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THE FOUNDATIONS OF ECONOMICS

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PREFACE

ECONOMICS is one of the real foundations of Modern Civilized Life; yet to the majority of people it is only a name for a subject of little or no practical importance to the ordinary individual.

The object of this book is threefold :—

1. To suggest a more practical approach to the subject.

2. To call attention to the fact that—treated in this way—Economics may be of great use to the ordinary individual in everyday life.

3. To provide a first text-book for Schools.

It is strongly suggested that the technique of living could be greatly simplified and the strain of modern life much reduced by an elementary knowledge of the Science of Values.

Throughout the book I have stressed the key-words—representing the ideas which I regard as fundamental—by means of capitals rather than italics. I feel that the former method is better suited to my intentions.

The punctuation may, perhaps, appear to be rather fussy—in places; but the method adopted is a deliberate attempt to compel attention by means of what amounts to the use of dramatic pause.

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CHAPTER I

The Science of Economics. The Science of Values.

WHAT does the word SCIENCE mean? What is a Science? Why do we not say "Subject of Economics"?

The word Science really means knowledge, but that is not what we mean—in these days—by the word.

As time passes the meaning of words changes; and the meaning of both these words—SCIENCE and SUBJECT—has changed. Perhaps it would be truer to say that each word has come to have a new meaning, which is now generally used instead of the old one.

When we use the word Subject as we do here, we mean a quantity of Information about a certain thing. We cannot say "a quantity of Knowledge", because we think of Knowledge as something which is *all true*. So, here, we say "a quantity of Information", because Information may be true or untrue and a mere Subject often

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contains both kinds : also it often contains a great deal of Information which may be true—and therefore Knowledge—but which is not useful Knowledge.

A Science, however, is a Subject from which—as far as possible—all doubtful Information and useless Knowledge have been taken away; the *useful* Knowledge which is left being, then, properly arranged—to make it as easy as possible to understand.

Let us take one or two examples of Subjects and Sciences.

Geography is a Subject, but—as the Information in it is more and more carefully tested, separated and arranged—it is rapidly being made into a Science, in which there will be only useful Knowledge, so well arranged that it will be as easy as possible to understand. Geography will, then, be a true Science—the Science about the Surface of the Earth.

History—that is to say, the commonest kind of History, the History of Man—is a quantity of Information about Man's behaviour in the past : and, as this behaviour was, is, and always will be the result of his surroundings, it is clear that History is founded upon Geography.

History—of this kind—is also being moulded, by degrees, into a Science.

Biology is a Science, because, as far as possible, our Knowledge about the Life of all living things has been carefully tested, separated and arranged.

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Four other Sciences usually taught in schools are Mathematics, Mechanics, Physics and Chemistry.

We can say, then, that a Science is the useful Knowledge of a Subject properly arranged: in short, A SUBJECT PROPERLY ARRANGED. These words, "A Subject properly arranged", are our DEFINITION of the word Science: that is to say, our way of explaining—as clearly and shortly as possible—what we mean by that word Science. We have, in fact, defined the word Science.

But, of course, it is not necessary to know *all* about a Subject before you can begin to turn it into a Science. If that were the case there would never be a Science of anything. For nobody knows—or ever will know—all about anything.

There is so much hidden treasure of Knowledge that what we shall *ever* know will, always, be but little compared with what we shall *never* know. This fact, however, should only make things more interesting, for it means that there will, always, be plenty of this hidden treasure left for us to discover.

But, even though a Subject has been turned into a Science, it still remains a Subject as well. For a Science is but an improved kind of Subject; just as a modern factory is, often, only an improved form of the simple, old, untidy business from which it has grown. Even now Economics is not *quite* a Science: there are still too many untidy bits of the old Subject lying about. But we feel

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sure that all these odds and ends will, soon, be carefully tested, separated and arranged into their proper places—to form a great Science. So we will look forward a little and speak of it as the Science of Economics.

So far, however, we have not explained what Economics itself is—what the word Economics means.

The word Economy comes from two Greek words meaning *home management*, but it has come to mean *the result of good management*—getting good value for small payment. So the word Economics was invented, as a name for the Subject about the different ways of practising Economy: that is to say, the different ways of getting Good Value out of anything.

What, then, is the chief idea lying hidden in all these matters about which Economics gives us Information? Surely it is the idea of Good Value: or, simply, VALUE—for no real Value can be bad in itself.

We can, therefore, define Economics as The Subject dealing with Values; and the Science of Economics as THE SCIENCE OF VALUES.

This statement really means that The Science of Economics is the most Valuable of all Sciences: for the Value of all things—even the Value of all other Sciences—must pass the tests of this Master Science, and be valued by it.

But we have not yet *completely* explained what we mean by The Science of Economics: for the word Values is, itself, liable to be misunderstood.

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Value means *usefulness*: so the Values of things are the usefulnesses of those things. Therefore the complete meaning of "The Science of Economics" (which we shall—in future—shorten into "Economics") is: *The Subject about the Usefulness of things, properly arranged.*

That is the full meaning of the word Economics, as we shall use it; and Usefulness—or Value, as we shall in future call it—will be the central idea at the back of all our work in the Subject.

The aim of all our studies in Economics will be to learn how to judge the real Value of things for ourselves, and so save Time, Energy and Substance.

Let us consider what is meant by this phrase, "and so save Time, Energy and Substance".

It would be waste of Time for a spider to wait for a fly without first spinning a web. By instinct the spider feels that, and saves his Time by spinning his web first—and then waiting. The spider has to spend some Valuable Energy in spinning, but he saves Valuable Time: and the Energy he spends is not wasted—he usually gets something for his trouble—and, in any case, he learns something from his experience.

On the other hand, it would be waste of Energy for a cat to try to scratch a mouse out of a deep hole in a wall. The cat feels that, by instinct, and just waits until the mouse comes out. In this way the cat spends Valuable Time, but saves Valuable Energy: and it pays him to do so.

Now, both spider and cat spend something

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besides Time and Energy (and, of course, both spend some of each). That "something" is Substance.

By "Substance" we mean anything which can be felt by the sense of touch.

When an animal exerts itself it uses up a certain amount of what we know as Energy: but that is not all—it uses up some of the Substance of which it is made, as well. We may say that it spends some of its own Substance.

But it might be said that the Substance of which we are made is *not* Valuable, because it is "intended" to be used up—in order that fresh Substance may take its place. It is true that fresh Substance is made within us, to take the place of what we use up—as a rule: but, if we use up our Substance too fast, or use up too much at a Time, we shall find ourselves running short of Substance, and shall have to rest until some more has been formed.

We have, therefore, only a certain store of Substance; and that store must be Valuable, because without it we could not live. Substance *is* Valuable.

In Nature—when once you are able to feed yourself—you get nothing without paying for it: moreover, what you spend, in payment, is Valuable; for Time, Energy and Substance are all Valuable. But, when you do get what you pay for, you get something which is Valuable too—nearly always.

In Civilization, however, much of what we want

and much of what we pay to get are, alike, Valueless.

This peculiar state of things we shall consider later. In the meantime—as we have just used the word “Valueless”—let us note what, exactly, we mean by it, and connect it with its opposite word “Invaluable”. When we cannot see any *beginning* to the Value of a thing, we shall call it Valueless: when we cannot see any *end* to the Value of a thing, we shall call it Invaluable.

But, whereas in Nature you never get anything without payment, in Civilization you, sometimes, receive free gifts of really Valuable things.

An example will make this clear.

Both in Nature and Civilization creatures have to breathe, and every breath uses up a certain amount of Energy. In Nature no one ever makes you a present of a breath of air; but, in Civilization, this does—sometimes—happen. For, if we are “half-drowned”, and no longer have enough Energy to draw a breath, it often happens that someone will move our chest in and out—to fill our lungs for us—and so *give* us, as a present, a fresh store of Energy, with which to start our own breathing again. And a breath of air—as we shall see later—is the most Valuable of all things in the World around us.

CHAPTER II

Values generally. Values Positive and Negative.
Values Natural and Unnatural.

EVERY act of our lives is governed by Values, or rather by what we feel to be Values.

But Values are of two kinds—Positive and Negative. Positive Values are plus Values: Values to our advantage. Negative Values are minus Values: Values to our disadvantage. In other words Positive Values are Values *for us*: Negative Values are Values *against us*. (As used here the word Negative has the same meaning as in mathematics.)

An example will be useful.

Mr. W. is a manufacturer of rainproof coats: Mr. S. a manufacturer of straw hats. A spell of very wet weather is of great Positive Value to Mr. W. and, at the same time, of great Negative Value to Mr. S. In business one man's meat is another man's poison—nearly always. Business life is a never-ending fight over Values.

It is true that business men do not often fight one another—physically—in the streets, when they meet, even if they do happen to be rivals. The Law would call that a Breach of the Peace and punish the offender. The Law does not

approve of citizens damaging one another in any case. An undamaged citizen will, generally, be of some Positive Value for his Country; but a damaged citizen may be an expense, and therefore of Negative Value.

Yet, in business, men do fight one another. The fighting is a kind of "slow motion" fighting: it often takes a long time for a blow to fall. But—all the time—blows are being aimed at rivals in business: mental blows—mind against mind: moral blows—character against character. And—all the time—it is Value that they are fighting about: they are all fighting to secure something which they feel to be of Positive Value for them, or to get rid of something which they feel to be of Negative Value for them.

It is the same with every act of our lives: it is done—always—either to secure something we feel to be of Positive Value for ourselves, or to get rid of something we feel to be of Negative Value for us. This means that our every action is the result of some degree of Greed for something we wish to have, or some degree of Fear about something we wish to see removed from us.

The Instinct of Self-preservation causes these feelings—and we act accordingly.

Now, in Nature, the Instinct of Self-preservation is—usually—a safe guide; for though, in Nature, Life is made up of a smaller number of things, those things are generally important: very often matters of Life and Death. So the Instinct of Self-preservation gets plenty of practice.

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In Civilization, on the other hand, Life is made up of many more things, but most of them are unimportant: very seldom matters of Life and Death. So the Instinct of Self-preservation gets little practice, and is liable to become weak and confused.

The result of all this is that, in Nature, the wise families live on and the unwise families die out: but in Civilization both the wise and unwise families live on, and are now so mixed up that few of us have enough wisdom to know the difference between what is important and what is unimportant. We have got our ideas about Values thoroughly mixed: we do not know what is Valuable and what is Valueless, and we are no longer near enough to Nature to be able to learn from her.

But, though Civilization has robbed us of our instinctive wisdom, she has given us knowledge and taught us how to think: so, if we take the knowledge which Economics gives us, and *think* that knowledge into our everyday lives, we ought to be able to recover the wisdom which we have lost. If we can do this we shall be able—in future—to save the Time, Energy and Substance, which we now waste on unimportant things, and spend them in getting hold of the important things of Life.

Let us now test the statement that “we have got our ideas about Values thoroughly mixed”.

There was a time when people threw away the water in which they had boiled tea-leaves—and

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ate the tea-leaves themselves. We laugh at these people and are amused by their ignorance: if we are students of Economics we say: "They had got their ideas about Values thoroughly mixed". And that is quite true: their Values were badly mixed: but so are ours. They had a good excuse, for they did not know much about tea, or how to use it; and there was no easy way to find out about it.

We have no such excuse for doing many things which are just as foolish. Science is always telling us that coarse brown bread is the "real thing", and white bread a kind of pale ghost of it: yet most of us go on eating the pale ghost, because we like the "look" of it better. Apparently we cannot get rid of the idea that white bread is cleaner and, anyway, more refined: the colour deceives us—in spite of our knowledge to the contrary.

We behave in the same silly way towards brown and white sugars.

And, again, we generally boil our vegetables, throw away the water—containing the very Valuable salts, which we need—and eat the rubbish which is left. (An American doctor has recently denied that this is rubbish, but, in actual experience, his opinion does not seem to agree with the facts.) Then we laugh at the foolish people who threw away their tea-water, and ate the rubbish which remained.

A few years ago you could buy ripe bananas at about a quarter the price of unripe ones. People

would not buy the ripe bananas, because they did not look so bright as regards colour : the skins were nearly black. In those years you could also buy biscuits and bars of chocolate, which had been broken by accident, for about one quarter the price charged for the same things—unbroken.

In these days ripe bananas and broken biscuits are, perhaps, not quite so cheap as formerly : people are slowly learning the real Natural Value of things—or is it that they are not so much afraid of being thought poor when they buy cheap things ? In the case of the biscuits and chocolate it must have been Fear of being thought poor which made people unwilling to buy them ; for nobody could be so foolish as to think they were any worse because their shape had been altered.

It is true that it is our Instinct of Self-preservation which makes us do these foolish things, and it might be thought that it could not make a mistake—because, in Nature, it generally proves a good guide. Yes ; but we are *not* living “in Nature” : far from it : very far from it. Our Instinct of Self-preservation has become badly twisted by our twisted ideas of Values. If a whole biscuit were really of greater food-value than two halves, then a wise person would be ready to pay a higher price for it, of course ; but we all know that the two halves are just as good. Yet we cannot *feel* that they are : we are so afraid of what other people will think about us, if we buy broken biscuits, that we cheerfully pay twice or even three or four times as much for whole biscuits—

which we then put on our dinner-tables, where we carefully *break them up before we eat them*.

Let us take another example. Many people like boiled bacon—especially in Winter—and it is very Valuable food. Now, if you buy a piece of the loin you have to pay a big price for it : at the present moment we will say 1s. 6d. a lb. At a certain spot along the side of the animal, they will stop calling it the loin and will begin to call it the flank : at that spot the price will change from 1s. 6d. to 4½d. a lb.—one-quarter the former price.

Probably you will suppose that the flank is cheap because it is nasty. You may well think so, for you—no doubt—still think that most people are sensible : but you are mistaken. The flank gradually becomes less lean, from the point where it joins the loin, and slightly narrower, but where the two join you could not tell one from the other. Yet people will cheerfully give *four* times as much for the one as they will for the other. At times the price of the flank is only one-fifth the price of the loin : 3d. as against 1s. 3d.

The butcher can tell you similar stories—and true ones too—about different “cuts” of meat. At times breast of mutton cannot be sold at any price.

The fishmonger finds it difficult to sell some kinds of fish because they happen—at the moment—to be *too cheap*. There is no better fish than the herring, but they are never very fashionable, and, when they are so plentiful that they can be sold for 1d. each, people will not buy them : they are *too cheap*.

There can be no doubt whatever that we know so little about Values that *we judge the Value of a thing by its price*; and we can already see where that is going to lead us.

One more example. How many people would think a loaf of coarse brown bread more Valuable than a large ruby? Most people would rather give pounds for the ruby than pence for the loaf: yet the loaf has a real Natural Value and the ruby has none. Any Value the ruby is supposed to have is what we shall call an Unnatural Value—a Value which does not belong to it in Nature, but is given to it only by the artificial state of existence we name Civilization.

But, you may say, it would be wiser to buy the ruby, because it could be sold again and the money spent on large quantities of food. Certainly that would be sensible, if you could be sure of selling the stone for more than you gave for it, as jewellers do: but could you? Certainly most people do not buy precious stones for that purpose, nor could they succeed—in most cases—in making money out of them, if they tried. Most people buy these stones because they think that, as they are expensive, they must be Valuable; and because it is pleasant to have as many Valuable things as possible and to let other people see them on you.

All this shows, very clearly, that the Instinct of Self-preservation, which is so good a guide in Nature, is very liable to lose its way in Civilization.

CHAPTER III

The Test of Value. Transformation of Value. Purpose.

It will be necessary, now, to dig more deeply into the meaning of Value.

We have seen, already, that a thing may be of Positive Value for one person, and yet may be Valueless—or even of Negative Value—for another.

Here it must be pointed out that we say “Value *for* one person” and not “Value *to* one person”. Why? An example will make the reason clear.

If we were speaking about a meal containing good food, we should say: “That meal is of great Natural Value *for* you”—if you had not begun to eat it. But, if you had just finished eating it, we should say: “That meal is of great Benefit *to* you”. For Benefit means goodness which has been actually extracted from Value and is being, at the moment, absorbed into your life in some way.

So a Valuable thing is something which has Benefit in it, ready—waiting for you to take it. Before you take it the thing has Value *for* you: after you have taken it the thing has parted with Benefit *to* you.

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Now, when a thing has the power (in itself) to turn into something else, if only you will do what is needed to give it a start, we say that thing has Potentiality. An egg has Potentiality to become a chicken : so we can say that an egg is a Potential chicken—a thing-that-has-the-power-to-turn-into-a chicken. Therefore, since Value has the power to turn into a Benefit, we can say that Value is Potential Benefit.

POTENTIAL BENEFIT is our Definition of Value.

But note that this value, which is Potential Benefit, is the Value which is *for* you : it is separate from you : you have not yet secured the Benefit it holds for you. When you have secured it, then it will, of course, be Benefit *to* you, as soon as you begin to make use of it. And, then, there is still one more stage : the last. For when you have used up the Benefit—when it has sunk into you and become part of you—the Benefit has become part of your own store of either Energy or Substance : and, as Energy and Substance are only two forms of the same thing—Energy—we may say that the Benefit has now become Energy *in* you.

Let us go over it once more :—

1. Your meal, before you eat it, possesses *Value for* you.
2. Your meal, as soon as you have eaten it, gives up its *Benefit to* you.
3. The Benefit of your meal, as soon as you have digested and absorbed it, has become *Energy in* you.

The statement that Energy and Substance are only two forms of the same thing is perhaps difficult to believe. Nevertheless it is true. Substance is merely a kind of solid Energy: though, as a matter of fact, the most solid Substance has more gaps than anything else in it: it is made, mostly, of gaps. There is no room in a small book to explain this any farther: and, in any case, it is outside the range of our studies in Economics.

Even now we have not quite arrived at the full understanding of the use of the word Value in Economics.

A thing which is Valuable for one purpose may be Valueless for another. Therefore we cannot, fully, judge or TEST the Value of a thing, until we know the PURPOSE for which it is wanted.

We will take an example.

A diamond is the hardest thing in Nature. For a man who wants to make his living by cutting and polishing precious stones, diamonds have such great Value that they become—for him—Invaluable. For there is nothing else hard enough to scratch, and so cut and polish, other diamonds. Fortunately—for him—diamonds are so hard that they are rather brittle: they can be hammered into dust, and that dust used for scratching the flat “cuts” which make the diamond, when well cut, so beautiful. For it is these cuts, or *facets* (meaning little faces), which break up white light into the rainbow tints of which it is composed, and give the diamond its beauty.

For a man who wishes to make his living by cutting glass, or boring holes in glass, diamonds are Valuable, but not Invaluable, because there are other substances which can be used for that purpose.

For a woman who wishes to wear a diamond, because she thinks it might make her more attractive, a diamond might, or might not, be Valuable. It might, or it might not, prove to *have been* of Value—after it had been tried. It could not be Tested for Value until that Value has actually been transformed into Benefit to the woman, or the diamond has been proved to possess no Value for her.

A possible Value can be tested only by transforming it. Then, of course, it would be too late to speak of it as of Value.

We shall not go into the questions of Minus-Benefit (damage), or of Minus-Energy (Degeneration—the process of losing Energy). The meaning of these words is quite plain and needs no explanation, but it is necessary to mention them in order to complete the set of three—which now stands :—

1. Minus-Value ;
2. Minus-Benefit ;
3. Minus-Energy.

Diamonds, however, would be Valueless for anyone who was looking for things which would help him to make his living by curing bacon, painting pictures, writing books, breeding dogs, manufacturing boots, keeping bees, growing

wheat, felling trees, training horses—or in hundreds of other ways. Therefore the Value of diamonds, for any person, depends upon the *Purpose* for which he wants them.

This question of Purpose must now be considered more carefully.

We have seen that, in order to test the Value of a certain thing for a certain person, we must know the Purpose for which that person would use that thing, if he had it. If a person had *no* Purpose in Life, nothing could have any Value for him. Most people, however, have at least one Purpose in Life—namely to live: therefore, anything which is of Value for the Purpose of living must be of Value for most people.

But there is one Purpose which *everyone* has: we shall name it Happiness; and by Happiness we shall mean Absence of Unhappiness—just that.

It may be said that many people never give a thought to any such Purpose. That is so; but they have that Purpose, nevertheless. When we have a thing which we feel to be natural and satisfactory, we do not notice it—"we think nothing of it": but, the moment we lose that satisfactory thing, we feel the loss of it and want it back again. This is what happens as regards Happiness: we do not think about it while we have it, but, the moment we lose it and become unhappy, we miss our former Happiness and want it back again; and, if we can think of anything that is likely to be useful in getting it, we try to get that thing for that Purpose.

So—whether they know it or not—everyone has the Purpose to get Happiness.

We see, then, that—whatever other Purpose (or Purposes) people may have, as well—**EVERYONE HAS ONE CHIEF PURPOSE, HAPPINESS.** But, if everyone has the same chief Purpose, it follows that anything which is Valuable for that Purpose must be tremendously Valuable; because—to find its real Value—you must consider the number of persons to whom it is Valuable; and, in this case, that is the whole population.

When we come to speak of Supply and Demand (Chapter X) we shall go into this matter of large numbers of people wanting the same thing—at the same time. At the moment it is enough to see that the greater the number of persons wanting a thing, the greater its Total Value: the sum of all its Values, for different people, added together.

Now, though Happiness is the chief Purpose of everyone, it is seldom their only Purpose. Most people have many other, little, Purposes. If they are sensible people, all their little Purposes will be chosen and arranged in such a way as to help them to succeed in their one big Purpose—Happiness. If, as is usually the case, they have learnt nothing about such things, they will, of course, do what most people do: drift into having hundreds of little Purposes, most of which are quite useless—or even of Negative Value—for the one Great Purpose of their lives. It is in this way that we waste our Valuable Time, Energy and Substance.

But, in Civilization, where—for each of us—so much depends upon the way in which other people treat us, it does not “pay” to be selfish. The goodwill of others has such Positive Value for us, and their badwill has such Negative Value against us, that it is well worth spending some of our Time, Energy and Substance to buy that goodwill: for few of us can be quite happy without it.

Most of us do not realise that it is very unfair to expect goodwill from others, unless we are ready to give them goodwill in return. In most cases, if their goodwill has Positive Value for us, our goodwill has Positive Value for them.

Some may think: Why not each keep our own? The answer to that is: Civilization has made us into Specialists: people who usually can only do some one special thing with any hope of success. We expect Specialists like bread-makers, clothes-makers, house-makers, furniture-makers, garden-makers, car-makers, health-makers, and so on; also Specialists such as people who can do cooking, farming, sewing, cleaning, driving, engineering, carrying, teaching, governing, and—again—so on; to help us, each in his special way: naturally, they also expect us to help them in our special way—whatever that may happen to be.

So Civilization is like a very large and very complicated machine, in which all the separate parts are people: and just as the different parts of a machine have different kinds of work to do,

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in order that the work of the whole machine may be properly done, so the big work of Civilization cannot be properly done unless the work of its different parts—its different people—is done as it should be done.

But a big machine has this great advantage : it is built to do a certain piece of work, and all its parts are made in such a way that they all help it to do that work. Unfortunately Civilization has not been built in that way : it has grown up “anyhow”, like a machine built up of all sorts of “odds and ends” which just happened to be lying about. No wonder it does not always work very well ! No wonder it does not quite understand its job ! How could it when hardly anyone either knows or cares what that job is ?

Let us see whether we cannot decide upon the work which Civilization ought to do, by going over what we have already learnt.

The work, which our Great Machine of Civilization should do, ought, clearly, to be as Valuable as possible and Valuable for as many people as possible. But we have, already, seen that to make Happiness is the most Valuable *Kind* of work possible : the most Valuable work—as regards *QUALITY*. As regards *AMOUNT* of work—*QUANTITY*—the most Valuable amount of work would be to bring Happiness to the greatest possible number of people.

It would seem, then, that the chief Purpose, or aim, of Civilization should be “The Greatest Happiness of the Greatest Number (of People)” ;

and that, in order to succeed in this Purpose, the first thing to be done is to prepare the Machine of Civilization for its job. But this can only be done by first altering the parts until they are fit for such a machine, intended for such a Purpose. And these parts are ourselves : so let us next consider how best we can prepare ourselves for what should be our united Purpose.

CHAPTER IV

Happiness and Unhappiness. The Three Parts of Man.
Air, Water, Food, Shelter.

WE have seen that Happiness is the chief goal, or aim, of each of us: that is to say, we all want Happiness more than anything else: to put it another, and perhaps better, way—the thing we all want most is to be free from Unhappiness.

The next step to take is to find out what are the things which make Happiness, and what are the things which make Unhappiness: as Happiness and Unhappiness are just opposites, it follows that what is good for the one is bad for the other. We need only consider what is good and bad for one of them, therefore: in other words, what is of Positive Value and what is of Negative Value for one of them—let us say Happiness.

Now man himself is a complicated machine, made up of a great many parts; and each part—naturally—has some effect upon the Happiness of the whole. But, in a small book, there is not enough room to consider the working of all these parts. There are plenty of books which tell us how to keep in good health, or “fit”, as we say in these days. We shall, therefore, for this Purpose, consider Man in a different way: we

shall consider him as made up of parts which make themselves felt in three distinct ways, and so cause us to say that *Man has three sides to his nature*. But, when we say "three sides to his nature", we really mean three different kinds of human machinery, which—taken and put together—make up a complete human being.

We will call these three sides, or parts, of man, his physical side or Body, his mental side or Mind, his moral side or Spirit.

These parts are not separate: they run into and through one another. It is rather like a steam engine used for steering a ship and worked by the man at the steering wheel. The metal machinery itself is like man's physical part. The steam is like man's mental part—his brain and nerves: the part which gives the Energy to make the machine work. The steersman is like man's moral part—his Spirit: the part which makes the steam go through the engine in different ways, so that the rudder steers the ship in different ways.

The ship itself is like man's Life. It is steered by the steersman—his Spirit, through the steam—his nervous Energy (his Mind), working his Body. His Mind and Body obey his Spirit. His Spirit, therefore, is what matters most.

We must, however, drop the idea of the ship and consider how the three sides of man's nature must be treated in order to give him Happiness.

Now it is clear that we cannot be quite happy unless all three parts of us are working properly: not *completely* happy. Certainly a person, with

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one part working very well, may be able to forget the other parts—even when they are not working well; but it is not very easy to do this, and, generally, it does not last very long. It is much easier to be happy when every part of us is working properly: that is to say, when all three parts are in perfect health, and properly balanced.

In Nature, we should not, generally, live so long as we do now, and those who were not very strong would not live at all; but those who did live on would be so strong that they would be working well in all three parts—and so they would be happy, as long as that state of things lasted.

But—as we have already seen—we do not live in a Natural State: we live in a highly artificial state, called Civilization: and, though we have found out how to live longer than we should in Nature, we have not yet discovered how to be happy all the time. You will, of course, think that this is because we have not yet learnt to be well all the time, and that is quite true. Nevertheless, one can learn—through Economics—ways to get Happiness: even when the three parts of us are not all working properly.

Let us go back to our ship for a minute.

If anything goes wrong with the steering engine—if either the machine itself or the steam which drives it fails in any way—the steersman does not give it up; he goes to the hand gear and steers by hand. In the same kind of way we can, often, forget about the bad working of our other two parts and make our Spirit steer towards

Happiness, in spite of their bad behaviour. It is not easy to learn to do this—most people find it very difficult—but it can be done: and it is well worth the trouble.

Let us now consider how Economics can help us to keep them all working properly, so that we shall—in this way—have every chance to be completely happy.

As we have already said, there are plenty of books which tell us how to keep "fit": nevertheless one may not have a chance to read them, so we will consider some of the *most* Valuable things—most Valuable, that is, for the Purpose of keeping the Body in perfect health.

The most important thing to remember, with regard to the Body, is that it is part of Nature. Too much Civilization has already made it weaker in some ways. Perhaps, in some other ways, it may have made it stronger; but that is doubtful. So we have to remember, also, that Civilization changes it; and that, therefore, Civilization also changes the Value of certain things which are useful for keeping the Body in Health.

In Nature, Life is simple and very few things are really needed: in Civilization, Life is very complicated and artificial (unnatural), and many more things are needed for living it. Advertisements are—all day and every day—telling us that we need all the thousands of things which they advertise: just because the advertisers want to sell them. This is one of the things which make Life so difficult in Civilization. Many people are

ruined by advertisements, every year. They believe what those advertisements say, or, at least, act as if they believed it all, and buy more things than they can afford to pay for : and the saddest part of it is that most of the things which they buy in this way have no Value for them.

This is where Economics comes in.

As we said in Chapter II, the Instinct of Self-preservation teaches you what is the best thing to do—when you are living in Nature, but not when you are living in Civilization. In Civilization you have to *learn* what is the best thing to do, and Economics is what teaches you.

As we have already said, the Body is part of Nature. " It comes from Nature and goes back to Nature," is what most people say, but this is not quite true. *The body never leaves Nature.* Therefore all the things which are of Value for it in Nature are of Value for it in Civilization. It may want *other* things—as well—in order to live a Civilized Life ; but, before all else, it needs the things which are of Value for it in Nature.

In Nature there are only four classes of things found on the Earth which are of Value for us. These are Air, Water, Food, Shelter. All these things are really Invaluable for us—we cannot see any end to their Value—for without them we could not live. Nevertheless, though they are all Invaluable, they have a certain Natural order for our Purpose. They are *not always* equally important. We could more often live without Shelter than without Food : without Food than

Water : without Water than Air. Therefore we say that Air is more important, or Valuable, than Water : Water than Food : Food than Shelter—even though they are all, generally, Invaluable.

There is one point here which needs explanation. Most of us think we could live longer without Water than without Food ; but that is because we do not realise that nearly all the Food we eat is largely made up of Water. Most of the weight of milk and fruit is—we can see—just Water: but a large part of the weight of vegetables and meat is also just Water.

It is easy to see that Air, Water, Food and Shelter are the most Valuable things in the World for our Bodies—and that their Value is in that order. Shelter, however, needs a little further consideration.

By Shelter we mean anything which can be used to protect. Here—as we are now considering the Body—we mean anything which can be used to protect the Body. Houses, clothes, windscreens, draught-strips, cricket pads, fencing suits, armour, shields, and so on, are all forms of Shelter. Notice that—in Civilized Life—we carry part of our Shelter and leave part at home.

We have spoken of Air as a “ class ” (or group) of things, and you may think that this is a mistake : but, really, it *is* a class of things—there are many different kinds of Air. Actually it is a mixture of many gases, and the quantities of the different gases, in that mixture, change from time to time and from place to place. It is those changes which

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we often feel when "the weather" changes, or when we go to different places for a holiday.

Water, we must admit, is rather less a "class"; but even Water changes from time to time and from place to place, because of the extra things that get into it. The actual pure Water, which forms the foundation, does *not* change: that is always the same, but is never found, alone, in Nature.

So—when we speak of Air, Water, Food or Shelter—we shall mean all kinds of the things in that particular class.

We have only considered the Value of Air, Water, Food and Shelter for our Bodies; but they are also Invaluable for our Mental and Moral sides. For, without them, we cannot live; and, without Life, we can have neither Mental nor Moral side—as human beings: we should be dead.

All three sides of our Nature, therefore, depend upon Air, Water, Food and Shelter for their very life, *and upon nothing else from outside*—from the Earth outside ourselves—nothing else that would be classed as Substance, that is to say. Energy, in certain forms—such as Light and Heat (merely different qualities of the same kind of Energy) and probably others—is needed to keep us in health of Body, Mind and Spirit. These forms of Energy will be mentioned again in Chapter V.

CHAPTER V

Revision. Further Consideration of the Effect of Air, Water, Food and Shelter upon our Bodies.

So far, we have learnt :—

Chapter I :

That Economics, here, means THE SCIENCE OF VALUES.

Chapter II :

That Values may be POSITIVE OR NEGATIVE, and that in business one man's meat is—generally—another man's poison.

That our natural guide—the INSTINCT OF SELF-PRESERVATION—has been spoilt by Civilization, and that Economics must take its place.

That inexpensive things are often more Valuable than expensive things.

Chapter III :

That VALUE means POTENTIAL BENEFIT.

That PURPOSE IS THE TEST FOR VALUE.

That our own Happiness is, at all times, our chief Purpose.

That THE GREATEST HAPPINESS OF THE GREATEST NUMBER should be our Final Goal.

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Chapter IV :

That MAN has three sides to his Nature
—PHYSICAL, MENTAL, MORAL.

That there are four—and only four—
classes of substantial things necessary to
Life, either in Nature or Civilization,
namely, AIR, WATER, FOOD, SHELTER.

Put in another way, what we have learnt comes to this : Our chief Purpose is to be happy ; to be happy we must live (nothing else is absolutely necessary to Happiness : Health is Invaluable for the Purpose, but is only perfectly balanced Life) ; to live we must have Air, Water, Food and Shelter, but need nothing else substantial. Therefore these classes of things are the only ones which have real Natural Value for us : for—as we shall see in Chapter IX—to increase our list of necessities is to decrease our chance of Happiness. In Civilization other things may have Value for us, but it can only be an Unnatural—or Artificial—Value. Many of the things which we think most Valuable—in Civilization—have no Natural Value: they are Naturally Valueless.

On the other hand, there are many things which have no Value in Nature, but which may have a real—though Unnatural or Artificial—Value in Civilization. The ruby, which we mentioned at the end of Chapter II, is an instance.

An Indian Prince might be more happy if he had a certain large ruby, because his subjects might think more of him if he wore it—they

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might like their Prince to look as rich as possible—and because he liked to look as princely as possible. In that case that ruby would have real Value for that Prince, and for the subjects of that Prince, for it would actually make them more happy. But, though its Value would be real, it would not be Natural; for in Nature it would be of no Value to anyone—for any Purpose.

It all depends upon Purpose, as before.

The main Purpose is always the same—to be happy—but, to reach that one great final goal, you have to reach—first—other small goals on the way to it.

For instance, in either Nature or Civilization, Health is an Invaluable foundation. To reach the goal of Health will, therefore, be one of your smaller Purposes—though in Nature you might not know it. In Civilization you must know it—sooner or later—and act accordingly; because your Instinct of Self-preservation cannot—as it does in Nature—guide you properly through Life. Civilization does not give it a chance.

Our first Purpose, then, must be Health, for without Health we cannot even live: fair Health we must have for our Body, or we shall die. Let us, therefore, consider the effect of Air, Water, Food and Shelter upon our Bodies generally.

The Value of air is much better understood than it used to be a few years ago. The chief thing to note is that you cannot have too much of it. In Nature you live entirely in it: you get as much of it as possible. So, as the Body remains a

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part of Nature, even in Civilization, the Body needs as much Air as it can get. This does not mean that, even on the coldest day, the Body should be exposed to the open Air, without any covering. The Body needs Shelter also—at times: but *proper* Shelter does not prevent the fresh Air getting to the Body; it only prevents the Air getting to the Body until it is warm or cool enough to do it no harm. So, although we cannot have too much Air—either for our lungs or our skin—it is not good for our Health if it is either too hot or too cold: when it is either, we need proper Shelter to cool or warm it, as the case may be.

The Arab, who has to live in Air which is sometimes very hot and sometimes very cold, wears a kind of blanket—in the form of a cloak. He has found, by experience, that this is the best Shelter for both heat and cold. What makes it so good for both Purposes? The Air it holds amongst its hairs: thousands of little pockets of Air, held in their places by the hairs which surround them on all sides. And Air—every little pocket of it—is a *bad conductor of heat*: it is difficult for heat to pass through it. During the day the heat of the sun cannot pass through the blanket to the Arab: during the night the heat of the Arab cannot pass out from him to the cold Air outside the blanket.

Of course some heat passes through in each case, but not enough to harm the Body.

But, although clothes made of wool—like the

Arab's cloak—are very Valuable as Shelter, they are not quite perfect : the perfect wool cloth has not yet been invented. To understand the problem we must learn a little about our skin.

Through the skin—from inside to outside—run numberless little tubes, called sweat glands. When you get very hot, what we name perspiration runs slowly out of these little tubes—if we are in good health. This is very good for us, because the liquid which runs out—all over our skin—is full of things which are of no Positive Benefit to us : in fact they are of Negative Benefit to us, and would slowly poison us if they did not come out.

When the perspiration arrives at the outside of our skin—in Nature—it is carried away by either Air or Water : that is another good thing which Air and Water do for us. But—in Civilization—we wear clothes, and clothes prevent perspiration from getting away properly : so we have a bath and wash it off.

In a hot climate we do not need clothes. When we become very hot, perspiration comes to the surface of the skin, where the Air carries away the water in it, and—at the same time—sweetens and destroys all the poisons in it : and the Air is so hot that we do not feel cold while all this is going on.

In a cold—or even cool—climate we have to wear clothes, as Shelter, and the perspiration collects upon the surface of the skin. Then, if the cool air gets through to it, there is danger. For,

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when water is turned into water-vapour, it has to take up heat from something near it, and that makes the thing near it colder. So, when the Air blows upon the perspiration upon our skin, and turns the water in it into water-vapour, the water-vapour takes up heat from our skin and makes us feel cold. In this way we get a chill. But, in a hot climate, the heat which the water-vapour takes from our skin is put back—at once—by the hot Air, all round us, touching our skin.

Certain animals, living in cold or cool climates, carry about with them almost perfect forms of Shelter. The feathers of birds and the fur of many other creatures are good examples. Such forms of covering allow the skin poisons to get out, but prevent cold Air from getting in. They also keep off the rain.

Civilized man has not been able—so far—to invent covering so good as these. For in man's coverings it is always more difficult for the skin poisons to get away properly : they may get away as far as the clothes surrounding the Body, but there they generally stick—too close to the skin to be healthy. Neither can the fresh Air get to them, to sweeten and destroy them, as it can through feathers and fur.

When man makes cloth of any kind he has to *weave* it, and this means that the threads, of which it is made, cross and re-cross each other ; and any spaces, which are not covered by the threads themselves, are sure to be more or less covered by the " hairs " of which the threads are made.

So, in man's coverings, the " hairs " lie more or less *across* the skin ; whereas Nature's coverings are so arranged that every hair or feather stands out *from* the skin. By this means, in Nature, the poisons are free to get away *from* the skin, and the Air is free to get *to* the skin : but the Air is made warm—first—by having to pass through the covering or Shelter.

Note then, that water is a powerful means of getting rid of poisons—both when we wash ourselves outside and when we wash ourselves inside with it.

Food is a big and important subject in itself.

There are three ways in which Food must be considered by us, in order that we may be in a position to understand—even roughly—its Value for us :—

1. The use of Food.
 2. The heating and cooling of Food, and its preparation for the table—generally.
 3. The mixing of Foods.
1. *The use of Food.* Food is useful to us in two chief ways :—

- (a) in keeping us warm enough to live.
- (b) in making fresh Substance for our Bodies
—to take the place of what we use up.

Food keeps us warm by acting as Fuel—something that can be burnt—and burning, very slowly, inside us, in the Air which we take in through our lungs. The fresh Air which is needed for this burning is taken in when we breathe *in*, and the fumes—made by the burning

—are got rid of when we breathe *out*. It is rather like an engine, in which the air inlet and exhaust outlet are formed by the same opening, acting first one way and then the other.

Our breathing arrangement is a clever one, for, whether we put in too much fuel or too little, it always keeps us at the proper heat—as long as it is kept in good order by our being in good health. How it does this can be learnt from any book on Physiology—the Science of the Working of the Body—also the way in which fresh Substance for the Body is manufactured from the Food we eat.

Certain kinds of Food are Valuable for building up the Substance of the Body, and certain kinds are Valuable for heating the Body.

At the end of Chapter I we explained that, in order to get anything you want, in Nature, you have to pay for it with Time, Energy and Substance. We know what is meant by Time and Substance—already : now we shall be better able to understand Energy : for here it is just the heat which is made by Food burning in our Bodies.

Heat is a form of Energy or Power.

It may be mentioned, in passing, that Light is the same form of Energy as Heat. They are only the opposite ends of the same scale ; Heat the bass end—Light the treble. Light, however, being the more intense and penetrating—but the less noticeable—form, is the more dangerous, when there is too much of it ; and Shelter is necessary to protect us from sunstroke (actually

lightstroke) in places where the air is too thin or clear to form a safe filter for the sun's rays.

We have not enough space to explain how it is that Heat is a form of Energy. That explanation can be found in any good book on the Science of Physics. It is enough, here, to point out that this is so, and remind you that—in most engines—it is Heat which gives Power to them. And our Heat gives us our power or Energy.

So we get both our Substance and our Energy from our Food.

2. *The heating and cooling of Food, and its preparation—generally.*

In cooking Food we heat it, in different ways : in making ices—and other iced foods and drinks—we cool it.

The first thing to notice is that, in Nature, Food is never very hot or very cold. That ought to make us think : and we do not need to think very far before we realize that very hot things and very cold things must be very bad for our teeth. The enamel—on the outside of our teeth—is exceedingly hard : it will stand a great deal of hard wear. But the inside of our teeth is made of a Substance which is not very hard ; and the coat of enamel, which protects it, is thin. Very hot things make the coat of enamel expand : very cold things make it contract : and it is not built to stand such sudden and violent changes of temperature—such a state of things is not Natural.

The result of treating our teeth in this way is that the enamel cracks, germs get through the

cracks—and into the soft Substance beneath the enamel—and we lose our teeth. This is one of the chief reasons why Civilized people lose their teeth so early in Life.

The second thing to notice is that by cooking Food, and by preparing it in many other ways, we do all we can to make it soft. Many people never eat anything really hard or tough : yet it was for the purpose of eating hard and tough things that our teeth were put into our mouths ; and the worst of it is that unless our teeth *are* used in this way—and so get proper exercise—they become weak. This is another of the chief reasons why Civilized people lose their teeth so early in Life.

The third thing to notice—still we are considering the effect of our different ways of preparing Food—is that one of the most important things in Natural Foods is a class of Substances named Vitamins ; and that these Vitamins are destroyed by great heat.

So important are Vitamins that unless we have them in our Food—and have them in a Natural state—we become ill and die. In order to get enough Vitamins to keep us alive, therefore, we must eat some—at least—of our Foods uncooked.

It is rather wonderful that Vitamins should make such a difference to us, because they are only present in our Food in such very small quantities that it is not at all easy to find them : until lately we did not know that they were there. (We have already—in Chapter II—referred to the foolish

waste of Valuable vegetable salts still practised by most Civilized people.)

3. *The mixing of Foods.* In Nature, Foods are very seldom mixed: hardly ever. This, again, ought to make us think. We cannot yet be sure whether the mixing of so many different kinds of Food is harmful or not; but we do know that it is Unnatural and, therefore, likely to be harmful. We know that different kinds of Food have to be digested in different ways: it is hardly fair to expect our digestion to deal with twenty or thirty different Substances at the same time. They *may* pull against one another, so to speak: at least it is quite Unnatural and liable to strain our digestive machinery.

Civilized conditions are certainly destroying our teeth: and, because so many people have lost either some or all of their teeth, we now break up our Food as much as possible—by mincing, grinding, pounding, mashing and cooking—so that our teeth shall have less to do: for artificial teeth are not nearly so easy to use, or so strong, as the teeth of Nature. But, in this way, we are giving what teeth we have left less to do and so weakening them still further. It is far better to give our teeth plenty of exercise, and in this way make them strong.

Strong teeth are very Valuable: they make it possible for us to eat more Natural Foods, and to eat them in such a way that we get most of the Natural goodness out of them—instead of throwing much of that goodness away, as we do at present.

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Note that we have, in this chapter, considered the effect of Air, Water, Food and Shelter upon our Bodies generally and naturally; so Water and Shelter came to be considered while we were discussing Air. That was why it came about that the chapter has ended with the consideration of Food.

CHAPTER VI

Air, Water, Food and Shelter in Civilization.

IN Nature, Life is simple and very few things are needed.

In Civilization, Life is complicated and artificial, and a great many more things are needed: or, rather, without them Life immediately becomes more simple and Natural again.

So Civilized Life needs many more things than Natural Life: but the greater the number of things needed the more difficult it is to learn to use them all—properly—and the more work the mind has to do. Besides, this extra work is Unnatural work.

Civilized Life is, therefore, not only Unnatural; it is also—and for that very reason—unnaturally difficult: and the higher the Civilization the more Unnatural and difficult Life becomes. This, at least, is what has happened, so far, in the World's history; and is the reason for the flick-back of all the Civilizations of the past.

Nevertheless—as we shall see later—it is possible to make Civilized Life much more simple, again, by getting rid of, or leaving alone, everything which is not really needed for the Purpose of making us happy people. And what more

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can any sensible person expect—or want—than Happiness?

Education has been invented to teach young people how to live this difficult Life; but, unfortunately, there are so many things to learn that only a very few of them can now be taught in schools. There is no time to teach all the rest; so many of the most useful things cannot be taught at all, and we have to try to learn them as best we can, by experience, later in Life.

This is not a satisfactory state of things, because it means that we shall often have to suffer, in many ways, before we can learn—even roughly—the Value of the numberless things by which we are surrounded.

In spite of our Civilization, we are still animals; and to learn to live is—or should be—our first lesson. Life comes before Civilization: it is our very foundation. What is needed for Life is, therefore, of more importance than what is needed for Civilization only. It was for this reason that we have considered the Value of Air, Water, Food and Shelter before all else.

As we have already seen—in Chapter II—the Instinct of Self-preservation is no longer a safe guide, even in such matters of Life and Death. It has become thoroughly worn out in trying to keep up with a Civilization which is always a long way in front and always increasing its speed. It is “fed up”.

Nevertheless, as we saw in the same chapter, Civilization—though it has ruined our Instinct of

Self-preservation—has also taught us how to think: and, by training our minds to think clearly, we can learn to guide ourselves in these matters. It is rather a long way round, of course, but it cannot be helped, now; and it is better than drifting about anyhow and making a mess of things generally: that state of things is likely to make us Unhappy—at times.

To lead a Natural Life, then, needs very few things; but—surrounded as we are, on all sides, by people leading a Civilized Life—it is not easy to keep to a Natural state of Life: in fact it may be said to be quite impossible. We are obliged, therefore, whether we like it or not, to live a more or less Civilized Life, and so must now consider the Values of those things which are needed—in addition to The Great Four—for doing it. But—before we go any farther—we shall have to reconsider The Great Four themselves: because, though they are the same Great Four (Air, Water, Food and Shelter) in Civilization as in Nature, the separate things in each of these classes are often different, especially as regards Food and Shelter.

Air. As already mentioned, Air is a mixture of several gases: and, because the gases in it are only *mixed* together, the different parts of it are continually changing their places: there is nothing to prevent them from doing so.

The result of this is that Air is different in different places, and that no two places are likely to have Air which is exactly the same. So, when you go to some other place, for what the Doctor

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calls "change of air", it is very likely that you will get it.

Some people feel better in one mixture of Air; others feel better in a different one. Unfortunately we cannot, usually, choose the kind of Air we should like best to live in. Yet something can be done about it, in most cases. For it is not so much the Air, alone, that makes us feel different, as the effects of that Air, Water, Food and Shelter (in that particular place) all added together. Just as animals brought to the London Zoo, from all parts of the World, can generally be kept in perfect Health by changing their Food and Shelter—and their exercise—to fit in with the strange Air they are placed in, so can we, generally, learn to live in perfect Health wherever we are placed.

In Nature, we—and all other animals—have to seek our Food; and this "seeking" is good for us: we are now coming to the question of the Exercise which we mentioned in the last paragraph. For that "seeking" not only makes it unlikely that we shall often "overeat" ourselves, but it makes it likely that we shall—as a rule—get enough Exercise to keep us in good health.

You will, no doubt, think it strange that this important Exercise has not been added to The Great Four, as one of the things which are absolutely necessary to Life. There was a good reason for that. *In Nature*, Exercise is part of the getting of Food: you cannot get food without it: but, most unfortunately, this is not the case in

Civilization. Besides which, Exercise comes from inside you ; not from outside : it is your Energy coming out : it is one of the things you pay with.

But, again, you might think it is a mistake to say that, in Nature, animals have—always—to seek their Food : you may think that cattle, sheep, and other common animals can get as much grass as they want—at least in Summer—without having to seek it. No : not in Nature. In Nature, animals which live upon grass have to wander for many miles a day in search for it. The cattle and sheep we see here are living in Civilization. We keep them only a short time, and we do not want them to become strong and healthy : we want them to become fat, so that they will be good to eat. If they lived long in that way, they would become ill through overeating and want of exercise.

As we have said before, we cannot have too much fresh Air : in Nature, we should be in it all day and every day : in Civilization, we seldom spend more than an hour or two a day in the real fresh, open Air. Few of us who live a Civilized Life have work which keeps us out of doors : most of it has to be done indoors. So long as we live our *present* kind of Civilized Life, we must have Shelter for most of the things we play with, and for most of the things we work with, which would be ruined by the weather if we did not cover them with the right kind of Shelter.

So we do not get enough fresh Air to breathe in this Civilized Life of ours : not enough to burn

up all the waste and poisons from the Food we eat. The only way to balance things, therefore, is either to get more Air—if we can—or, if we cannot do that, to eat less. Unfortunately we are tempted to eat several times a day: indeed, whenever a mealtime comes round, it is very difficult to get out of eating: we are expected to eat, whether we are hungry or not. This, of course, is all wrong.

Then there is the further question of the effect of the fresh Air upon the skin. This also is of great importance.

Not only does the fresh Air destroy the poisons which ooze out through our skin—as we learnt in Chapter V—it also tones up and tightens our skin, in such a way that all the little holes in it close up and prevent us from getting a chill. Fresh Air is, therefore, a powerful skin tonic. But that is not all. The skin is packed with the ends of numberless nerves—which are connected to all parts of the Body—and these nerve endings are also braced up, or toned up, or tuned up, by the fresh Air; especially when it is cold. Cold water has much the same effect. In Civilization, therefore, our skin is liable to lose “Tone” through need of more fresh air. It is to make up for this shortage that people have cold baths. But cold Air is the better tonic for the skin, for a large number of small shocks gives better Tone than a small number of large shocks.

Water. As we have just seen, cold Water has much the same tonic effect upon the skin as cold

Air : the chief difference is that the effect of cold Water is more powerful, and it must, therefore, be taken in smaller doses.

With regard to the Water which we take into our Bodies, the problem is much the same as that of the Air which we take into our Bodies—by breathing. In each case we find that they are—nearly always—different in different places. As in the case of Air, changes in the Water we take in may need some changes in Food and Shelter, in order to produce the best results.

It is very seldom that we meet with Air which is too nasty to breathe—in Nature ; but there are places where the Natural Water has such an unpleasing taste that you would never drink it except as medicine—by the doctor's orders.

In our own Civilization we are very careful about the Water supply—the Water brought to our houses. It is always thoroughly examined before being allowed to go through the pipe into a town ; and, if there is anything wrong with it, that is put right, before it goes any farther. In some Civilized countries they are not so careful, and it is dangerous to drink any Water there : for many serious illnesses may be started by the drinking of unexamined Water.

(We are not nearly so careful about the Air we breathe : we often allow it to be badly poisoned. We think there is so much of it that a little poison—here and there—does not much matter. Some day—if we are still here—we shall, perhaps, take more care of this most Valuable Substance.)

Food. We have already said so much about Food that you may be surprised to learn there is anything more—of importance—to be said.

In Chapter II we gave examples of the ways in which, both in the past and in the present, people did and do foolish things with regard to Food: showing their ignorance of the Values of different kinds and forms of Food. In Chapter V we explained the Value of Food—generally—in supplying us with Substance and Energy, and considered the effects of preparing Food in different ways.

There is no room, in this small book, for even short descriptions of all the different kinds of Food and their different uses in building up—and winding up—our Bodies. All this can be learnt from any one of the well-written books on the Subject which already exist.

Nevertheless there are two matters which must be explained with regard to Food, before we leave the Subject: they are—

(a) The reason why it is necessary for us to either understand, or think about, Food.

(b) The reason why we seem to need so many different kinds of Food.

As regards (a) it does seem strange that it should be necessary to think about such a simple—such a perfectly Natural—thing as choosing suitable Food. Surely, in Food, we cannot go far wrong! Yes, we can—unfortunately.

We have already seen that the Instinct of Self-preservation, though a useful guide in Nature, is

almost useless in Civilization. Natural instincts can act properly only in Natural surroundings and conditions : in Unnatural surroundings and conditions—such as those in which we live—Natural instincts lose their way.

Fortunately—as we pointed out in Chapter II—Civilization has given us knowledge, and taught us how to think : so we can make use of this knowledge and power to think, to guide ourselves in such matters. Indeed we must do so or we shall lose our way : and in such an important matter as Food it is not safe to lose our way.

Advertising—about which we shall have more to say later—plays a very important part in our lives. It is not often a day passes without the sight or sound of some advertisement. We see advertisements in our newspapers, magazines, shops, streets, trams, buses, railway carriages, ships, aeroplanes and—most of all—in our railway stations. We have them brought to our notice upon the safety curtains of theatres and the screens of cinemas : in the latter places we are sometimes obliged to hear them also.

But this is not all. Every shop window is an advertisement : commercial travellers—and salesmen of all kinds—are talking advertisements.

Now, to steer a safe course through all this mass of advertisement is difficult : we must, however, learn to do it if we wish to escape the dangers of life-wreck ; especially in such vital (life—and death) matters as Air, Water, Food and Shelter. Yes, they are all advertised ; and the

advertisers of them—naturally—try to make you believe that the Air, Water, Food and Shelter, which they advertise, are the best. We say “naturally”, because it is their Natural Instinct of Self-preservation which makes them do this: they make their living by getting people to believe it.

Towns advertise their Air, Water and Shelter: the Hotels, Boarding-houses and Lodging-houses, there, advertise their Food and Shelter, and the Railway and Bus Companies advertise that they are the best people to take you to all this best Air, Water, Food and Shelter.

Therefore—to come back to Food—it is unwise and unsafe to believe advertisements. The idea behind advertisements is to make you want all the things which they advertise: every day thousands of people, with things to sell, are spending thousands of pounds in trying to make you want them; and, as most people always want the best of everything, each advertiser has to try to make you believe that what he advertises is the best.

But they cannot *all* be the best; so most advertisers are trying to deceive you: there can be only one best in every class of things advertised.

This is a most unfortunate state of things, more particularly as regards Food, for it is in the matter of Food that we are most likely to damage ourselves by taking too much of what is unsuitable. So, important though it is to learn something

about the Economics of Air, Water, and Shelter, it is still more important to learn something about the Economics of Food. In matters of Food it is much too dangerous to leave it all to chance—to “trust to luck”.

With regard to (b)—the reason why we seem to need so many different kinds of Food—the first thing to note is that we do *not* need all the different Foods we eat. The Japanese and Chinese, and many Indian races, lived for thousands of years—in splendid health—largely upon one Food only: rice. Many of them have now learnt to eat many of our Foods: and they are no better for it.

There is no tougher Western race than the Irish; and many of the toughest have been brought up on potatoes—and very little else.

Many of the toughest Scots have—in the past—lived chiefly upon oats.

Not long ago a particularly “fit” man of sixty-five years of age was asked what Food he ate—to keep himself in such wonderful training. He replied: “Goat’s milk. Sometimes I make it into bread-and-milk.”

He was a poor man. He kept two goats; his food cost him less than 1s. a week, and—at sixty-five—he could swing a pickaxe all day. He was an Englishman. (It must be noted that it would be dangerous for anyone to try to break, suddenly, the Food-habits of a lifetime—habits which had become “Second Nature”. The Body gradually changes, to suit itself—as far as possible—to your

habits: but this takes time, and any sudden change in an old Food-habit is likely to cause serious trouble.)

Why, then, do we eat so many different kinds of Food, *which we do not need*? For many reasons.

1. Most of us are never really hungry. We may often feel as if we *could* eat something, but that is by no means the same thing. So, when the next meal-time comes round, most of us do not, really, want any Food. But we like to feel hungry, and we do not like to see other people eating unless we are eating too. We try, therefore, to make ourselves hungry, so that we can join in—and, if possible, enjoy doing so: you cannot get very much fun out of eating what you do not feel inclined to eat.

When we are very young we are often hungry, because we are growing; but, as we grow older, we lose some of our appetite, and can only make ourselves feel a kind of imaginary hunger, by making Food taste and smell more and more exciting as time goes on.

If you have been without Food for some days, dry bread tastes very good: but you soon get tired of that—when you are not hungry—so you add butter. You soon get tired of bread and butter, so you add jam.

When you are not hungry enough to like cold meat you add pickles or sauce—or both.

So now we often put ten or a dozen things—all different—into one dish of Food, hoping that some of them will make us like it.

2. We are—naturally—inclined to copy other people, even in Food. As soon as we see or hear that some new kind of Food—or a new way of cooking something—is being used, we want to try it too : we do not want to be left behind, so to speak. This feeling is, unfortunately, quite Natural : for—in Nature—the Instinct of Self-preservation warns us not to be left behind, in the vital race for Food. In Nature, it is of the utmost importance that we should be on the spot—as quickly as possible—when Food is found. And we say “unfortunately”, because—being Natural—this Instinct has a powerful effect upon us ; even when, as in this case, it is making a *Natural mistake*.

3. We sometimes buy new kinds—or new preparations—of Food, which have been brought to our notice through Advertisement. This is often the case with such little extras as biscuits, chocolate, sweets—and other little odds and ends equally unimportant. Sometimes we buy them because we like the colour of the label on the tin, packet or bottle : sometimes because we like the colour of the things inside the bottle : sometimes because we believe what is printed on the label—or said by the shopkeeper, or both.

4. Sometimes people buy new kinds, or new preparations, of Food, in order that they may be able to say they were the first—or one of the first—to get it. It is a kind of game, but a game at which only rich people have much chance of success. A few people who are not rich play this

game, also, and pay big prices for things such as the first plover's eggs, or the first strawberries, of the season. Strawberries have no Value worth mentioning, and the first sound ones are worth no more than the last sound ones ; yet there are people who will give ten times as much for the first as for the last of them. It is just a game.

Shelter. We said in Chapter IV, "By Shelter we mean anything which can be used to protect" and gave a number of examples of different kinds of Shelter.

Now, Shelter is unlike Air, Water and Food in one way : it can be of use to all three sides of man. You can have Shelter for Body, Shelter for Mind and Shelter for your Spirit—that is to say : Physical Shelter, Mental Shelter and Moral Shelter. On the other hand, Air, Water and Food are of no use to the Mind or Spirit *except through the Body* : they are Physical Air, Physical Water, Physical Food—only.

People do sometimes speak of "food for the mind" when they should say "exercise for the mind". The only real Food for the Mind is that which we eat.

But with regard to Shelter the matter is very different : we are no longer speaking of something which we take *into* our Bodies—we are speaking of something which is used for keeping unpleasant things away from us : away from our Bodies, away from our Minds or away from our Spirits : Physical Shelter, Mental Shelter or Moral Shelter.

Let us take an example. Until the end of the

nineteenth century a good husband was a splendid Shelter for his wife: he was, for her, Physical Shelter, Mental Shelter and Moral Shelter: he kept away from her most of the hard and Unnatural Physical work of Civilization, most of the hard and Unnatural Mental work of Civilization, most of the hard and Unnatural Moral work of Civilization: he took them off her Physical, Mental and Moral shoulders—so to speak.

It is clear, no doubt, that he did this Physically and Mentally; but, perhaps, his Value as a Moral Shelter is not so easy to understand. If this is so, it is because we do not realize what great changes have been made in the Laws of England as regards women generally.

In the days we are speaking of the husband was blamed, and made responsible, and punished for the wrongdoing of his wife—in most cases. The Law has now been greatly altered: the husband is no longer so Valuable as a Moral Shelter for his wife: the wife is now punished for her own wrongdoing—generally. And this is no small extra burden on her shoulders. The Law is a very big thing—it is contained in thousands of volumes—yet, though it is quite impossible for any one brain to remember all of it, *everybody is supposed to know all of it*: the Law never excuses you for not knowing all of it. Remember, also, that most of the things which are punished by the Law are things which would *not* be punished in Nature: they are not Natural wrongs, and, therefore, it is not Natural to us to realize that

they are wrongs. That only comes by degrees and by forming habits which, in time, become what we speak of as Second Nature.

As a Moral Shelter, therefore, even the best of husbands is no longer able to be of the same Value to his wife as formerly.

There is, however, another very important matter to be considered with regard to Shelter: another point of view. There is such a thing as too much Shelter. Just as our skin and nerves become weak if we have too much Physical Protection, so our Mind and Spirit will be weakened if they have too much Mental Shelter—or Moral Shelter—as the case may be. The best Shelter would seem to be one which is enough to protect us from serious damage—Physical, Mental or Moral—yet not enough to make any of our three sides soft or weak. Attacks—so long as we are strong enough to defend ourselves—are good for us.

CHAPTER VII

Acquired Values.

So far we have given our attention, chiefly, to the Value of the Four Great Classes of Natural Necessities : Air, Water, Food, Shelter.

We have learnt that—in Nature—these are the only things we need, outside ourselves. In Civilization, however, there are many other things which, though they do not possess any Natural Value, do possess a Civilized Value. These we must now consider : for Economics would be of little Value to us if it stopped where Nature ends and Civilization begins. It is in Nature that Economics is *not* needed and in Civilization that it is.

But, in the first place, we must ask ourselves whether such Values, as we find in Civilization only, are Real or Unreal. For if they are Unreal they are nothing ; they do not exist, and it would be waste of time to consider them : we should, in that case, have to confess that there is no such thing as Real Value outside The Great Four.

Now, it does not follow that because a thing is outside Nature (as we use that name) it is, therefore, Unreal or imaginary. It must be Unnatural,

of course, and Artificial ; but that does not make it Unreal.

The test of Value (Real Value) is usefulness—usefulness towards Happiness. If a thing is useful towards Happiness it has Real Value, whether it is useful for that Purpose in Nature (and, therefore, being one of the Big Four, in Civilization as well) or useful for that Purpose in Civilization only. The only difference is that in the former case it has a Real Natural Value (and, therefore, a Civilized Value as well): in the latter case a Civilized Value only, but a Real Civilized Value nevertheless.

A thing which is useful for a small Purpose, leading towards a larger Purpose, leading towards the great Purpose (Happiness) has a Real Value ; whereas a thing which is useful only for a Purpose, which does *not* lead—in the end—towards Happiness, can have no Real Value.

A pretty dress—useless in Nature—has Real Value *if* it leads to the girl who wears it being noticed by a Valuable man (that is a man of Real Value for her); *if* that, again, leads to their wedding; *if* that, again, leads to the Happiness of the girl who wore the dress, which attracted the man, who married the girl—and made her Happy. That dress—though of no Natural Value—is of Real Civilized Value for her.

A special name has been given to those Civilized Values which are not also Natural Values : they are known as Acquired Values—

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that is Values which have been acquired, or got, or taken possession of, from the Civilization in which they are born: the Civilization which has, in fact, made them. All these Acquired Values are Real but Unnatural.

Only the Values of Air, Water, Food and Shelter are both Real *and* Natural—all other Values are Real but Acquired: they are the result of Civilization, and may be said to have been manufactured by it—out of nothing. It is Civilization which has given an Acquired Value to such things as schools, cars, china, knives and forks, submarines, aeroplanes, furniture, precious stones, toys, clocks and watches, flower gardens, books, telephones, typewriters, pictures, gold and silver, lamps.

It is true that Civilization has invented certain things which might, in Nature, be of some Value in other ways—in ways not intended, or even thought of by Civilization. Things such as cricket bats, large spanners, heavy pokers, Indian clubs, big hammers and mallets might be quite useful, in Nature, as weapons. But any Natural Value they might have, in this way, is accidental: they were made for very different Purposes.

We shall now consider a few good examples of Acquired Values—always remembering that these few examples are *only given as examples*: to show how we can pick out and test and class any product of Civilization, and so find its Value for our Purpose.

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Let us, then, consider the following :—

1. (a) Umbrellas
(b) Boots and Shoes
2. (a) Shorthands
(b) Multiplication Tables
3. (a) Religions
(b) Banks
4. (a) Carpets
(b) Curtains
5. (a) Games
(b) Entertainments

1. (a) **UMBRELLAS.** The Umbrella is, clearly, a form of Civilized Shelter—a mere extension of Natural Shelter—for the special Purposes of Civilization; but it was invented to keep dry not so much ourselves as our clothes, and especially our hats. It is useful for both Purposes, but its greatest Value for us really lies in its power to keep dry our bodies.

For if—in Civilization—our bodies get wet, it generally means that our clothes are thoroughly wet also; and to wear wet clothes, for any length of time, is dangerous. It is dangerous to our Health, and, therefore, dangerous to our Happiness.

So an Umbrella has a Real Value for us—in Civilization—though that Value is an Acquired one.

(b) **BOOTS AND SHOES.** What has been said about Umbrellas we can repeat about Boots and Shoes; except, of course, that, in this case, we

are protecting the Body from water from below rather than from water from above. In each case water would be harmless if it were not for our clothes. Our skin is a perfect mackintosh—or rather a perfect waterproof—but our clothes hold water, and that is unnatural and dangerous.

But Boots and Shoes give protection against other dangers; they protect us from foot wounds and foot discomfort generally: at least that is one of the Purposes for which they are made. If badly made, however, they are often useless towards comfort.

It should be noted, here, that discomfort is Nature's *amber* light. If it comes after a spell of "all clear" it is liable to change, in time, to real pain—Nature's "danger". If, on the other hand, it comes after a spell of the pain danger signal, it is likely to change to the "all clear" in due course. But it must be remembered that what is meant, here, is real Natural discomfort, not the imaginary thing which Civilization seems to manufacture out of nothing: the average Civilized man is believed to feel a given pain about twenty times as much as the average dog; and discomfort is, of course, slight pain.

By "Comfort" we mean just *Absence of Pain*. The value of comfort, in the sense of luxury, can be judged from what was said, about "too much shelter", at the end of Chapter VI.

Coming back to Boots and Shoes, we must remember that in Nature we should generally be walking—with bare feet—upon such things as

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grass, fallen leaves, pine needles and mud ; but the skin of our feet would become so hard, with use, that we should not feel any pain even when walking on gravel. The feet of many Indian races who go everywhere barefoot becomes so leathery that their soles are nearly as thick and hard as those of our own shoes. But we—by wearing Boots and Shoes—have made our feet so tender and soft that we cannot even walk over rounded gravel in comfort. But—in addition to sheltering our feet from water and hardness—Boots and Shoes protect our socks and stockings from the effects of wet and rough ground.

So stockings and socks lead to Boots and Shoes—to protect them—just as clothes, of other kinds, lead to Umbrellas to protect them ; and Life is liable to become more and more like a game of Dominoes : Civilized Life that is.

2. (a) SHORTHANDS. There are several kinds of Shorthand, but they all have one Purpose—to turn speech into writing as quickly and easily as possible. Shorthand is to longhand what a short cut is to a roundabout highroad, it is quicker—when you know it.

Shorthands, therefore, form a kind of Mental Shelter : they save the mind from the effects of hard (and—note it well—Unnatural) work.

By means of a Shorthand you can dictate the language into which you have formed your thoughts, as quickly as you can form it, and have it turned into writing or typewriting by someone else. Without a Shorthand you have to try to

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work up your thoughts, turn them into suitable language and write the language—all at once, so to speak.

Actually the Mind cannot give its attention to two things at the same time : what really happens is that the Mind thinks of each thing separately, but these separate thoughts follow one another so rapidly that they appear to us to be all one long length of thought. We are, in the same way deceived by "films". They really consist, as we know, of a very large number of separate photographs, each one of which is jerked into position, and then (and only then) uncovered and shown *while it is at rest* : but these separate photographs follow one another with such rapidity that they appear to us to be all one long moving photograph.

But, in a "film", each photograph is followed by another in which there is only a very slight change : so our Mind is not violently jerked about by them. This is exactly how our thoughts should work—but seldom do : they should be made to follow along, in the same kind of orderly procession, causing no violent jerks to our Mind : and it is here that a Shorthand can be of use to us : our Mind still has to jerk backwards and forwards, between thought and language ; but, by making use of a Shorthand, we can protect it from the more violent strain of having to jump about amongst three different kinds of work—thought, language and writing.

Shorthands are, therefore, a kind of Mental Shelter.

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(*b*) **MULTIPLICATION TABLES.** Here we have one of the most Valuable forms of Mental Shelter ever invented. Try to imagine Civilized Life without them.

It is true that there are calculating machines, which will work out the result for you ; and ready reckoner books, which have the results all ready for you to see ; but the machines are very expensive, and have to be set and worked ; and the books have to be found, opened in the right place and carefully used. In the end it saves the ordinary person time and trouble, in simple cases, to learn the Tables properly : for—once properly learnt—it soon becomes “Second Nature” to him to give the answer to any question on them. He does not even have to think : he knows automatically.

Everyone has to do some kind of calculations and accounts in his daily life : some do little except to try—slowly and painfully—to understand whether somebody has given them the right or wrong change : others—such as Bankers, Accountants and Stockbrokers—spend most of their lives doing various kinds of calculations and accounts.

As a matter of fact it is not absolutely necessary that one should be able to multiply : multiplication is only a short form of addition—a kind of “additional” Shorthand. But how tiresome to have to add together twelve twelves to find out what a gross is ; and how anxious we should be that our friends should not discover our childish

ignorance. No, the Multiplication Tables certainly save us a great deal of Time and Energy, and are a most useful form of Mental Shelter. Actually they are also a form of Moral Shelter: for they protect us from a shame which would make us feel small and miserable.

3. (a) RELIGIONS. Clearly—we can now see—these are Valuable Moral Shelters: they are most useful in protecting those who have faith in them, and believe in their teachings, from strains upon their Spiritual side. For those whose Moral side is naturally weak, or for those whom the Moral strains of Civilized Life have wounded or weakened, their Religion may well prove an Invaluable shield or Shelter.

(b) BANKS. These are, perhaps, the most remarkable example of Civilized Shelter yet mentioned: for a Bank is a *triple* Shelter—Physical, Mental and Moral. The Bank forms a Physical Shelter for the Valuable things which you hand over to it to take care of; and, by doing this, it forms a Moral Shelter, by protecting you from the strain of having to take care of these “Valuables” yourself.

Note that the word “Valuables” is, here, quoted, because it has a doubtful meaning: it is, we now know, very doubtful whether many of the things we generally mean, when we use the word, have any real Value for us.

But Banks do more than this: they protect us from the strain of having to make a large number of calculations regarding various sums of money

we receive or pay out : and in this way they form a most valuable Mental Shelter for us.

4. (a) CARPETS. These floor coverings were invented in the East—as Physical Shelter from the hard and dirty floor—where the people sat on the ground with their legs crossed. Very soon, however, they became articles of ornament as well.

The Subject of Ornamentation, and the use and Value of Ornaments, is of some importance to Civilized people. This is a convenient place in which to consider it a little more fully.

In the early part of this Chapter we mentioned a good example of a useful and, therefore, Valuable form of ornament—a pretty dress ; and we pointed out the reason why it was of Value—because it was of some use in helping the wearer towards a particular Purpose, which itself was of Value towards Happiness. So we may say that any ornament which is of real use, in this way, is of Real Value : *but only for the person towards whose Happiness it can actually help.* In short : any ornament is of Real Value for a certain person, if, for that person, it can be of real use in helping them towards Happiness. (It may be thought unnecessary to use the word “ real ” before either Value or use, now that we thoroughly understand what is meant by these latter words : but imagination plays such a large part in our usual calculations of the Values of ornaments in Civilization, that it is important to remember to guard against the tricks, upon our Mental side, which it is so often trying to play.)

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4. (b) CURTAINS. From their earliest days Curtains—like Carpets—have been a form of Physical Shelter : from the time of their invention to the present they have formed a protection against currents of cold air. In addition to this they have long been used to prevent anybody taking advantage of the darkness outside a house, to spy upon those in a lighted room. In this manner Curtains form a kind of Moral Shelter ; for they protect you from the uncomfortable feeling that somebody may be watching you—themselves invisible.

But, like Carpets, Curtains have—long ago—become important ornaments in a house ; and, accordingly, what has been said about ornaments generally, applies to both.

5. (a) GAMES. These curious inventions are partly Natural and partly Civilized. Some are more Natural than Civilized : some more Civilized than Natural. Football—especially the Rugby game—is a good example of the former : billiards of the latter.

In Nature there are no “arranged” Games. Many animals—especially human animals—play with each other : sometimes, when overflowing with Energy, they will even play alone.

Play is only Natural to an animal when, for some reason, it has—at the moment—more energy than it needs for its work of Living : therefore it is only when the animal is well fed that it feels in the mood for play ; and this happens—in Nature—generally when the animal

is so young that its food is being found for it by its parents, and—in Civilization—when the animal (human or otherwise) has had its Water and Food supply made easy for it by Civilization itself.

There are, of course, times—even in Nature—when Food and Water are so plentiful that they are easy to get; and, at such times even older animals are liable to become playful.

In Nature, then, an animal cannot spare Time, Energy and Substance for play, except when Water and Food are plentiful—and that does not happen very often: at all other times he needs all his Time, Energy and Substance to defend himself against his enemies and get possession of enough Water and Food to keep him alive.

But, in Civilization, most people are able to get all the Water and Food they need *to keep them alive* at a very small expense in Time, Energy and Substance. In Civilization, therefore, people usually have more Time, Energy and Substance than they need for the Purpose of just living; so the unspent remains of these things become piled up within us, and it is this Unnatural Accumulation of Power that causes so many of the special diseases of Civilization.

This is where the Games of Civilization are of Value: those which need great physical strength help us to work off our Unnatural accumulation of force, and, in this way, make us more healthy Physically. But they do more than this. In any good Game we have to think as well as act: it is

a battle of brains as well as a battle of physical skill—Mental as well as Physical—it tones up our Mind as well as our Body.

But a good Game goes farther ; for it tones up our Moral side also : and, since this side of us has, probably, the greatest influence upon our Happiness, the Moral effect of a good Game is, probably, of greater Value for us than either of the other two—Valuable though they undoubtedly are. The full Value of Games, generally, will not be understood until we come to discuss—in Chapter IX—“ Subjective and Objective points of view ” ; but, in the meantime, it can be pointed out that Games teach Self-control, and that is of very great Value for us—Benefit to us, when we have learnt the lesson—in Civilization. Without Self-control we shall fail to benefit by the knowledge which Economics gives us. Instead of acting wisely and according to its teaching, we shall allow Advertisements to deceive us and perhaps wreck our lives.

(*b*) ENTERTAINMENTS. Of all the classes of things, whose Acquired Values we are considering in this chapter, Entertainments are, certainly, the most difficult to test for Value. Their Values range—according to circumstances—from the Invaluable, through the Valueless, to the thoroughly dangerous—of great Negative Value.

To consider their Values, properly, we should have to divide them into types or classes and consider the effect of each type upon different types of people—in different states of Physical,

Mental and Moral Health. This would be a big undertaking and would fill a large book—alone.

Why, then, have Entertainments been mentioned here? For two main reasons: (1) because they form so large a part of modern Civilized Life, (2) because they are so difficult to test for Value—without help.

Only a rough—but really practical—rule can be attempted here: If the Body, Mind or Spirit of a certain person is in such a state of ill-health (any state which is not a state of perfectly balanced good-health) that an Entertainment, of a certain type, would be of use towards restoring that person to good-health; then that type of Entertainment is, at that time, Valuable for that person.

For persons who are, already, quite happy, Entertainments must be either Valueless or of Negative Value—according to their type and the type of the person in question.

When we come (in Chapter IX) to consider Subjective and Objective points of view, the reasons for what has been said about Entertainments will become clearer.

What is suggested in Chapter VIII—regarding Good Advice—applies, with particular force, to this very difficult question of Entertainments. It does not follow that a thing is good for us just because we want it; but it does follow that the wanting it will make it extremely difficult for us to form a well-balanced opinion about it.

CHAPTER VIII

Money and Money's Value.

WE have already considered the Value—the Acquired, but Real, Value—of several kinds of Civilized products; but they have all been products which most people would expect to have rather uncertain Values. Money, on the other hand, is a thing which is thought—by many people—to have a *certain* Value which never changes. This is very far from being the case, and it is important that we should understand why.

Apart from this, however, Money is so much used in Civilization—and is so much a part of our ordinary Life—that it needs our very special attention and consideration.

There are, at least, three things, with regard to Money, that it is of the greatest importance we should understand—if we wish to take an interest in Economics :

1. How Money came to be invented.
2. The use of Money in Civilization.
3. The Real Value of Money in different circumstances.

Money has not always been bits of metal or pieces of paper—with certain words and figures stamped or printed upon them. In early days—

and even now in a few very Uncivilized countries—Money was, and is, made of other things. Beans, shells and stones have, at times, been used as Money. But—at the very beginning—it is probable that Money was not even such things as these : it was nothing but notches in a stick.

To-day Money is made of pieces of metal—with pictures, letters and numbers stamped upon them—or of pieces of paper—with pictures, letters and numbers printed upon them.

Now, no thoughtful person could really think that these bits of metal and paper possess any Natural Value : it is clear that any Value they do possess is merely Acquired Value. But let us begin at the beginning.

1. *How Money came to be invented.* Many thousands of years ago—long before History began—men made, for themselves, all the simple things which they needed for use in their daily Life : then, as some were more skilful at making certain things than others, and others found it easier to hunt game than to make these things for themselves, it soon came about that they began to exchange things with each other. A man who was quick and clever at making weapons would spend his spare time in making them. The man who was more successful at hunting would spend much of his time killing animals for Food. Then the weapon-maker would buy some Food from the hunter *with his spare weapons* : and the hunter would buy some weapons from the weapon-maker *with his spare Food*.

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In the same way a hut-maker might make and sell huts for Food or weapons, or both. Sometimes, also, a very strong man might sell some of his extra strength to weaker men—doing some of the hard work for them—in exchange for some of their extra goods which he wanted.

But, as time went on, things became more complicated: more and more things were made, and more and more people wanted them. For a long time, however, everything was bought by means of exchange or barter—the swopping of our school-days: Food for Shelter, Shelter for Food; one kind of Shelter for another kind of Shelter (for example, twenty weapons for a hut), one kind of Food for another kind of Food, and so on. In connection with this it must be remembered that the weapon-maker was making a kind of Shelter, and that the hunter, also, is providing a kind of Shelter when he dresses the skins of the animals which he kills, so that they can be used for tents, clothes, rugs, etc.

Sometimes, however, it would happen that one man would not have enough of his own goods to pay for the goods which he wanted from another: he would say, "I shall have to owe you five more spear heads" (or skins, or whatever it happened to be). Then, in order that what was owing should not be forgotten, they had to agree about some way of remembering what was owing, and by whom. So some kind of record—or account, as we should perhaps call it—had to be invented; and, at first, this would very likely be in the

form of notches cut into a piece of stick, or knots in a leather thong.

But, as things became more complicated, this way of keeping accounts became useless and other ways had to be invented.

It must be noted, here, that the notches upon the man's stick were a record of his extra greatness—a record of *how much greater he was than he appeared to be*—because of his right to other things not yet in his actual possession. In other words—each notch was a *plus record*.

Later—when notches could no longer keep the necessary records—the man who could not give enough things to pay for what he wanted gave some small things as a record of what he still owed: shells or beans were often used for this purpose. These small things, therefore, took the place of the notches, and showed how much more was owing to the man to whom they were given: they were another kind of plus record. But they were real Money: they were easy to move about from one person to another, and, because they were proofs of rights, which other people wanted for themselves, they could be used (like the actual goods to which they were the rights) for exchanging, with other people, for other kinds of goods. They were money. So Money is a *portable plus record*—a record that can be carried about and passed from one person to another.

2. *The use of Money in Civilization.* Let us consider the business dealings of three people in ancient times: a hunter, an axesmith and a hut-

builder ; and suppose that one beast was equal to ten axes, and one hut equal to two beasts. The hunter kills a beast and wants to buy a hut. But a hut costs two beasts, so the hunter gives the hut-builder the beast and (let us say) ten shells. Then the hut-builder wants some axes—perhaps five of them—and he gives the axesmith five shells for them : he still has five shells left ; so he keeps them until he needs some more meat, and then gives them to the hunter in exchange for half another beast. In this example we are supposing that one shell was equal to one axe ; or—as we should say—that the price of an axe was one shell. Money is still used in exactly the same way now.

Note, particularly, the use of Money in making it easier to do business : note how difficult it would be to do business without it. Unless the goods which a man had to offer were agreed to be of exactly the same Value as the goods which we wished to buy, no business could be done—for no exchange could be made—without money.

3. *The Real Value of Money in different circumstances.* Although—as we have already seen—Money has no Natural Value, nevertheless it has, generally, a Real Value in Civilized Countries. Any Money which can be exchanged for things of Natural Value has a Real Value, though only an Acquired one : that is clear. What is not so clear is the *amount* of this Acquired Value.

If a large loaf of bread costs 4*d.* and you have just 4*d.* in your pocket, then what you have is worth—in Real Natural Values—one large loaf

of bread : the Value of your Money is one large loaf of bread. But, perhaps, at another time, because a wheat crop has failed—or for some other reason—bread is scarce and a large loaf may cost a shilling or more. Then, if you—again—have just 4*d.* in your pocket, the Value of your Money will be only one-third of a large loaf of bread. (It does not, of course, follow that you could actually buy one-third of the loaf with your 4*d.*)

In these circumstances most people would say that the price of bread has gone up, and that, therefore, bread has become more Valuable : but—unless there is an actual shortage of this class of Food—bread has, always, the same Value for you ; provided that you are in the same health and condition. So it is your money which has “gone down” in Value : its Acquired and artificial Value goes up or down as the amount of Natural Value it can buy goes down or up—in this case the amount of bread.

But the question of the Value of Money does not end there.

We have seen that even Natural Values depend upon—and are tested by—usefulness : all Values are tested by their usefulness towards the Purpose of Happiness. In Civilization—as in the case of the pretty dress mentioned in Chapter VII—things with only an Acquired Value may be, *at the moment*, of greater Value than many things possessing great Natural Value. It is clear, therefore, that to calculate the Value of Money,

at any given moment—even its Value for one particular person—is such a difficult and complicated operation as to be practically impossible. This fact, however, need not trouble us : all that here concerns us is the fact that the Value of Money changes with changing circumstances. It is different at different times, in different places and for different people.

Earlier in this chapter we classed Money as a “ plus record ” : we now see that it is, nevertheless, constantly changing. So, to our definition of Money as “ a Portable Plus Record ”, we must now add the words “ of a changing Value ”, or, even better, “ of an unstable Value ”. Our definition of Money will, therefore, now read, “ A Portable Plus Record of an Unstable Value ”.

It should now be quite clear that the test of Value in the case of Money is the same as the test of Value in the case of anything else : namely, its *usefulness towards Happiness*. That will decide its Value *for us*. Its Benefit *to us* will only appear *after we have made use of it* (this was explained at the beginning of Chapter III). So the Benefit of Money *to us* will depend upon how we use it—upon what we exchange it for. If we exchange it for something which leads towards Happiness, then—after we have so exchanged it—that Money has been of Value for us ; because it has bought something which is of Benefit to us.

It is, therefore, the use to which we put our Money that matters most. It is this which has the most effect upon the Benefit of Money to us.

Money—at any given moment—has a certain maximum Value for us : but what Benefit we get from it depends upon the way in which we spend it. By wise spending the whole of the Potential Benefit may be secured : by foolish spending the whole of it may be lost.

Wise spending is a great accomplishment, which—at first sight—might appear to be quite beyond the grasp of ordinary people. There is a rule, however, which—if carried out—will, generally, prevent us from spending foolishly : it is this :

TAKE YOUR OWN ADVICE.

With some knowledge of Economics and in similar circumstances you would, probably, give quite good advice to other people : so give it to yourself—and act upon it.

Why is it that we find it so difficult to act upon the good advice which we find it so easy to give ?

The reason is this : When the question to be decided is of importance to us—personally—we find it difficult to separate our feelings and wishes from our reason and our Mind. When the question is of no importance to us—personally—we have no feelings or wishes to interfere with the reasoning of our Mind.

If only we can keep our feelings out of the way, we can guide ourselves as wisely as we can guide others. Economics should be Invaluable to any ordinary person with self-control : it will, probably, be Valueless without it.

Let us consider an example.

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You employ, at your factory, a very clever workman. One day you tell him to do something which, through his knowledge and experience, he knows to be impossible. He tells you it is impossible; but you—full of your new idea—refuse to listen and order it to be done. The man then loses his temper, tells you that he is not going to spoil all his work and walks away. You now have to make up your mind what to do.

Your Natural Instinct of Self-preservation will make you *feel* that you must have your own way: but—as we pointed out in Chapter II—Instinct is not a safe guide in Civilization: Civilization is built with reason and expects its people to act accordingly.

If, then, you allow your feelings to get the better of you, you will—probably—dismiss the man. If you do this you will lose a Valuable man, and—worse still—you will lose the respect of all your best men, and your own self-respect in addition: for you have acted unfairly.

But—if you do *not* allow your feelings to get in your way—you will be able to advise yourself as wisely as you would be able to advise another in similar circumstances; and will be able to act according to that advice. What would this advice be? Surely to go calmly into the whole matter and, when you had satisfied yourself—as you must in this case—that you were mistaken, admit it. By so doing you would not only retain your own self-respect, but would earn the respect of all the self-respecting men in your employ:

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and that is something of Value. In addition to this you would be saved the loss of a good piece of work—which would otherwise be spoilt—and the cost of having it done again.

There is one more thing that must be said about money—generally. We have seen how useful it has been, and can still be, to Civilization : but, from being one of Civilization's best Servants, it has become one of Civilization's most powerful—and unjust—Masters. That, however, is a matter too big to be discussed here : but the fact should be noted because it is of importance.

CHAPTER IX

Rich and Poor. Objective and Subjective Points of View.

WE have seen that Happiness is the best thing we can possess, and that, therefore, the Value of anything must be judged by its Usefulness towards Happiness. So the Real Rich must be those who possess much Happiness, and the Real Poor those who possess little Happiness; and money—like everything else—must be Valued according to its Usefulness towards Happiness.

In what a World of make-believe do we live—most of us! When we speak of “The Rich” we mean those whose possessions have a great Money Value: when we speak of “The Poor” we mean those whose possessions have a small Money Value. We entirely forget that the Value of Money—like the Value of anything else—depends upon its Usefulness towards Happiness; that, therefore, its Value is always changing; and that in times of great uncertainty or nervousness it may become practically Valueless.

Let us, then, consider the real position of the *so-called Rich and Poor* as regards real Riches—namely, Happiness. Who are the Real Rich and the Real Poor we already know: it is the position

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of what are *called* the Rich and the Poor that we have to consider.

Most people wish to be Rich : few wish to be Poor. Yet there are some who have chosen to be Poor because they have seen how difficult it is to be happy if you are Rich—how much more friendship and loyalty and helpfulness there is among the Poor than there is among the Rich.

Many thousands of men and women have chosen to be Poor. Those who go into Monasteries and Convents choose to be Poor : and there are thousands of others who give up their chances of becoming rich in order to go out as Missionaries, at home or abroad. And most of these people do find Happiness in these ways. The reason for their Happiness will be discovered in the course of this chapter.

But, of course, most Poor people are Poor not from choice but because they fail in trying to become Rich.

Yet the Poor—though few of them know it—have certain Invaluable things which the Rich do not possess. The three most Valuable possessions of the Poor are :

1. Their Objective Outlook.
2. Their Hard Training.
3. Their Short List of Necessities.

Before going on to consider these in their order, it is important to note that, though there are still a large number of people who are Poor compared to the number who are Rich, most of these Poor people enjoy many things which the

Richest people of even 100 years ago never either possessed or thought of: most of them are only comparatively Poor. Easy-payment systems have brought some real luxuries within their reach; and the number of licences issued proves that most Poor people possess a wireless set, or at least a share in one.

We must now go back to the consideration of the three most Valuable possessions of the Poor before mentioned.

1. *Their Objective Outlook.* Owing to the fact that Civilization has made so many Rules to govern the actions of its peoples, Civilized Man has become very Self-conscious: very much inclined to think of himself as the centre of the things taking place around him. He is constantly being told that he must not do things, many of which are—and he often feels them to be—quite Natural to him. These actions are not wrong in Nature—nothing is wrong in Nature—but are wrong in Civilization; so—in Civilization—Man has to be constantly thinking about himself, in order to prevent himself from doing Natural things for which Civilization will certainly punish him.

All this is a great strain upon Civilized Man and a great cause of Unhappiness: for it forces us to become Self-conscious by forcing us, so often, to consider and hesitate about how it will be best for us to behave.

In Nature there is no need for this constant consideration and hesitation; you act instinc-

tively: but in Civilization you dare not do so—hence the strain.

When a dog has a sore place on its paw, it looks upon that sore place as upon a thing, *outside itself*, which is hurting It—the dog's own SELF. It does not think, as we should, "This is part of me going wrong".

We name this way—the dog's way—of looking at things the Objective Outlook, because, when using it, we look outwards—away from ourselves—and the things we *look out* upon are *objects* outside ourselves.

The opposite way to look at things we name the Subjective Inlook, because, when using it, we look inwards—towards ourselves—and the thing we *look in* upon is our own Self, the *Subject* of every act of our lives.

In Nature—as we have seen in the case of the dog—animals look outwards: they think of everything they hear, see, taste, smell or feel—Objectively: all their thinking is *outwards*. Civilized man is learning more and more to think of everything Subjectively: his thinking is more and more *inwards*.

Civilized man is trained to believe that he is the most important thing in the Universe: nearly all literature—from top to bottom—takes this for granted. It is not surprising, therefore, that he should be very much interested in himself and think of himself Subjectively. That is Unnatural enough, but it is not the end. Through having to be constantly on the look-out for

trouble in connection with his behaviour towards things outside himself—no matter how Natural and Instinctive that behaviour may be—he soon forms the habit of considering, Subjectively, how outside things are likely to affect him. He has to be constantly on his guard lest—at any moment—something outside himself may cause him to do something forbidden by Law or by Custom. All this is definitely Unnatural and contrary to Instinct, and is, therefore, a great strain ; but the worst result of it is that we learn to look inwards instead of outwards—we acquire the habit called Introspection, which produces an unhealthy and, therefore, unhappy state of Mind.

Now the Richer a man is the more time he *can* have to think about himself, the more he can get his own way—by paying for it—and the more Subjective he is likely to become : the Poorer a man is the less time he can spare to think about himself, the less can he get his own way by paying for it and the less Subjective he is likely to become. So the Poor man—unless he is unemployed—is more likely to have his Mind kept healthy and happy, by work, than the Rich man. If he is unemployed he has more time to think about himself, so his Mind becomes unhealthy and himself unhappy. It is seldom realized that if we were all sufficiently poor to be obliged to do all our own work there would be no unemployment.

Many people suggest shorter hours as a cure for unemployment ; but the majority of people

have no idea of how dangerous spare time can be unless one has learnt how to spend it Objectively. Actually it is a form of unemployment, and if carried too far, may have similar results.

So, because the Poor will—generally—be too busy with outside matters to have a Subjective Inlook, they have, on that account, a better chance of Happiness than the Rich.

There are, no doubt, many people who—reading this—will think that it may be quite true in theory but does not work out in this way in practice: in other words they feel that according to reason it should work out as suggested, but that in real life the Poor are always very unhappy. These people would be mistaken: the Poor are not very unhappy: they are no more unhappy in practice than they should be in theory. Unless they are actually suffering—physically—from an overwhelming dose of heat, cold, hunger or hard work—or are in fear or pain—they are not unhappy *so long as the Rich keep away from them and the doings of the Rich are not brought to their notice*. That is where the real trouble lies: the Rich showing off their possessions in front of the Poor. It is indeed a wonderful proof of the absence of real Unhappiness among the Poor that in London—for instance—the sight of a never-ending stream, and exhibition (in the shop windows), of what must appear to them boundless wealth does not cause a serious riot a dozen times a day. It is the Rich who make the Poor unhappy: if there were no Rich, the Poor—that is

to say all of us—would be much happier. In Connemara, where the Irish peasants find it extremely difficult to make a living, the people are—in spite of the greatest poverty—happy. That is proof that our theory is correct—true to Life.

2. *Their Hard Training.* When the Physical side of a man is put to a greater strain than it can bear, it is damaged, thus causing that man a greater or less degree of Unhappiness sooner or later. His chance of Happiness becomes less in consequence of the injury to his health.

Such things as great cold, long-continued hunger and very hard work, are hardships to any normal human being, as they are, of course, to any ordinary animal. But the Lapp or Eskimo can bear great cold without Unhappiness: he has been bred and brought up to it: he thinks nothing of it.

The Irish peasant has been bred and brought up to live and work on little food: he can keep his health and strength, for long periods, on an amount of food that would mean starvation to most of us. The Japanese and Chinese peasant can live and work very hard on a small amount of rice. For us this would be impossible: we should starve—even without the very hard work.

Again, the Irish and Chinese can work hard—all day and every day—doing work so hard that very few of us could attempt it, even on plenty of really good food, yet without being made unhappy by it. Some Chinese, on the borders of

Thibet, have been known to carry a load of 3 cwt. all day ; and loads of 2 cwt. are—or were—quite common. The Irish regiments used to be the toughest marchers in the British Army.

It is clear, then, that some races can endure greater hardships than others, because they have been born and brought up to them, and are, therefore, fit to endure them. For if they were not fit to endure them they would not live : so only those who *can* endure the necessary hardships live, and, therefore, only those who can endure the necessary hardships live to bring up a family. It will follow that these families—being the children of strong and tough parents—will be strong and tough themselves. If they were not, they would die and that weak part of the family would come to an end.

Thus are breeds improved by Nature—by the operation of this Law of the Survival of the Fittest (and the fittest only)—if she is allowed to have her way : but, in Civilization, the medical profession has to spend the greater part of its time, skill and energy in keeping alive the unfit and so weakening the breed.

But though—in theory—Civilization demands that the medical profession shall give as much attention to the Poor as to the Rich, and is making great efforts to bring this about in actual practice, it still remains true that the Rich are—as a class—able to secure greater medical attention than the Poor. The result of this is, of course, that the weak links in the human chain are more

likely to survive among the Rich than among the Poor.

Such artificial survivals are unlikely to be very happy, for, being delicate, they are liable to be cursed by the Subjective Inlook, whereas the corresponding weak elements among the Poor are more likely to die and so escape whatever Unhappiness might—otherwise—be in store for them.

3. *Their Short List of Necessities.* Surely one of the wisest things taught by the founder of the Buddhist Religion—or the founder of any Religion—was that the smaller the number of “wants” a man has, the smaller the number of his chances of Unhappiness.

Every time a man fails to get what he wants he feels a greater or less degree of Unhappiness: therefore the more things a man wants, the more chances of Unhappiness will he possess.

Now, to want a thing implies that you feel it to be more or less within your reach: few people are so foolish as to really want a thing which is clearly and utterly beyond their reach. The Rich, therefore, have many more “wants” than the Poor, and for three chief reasons: (1) because they have more time to think of what they want; (2) because they have become accustomed to so many more luxuries than the Poor, and have come to look upon most of them as real necessities—and, therefore, real “wants”; (3) because, being rich, there are many more things within their reach, and few utterly beyond it.

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It should be noted that, since the Poor have had voting power given to them, their great numbers have made them more powerful than they have ever been before. The knowledge that they possess this power has had the effect of making them more self-conscious and liable to suffer from a Subjective Inlook than would otherwise have been the case. In this way they have lost some of the Valuable Objective Outlook which they once possessed.

CHAPTER X

Supply and Demand. Capital and Income.

IN Chapter III we pointed out that the total Value of a Valuable thing depended upon the total number of people who wanted it : and in Chapter VIII we mentioned the fact that a shortage of wheat would be likely to cause a rise in the price of bread. These questions of Supply and Demand must now be considered a little more fully.

We shall define Supply as **THE TOTAL QUANTITY AVAILABLE FOR PURCHASE** ; Demand as **THE TOTAL QUANTITY REQUIRED**—at a given moment, that is, in each case.

There is always a tendency for Supply and Demand to balance each other in the manner now to be explained.

Speaking generally, the higher the cost of a thing the fewer are sold : the lower the cost the more are sold. (In the case of Food there are many exceptions, because people are afraid they may be degraded in the minds of others if it is known that they buy cheap Food. Several examples of this are mentioned in Chapter II. The cause of such anxiety is a form of Snobbery based upon the Natural Instinct of Self-preservation.)

When the Demand is greater than the Supply the price tends to rise—because there is a shortage and the Demanders bid against each other for what there is, and in this way raise the price.

When the Supply is greater than the Demand the Demanders are satisfied even before the Supply is exhausted ; so the Suppliers have some left over, and this they are willing to sell cheaply—rather than not be able to sell it at all.

But, as we have already said, the higher the price the less is sold : the lower the price the more is sold. Therefore, when the Demand exceeds the Supply and the price rises in consequence, less is sold until the Supply catches up the Demand, and Supply and Demand balance.

On the other hand, when the Supply exceeds the Demand, and the price falls in consequence, more is sold until the Demand catches up the Supply, and Supply and Demand again balance.

But many other things happen to upset this simple tendency to balance.

The Suppliers are always trying to make things more and more cheaply—partly in order to sell more, and partly in order to capture more of the “ market ” from their rivals—and Inventors are constantly trying to show them how to do it, in one way or another. The result is that though, at the time, too great a Demand will raise the price—through the competition among the Demanders—it may lower it in the end—through the competition among the Suppliers : for this fierce competition causes the Suppliers to learn

new ways to supply more and more cheaply, by means of more and more intense Mass Production Methods.

Conversely a fall in Demand may—in the end—raise the price by causing the Suppliers to cease manufacture of the article altogether, and so cause a shortage of it.

But how is it that Mass Production Methods do enable manufacturers to produce articles more cheaply? Why should each article cost less just because more are produced?

The “fixed” expenses of a given factory are together called the Overhead Charges. They are made up of such things as rent, rates, certain taxes, the cost of light and heat, the salaries of office staff and Interest (a kind of rent) on or for the money borrowed—as explained later in the chapter—to pay for the factory and its contents, during a certain period.

We will suppose—as is often the case—that these charges remain practically the same whether the factory makes and sells 50,000 articles or 75,000 of them.

Of course the total profit (selling-price minus cost) on the 75,000 will be much greater than that on the 50,000 sold at the same price (provided all of them can be sold): but—and this may not be quite so easy to see—there will also be a greater profit upon each article. For the total Overhead Charges must be added to the cost of actually making the articles in order to find the total cost of their manufacture. But,

when the Overhead Charges are added to the cost of making 50,000 articles, they increase the cost of each article more than when they are added to the cost of making 75,000 articles. So if the articles are sold at the same price in each case, there is a greater profit on each one of the 75,000 than upon each one of the 50,000 : for the Overhead Charges are spread over a larger number in the former case than in the latter.

But it does not follow that because 50,000 articles can be sold at £1 each, therefore, 75,000 can be sold at the same price. So, in such cases, the Suppliers usually lower the price—perhaps to 15s.—in order to create the greater demand which they need : and they will lose nothing by doing so, in all probability ; because, even then, provided they can sell them, their total profit from the 75,000 at 15s. will be greater than their total profit from the 50,000 at £1 each.

Of course things do not work out quite so simply and neatly as this in actual practice. These are only some of the more easily understood ways in which Supply and Demand affect the price of things.

It should be noted that, as more capable machines are invented to turn out a greater number of articles without increasing the number of men in charge of them (the machines), it comes about that the wages bill for these men will remain the same when the factory is turning out 75,000 a year as when it was turning out only 50,000 articles in the same time. And so capable

are many modern machines that it is not an uncommon thing to find a factory able to turn out ten times as much as it did a few years ago—with fewer machines and fewer men in charge of them.

These efforts on the part of the manufacturer tend to cheapen the Supply—and so increase the Demand—but they also tend to increase Unemployment, by throwing men out of work (some machines can do the work of several hundred men); and it must be remembered that the Unemployed have, as a rule, less money to spend than those who are employed: so Unemployment decreases the Demand for many articles in common use.

Competition, as we have seen, tends to reduce the cost of goods made by manufacturers. Advertisement—on the other hand—tends to increase the price of the articles advertised; because the cost of the Advertisement has to be added to the cost of making the articles, in order to show the total cost of those articles before they are actually sold. In the end, however, it may lower the cost—if it succeeds in creating such a demand that the manufacturers can make use of more intense Mass Production methods than formerly.

Fashion is an incalculable influence, but a very important and powerful one. It may create a new industry or completely ruin an old one. Certain industries are more influenced by fashion than others, but it is safe to say that it is the mainspring of that group of industries whose business it is to manufacture women's clothes.

It will be seen, then, that the working of Supply and Demand is liable to be interfered with—and made more complicated by—many influences, of which we have mentioned only a few.

CAPITAL AND INCOME.

In connection with Overhead Charges we mentioned the Interest (or Rent) which has to be paid for the use of money that has been borrowed. This brings us to the consideration of the difference between Capital and Income.

For the Purpose of this book we shall define Capital as THE TOTAL VALUE OF ALL POSSESSIONS NOT REQUIRED FOR CURRENT USE: Income as MONEY COMING INTO POSSESSION DURING A CERTAIN PERIOD.

In these Definitions “certain period” means *certain period of Time*: “current use” means *use during the period of Time under consideration*. The “certain period” is usually what is known as the “Financial Year”: that is to say, the complete year, from a certain date in one year to the same date in the next, at the beginning and end of which Capital and Income are calculated.

It will be seen that the general idea behind the word Capital is that of a more or less Stationary Money Value—in the background: the general idea behind the word Income (in-come) is that of an in-flowing of actual Money (not necessarily coin or notes)—in the foreground.

It should also be noted that Possessions may be possessed by either an individual or group of

individuals—for example a Company. So we can speak of the Capital and Income of an individual, the Capital and Income of a Company.

As an illustration let us suppose that a certain grocer had been successful for many years, and has saved £5,000 out of his Income—from his business—during that Time. That £5,000 is now Capital—part of his Total Capital—the Money Value of his Stock-in-Trade and other possessions being the remainder.

He will not keep this £5,000 lying idle, but will *invest* it—by lending it to some individual, or group of individuals, whom he trusts to pay him Interest for the use of it. Perhaps he invests the whole of it—though this would be unwise generally—in a Company owning a factory, such as we have already mentioned. If he did so, that £5,000 would become part of the borrowed Capital of that Company for the Time being; the Company would give him Shares in that Company (actually he would be given a Certificate making him the owner of (say) 5,000 shares of £1 each), and every year he would receive Interest upon his shares.

There are many kinds of shares, but we will suppose that these are shares which give the shareholder the right to a certain fixed Interest every year—say 5 per cent.: that is, £5 a year (Income) on every £100 (Capital) Invested. The grocer will therefore receive £250 a year from his Investment; and that £250 will form part of his own Income. He will also be part owner of the

factory, etc., belonging to the Company in which he is a shareholder.

(Note that it would have been safer to invest smaller sums in several reliable Companies, each making a different class of goods : for, if, through change of fashion or any other cause, the Company to which he has lent his £5,000 were to fail, he might lose the whole of it ; whereas, if he invested (say) £1,000 in each of five different Companies—all making different kinds of goods—he would be much less likely to lose all his money. It would be very unlikely that all of them would fail : it would even be possible that any cause which ruined one of them might make the others more prosperous.)

If the grocer finds that the £250, which he now receives as Interest on his Investment of £5,000, makes his total Income more than he needs for his yearly wants, he will be wise to add what he does not need, at the moment, to his Capital. Suppose that his total Income now amounts to £1,000 a year : if he only needs £800 of it to supply his wants, he will have a *surplus* of £200 left over, and this—if he saves and invests it—will increase his *invested* Capital from £5,000 to £5,200 in one year. Moreover, if he invests this extra £200 at 5 per cent. as before, he will add another £10 a year to his Income as well : he will have added £200 to his Capital, and £10 to his Income for the future—beginning from the moment he invests the extra £200 he has saved from his Income.

It should be noted, however, that most Companies pay such Interest at the end of their Financial Year: therefore, as this Interest is calculated for the full twelve months, our man will—if he invests his £200 *during that twelve months*—obtain some advantage over the 5 per cent. For, though—at the end of the Financial Year—his £200 will have been invested for less than twelve months, he will receive a full twelve months' Interest upon it.

Actually it is usual for the price of shares to rise as the date for paying Interest upon them draws near, but that point opens up more difficult questions of Value, whose consideration would be out of place in this book.

CONCLUSION

In the preceding pages we have :—

1. Defined Economics and explained what we mean by the word Value.

2. Distinguished between the Fundamental Values of Nature and the Artificial or Acquired Values of Civilization.

3. Explained the processes by means of which typical classes of Valuable things benefit the individual—giving examples.

But, throughout, we have assumed a single aim—Happiness—and, as an Ideal Goal, the Greatest Happiness of the Greatest Number. What happens if one does not agree with this Aim? Suppose one does not regard such a Goal as the best Ideal to aim at. Do all the foregoing arguments fail? By no means. The METHOD, by means of which we have tested things for Value towards Happiness, applies just as well to the testing of Values towards any other Aim or Goal.

Method is of very great Value in itself; for when Instinct fails as a guide—as it so often does in our Civilized Life—we must fall back upon Reason (the string upon which the pearls of Civilization are supposed to be strung) for guidance.

To secure this, however, we must learn to sift false Values from those which are real and true, in order that we need expend our strength only upon the pursuit of really Valuable things. Moreover, some self-control will be needed to enable us to translate our reasoned decisions into suitable actions.

But how much wiser it is to be satisfied with such a simple life as is within the grasp of nearly all of us : for by doing so we shall acquire the three great advantages of the so-called Poor—the Objective Outlook, the Hard Training and the Short List of Necessities.

The Poor—as a whole—are ever more generous than the Rich, and we, as Voluntary Poor, should not only have fewer possessions to worry about, but more to give away to others in need of the real necessities of life. In such circumstances one could hardly fail to attain Happiness, whether we value that or not : and it is at least certain that no one values the opposite experience—which comes to much the same thing in the end.

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