

*On the Economic
Significance of
Culture*

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On the Economic Significance of Culture

PRESIDENTIAL ADDRESS

I

Edwin F. Gay, my predecessor, in the inaugural presidential address of this Association described the continuity of the history of economic history from Europe to North America as illustrated in his own work. As your second president I represent a later stage of this continuity, a student of Chester W. Wright who in turn was a student of Edwin Gay. I am in a sense one of Edwin Gay's grandsons. This, particularly as it appeals to my strong Scottish interest in genealogy, provides the only satisfactory explanation I have been able to find of the honor you have done me in appointing me his successor. For the same reason it is a source of satisfaction to me that my successor can be said to fill the intervening gap as one of Edwin Gay's sons.

In calling his paper "The Tasks of Economic History" Edwin Gay compels me to continue his analysis by discussing the limitations of economic history or of the social sciences or more specifically of the framework of the price system. In pointing to tasks or what may be done, he has left the question of their boundaries or what cannot be done. In attempting to answer this question perhaps we can improve our perspective regarding the place of the field of economic history and in turn of the social sciences in Western civilization. We need a sociology or a philosophy of the social sciences and particularly of economics, an economic history of knowledge or an economic history of economic history. Economic history may enable us to understand the background of economic thought or of the organization of economic thought or of thought in the social sciences. The influence of the Greeks on philosophy and in turn on universities compels us to raise questions about the limitations of the social sciences.

We must somehow overcome what Leslie Stephen calls the "weakness for omniscience which infects most historical critics."^[1]

The Walrus and the Carpenter
Were walking close at hand:
They wept like anything to see
Such quantities of sand:
“If this were only cleared away,”
They said, “it *would* be grand.”

“If seven maids with seven mops
Swept it for half a year,
Do you suppose,” the Walrus said,
“That they could get it clear?”
“I doubt it,” said the Carpenter,
And shed a bitter tear.

Economics implies the application of scarce means to given ends, and the vast range of social phenomena compels a similar strategy of approach.

Within the broad subject of the social sciences we can see clearly the use of obvious strategies. The impact of the natural sciences and machine industry has been evident in the emphasis on pecuniary phenomena which are particularly suited to mathematics and mechanical devices developed in relation to mathematics. As slot machines have been built up around the sizes and weights of various denominations of coins so there has been a tendency for economics to be built up around the monetary structure. Walter Leaf wrote of three main causes disposing men to madness—love, ambition, and the study of currency problems, with the last named as the worst. Bamberger wrote that people go mad because of love and bimetallism. Sorokin has described the importance of the quantitative approach in modern society, fittingly enough in four large volumes, and has deplored the emphasis on economic questions as peculiar to the approach.

Left to themselves all find their level price,
Potatoes, verses, turnips, Greek, and rice,^[2]

The pecuniary slant of economics is as evident in Veblen’s elaboration of the pecuniary economy of North America as in the discussion by monetary theorists of liquidity preference. I need hardly refer to the work of the committee on price studies and the important contributions of those working under its directions, mentioning only the studies of Bezanson, Cole, and Hamilton.

The widespread interest in prices reflected in economics and in economic history has effectively broadened the approach to history and

corrected the bias which emphasized military exploits or political activities.

[3] The state and other organizations of centralized power have had a vital interest in records of their activities and have given powerful direction to the study of political, legal, constitutional, and ecclesiastical history. The mechanics of archival organization have given enormous impetus to the writing of history from the standpoint of centralized power. Administrative machinery and preservation of records have impressed on historical writing the imprint of the state and fostered the bias which made history the handmaid of politics. In the eighteenth century rigid censorship fostered evasions in the form of histories written as political weapons. An interest in history is still fostered as a means of strengthening the church or the state, and the demands of particular groups are reflected even in economic history. The honorific position of military, legal, and ecclesiastical groups is evident in the history textbook, a form of historical writing which is extremely sensitive to political demands and to nationalistic interests. Scholarship is harassed by the demands of pressure groups. Even though price history has a bias of its own, it can check tendencies favorable to power groups. Economic history can point to the dangers of bias and the necessity for a broader perspective.

On the other hand, the pecuniary approach, when all pervasive, tends to obscure the significance of technology and workmanship. It has threatened to make economics a branch of higher accountancy.

The modern tendency to find mental satisfaction in measuring everything by a fixed rational standard, and the way it takes for granted that everything can be related to everything else, certainly receives from the apparently objective value of money, and the universal possibility of exchange which this involves, a strong psychological impulse to become a fixed habit of thought, whereas the purely logical process itself, when it only follows its own course, is not subject to these influences, and it then turns these accepted ideas into mere probabilities.^[4]

Concentration on the price system, driven by mathematics, involves neglect of the technological conditions under which prices operate. The use of liquidity preference as a concept in the study of economic history emphasizes short-run points of view acceptable to the price system rather than long-run points of view which necessitate perspective. An equilibrium of approaches to the study of economic phenomena becomes exceedingly difficult to achieve with the insistence on short-run interests and the

obsession with the present. There is in the social sciences a liquidity preference for theories concerned with the present which is more dangerous in its implications than liquidity preference is to monetary stability. Marx and his followers sharpened awareness of pressure groups and emphasized the importance of the study of technology and the means of production. While Schumpeter has attempted to bridge the pecuniary and the technological approaches and to avoid the danger of concentrating on the price system and the profit motive and on technology, his efforts have meant the sacrifice of too much in both approaches and particularly in the technological. Moreover he deliberately neglects the important work of political historians. The late N. J. Silberling made a more successful attempt to co-ordinate the political, pecuniary, and technological approaches but his work was limited by national boundaries. In part, the weakness of the technological approach has been a result of the restricted knowledge of technical development. The work of Nef on coal, of Usher on mechanical inventions, and of a large number of students in the field must be supplemented extensively. Such work must emphasize not only technical changes but their significance to economic and political institutions. The interest in legislation, court decisions, and legal systems shown by Commons should be integrated with the work of the historian of prices, technology, and government. Sir Henry Sumner Maine made a comment of profound significance when he pointed to the interrelation of legislation, prices, and technology and the mathematical bias.

Experience shows that innovating legislation is connected not so much with Science as with the scientific air which certain subjects, not capable of exact scientific treatment, from time to time assume. To this class of subjects belonged Bentham's scheme of Law-Reform, and, above all, Political Economy as treated by Ricardo. Both have been extremely fertile sources of legislation during the last fifty years.^[5]

The vast range of studies of business cycles and their significance to unemployment would gain perceptibly by the integration of basic approaches. The conflict between technology and the price system described by Veblen in *The Engineer and the Price System*, in which the restrictions on technology have been of primary concern, can be resolved more easily with a broader perspective. A broader synthesis would enable us to counteract the regression in thought shown by Schumpeter and Polanyi who regard monopoly as a means of resisting the effects of obsession with the short run. In technology as in the price system, advance has been supported by

mathematics, but the effectiveness of the application of mathematics varies in the two fields and may make for divergence rather than convergence in the study of economic phenomena as a whole. Since there has been a very perceptible lag in the spread of mathematics in relation to the price system, engineers and scientists such as Douglas and Soddy, social-credit theorists, technocrats, and others have taken advantage of the gap. But it is possible that God is not a mathematician as some philosophers would have us believe.

The intensive demands of technology on students in the social sciences have contributed to the narrowness of its approach and such narrowness has been intensified by the emphasis that political and military history put on nationalism. The important contributions of geography have been restricted to studies of localization such as those of Alfred Weber and of Usher. The significance of basic geographic features has been suggested by Mahan from the standpoint of the sea and by Mackinder from the standpoint of continental land masses but they have not been incorporated effectively in economic history. Nor do we have an effective study of air. In a general way we are familiar with the influence of the sea on the development of democratic institutions in Greece and of the land on the centralizing tendencies of Rome. Although we can trace the influence of Roman institutions in the codified law of Europe and in the Roman Catholic Church as adapted to a continent, and can see the growth of parliamentary institutions find Protestantism in the Anglo-Saxon world in relation to the demands of the sea, it may be doubted whether we appreciate their significance to economic history. But the effects of geography may be offset by technology in that the development of defensive tactics led to the growth of feudalism and the use of gunpowder brought a return to efficient offensive tactics and to increasing centralization in the Western world. Geography provides the grooves which determine the course and to a large extent the character of economic life. Population, in terms of numbers and quality, and technology are largely determined by geographic background, and political institutions have been to an important extent shaped through wars in relation to this background.

II

Geography has been effective in determining the grooves of economic life through its effects on transportation and communication. The lower costs of tonnage by sea than by land strengthened the position of Great Britain in the development of trade in more bulky commodities suited to industrial growth and expansion. France, Spain, and Portugal with a

continental background developed connections with the continental hinterlands of the New World. As the late Max Handmann suggested, the Anglo-Dutch trading systems expanded in relation to the sea, continental feudalism in relation to the land. The expansion of Great Britain was in terms of the migration of Englishmen and the development of industries, either, as in the northern colonies, by using English labor in the production of bulky commodities or, in the tropical regions, by organizing imported labor on a large scale for the production of sugar and cotton. Spanish feudalism and militarism exploited native labor primarily for precious metals, and French feudalism for furs. British expansion linked trade with naval strength and limited financial burdens, whereas French expansion meant trade and military strength and enormous demands on finance for the construction of forts and the maintenance of garrisons and bureaucracies. But British maritime expansion meant parliamentary institutions and decentralization characteristic of the Anglo-Saxon world. Federalism became an important feature. In Canada feudalism continued in the ownership of natural resources by the provinces and produced the dual mixture of a capitalistic federal government and feudalistic provincial governments.

The advantages to Great Britain of maritime expansion and of access, with low costs of navigation, to cheap supplies of bulky goods were accompanied by the development of coal mining and industry. Coal began to pull raw materials from the fringes of the Atlantic basin and beyond, and to provide the power for conversion of the raw materials into finished products for export. The effectiveness of the pull began to vary with distances, and distances changed with improvements in manufacturing and particularly in transportation. Timber and cotton from the northern and southern parts of North America could be transported to Great Britain, and penetration to the interior with canals and railways brought steadily expanding trade first in wheat and then in the products of animal husbandry. Successive waves of commodities responded to the lowering of costs of navigation across the Atlantic and of transportation to the interior. As wheat production moved to the interior, older areas became concerned with the production of other commodities. England shifted her fields from arable land to pasture. In these broad trends we see the basis of the stages outlined by Gras and his students in the description of the growth of the metropolitan economy. In the general migration and shift in production of raw materials and, in turn, of semifinished and finished products, we can see the problems that the late Frederick Turner described in his work on the frontiers. Disturbances to these more or less regular trends were a result of sudden developments in

which costs were lowered, of geographic factors such as access to the great plains and obstruction by mountains, of cyclonic activities such as accompanied the gold rushes around the fringes of the Pacific, and of the development of new sources of power in the opening up of the coal regions of North America.

The emergence of a complex industrial and trading structure centering about the coal areas of the Anglo-Saxon world assumed not only improvements in transportation but also in communication. Correspondence between individuals and firms with slow navigation, on which Heaton has thrown much light, was inadequate to meet the demands of large-scale industry and large-scale consumption. The rapid and extensive dissemination of information was essential to the effective placing of labor, capital, raw materials, and finished products. Oscar Wilde wrote that “private information is practically the source of every large modern fortune,”^[6] and the demand for private information hastened the development of communications. The application of steam power to the production of paper and, in turn, of the newspaper, followed by the telegraph, and the exploitation of human curiosity and its interest in news by advertisers anxious to dispose of their products created efficient channels for the spread of information. The state, acting through subsidies, the post office, libraries, and compulsory education, widened the areas to which information could be disseminated. Democratic forms of government provided news and subsidies for the transmission of news. As Carlyle wrote, “He who first shortened the labor of copyists by device of *movable types* was disbanding hired armies and cashiering most kings and senates, and creating a whole new democratic world: he had invented the art of printing.”^[7]

With the rise of a vast area of public opinion, which was essential to the rapid dissemination of information, and the growth in turn of marketing organizations, the expansion of credit, and the development of nationalism, the vast structure previously centering about religion declined. Eric Gill wrote, “Where religion is strong, commerce is weak,” but religion played an important role in the growth of commerce. The significance of religion to civilization has been described by Max Weber, Tawney, Toynbee, and others. Centralized religious institutions checked fanaticism but their limitations were evident in the emergence of dissent. Leslie Stephen wrote that “the full bitterness which the human heart is capable of feeling, the full ferocity which it is capable of expressing is to be met nowhere but in

religious papers.” Adam Smith in his comments on religious instruction noted the handicaps of the established church in England. The clergy had

. . . many of them become very learned, ingenious, and respectable men; but they have in general ceased to be very popular preachers. The methodists, without half the learning of the dissenters, are much more in vogue. In the church of Rome, the industry and zeal of the inferior clergy are kept more alive by the powerful motive of self-interest, than perhaps in any established protestant church. The parochial clergy derive, many of them, a very considerable part of their subsistence from the voluntary oblations of the people; a source of revenue which confession gives them many opportunities of improving. The mendicant orders derive their whole subsistence from such oblations. It is with them, as with the hussars and light infantry of some armies; no plunder, no pay.^[8]

The restraining influence of religious institutions has limitations, and dissenting groups and philosophical systems emerge on their fringes. Centralization is followed by decentralization.

The printing press and commerce implied far-reaching changes in the role of religion. In Victor Hugo’s famous chapter in the *Notre Dame de Paris* entitled “This Has Killed That,” he writes: “During the first six thousand years of the world . . . architecture was the great handwriting of the human race.” Geoffrey Scott has described the effects of printing:

Three influences, in combination, turned Renaissance architecture to an academic art. They were the revival of scholarship, the invention of printing, the discovery of Vitruvius. Scholarship set up the ideal of an exact and textual subservience to the antique; Vitruvius provided the code; printing disseminated it. It is difficult to do justice to the force which this implied. The effective influence of literature depends on its prestige and its accessibility. The sparse and jealously guarded manuscripts of earlier days gave literature an almost magical prestige, but afforded no accessibility; the cheap diffusion of the printing press has made it accessible, but stripped it of its prestige. The interval between these two periods was literature’s unprecedented and unrepeated opportunity. In this interval Vitruvius came to light, and by this opportunity he, more perhaps than any other writer, has been the gainer. His

treatise was discovered in the earlier part of the fifteenth century, at St. Gall; the first presses in Italy were established in 1464; and within a few years (the first edition is undated) the text of Vitruvius was printed in Rome. Twelve separate editions of it were published within a century; seven translations into Italian, and others into French and German. Alberti founded his great work upon it, and its influence reached England by 1563 in the brief essay of John Shute. Through the pages of Serlio, Vitruvius subjugated France, till then abandoned to the trifling classicism of François I.; through those of Palladio he became supreme in England.^[9]

The book destroyed the edifice, and in the religious wars and the French Revolution it destroyed social institutions as well. Brooks Adams wrote:

That ancient channel [the church] once closed, Protestants had to open another, and this led to deification of the Bible, Thus for the innumerable costly fetishes of the imaginative age were substituted certain writings which could be consulted without a fee. The expedient was evidently the device of a mercantile community.^[10]

Leslie Stephen in a letter to Charles Adams wrote:

I always fancy that if one could get to the truth, the Puritan belief in the supernatural was a good deal feebler than Carlyle represents. The man-of-business side of them checked the fanatic, and the ironsides beat the cavaliers as much because they appreciated good business qualities, as because they were “God-fearing” people.^[11]

“‘We that look to Zion,’ wrote a gallant Anabaptist admiral of the age, ‘should hold Christian communion. We have all the guns aboard.’”^[12]

It is scarcely necessary to elaborate on the significance to the economic development of European civilization of the emphasis which Calvinism put on the individual. This significance was reinforced by the adaptability of the alphabet to the printing press, private enterprise, and the machine, and by the consequent spread of literacy, trade, and industrialism. The Chinese were handicapped by a language ill adapted to the printing press except through support of the state, and there was consequently no expansion of commerce

adequate to defeat the demands of religion. We are told of the handicaps of a religion with innumerable devils and gods in contrast with the efficiency of Christianity which reduced their numbers and enhanced economic efficiency. On the other hand, Burckhardt has described the tyranny of religions which emphasized otherworldliness, established a hierarchy to guard the entrance to other worlds, and participated in the most bitter warfare. Morley wrote of “the most frightful idea that has ever corroded human nature—the idea of eternal punishment” and of its deadening effects on the interest in social reform. The terrifying threats of a single organization which inspired Lord Acton to write that “all power corrupts and absolute power corrupts absolutely” were evaded by the printing press and commerce.

Religion has been vitally related to the mysteries of life and death and to the family. The decline of the Church in Europe reflected the impact of birth control on the confessional. The importance of the biological background stressed by Knight in his discussion of the sociological significance of the family was evident in feudal societies with or without primogeniture based on land and military power. Religious sects have fostered the accumulation of wealth over long periods by intermarriage of families. Whereas the Church in its fight for sacerdotal celibacy as a means of preventing the dispersion of wealth left itself open to the looting of its monasteries, the Jews and other sects have been persecuted because of the building up of large fortunes. One needs only to point to the studies of the Jews in relation to trade and economic development and to the peculiarities of economic organization in various sects, for example the interest of the Quakers in developing industries around nonintoxicating beverages, to appreciate their significance. We have no clear understanding of the economics of death and bequest (with apologies to Wedgwood) in relation to the redistribution of wealth among groups and sects.

In the United States the importance of religion to the growth of trade is shown in the large numbers of denominational periodicals and their promising returns to advertisers in a national market. Significantly, among the first advertisers who were alert to these possibilities were those large-scale dealers in human credulity, the patent-medicine firms. Sir William Osler wrote that “the desire to take medicine is perhaps the greatest feature which distinguishes man from animals.”^[13] Patent medicine capitalized an age of faith in miracles by emphasizing cures and led to the growth of advertising, trade, and scientific development. The railroad and the telegraph steadily increased the efficiency of advertising media—chiefly weeklies, monthlies, and quarterlies—which created a national market. In a country of

vast extent the dailies expanded in relation to metropolitan markets and flourished by sensational appeals to larger numbers. After the invention of the electric light and the reduction of fire losses, the department store provided the advertising essential to their success.

The newspaper, with the technological advances evident in the telegraph, the press associations, the manufacture of paper from wood, the rotary press, and the linotype, became independent of party support and became concerned with an increase in circulation and with all the devices calculated to bring about such an increase to meet the demands of advertising. The phenomenal increase in the production of goods and the demands for more efficient methods of distribution stimulated the expansion of newspaper production, and newspapers stimulated production by widening and intensifying the market.

By the beginning of the twentieth century the new journalism directed by Pulitzer, Hearst, and Northcliffe had become entrenched in the Anglo-Saxon world. The Spanish-American War and the South African War were the preludes to its supremacy. Bismarck, even before 1900, spoke of the power of the press. It had done a great deal of harm.

It was the cause of the last three wars, . . . the Danish press forced the King and the Government to annex Schleswig; the Austrian and South German press agitated against us; and the French press contributed to the prolongation of the campaign in France.^[14]

On January 28, 1883, he said:

You have only to look at the newspapers and see how empty they are, and how they fish out the ancient sea-serpent in order to have something to fill their columns. The feuilleton is spreading more and more, and if anything sensational occurs, they rush at it furiously and write it to death for whole weeks. This low water in political affairs, this distress in the journalistic world, is the highest testimonial for a Minister of Foreign Affairs.^[15]

Bagehot wrote, "Happy are the people whose annals are vacant but woe to the wretched journalists that have to compose and write articles therein." Sir Wemyss Reid, editor of the Leeds *Mercury*, claimed that the interest of the English public in foreign affairs began with the *The News's* agitation over the Bulgarian atrocities in 1876 and Gladstone's shrewdness in capitalizing

the agitation. From that time public opinion never returned to its interest in domestic problems. As the “ancient Gothic genius, that sun which sets behind the gigantic press of Mayence” was crushed by the book so the book was crushed by the newspaper. In turn the newspaper was destined to feel the effects of the radio. With Victor Hugo we can say, “It is the second tower of Babel of the human race.”

III

In all this we can see at least a part of the background of the collapse of Western civilization which begins with the present century. The comparative peace of the nineteenth century is followed by a period in which we have been unable to find a solution to the problem of law and order, and have resorted to force rather than to persuasion, bullets rather than ballots. “I know only two ways in which society can be governed—by public opinion and by the sword,” wrote Macaulay. But Croker, representing the Conservative position, claimed that we govern by the law saving us from extremes of government by public opinion or by the sword. The rule of law became less effective. Where Bismarck had been able to use *The Times*, *The Daily Telegraph*, and *The Pall Mall Gazette* and say, “It was easier, cheaper, more humane to supply the English journals with news than to fight England,”^[16] his master hand was gone, and the newspapers had grown beyond control. They had become something more than his description of “just printer’s ink printed on paper.” Where diplomacy by paragraphs had reached the point that a reference in *The Times* served as a check to French debates, *The Times* was now in other hands. Northcliffe had control of a power which could break the Asquith cabinet during the war. President Theodore Roosevelt and the big stick had been created by the American press. This vast new instrument concerned with reaching large numbers of readers rendered obsolete the machinery for maintaining peace which had characterized the nineteenth century. Guizot wrote of the great evil of democracy, “It readily sacrifices the past and the future to what is supposed to be the interest of the present,” and that evil was accentuated by the reign of the newspaper and its obsession with the immediate. But to paraphrase Hilaire Belloc we must say of democracy,

Always keep a hold of nurse
For fear of finding something worse.

Lippmann’s desertion of the study of rationalizing processes as developed with Graham Wallas, following the emergence of Freudian concern with the irrational, was a significant step. It would scarcely be

decent in this gathering to refer to the implications to the social sciences, but one notes with alarm the changing fashions in economics. The breakup of the classical tradition of economics is an indication of the powerful influence of fashions in our times. At one time we are concerned with tariffs, at another with trusts, and still another with money. As newspapers seldom find it to their interest to pursue any subject for more than three or four days, so the economist becomes weary of particular interests or senses that the public is weary of them and changes accordingly. And this paper will be cited as an obsession with the obsession with the immediate. There is need for a study of economics and insanity supporting that of Durkheim on religion and suicide.

The inability of the twentieth century to find a solution to the eternal problem of freedom and power is basically significant to the study of economic history. When the climate of opinion makes impossible any concern with the past or the future, the student finds it exceedingly difficult to discover an anchorage or a point of view from which to approach the problem of European civilization. A recognition of factors affecting irrationality is a beginning. The church, the army and the police, industry, and possibly the drink trade have been powerful forces affecting fanaticism. A study of the drink trade cannot be undertaken here, but the coffee houses in England after the Puritan revolution in the middle of the seventeenth century weakened the position of the tavern and provided centers of discussion which undermined the position of the Stuarts. A change of the whole drinking habits of the United States followed the dumping of tea in Boston harbor, and it may be that the devotion to coffee has had important political results. The relation between beverages and intelligent discussion offers an interesting bridge between economic history and political history. The drink trade has been significant for trade and war. The economic history of North America might be written around the struggle of brandy supported by the French against rum supported by the English. It was the considered view of C. C. Buell, who in the 1880's edited the reminiscences of generals of the Civil War for *Century*, that it "was a whiskey war. With few exceptions, like Howard, all the union generals kept themselves going with hard liquor. The men who came through and succeeded were the ones who could stand up to their drink."^[17]

The fundamental problem of civilization is that of government or of keeping people quiet, or following Machiavelli "to content the people and to manage the nobles." All politicians will echo the words of Lord Melbourne, "Damn them! Why can't they keep quiet?" We are aware of the devices of oriental empires and of the empires of Central America through the linking

of religion to the state. The Jewish and Mohammedan religions persisted by virtue of discipline and the use of force. Greece used the army and navy as sources of resistance to external domination, and Rome used the army and the road as means of domination. Countries with a revolutionary tradition acquired adaptability and a belief in the power to accomplish change by individual efforts, but the right and ability to protest is not paralleled by an ability to accept responsibility. Vitality assumes the ability to reorganize efficiently. But a revolutionary tradition is safer in the state than in religion. In Germany as the home of the printing press a revolutionary tradition in religion was supported by the state. In England the religious revolution followed the revolution of the state and facilitated the outbreak of Puritanism and the growth of trade. In Canada the revolutionary tradition missed the French in the church, and in turn the English in the state, with the migration of Loyalists after the Revolution, and provided the basis for mutual misunderstanding. Weakening of the Church as a device to destroy fanaticism by the invention of printing, the rise of Protestantism, and the emergence of philosophy in the Age of Enlightenment left commerce as the great stabilizer. Its influence was evident in the comparative peace of the nineteenth century. Samuel Johnson said that there were "few ways in which a man can be more innocently employed than in getting money."

Rationality which accompanies the price system brings its own handicaps in the formation of monopolies. Large-scale effective mechanization of distribution necessitated a single price and the search for devices to prevent outbreaks of competitive warfare. The price system weakens the profit motive by its emphasis on management. Cartels and formalism in commerce paralleled ecclesiasticism in religion and in both cases initiative in thought was weakened. Volumes of economic history were written about business firms, epitaphs in two volumes (George Moore), as part of the literature of the new scriptures. Ecclesiasticism and the devastating effects of the depression brought on acute paralysis of thought and the rush to such illusions and catchwords as security and full employment. The price system brought not only rationality in business but also luxury and freedom from work. The intellectual snob who exploits by telling others how they are exploited and luxurious discussions of the class struggle have been evident enough. We need an economic interpretation of the class struggle, but, as Troeltsch has pointed out, the objectivity of the price mechanism supports the plausible finality of the Marxian interpretation. The price system with its sterilizing power has destroyed ideologies and broken up irreconcilable minorities by compelling them to name their price. Unrestrained, it has destroyed its own ideology since it too

has its price. In a sense religion is an effort to organize irrationality and as such appears in all large-scale organizations of knowledge. Commerce follows the general trends of organized religious bodies as does thought in the social sciences. “Most organizations appear as bodies founded for the painless extinction of the ideas of their founders.”^[18] Alexander Murray wrote to Archibald Constable, the Edinburgh publisher, on July 7, 1807:

It will be no wonderful occurrence if, in this age of constitution making and universal improvement, the nations which have long been unscientifically free shall become scientifically servile—for it is only when people begin to want water that they think of making reservoirs; and it was observed that the laws of Rome were never reduced into a system till its virtue and taste had perished.^[19]

As in organized religion, dissent appears on the fringes bringing the skeptic and philosopher such as might have written Wesley Mitchell’s paper, or bringing into being the Economic History Association which springs up on the fringes of large ecclesiastical academic organizations.^[20] The principle that authority is taken, never given, begins to emerge. Or there may be a palace revolution such as that started by Lord Keynes. “Dost thou not know my son, with how little wisdom the world is governed?” (Count Oxenstierna).

The outbreak of irrationality, which in the early part of the twentieth century became evident in the increasing interest in psychology following the steady effects of commerce in the nineteenth century, is the tragedy of our time. The rationalizing potentialities of the price system and its importance in developing powers of calculation in the individual have failed to prevent a major collapse. It has been argued that man as a biological phenomenon has been unable to sustain the excessive demands of rationalism evident in the mathematics of the price system and of technology. Charles Dickens wrote to Charles Knight (January 30, 1854):

My satire is against those who see figures and averages, and nothing else—the representatives of the wickedest and most enormous vice of this time—the men who, through long years to come, will do more to damage the really useful truths of political economy, than I could do (if I tried) in my whole life—the addled heads who would take the average of cold in the Crimea during twelve months, as a reason for clothing a soldier in nankeen on a

night when he would be frozen to death in fur—and who would comfort the labourer in travelling twelve miles a-day to and from his work, by telling him that the average distance of one inhabited place from another on the whole area of England, is not more than four miles. Bah! what have you to do with these!^[21]

How far does the spread of mathematics and the intensity of modern life create demands for irrationalism and fanaticism? Is the emergence of Freud and the psychologists a result of the spread of irrationalism or an effort to meet the problems of irrationalism? Has commercial development been effective in destroying religious centralization as a stabilizing influence to the point that new sources of power such as nationalism and autarchy with subordination to militarism have taken their place? Morley described the stubborn sentiment of race and the bitter antagonism of the church as the two most powerful forces affecting civilized society. In weakening the church, commerce has been unable to check nationalism, although religious institutions can be more effective than industrialism or commercialism in crushing intelligence. The breakdown of the press shown in the sharp decline in influence of the editorial in the twentieth century points in the direction of nationalism.^[22] The printing press and new methods of communication have been developed as methods of division rather than cooperation. National and linguistic differences have been accentuated and internationalism weakened. The mechanization of art intensified nationalism. Where the stage meant an international interest, the movies and the talkies were subject to customs duties. Following its concentration on the problems of the immediate, commerce has lost its control as a stabilizer of power.

IV

The significance of economic history in all this is shown in its concern with long-run trends and its emphasis on training in a search for patterns rather than mathematical formulae. It should compel the study of interrelationships between the social sciences and between nations. It should rescue the social sciences from the charge of producing books “each with a hundred methods of distributing the fruits of productive labour among those whose labour is unproductive.”^[23] It should weaken the position of the textbook which has become such a powerful instrument for the closing of men’s minds with its emphasis on memory and its systematic checking of new ideas. Biases become entrenched in textbooks which represent monopolies of the publishing trade and resist the power of thought.

“Learning hath gained most by those books whereby the printers have lost” (Thomas Fuller). Imperfect competition between economic theories hampers the advances of freedom of thought. Machine industry through printing dispenses with thought or compels it to move in certain channels. The dispersion of thought through the printing industry makes attacks on monopoly increasingly difficult. In emphasizing a long-range approach to social phenomena, economic history should contribute to stability. Not only should it supplement political and social history, it should in supplementing them check the tendency in itself and in them to bias and fanaticism. Within the narrower range of the social sciences it should provide a check against the specialization of mathematical systems peculiar to a monetary and a machine age and should indicate the extent and significance of the irrational as contrasted with the rational. It should offset the superficiality in the mathematical approach of which Wesley Mitchell complains. This is to recognize that the subject is more difficult than mathematics and to insist that tools must be used, and not described, if interpretation is not to be superseded by antiquarianism. In the words of Cobden, political economy is “the highest exercise of the human mind, and the exact sciences require by no means so hard an effort.”^[24]

Economics tends to become a branch of political history and it is necessary to suggest alternative approaches and their limitations, to emphasize sociology with its concern with institutions, geography, and technology. By drawing attention to the limitations of the social sciences and of the price system it can show the importance of religion and of factors hampering the efficiency of the price system: Not only does it introduce a balance to constitutional and legal history, it draws attention to the penchant for mathematics and for other scientific tools which have warped the humanities. Economic history may provide grappling irons with which to lay hold of areas on the fringe of economics, whether in religion or in art and with which, in turn, to enrich other subjects, as well as to rescue economics from the present-mindedness which pulverizes other subjects and makes a broad approach almost impossible.^[25] Economic history demands the perspective to reduce jurisdictional disputes to an absurdity. The use of economic theory as a device for economizing knowledge should be extended and not used to destroy other subjects or an interest in them. Goldwin Smith wrote, “Social science if it is to take the place of religion as a conservative force has not yet developed itself or got firm hold of the popular mind.”^[26] Economic history can contribute to the fundamental problem of determining the limits of the social sciences. Without a solution to this problem there can

be no future for them. “There is no use in printing in italics when you have no ink.”

The circulation of printed matter cheapened thought and destroyed the prestige of the great works of the past which were collected and garnered before the introduction of movable type. Rational thought and art consequently had more influence. European civilization lived off the intellectual capital of Greek civilization, the spiritual capital provided by the Hebrew civilization, the material capital acquired by looting the specie reserves of Central American civilizations, and the natural resources of the New World. Crozier wrote with regard to England:

It pays her better to buy her intellect, penetration, originality, invention and so on, when she wants them and where she wants them, than to breed them Germany and France and other continental nations supply her with nearly all the new departures that have to be made in science and philosophy, in medicine, in scholarship and the higher criticism, in the art of war; in new chemical and industrial processes; and in enlargements of the scope of music and of art.^[27]

He might have extended the argument to Western civilization.

The enormous capacity of Western European civilization to loot has left little opportunity for consideration of the problems which follow the exhaustion of material to be looted. But this civilization has shown continual concern in the common man and in the distribution of loot. Perhaps economic history can begin from this point to make its contribution in the building up of spiritual, intellectual, and material capital, since it is not concerned with the belief in the common man but with the common man himself.

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[1] *History of English Thought in the Eighteenth Century* (London, 1876), I, 438.

[2] Cited in A. S. Collins, *The Profession of Letters: A Study of the Relation of Author to Patron, Publisher, and Public, 1780-1832* (London: G. Routledge and Sons, 1928), p. 120.

- [3] See H. A. Innis, "The Penetrative Powers of the Price System," *The Canadian Journal of Economics and Political Science*, IV (1938), 299-319.
- [4] Ernst Troeltsch, *The Social Teaching of the Christian Churches* (London: George Allen and Unwin, 1931), I, 408. For a suggestive account of the far-reaching implications of objectivity reflected by the mathematics of the price system, see the description of baseball in Victor O. Jones, "Box Score!" *Newsmen's Holiday* (Cambridge: Harvard University Press, 1942), pp. 162-82: "The one thing which distinguishes baseball from all other sports and which has been the main reason for 'organized baseball's' hold upon the public is its development of a statistical side" (pp. 165-66). For a discussion of the importance of statistics in political propaganda see F. C. Bartlett, *Political Propaganda* (Cambridge: Cambridge University Press, 1940), pp. 93-4. "When a statement is 'quantified' it seems to convey to the majority of persons a superior certainty, and it passes without question."—*Ibid.*, p. 94. The Gallup Poll has possibly made politics more absorbing. But statistics has been particularly dangerous to modern society by strengthening the cult of economics and weakening other social sciences and the humanities.
- [5] *Popular Government* (London, 1885), p. 146.
- [6] *An Ideal Husband*, Act II.
- [7] *Sartor Resartus* (London, n.d.), p. 128.
- [8] Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations* (New York: The Modern Library, 1937), pp. 791-92.
- [9] Geoffrey Scott, *The Architecture of Humanism: A Study in the History of Taste* (New York: Charles Scribner's Sons, 1924), pp. 194-95.

- [10] *The Law of Civilization and Decay: An Essay on History* (London: S. Sonnenschein and Company, 1895), pp. 150-51.
- [11] F. W. Maitland, *Life and Letters of Leslie Stephen* (London: Duckworth and Company, 1906), pp. 448-49.
- [12] John Morley, *Oliver Cromwell* (London: Macmillan and Company, 1919), p. 478.
- [13] Harvey Cushing, *The Life of Sir William Osler* (Oxford: Clarendon Press, 1925), I, 342.
- [14] Moritz Busch, *Bismarck: Some Secret Pages of His History* (New York: The Macmillan Company, 1898), II, 175.
- [15] *Ibid.*, p. 346.
- [16] John Russell Young, M. D. R. Young, ed., *Men and Memories: Personal Reminiscences* (New York and London: F. T. Neely, 1901), p. 271.
- [17] Will Irwin, *The Making of a Reporter* (New York: G. P. Putnam's Sons, 1942), p. 146.
- [18] G. P. Gooch, *Life of Lord Courtney* (London: Macmillan and Company, 1920), p. 416.
- [19] Thomas Constable, *Archibald Constable and His Literary Correspondents* (Edinburgh, 1873), I, 261.
- [20] See Ernst Troeltsch, *The Social Teaching of the Christian Churches*; also S. D. Clark, "Religious Organization and the Rise of the Canadian Nation 1850-85," *Report of the Canadian Historical Association*, 1944, pp. 86-97.
- [21] Charles Knight, *Passages of a Working Life During Half a Century* (London, 1865), III, 188.
- [22] Oswald Garrison Villard, *The Disappearing Daily*:

Chapters in American Newspaper Evolution (New York: Alfred A. Knopf, 1944).

- [23] Henry Holt, *Garrulities of an Octogenarian Editor* (Boston: Houghton Mifflin Company, 1923), p. 104.
- [24] John Morley, *The Life of Richard Cobden* (London, 1887), I, 323.
- [25] Alec Lawrence Macfie, *An Essay on Economy and Value: Being an Enquiry into the Real Nature of Economy* (London: Macmillan and Company, 1936).
- [26] *Essays on Questions of the Day, Political and Social* (New York and London: Macmillan and Company, 1893), p. 39.
- [27] John Beattie Crozier, *History of Intellectual Development on the Lines of Modern Evolution* (London: Longmans, Green and Company, 1901), III, 166-67.

TRANSCRIBER NOTES

Mis-spelled words and printer errors have been corrected. Where multiple spellings occur, majority use has been employed.

Punctuation has been maintained except where obvious printer errors occur.

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