THE ECONOMIC MAN AND
A WORLD AT WAR
He was a man
Versed in the world as pilot in his compass.
The needle pointed ever to that interest
Which was his lodestar.

_The Deceiver, A Tragedy._

Noble princes and knights, it is known throughout the world how ye, abandoning those delights which ye might have possessed in your hands, have chosen rather to follow the honourable profession of arms, and encounter all dangers to gain the praise of prowess and redress wrongs,...this indeed is to your fair renown and to the service of Almighty God, for in this have ye done that for which ye were born, succoring the oppressed and beating down the evil-doers. But in this, what should most elate us is the defiance which we have thus given to two so high and powerful princes as are the Emperor of Rome and King Lisuarte, with whom, if they will not be brought to reason and justice, we must perforce have great debate and warfare. Noble sirs, what then have we to expect? Certes nothing but that defending the right and reasonable cause against those who would support injustice, we shall gain yet more victories, such that the whole world shall ring therewith.

_Amadis of Gaul_ (Southey’s Version).
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Ministers in Parliament and writers in the Press have often, since the outbreak of war, alluded to the violation of economic principles, assuming that this has been one of the consequences of the existence of a state of hostilities. The Latin maxim *inter arma leges silent* is applied to the suspension or abrogation of what was known formerly as economic law. But it may be guessed that there is involved here some confusion of ideas which are essentially different in their nature. In so far as Political Economy makes any claim to be considered to be a science, it is difficult to conceive it as one of an intermittent character, the conclusions of which only apply in time of peace. Indeed, if that were so, what are we to say of the whole former subject-matter of the study during a period of hostilities? Has it disappeared, or has it so changed its form that it has been subsumed under some subordinate part of the military art? After the long years of peace which this country has enjoyed, it adds to the chaos if we must think of economic activity as anarchical, or as existing only on sufferance threatened by a sword of Damocles suspended over it. The Defence of the Realm Act and the almost innumerable administrative measures which have resulted from it, show that both the extent and the manner of commercial and industrial activity have undergone great changes since the summer of 1914, and in the making of these changes principles, which were formerly accepted, have been avowedly disregarded.

When this situation is considered, a half-formed impression begins to emerge, namely that there is no little difference of opinion as to what is the nature of economic investigation and
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its teaching. If we evoke from the past that enigmatic spirit —“the economic man”—he would no doubt have much to say of the present situation. If he be conceived solely as “a being who desires to possess wealth and as capable of judging of the comparative efficacy of means for obtaining that end,” and if abstraction be made “of every other passion or motive except those which may be regarded as perpetually antagonising principles,” then the spirit in which wealth and larger things than wealth are being sacrificed must appear strange and anomalous. But “the economic man” proved the Delphic oracle of the nineteenth century whose sayings masked under a clear-cut precision many practical ambiguities. His personality, under the guise of an abstract simplicity, concealed almost baffling complexities. Nor has he been happy in some of his commentators, so that one is inclined to exclaim with Dangle in The Critic, “Egad, I think the interpreter is the harder to be understood of the two.” It is needless to repeat the sneers of Carlyle and Ruskin against a series of conceptions which the latter held to be “absolutely incompetent or absolutely false,” but the existence of a discrepancy in the point of view may be illustrated by two opposed quotations from two works which bear the same title—Wealth and Welfare—and, by an even greater coincidence, from pages numbered alike in each of the two books. The earlier volume was written by Commander Hastings Berkley and was printed in 1887. He declares that “from the orthodox school there grows up in logical sequence, a system of Political Economy, which, but for the good sense and good feeling of the generality of men, would issue in the most revolting applications.” The second Wealth and Welfare is the well-known treatise of Professor Pigou in which it is stated that “the purpose of economic investigation is not primarily scientific, if by science we understand the single-eyed search after knowledge for its own sake, it is rather practical and in the application of knowledge to the business of life in the world.”

2 Ruskin, Munera Pulveris, 1886, p. xviii; Time and Tide by Wear and Tyne, 1872, pp. 175, 177.
3 p. 4.
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utilitarian." Certainly it would be a most jaundiced critic who would apply the epithet "revolting" to the broad humanity of the later book, and this shows us that there is a misconception which requires to be discussed, and, as a result of the discussion, perhaps removed.

In order to secure a firm foundation for the treatment of Economics and War, it is necessary first to clear up the conception of the "economic man" in this connection. Those who formed the celebrated abstraction were perfectly clear in their own minds that the abstract conception was no more than a starting-point. Thus J. S. Mill, while for purposes of study he concentrates attention upon the desire of Wealth, points out at the same time that social phenomena are interdependent and that "there is, perhaps, no action of a man's life in which he is neither under the immediate nor the remote influence of any impulse but the desire of wealth." The other desires were treated, or to be treated, in separate branches of Social Science; and it was only when the results of these had been brought into relation with those provided by Political Economy that the "economic man" emerged from his isolated abstractedness and became a real human being. Much of the misconception has been due to the impatience with which some readers accepted the homo economicus as an actual typical British citizen, thus neglecting the synthesis which is clearly conditioned by the previous abstraction. Accordingly, to charge the "economic man" with a neglect of morals is as much out of place as to blame a theory of chess with failing to take account of the art of cooking! Or in other words we are in fact trying to treat pure Economics as if they were both Applied and Social Economics.

It has been claimed for the "economic man" that "he was not selfish," and he was certainly not a pacifist. Ricardo explicitly takes account of and approves a war which involved

1 p. 4.
4 Walras, Éléments d'Économie Politique Pure, 1874, pp. 32, 33.
5 Marshall, Present Position of Economics, 1885, p. 28.
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some “great national interest1,” and Professor Edgeworth, when dealing with a similar abstraction, expressly states that the fundamental principle works under two aspects—the one being a state of war and the other one of contract2.

Thus it follows that, even the severe and rigid conception of the “economic man” does not exclude his entering voluntarily into a state of war when his interests require it; or it may perhaps be added, when those interests which he included in his own, or regarded as his own, demanded it. But the modern economist has supplemented the conception of the “economic man” by an explicit declaration of his relationship to the community of which he is a citizen, and this development has brought more nearly within the range of economics a definite recognition of social relationships. That attitude makes the participation of the man of affairs in a necessary war more clear and not far from inevitable. A wide view of the citizen’s real interest may show him that his continued free enjoyment of all that he has is menaced by external forces or that those forces would impose intolerable conditions upon the exercise of his skill and labour. Therefore he must risk his life in order that he may thereby do what he can to safeguard his whole future. And so in its ultimate issue an unavoidable war becomes the supreme speculation in which all that one has and life itself are staked. Nor is this all. Present events give an unlooked-for definiteness to a speech of remarkable insight made by Dr Marshall in 1907. In it he discussed economic chivalry, connecting it with that chivalry of arms which is described by its historian as “having effected more than letters could accomplish in the ancient world; for it gave rise to the personal merit which in the knight, and in his successor, the gentleman of the present day, checks the pride of birth and the presumption of wealth.”

2 “Economic Calculus—Definitions—The first principle of Economics is that every agent is actuated only by self interest. The workings of this principle may be viewed under two aspects, according as the agent acts without, or with, the consent of others affected by his actions. In wide senses, the first species of action may be called war; the second, contract.” Mathematical Psychics, 1881, pp. 16, 17.
3 Charles Mills, History of Chivalry, p. 359.
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Chivalry at its best inculcated the achievement of high emprise, the scorning of accidental advantages, the keeping of faith, protection of the weak and humility. So Dr Marshall envisages a chivalry in business which fosters public spirit and a delight in doing noble and difficult things because they are noble and difficult. “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 estimes the spoil 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.” The inner importance of success is that it is “good prima facie evidence of leadership.” “Men of this class,” Dr Marshall continues, “live in constantly shifting visions, fashioned by their own brains, of various routes leading to the 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.” In the ceaseless effort of man to express himself and to realise himself he is aware that the only way to make real and actual the thought which is conceived in his mind is to work it out as a fact in the world of things. He imagines a solution for some problem that confronts him, but the proof that his solution is valid can be best effected by actual trial. As it has been said—“the will is simply the man. Any act of will is the expression of the man as he at the time is. The motive issuing in his act, the object of his will, the idea which he sets himself to realise, are the same thing in different words....In willing he carries with him, so to speak, his whole self to the realisation of the given idea.”

War changes the circumstances in a tragic manner, but not the fundamental conditions. The quality of leadership is demonstrated where the stakes are the greatest. The sacrifice of comfort and ease which business exacts is demanded upon

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2 Ibid. p. 15.
3 T. H. Green, Prolegomena to Ethics, 1890, p. 158.
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a vastly larger scale but for the same end, namely the making objective the aim, subjectively conceived. But, if it be granted that this applies to those who are leaders in industry when they are forced to exchange the arts of peace for those of war, what is to be said of the position of the rank and file? Is there no chivalry for these, are they condemned to remain a mere commonalty? M. Maurice Barrès shows that ancient chivalry extended from the knights to the people, and he quotes the following significant saying:

Nul n’est vilains s’il ne fait vilenie.

He adds “c’est un vers des Chansons de Geste, comme ce pourrait être un vers de Corneille, comme c’est la pensée de chaque Français et Française en 1916.”

The British system also recognises the initiative of the private soldier and gives him opportunities. His efficiency resembles the pride of the craftsman in his work with the added conception of the spirit of co-operation and systematised effort. The same idea of combined struggle, which has long been a commonplace in the organisation of labour, is found both in the field and in the war-workshop. In the former it is gloriously common in the achievements of the battalion or the company, just as in the latter it shows itself in the pride which the platers and riveters of our shipyards take in the services of the ships they had helped to build at the battles of the Dogger Bank or off the coast of Jutland. Some commanders, reputed great, have dealt with their troops as Omar Khayyám imagined that Destiny dealt with man:

'Tis all a Chequer-board of Nights and Days
Where Destiny with Men for Pieces plays:
Hither and thither moves, and mates, and slays,
And one by one back in the Closet lays².

Rather in the modern British system, soldiers are recognised as men, not as inanimate pieces in a vast war game, and their individual responsibility and initiative are encouraged. Hence they feel they have an active share in the achievements in which

¹ M. Barrès, Le Blason de la France, 1916, p. 15.
² Fitzgerald’s Translation (Edition 1).
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they participate. Modern chivalry in war was well described during Marlborough’s campaigns by a writer in The Spectator. “The fine gentleman in that band of men is such a one as I have now in my eye, who is foremost in all danger to which he is ordered. His officers are his friends and companions as they are men of honour and gentlemen; the private men are his brethren, as they are of his species. They wish him in danger as he views their ranks, that they may have occasions to save him at their own hazard. Mutual love is the order of the files that he commands....Such is his regiment who knows mankind, and feels their distresses so as to prevent them." It is from this spirit that there has been distilled that “fine extract, that pure essence which endures to all ages, while the grosser part, the residuum, may pass away and be lost in the course of time.”

Further, there is the same economic chivalry in the national service of non-combatants when, for instance, business men devote valuable time to serving, gratuitously, upon important committees which are concerned with functions in safeguarding the national interest. The same tendency is clearly observable when professional men (as for instance doctors) transfer their services to the State, not only at a considerably less remuneration than they had received previously, but also with grave risk to the future of their respective practices. Nor in this estimate should the extent of the largely unpaid work of women, in new and strange duties undertaken on behalf of the country, be overlooked.

These reflections have been confined of set purpose to considerations which are economic or which are derived from economic sources. It is almost needless to add that all that has been said is immensely strengthened by the moral and patriotic motives which move in the same direction with more sovereign power. And what the investigation of the present situation reveals is that the influence of the latter is not counteracted by economic desires and principles, but rather confirmed and increased.

1 The Spectator, No. 152.
2 Speech by William Windham, 22nd Dec. 1806.
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When this reasoning is pressed to its logical conclusion, it may appear to encounter difficulties. One of these is the operation of the Military Service Act. If I may assume for a moment that the general line of argument is not received with dissent, I can well imagine the thoughts of some to take the direction that action which has an economic reference, even when it results in the undertaking of military service, must be assumed to be voluntary; but the case of the man, who did not attest and who is “deemed to have enlisted,” involves his discharging duties against his will. To this it may be replied that some at least, and in all probability many, of those who came under the Military Service Act were in the apparently paradoxical position that, being conscripted, they undertook military duties which they themselves desired and thus their service was in essence voluntary. The apparent contradiction is resolved by the fact that these men held strongly that others of the same age and physique as themselves should perform similar national service. But this leaves a residuum of men who (apart from grounds of conscience) showed themselves reluctant to rise to the height which it was held the situation required. From one point of view this is a case in which the views of the majority must prevail against those of the minority, even to the extent of putting constraint upon the latter. From another it may fairly be contended that industrial freedom is far from being untrammelled. In a negative sense freedom may be enjoyed perhaps by one who lives the Cynic life of absence of desire, but for the normal man there are all the limitations which his station in life imposes on him. Thus the member of a Trade Union found his conditions of work determined for him in many ways. In certain cases he was not free to work for a specified employer, nor was he allowed to work upon certain conditions. As a rule, he may be held to have accepted the general policy of his Union; but, in several trades, the exercise of his skill was dependent upon his having joined the trade organisation. So what has happened in the war has been that a great national crisis has made it necessary to limit individual choice in certain directions in order to level up the service of citizens whose