

**Alfred Marshall**  
**"Social Possibilities of Economic Chivalry"\*\*\***  
**(1907)**

*1. Different schools of economic thought have shown a marked tendency to convergence as to fundamentals both of method and doctrine during the last thirty years.*

THE Congress which has been opened to-day under the auspices of the Royal Economic Society is one of many recent indications that economic questions are to play a greater part in the life and thought of the present century than they did in that of the past. Parliaments all the world over now spend more than half their time on economic issues, and probably no other serious subject gives so much employment to the printing presses that work for periodicals and general literature. Universities are giving more attention to it, especially in the United States, Germany, and this country. There are said to be 325 professors of it in the United States, where it is richly endowed. But in this country the economic department of almost every University except Manchester, Birmingham, and London is seriously handicapped by a lack of funds.

Much progress has been made recently in economic science, especially on the analytical side. Disputes as to method have nearly ceased; all students accept Schmoller's dictum that analysis and the search for facts are, like the right and left foot in walking, each nearly useless alone; but that the two are strong in combination.

Again, what by chemical analogy may be called qualitative analysis has done the greater part of its work—that is to say, there is a general agreement as to the characters and directions of the changes which various economic forces tend to produce. Differences of opinion still exist, of course; and in controversy a small difference is apt to hide a large underlying agreement, and to be overrated by the public at large. But serious students on opposite sides of an economic controversy are now nearly always in fuller agreement with one another on fundamental matters than they are with those on their own side whose opinions have been formed without careful study.

Much less progress has indeed been made towards the quantitative determination of the relative strength of different economic forces. That higher and more difficult task must wait upon the slow growth of thorough realistic statistics. The new Census of Production may, in the course of time, supply one of the many sets of necessary facts; but it must fight its way gradually over great technical difficulties, increased by the present jealousy of the ordinary business man against the publication of any of his affairs.

*2. There has been a similar but less complete convergence as to social ideals and the ultimate aims of economic effort.*

But I will turn aside from these severe matters to one which is perhaps more suitable to a cheerful occasion, and which has very urgent claims on the consideration of economists at the present time. The ideals and the ultimate aims of all our economic work have been the subject of much eager discussion, but not of much careful, thorough, persistent study. I would like to ask you this evening to consider what it is that such study can do towards helping the world to turn its growing resources to the best account for social well-being.

Space for Notes



It is a common saying that we have more reason to be proud of our ways of making wealth than of our ways of using it. Even the working classes buy many things that do them little good and some things that do them harm. And the well-to-do classes expend vast sums on things that add little to their happiness and very little to their higher well-being, but which they regard as necessary for their social position. Few people would assert that a man with fifty thousand a year is likely to have a very much happier life than if he had only a thousand; but to climb from the place in society which belongs to £1000 a year to that which belongs to fifty thousand, is a source of almost ceaseless delight to nearly every pattern of man, and to his wife. This satisfaction is, however, not net social gain: for something must be deducted for the chagrin of some of the many men and their wives who will be passed on the way. Of course, anyone who bears heavy responsibilities, and uses his brain much, needs larger house-room, more quiet, lighter and more digestible food, and perhaps more change of scene and other comforts than will suffice for maintaining the efficiency of unskilled work, and even of artisan work; and, from the higher social point of view, it would be bad economy that such a man should cut his expenditure down below these "necessaries for efficiency" for his responsible work. In addition to this outlay, a good deal is spent upon things that yield solid, unostentatious pleasure of a wholesome kind: and only very austere people could condemn some expenditure of this kind, provided it does not absorb nearly the whole of a moderate income, or any considerable part of a very large income. Allowances must be made for these two classes of expenditure by the well-to-do; and also for the one or two hundred millions of their total income which are turned into capital annually, and thus enable us to make nature work for us as an obedient and efficient servant. But there still remains a vast expenditure which contributes very little towards social progress, and which does not confer any large and solid benefits on the spenders beyond the honour, the position, and the influence which it buys for them in society.

Now there is a general agreement among thoughtful people, and especially among economists, that if society could award this honour, position, and influence by methods less blind and less wasteful; and if it could at the same time maintain all that stimulus which the free enterprise of the strongest business men derives from present conditions, then the resources thus set free would open out to the mass of the people new possibilities of a higher life, and of larger and more varied intellectual and artistic activities.

Opinions are not likely to agree as to the amount of private expenditure which is to be regarded as socially wasteful from this point of view. Some may put it as high as four or even five hundred millions a year. But it is sufficient for the present that there is a margin of at least one or two hundred millions which might be diverted to social uses without causing any great distress to those from whom it was taken; provided their neighbours were in a like position, and not able to make disagreeable remarks on the absence of luxuries and of conventional "necessaries for social propriety" which are of little solid advantage.

*3. The temporary suspension of the pressure of the Law of Diminishing Return from land on the population of this country gives special opportunities for social reform to the present generation, and throws corresponding responsibilities on them.*

Cheap transport by land and sea, combined with the opening up of a large part of the surface of the world during the last thirty years, has caused the purchasing power of wages in terms of goods to rise throughout the Western world, and especially in Britain, at a rate which has no parallel in the past, and may probably have none in the future. The Law of Diminishing Return is almost inoperative in

Britain just now, but after a generation or two it may again be a powerful influence here and nearly all over the world. Wages in Britain are now but very little affected by the rate of growth of population and the pressure on the means of subsistence. The restraining forces which prevents their rise from being even faster than it is, is the fact that countries whose large expanse offers very high returns on investments in railways, in building, in developing mines and new agricultural land can outbid British enterprise in the demand for capital. The progress of the arts of production and transport has increased British prosperity fast, in spite of this. But the world is really a very small place, and there is not room in it for the opening up of rich new resources during many decades at as rapid a rate as has prevailed during the last three or four. When new countries begin to need most of their own food and other raw produce, improvements in transport will count for little. From that time onward the pressure of the Law of Diminishing Return can be opposed only by further improvements in production; and improvements in production must themselves gradually show a diminishing return. Great, therefore, as has been the rate of social progress of Britain during the last generation, we may not be contented with it. There is an urgent duty on us to make even more rapid advance during this age of economic grace, for it may run out before the end of the century.\*

[\* There are some who hold that, though nature may be niggardly in her return of raw produce, compensation may be found in the more liberal supply, by aid of electricity, of the power that aids man's efforts. But this belief appears to involve a technical misapprehension. Electricity facilitates and cheapens the distribution of power, both in bulk over large distances and in detail to individual machines; and it economises power by lessening the amount of it that runs to waste in machines not fully employed. But electricity has done relatively little to economise the use of water power in situ. Partly on account of its inconstancy, it is, in general, far less economical than it appears at first sight for almost every purpose; the chief exceptions being in some chemical industries in which work can proceed throughout the twenty-four hours and be curtailed without great loss (since relatively little labour is employed), when the water supply runs low. There is not very much available water power in this country. Tidal power would not pay its expenses, save in a very few estuaries. It may be noted that the price of continuous power supply to large consumers is the same at Newcastle-on-Tyne as at Niagara. Electricity generated by water may enlarge the resources of Italy: but it cannot go far towards maintaining Britain's resources when her coal has become scarce.]

*4. Progress is in the long run delayed by exaggeration of the evils inherent in present economic conditions.*

Men of certain types of mind, which are not morbid, delight now, as in previous generations, in vehement indictments of existing social conditions. Their efforts may rouse a passing enthusiasm, which is invigorating while it lasts; but they nearly always divert energies from sober work for the public good, and are thus mischievous in the long run. Let us consider a few figures.

First, it may be noted that the use which is being made of increasing wealth is not, in the main, sordid or selfish. Recent changes in the distribution among different callings of those who are "occupied" - that is, working for profits, salary, or wages - show no great increase in those who supply material comforts and luxuries; but they do show a great increase in those who are working on behalf of Government or on their own account to check disease and mitigate its sufferings, and to develop the intellectual and artistic faculties of the people: the increased output of each worker in occupations which can avail themselves of improved mechanical appliances accounts for a part, but not the whole, of this contrast. Again, if the present age were as selfish as it is often represented to be, we should find that the chief expenditure of public money for improving the conditions of life and work had accrued to the benefit of those who can enforce their will at the polling-booth. But, on the contrary, it has gone chiefly to the benefit of women and children; and meanwhile young people's wages have risen faster than those of women, and those

of women have risen faster than those of men. And, again, our age has reversed the old rules that the poor paid a larger percentage of their income in rates and taxes than the well-to-do, and that the Treasury was more generous in providing sinecures for the well-to-do than in lessening the ignorance, the disease, and the sufferings of the poor.

Another exaggeration, arising out of a careless reading of Mr Charles Booth's statistics, states that a third of the people of this country are on the verge of hunger.<sup>#</sup> He estimated that a million people in London are poor in the sense that they belong to families, the aggregate income of which does not exceed 21s. a week all the year round—that is, £54. 12s. annually. Now 21s. is the price of three-quarters of a bushel, or twenty-four pecks, of good wheat; while the average wage of English labour throughout recorded history from the beginning of the Middle Ages till quite recent times was less than six pecks of wheat a week, often mouldy; it never rose for any considerable time beyond nine pecks. I may state that one of the few things which every German knows for certain about England is that there are a million people in London living in extreme poverty on the verge of hunger. But they open their eyes when they learn that under this misleading title are included all members of families with a less aggregate income than twenty-one marks all the year round. For twenty-one marks will buy much less food than 21s. will; and 70 per cent., if not more, of the German working-class families have a less annual income than 1100 marks.

[HC note: Charles Booth (1840-1916) gathered data and published a series of volumes on poverty in London. See: <http://booth.lse.ac.uk/static/a/2.html> ]

Again, the reasonable dissatisfaction, with which every thoughtful person must regard the existing distribution of wealth, is in danger of being perverted towards ill-considered measures of reform by Utopian schemers; who imply, if they do not explicitly state, that, if wealth were equally divided, everyone would have access to means of comfort, refinement, and even luxury which are far out of the reach of any of the working classes at present. But the fact is that very many prosperous artisans' families, certainly many more than a hundred thousand, already enjoy a larger income than they would if the total of £1,700,000,000, at which the income of the United Kingdom is estimated, were divided out equally among its population of forty-three million—that is to say, they would lose by an equal distribution of income.\*

[\* The statistical position may be looked at in another way. The average annual earnings of the men women and children employed in the chief manufacturing industries was estimated by the Board of Trade, as the result of a partial wage census in 1888, to be £48. The returns took insufficient account of the high wages earned by many piece-workers; and, though they have been criticized as possibly rather too high in some other respects, we may be sure that the average is now over £50. Therefore a family of average ability and average size, all the members of which are employed in manufacture, has now a considerably higher income than it would have under an equal division of income to all persons, including the very young and the very old.

These facts are consistent with the belief that a vast increase of happiness and elevation of life might be attained if those forms of expenditure which serve no high purpose could be curtailed, and the resources thus set free could be applied for the welfare of the less prosperous members of the working classes; the whole change being so made as not considerably to slacken the springs of productive energy. But they are not consistent with the common suggestion that by retrenching the lavish expenditure of the rich, and dividing income equally, the whole people would be raised to affluence previously unknown to working men. More's *Utopia* and Morris's *News from Nowhere* stimulate aspiration, and are so beautiful in themselves that they will remain a joy for ever. And they work unmixed good,

because they do not profess to be practical. But in recent years we have suffered much from schemes that claim to be practical, and yet are based on no thorough study of economic realities; that lack the subtle beauty of a delicate imagination; and that even propose to tear up by the roots family life, the tree whose fruits and flowers contribute much more than half to the sum total of all that is known of beauty and happiness by the people in general, and especially by the working classes.

*5. Chivalry in war and chivalry in business.*

Our age is, then, not quite as wasteful and harsh as it is sometimes represented. Much more than a half, possibly even three-quarters, of the total income of the nation is devoted to uses which make for happiness and the elevation of life, nearly as efficiently as is possible with our present limited understanding of the arts of life. Even so, there is a large margin for improvement; and yet in one respect we seem to be going on wrong lines. For it is easier to make believe, even to oneself, that one looks down on wealth, than to work with energy in order to make wealth a thing of which the world may be proud. But in fact material resources enter of necessity so much into the thoughts and cares of nearly everybody that, if the world is not proud of its wealth, it cannot respect itself. Surely, then, it is worth while to make a great effort to enlist wealth in the service of the true glory of the world. And history seems to suggest a route to this end.

War is more cruel even than competition to oust rivals from their work and living; but there grew up around it a chivalry which brought out the noble, emulative side of war, and even something of the finer sympathies. If in the Elysian fields a mediaeval warrior be now discussing with late inhabitants of worlds many billions of miles away from our own the experiences of his old world, he may hold up his head as he speaks of the chivalry of war, the thing that occupied people's imagination most in that age.

In the present age our thoughts are occupied with industrial progress, with the marvellous services which we compel nature to render to us in manufacture and transport. But, if the talk should turn in the Elysian fields on the elevation of life which we have won by the new methods of business, we should not hold up our heads as bravely as would the mediaeval knight. I want to suggest that there is much latent chivalry in business life, and that there would be a great deal more of it if we sought it out and honoured it as men honoured the mediaeval chivalry of war. If we do this for a generation or two, then people bringing the latest news from this world may talk boldly of the chivalry of wealth: they may be proud of the elevation of life which has been achieved by training the finer elements of human nature to full account in the production of wealth and in its use.

Chivalry in business includes public spirit, as chivalry in war includes unselfish loyalty to the cause of prince, or of country, or of crusade. But it includes also a delight in doing noble and difficult things because they are noble and difficult: as knightly chivalry called on a man to begin by making his own armour, and to use his armour for choice in those contests in which his skill and resource, his courage and endurance, would be put to the severest tests. It includes a scorn for cheap victories, and a delight in succouring those who need a helping hand. It does not disdain the gains to be won on the way, but it has the fine pride of the warrior who esteems the spoils of a well-fought battle, or the prizes of a tournament, mainly for the sake of the achievements to which they testify, and only in the second degree for the value at which they are appraised in the money of the market.

*6. The chief motive to the highest constructive work in industry is a chivalrous*

*desire to master difficulties and obtain recognized leadership.*

The commonplace and even the sordid sides of business work obtrude themselves on our notice. Some men are known to have become rich by foul means. Many more have prospered by a steady adherence to affairs, largely of a routine character; with but little use of the higher imagination, and perhaps with scarcely any romance in their lives except in their family relations. These two classes of business men come into close contact with the ordinary observer; and, if he rejoices in the aesthetic expenditure of wealth which he has inherited probably from a business ancestor, he is likely to declaim in vigorous but indiscriminating language against those who greedily pursue wealth.

But there can be no doubt that at least one-half of the best ability in the Western world is engaged in business. Unless, therefore, we are convinced that human nature is irredeemably sordid, we must expect that there is much nobility to be found in business; and, if we look for it in the right place, we shall find it.

It has indeed been remarked with increasing frequency by careful observers during recent years that those business men, on whose work the progress of industry most depends, care for wealth more as an indication of successful achievement than for its own sake. Success in science, in literature, and in art can be judged directly; and a man engaged in these occupations seldom cares for money beyond a mere competence, unless he is rather sordid. He wants to be sure that he has worked well; and if he earns the laurel wreath of approval of the cultivated public, he is content. On the other hand, if business men were arranged in order according to the merits of their proposals as written down on paper and judged *a priori*, it would be a very bad order. And for that reason, more than for the money it brings them, the ablest and best business men value success. Assuming that a man's career is free from the suspicion of fraud, malign destruction of rivals, and oppression of employees, success is good prima facie evidence of leadership. It is often the only trustworthy evidence that is available to the public, and can be appreciated by those near to him, whose joy in his success is one of his chief rewards.

Men of this class live in constantly shifting visions, fashioned in their own brains, of various routes to their desired end; of the difficulties which nature will oppose to them on each route, and of the contrivances by which they hope to get the better of her opposition. This imagination gains little credit with the people, because it is not allowed to run riot; its strength is disciplined by a stronger will; and its highest glory is to have attained great ends by means so simple that no one will know, and none but experts will even guess, how a dozen other expedients, each suggesting as much brilliancy to the hasty observer, were set aside in favour of it.\*

[\*The imagination of such a man is employed, like that of the master chess-player, in forecasting the obstacles which may be opposed to the successful issue of his far reaching projects, and constantly rejecting brilliant suggestions because he has pictured to himself the counter-strokes to them. His strong nervous force is at the opposite extreme of human nature from that nervous irresponsibility which conceives hasty Utopian schemes; and which is rather to be compared to the bold facility of a weak player, who will speedily solve the most difficult chess problem by taking on himself to move the black men as well as the white.]

*7. The need for enlarging the honour given to the highest constructive business faculty is increased by the growth of bureaucratic rule, which is hostile to it.*

There are many kinds of laboratory experiments which a man can be hired to make at a few hundred pounds a year, but the epoch-making discoveries generally come from men who love their work with a chivalrous love. The true significance of such a man's life is often not recognized till he has passed away, but he is fairly sure that

he will be honoured at last. Money is wanted to educate scientific men, to supply them with apparatus, and a moderate income earned . without oppressive routine of teaching or other fatigue. But that is all that money can do. That being done, creative science can be evoked only by the force which evokes creative art and creative literature-the force of chivalrous emulation.

A chemist requires only a little space in a laboratory. But many of the most important experiments of a business man require the whole space, the whole material appliances, and the whole staff of a large business to be at his disposal, and often for many years consecutively. If he is working at his own risk, he can put forth his energies with perfect freedom. But, if he is a servant of a bureaucracy, he cannot be certain of freedom; he may be given a little freedom for a while, and then a change in administration, or impatience at his failure to strike the true path of progress at his first trial, may cause him to be pulled up sharp; and his chains clank, even when they do not press tightly.

Difficulties of this kind are met not only in the industrial undertakings of Governments, but also in very large joint-stock companies, and especially the so-called trusts. The chief owners of the trusts have given, and are giving, an extraordinary amount of thought to devising means whereby the heads of departments and others may be allowed a free hand, and emulation may be brought to bear as a stimulus to their energy and enterprise. Their devices are marvellously ingenious, and among the most instructive episodes in recent economic history, but they have attained only a modicum of success. Experience shows ever more and more that the technical economy to be attained by piling Pelion on Ossa in the agglomeration of vast businesses is nearly always less than was expected, and that the difficulty of the human element ever increases with increasing size.<sup>#</sup> Much can be done by various schemes of reward and promotion as regards junior officials, and even the superior officials are stimulated by congresses and other opportunities for submitting their new ideas to the judgment of brother-experts. But no fairly good substitute has been found, or seems likely to be found, for the bracing fresh air which a strong man with a chivalrous yearning for leadership draws into his lungs when he sets out on a business experiment at his own risk.

[HC note: # In Greek mythology two titans Otus and Ephialtes warred against the Olympian Gods. In trying to climb up to the gods, they piled Mt. Pelion on Mt. Ossa. They were defeated. Thus the expression "piling Pelion on Ossa" refers to an enormous but ultimately fruitless task.]

*8. Economists generally desire increased intensity of State activity for social ameliorations that are not fully within the range of private effort: but they are opposed to that vast extension of State activities which is desired by Collectivists.*

These considerations point towards the watershed which divides the large majority of economists from "Collectivists" i.e., those who would transfer to the State the ownership and management of land, machinery, and all other agents of production. We are told sometimes that everyone who strenuously endeavours to promote the social amelioration of the people is a Socialist-at all events, if he believes that much of this work can be better performed by the State than by individual effort. In this sense nearly every economist of the present generation is a Socialist. In this sense I was a Socialist before I knew anything of economics; and, indeed, it was my desire to know what was practicable in social reform by State and other agencies which led me to read Adam Smith and Mill, Marx and Lassalle, forty years ago. I have since then been steadily growing a more convinced Socialist in this sense of the word; and I have watched with admiration the strenuous and unselfish devotion to social well-being that is shown by many of the able men who are leading the collectivist movement. I do not doubt that the paths, on which they would lead us,

might probably be strewn with roses for some distance. But I am convinced that, so soon as collectivist control had spread so far as to narrow considerably the field left for free enterprise, the pressure of bureaucratic methods would impair not only the springs of material wealth, but also many of those higher qualities of human nature, the strengthening of which should be the chief aim of social endeavour.

To those who take this view of the dangers of collectivism, it is sometimes thought sufficient to reply that they still wallow in the mire of laissez faire. The phrase is ambiguous, and misleading rhetoric abounds with regard to it. Its original meaning was that guilds and métiers should not prohibit people from entering a trade for which they were competent; any one should be at liberty to choose his own work. It was not till much later that the phrase was twisted to mean:-Let Government keep up its police, but in other matters fold its hands and go to sleep.

In Adam Smith's time Government was corrupt, and, though he himself, like all his chief followers, was unselfishly devoted to the well-being of the people, experience had taught him to look with suspicion on those who invited the Government to new enterprises for the public weal: for their real motive was generally to increase their own gains, or to provide easy and well-paid posts for themselves or their relatives. Matters improved but slowly during the next fifty years. But honesty and true philanthropy grew apace during the earnest, if somewhat ungainly, beginning of the Victorian era. And J. S. Mill, one of the first to proclaim boldly that Shelley was greater than Byron, made a memorable attempt to combine many of the essential principles of Socialism with an unswerving devotion to individuality and a hatred to mechanical regulations of life.\*

[\* If anyone will read Mill's *Autobiography*, his essays "On Socialism," published in the *Fortnightly Review* for 1879, or even his discussions of progress and of the functions of Government in the last chapters of Books IV and V respectively of his *Political Economy*, and compare them with Carlyle's pamphlet on Shooting Niagara, he will see that the popular opinion as to the generosity of Carlyle's temper and the hardness of Mill's is incorrect. He may even perhaps think that it should be inverted.]

Mill had seen a vast increase in the probity, the strength, the unselfishness, and the resources of Government during his life; and it seems that each succeeding decade had enlarged the scope of those interventions of Government for the promotion of general well-being which he thought likely to work well. One of the chief causes of this improvement was a change of sentiment which had, perhaps, its chief origin in the Wesleyan Revival, as Lecky has well shown. The movement was promoted by Parliamentary reform; by the spread of education, and by increasing zeal in the Established and Nonconforming Churches; by the cheapening and improvement of literature; by the rise of co-operation, itself largely due to Owen, that noble if weird prophet of Socialism; by the writings of Scott and Dickens, of Wordsworth and Tennyson, of Carlyle and Ruskin, of Newman and Maurice; and by the personal influence of Queen Victoria and of Gladstone, and other public men.

These and similar influences have co-operated with technical progress to enlarge the scope for the beneficial intervention of Government since Mill's death even more than during his long life. Government has now many new large and subtle resources for finding out where it can do more harm than good. Partly through the co-ordination and mutual aid of the forces of central and of local authorities, it has a much increased power of putting into effective operation any decision at which it has arrived. And the people are now able to rule their rulers, and to check class abuse of power and privilege, in a way which was impossible before the days of general education and a general surplus of energy over that required for earning a living. Thus we can now safely venture on many public undertakings which a little while ago would have been technically unworkable, or which would have probably



been perverted to the selfish and corrupt purposes of those who had the ear of Government. But, on the other hand, this very enlargement opens out so many and so arduous new public duties that no Government, not even the German, can nearly catch up the work that is specially its own. Thus a new emphasis is given to the watchword, *Laissez faire* :-Let everyone work with all his might; and most of all let the Government arouse itself to do that work which is vital, and which none but Government can do efficiently.

For instance, public authorities are just beginning to awake to the urgency of their duties with regard to mapping out in advance the ground plans on which cities should expand-a task more vital to the health and happiness of coming generations than any other which can be accomplished by authority with so little trouble, while private effort is powerless for it. So I cry, "*Laissez faire*: - Let the State be up and doing"; let it not imitate those people who have time and energy enough to manage their neighbours' households, while their own is always in disorder.

Again, let the Legislature cease to pass any laws the true meaning of which is avowedly uncertain and must be declared by the courts of law; for such laws hamper constructive enterprise, and give an undue advantage to those who can afford the expense of one or more appeals. Let public authorities provide building laws and bye-laws which, while effective for social purposes, are so well thought out and so elastic that no one is compelled to put up walls much stronger than is necessary for his purposes, in order that the automatic working of general rules, unaided by the use of brains on the part of the authorities, may secure adequate strength for other buildings under different conditions. Such reforms do not require any considerable increase of public budgets. But they require that Government should obtain its fair share of the growing intelligence of the country; that this intelligence should be concentrated intensively on work which none but Government can do, and that it should not be spread out thinly and carelessly on any social service that is needed. It is more necessary now than ever to bear in mind that the State alone can order an adequate inquiry where agents betray their trust, or where fraudulent producers or dealers can outwit the consumer; and that no activities of its own that are not absolutely necessary should be allowed to interfere with its imperative duty to inspect and to arbitrate: for that cannot be discharged by anyone else, except it be the ever-ready writers in newspapers. Further, in the interest of the purity of the public service, it should abstain from putting its officials to work where their probity can receive but little external support, except from a system of checks and counterchecks so elaborate and cumbrous that many clerks are needed where one would suffice in private service. The increase of mechanical office work is one of the chief evils of large businesses, even under the comparatively elastic régime of joint-stock companies: and it would be grievously increased if public servants were under ever-increasing temptations in relation to those very matters which evade the courts of justice, and in which public servants alone can act as efficient guardians of business rectitude.

*9. Some illustrations of the anti-social influences likely to result from Governmental enterprise in matters where the private hand is competent for action, and the hand of authority is needed to preserve purity.*

Let us look at some illustrations. The careless treatment of milk is an insidious cause of disease, which public authority has hitherto treated somewhat negligently. That is indeed one sin against the true constructive doctrine:- *Laissez faire*; let the Government arouse itself to do energetically its proper work of educating British farmers up to the Danish standard, if not beyond; and of enforcing sanitary regulations in critical matters such as this. No doubt, under present conditions, it may be right to organize municipal dépôts to provide specially pure and appropriate

milk for those infants whose mothers cannot give them their natural food. But the function of such depôts is purely educational: they ought soon to make way for enlightened free co-operation under stringent public supervision. But high collectivist authority openly advocates them as the thin end of the wedge for pushing all private producers out of the milk trade; and this seems to be anti-social. For it would close a suitable career to many men who were learning the elementary principles of enterprise in a simple business: and it would increase the glaring disproportion between the work that is required of municipal councils and the number of hours which they could give to it; even if they had nothing else to do:—even if none of their energies were demanded for private businesses of their own, or for conciliating the favour of their constituents against the next election.

The milk supply is a relatively simple affair. But Governmental intrusion into businesses which require ceaseless invention and fertility of resource is a danger to social progress the more to be feared because it is insidious. It is notorious that, though departments of central and municipal government employ many thousands of highly-paid servants in engineering and other progressive industries, very few inventions of any importance are made by them: and nearly all of those few are the work of men, like Sir W. H. Preece, who had been thoroughly trained in free enterprise before they entered Government service. Government creates scarcely anything.<sup>#</sup> If Governmental control had supplanted that of private enterprise a hundred years ago, there is good reason to suppose that our methods of manufacture now would be about as effective as they were fifty years ago, instead of being perhaps four or even six times as efficient as they were then. And in that case, if the population of the country had grown to forty-three million, it is probable that the total real income of the country would be about half what it is now; and that, if divided out equally among all families, it would yield less than the average healthy bricklayer or carpenter now earns. It has been well said that if all the material wealth in the world were destroyed by an earthquake, leaving only the land, knowledge, and food enough to sustain life till the next harvest, mankind would in a generation or two be nearly as prosperous as before; but, if accumulated knowledge were destroyed, while the material wealth remained, several thousand years might be needed to recover lost ground.

[# Sir William Henry Preece (1834 – 1913), a Welshman and Chief Engineer of the British Post Office, collaborated with Marconi in the development of the radio - see: <http://www.100welshheroes.com/en/biography/williamhenrypreece> and demonstrated Edison's phonograph to the Royal United Service Institution in London.]

And yet while Governments are being thus urged in the name of collectivism to an anti-social destruction of the springs of knowledge, a public engineering venture can often make a brave show. For it annexes the best products of that free enterprise which it is stifling. Its vast resources enable it to buy the most up-to-date plant, and to be for the time at least ahead in this respect of some of the very businesses whose brains it is picking. It calls attention to its accounts, and they show a profit. The ordinary observer neglects the fact that in equity every business of such a form as to be unlikely to make inventions of its own ought to pay a subsidy to those whose ideas it is turning to account. And he neglects the fact that, when a Government undertaking becomes obsolete, its accounts drop silently away. There is, indeed, grave doubt whether those of its undertakings which have no exclusive monopolistic advantage would show a fairly good return on the aggregate capital invested in them, if their accounts were made out on the same complete and rigorous system that is required of private business.

A Government could print a good edition of Shakespeare's works, but it could not get them written. When municipalities boast of their electric lighting and power works, they remind me of the man who boasted of "the genius of my Hamlet" when

he had but printed a new edition of it. The carcass of municipal electric works belongs to the officials; the genius belongs to free enterprise.

I am not urging that municipalities should avoid all such undertakings without exception. For, indeed, when a large use of rights of way, especially in public streets, is necessary, it is doubtless generally best to retain the ownership, if not also the management, of the inevitable monopoly in public hands. I am only urging that every new extension of Governmental work in branches of production which need ceaseless creation and initiative is to be regarded as prima facie anti-social, because it retards the growth of that knowledge and those ideas which are incomparably the most important form of collective wealth.

*10. Social disaster would probably result from the full development of the collectivist programme, unless the nature of man has first been saturated with economic chivalry.*

I venture to think that the able and high-minded leaders of modern collectivism lay too much stress on the technical superiority of their schemes over those of the earlier Utopian socialists and communists. That superiority is indeed beyond question. The earlier ventures, and some even of the more recent experiments in America, disdained the use of modern machinery in the field and in the workshops. They held aloof from great world markets, and they applied almost primitive methods to satisfy little more than primitive needs. They recognized no private property even in house-room and furniture; they allowed no scope for individuality in taste or in the minor affairs of life; they arranged that everyone should share equally in the joint produce of the labour of all; or, if there was any discrimination, it was only that which, within the limits of a family subduing the prairie, allots the hardest work to the strongest and sturdiest members, and assigns to an ailing daughter or sister the choicest food, and the seat nearest to the window in summer and that nearest to the fire in winter. There was neither the opportunity nor the largeness of insight and foresight needed for a classification of workers according to their faculty, combined with special compensation in shortness of hours or otherwise for those who did specially difficult or specially disagreeable work, and so on.

Modern collectivists claim that their schemes are free from all these narrownesses. With earnest emphasis, though perhaps with insufficient appreciation of the difficulties of the problem, they foreshadow more or less distinctly a finely-woven texture, in which the warp of unified central authority and ideas is crossed by a weft of departmental responsibility and free play in detail. They point to administrations such as that of the Prussian railways, where attempts have been made, on lines which have been worked out more thoroughly by giant businesses in America, to devise opportunity and incitement for free spontaneity on the part of each successive grade of officials down to the lowest. They avow themselves to have a loyal zeal for individuality; and some of them have even followed John Stuart Mill in his passionate cry that occasional solitude is so necessary for the health of man's spirit, that a world from which it was crowded out would be already half dead. In view of this technical contrast between the old and the new, it may seem at first sight that the failures of Socialistic enthusiasts in the past have no lesson of warning against the schemes which now hold the field. But I venture to think that a closer view suggests the contrary.

For many of those Utopias were almost ideally perfect experiments for the purpose of investigating how much economic chivalry there is in the breast of the common man—that is, of the man who is not endowed with the qualities of leadership. And the results proved, I think, conclusively that in the common man jealousy is a more

potent force than chivalry. The immediate cause of the failure of those Utopias seldom lay in their technical deficiencies. It lay rather in the belief on the part of some of the members that others were doing less than their share of hard and disagreeable work, or were getting insidiously more than their share of the comforts and amenities of life. Those who were dissatisfied could not easily move into a neighbouring business and find their level there; for that would have involved the abandonment of those hopes and ideals which had attracted them to the movement, and for which some of them had made sacrifices. Their discontent had not the wholesome outlet which a freedom of movement affords to most people in the modern world; so it remained under the surface, and festered, till at last the whole society was full of sores, and the end came. This was, in fact, the experience of almost every if not every such scheme, except a few in which an ardent devotion to some particular religious creed, positive or negative, completely dominated their lives and thoughts. In those exceptional societies material comforts counted for little, and personal jealousies could be stilled by the counsel and authority of the leaders whom the ordinary members revered as prophets, raised above the ambitions and the temptations of ordinary life.

In Germany the dominion of bureaucracy has combined with other causes to develop a bitter class hatred, and occasionally to make social order depend on the willingness of soldiers to fire on citizens; and the case is, of course, much worse in the even more bureaucratic Russia. But under collectivism there would be no appeal from the all-pervading bureaucratic discipline. A man would often think himself unfairly treated: he would believe that others were contributing less to the common fund than he was, and were, through favouritism or even corruption, drawing more from it; and such a man would, if possible, flee to a country where free enterprise still flourished. But if there were no such haven, his disquiet would grow; obedience to authority would be given unwillingly; and, if the discontented were to be kept to their work by force, the resulting tyranny would need to surpass all previous records in minuteness of detail and in the destruction of everything that makes life worth living.

I submit, therefore, that, if collectivism is to work even fairly well, there must be ample provision for enabling anyone who thinks his lot unduly hard to find relief in some way that has not as yet been discovered. It is true that ingenious suggestions have been made for automatically regulating the work and pay in different occupations under a collectivist régime: but they are not likely to approve themselves to anyone who has followed closely the working of co-operative and competitive businesses.

Let us, however, suppose, for the sake of argument, that some workable scheme to this end could be devised. Even then we should need to face the difficulty already suggested that those improvements in method and in appliances, by which man's power over nature has been acquired in the past, are not likely to continue with even moderate vigour if free enterprise be stopped, before the human race has been brought up to a much higher general level of economic chivalry than has ever yet been attained. The world under free enterprise will fall far short of the finest ideals until economic chivalry is developed. But until it is developed, every great step in the direction of collectivism is a grave menace to the maintenance even of our present moderate rate of progress.

*11. Social possibilities of economic chivalry on the part of individuals and the community as a whole under existing institutions.*

To conclude:-There is much more economic chivalry in the world than appears at first sight. The most important and progressive business work is scarcely ever

without a large chivalrous element, and is often mainly dominated by chivalrous motives. But there is also much getting of wealth that is not chivalrous, and much expenditure that has no touch of nobility. To distinguish that which is chivalrous and noble from that which is not, is a task that needs care and thought and labour; and to perform that task is a first duty for economists sitting at the feet of business men, and learning from them. An endeavour should be made so to guide public opinion that it becomes an informal Court of Honour. Then wealth, however large, would be no passport to social success if got by chicanery, by manufactured news, by fraudulent dealing, or by malignant destruction of rivals: and that business enterprise which was noble in its aims and in its methods, even if it did not bring with it a large fortune, would receive its due of public admiration and gratitude; as the work of the progressive student of science, or literature, or art does now.

The discriminating favour of the multitude at Athens and at Florence gave the strongest stimulus to imaginative art. And if coming generations were to search out and honour that which is truly creative and chivalric in modern business work, the world would grow rapidly in material wealth and in wealth of character. Noble efforts would be evoked; and even dull men would gradually cease to pay homage to wealth per se without inquiring how it had been acquired. Wealth-getting by sordid means would not win its way in society, nor in popular favour; and no political committee, however devoid of high sentiment, would be shortsighted enough to follow a recent example in choosing a candidate who had been proved judicially to owe much of his wealth to base means. Sordid practices would then prevent wealth from yielding that social *éclat* for which sordid men chiefly prize it, and would go out of favour with men of ability and common sense, however devoid of high principle.

The chivalry which has made many administrators in India, Egypt, and elsewhere, devote themselves to the interests of the peoples under their rule is an instance of the way in which British unconventional, elastic methods of administration give scope for free, fine enterprise in the service of the State; and it atones for many shortcomings in forethought and organization. Again, because the dead hand of bureaucracy has stretched but a little way into her affairs, this country is able to call together voluntary committees of men trained in strenuous private enterprise, who freely give good general guidance in some large matters, such as London transport systems and army administration; and this, again, is a form of chivalry in work which has great potentialities for good, and which it is the business of economists and others to study and to praise.

Gradually, it may be hoped, public opinion may be worked up to the point at which a rich man who lives idly will be despised. The increasing strenuousness of life which shows itself in sport may find an ever-increasing vent in solid work for the public weal. As President Eliot suggests, rich men might be led to give themselves specially to tasks which required high faculties and responsible characters, but for which it is not easy to allot large salaries: they might, for instance, take work where an impecunious person, finding large streams of money passing through his hands, might be subject to temptations from which they would be free; and they might set themselves to public tasks which would prepare the way for progress in the future, but would not yield sufficient immediate fruit to secure liberal endowment from a democracy.\*

[\* *Great Riches*, 1908. Compare another recent memorable utterance from Harvard University - Professor Taussig's address to the American Economic Association, Dec. 1905, on "The Love of Wealth and the Public Service."]

Thus chivalry in work would run into chivalry in using wealth. Expenditure for the

sake of display, however disguised by an aesthetic atmosphere, would be thought vulgar. He who devoted his energies to buying good pictures, especially by artists not yet known to fame, and gave them to the public at his death, if not before, would have reaped a good return from his wealth; and so would he who made his park beautiful, opened it to the public, and perhaps arranged for easy transport to it from neighbouring industrial districts.

Economic chivalry on the part of the individual would stimulate and be stimulated by a similar chivalry on the part of the community as a whole. The two together might soon provide the one or two hundred million a year that appear to be available, without great pressure on the well-to-do, towards bringing the chief benefits which can be derived from our new command over nature within the reach of all.

Equipped with such funds, the State could so care for the amenities of life outside of the house that fresh air and variety of colour and of scene might await the citizen and his children very soon after they start on a holiday walk. Everyone in health and strength can order his house well; the State alone can bring the beauties of nature and art within the reach of the ordinary citizen. But the chivalrous rich man could aid municipalities in such vastly expensive schemes as that of Miss Octavia Hill for gradually opening out several broad bands of verdure at different distances in and about every large town, and for connecting them by transverse avenues along which working men and their wives might stroll, while the children played around them, to a recreation ground. Again, he might help towards removing the reproach that the exceptional natural advantages which London derives from her great river with its high banks cannot be seen by the eye, but only by the imagination. These and similar calls would attract much of his resources while he was alive, and most of his means would go to public uses at his death. For the growing opinion that it is an ignoble use of wealth to leave large fortunes mainly to relations is reinforcing the perception by the rich that the inheritance of great wealth is seldom an unmixed good. Strong men are getting more and more to recognize that a deep full character is the only true source of happiness, and that it is very seldom formed without the pains of some self-compulsion and some self-repression. Those who from childhood upwards have been able to gratify every whim are apt to be poor in spirit.

The rich man would further co-operate with the State, even more strenuously than he does now, in relieving the suffering of those who are weak and ailing through no fault of their own, and to whom a shilling may yield more real benefit than he could get from spending many additional pounds. He would contribute towards the costly organization needed for helping and compelling those who, through weakness or vice, have lost their self-respect, either to reform their own lives, or, at all events, to cease to drag their children down with them. He would, by increased voluntary service, aid the State to abandon the unworthy plea that even a rough discrimination between the just and unjust is so difficult and would require so large an outlay that the same measure must be meted out to all who, in old age or before it, are in urgent need of assistance. Under such conditions the people generally would be so well nurtured and so truly educated that the land would be pleasant to live in.

Wages in it would be high by the hour, but labour would not be dear. Capital would therefore not be very anxious to emigrate from it, even if rather heavy taxes were put on it for public ends: the wealthy would love to live in it; and thus true Socialism, based on chivalry, would rise above the fear that no country can move faster than others lest it should be bereft of capital. National Socialism of this sort might be full of individuality and elasticity. There would be no need for those iron bonds of mechanical symmetry which Marx postulated as necessary for his "International" projects.

If we can educate this chivalry, the country will flourish under private enterprise. Or, should collectivists succeed in showing that human nature had at last been so firmly based in chivalry that their great venture might be tried without running violent risks, some other civilization than that which we can now conceive may take the place of that which now exists. It may, of course, be higher. But those who believe that all the commerce of the world will ere long be carried through the air should make a few aeroplanes carry heavy cargoes against the wind before they invite us to blow up our railway bridges. For similar reasons it seems best that the difficulties of collectivism should be studied much more carefully, before the scope for creative enterprise is further narrowed by needlessly intruding collective administration into industries in which incessant free initiative is needed for progress.

Thus the end before us is a great one. It calls for steady, searching analysis, and for a laborious study of actual conditions. Economists cannot do it alone. Perhaps it may be found that their share in it will not be large, but I myself believe it will be very large. I submit, then, that a most pressing immediate call on us is to associate in our own minds and those of others economic studies and chivalrous effort.

\*\* This essay reproduces, with some slight alterations, an article in *The Economic Journal*, March, 1907.

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