

Economical Influence in Social Life

ADVOCATES of the "economic interpretation" of history have long maintained the importance of the economic as the underlying factor in social problems. This assumption is important to socialist theories, since it places the emphasis on change in the fundamental, or economic factors, rather than on "social reform," or the attempt to solve social problems without first making an economic adjustment. But, however valuable such a theory may be as a working hypothesis, and however necessary it may be to assume the truth of this hypothesis for all practical purposes, it should never be regarded as established until all the available facts relating to it have been collected and analysed. It should therefore be of great interest to all who hold this theory to see what light is thrown upon it by scientific analysis.

The scientific way of testing the influence of a particular factor in a problem where there are several factors which may possibly be causes is to vary the factor which we want to test, and to keep the other factors constant. If we find that there is only one factor which is variable, or that one is overwhelmingly variable, then we may assume that the variable factor has been the principal cause. Compared with the factor of economic change, most other causes of social problems, over a long period of time, have been relatively constant. Great changes and upheavals in the economic life have occurred since the Industrial Revolution, which have no parallel in any other field. We cannot assume, for instance, that any increase in the total amount of marital unhappiness could cause a sudden rise in the divorce rate. There were, for instance, a great many more divorces in the U. S. in 1906 than in 1904, but we know that the amount of unhappiness were probably no greater in 1906 than in 1904. The explanation undoubtedly is an economic one; the costliness of the proceedings makes divorce possible only when a person is on a firm economic basis, and likewise the increased economic independence of women in a period of prosperity may be important. Looking at these two years, we find that 1904 was a year of business depression in the U. S., prices and wages were low, there were many commercial failures, and there was a great deal of unemployment. In 1906 on the other hand, there was general prosperity, prices and wages were rising, and there was comparatively little unemployment. Is it not more reasonable to seek the cause of the change in the social factor, divorce, in the change in economic conditions rather than in a change in a psychological factor like happiness? Again, in the case of disease. We are all subjected to contact with tuberculosis germs. But we are not all equally susceptible, and the disease occurs, generally, among those closest to the poverty line. Furthermore, increases in certain years, correspond to years in which there was business depression and widespread unemployment. So also the variations from year to year in the marriage rate cannot be explained by any variation in the sex instinct from one year to another, but, in general, by the conditions of business and employment.

It is interesting even to know the fact that social conditions change as a result of economic conditions, but the importance of this knowledge is greatly increased if we can tell anything about the degree of relationship. Is the infant death rate more closely connected with business conditions than the general death rate? Do crimes against the person and

crimes against property give evidence of the same degree of economic causation? How far can we say any particular social problem is determined by economic conditions?

By statistical analysis, we can obtain results which show the degree of relationship between business conditions and social events. Our method is to obtain series of statistics over a number of years which will show the changes in economic conditions, and other series which will show the changes in social conditions, and to compare each of these social series with the economic series. We want then to express the relationship between each particular social series and the economic series in quantitative form which we can compare with each of the other relationships.

Cycles of business, that is, alternate periods of prosperity and depression, are the common lot of all capitalist countries, and therefore, a satisfactory index of economic conditions must be one that will show most clearly these cyclical fluctuations. Because of the complexity of modern industrial life, this series must represent as many types of economic activity as possible. In constructing a business cycle for the United States, (*) the following types of economic activity were represented: wholesale prices, commercial failures, employment, coal and iron production, railway freight-ton mileage, bank clearings, and imports. After both the social and the economic series have had all influences but the cyclical removed (that is, the general upward movement, or downward movement which is the long time trend, and the normal seasonal movement) we can measure the relationship between the economic cycles and the social cycles. To do this, we obtain what is known as the coefficient of correlation. If for every upward movement in the economic series there is a corresponding upward movement in the social series, and the downward movements also correspond exactly, we have a perfect correlation, which is expressed as 1. Any lesser correlation will be expressed as something between 1 and 0, that is, as a fraction. For example nine-tenths will represent a high, five-tenths a moderate correlation, and 0 a lack of correlation. Conclusions follow from results obtained in studying the conditions in the U. S. Similar work on English material, although not in form for publication, indicates that these conclusions are also applicable to conditions here.

1. Marriages.—The correlation between marriage rate and the business cycle is high, being nine-tenths for the period 1870—1920. This means that in times of unemployment and business depression the marriage rate falls to a minimum and rises with the return of "good times." The construction of the marriage rate below what might be considered normal is bound, in itself, to have undesirable social results. There seems to be evidence that prostitution and illegitimacy increase when the marriage rate is below normal.

2.—Births.—The correlation between the birth rate and the business cycle for the same period is fairly low three-tenths, if we assume that it moves one year after the changes in business conditions. This relation is probably only secondarily an effect of business changes, and is primarily due to changes in the marriage rate.

3. Divorce.—The correlation is high, seven-tenths, for the period 1867—1906. The economic influence on the divorce rate has been emphasised earlier in the article.

4. Disease.—There is evidence that the diseases of poverty fluctuate closely with the business cycle. The coefficients of correlation have not been computed.

* See article in Quarterly Journal, American Statistical Association, Sept. 1922. "The Influence of the Business Cycle on Certain Social Conditions." By Ogden and D. S. Thomas.

5. Death.—The general death rate shows a surprisingly high correlation, sixth-tenths. This means that there are more deaths in times of prosperity than in times of depression, but the faulty death registration in the U. S. may affect the result. Similarly infant death rates show a correlation of four-tenths. This may mean also, of course, that the bad effects of a period of depression do not show their results immediately, but lead to deaths several years later, in a period of prosperity. This seems to be also the medical opinion.

6. Suicide.—The suicide rate in the U. S. for the period 1900—20 shows a high negative correlation of seven-tenths, that is, there is a large number of suicides in times of depression, few in prosperity. The economic factor is undoubtedly an important cause of suicide.

7. Crime.—Crime may, in general, be considered in three classes. (a) There are "professional" crimes, that is, those committed by habitual, expert criminals. These are not numerous enough to obtain adequate statistics of their fluctuations, but they are probably unaffected by short period changes of economic conditions. (b) There are crimes due to psychological causes. These are fairly numerous, and include a large number of juvenile crimes, sexual crimes, etc. Statistics were not available in the U. S. The English figures suggest an economic influence. Recent statistics of the rejections of drafted men in the U. S. because of mental disorders, however, show that a much larger number came from urban than from rural districts. This would tend to show the economic influence in causing mental disorders, and hence its indirect influence in causing the so-called psychological crimes. (c) By far the most numerous class of crimes have a definitely economic origin. Crimes against property, with violence, including burglary, housebreaking and robbery, and the more numerous crimes against property without violence, including all sorts of larcenies, receiving stolen goods, etc., all seem to show a close connection with the business cycle. The figures were not available for the U. S., and these conclusions are based on English returns. The only satisfactory statistics in the U. S. were certain New York figures for total convictions for crime. These showed a fairly high negative correlation of four-tenths; convictions were large in economically bad times and small in good times.

This article is in many ways inadequate, based as it is on unfinished results. The excuse for it is that the results are suggestive, and that they give some idea of the far reaching social effects of the trade cycle. They show the futility of regarding the trade cycle as only a business phenomenon, and indicate, on the other hand, that it is closely interwoven with the social fabric of modern life. Furthermore, it suggests that the social problems arising from these conditions described above are dependent on economic conditions to so considerable an extent as to make fundamental change impossible until there has been a fundamental change in economic conditions.

Dorothy Swaine Thomas in ((The Plebs, London)

ECONOMIC CAUSES OF WAR

By PETER T. LEOKIE

NOW READY.

Preface by the author.

122 PAGES.

Per Copy, 25 Cents.

Ten copies up, 25 cents each.
Post Paid.