

**Stephen Leacock,  
Economist:  
An Owl Among the Parrots**

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Stephen Leacock the economist is a forgotten man. He is not cited by economists. He left no Leacock school, no Leacock theory, no Leacock effect, nor is there even, surprisingly, a catch phrase associated with his name, such as Thorstein Veblen's "conspicuous consumption." What was for many years a virtually final judgement of Leacock's scholarly work was pronounced by Harold Innis in a 1938 lecture at the University of Toronto. That lecture, which was intended to pay tribute to Leacock as one of the founders of Canadian social studies, was eventually published as his obituary in 1944 in the *Canadian Journal of Economics and Political Science*.<sup>1</sup> With but one exception, Innis chose to refer to Leacock as a political scientist rather than as an economist or even a political economist, although Leacock's 1903 Ph.D. degree from The University of Chicago was in political economy. Though Innis drew links between Leacock and other economists such as Thorstein Veblen, Adam Smith, and Jacob Viner, he glossed over Leacock's writings on economic questions in favour of attention to his humour, which he regarded as having suffered from the influences of social science. In the opinion of Innis, Leacock's humour was "destined not to endure" for "it is written in water and reflects too accurately the atmosphere of its period to interest later readers."<sup>2</sup> As for Leacock's academic work, in Innis' view it suffered either from the "imperialistic blight"<sup>3</sup> or from the insufficiency of his preparation in the social sciences.<sup>4</sup> One suspects that Innis masked his own view only thinly when he attributed to "some malicious individual" the question "What is left of Stephen Leacock?"<sup>5</sup> which was said to have been a response to Leacock's "What is left of Adam Smith?"<sup>6</sup>

In the four decades since Leacock's death the only important notice taken of his social science writings was by Alan Bowker, who in 1973 republished *The Unsolved Riddle of Social Justice*, with other essays, under the title of *The Social Criticism of Stephen Leacock*. Bowker's introduction is a useful complement to Innis' evaluation, but we still lack a careful look at Leacock's economic ideas. Bowker shares in part Innis' judgement that Leacock's humour was strengthened at the expense of his writings in the social sciences.<sup>7</sup> For Bowker the turning point is 1920; after that Leacock is said to have seen himself primarily as a humorist, whose economic proposals "were in large part repetitious of his pre-1920 programmes and . . . were increasingly half-baked and badly written."<sup>8</sup> "In fact, most of Leacock's economic writings were done after 1920. Moreover, in May 1930 Leacock wrote from Orillia to McGill's principal, Sir Arthur Currie, to advise him, "I have only five more sessions at McGill and I intend [to] raise hell in Canadian economics during the short time left to me."<sup>9</sup> Nor does a man who sees himself primarily as a humorist turn down US\$1,000 plus expenses to entertain the American Bankers' Association in New York and offer instead to come at his own expense to speak "on the restoration of the gold standard or some equally important subject."<sup>10</sup>

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## *Intellectual Influences*

To understand better Leacock's economic writings and his other writings as well, it is useful to examine the principal intellectual influences on Leacock. For Innis the following explanation sufficed: Leacock's "work has been solidly based on the individualistic approach which characterized a rural background and his interest in humour."<sup>11</sup> Such a representation obscures rather than clarifies. W. A. Mackintosh, in his 1938 lecture on Adam Shortt, refers to the possibility of including in *Who's Who* an intellectual pedigree of scholars, and suggests "Innis, H. A., by Thorstein Veblen out of Adam Shortt."<sup>12</sup> In a like manner I propose "Leacock, S. B., by Veblen out of John Stuart Mill."

The origins of what Innis called the "individualistic approach" can be traced directly to Mill, whose *Principles of Political Economy* was the text used for a number of years in Leacock's course at McGill in "Elements of Political Economy." Leacock was quite unreserved in his praise for Mill, whom he described as "one of the makers of the modern world ... as noble-minded as he was clear-headed,"<sup>13</sup> and as someone "who grew younger as he got older"<sup>14</sup> and a "human being first and an economist afterwards."<sup>15</sup> For Leacock, Mill's real achievements were *Principles of Political Economy* and *On Liberty* and his having fortified and enlarged Adam Smith's "industrial liberty by building into it the framework of individual freedom."<sup>16</sup>

Leacock's policy views on production (where freedom should reign) and distribution (where state intervention is appropriate) take their inspiration directly from Mill, whose view is contained in the following passage from his *Principles*:

It is only in the backward countries of the world that increased production is still an important object: in those most advanced, what is economically needed is a better distribution . . . we may suppose this better distribution of property attained, by the joint effect of the prudence and frugality of individuals, and of a system of legislation favouring equality of fortunes, so far as is consistent with the just claim of the individual to the fruits, whether great or small, of his or her own industry.<sup>17</sup>

Leacock's indebtedness to Veblen, with whom he studied at The University of Chicago at the turn of the century, is neither acknowledged nor apparently even recognized. Leacock's handwritten chapter outline dated October 1, 1926 for a volume which was to have been entitled "Chapters in Political Economy: A View of the Rise and Development of Political Economy from Adam Smith Until Today Illustrated by Selections from Leading Economists" contains the names of a number of twentieth century economists, including Frank Taussig, Gustav Cassel, Norman Angell, and John Maynard Keynes (subsequently crossed out), but not that of Veblen.<sup>18</sup> Indeed Veblen is not even referred to in Leacock's writings until 1937 in *My Discovery of the West*,<sup>19</sup> where Leacock traces the roots of Social Credit in part to Veblen's writings.

Leacock speaks of Veblen's main idea as being "that human industry is not carried on to satisfy human wants but in order to make money."<sup>20</sup> This does not quite capture the essence of Veblen's distinction between making goods and making money. Moreover, this is not Veblen's central point, but rather a derivative one. Key to Veblen's approach is the constant interplay between technology and institutions, perhaps explaining in part why followers of Veblen are called "institutionalists." To one familiar with Veblen, the influence on Leacock's thinking of Veblen's "Why is Economics Not an Evolutionary Science" (1898),<sup>21</sup> *The Cultural Incidence of the Machine Process*<sup>22</sup> (1904), and *The Vested Interests and the Common Man*,<sup>23</sup> *inter alia*, are unmistakable. Influence, of course, does not commence from the date of publication of a work, for as Leacock noted, Veblen gathered ideas from his turn-of-the-century lectures into later books.<sup>24</sup>

C. E. Ayres, one of the leading American exponents of Veblen's thought, in his review of Leacock's *The Unsolved Riddle*, observed that Leacock's critique of economic science was "in the spirit of the younger group of 'institutional' economists (who are not mentioned, however); a trained psychic might even sense the presence of the spirit of Mr. Veblen."<sup>25</sup>

## Leacock on Public Policy

In his approach to major economic questions, Leacock firmly opposed, and lavished harsh words on, both the *laissez-faire* implications of mainstream economics and socialist alternatives to the capitalist system. Leacock sought a middle course, rejecting both too much government interference<sup>26</sup> and too little. While some of his formal analysis may be flawed, many of his recommendations still have merit, and his 1920 agenda for resolving the riddle of social justice is as timely now as when it was written.

*Distribution.* Before presenting his program of action in *The Unsolved Riddle of Social Justice* (1920), Leacock felt obliged to demonstrate the limitations of solutions dictated by supply and demand considerations:

Hitherto we have been hampered at every turn by the supposed obstacle of immutable economic laws. The theory of 'natural' wages and prices of a supposed economic order that could not be disturbed, set up a sort of legislative paralysis. The first thing needed is to get away entirely from all such preconceptions, to recognize that the 'natural' order of society, based on the 'natural' liberty, does not correspond with real justice and real liberty at all, but works injustice at every turn. And at every turn intrusive social legislation must seek to prevent such injustice.<sup>27</sup>

John Stuart Mill had raised the desirability of income redistribution in 1848, Thorstein Veblen had caricatured the excesses of the leisure class in 1899, and World War I had demonstrated the scope for action. As Leacock observed:

In this respect five years of war have taught us more than a century of peace. It has set in a clear light new forms of social obligation. The war brought with it conscription—not as we used to see it, as the last horror of military tyranny, but as the crowning pride of democracy. . . . But conscription has its other side. The obligation to die must carry with it the right to live. If every citizen owes it to society that he must fight for it in case of need, then society owes to every citizen the opportunity of a livelihood. 'Unemployment', in the case of the willing and able becomes henceforth a social crime. Every democratic government must henceforth take as the starting point of its industrial policy, that there shall be no such thing as able bodied men and women 'out of work', looking for occupation and unable to find it. Work must either be found or must be provided by the state itself.<sup>28</sup>

For Leacock war finance had utilized a "terrific engine of taxation," which equally well could be utilized in peacetime for social betterment.<sup>29</sup> There was no reason why "work and pay for the unemployed, maintenance for the infirm and aged, and education and opportunity for the children" could not be provided.<sup>30</sup> The children, however (Leacock's own son was five at the time), were the focal point for immediate action: "Our feeble beginnings in the direction of housing, sanitation, child welfare and education, should be expanded at whatever cost into

something truly national and all embracing.<sup>31</sup> Leacock was emphatic that no child's opportunity in life should be "obliterated by the cruel fortune of the accident of birth."<sup>32</sup>

Those familiar with the enormous socio-economic problems of the less developed countries since World War II will recognize that Leacock's prescription for social justice overlaps considerably with the Basic Needs approach belatedly advocated by the World Bank in the late 1970s.<sup>33</sup> For two decades development economists had focused their attention on the production side, leaving children to share their parents' lot. To Leacock it was self-evident that a child's brain and body are stunted by lack of food and air;<sup>34</sup> today's development economists required scholarly confirmation of this before reconsidering their policy approaches.

*Production.* The restoration of industrial production and employment levels after World War I involved lengthy delays. This was addressed by Leacock in his speech on the Gold Standard in 1924. Leacock saw the restoration of the Gold Standard as the key to restoring prosperity. Leacock argued against currency depreciation and applauded the British for not having abandoned a possible return to the pre-World War I sterling-dollar exchange rate. Leacock was, of course, by no means alone in recommending what proved to be a serious blunder, but he also offered extremely wise advice, which remains valid:

There is only one thing that you can do with gold, or at the best only two things—spend it or lend it. . . . The true banking is to find somebody . . . with the industry and the perception and the intelligence to bring back your money ten times over. . . . Lend it to the right man. Don't lend your money to a bunch of collateral that is dead; lend it to a man.

And the money in the United States should be loaned to the world, to each and every part that has potential wealth, to our Northwest, to the oil fields of Mesopotamia, wherever civilization can find new bases upon which to build up all we have lost in Europe. Lending the gold hoards of the United States is one of the most important financial steps to be taken.<sup>35</sup>

Using reserves or hoards to expand credit was thus seen by Leacock as a critical ingredient for economic expansion. Some of Leacock's proposals for restoring output levels during the Great Depression will be dealt with below.

*International Trade and Tariffs.* Tariffs, according to Leacock, had their place at a certain stage in the development of a nation, as did government interference with individual economic freedom. Leacock did not join mainstream economics in its elevation of free trade to the most desirable goal of public policy:

People agree to forget that this wonderful freedom of the working child was one part of a "system of natural liberty," of which free trade was another. The two hung together. A convenient forgetfulness has pushed them apart.<sup>36</sup>

Innis appears to have been most offended by what he terms Leacock's "imperialism." Imperialism or, more precisely, co-operation with and integration within the British Empire was for Leacock what economists now call a "second best solution." Given the apparent impossibility of international economic unity, unity within the British Empire was much to be preferred to nationalist excesses, which were treated with scorn by Leacock: he speaks derisively, for example, of Canadian authorship being "encouraged like Canadian cheese and Canadian apples."<sup>37</sup> Even greater scorn was reserved for the excesses of federalism which bid fair already in the 1930s to split both Canada and Australia asunder and in Leacock's view were likely to stand

in the way of recovery from the Depression. He spoke of Bennett's program of social legislation, minimum wages, and maximum hours turning "on whether the power of the Dominion extends to wages, etc. The Delphic provision of 'property and civil rights' will block all economic progress."<sup>38</sup>

Leacock viewed Empire unity as the only way that the members of the Empire, including Great Britain, could hope to offset American economic hegemony. The Americans were to be displaced by recourse to their own methods: use of the tariff; standardization of processes, methods, and machines; unification of weights, measures, and money (including, ideally decimal currency in Britain); and, in general, the combining of British and Dominion manufacture, capital, labour, technique, research, and industrial science<sup>39</sup> Leacock recommended in particular an Empire super-tariff (he mentions fifteen per cent for purposes of illustration) which would apply to trade outside of the Empire and initially be added to all existing tariff levels.<sup>40</sup> Leacock was essentially proposing for the Empire arrangements comparable in some ways to those which later formed the basis for the European Common Market.

## Leacock on Economic Science

Leacock is said to have remarked that if one could teach a parrot to say "supply" and "demand" one would have an economist. This would seem to be one of his milder pronouncements on the discipline. In *Hellements of Hickonomics*, Leacock observed of political economy: "Here is an obstinate and crabbed science, living on facts and figures, untouched by imagination." "Economic scholasticism is drowsing into final oblivion" behind locked doors. "The time had come for political economy to "alter or perish."<sup>41</sup> In the Preface to the *Hellements*, Leacock observed:

I think the whole science is a wreck and has got to be built up again. For our social problems there is about as much light to be found in the older economics as from a glowworm.<sup>42</sup>

The *Hellements* was published the same year as John Maynard Keynes' *The General Theory of Employment Interest and Money*. Keynes was, indeed, trying to rebuild the science so that social problems might be resolved. Leacock might have found a *careful* reading of Keynes quite flattering: some of the central elements of analysis and policy in Leacock's 1933 *Plan to Relieve the Depression* are at the heart of Keynes' *General Theory*. Leacock had observed of the Depression:

It grows upon what it feeds on. Each time a worker is thrown out of employment, there is a loss of purchasing power; with each loss of purchasing power, another man is thrown out of work. There is no end, no stop.<sup>43</sup>

This might be considered a reasonable approximation to the process described later by Keynes. One might wish only to add a reference to expectations, as well as an explanation as to why employment and income might not continue to fall.<sup>44</sup>

For both Keynes and Leacock, although the elements of their explanations differ markedly, recovery from the Depression can be accomplished through increases in the money supply and public works expenditures. For Leacock a gap between profits and wages would serve as a stimulus to resumption of production and this could be accomplished by inflation produced "by the circulation of great quantities of paper money, beyond all basis of physical value or redemption."<sup>45</sup> For Keynes, increases in the money supply worked on profits through expanding purchasing power rather than through price increases. Had the following passage, which Leacock

would have appreciated, been penned by Leacock rather than Keynes, it would have been denounced as half-baked or absurd:

If the Treasury were to fill old bottles with banknotes, bury them at suitable depths in disused coalmines which are then filled up to the surface with town rubbish, and leave it to private enterprise on well-tried principles of laissez-faire to dig the notes up again (the right to do so being obtained, of course, by tendering for leases of the note-bearing territory), there need be no more unemployment and, with the help of the repercussions, the real income of the community, and its capital wealth also, would probably become a good deal greater than it actually is. It would, indeed, be more sensible to build houses and the like; but if there are political and practical difficulties in the way of this, the above would be better than nothing.<sup>46</sup>

Leacock reacted, not to Keynes' ideas, but rather to his mathematical notation, in an unpublished, undated broadside entitled "The Invasion of Human Thought by Mathematical Symbols: A Call to Arms."<sup>47</sup> Leacock does not identify the economist said to be holding one of the most respected chairs in England lest he "should be crushed flat at once under the deadweight of prestige and authority," but he does reproduce exactly Keynes' equation relating the proportional changes in total demand and investment.<sup>48</sup> Leacock refers to mathematical economics as a "racket" and argues that it is:

no aid in calculating the incalculable. You cannot express the warmth of emotion in calories, the pressure on the market in horse-power, and the buoyancy of credit in specific gravity! Yet this is . . . what the pseudo-mathematicians try to do when they invade the social sciences. The conceptions dealt with in politics and economics and psychology, the ideas of valuation, preference, willingness and unwillingness, antipathy, desires etc., cannot be put into quantitative terms.<sup>49</sup>

He goes on to speculate as to the consequences if the "invasion" were to spread to poetry, and renders "The Charge of the Light Brigade" as follows:<sup>50</sup>

$$(1/2 + 1/2 + 1/2)/600 = 600 - N$$

W. H. Dawson in his review of *Economic Prosperity in the British Empire* suggests that "the sympathetic reader will not be likely to discard the good grain because something that looks suspiciously like chaff occasionally lies alongside of it."<sup>51</sup> In Leacock's many writings on economics there is an ever changing relationship between the serious and the apparently frivolous. There is, however, sufficient grain to repay the effort in insights and still timely counsel.

There is, of course, reward in that which "looks suspiciously like chaff" as well. Take, for example, Leacock's musings on the question of the length of the working day:

If we could in imagination disregard for a moment all question of how the hours of work are to be shortened and how production is to be maintained and ask only what would be the ideal number of the daily hours of compulsory work, for character's sake, few of us would put them at more than four or five. Many of us, as applied to ourselves, at least, would take a chance on character at two.<sup>52</sup>

Leacock wrote to influence public opinion on what he viewed to be major policy issues of his era. He chose to address neither an academic audience, whose formal analyses he held in disdain, nor the policy makers of the day, but rather the common man. He believed this to require

“a gay book on political economy for reading in a hammock.”<sup>53</sup> Apparently Leacock believed that the very seriousness of the question required the counterweight of levity, if one hoped to make one’s point. And yet his point was not made: the very device with which Leacock hoped to gain attention appears to have contributed to his relative neglect. His light-hearted, increasingly superficial treatment of questions of national policy, combined with the public expectation of mere levity from his pen, assured that his works did not stir thought on the great questions of his time.

## References

1. Harold Innis, “Stephen Butler Leacock 1869-1944,” *Canadian Journal of Economics and Political Science (CJEPS)*, 10 (May 1944), 216-26. Innis’ lecture was one in a series marking the fiftieth anniversary of the Department of Political Economy of the University of Toronto in 1938. The lectures in the series devoted to William James Ashley and Adam Shortt were published in 1938 in the *CJEPS* and *The Commerce Journal*.
2. *Ibid.*, p. 226.
3. *Ibid.* See also p. 219 (“In 1907 an ominous storm of imperialism broke over him and carried him from his moorings”), p. 221 (“thrown off his stride by imperialism”), and p. 225 (“the difficulties under which he laboured in the face of the demands of imperialism”).
4. *Ibid.*, p. 221. Craufurd D. W. Goodwin is far more severe than Innis in his judgement of Leacock the economist: “It was unfortunate for both Leacock and for Canadian economics that he was forced to earn a living from a subject which he disliked, was unable to comprehend and took time away from areas where he made best use of his talents.” Goodwin, *Canadian Economic Thought: The Political Economy of a Developing Nation 1814-1914* (Durham, N.C.: Duke University Press, 1961), p. 193. See also pp. 190-93.
5. Innis, p. 226.
6. “What is Left of Adam Smith?”, *CJEPS*, I (February 1935). 41-51.
7. Innis, p. 226.
8. Alan Bowker. *The Social Criticism of Stephen Leacock: The Unsolved Riddle of Social Justice and Other Essays* (Toronto: University of Toronto Press, 1973), pp. xix. See also p. xxxviii.
9. McGill University Archives, Sir Arthur Currie Papers. file C63. Leacock to Currie, May 26, 1930.
10. *Ibid.*, Currie to F. I. Kerr [Ker], May 13, 1933.
11. Innis, p. 225.
12. W. A. Mackintosh. “Adam Shortt, 1859-1931,” *CJEPS*, IV (May 1938), 164-76.
13. *Our Heritage of Liberty: Its Origin, Its Achievement, Its Crisis: A Book for War Time* (London: John Lane, The Bodley Head, 1942), p. 48.
14. “The Economic Analysis of Industrial Depression,” *Papers and Proceedings of the Canadian Political Science Association*, V (1933), p. 8.
15. *Economic Prosperity in the British Empire* (Toronto: Macmillan, 1930), p. 165.
16. *Our Heritage*, p. 48.
17. John Stuart Mill, *Principles of Political Economy*, 5th ed. (New York: D. Appleton, 1865), vol. II, p. 338.
18. McGill University Library, Rare Books Department, Stephen Leacock Collection, Mss, Box 12. There are only twenty-seven pages of this manuscript; page 28 indicates that material from an Ottawa lecture was to follow at that point. The text covers the chapter outline, preface and Chapter I dealing with Adam Smith and the *Wealth of Nations*.
19. *My Discovery of the West* (Toronto: Thomas Allen, 1937), pp. 136-38.
20. *Ibid.*, p. 137. See also Carl Berger, “The Other Mr. Leacock,” *Canadian Literature*, 55 (Winter 1973), 32-33.

21. *The Quarterly Journal of Economics*, XII (July 1898).
22. "The Cultural Incidence . . ." appeared as Chapter IX of Veblen's *The Theory of Business Enterprise* (1904).
23. *The Vested Interests and the Common Man: ("The Modern Point of View and the New Order")* (New York: B. W. Huebsch, 1919).
24. *My Discovery*, p. 137.
25. C. E. Ayres, review of *The Unsolved Riddle of Social Justice* by Stephen Leacock, *Journal of Political Economy*, 28 (May 1920), 439-40. For Claude T Bissell, the influence on Leacock's humour of Thorstein Veblen (and Mark Twain) is unmistakable: "Arcadian Adventures with the Idle Rich was almost a fictional companion piece to *The Theory of the Leisure Class*." "Haliburton, Leacock and the American Humorous Tradition," *Canadian Literature*, 39 (Winter 1969), 14.
26. *The Unsolved Riddle of Social Justice* (London: John Lane, The Bodley Head, 1920) and "The Proper Limitations of State Interference," an address before the Empire Club of Canada, Toronto (March 6, 1924), 14 pp.
27. *The Unsolved Riddle*, p. 133.
28. *Ibid.*, pp. 119-20.
29. *Ibid.*, pp. 131-32.
30. *Ibid.*, p. 130.
31. *Ibid.*, p. 129.
32. *Ibid.*
33. Paul Streeten, *et al.*, *First Things First: Meeting Basic Human Needs in Developing Countries* (New York: Oxford University Press, 1981).
34. *Ibid.*, p. 219.
35. "The Gold Standard," an address before the 1924 Life Insurance Educational Congress, Toronto, p. 8.
36. *Economic Prosperity*, p. 166.
37. *Ibid.*, p. 231. For a discussion of the movement in Canada for imperial unity and Leacock's relation to it see Carl Berger, *The Sense of Power: Studies in the Ideas of Canadian Imperialism 1867-1914* (Toronto: University of Toronto Press, 1970).
38. "Economic Separatism in the British Empire," *The Quarterly Review*, no. 525 (July 1935), p. 9.
39. *Economic Prosperity*, pp. 177-79.
40. *Ibid.*, pp. 163-64.
41. *Hellements of Hickonomics in Hiccoughs of Verse Done in Our Social Planning Mill* (New York: Dodd, Mead, 1936), p. 84.
42. *Ibid.*, p. vi.
43. *Stephen Leacock's Plan to Relieve the Depression in 6 Days, To Remove It in 6 Months, To Eradicate It in 6 Years* (Toronto: Macmillan, 1933), p. 1.
44. J. M. Keynes, *The General Theory of Employment Interest and Money* (New York: Harcourt, Brace, 1936), p. 98.
45. *Stephen Leacock's Plan*, p. 6.
46. Keynes, p. 129.
47. McGill Library, Leacock Mss, Box 4.
48. Keynes, p. 126, n. 2. Keynes did not hold a chair, but rather was a Fellow and Bursar of King's College, Cambridge.
49. "The Invasion of Human Thought."
50. *Ibid.*
51. W. H. Dawson, review of *Economic Prosperity in the British Empire*, by Stephen Leacock, *The Economic Journal* (June 1931), pp. 295-97.
52. *The Unsolved Riddle*, pp. 137-38.



53. *Ibid.*, p. 99.