

ARTICLE II.

ECONOMICS AND ETHICS.

BY EX-PRESIDENT JOHN BASCOM, D.D., LL.D.

WE are always inclined to magnify new causes under consideration and to minimize the familiar ones to which we are opposing them. Discovery is rarely a clean-cut affair in which we assign to all the elements involved their due influence. It is rather made up of counter-exaggerations which slowly correct each other. Thought at length settles, like an exhausted pendulum, at the point of equilibrium.

Ethical impulses, just or unjust, are likely to occupy a first position in human philosophy, and when they are partially displaced by the physical causes which accompany them, these last begin to rapidly occupy the entire ground. This they do the more readily as they exclude much extravagant and fanciful reasoning by fixed connections. We feel sure that we are making progress in substituting the real for the imaginary.

While this tendency is to be accepted, it has its own dangers. When the process is complete, we have put a dry and mechanical movement in place of a vital and spiritual one. Satisfactory as our explanatory method may seem to have been, it has not touched the very nature of that to which it has been applied. We have dissolved out of the leaf that which alone made it a living product, and are left with the mere skeleton on which the green tissue was stretched.

To trace the conditions under which ethical activity is developed is interesting and instructive, but we have not thereby

reached the very substance of the phenomena involved. Some speak as if Ethics grew out of Economics, and was simply a ripe development of commercial relations; as if there were an "economic interpretation of history" which reaches to its central forces. Economics and Ethics are undoubtedly closely interlocked, but neither of them explains the other. The two sets of causes, in their independent qualities and constant interaction, are necessary to the growth of society, and to the interpretation of human life. An economic rendering of history is no more complete in itself than an ethical rendering. The two sustain and expound each other.

We wish to define somewhat carefully this interdependence of the two departments of activity; and we do it not only in correction of the theory of social life, but because there is growing up among us the feeling that business has its own rights and liberties, and that those in the pursuit of wealth are limited only by the obligations which current economic opinion and maxims of trade lay upon them. This notion of the nature and authority of economic law has become a stumbling-block in the development of higher social relations and spiritual life. Our safety even as a people must turn on our ability to reassert and maintain the higher law. The aggressive action of a few under the extravagance of the economic temper threatens not only the equality of rights between citizens, but is rapidly gathering wealth and its adjuncts of social and political power into the hands of a mere fraction of the people. It becomes, therefore, a question of immediate urgency, What are the forces of collective development, and what are their relations to each other?

Economics, rightly rendered, has no field and no law independent of Ethics or in abatement of it. The field of Economics is the production of wealth, its methods of exchange,

and its distribution among those who have taken part in creating it. It is the increase of the general wealth that Economics considers. Any acquisition by one at the expense of the general prosperity is not production, but an arbitrary transfer of wealth in embarrassment of production. No form of theft can find shelter under economic law, which looks exclusively to the general prosperity. All methods of production are to be judged by their relation to aggregate wealth. We can get no principles of Economics on any other basis. All driving of one's co-laborers to the wall is in disregard of production, considered as an independent, impersonal process. Economics and Ethics contemplate the same object,—the effect of lines of action on the public welfare. Economics considers it in the narrower field of the acquisition of wealth, and Ethics in a wider survey of human conduct. Economics discusses the methods involved in reaching a particular form of prosperity; Ethics contemplates those phases of action which are included in the largest welfare. As long as human interests are harmonious with each other, as long as they act and react on each other, sustaining those lines of thought and effort on which the well-being of all depends, so long will a discussion of industrial activity be bound up with those inquiries which define the laws of social evolution.

There is no principle in Economics, as a distinct statement of doctrines, which overrides the general, ethical rules of society. An apparent discrepancy implies an error either in grasping premises or in tracing their lines of development. The theoretical disagreement which Malthus was thought to have pointed out between the growth of the human family and a supply of its wants, a disparity dooming a large class of producers to extreme poverty, arose from a misapprehension of the true lines and laws of social unfolding. Human ex-

perience, even casually observed, contradicted the notion of Malthus, and, looked at in the ethical light of forecast and a rational mastery of means, completely disproves it. Men are more and more able to supply their wants. Intelligent and concurrent action establishes a prosperity at each stage, broader, more inclusive, and more reliable. Economics and Ethics alike teach us these conditions of increased safety in the development of our resources. The elements of danger are being eliminated by rapid growth in production, by a distribution which raises the standard of life, and by a diffusion of goodwill which helps to call out and apply the incentives under which human households are built up. Skill and good-will in coalescence show an increasing mastery of the world. Separate them, and both begin to fail.

Distribution, the division of products between management and labor, is the phase of economic action which puts ethical feeling to the greatest strain. Yet, if we keep the general wealth—the general welfare—in view, no fissure appears between economic and ethical principles. The greatest good of the greatest numbers is a guide to both. A form of distribution which represses labor, at once reduces its incentives, and wastes its power. Large production means an increase in skill, in initiative, and in the standard of living. Personal selfishness blinds men to this relation equally in industry and in other social relations. This blindness is a little more sheltered by conventional sentiment in business transactions than elsewhere, but it everywhere stands in the way of that wide prosperity of which men are in search.

The laws which govern distribution are the same laws as those which give the conditions of social welfare. Between management and labor as productive agents there is no real conflict. The present contention is the result of an eager temper

which separates the desires of men from universal prosperity, and is willing to endanger that prosperity in behalf of narrow, personal interests. The wider view and the higher motive call for the aid and enforcement of the spiritual nature. Nothing can be more simple and certain than that the agents in production need to be reconciled to each other, and to put forth their best powers in the pursuit of the common purpose. The army of industry has at least this characteristic of a military organization, that men and commanders must be united in their work. The weakness of our present forms of production is found in the strife which separates them. Economics, Ethics, spiritual impulses,—all urge harmony; yet open strife and much secret bitterness attend on industrial effort. To this divided feeling a similar rebuke and correction come in all social relations; superficial and transient gains are being put in place of substantial and permanent ones.

Some parties to this strife seem honestly to think that it is grounded in human nature, and in the normal relation of men to each other. An assertion of a fundamental agreement of all human interests with each other seems to them the doctrine of spiritual visionaries. If this were the case in economic activity, then not only could not economic principles give rise to ethical ones, there must be an eternal conflict between them to the confusion of both. "Ye cannot serve God and Mammon" is an expression, not of an inherent conflict in human action, but of a conflict between the higher and the lower temper in which that action is performed.

Certain it is that, from the present relation of men to each other in business, in society, in politics, much dissension and many cross-purposes arise. Labor and management are associated by a necessity which they cannot escape. They order their relations with little joint consultation, under conditions

which custom has established, and which they mistake, if not for eternal laws, at least for limitations from which there is no feasible method of release. Each of the two parties goes at its task as an heir of an inherited feud.

Management constantly suffers from the ignorance, indifference, and indolence of labor. It is thereby exposed to needless failure, is embittered toward labor, and feels that labor is receiving all, and more than all, it earns. There is in this direction a real ground of complaint, and one that obscures, to those who entertain it, the entire field.

Labor, on the other hand, suffers from the eager and grasping temper of capital exercised toward it, from the rash and speculative methods it employs, issuing in failures which involve labor with no participation or responsibility on its part, and from combinations which impose much hardship, in their carrying out, on a portion of the employees. Labor is often able to say, and is more frequently led to feel, that its immediate interests are almost wholly overlooked in the measures adopted by management. If pressure overtakes a line of business through faults of management, relief is at once sought in a reduction of wages. Laborers are partners in all the disasters which accompany production, are only reluctantly allowed to share in its success, and are for the most part idle spectators of the processes in which their livelihood is involved. Their misfortunes are stoically accepted as part of the inevitable.

Injury is thus constantly passing backward and forward between the two parties, obscuring their mental vision and embittering their feelings. While this action and reaction will find no complete redress till the evils from which it springs, the indifference here and the forgetfulness there, are removed; yet it is equally true that these evils are enhanced by present

business methods. The methods are not to be excused and accepted because of the bad temper which accompanies them. Management and labor, by mutual consultation and a keener sense of their responsibility to each other, can be placed on a higher, safer, and more productive ground than that which they now occupy. It is a little short of stupidity to regard the present strife as inherent in production.

The deepest reason why this opinion is entertained is the blindness of selfishness. A sense of our own advantage acts on us as quickly as an appetite on a brute. Out of this instinctive impulse comes the later conviction, which the entire history of production helps to sustain, that the two classes of interests are necessarily in conflict. This feeling is still farther confirmed by the difficulty and complexity of correction. The faulty relation must be set right at many points, over a considerable field, and for a period of time sufficient to develop new tendencies, before it becomes obviously successful. False methods, both in Economics and Ethics, tend to justify themselves by the hard conditions which have given rise to them and to which they in turn give rise.

Yet this sentiment of separation is false, and has no ultimate basis, either in economic or moral principles. It is more readily entertained in Economics than in Ethics, because the range of vision is narrower, and the interests more intense, in the first than in the second. The business man systematically and advisedly directs his attention to considerations which lie directly before him, and are not exposed to the chances of the future. A long range is an uncertain one. Yet the general antagonisms between labor and management have no foundation in Economics; quite the contrary. Large and permanent success in production calls for the concurrence of its agents. It can be secured in no other way. Discord is immediate waste

in reduction of the incentives to effort. Social sympathy is based on the principle that the gains of others and our own gains are inseparable, that human wants are common wants. Any other principle demands slavery and tends to slavery. It is not in production, but in distribution, that a manifest diversity of interests seems to make its appearance, and distribution is a subsequent and secondary process that properly stands in subordination to production. All interests are reconciled at this point by a sense of justice.

This great stumbling-block in production, the contention of the parties to it, remains to be overcome by development in the entire nature of man, and not by economic progress alone. This victory is not so much one to be won on a lower basis and passed over to instructed and trained manhood as it is a struggle of higher incentives to develop lower ones in their proper order and in proportionate power. The more profound spiritual feelings are to be called to the aid of economic principles. It is only as the force of higher harmonies comes to be present that the lower harmony fully discloses itself. It is a faulty spiritual vision that leads management and labor so to magnify immediate gains as to reduce, and finally to preclude, later ones. A querulous temper is begotten, which renders any adjustment uncomfortable. The winds vex and make dangerous tides, in themselves desirable.

A free participation of all in production, success as the product of joint effort, the impossibility of comprehensive and permanent good arising to any from the exclusion of others, the inevitable increase of productive power as a consequence of liberally sharing its products, the prosperous action and reaction between those who hold and enjoy the rewards of labor, are truths which can be fully established only in connection with a large economic and ethical experience. An ad-

equate foundation for social relations based on these truths is to be found in our spiritual development. To suppose them to arise in anticipation of that development is preposterous, as much so as to expect brain structure to precede intellectual activity. The ganglionic centers in our social life are established by insensible increments in connection with its growth.

Economic action is likely to remain one of the later centers of darkness. It is a higher ethical light that at length enables us to see that lower relations have been badly handled and badly conceived. Men in possession of nominal Christianity have entertained perverted conceptions of business obligations, and of admissible forms of action, because they have kept apart economic and ethical considerations, and so have come to a full understanding of neither of them. The idea that fundamental spiritual truths are to be proclaimed, and that these can be trusted ultimately to straighten out the entire web of life, is merely the reverse of the assertion that Economics will finally clear itself, and so lay the foundation of morals. The truth is rather that nothing in human action can be grasped separately. Spiritual principles are understood in and with the conduct normal to them. The true law of lower impulses is disclosed by coming into the light of higher ones. Men whose schemes are those of eager finance will have a sense of human relations akin to them. The Kingdom of Heaven is within us, and only there do we apprehend it or enjoy it.

What is true of production is equally true of commerce. Its highest and truest service is disclosed only as it expresses a just and liberal temper. He who cannot regard another's gain as akin to his own gain, who wishes always to trade with savages, giving little and taking much, cannot understand free trade or fulfill its law—free trade which means unobstructed, open, fair exchange. The protectionist regards free trade as

the theory of the doctrinaire, and protection as a practical measure. What does this mean? The doctrinaire is one who consults widely all the interests involved. Economics is nothing other than the doctrine of these trade relations. The practical man as opposed to the doctrinaire is one in the pursuit of some more immediate, personal object, and who thereby obscures and entangles the laws of commerce. It is in vain to suppose that this faulty method will purify itself by its own fermentation. On the other hand, it readjusts claims more and more to suit the conditions it has established. It set out to advance special interests, and this advancement it then accepts as a justification of its action. The only sufficient corrective is a social sympathy which will not allow this shifting of gains and losses, this playing fast and loose with the general welfare.

How have these mistakes been made as to the nature and force of economic law? The one constant failure in human thought is the pushing of given forms of action to an extreme, leaving them uncorrected by coördinate methods. In early forms of industry, monopoly is likely to be made a short cut to wealth. As a consequence, competition, as a corrective, comes to be regarded as a universal law. It alone keeps free and wholesome the channels of industry. The farther development of industry has shown that there are natural monopolies which must be recognized, if we are to secure the most advantageous industry. Competition is not a universal principle. It can neither be neglected, nor can it be expanded to meet every case. The individual freedom involved in it must be made to confront the claims of the general welfare.

Competition, like emulation, must be present, but present in its own narrow limit. Emulation pushed into constant rivalry becomes an irritable, exacting impulse, which reduces our own sense of excellence to the very inferior sense of superiority.

Our personal standards and contentment are lost. An educational institution which brings excellence to a mathematical statement, and builds upon it a government, may easily do it at the expense of high ideals and liberal purposes. Whatever our emulation, we must still remain subject to the larger incentives of intellectual activity. We are pushing, not for priority, but for power.

Competition in Economics is a single method which we are to employ simply to maintain the largest liberty consistent with the greatest prosperity. We are not seeking liberty simply as liberty, but as a means to welfare. Welfare is the ruling idea. Competition once admitted as a general principle in Economics, readily yields itself to perversion. It is not defined in its application, and takes on methods which are indeed competitive, but are neither productive nor honest. If one undersells another, not as the result of better production, but as a means of driving a competitor out of the market, he is baffling competition, establishing a monopoly, and perverting the fundamental principles of Economics. He is stealing his neighbor's business, and thereby converting commerce into robbery. The competition which Economics recognizes, rests on a difference in productive power, and is designed to give the best power precedence. It is thus a solvent keeping the channels of activity open, and encouraging enterprise. It breaks down rigid custom, and drives out superannuated processes. The unscrupulous business man, with no reference to the ends which competition properly subserves, enters on a variety of aggressive measures, and puts his own interest in place of the public welfare. The methods of the Standard Oil Company have not only not been competitive under any economic definition, they have been viciously otherwise, and have issued in an odious monopoly. Business thus becomes a sow which eats up her own litter.

The emergency we have reached as a commercial nation has arisen under perverted economic principles, and calls for correction by all the forces at our disposal,—social, ethical, and civic. It is in vain to expect that the stream by its own motion will purify itself, gathering, as it does, by the way all garbage. There has rarely been such a suspension and perversion of the duties one owes to his fellows as has been brought about in our time under the guise of economic forces. It is a case which calls for a reassertion of spiritual life. The knot which is fast being tightened beyond our untying, has arisen from a perversion of economic ideas both in thought and in use. The index which we supposed was a register of natural forces has merely indicated the pressure of men's passions.

A like confident and ill-directed trust in competition has appeared in its application to labor. A universal industrial sentiment has regarded the competitive method as furnishing the measure of wages. The economist has indeed seen that this method meant the degradation of the laborer, forcing him down to bare subsistence; and yet even this result has not led the economist, in many cases, to distrust the soundness of his theory. He has been content to stamp industrial science with most disastrous consequences, and has accepted the result with composure. He has made Economics, by his exposition of it, a "dismal science," and has wiped his lips with zest. The true character of the world is shown by the fact that these theories turn out to be hasty and superficial.

It would seem plain that the relation between the two chief agents of production should be, subject to the changes induced by industry, equal and fair. The conditions for a mutually profitable contract require that the parties to it should neither of them be under excessive pressure, but should both of them

have the promise of a sensible gain. These equalizing terms are not likely to be present in a contract between labor and management under competition. Even with more skilled labor a reduction of wages is often a less evil than the loss of employment. The laborer, by virtue of his narrower resources, is put to great disadvantage in the presence of his employer, and this increasingly so as combination in production is extended.

The workman is frequently exposed to disastrous competition. Fittingly competition should arise from superior productive power, pushing for its true position; between workmen it arises from inferior power, driven forward by extreme poverty. The workman out of employment is willing to accept wages less than those being paid. The final point is the lowest price that even poverty can bear. It was this relation that led economists to think that wages tended to sink to bare subsistence. There are two considerations that facilitate this downward movement. Day's-works are inadequately distinguished from each other. Inferior service is sold under equality of time as if it had the value of superior service. The workman is liable to lose in the market some of the advantage of his superiority. The employer also, wishing to make a point against labor, does not sufficiently consider the losses attendant on an exchange of workmen. His determination leads him to overlook minor failure in striving to secure his primary purpose. When lower wages have been established, real values begin to reassert themselves. The better workmen regain their position, and poor workmen again drop out. They are thus ready, another occasion arising, to repeat the same process.

Competition in wages thus tends toward a steady decline, and makes the position of the workman unbearable. This is inadmissible under pure economic law. The greatest wealth is

not consistent with a predetermined degradation of a leading agent in production. The economists may recognize the evil of this tendency, and still think it contained in existing causes. The labor market cannot rally if constantly over-crowded, and for this excess of labor Economics has no correction. If this neglect of consequences is indigenous in men, its evils also must be indigenous. If we desire improvement, we must look for it outside of economic forces, in social and moral relations. We are compelled to call into play all the impulses of a higher life as a means to that life. Correction and counter-correction must run through the whole field of rational conduct.

The labor movement is such a union of economic and social forces. It gives a firmer foothold in wages, and slowly attains a standard of life which makes operative the ambitions of life. The workman has a similar circle of motives to those of the manager, if he can only find his way into them. Neither economic nor social forces can push their way alone; they must be so united as to sustain each other. The labor movement, springing up among laborers themselves, and shaping its efforts toward the joint results of a higher life, appeals to us for sympathy and aid in every point of view. It is a distinct step toward a Kingdom of Heaven. Life is to be made more human, its incentives to be extended, its opportunities brought within reach, and those conventional sentiments by which we are held together in activity are to be corrected and applied in a manner suitable to our wants. For this renovation all motives, derived from whatsoever form of action,—physical, industrial, social, spiritual,—are none too many, and none too urgent. The dark cloud of extreme poverty which begins to form on the horizon the moment the sultry labors of civilization commence can only be restrained from breaking as a disastrous storm by a less heated atmosphere in our pursuit of

wealth. The threat arises from disunited forces, and can be overcome only by a social unity of interests.

The ethical and spiritual man who holds his convictions apart from the economic sentiments and methods which prevail among us, fails to understand any department of life truly. Thought, feeling, and action cannot be apprehended separately. They are to be grouped and grasped together in the living man and in existing society. The thoughts, unless maintained in constant contact with things, become mere shadows, like those of clouds, capable of every elongation and distortion. Feeling which is the vitality of thought can alone maintain its energy in conduct which embodies thought. This is what social growth means, the harmony of a life that rounds itself out, and fulfills itself in, every form and surface of activity.

We are entitled to these propositions: no economic law contradicts ethical law, or escapes its control. Our theoretical development of the two forms of law may show some want of parallelism, but if it does, the fact simply indicates that we have given one or the other some inadequate statement. Social development will restore the harmony. Economics issue in an early and urgent form of the problems which the moral sense has to settle. It is the economic and civic embroilments of men which Ethics crystallizes. The three adjust and readjust the relations of men till they settle down into the equilibrium of the public welfare. In the growth of civil law, ethical principles are constantly gaining better expression. The judicial life of a nation discloses its industrial development and the soundness of the rights established between men.

Economic interests are closely allied with political interests. The urgent claims of government are fiscal. If the pursuit of wealth is the predominant temper of the community, this pursuit puts itself at once in alliance with political power. The

urgency of effort is more and more concentrated in commercial activity. The social questions which are broached take on an economic form. Thus slavery in the United States held its ground because of the property relations involved in it. It was finally overcome by a convergence of all social interests. Yet the immediate pecuniary stake long prevailed, and would have continued to prevail, had it not been for the outraged moral sense. Though Economics was opposed to slavery as greatly narrowing productive power, steadily wasting both labor and land, still economic forces had suffered a bias, which, left to themselves, they would have been unable to correct. The irrepressible conflict was developed in the direction of the social evils involved. The problems which Economics propounds arise in the line of economic interests, and are warped by them. The final solution necessarily embraces the wider considerations incident to the general welfare.

Manufacture, in its earlier forms, greatly lengthened the hours of labor, and imposed excessive burdens on women and children. The immediate gains were so great that the ultimate losses were pushed out of sight. The corrected equilibrium came, so far as it has come, by ethical, social considerations. The selfishness of individuals more easily perverts economic law than moral law. We reach the wide and undeniable relations of conduct in the general welfare which Ethics watches over.

It is, moreover, the social impulse which ultimately sustains industrial life. Production, taken by itself, rests on greed and self-indulgence. It can only be rationalized and duly rewarded by entering freely into the kindly sentiments of the community, and by securing the reactionary reward of duties well performed. There can be no pungency of pleasure in the air except as it is derived from social feelings. All adequate and

restful solutions in life are based on the spiritual sentiments. In the measure in which society is ruled by economic impulses divorced from moral law, it sinks into division, strife, and lust, and becomes bankrupt within itself. Society must steadily rise into its own true atmosphere, or it falls, point by point, into unsocial and revengeful antagonisms.

It is of the very nature of Ethics to shape ideals, and grade the highway to them. This is the ethical process. Religion, faith, philosophy, breathe in this air. One great failure of the infallible element in religion is that it has given a permanent status to exceedingly inadequate social conditions. It has not left us at liberty to canvass widely all social phenomena. It has narrowed down the scope of our faith. It is between men, between classes and races, that we are to enlarge our sympathies and produce the conditions, outward and inner, of the Kingdom of Heaven. Our productive labor may furnish the gold of the temple, but the worship of the temple is of another order. If the altar calls for the gold, the gold calls still more for the sanctifying force of the altar. We cannot stretch forth our hands in an edifice which has arisen out of a mechanical babel of ill-will, and dedicate it to the service of men. The plan and purpose of the temple must have been with us from the beginning, and reached the threshold of fulfillment in the words of consecration.

We extend and fortify our civilization with schools, colleges, and seminaries, yet we endanger the life of them all by the insidious evils which find their way in under the plea of business. It is the history of the world, so far, to forfeit social welfare under the exactions of a few. A country in which fifty per cent of the property is in the hands of one per cent of the population, lodged there by unjust law, perverted law, and law disregarded, cannot easily preserve any equality of rights which

may still remain to it. Obstacles have been put in the path of social liberty which will require the strenuous labor of generations to remove. The highways are heaped high, travel is driven to the fields, and we wait for a far-off summer to restore our freedom. We forbid in our organic law titles of nobility, and then pass negligently by a usurpation of power which is the very substance of all distinctions in classes.

Our economic action, for a half-century, has been surprisingly and increasingly destitute of ethical principle. We retain the formal law against stealing, and allow, under business forms, indefinite plunder. One may not sell watered milk, but to devise and sell watered stock becomes the art of a great financier. Contradictions have rarely been more extended and more cunningly united. An enthusiasm for economic activity goes with a disregard of its fundamental ideas. We still maintain a stern attitude against the trespasses of the weaker classes on property, and at the same time yield the defenses of property among the masses of citizens to the vicious assault of trained burglars. We need to bring, and to bring at once, a keen ethical sense to the right apprehension and enforcement of economical principles. The one assumption, in these days of extended combination, on which the safety of investments, gathered from the earnings of the masses of men, depends more than on any other is that of the integrity of the management, and this is what we are least able to assume or verify. We are creating a spiritual atmosphere too contaminate for healthy commerce. We need a new interpretation of history,—not economic, not ethical, but both economic and ethical,—that the vigor of our entire life may be restored to us.