminate knowledge of the truths of political economy through all classes of the population by any means which may be available. From ignorance of these truths arise many of the worst social evils—disastrous strikes and lockouts, opposition to improvements, improvidence, destitution, misguided charity, and discouraging failure in many well-intended measures. More than forty years ago Miss Martineau successfully popularised the truths of political economy in her admirable tales. About the same time, Archbishop Whately was much struck with the need of inculcating knowledge of these matters at an early age. With this view he prepared his "Easy Lessons on Money Matters," of which many editions have been printed. In early boyhood I learned my first ideas of political economy from a copy of these lessons, from the preface to which I quote these remarks of Whately: "The rudiments of sound knowledge concerning these (subjects) may, it has been found by experience, be communicated at a very early age.... Those, therefore, who are engaged in conducting, or in patronising or promoting education, should consider it a matter of no small moment to instil, betimes, just notions on subjects with which all must in after-life be practically conversant, and in which no class of men, from the highest to the lowest, can, in such a country as this at least, be safely left in ignorance or in error." In later years like opinions have been held and efforts made by Mr. William Ellis, Professor W.B. Hodgson, Dr. John Watts, Mr. Templar, and others, and experience seems to confirm both the need and the practicability of the teaching advocated by Whately. But it is evident that one condition of success in such efforts is the possession of a small text-book exactly suited to the purposes in view. Relying upon my experience of ten years in the instruction of pupil-teachers at Manchester, I have now put my lessons into the simplest form which the nature of the subject seems to render advisable.

It is hoped that this little treatise may also serve as a stepping-stone to a knowledge of the science among general readers of maturer age, who have hitherto neglected the study of political economy.

Owing to the narrow limits of the space at my disposal, it was impossible to treat the whole of the science in a satisfactory way. I have, therefore, omitted some parts of political economy altogether, and have passed over other parts very briefly. Thus the larger portion of my space has been reserved for such subjects as Production, Division of Labour, Capital and Labour, Trades-Unions, and Commercial Crises, which are most likely to be interesting and useful to readers of this Primer.

University College,
Gower Street, London, W.C.
31st January, 1878.

SCIENCE PRIMERS.

Table of Contents

POLITICAL ECONOMY.

Table of Contents

CHAPTER I.—INTRODUCTION.

Table of Contents

1. What is Political Economy? Political Economy treats of **the wealth of nations**; it inquires into the causes which make one nation more rich and prosperous than another. It aims at teaching what should be done in order that poor people may be as few as possible, and that everybody may, as a general rule, be well paid for his work. Other sciences, no doubt, assist us in reaching the same end. The science of mechanics shows how to obtain force, and how to use it in working machines. Chemistry teaches how useful substances may be produced—how beautiful dyes and odours and oils, for instance, may be extracted from the disagreeable refuse of the gasworks. Astronomy is necessary for the navigation of the oceans. Geology guides in the search for coal and metals.

Various social sciences, also, are needed to promote the welfare of mankind. Jurisprudence treats of the legal rights of persons, and how they may be best defined and secured by just laws. Political Philosophy inquires into the different forms of government and their relative advantages. Sanitary Science ascertains the causes of disease. The science of Statistics collects all manner of facts relating to the state or community. All these sciences are useful in showing how we may be made more healthy, wealthy, and wise.

But **Political Economy** is distinct from all these other sciences, and treats of **wealth** itself; it inquires what wealth is; how we can best consume it when we have got it; and how we may take advantage of the other sciences to get it.

People are fond of finding fault with political economy, because **it treats only of wealth**; they say that there are many better things than wealth, such as virtue, affection, generosity. They would have us study these good qualities rather than mere wealth. A man may grow rich by making hard bargains, and saving up his money like a miser. Now as this is not nearly so good as if he were to spend his wealth for the benefit of his relatives, friends, and the public generally, they proceed to condemn the science of wealth.

But these complainers misunderstand the purpose of a science like political economy. They do not see that in learning we must do one thing at a time. We cannot learn the social sciences all at the same time. No one objects to astronomy that it treats only of the stars, or to mathematics that it treats only of numbers and quantities. It would be a very curious Science Primer which should treat of astronomy, geology, chemistry, physics, physiology, &c., all at once. There must be many physical sciences, and there must be also many social sciences, and each of these sciences must treat of its own proper subject, and not of things in general.

2. Mistakes about Political Economy. A great many mistakes are made about the science we are going to consider by people who ought to know better. These mistakes often arise from people thinking that they understand all about political economy without studying it. No ordinary person of sense ventures to contradict a chemist about chemistry, or an astronomer about eclipses, or even a geologist about rocks and fossils. But everybody has his opinion one way or another about bad trade, or the effect of high wages, or the harm of being underbid by cheap labour, or any one of hundreds of questions of social importance. It does not occur to such people that these matters are really more difficult to understand than chemistry, or astronomy, or geology, and that a lifetime of study is not sufficient to enable us to speak confidently about them. Yet, they who have never studied political economy at all, are usually the most confident.

The fact is that, just as physical science was formerly hated, so now there is a kind of ignorant dislike and impatience of political economy. People wish to follow their own impulses and prejudices, and are vexed when told that they are doing just what will have the opposite effect to that which they intend. Take the case of **so-called charity**. There are many good-hearted people who think that it is virtuous to give alms to poor people who ask for them, without considering the effect produced upon the people. They see the pleasure of the beggar on getting the alms, but they do not see the after effects, namely, that beggars become more numerous than before. Much of the poverty and crime which now exist have been caused by mistaken charity in past times, which has caused a large part of the population to grow up careless, and improvident, and idle. Political economy proves that, instead of giving casual ill-considered alms, we should educate people, teach them to work and earn their own livings, and save up something to live upon in old age. If they continue idle and improvident, they must suffer the results of it. But as this seems hard-hearted treatment, political economists are condemned by soft-hearted and mistaken people. The science is said to be a dismal, cold-blooded one, and it is implied that the object of the science is to make the rich richer, and to leave the poor to perish. All this is quite mistaken.

The political economist, when he inquires how people may most easily acquire riches, does not teach that the rich man should keep his wealth like a miser, nor spend it in luxurious living like a spendthrift. There is absolutely nothing in the science to dissuade the rich man from spending his wealth generously and yet wisely. He may prudently help his relatives and friends; he may establish useful public institutions, such as free public libraries, museums, public parks, dispensaries, &c.; he may assist in educating the poor, or promoting institutions for higher education; he may relieve any who are suffering from misfortunes which could not have been provided against; cripples, blind people, and all who are absolutely disabled from helping themselves, are proper objects of the rich man's charity. All that the political economist insists upon is that **charity shall be really charity, and shall not injure those whom it is intended to aid**. It is sad to think that hitherto much harm has been done by those who wished only to do good.

It is sad, again, to see thousands of persons trying to improve their positions by means which have just the opposite effect, I mean by strikes, by refusing to use machinery, and by trying, in various ways, to resist the production of wealth. Working men have made a political economy of their own: they want to make themselves rich by taking care not to produce too much riches. They, again, see an immediate effect of what they do, but they do not see what happens as the after result. It is the same with the question of Free Trade. In England we have at length learned the wisdom of leaving commerce free. In other countries, and even in the Australian Colonies, laws are yet passed to make people richer by preventing them from using the abundant products of other lands. People actually refuse to see that wealth must be increased by producing it where it can be produced most easily and plentifully. Each trade, each town, each nation must furnish what it can yield most cheaply, and other goods must be bought from the places where they also can be raised most easily.

Political economy teaches us to look beyond the immediate effect of what we do, and to seek the good of the whole community, and even of the whole of mankind. The present prosperity of England is greatly due to the science which Adam Smith gave to the world in his "Wealth of Nations." He taught us the value of **Free Labour and Free Trade**, and now, a hundred years after the publication of his great book, there ought not to be so many mistaken people vainly acting in opposition to his lessons. It is certain that **if people do not understand a true political economy, they will make a false one of their own**. Hence the imperative need that no one, neither man nor woman, should grow up without acquiring some comprehension of the science which we are going to study.

3. Divisions of the Science. I will begin by stating the order in which the several branches or divisions of the science of economy are to be considered in this little treatise. Firstly, we must learn what wealth, the subject of the science, consists of. Secondly, we proceed to inquire how wealth is used or consumed; nothing, we shall see, can be wealth, unless it be put to some use, and before we make wealth we must know what we want to use. Thirdly, we can go on to consider how wealth is produced or brought into existence; and how, in the fourth place, having been produced, it is shared among the different classes of people who have had a hand in producing it. Briefly, we may say that political economy treats of (1) **The Nature**, (2) **The Consumption**, (3) **The Production**, and (4) **The Distribution of Wealth**. It will also be necessary to say a little about **Taxation**. A part of the wealth of every country must be taken by the government, in order to pay the expenses of defending and governing the nation. But taxation may come, perhaps, under the head of distribution.

4. Wealth and Natural Riches. We do not learn anything by reading that **political economy is the science of wealth**, unless we know what science is, and what wealth is. When one term is defined by means of other terms, we must understand these other terms, in order to get any light upon the subject. In the Primer of Logic I have already attempted to explain what science is, and I will now attempt to make plain what wealth is.

Doubtless many people think that there is no difficulty in knowing what **wealth** is; the real difficulty is to get it. But in this they are mistaken. There are a great many people in this country who have made themselves rich, and few or none of them would be able to explain clearly what wealth is. In fact it is not at all easy to decide the question. The popular idea is that wealth consists of money, and money consists of gold and silver; the wealthy man, then, would be one who has an iron safe full of bags of gold and silver money. But this is far from being the case; rich men, as a general rule, have very little money in their possession. Instead of bags of money they keep good balances at their bankers. But this again does not tell us what wealth is, because it is difficult to say what a bank balance consists of; the balance is shown by a few figures in the bankers' books. As a general rule the banker has not got in his possession the money which he owes to his customers.

Perhaps some one will say that he is beyond question rich, who owns a great deal of land. But this depends entirely upon where and what the land is. A man who owns an English county is very wealthy; a man might own an equal extent of land in Australia, without being remarkably rich. The savages of Australia, who held the land before the English took it, had enormous quantities of land, but they were nevertheless miserably poor. Thus it is plain that land alone is not wealth.

It may be urged that, in order to form wealth, the land should be fertile, the soil should be good, the rivers and lakes abounding in fish, and the forests full of good timber. Under the ground there should be plenty of coal, iron, copper, reefs of gold, &c. If, in addition to these, there is a good climate, plenty of sunlight, and enough, but not too much, water, then the country is certainly rich. It is true that these things have been called **natural riches**; but I mention them in order to point out that they are not in themselves wealth. People may live upon land full of natural riches, as the North American Indians lived upon the country which now forms the United States; nevertheless they may be very poor, because they cannot, or they will not labour, in such a way as **to turn the natural riches into wealth**. On the other hand, people like the Dutch live upon very poor bits of land, and yet become wealthy by skill, industry and providence. The fact is that wealth is more due to labour and ingenuity than to a good soil or climate; but all these things are needed in order that people shall become as rich as the inhabitants of England, France, the United States, or Australia.

5. What is Wealth? Nassau Senior, one of the best writers on political economy, defined **wealth** in these words: **Under that term we comprehend all those things, and those things only, which are transferable, are limited in supply, and are directly or indirectly productive of pleasure, or preventive of pain.** It is necessary to understand, in the first place, exactly what Senior meant. According to him, whatever is comprehended under wealth must have three distinct qualities, and whatever has these three qualities must be a part of wealth. If these qualities are rightly chosen, we get a correct definition, which, as explained in the *Logic Primer* (section 44), is a precise statement of the qualities which are just sufficient to make out a class, and to tell us what things belong to it and what do not. Instead, however, of the long phrase "directly or indirectly productive of pleasure or preventive of pain," we may substitute the single word **useful**, and we may then state the definition in this simple way:—

{(1) **transferable**.

Wealth = what is {(2) **limited in supply**.