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LESSON I.

DEFINITION AND DIVISIONS OF THE SUBJECT.

1. POLITICAL ECONOMY DEFINED.—*Political Economy*, strictly speaking, is state-economy as opposed to family-economy or individual economy. Coming down to us from a former age, the term embodies an idea of that age; that the state is above the individual—is, indeed, his responsible guardian and provider. And, although this idea is now being rapidly displaced by a truer one, yet the term remains, but with a corresponding change in its meaning. Political economy, therefore, no longer includes merely those general laws of economy which are applicable to the management of states and the raising of state revenues, but those which are applicable to the management of private affairs as well. Economy leads to wealth, and hence political economy may be defined as the science of wealth, whether national or individual.

2. THE FOUR DIVISIONS UNDER WHICH IT IS USUALLY TREATED.—Wealth is any thing appropriated by labor or discovery which contributes to our *weal*, or which gratifies a desire. But in order to gratify our desires, objects must be brought into relation with some of our senses, and in various ways be prepared to please them. In doing this, it is necessary to change not only their place, but generally their form also. In short, there must be production and consumption, exchange and distribution. Political economy is commonly treated under these four divisions. It is not proposed, however, in these "Lessons," to treat the subject formally under these divisions, but rather to develop the general principles of the science, without regard to the usual divisions and subdivisions.

3. OF PRODUCTION.—Any change effected in an object, by which it is rendered in any way better adapted to gratify human desire, is called Production. We do not produce the objects themselves nor their qualities. These are furnished ready to our hands by nature. We can only modify or

change these objects, or by certain contrivances render their qualities available for meeting our wants and serving us in various ways. All such modifications are called production, and the modified objects are called products. Thus, by the use of our various powers, we can bring iron ore into such relations with other objects, and so subject it to their action, as to produce a thousand articles of use, and make it subserve our interests and wants in innumerable ways which it was not originally capable of doing. Yet the original susceptibility of all these changes was in the ore before it was taken from its native bed. In all the various forms into which iron is wrought, its native properties have only been modified by combination or interaction with the qualities of other objects, through the intervention of the agency of man. And the same is true in other cases.

4. OF CONSUMPTION IN A GENERAL SENSE.—Consumption is the opposite of production. In its most general sense, it is the destruction of any quality in an object which fits it for human use in that form.

Thus the grinding of wheat is the destruction of that quality in it which fits it for use as seed, for malting, etc. But at the same time, this very process of grinding is a species of production,—the production of flour. Hence, from different points of view, it may be called either consumption or production. Indeed, all production necessarily involves consumption. Production, as we have seen, is effected only through some change in an object, and consequently must destroy the utility which that object had under its previous form. So, on the contrary, does all consumption involve production. Nothing is absolutely destroyed. What disappears under one form reappears under another. Even the food which we consume reappears in the various tissues of the body, producing increased life and energy. But though nothing can be absolutely destroyed, much may be wasted. There is always a waste where the product is of less value than the utility consumed; as in the idle display of fireworks, or the consumption of powder and shot in shooting into the air. This kind of consumption, therefore, is called *unproductive* consumption.

5. OF CONSUMPTION PROPER.—Thus, production and consumption, though opposite in their nature, mutually imply each other. Indeed, they are only different sides of the same process. In this general sense, therefore, the distinction between production and consumption seems unimportant. Yet there is, in a certain sense, a final use for every object, and when put to that use it may be said in a higher sense to be consumed. Thus, the grass reaches its final use when eaten by the ox, and wheat when eaten by man. They may each pass through various intermediate processes, which may be called indifferently production or consumption; but when they pass through the process of mastication, they are then properly consumed. Though they still reappear under another form, yet that form is so entirely different from the preceding, that they are no longer recognized as the same objects; indeed, they are not the same. Flour may be recognized as wheat pulverized, and cloth as wool spun and woven; but when the one is eaten and the other worn out, they have entirely lost their identity.

Thus consumption proper is putting things to their final use.

6. OF EXCHANGE.—Exchange is trading off articles which any one has for those which another has. When the exchange is direct between the articles themselves, it is called *exchange in kind*, or *barter*; but when the article is exchanged for money, it is called a *sale*. But articles in order to be exchanged must be produced in market. Hence transportation may be considered as a part of exchange. As our wants are many, and each individual can conveniently produce only a limited number of articles, all are naturally in quest of other articles for which they may exchange the surplus of what they have produced. Thus there is an ever-active and ceaseless exchange of products going on all over the world, and increasing with the progress of civilization.

7. OF DISTRIBUTION.—Where one performs his own work with his own hands and tools, there is no occasion for any distribution of the products or their value; they all belong to the individual

laborer. But most kinds of production require the co-operation of several persons and of various instrumentalities; *i.e.*, of labor and capital. In such a case there must always be a distribution of the results or products. Capital may be said in general to consist of money, of land, of instruments of labor, and means of support and comfort. Whoever furnishes any or all of these in carrying on any productive process, contributes largely to the result, and is entitled, therefore, to an equitable proportion of it. The laborer, also, must have his share. Capital can not move itself: it requires the co-operation of labor. And even where food, clothing, and shelter are furnished the laborer, he may fairly claim some further remuneration to provide for his wants in sickness, old age, etc. Now, it is the object of political economy, under this division of the subject, to point out the principles of an equitable division of the results of production in all such cases.

8. THE PRINCIPLE OF HUMAN NATURE ON WHICH THE SCIENCE IS FOUNDED.—Political economy as-

sumes as its basis in human nature that men in their business affairs are governed by *selfishness*; that every man will aim so to dispose of his labor and its products as to promote in the highest degree the objects of his desire, and will endeavor to attain any end with the least possible amount of irksome labor. Upon this principle, which is most unquestionably true, the whole science is built. From it follow the laws of value and price, and on it rest our whole monetary and industrial fabric. Thus, though many ethical principles may be defended on economical grounds,—as, when we say that honesty is the best policy,—and many economic principles on ethical grounds; yet Ethics and Political Economy are essentially distinct sciences. Ethics treats of right, Political Economy of gain. Ethics lays down the rules of conduct in our intercourse with others which are dictated by an enlightened sense of duty; Political Economy, the rules of action, dictated by an enlightened self-love. Ethics regards the good of others; political economy our own good alone, but always within the limits of the rights of others. Hence it can not be expected

that business will be conducted upon benevolent principles, though it should always be conducted upon honest principles. And yet, a man may all the time have a benevolent purpose in acquiring his property—meaning to use it, and actually using it, as he goes along, for the good of his race—and may thus be truly a benevolent man.

LESSON II.

WEALTH.

1. **WEALTH DEFINED.**—As already stated, wealth is anything costing labor which contributes to the gratification of any of our desires. Wealth is any article of value, or what *avails* us for any purpose or use. And the real value of an article of wealth—what is commonly called its intrinsic value—depends entirely upon the nature and urgency of the desire which it is fitted to gratify. The foundation of wealth, therefore, lies partly in the nature of objects and partly in the nature of man. There is a world without and a world within, and wealth is the result of the correspondence between these two worlds. No variety or kind of qualities in an object would constitute it an article of wealth, without desires in man which they are fitted to gratify. But man having various desires and wants, and objects

around us having qualities adapted to gratify them, these objects are capable of becoming articles of wealth, with every degree of value, from the highest to the lowest. And not only natural objects of material growth may constitute articles of wealth, but those of spiritual growth also, such as a sermon, a plea, advice, instruction, etc., which are produced by the natural organs under the inspiration of the spirit within.

2. **REAL WEALTH.**—Real wealth consists of those articles which gratify our better desires, and thus promote our real good. Certain desires of our nature are reasonable and good. They are approved by our conscience, and lead to right results. Experience shows that they tend to our true happiness, while they do not lead to any interference with the rights or happiness of others. Besides the desires which prompt us to obtain the means of subsistence and comfort, this class of desires embraces also those which lead to our intellectual, social, and moral improvement. Thus, good instruction, a good book, a profitable social entertainment, a good

lecture, or a good sermon, may be as truly valuable to us as a good farm, a good note, a good coat, or a good dinner. However, since life is necessary in order to the enjoyment of any thing else, those objects which are essential to our existence are the most fundamental articles of wealth. And if it be considered the true end of life to become rich, then all desires which tend to divert or retard one in the pursuit of riches, *i.e.*, mere material wealth, are hurtful. But if material wealth be only a means to a higher intellectual and moral wealth, then our intellectual and moral cravings are the highest desires of our nature, and the means of gratifying them the highest form of wealth. And besides, intelligence and moral principle render men more efficient even as producers of material wealth.

3. COSTLY WEALTH.—The mere money-maker considers every form of wealth which is not tangible, and can only be seen and enjoyed without leaving any material result, as costly—as “costing more than it comes to.” In his view, knowledge is wealth only as it enables its possessor to acquire more ma-

terial objects of value. And so of social and moral improvement. But if there be a love of knowledge and improvement in themselves, these being human desires, whatever gratifies them must be regarded as objects of wealth. Hence, objects which are merely seen, or heard, or smelled, may be articles of wealth. We have other senses besides taste and touch, and whatever gratifies these is, to this extent, an object of value to us. Hence music, perfumery, pleasing and profitable shows, may be considered as forms of wealth. So, also, may diamonds, pearls, and other rare and costly ornaments. The very fact that they are so eagerly sought and so complacently worn shows that they gratify a desire—some call it taste, and some vanity. Such objects, then, have a value, but are too costly for any except persons of large means. A rational view of the various forms of wealth would lead one to the appropriation of necessaries first, then of conveniences, then of comforts, and last of all, of luxuries. While luxuries, and all other means of mere gratification which do not contribute in some way to our efficiency for further production, are, economically

speaking, so much wasted, still, the desire of possessing such means of gratification is one of the most powerful motives to production.

4. HURTFUL FORMS OF WEALTH.—As experience shows us that some of our desires are hurtful in their tendency, objects which furnish the gratification craved by such desires must be considered as hurtful. The true conception of man, from a politico-economic point of view, is as a *power*—a power to work in various directions. Whatever, therefore, tends to diminish this power is injurious. Now, it is well known that the gratification of certain desires is enervating. Such is the indulgence in strong drink, in excessive eating, in debauchery, and in exciting sports, which exhaust the energies. Other indulgences involve a loss of time, and cultivate, also, idle and frivolous habits which demoralize and unman the individual; such as gambling, idle and foolish conversation, and roving from place to place without any useful object in view. All such indulgences are injurious, and the objects which furnish the means of our thus in-

dulging ourselves, though embraced in the general definition of wealth, are all hurtful, at least when thus used in excess. Desire, being in itself blind, makes no distinction between gratifications; but reason distinguishes the wholesome from the hurtful, and it is the duty of the moralist and the statesman to commend the one and condemn the other.

5. HOARDING AND USING WEALTH.—Wealth is usually hoarded in the form of money—of gold and silver. Many persons are so fearful of losing their property that they turn it into money and keep it under their own eye. Distrusting everybody but themselves, they will not trust their money for a moment out of their own hands. It thus ceases to be wealth to them, as it does not contribute in any way to their happiness, or gratify any desire, except it be the pure love of money. Perhaps the miser does really love the sight and the ring of dollars, and in this sense his hoarded wealth may be said to gratify him. But money, like all other forms of wealth, is designed for use. And one uses his wealth when he employs it either in satisfying

his own and others' wants, or in uniting it with industry in order to create still greater wealth. Wealth is of no avail to its possessor unless he so uses it as to make it contribute to his rational enjoyment and improvement. Nor is it of any avail to others unless it is devoted in some way to their good, or made to employ their industry in changing it into other forms of wealth, and thus increasing its value. Hoarded wealth is of no advantage to any one.

LESSON III.

MEANS OF CREATING WEALTH.

1. THE MATERIALS FOR WEALTH ARE ALL FURNISHED BY NATURE.—As already stated, we can create nothing. The materials upon which we are to work are all given in nature. We may work upon these materials, with them, and by them, but we can do nothing toward creating wealth without them. These materials are as various as the objects of nature. There is scarcely an object accessible to us, or a property of an object, or a law of nature, but is capable of being made, in some way, to subserve the wants or interests of man. With the progress of the race, more and more objects are continually pressed into our service. Every succeeding generation is served effectively by numerous objects and agents of nature which the preceding generation considered useless, or even nuisances.