

The
Social
Trinity

www.libtool.com.cn

Richard
Gunn

vi 0 . 9 . 18

www.libtool.com.cn



THE LIBRARY
OF
THE UNIVERSITY
OF CALIFORNIA
LOS ANGELES

www.libtool.com.cn

www.libtool.com.cn

www.libtool.com.cn

THE SOCIAL TRINITY

CHAPTER IX.

**Reveals a Loss to Britain,
in a period of 69 years,
of**

Ten Thousand Million Pounds Stg.

from

**Following the Economic Policies of
Adam Smith and Richard Cobden.**

THE SOCIAL TRINITY

A NEW SCIENCE OF
POLITICAL ECONOMY

BY
RICHARD GUNN



GLASGOW:
FRASER, ASHER & CO. LTD
73 DUNLOP STREET
1915

UNIVERSITY OF CALIFORNIA
LIBRARY
LOS ANGELES
CALIF.

www.libtool.com.cn



LIBRARY TO VIEW
CALIFORNIA STATE
UNIVERSITY

43

171

397

www.libtool.com.cn

DEDICATED TO
ALL THOSE WHOSE MOTTO IS
"MY GOD, MY COUNTRY,
AND
MY NEIGHBOUR AS MYSELF."

407486

HARVARD
DEC 16 1940
LIBRARY SETS

www.libtool.com.cn



Digitized by the Internet Archive
in 2008 with funding from
Microsoft Corporation

<http://www.archive.org/details/socialtrinitynew00gunn>

C O N T E N T S.

www.libtool.com.cn

		PAGE
CHAP.	I.—THE SOCIAL TRINITY ...	1
„	II.—ORIGIN OF LABOUR ...	5
„	III.—THE DOCTRINE OF SOCIAL CONTRACT	13
„	IV.—THE STATE AND JUSTICE ...	21
„	V.—“WEALTH OF NATIONS” FALLACIES	29
„	VI.—THE LAND, LABOUR, AND CAPITAL FALLACY ...	35
„	VII.—THE FACTORS OF PRODUC- TION AND COST	39
„	VIII.—LAWS OF PRODUCTION ...	43
„	IX.—THE LAW OF EXCHANGE ...	51
„	X.—HOW LABOUR SUFFERS BY FOREIGN EXCHANGE — THE PARISH VERSUS THE NATIONAL RATES ...	59-66
„	XI.—IMPORTS FOR NOTHING WOULD TERMINATE BRIT- ISH CIVILISATION ...	67
„	XII.—THE TAX	71

CHAP. XIII.—COBDENITE MISCONCEPTIONS	
— RICHARD COBDEN —	
— HAROLD COX — CHIOZZA	
MONEY — “SHIPBUILD-	
ING” — “TARIFF PROTEC-	
TION” — “YOU CAN ONLY	
PROTECT THE MINORITY”	
—SHOWERS OF COTTON	85-101
„ XIV.—COLONIAL PREFERENCE ...	103
„ XV.—FREE - FOOD AND THE	
“HUNGRY FORTIES” ...	115
„ XVI.—THE SOCIAL TRINITY—THE	
FIRST PERSON: THE	
STATE — THE SECOND	
PERSON: LABOUR — IS	
LABOUR A CURSE?—THE	
THIRD PERSON: CAPITAL	123-137

INTRODUCTION.

www.libtool.com.cn

ECONOMICS, being the first of the social sciences, deals with the relationship existing between men and the community, including their obligations to render such social service to each other as will promote the common good. These obligations—which chiefly concern the ethics and economics of labour—we have tried to state clearly and simply.

The embittered relationship of the classes is mostly due to the prevalence of false ideas regarding these economic obligations, the early economists having, in the name of science, taught a theory that violated not only economic law but logic, and also the law of necessity—better known as commonsense.

The greatest of ethical teachers was also the greatest of social scientists, and by precept and example taught that man's contract obligations were not to be bartered for mere personal interests, no matter how tempting. He was also a working craftsman, and taught a Gospel of Labour—that men should work, and their employers pay them justly, if not benevolently.

If not an imperialist, this Great Teacher was a Patriot. His sermons were ethical and spiritual; His lectures mostly economic parables that dealt with

labour, talents, rich and poor men, debtors, sowers, unjust stewards, and good Samaritans.

Political economy ought to be—and, we believe, soon will be—the most popular, and no less profitable, science for both the people and the State. But, while other sciences have fructified and yielded rich social returns, economics—like the unused talent—has been buried, and its due sphere usurped by maladministration and prodigality. Economics, however, has now been unearthed and given to the Social Trinity, a company of producers who are pre-eminently able to work it for the benefit of the nation.

Beginning with the origin of man, we have traced the institution of a social community and the advent of labour. From that we have briefly described the evolution of a complex social community, with its ultimate factors of production—and these we have termed *The Social Trinity*.

Our first desire was to avoid any reference to the systematic mismanagement and waste that originated with Adam Smith—which has, since then, passed for “Scientific political economy”—and to present only a constructive system of economics. This might have been the better plan, but contact with students, and those engaged in teaching the subject, has led us to adopt the other, whereby it is shown how a violation of contract was followed by a violation of logic; and how this, in turn, was followed by a series of economic errors that has, in a period of sixty-nine years, *involved Great Britain in the colossal loss of*

at least ten thousand million pounds sterling, not to mention another loss for which there is no name.

Only a passing reference is made to the later metaphysical developments of social science. The learned terms and dialectic skill which these embody have a certain amount of interest for some people, but we will leave it at this:—When pressed to pass an opinion on a friend's poetry, Dan O'Connell is said to have replied: "Well, sir, for those who like that sort of thing, that's just the sort of thing they would like."

Most of the treatises on metaphysical economics reproduce, more or less, the writings of early authors in attenuated form. Further, they all appear to embody the elementary error of Smith's requisites.

In the event of *The Social Trinity* theory commending itself to students, a revision of political science will be absolutely necessary.

Smith's non-social dogma—the exaltation of self-interest above social interest—is found under many aliases, but, as its irrational barbarity remains the same, it is always easily identified. No one has had the courage to call the economic principle of self-interest a moral principle, nor does any one admit it to be immoral; therefore, it is termed a non-moral moral principle.

One economist puts his case rather cleverly. "We can ask," he says, "of any action whether it ought or ought not to be done at all: that is a moral question. We may also ask whether it is done com-

petently or efficiently : that is an economic question." Then he adds—"It might be contended that it is immoral to keep a public-house; but the most efficient"—economic—"way of keeping a public-house is outside the scope of moral enquiry"—a hypothesis quite unworthy the attention of any logician or statesman. Every transaction—even of a publican—is a contract which, being honestly carried out, is moral; if not moral, then it is immoral. Was Betty's reply to the astonished minister merely economic? "Betty, woman, did you mak' a' that siller just wi' fillin' the gill?" "Na, na, minister," she replied, "it wis wi' no' fillin't!"

The need of a business Government has repeatedly been deeply impressed upon our nation; and the doctrine of *The Social Trinity* impresses it deeper still, because in that Trinity are centred every political and economic interest of the community. A Parliament fully aware of this fact would prove to be the salvation of our nation; and a Cabinet in which the Three Persons of that Trinity were worthily represented would earn a grateful nation's benediction.

R. G.

GLASGOW, *December*, 1915.

The Social Trinity.

CHAPTER I.

THERE are two accounts given us of man's origin—the Scripture story that mankind was created male and female, the last and the highest type of all the creatures; and the evolutionist's story that mankind evolved through various stages of being, until he reached the human, which is the highest type ever known to exist.

Unless to those who dogmatise, there is little, if any, difference in these two theories of human origin. The one recognises time as a factor in the process, while the other does not; but the order of creation and the order of evolution are not dissimilar, for both theories necessarily pre-suppose a power behind, which directs human destiny.

We might dispute the point whether an inventor creates an instrument or evolves it, but the fact would still remain that the instrument was there, whatever the process by which it might have been evolved.

PRIMITIVE MODES OF LIVING.

In regard to the manner in which the first primitive men lived there is less reason for dispute between the two theories, assuming, of course, that both parties forego their dogmas, and speak within their knowledge.

In Gen. i. 27-31, we learn that though mankind was created, male and female—with higher faculties than the other creatures, over which they received dominion—in the matter of freedom and the motives which were to guide their conduct they were put on the same level as the other creatures. No higher duty was imposed on mankind than had already been imposed on the lower creatures; all that we learn about man is that he did not till the ground (Gen. ii. 4).

The evolutionists have not found primitive men living in conditions much different from those detailed in Scripture at the creation. When races have been found with a social code of honour they have usually other marks to prove either that they have receded from civilisation in the long past or that they have at one time been associated with civilised men.

Primitive men hunt, fish, and gather roots and fruits, and migrate from place to place in search of commodity, much as other animals do. Productive labour is not a primitive practice, for reasons that are obvious. At first, labour is not necessary; later, it is neither profitable nor safe.

Free-raiding, or free-booting, being a primitive instinct, strong men lived by that method; therefore, they found productive labour unnecessary. Anyone willing to produce would find such occupation unprofitable, there being no protection against the free-booters and hunters of the time.

www.libtool.com.cn

CHAPTER II

ORIGIN OF LABOUR.

SCRIPTURE introduces the social condition of man along with labour; indeed, with a labour contract. When the Creator said "There was not a man to till the ground," He made (or it may have been converted) Adam into a living soul, and thus prepared him for a higher life, to be attained by means of labour and conformity to a moral obligation. It is reasonable to suppose that the Creator recognised primitive conditions unsuitable for labour, from the fact that He provided a protected Garden wherein Adam might work in perfect security. Safe from the interruption of free-booters and other natural enemies of labour, Adam was able to fulfil his labour contract, and also the other obligations it imposed.

In this protected situation we perceive the beginning of social life. Adam was not only the first working man, but the first man to have a wife. Contract, labour, protection, love, and marriage are aspects of social life that we associate with the Garden of Eden. It was evidently a desirable place to live in until the arch-enemy of mankind, and of moral obligation, seduced them into dishonour.

It is to be regretted that the serpent has become so much identified with the fall of man. The philosophy is lost in the figure of the serpent. The goal of human destiny is a line where the social and spiritual qualities gain ascendancy over the selfish and natural.

Man's soul was the energy destined to promote this end, while labour and submission to contract obligation were the means by which the end was to be attained. These conditions, in the process of their development, were entirely different from those of freedom and self-interest existing outside of Eden or outside of social communities.

The serpent, or tempter, was just a natural man, who came on the scene as a reformer, promising enlightenment and freedom to those in the Garden if they would only assert their natural rights and act independently. He appealed directly to the animal appetite, and gained the victory. The tempter was cursed, and destined to crawl on his belly for all time, and has thus become the recognised symbol of all tempters.

The serpent, then, represents the "Natural" man who seeks to overcome virtue by playing upon the lower appetites and passions of human nature—the seducer of the youth of both sexes. He is the false reformer, or the statesman, who plays upon our lower nature from motives never suspected. He touches our avarice with promises of gifts and freedom which he cannot fulfil, or which could only be ful-

filled by the dishonour of a sacred contract obligation.

"Try the spirits" is a wise counsel, and if our teachers appeal to soul qualities that elevate character and ennoble our country and our race, let us follow them even to the highest of personal sacrifice. But if they appeal merely to self-interest, freedom, and the lower appetites, let us renounce them as the seed of the serpent, and the enemies of contract, sacrifice, and virtue.

Whether we believe the social community to have been the sudden work of a beneficent Creator, or that it has slowly evolved after the soul travail of long ages, we know it has done invaluable service. It was necessary for the promotion of labour and the production of commodity, and, being based on contract, it required that justice and benevolence be awarded to all who offered a labour sacrifice. Opinions differ about the motives that prompted early races to found a social community. Some say it was for the purpose of protecting the weak against the strong; others say it was for promoting cultivation and productive labour generally, so that men's wants might be supplied with less hazard and more constancy.

Primitive races, we know, lived by hunting, fishing, and gathering roots and fruits in their season; wandering from place to place in search of things necessary, much in the same way as birds and all other creatures. From this we must infer that

importing is a natural instinct of mankind as of all animal creation. Cultivation, however, is a social instinct, or an instinct of mankind with a soul, which we always associate either with the Garden of Eden or with a social community. We therefore take it as an axiom that free-importing is the method of primitive man, and cultivation is the method of social man.

During their journeying in the wilderness the Israelites possessed no facilities for production, and their wants were miraculously supplied; but when they reached Canaan (thereby ending their nomadic career) the free-importing of manna ceased, and the production of taxed grain and other commodity began.

The Covenant method of taxing all kinds of commodity—whether food-stuffs or treasure produced at home or imported—may not meet with the approval of those who, like the British people, are so much opposed to the taxation of food and imports generally. It seems so wicked to tax food. However, it was necessity—not cruelty—that constrained the Creator to tax food and imports, because free-food—even manna—and free-imports are unfavourable to the community and against the progress of civilisation. Esau, we are told, was the heir, and should have carried on the patriarchal line as his father Isaac and his grandfather Abraham had done. But Esau became a hunter—a free-importer—and, having thus reverted to the natural,

as opposed to the social and pastoral, state, he was rejected, and Jacob, the social, pastoral cultivator, received the inheritance.

The absolute necessity for rejecting and suppressing free-importing is borne out in all the laws of human progress. It was natural, and, therefore, had to be got rid of like most of the natural habits and customs of uncivilised men which have had to be suppressed by the community either as sins or as crimes.

Free-importing retarded productive labour from the very beginning, and interrupts its progress at every stage at which it is allowed to intervene. It is a natural growth, and, like the weeds which destroy a garden, needs no cultivation, but should be suppressed. If not suppressed, free-importing will destroy a civilised nation by the same law that natural weeds will destroy a cultivated garden. It is a natural crime that must be uprooted from the social community along with other natural crimes which, if allowed freedom, would put a period to progress. The serious effects it has had on productive labour, and hence on the economic and social interests of this country, will be revealed in the pages that follow.

The belief is universal that the social community was instituted for the mutual protection of those composing it, and for the inauguration of human labour. Many books have been written about the division of labour, the rights of labour, the wages

of labour, and so on, but rarely is notice taken of the *origin of labour*. This is to be regretted, because one cannot well know the nature and value of anything without knowing something of its origin.

The Scriptures say that labour originated under the protection of the Creator in the Garden of Eden; and evolutionists say that it originated under the protection of a social community. Both of these agree that the origin of labour synchronised with the origin of protection, and when these two were united they became the first parents of civilisation. Both worked for the mutual help of each other; the one to provide or to produce, and the other to protect.

Thus the social community is seen to have been originally a community of labour for the common good. Those who laboured to protect the producing workers were paid out of the harvest and other produce, and from this fact we gain the idea of a tax or a revenue. From this, again, we deduce an axiom that the tax—as truly as the wage—is part of the cost of production.

It will thus be perceived that, from the earliest stages, there was real unity and mutual interdependence among those composing the community or commonwealth. In the simpler forms of the community the relationship of one member to another is easily traced, not being so involved as it later becomes. Yet, in this simple form there are found the germs of what have become social and economic

science, and other principles upon which depend a nation's safety. For example:—

(1) There is the mutual agreement, or contract, to suppress natural freedom and self-interest, the submission to the dictates of justice for the common interest and protection of the whole community. This embodies the moral or ethical concept.

(2) There is the obligation on all to labour, either to provide for the wants of the community, or to protect the providers. In thus securing the production and protection of commodity to supply the wants of the people we have the true conception of economics.

(3) The fact that the protecting workers were paid out of the harvest produce gives us the conception of tax or revenue, and from this we perceive that, from the beginning, the price of protection was a cost of the produce of the community. This obviously introduces the whole subject of revenue, State government, and the political relations of the people.

It will be admitted that, as the community evolves into a complex nation, many changes take place. Labour produces capital, which becomes a great producing factor in itself. It also evolves into numberless varieties, and divides and sub-divides in such complexity that it becomes increasingly difficult to identify it with one or other of the first divisions of productive and protective labour. Still, every one of them must of necessity be either productive or

protective, because—however complex the relations of citizens become—their unity and interdependence can be maintained only by each performing the function of either a provider or a protector. In this way, and no other, can the original contract be honourably maintained.

CHAPTER III.

www.libtool.com.cn

THE DOCTRINE OF SOCIAL CONTRACT.

ALTHOUGH this doctrine is now little known in our country, where it has been openly dishonoured for sixty-nine years, it was well known and honoured by us before that time; and it is still well known and honoured by every nation on earth except our own. The inducements which led Great Britain to reject the contract and depart from the course of civilised nations will be dealt with in another chapter.

Probably the latest written social contract is that of America. It was the work of the Pilgrim Fathers, who sailed from England in the Mayflower, A.D. 1620. We quote it from Tozer's edition of *Rousseau's Social Contract*—"We do solemnly and mutually in the presence of God and of one another covenant and combine ourselves together into a civil body politic."

The period at which the first contract was made is hidden in the unknown past. It can be traced, however, in the tablet laws of Babylon, because we know that contract must precede the laws which are based upon it.

It was on the Covenant, which is a contract, that

the prophets based their appeals to the disobedient tribes. Although the Greeks taught the doctrine of the contract, there is little reference to it in mediæval times. This may be due either to the destruction of ancient writings or to the work of the Church making it unnecessary. Whatever faults may be attributed to the Mediæval Church, it was always loyal in protecting labour. It valued labour as the creator of cities and empires as well as being the great human sacrifice that wrought salvation for the Church and the State.

The Church gave tradesmen an honourable place in her public ceremonial. It promoted incorporated faculties and guilds of trade, much in the same way as the State now promotes incorporated guilds, and faculties of advocates, physicians, and other professions.

From the 16th century to the 18th efforts were made in Europe to overthrow the authority of the State and the Church; and during that period many distinguished men wrote in support of State authority on the ground of social contract. Among these were Althusius Johannis, a Geneva scholar; Spinoza; the English philosophers Thomas Hobbs and John Locke; and that other distinguished author, J. J. Rousseau, who wrote, perhaps, the most illuminating work of any on the social contract.

Burke, in his *Reflections on the French Revolution*, speaks of the State as "a contract to be looked on with reverence, a partnership in all science, all art,

every virtue, and all perfection. As the ends of such a contract cannot be obtained in many generations, it becomes a partnership not only between those that are living, but between those who are living and those who are dead and those who are to be born.”

Every name by which the State is known suggests unity, interdependence, solidarity, and continuity. “The Nation,” “The Commonwealth,” “The Social Organism,” and “The Body Politic” all indicate indissoluble unity in which the interest of each part is necessarily the interest of the whole. Therefore, any system of philosophy, economics, or politics that would divide the State into opposite and conflicting classes—or that would impose upon it the idea that one class can be benefited by the injuring of another—is false, not only to the State but to Justice, the great arbiter of contract.

The nation is a body politic, and one part cannot be maimed without maiming the whole; therefore, it is sinful of the State to set one party's interests against those of another. A thief does this, and thereby violates the contract. He makes himself an outlaw until he suffers the penalty inflicted by a court of justice. Statesmen or economists who counsel men to act on motives of self-interest, inimical to their neighbour and to the State, are no better than criminals, although they may not be amenable to any Court. The greatest of crimes are not punishable by Courts of Justice. For example, when rulers or statesmen make laws that violate

Justice, dishonouring social contract, they involve the whole nation in the consequences of their guilt. Many people refuse to accept this doctrine, and believe a Government—especially a democratic Government that professes to express the voice of the majority of a nation—cannot do wrong. In support of this they quote the fallacy—"The voice of the people is the voice of God."

To prove that a State is liable to be accused of doing wrong, we have only to remember that legislators may be—indeed are—elected and paid by the electors after the manner of company directors. Since the latter might take a course which no Court of Justice would permit on the ground of violating a trust or contract, so also might the former.

On oath, in a Court of Justice, we do not swear by the State, but by the Almighty God; and the State, not one whit less than the subject, is sworn to do justly. The State can inflict punishment, which, being suffered, restores both the contract and the person—in the legal sense—by satisfying Justice. But if the State commits a wrong there is little hope of redress, as there exists no International Court with power to indite States.

States have dishonoured contracts unquestioned by international authority, and these are the most dreadful of crimes known, because they are visited by the most condign of all punishments—Nemesis.

History has taught us that cities and nations have done wrong, for which they have been condemned.

But the condemnation took place in an unseen Court of Justice, the sentence of which was not known until Nemesis came to execute it. Nineveh was reprieved before the day of execution arrived; but only because she repented. That is an aspect we reserve for another place. The important point to remember is that the conduct of nations is determined by the Ten Commandments and the contract as truly as is the conduct of their subjects.

It should therefore be a primary duty incumbent on all statesmen—when social or international dangers threaten their country—to examine the nation's social contract, and adjust whatever may be found wrong. "Examine your own selves" is good counsel which may lead to repentance and the avoidance of a crisis. A self-righteous nation, like a self-righteous man, is ever in the greatest danger.

Great crises do not come without giving previous warning. A watchful guardian is usually forewarned of his ward's dangerous conduct before the ward is discovered in a crime. There are, also, usually good reasons for suspecting the sanitary condition of a building—especially if it be an old one—before many of its occupants are smitten with a zymotic disease. Therefore, to the most casual observer the labour and other social conditions of this country have for many years past given indications that the body politic was not working in unity; its members have not worked for the common good, but for their own and their party interests.

Still keeping to the symbol of the body politic, the organs of consumption and the organs of production have not been working in harmony, but in opposition, to each other. The producers have been suppressed and their functions interrupted, while the consumers who are not producers have demanded the gratification of their consuming capacity. No care, no protection, no human kindness has been shown to the producers who provide for the wants of the body politic. Dishonoured and despised, producers have not been able to maintain the industrial supremacy of Britain which the earlier, and protected, producing workers gained for her.

“God,” it has been said, “made the human body, but man made the body politic.” A wise man gives much consideration to the producing organs of his body, because, on their healthy condition depend his physical energy and his intellectual capacity. Upon the skill and physic of specialists he spends his means in an endeavour to protect these organs against congestion from over-work, under-work, or starvation.

For the same reasons every body politic—or nation—on earth protects its producing workers, because they are the producing organs, and also the heart and hands of the body politic. But what value has Britain put upon these invaluable producers? During sixty-nine years she has refused to spend a penny on tariffs to protect them, with the natural result that

they have been unable to meet the consumptive demands of the nation.

Britain's body politic has been suffering from national decline for years, and we are being sustained by the substitutionary blood drawn from the veins of foreign producers. As the result of this policy of starvation we are no longer an imperial race maintaining the front rank in our former "splendid isolation." So insensible is the Government of their duty and of the country's danger.

Even now, when the most powerful of foreign enemies are attacking us, every appeal to protect our producers is studiously ignored. The best industrial skill has given advice, and also offered to invest millions in chemical dye works—to give but one illustration—to nurse our producers back to health. But what availeth this since our consuming Government is pledged against protecting productive labour! Thus the decay goes on. Why will this Government of lawyers not examine our constitution? Even the most cursory examination would reveal to them that our contract is but a form—a dishonoured "scrap of paper." It may gratify the Prime Minister and other members of the Cabinet to make heroic speeches now about the honour of sacrificing millions of men and countless millions of wealth to fulfil our contract to preserve the integrity of Belgium, but compare these speeches with those made by the same men ten years ago, when they advised us to dishonour our own contract

and denounce the consolidation of the British Empire because it demanded the sacrifice of a farthing or so on the loaf! We here refer to the tariff on the loaf as a sacrifice, but it was merely the transfer of a tax from ~~our own wheat~~ to the wheat grown in foreign countries.

Had such a transfer of taxes been effected when "the Missionary of Empire," Mr Joseph Chamberlain, made his proposals, our social contract would have been restored to honour, labour would have been again protected, the Empire united in a bond of brotherhood, and the wings of the German Eagle clipped—probably for ever.

CHAPTER IV. www.libtool.com.cn

THE STATE AND JUSTICE.

THE qualities of justice, virtue, and moral ethics generally do not exist where there is no contract, or where there is no covenant agreement between two or more parties. "Where there is no law there is no sin," but as all laws are necessarily based on contract, there can be no law when there is no contract.

The State—or community—we have seen, was the first contract, and, therefore, it was the community that introduced justice and those soul—or social—qualities that transcend the merely animal nature of mankind. This conception we derive from the Bible story of Creation. Adam having been made a living soul, he entered into communion—formed a community—with his Maker under a contract; and this conception, again, is derived from the evolutionary theory which claims unlimited time in the process. Both these theories imply the one undeniable fact that contract and justice began with the community.

Justice, then, with its attendant contract restrictions, is the universal guide for the conduct of social mankind as distinct from animal self-interest and unrestricted natural freedom which guide the conduct of uncivilised mankind.

Many of the relationships that exist among men in a community are of a temporary nature; nevertheless they are all contract relationships. Families are constituted by contract, and so are churches. Our business relations are all contracts. Professional and commercial appointments are as truly contracts as the building of ships or the making of railways. Every act of buying and selling is a contract. Every institution or club for the promotion of science, art, literature, social intercourse, or amusement, from the British Association to a golf club, is a contract, honourable membership of which consists in strictly observing the terms.

Burke remarks that in society there are subordinate contracts that may be dissolved at pleasure, but the State is to be looked on with reverence.

By virtue of the contract God, or Justice, became the director and dictator of the State conduct, as well as director and dictator of the conduct of every individual in the State. Therefore, the Courts of Justice claim first place in the functions of a community. It is to these we look for the redress of wrong. They are the Temples of Justice whose symbol presides with scales as if to measure offences and award penalties that shall adjust the balance, and restore the contract.

There are Courts civil and criminal with varied powers to adjust all degrees of offences of which subjects may be guilty. Few will doubt that it is to the powers exercised by these Courts that we owe

such security of life and property as we now enjoy. As has already been mentioned, it is a matter of the utmost regret that there exists no Court for the trial of collective State authorities who commit offences against the contract. The lack of such a Court has prevented civilisation from developing as it otherwise would have done.

Rulers have always believed that the people could do wrong, and so made sure that the punishment would fit the crime. But they have not always believed that they themselves could do wrong; therefore, provision has not been made for their punishment.

There are cases in history where rulers have been deposed and even executed for wrong-doing, and there are cases where their powers were severely limited; but, invariably, the unlimited powers they had possessed were merely transferred from one irresponsible party to another. No attempt has been made to make the State authority of a given time responsible to a Court of Justice for an offence against the contract. The old adage that "The King can do no wrong" has merely been modernised into "Parliament can do no wrong," which implies that State authority claims the right to defy justice and violate the contract whenever it appears expedient to do so. This was the German Kaiser's imperial policy when he tore up the "scrap of paper" containing his contract with Belgium, and with strange fatuity the German people believe their Kaiser has

done no wrong. This was also the policy of Sir Robert Peel and the Free-Trade Parliament who tore the "scrap of paper" bearing the contract that protected labour and the unity of the body politic; and, strange as it may appear, the British people believed that Peel and Parliament had done no wrong. A devoted Cobdenite informed us quite seriously that Peel and his Parliament were at liberty to violate the contract and abolish protection if the people so desired it. Of course they were. Adam and Eve were at liberty to violate their contract and eat forbidden fruit, and they did so; but the Nemesis of Justice overtook both them and the free-fooder that deceived them.

A husband and wife are at liberty to violate their marriage contract, by a divorce or a mutual separation, and revert to their pre-contract state of freedom, but they then cease to be a family. Peel and his Parliament certainly were at liberty to dishonour our social contract; but in doing so they dissolved the body politic and restored the primitive and pre-social condition of self-interest and natural freedom that had been suppressed for six thousand years. With her contract thus outraged, Britain ceased to be a nation, just as the divorced couple ceased to be a family. The economic temptations which bribed them to commit this act have proved as fatal as those of the serpent free-fooder that seduced Eve in the Garden.

We are not dealing with the economic aspect of this offence, but with its ethical aspect. Forgers,

thieves, smugglers, and others may find crime economically profitable as a matter of self-interest. Still, that does not justify crime, nor does it save them when overtaken by justice. So that even if Britain had gained all the wealth that Cobden promised—even if she had gained the whole world—she destroyed her contract, defied justice, and lost her national soul. It would not have been so serious had there been a Court to deal with her. Had she been tried before an International Court of Justice and found guilty, Peel and his Parliament might have been fined or imprisoned, and the Union Jack made to wear an arrow-head. That would have been bad enough, still the crime would have been expiated, the contract renewed, and the national soul restored.

As things are, our crime has continued, and justice has been outraged for sixty-nine years. Warnings of our danger have reached us from foreign sources, but unheeded—like the labour unrest, the constant stream of emigration, and the loss of our industries—they have never awakened suspicion that we may possibly have done wrong. So far from that, we have gloried in the dishonourable act, and called it a religious virtue; using our position and influence to lead other nations astray and so making the dishonour of social contract a universal crime.

We have said that the lack of an International Court of Justice to try State crimes has retarded the progress of civilisation. The reason will be obvious to those acquainted with ancient history. Highly-

civilised nations have fallen when attacked by races in comparatively rude states of civilisation. The actual causes of the extinction of such nations were the attacks of rude conquerors, but the essential cause was internal degeneration. What it had taken ages of progress to attain was undone, and future ages were spent in restoring what was lost.

The tendency to revert from the higher states of cultivation to the lower is as well marked in the case of nations as in the case of individuals, and even in vegetable life. If gardeners cease to cultivate their flowers and fruits these will revert to the state of their wild origin. If families are not carefully guarded and cultured in virtue they are likely to revert to freedom and crime. The more dangerous effects from a criminal population are certainly avoided and curtailed by the Courts of Justice that enforce the laws and penalties of the contract.

Nations, however, that revert to a former state of freedom are not controlled by laws and penalties, and are thus in danger of going too far astray for recovery. The cry for freedom is always a popular one. It is virtuous when men cry out to be freed from their own evil habits and inclinations, and struggle to be freed from the slavery of unjust rulers; but when men or nations demand to be freed from their contract obligations then there is danger. Perhaps the danger is greater in a democracy than in a nation ruled by an autocrat. Because, while it is easy for a nation to change an unjust for a just ruler,

and thereby restore its constitution, a democracy cannot be changed unless through a long process of education and moral suasion, or by such a crisis as a war.

www.libtool.com.cn

In *Human Origins*, S. Laing, though writing from another motive, says that "By far the most important land-mark in the history of the Old Testament is afforded by the account in 2 Kings xxii. and xxiii., of the discovery of the Law in the Temple in the 18th year of the reign of Josiah." Shaphan was sent by the good King Josiah to Hilkiyah, the High Priest, to arrange about the engagement and payment of tradesmen to repair the Temple. During the renovation Hilkiyah found a Book of the Law that had evidently been forgotten. This book he gave to Shaphan, who read it to the King. The King, on hearing the Law, rent his clothes, through fear of being overtaken by the wrath of God, so far had the people departed from the original contract. With the aid of Hilkiyah and the prophetess Huldah the King took measures to restore the Law, and thus saved the nation. The "landmark" to which Samuel Laing calls attention is further proof that the State is as liable to commit an offence against Justice—or God—as are individuals, and is as liable to punishment.

A social community could not exist apart from justice—and Justice is one name for God, and Almighty God alone is supreme. There is but one way of escape for an offending State, and that is by

repenting, and restoring the contract. In this way King Josiah saved Israel, and in this way also the Ninevites saved their city from the destruction which Jonah predicted.

There is little doubt that the "Book of the Law" which Hilkiyah found had at one time been surreptitiously removed from the Code because it condemned the self-indulgence of certain lovers of "natural freedom" at an earlier and forgotten period. In the discovery, at the present time, of the Economic Law of our Social Contract—surreptitiously removed by Peel and Cobden from Britain's Code of Law—we have the counterpart of Hilkiyah's find.

It may surprise some readers to learn this, but, nevertheless, it is a fact. Under the influence of economists these men removed the Divine Economic Law which, by mutual obligation and common interest, had made us a nation, and in its place inserted the *Wealth of Nations*—a book which not only repudiates mutual obligation, social unity, religion, and morality, but asserts that selfishness, self-interest, and self-love are the sole guiding motives; that no "human wisdom" higher than the faculty of barter should regulate the contract relations between man and man. Now that the discovery is made public, the decision of the nation will be awaited with interest.

CHAPTER V

www.libtool.com.cn

“WEALTH OF NATIONS” FALLACIES.

ECONOMICS is a term derived from two Greek words—*οἶκος*, a house, and *νόμος*, law or rule. Treatises written on the subject by three classic authors deal with the “best way of managing and increasing the comforts and resources of a household”—what might be called domestic economy. Although it has latterly acquired certain metaphysical aspects, the term “Economics” is still used in connection with labour and the national resources which concern the production, exchange, and distribution of wealth.

“Justice or social duty has been presented in these three sciences—ethics, economics, and politics. Ethics deal with moral conduct; economics with the best means of increasing the comforts and resources of the people; politics deal with the devising of laws and the pursuance of measures best adapted to promote the public welfare.”

Although each of the three social sciences named have a sphere and function of their own, they are not independent of each other, but are co-related, and work together in the common interest of the body politic in terms of the social contract. These social

sciences exactly coincide with our first division of the community into the two classes—producers and protectors. It is clearly the duty of that ethical institution we call the Church to protect the body politic, and it is as clearly the duty of all other teachers and politicians to do the same. They are not required, or expected, to produce commodity in the economic sense, but they are certainly required to protect those who do.

The producing classes, on the other hand, are not expected to do the protective work of either the professions or the military, except in a time of war, when all distinctions are lost in one protective force. The function of the producer is to provide commodity for the body politic, and that, of course, means that they must provide incomes for everyone in the nation.

It is practically on these lines that all communities have been instituted and maintained from the beginning of social life until to-day—our own nation, Great Britain, being the solitary exception. By a deliberate Act of Parliament we annulled the contract that had made us a body politic. By the Act which abolished the protection of labour we dishonoured a social obligation and deposed justice and ethics from our economic code. The proposal was first made by Adam Smith in *The Wealth of Nations*, but Sir Robert Peel and Richard Cobden share the notoriety of accomplishing this act. That Smith's motive was to abolish tariffs on foreign imports is abundantly clear throughout the book—indeed, it is

about the only thing that is clear. Tariffs could not be abolished, however, without breaking the contract that made us a united nation. The first step in civilisation is from natural freedom to social contract and taxation—from self-interest to social interest. Smith preferred self-interest and freedom, as by reverting to these conditions the tariff tax would be avoided. His theories were renounced by statesmen, poets, moralists, and economists, who said it destroyed the moral and political life of the people and dissolved the social union. Still, Smith and his followers kept the great advantages of self-interest and no tariffs well in the foreground; otherwise, his writing was “learnedly confusing,” as the following estimates by some of his disciples will show. Arnold Toynbee says: “Many people on first reading *The Wealth of Nations* are disappointed. They come to it expecting lucid arguments, the clear exposition of universal laws; they find much tedious and confused reasoning and a mass of facts of only temporary interest.” Principal G. Armitage Smith says: “Though often assailed, the arguments on which free-trading is based have not been overthrown.” This author greatly approves of the natural self-interest theory, thus—“The enlightened pursuit of individual interest harmonises with natural well-being.” McKay, in *Free Exchange*, says: “Adam Smith did not disprove protection. He assumed free-trade as a true doctrine without any argument.” L. H. Berens tells us that Smith and Mill teach that “Wealth is the

mainspring and end of all human activities." McPherson says: "Smith was not a good metaphysician. He was no abstract thinker. He could not analyse and perceive basal ideas."

Buckle, the historian, reckoned Smith to be the greatest of all Scottish thinkers, and yet he admits that "Smith assumed selfishness to be the main regulator of human affairs, and that Smith founded his economic science on the lowest quality of human-nature, selfishness; that this result was reached by a process of deductive reasoning, using hypothetical arguments based on an intentional suppression of facts, because otherwise the facts would be unmanageable." After a good deal more of this uncritical laudation, Buckle adds: "It now appears that benevolence and affection have no influence over our actions; indeed, Adam Smith hardly admits common humanity into his theory of motives."

By way of showing how completely every soul quality is eliminated from free-trade economics, we quote from Professor Nicolson's 1906 Edition of *Elements of Political Economy*:—"If Adam Smith found it desirable in the 18th century to separate economics from religion and morality, that is to say for scientific treatment, the presumption is that in the 20th century this specialisation must be retained." Hence, it is clear, Britain adopted free-trade at the cost of every social virtue. However, Smith is the best exponent of his own free-trade system. He introduces it without mentioning the social community

or any recognition of social relationships of a contract nature. The only distinction he notes between mankind and the other animals is that man alone possesses the faculty of barter, and in the division of labour and all the complex relations of man with his neighbour Smith found “no higher human wisdom than this propensity of bartering one thing for another.” He assumed that the selfish motives which prompted savage hunters and fishers to exchange bows and arrows for venison were the same motives that possessed social men in their business transactions. He held that justice, social obligation, and benevolence did not enter into, or influence, our social relationships, self-interest being the only human motive in matters concerning labour and barter.

Smith’s free-trade economics are based on two assumptions : —

1. Self-interest is the main regulator of human affairs.
2. Self-interest finds expression in barter, “than which,” he says, “there is no higher human wisdom involved.”

From these he argued that mankind should have natural freedom to indulge self-interest without moral or social restraint.

Economics under the contract form one of three social sciences which arise out of justice, or moral duty, namely, ethics, economics, and politics; but Smith’s assumptions ignore justice or moral duty, and,

as Buckle says, "suppresses them as unmanageable facts," recommending freedom and selfishness as the desirable conditions of life. "Self and freedom," says Toynbee, "enter into every argument of *The Wealth of Nations*." www.libtool.com.cn

Smith's ethical sense was insufficiently developed to appreciate the moral and social restraints of contract, and his evidently over-developed nomadic instincts of self-interest made him rebel at paying a tariff-tax which he saw a prospect of avoiding without incurring the risks taken by smugglers.

We have, by no means, a high opinion of Smith's ethical and social outlook. Buckle's estimate of Smith's intellectual powers we shall not pause to discuss, preferring rather to offer a critical examination of his purely logical and economic reason and judgment.

Smith's free-trade system is founded on the assumption that justice and social duty should have no more influence on labour and business relations of members of a social community than, as we have seen, these had on savage hunters and fishers who barter bows and arrows for venison. The importance of the State factor he never recognised. Indeed, in elaborating his free-trade system he scarcely recognised the State, except to condemn it for putting a tax on foreign imports.

Having shown wherein Smith's ethical assumptions are false, we now draw attention to the fallacy of his "Land, Labour, and Capital" doctrine.

www.libtool.com.cn
CHAPTER VI.

THE LAND, LABOUR, AND CAPITAL FALLACY.

ALTHOUGH few people claim to be well informed on economics—which has been called the gloomy science—the majority of people accept the erroneous dictum that land, labour, and capital are the requisites of production, and that rent, wages, and profit are the cost of commodity. Adam Smith said so in *The Wealth of Nations*, and it has been repeated without question ever since. In two aspects the statement is false. First, because it is an arbitrary division, and does not include *all* the requisites of production; and, second, because it is logically a false division.

In the first aspect it is quite apparent that numerous requisites are required for production besides land, *e.g.*, water, sunlight, air, and temperature. But even if we make land include all the natural products required, the division is still false, because, in the second aspect, logic demands that subjects classed together must have common qualities. Now *land* is a free product of nature and existed previous to, and independent of, man, but labour and capital are products of man and the State, and are not free products. Therefore, as we cannot predicate of land

as we can of labour and capital, the division is logically false. However, the State gives land a value which is social—not natural—thereby converting land into capital. Viewed as capital, land is a State product; and, therefore, a part of the third or capital factor. Since Smith's requisites—land, labour, and capital—are obviously capital, labour, and capital, the first and the last terms merge into one, thus making it clear that Smith, and a long train of economists behind him, have been working with only two factors, which they believed to be three. As no stool can stand on less than three legs, it will startle economists to learn that the so-called free-trade economic science with which they have challenged and defied the whole world has only two legs to stand on.

This land, labour, and capital fallacy has had disastrous effects in two directions. It is responsible for certain erroneous theories of property in land and land values. The economic value of land is its capital value, and this it receives from the State. In like manner the State determines the economic value of labour and property of all kinds. Therefore, so far as economic science is concerned, land value is in no way different from any other capital value. Besides, it is an economic doctrine that material of any kind has no value, but is counted a free-product of nature. Only the services required to convert these free-products into commodity are recognised to be factors of cost.

The theory that, as the State creates land values, these values properly belong to and should be held by the State, is quite just and reasonable. But as the State creates all values—whether of property or of manual or professional labour—would it not be equally just and reasonable to say that these also properly belong to the State and should be held by the State? The point, however, is that land is capital and rent is profit. Even if land were held by the State it would still be capital, and rent would still be profit just as is the rent of State telephones.

It certainly is State protection plus labour that make land productive and valuable, but it is likewise State protection plus labour that make mills, factories and workshops productive and valuable. So much does human welfare depend on the protection of the community that we ought to look upon the State service with reverence—as Burke suggests—since upon the State human progress ultimately depends. But along with the endless land troubles, Smith's fallacious doctrine of land, labour, and capital has created a theory of cost which has proved still more disastrous.

www.libtool.com.cn

CHAPTER VII.

THE FACTORS OF PRODUCTION AND COST.

SMITH—believing land, labour, and capital to be the requisites of production—pronounced the factors of cost to be rent, wages, and profits. As, economically, land is proved to be capital and rent profit, the free-trade theory of cost includes only two factors—wages and profits. Now, hunters and fishers who pay no taxes may produce venison or bows and arrows at a cost of one factor, but a community of tax-payers cannot do so. In civil society three factors are necessary for the production of commodity, and these three are all services which mankind and the State render. None of them are natural or free products, they are all social services, and must be paid for. Placed in order of precedence and importance they are:—

(1) The State; (2) The Worker; (3) The Machine.

The services they render are:—

(1) Protection; (2) Labour; (3) Capital.

Therefore the cost of commodity is:—

(1) Taxes; (2) Wages; (3) Profits.

This classification appears not only logically but scientifically correct. In a former chapter we saw

that men did not labour until they received the protection of the community. After that, the unity and solidarity of the State was established by one party (A) giving its labour to provide a commodity for the community, while the other (B) gave its labour to protect them; both A and B receiving in payment of their service a share of the commodity produced. In this manner the interdependence of each party on the other is made apparent, and from this we may deduce an axiom that the price of protection is a part of the commodity produced under that protection. Thus, from the very origin of the community, and by the law of necessity, protection is a factor of production, and the tax a factor of cost, just as labour is a factor of production and the wage a cost.

If the primitive hunters and fishers did not pay tariffs when they bartered venison or bows and arrows with their foreign neighbours, it must be remembered that they got no protection from any authority. Such exports and imports as they might have were protected by themselves. "Might was right," and, if the primitive free-trader did not happen to be strong enough to fight his fellows and hold on to the free imports, he ran a risk of loss.

But the British free-trader runs no such risk; yet he claims the right to import goods on equally free, untaxed terms as those of his pristine ancestors. The free-trader recognises no difference between the taxed man and the untaxed man, or between motor cars and bows and arrows. He recognises only the economic principle of self-interest common to the ancient

nomad and the modern Cobdenite, and must not be restrained by the admission of any ethical or social motive—a quite absurd assumption.

It would be only logical and just were free importers made to protect untariffed goods at their own expense and risk, as primitive free-traders did, although they, at the same time, deny that justice and morality should enter into economics.

Were free-traders to discard irrational dogmas and use their common sense they might see that protection is, with us, a national cost, which it was not with the exchangers of bows and arrows. Protection is a cost of every article we either grow or manufacture in the country, but it is also a cost of imports. The same law officers of the Crown, the same civil and criminal Courts, and the same police, are engaged protecting free imports as are engaged protecting taxed home productions, and it costs the nation as much money to protect an imported motor car as a home-produced car. Therefore, the question now is, why should the one be charged a tax for its protection and not the other?

From the foregoing arguments most people will admit that taxes are a factor and a cost of commodity. Those who are not yet convinced are referred to the chapter where we have discussed "Imports for Nothing."

Since we have proved that Smith was wrong in his logic, wrong in his factors, and wrong in his cost, it follows that he, and also his economic disciples, have never known the real cost of commodity. Not know-

ing the factors of production and the cost of commodity, it was impossible that they could know the factors of exchange. Notwithstanding this fact, they claim to have a science of exchange, and on this science they have founded free-trade, or as they call it free-exchange. But since—as we have shown in the previous chapter—their science is founded on two factors only, and not on three, as they thought, their science of exchange is founded on two factors also. An absurdity that has inflicted an almost immeasurable loss on this country. Protection is the first factor of production and the tax the first cost. Without knowing this, free-traders, sixty-nine years ago, abolished the tax on imports, but, as we have had to protect these imports ever since without receiving a tax to pay for it, free imports have incurred an enormous loss. In recent years it must have exceeded one hundred millions per annum. That loss is trifling, however, in comparison with another that follows it. The hundred millions thus lost to the revenue is really a gain of one hundred millions to free importers—a gain that enables them to play fast and loose with our markets, to undersell our producers, and capture our industries. Therefore, it should be clear to everyone that, in taking the tax off, our Government makes imports too cheap, and so creates a demand for them. But a Government cannot protect imports for nothing; so the tax that is taken off free imports is put on home manufactures, making these too dear, and thereby reducing the demand for them.

CHAPTER VIII.

LAWS OF PRODUCTION.

WE have seen that savages and primitive races generally have their wants supplied by such free-importing methods as hunting, fishing, gathering wild roots and fruits, not to mention free-booting and other methods. But in a social community all this is changed, and productive labour becomes the necessary and lawful means of supplying the wants of the people. Hunting and fishing remain sources of supply, but even these are conducted under such methods of protection, cultivation, and cost that they are classed with other productive industries.

Free-imports are forbidden fruits in a social community; and free-importing is a crime, because it discourages and tends to put a stop to productive labour—the only means by which mankind and the community can make progress.

When the tribes were wandering in the wilderness their means of production were limited. This situation was, however, relieved by free-imports of manna and quails, and when the tribes reached Canaan, and they had eaten of the old corn, their wandering ceased. Not only that, the free-imports of manna also ceased. The new order of productive labour was thereby established along with the other social

and economic laws of the Covenant—or the Contract as we call it.

The interesting economic events connected with the entry of the tribes into Canaan were, first, the passing of free-food; and, second, the coming of taxed-food. It will be remembered that these one-time free-fooders were called upon to pay tithes, or taxes, to the amount of 10 per cent. of their grain, their flocks, their herds, and whatever else they brought under the “Rod,” or the protection of the community.

The people took well to the change, knowing the value of State protection, though they seem to have thought it cheap at the money. If there were free-fooders who wanted back to the manna-gathering times they were either afraid or ashamed to say so. At all events, they did not get up a manifesto demanding free-food.

The necessity and justice of a tax alike on whatever is produced in a community and on what is imported into it is quite evident. The tax is the price of State protection, without which labour could not be carried on, and without which produce—whether made by home labour or imported—could not be held in safety.

The tax, then, is the price of State protection just as the wage is the price of individual labour, and as the profit is the price of working capital. Hence, we see that the total cost—or the price—of any article of commodity is the sum of these three factors—taxes, wages, and profits. The exact percentage of

the total cost that should be attributed to each of these factors we cannot guarantee. A number of years ago we made enquiries to discover this, but the replies received were not helpful, and little wonder, since economists did not know then, and even now do not seem to know, that the tax is a factor of cost; rent, wages, and profits being the only costs they ever knew of. Since the enquiries were made we have seen the tax value stated at $12\frac{1}{2}$ per cent. That, however, is too little now, as the revenue demands have increased; even 15 per cent. seems too little under our free-importing policy. It might do if the 600 millions stg. of our imports paid $12\frac{1}{2}$ per cent., but, as they pay nothing, our tax is immensely increased. We would state the approximate proportional cost as under:—

State Protection	...	15 per cent.
Labour		55 "
Capital		30 "
		100

Therefore, a motor car produced in this country at the price of £1000 would increase the nation's wealth in the following manner:—

The State would earn taxes to the amount of	£150
Workmen would earn wages to the amount of	550
Capitalists would earn profits to the amount of	300
Total	£1000

In the event of any reader wondering why we have not allowed anything in the above estimate for the cost of material, we may say, for their information, that, in economics, materials are reckoned at Nature's price, which is nothing. Indeed, since material of any kind is excluded from economic costs, it was a blunder of Smith's to mention land in connection with economics, because economics deal only with services contributed by the community. The subjects dealt with in economics are activities, represented by active verbs, such as protective and productive labour, working capital, production, distribution, exchange, and taxation. Land is a noun, a material thing which, by means of the services of protective and productive labour, yields commodity for the use of the community. Land and all other products of nature are free. So also is the Gospel, the Graces, the Muses, Genius, and those spiritual possessions we speak of as the priceless gifts of God.

It is the social services of the State, labour, and capital that give value and a price to every commodity that we must pay for. The stones, wood, iron, and other materials of which a house is built were originally free products. It is the labour and capital employed in preparing the materials and constructing them into a dwelling that determines the price. The gold and gems composing a royal crown were free products until the factors of production and cost gave them value and a price.

The Gospel is a free and priceless gift of God, and yet the Gospel services in this country are conducted at a cost of many millions sterling a year. These millions are not the price of the free Gospel, but the price of the services that built the cathedrals, churches, and other buildings used for worship, as well as the price of the services required to prepare clergymen, musicians, and others engaged in the sanctuary.

When we analyse the cost and price pertaining to any specific product of a social community—from the works of a scientific or artistic genius to a cultivated flower—we find they can always be resolved into taxes, wages, and profits, because the services required to produce commodity are State protection, productive labour, and working capital; or, alternatively, the State, the man, and the tool or machine. Besides these no other factors are required for production, and without these nothing is now produced in a social community.

Before the existence of these producing factors everything on the earth was free; but now that these factors exist, and produce commodity, nothing can be got free. Some will say, "Oh, yes! we have free education, free libraries, and free concerts in our cities." But they are not free, they cost many thousands of pounds every year, which we must pay as rates or taxes. If it still be maintained that these things are free because the expense is put on the rates, what is to be said about dissenting churches,

which are called free because they have been taken off the rates and are supported by voluntary contributions? Of course, in the case of the church—called free, and maintained at the individual expense—it may be said that what is meant by free is that the church is free from State influence and control. But this is not possible, as every institution in a community must be under State control.

The Free Church of the disruption claimed to be free from the State, but she found out her error some years ago. The chaos produced by her so-called act of freedom proved that she was not free from State control; and the fact of an Act of Parliament being needed to protect her in the future proves that she is not even now free from State control. Economists from Smith's time till the present have all been devoid of a just and noble conception of the State. When not denouncing it as the enemy of the people they were inducing politicians to make the State a mere cat's-paw to promote the selfish and unsocial interests of consumers.

Although invaluable as the promoter of civilisation and the creator of all values, moral and economic, the State, strange as it may seem, has never been recognised as a requisite of production. Are we to infer from this that production, by labour and capital, is carried on independently of State assistance and security, or that State service is not required by workmen and capitalists? We can only infer that the State service—the first requisite—was

ignored to avoid the tax appearing as a cost—a contingency which would have been fatal to free-trade.

From the foregoing observations on the factors of production and cost we have deduced the following Laws:—

- (1) The production of commodity increases the national wealth by creating Taxes, Wages, and Profits—Three factors.
- (2) Imports, by preventing the production of commodity, are a loss of Taxes, Wages, and Profits—Three factors.
- (3) Free imports become paupers on the rates, and are therefore a loss of Taxes, Wages, Profits, and Tax—Four factors.

It has been customary to say that all commodity and all wealth is derived from labour. That is quite true; but it does not explain the *modus operandi*. A comprehensive view of the functions of the three factors shows:—

- (a) Protection (Taxes) is a service of protective labour.
- (b) Production (Wages) is a service of productive labour.
- (c) Capital (Profits) is a service of accumulated labour.

It will now be clear that the first three factors—Taxes, Wages, and Profits—are always lost on im-

ports, even when they are tariffed. But as the untaxed or pauper imports have to be protected at the national expense, this explains the loss of the fourth factor—Tax—as shown above in Law 3.

www.libtool.com.cn

CHAPTER IX.

THE LAW OF EXCHANGE.

BY Exchange is meant the apparently simple process of buying and selling between two parties. It is a form of contract in which one party transfers an article to another on condition of receiving something else in exchange, usually in civilised countries a recognised currency in metal or in paper, all of which must bear a Government seal or stamp.

We already know that the price of an article, in the economic sense, does not include the material of which the article is made, but the services only of those persons, or factors, in the community that have been engaged in producing and protecting it. Were we to enumerate the number of people whose services are required to build a house it might exceed one hundred—from the quarrymen who raised the stones to the painters who finished its decoration, including the makers of the tools and the commodity used in the construction. All these services, however, may be classified under one or other of the three forms of labour known as the Factors of Production :—

- (1) The protective labour of the State.
- (2) The productive labour of the workman.
- (3) The crystallised or stored labour which we call working capital.

It is these services that create the price, and it is these services we buy or sell.

The science of exchange was founded on a false conception of the factors of production. Economists believed land, labour, and capital to include three factors; but, as land is merged in capital, their science is founded on two factors only. Ignorance of this would not have mattered had Britain done no foreign trade. When manufacturers produce under like conditions and under the same flag they must of necessity buy and sell, or exchange, the same services under the same conditions.

Among what are termed essentials of exchange, economists stipulate three specific conditions that must be complied with, viz. :—

- (1) Appropriation (i.e.)—You must be the owner of the commodity and the services you sell or exchange.
- (2) Transmutability (i.e.)—You must have power to transfer the services with the article you exchange.
- (3) Diversity (i.e.)—The commodity and services you exchange must be of different utility from those you receive.

Every citizen may buy from his neighbour or sell to his neighbour in conformity with these three essentials.

The following examples will show how home and foreign exchanges are effected :—A produces a

machine in London at a cost of taxes, wages, and profits, amounting to £1000. This he sells to B in Glasgow, who pays for it with aeroplanes produced in Glasgow at an equal cost of taxes, wages, and profits, viz., £1000. If both pay their own carriage the exchange is free and perfect. The three services having been exchanged in both cases no further demands are made on A or B. Here is a free and perfect exchange of commodities for the protection of which Britain has received taxes. Now, the services of labour and capital are completed before the articles are exchanged, but the service of protection is not. Britain's protective services are continued as long as the articles remain in Britain. When they are removed to America they are taken under American protection, for which a tax must be paid, and on that account the conditions of exchange between London and New York are not the same as between London and Glasgow. When A in London sells a machine to C in America for £1000, A can transmit only two of the factors of cost, namely, labour and capital; he cannot transmit the protective service of Britain. And as nations do not exchange protection, C must secure for his machine the protection of the American flag. This is done by paying a tariff tax. The amount charged for this protection varies. It might be 10 per cent. or it might be 50. However, we shall put it at 15 per cent., which is equal to our own production tax, £150. This increases the price of the machine to C in America by

£150, because he must send to London either gold or goods to the value of £1000, while he must also pay £150 to the American revenue. We here see the difference between home and foreign exchange.

The misuse of the term *free* has deceived economists in the matter of exchange. Had they called buying and selling at home perfect exchange instead of free exchange, they might have perceived their error. Exchange is perfect only when you can transfer the three services of cost—protection, labour and capital. These we do transfer at home, but not abroad.

British goods transferred abroad do not retain British protection, and to secure foreign protection they must pay a tariff.

It is clear then that foreign exchange is imperfect and is not free. Indeed, there is nothing free that requires the services of the State, the worker, and the capitalist. Economists think foreign exchange is free in Britain because importers pay no tariffs. That is false, however; the State services protect imports, and this cannot be done free. Imports are protected out of the rates. This, however, is dealt with elsewhere.

The indiscriminate use of the adjective *free* has led many astray. If people would think seriously they would realise that nothing can be got free that man provides or the State protects. Even the water we use in a city is, for that reason, taxed water. The free Gospel, we have seen, becomes for the same

reason a subject of considerable cost to many people.

Primitive man is untaxed and free. If he produces anything it is on one factor—his own labour; and if he exchanges anything it is in one interest—his own. Social man, however, produces on three factors—and if he exchanges it, it is in three interests—the State, the worker, and the capitalist. Buyer and seller are, presumably, capitalists in the act of exchanging commodity. It was long a boast of the Cobdenites that free trade had abolished smuggling in this country. That, however, was not true. It was only the punishment that was abolished. The Cobdenites might have abolished punishment for theft, but they could not abolish the Eighth Commandment, "Thou shalt not steal." Nations may ignore and defy justice for a long time. They cannot abolish it. By promulgating their policy of free-trade, Cobdenites merely abolished the criminal laws bearing on this particular phase of smuggling, and made the offence unpunishable.

At one time—under what was known as the Manor System—one town or district, with a constitution of its own, imposed tariffs on its neighbour. These tariffs were abolished and national free-trade introduced with satisfactory results. Cobdenites imagined that international free-trade could be effected in the same manner, and be equally satisfactory, but they forgot that the Manorites were all under one flag, to maintain which they all contributed. They abolished tariffs by mutual consent, but as they con-

tinued to pay taxes to the one flag their free-trade was the free-exchange of goods that had already been taxed under the British flag.

In the matter of international free-trade there were two points of difference which the Cobdenites failed to understand. First, there was no mutual desire among the nations to abolish tariffs such as existed among the Manor districts. Second, the goods made in other countries had not paid taxes to Britain, and as the tax value of goods is lost on exportation, these differences account for Britain's twofold loss on her untaxed imports.

We will not presume at this time to give more than an approximate estimate of the economic losses for which free-trade is responsible. In view of the fact that the prominent economists and statisticians have thought free-trade was producing an immense annual gain, it will suffice if we prove there has been a loss, whatever be its extent. We estimate a minimum loss of ten thousand millions by the following crude calculation :—

During the last thirty-five years untaxed imports have approximated five hundred and seventy million stg. a year. The national cost of protecting these we estimate at 15 per cent. This shows an annual loss to the nation of eighty-five millions from unpaid taxes. The monopoly which free-importers receive by free-protection enables them to sell cheaper than our taxed producers can do. But the nation is subjected to still another loss from suppressed pro-

duction, which loss we estimate at double the first one, and amounting to 170 millions a year. Therefore, the combined losses equal two hundred and fifty-five millions annually. In 35 years, which is half of the 70 years of free-trade, the loss totals eight thousand eight hundred and twenty-five millions stg. Meantime, we should be quite safe in attributing to free-trade—or, really, free foreign exchange—a minimum loss of ten thousand millions stg. over a period of sixty-nine years. When this matter comes to be carefully scrutinised the loss may prove to be many times greater than that. A loss of even the sum named would explain much of the hardships the working classes of this country have endured. This burden has been greater than they could bear. It explains also the emigration of labour and the flight of capital for which employment could not be found.

Loss to everyone of our national industries—except shipbuilding—was an inevitable sequence. Why shipbuilding has escaped is shown in the chapter on Cobdenism.

While this wealth dissipation has been going on economists have been demonstrating their unenlightened “Mess-of-Pottage” policy to their own satisfaction and to Britain’s shame.

Although the Cobdenites captured the State authority and enslaved the nation in their non-ethical and non-economic system, the country has never been without men both able and willing to point out the

national danger. Their appeals to reason, as against appetite, were ridiculed, and efforts to show how disregard of economic and ethical laws was likely to end in a danger to the flag had no influence on the free-fooders. The men with vision were left to weep over cities they could not save. While the immense loss has gone on unrecognised, the free-importers in the Cobden Club have been accumulating vast wealth from the monopoly of the British untariffed market. It paid smugglers to risk the loss of ships, fines, and imprisonment to get cargoes landed free of tariff; but how much better does it pay Cobdenites to land unlimited cargoes without any risk!

HOW LABOUR SUFFERS BY FOREIGN EXCHANGE.

TWO results followed from foreign exchange. The first was an increase in the wealth of Cobdenites and free-importers generally. The second was an immense increase in the oppression and hardships of the working classes.

As early as 1864 the great Cobdenite, Mr Gladstone, in a Budget speech dwelt with much emphasis on the "Unexampled prosperity of this country," but he sorrowfully admitted that among the working classes "in the great majority of cases life was but a bare struggle for existence." Ten years later, Prof. Fawcett, another Cobdenite, expressed his astonishment that wages in England had risen so little since the introduction of free-trade. "I had been impressed," he said, "that workmen had largely gained, and I find that the workman has gained but little." Nine years later, Sir Charles Dilke, in 1883, expressed even greater surprise at the wretched condition of labour, and tried to account for it, "(1) By an unknown inscrutable physical limit which presses down labourers, and against which they struggle in vain; or (2) There must be a flaw in our constitution; or (3) There must be a sinister shadow cast by the

law of production; or (4) Is it the fault of human nature, the demand to benefit self at the expense of others?"

Later still, Sir Henry Campbell-Bannerman deplored the existence of twelve millions of the working classes on the verge of starvation; and, more recently, Mr Lloyd George, in promoting his "National Insurance," was touched by the scenes of the wolf at the door of the oppressed working classes.

The men quoted above have all been prominent free-trade statesmen, and have never attributed the hardships of workers to free-trade. In fact, the general trend of their speeches went to prove that workers ought to be grateful for the free-trade policy which made them so well off.

Besides these statesmen, however, scientists, the professional classes, and social reformers have looked upon free-trade as a heaven-sent message of wealth for which the workers could never be grateful enough. Perhaps the most remarkable utterance of any was that of Prof. Huxley. It reveals, at once, his faith in free-trade and his indignation at the shameful condition of the people. "Britain," he said, "the best of modern civilisations, exhibits no conditions, embodies no worthy ideal, nor possesses the merit of stability. If there is no hope of improvement to reduce the intensity of the moral degradation among the masses of the people, I would hail the advent of some kindly comet that would sweep the whole affair away as a desirable consummation."

The inference here is that British civilisation is the highest and best on earth, and yet the social conditions of her working classes are so degraded that it would be a good thing if the world collided with a comet and ended all in a grand smash!

"Sin," says Sir Oliver Lodge, "is reversion to a lower type after perception of a higher." Now, Britain perceived the higher social law and lived for centuries, honouring social contract and the tariff laws of the Covenant. In going back to the natural free-trading methods she fell from the higher social type to the lower. It has been called science, but the name given by Sir Oliver describes it better. Apart from the sin of it, there remains the undeniable fact that free-importing gives a monopoly to any outsider whose goods do not pay a tax, and this cannot be but ruinous.

In the normal uncivilised state none of the commodity possessed by the natives is taxed, because the natives do not live under law, but in a state of natural freedom. In the normal civilised community the reverse is the case, as all commodity is taxed, because citizens do not live in a state of natural freedom, but under civil and other laws. Britain, however, does not comply with either the one or the other of these conditions. Part of her commodity is taxed, and part untaxed. She has a taxed market for the sale of her home labour and a free market for the sale of foreign labour; the expense of the free market being paid by putting an

extra tax on the home labour. Now the taxes are to the Government as the profits are to the capitalist and as the wages are to the workers. What, therefore, would one think of a firm that would divide its premises into two departments, one a profit-earning department for the sale of goods made by their own workers, the other a free or non-profit-earning department for the sale of goods made by foreign opposition firms? Well, as the working expenses of the free department would amount to as much (or more) as the expenses of the profit-earning department, surely the free department would show a big loss, and this would have to be made up by the profit-earning department. The loss from the free department might be made up in several ways. A firm so economically stupid might (1) reduce the wages of the producing workers; (2) increase their task as Pharaoh did that of the brickmakers; or (3) increase the price of the profit-earning goods. The first and second would inflict hardships on the home producers; the third would reduce the sale of the profit-earning goods and cause unemployment. So that the free-market, whether instituted by an ignoramus or a saint, would ultimately prove a curse on productive labour, and would lead to poverty or emigration, or both. This is one way of accounting for the free-trade loss. A few examples that have come under our own observation may be of interest here.

Some years ago several hundred men were em

ployed making vertical and other machines in a Clydeside workshop. The competition of the free-importing monopolist got to be so serious, however, that, to save themselves from ruin, the producers ceased manufacturing and became free-importers. The engineer from whom we learnt more than can be told here was latterly one of two men employed in the shop to remove the plates bearing the name of the German maker, the marks being covered up with a plate bearing a Scotch name. These machines were distributed at home and abroad under the favoured-nation treaty, or under Colonial preference, as most convenient. The free-importer may be a false manufacturer, like the Clydeside firm, or he may be a wholesale or a retail warehouseman; in any case he is the deadly enemy of labour and of civilisation.

A buyer of fancy goods in a large retail warehouse told us that the monopoly which free-trade gave enabled him to get other monopolies on the Continent, by which he could sometimes gain a profit of 300 per cent. Of course, he could not gain a profit like that on goods made in this country. The case came under our own observation, and it is given to show that the consumers do not always get free-imports cheap. A buyer in a wholesale house, with the greatest assurance, told an audience that he spent £80,000 a year on the Continent with profit to his firm. The goods he bought could have been produced equally well in this country, but free-trade made importing more profitable to his

firm. The national loss gave him no concern. The first gain to this free-importer of £80,000 of foreign goods was £12,000, which he saved by not paying a tariff. As that £12,000 had to be made up out of the rates, the free-importer's gain became a national loss. For this reason we call free-imports "pauper imports," so greatly do they increase the national rates.

THE PARISH VERSUS THE NATIONAL RATES.

We recently learned how differently these rates are administered, how careful the parish is to reduce the rates, and how eager the nation is to increase them.

A party acquainted with the chairman of a Parish Council got him interested in the case of a widow with four children. The husband had been delicate for a time, and the wife had taken a house with extra rooms, and got several boarders to make things easier for the family. This party thought the case a deserving one, so also did the chairman. There was much careful visitation and enquiry by inspectors, and the case was admitted to be deserving. Yet this widow, burdened with a big rent and four children, was refused help. Further enquiry disclosed that the father of her deceased husband, though over seventy years of age, and having an invalid wife, was not an old-age pensioner, and was still at work. The conditions upon which the parish authorities were prepared to assist the widow were that they would sue the seventy-year-old grandfather to recover the cost of their maintenance. The

widow, knowing how unable the old man was to carry his own burden, refused not only to allow the inspector to prosecute him, but she forbade him to call or see the old man under any pretence. She is, therefore, battling away without any help from the rates.

We make no complaint against either the chairman or the inspector, for they evidently acted according to the law. The point to be emphasised is how differently the law treats pauper imports on the one hand, and, on the other hand, helpless children whose only faults are that their father had died and that their grandfather had not claimed the right to his old-age pension. Two shillings a week to each of these fatherless children would have made life easier for a noble mother struggling to bring up a family of probable wealth-producers. This "greatest of all civilisations" refuses a paltry £20 a year to protect a family of orphans, but gives £12,000 a year to protect the pauper imports of a wealthy free-importer! The giving of £20 to the deserving widow might have earned a blessing. The giving of £12,000 to a free-importer, the elemental enemy of civilisation, as we have proved, can only earn an economic curse.

Another aspect of loss from free-imports may be given. We do not produce diamonds; we import them. We must protect them, and we cannot supply this State service for nothing. Suppose a parcel of diamonds to be stolen; our police and detectives, and

also our judges, lawyers, and Law Courts, would be engaged in tracing and prosecuting the thieves. In the event of the thieves being found guilty and sentenced to long terms of imprisonment, this involves the nation in costly prosecution expenses, besides the maintenance of the culprits. Had a tariff been paid on the diamonds it would have been an insurance premium, which would have made the prosecution just and rational. Is it not ethically unjust and economically unsound for the State to protect any untaxed import? Indeed, a taxpaying nation cannot avoid economic loss unless by holding strictly to the law of tariffs. No tariff, no protection, is an axiom.

CHAPTER XI.

www.libtool.com.cn

IMPORTS FOR NOTHING WOULD TERMINATE BRITISH CIVILISATION.

“THE cheaper we can buy untaxed imports the better for us,” is the popular cry of free-traders, but we have seen this to be as false as most of the economist doctrines.

Our object here is to prove that if all the goods and foods we produce were to be imported, or dumped, to us for nothing, as the manna was dumped, they would soon put an end to Britain's existence as a nation.

We admit it appears very absurd to suggest that a generous foreign nation or a generous God would do such a thing. The idea originated in a speech made by Lord Avebury in the winter of 1908 at a bankers' dinner in London. Like too many prominent Britons he thought free-food and self-interest more desirable than the unity and solidarity of a great empire. He put much value on cheap imports, and said: “We are really receiving goods from foreigners below cost price. Such a system of commerce might ruin them, but could not injure us. If they would give us their productions for nothing it would be better still.” Being, generally, delighted with his lordship's literary and scientific works, the economic

absurdity as well as the sentiment of the speech referred to was a surprise to us, and quite unworthy of the man.

It was pointed out to Lord Avebury that, supposing we got everything imported free of any cost, as he himself had suggested, then there would be no motive for labour; therefore productive industry would cease. If a generous nation were to supply us with all the ships, machinery, textile goods, pottery, furniture, clothing, food, &c., for nothing, we would have no work to do. Of course, that would not matter to self-interested free-traders, because every individual would get his wants supplied by free-imports for nothing. But one thing we require, which cannot be imported, is State protection. Now, State protection costs us 200 millions stg. a year. It is one of the costs of production—though it cannot be conveyed either in exports or imports—but, as productive labour has ceased to produce commodity, it will also have ceased to create taxes, wages, and profits. The wages and profits we would not require, as they would come to us in "Imports for Nothing." We would still require protection, however, if we were to remain civilised; but, as we would not then be able to provide protection for ourselves, one of two things must happen. Either we must live without protection, or the generous nation must also send us protectors. As Britain's policy is self-interest and free-trade, then, with the abandonment of protection, might will again become right; and, with no State to protect free-importers they would have to protect

themselves, as did their savage ancestors. But, as the free-traders would not then have a monopoly of State protection, there would be a return to the survival of the fittest period. This would be a serious thing, still it might improve the race.

Under free-trade we have not a chance to improve the race. Free-importers receive protection and power from our Government to punish and poverise our producers, the highest type of artisans in the world, and the descendants of men who taught the world most of what it knows. The free-importers may be undesirables physically, intellectually, and morally, yet our Government protects them, free of taxes, while they indulge in the wholesale slaughter of a great race of producers.

However, it is not likely that the civilised world would stand by and see us go back to savagery in that manner. It is more likely that the generous nation that sent us the "imports for nothing" would also send us protection. Then, would they not send a flag along with it to replace the Union Jack!

We have referred to Lord Avebury's speech because it embodied the absurd economic faith of free-traders in a way that enabled us to treat it as a *reductio ad absurdum*. His lordship was a generous and courteous correspondent, and, when he later admitted that the State should be considered first, we knew that his economics were not derived from his own judgment and reason, but given on the authority of men who believed that one and one make three.

Intelligent foreigners, no less than our own coun-

trymen returned from the Colonies, express amazement at the niggardliness which prevents us from paying just and lawful tariffs. We have had difficulty in convincing these foreigners that the refusal to pay tariffs is not due to meanness, but to a superstitious belief that thereby they are saving the country from being ruined by trusts and combines. The British people are not mean and degenerate, although their free-trade non-tariff-paying policy has made foreigners think so.

The British are generous, self-sacrificing, and religious in everything but the payment of tariffs. They think that in giving the whole world a free-market they are following the example of One who gives the world a free Gospel.

This error of judgment we have tried to correct by showing that, while all God's gifts are free, the factors of service—the State, the worker, and the capitalist—put a price on every one of God's free gifts that come to men through these services. Even free water costs money in the city, and the services connected with the free Gospel cost Christian congregations any sum from five shillings to twenty-five pounds a week in a city. British people would have parted with the tariff as freely as the people of every other country do if they had only been told the truth. But they have been deceived, and for sixty-nine years smitten with an intellectual disease transmitted by economists. Were that disease to be exterminated Britain would recover and “restore the years the free-trade locusts have eaten.”

CHAPTER XII.

www.libtool.com.cn

THE TAX.

THE tax is the annual revenue required for the purpose of State protection. In recent years it has amounted to about two hundred millions stg. The tax is to the State as the wage is to the worker and the profit to the capitalist; it is the cost of a service. With economists in every University, one would expect that the nature and origin as well as the incidence of the tax would have been carefully studied, and its collection and distribution determined with scientific exactness. The reverse is the case. "There is no science of taxation," we are told. Expediency, necessity, and the desire of political parties to retain power seem to be the only guides. Taxing is merely a matter of "Plucking the goose—the people—so as to get the most feathers with the least noise." One authority says: "We pay taxes not because the State protects us, but because it is a part of ourselves, and the duty of supporting it is born in us." Assuming the paying of taxes to be a duty—taxes are called duties—we look for a principle underlying a duty. Still in all seriousness we are informed that economists "find no underlying principle governing the tax." These are most

depressing statements in view of the fact that the tax is the most powerful instrument which the State possesses. If it be used in the right way it is capable of rendering the greatest good to the State. But if it be misappropriated it is capable of incurring to the State the greatest possible evil. The fact remains, however, that Britain has no scientific method of taxation. The reason given is that her economists can find "No great law running through the tax and controlling it," on which to found a science. Yet the same authority—Palgrave—quotes history, definitions, and axioms that would appear to make his despairing statements unwarranted; *e.g.*, "It was a doctrine of the 17th and 18th centuries that taxes are the price paid for the services of public authority"—a doctrine free-trade economists no longer accept. No doubt their reason for rejecting this doctrine was that it necessitated tariffs being paid on imports to remunerate public authority for the service of protecting them. Equally scientific but more striking are two axioms of taxation, to which we shall refer after dealing with a few of the simpler aspects.

A FUNDAMENTAL PRINCIPLE OF THE TAX.

A fundamental principle of the equity and justice that underlies taxation may be found in the fact that the first man who protected a cultivated field was rewarded for his services by receiving a part of the grain which the field produced. In this act we

see protection as a factor of the harvest and also a cost of the grain harvested. This principle may be traced in the taxation of all nations, including Britain. It was not until 1846 that she entered on the devious course which led her to misappropriate the tax. In Egypt peasants paid, for protection, a fifth part of the produce of their fields. In Palestine the Jews paid a tenth. The Jewish taxing system was the most scientific of all, and formed a basis for the taxing systems of most nations. Their tithing was not confined to certain commodities. It applied to the produce of the fields and herds and to "whatsoever" they imported under tribal protection. In this they honoured the example of Father Abraham, who paid tithes to the Priest-King Melchisedek, not only on the war indemnity he brought from Damascus but also on the recovered treasure that had been stolen from his nephew Lot. The tithe was the national tax. Originally it was collected and administered by the tribe of Levi. The Levites were the political party, and, though connected with the Temple, were distinct from the priests who seem to have been maintained by the free-will and other offerings of the people. The tithe, though latterly paid to the King, was always referred to as the Covenant of Levi. The Law of this tax is found in Lev. xxvii. 32. That it applied to imports as well as produce is quite clear, because, after enumerating a list of produce, the Law adds: "Even of whatsoever passeth under the Rod" or

Rule of the Tribe. But even if the law had not required it, such a tax on imports would still have been necessary to save the Tribe from bankruptcy—and to maintain its civilisation—as we shall see. Everything that entered the Tribal market Levi taxed 10 per cent.

If A sold £100 value of sheep, Levi received	
a tax of	£10
If A bought £100 of value, it was of goods on	
which Levi had already received a tax of	£10

Therefore A's sales and purchases yielded to	
Levi a total of	£20

But if A, to avoid the tariff, had bought the	
£100 of goods from the Hittites, who paid	
no tax to Levi, A would have gained £10,	
and £10 gained in this way involved a	
loss of £10 to Levi	£10

Reducing Levi's total gain to ...	£10
-----------------------------------	-----

This is the simplest way we know of proving the loss from free-importing. As the bad economic system of self-interest became general it can easily be seen how production would be reduced, home industries collapse, and labour troubles arise. This is what actually happened in the latter period of Israel's history, and which probably caused the collapse of its civilisation. At the time of a serious crisis, which the Prophet Malachi was sent to adjust, the

Prophet found the cause of their social grievance to be economic. He blamed them for corrupting the Covenant of Levi—the tithe; for dealing treacherously with their neighbours—the producers; and for robbing God. One may say that the same loss to Levi might have been caused by ceasing to pay tithes on production. But that would only be further proof that the tax is a cost of production and the price of protection.

From the nature of the “wandering Jew” it is quite consistent to attribute the crisis in the time of Malachi to free-importing. The people could not easily avoid Levi’s tax on the commodity they produced. They could easier avoid it by smuggling imports; and if, like Britain, they abolished the tax on imports, we can understand their position. Anyhow, it is clear an economic crisis arose in the later days, which Malachi was sent to relieve. He pointed to free-importing as the cause of their distress, showing (1) They had corrupted the Covenant of Levi—which was the law of the tax. (2) They had dealt treacherously with their neighbour—in not supporting home producers. (3) They had robbed God. The Prophet’s remedy for these social ills was that they should pay their tithes to the State and their offerings to the Church. The danger of putting economic self-interest first is ever fatal to civilisation, as wealth is then preferred to duty. The free-trade Jew believed it paid him better to keep “the coo” (cow) than to keep the

covenant, just as the modern British free-trader thinks it is more profitable to keep the tariff than to pay it. They applied the same economic law to the Church offerings, and, of course, found it more profitable to avoid the collection box than to give a church contribution.

As a factor of cost, the tax differs from the wage and the profit in this: While the obligations of the wage and the profit-earners cease when the commodity finds a buyer, the obligation of the protecting factor does not cease, but is continued until the commodity is used out—whether it should require one day or a thousand years. During such period the commodity may be removed from the producing country to a country of a different flag. Protection must then be renewed. The labour and capital of the producing country are transferred along with the commodity, but the protection is not transferred. The protection of commodity must always be undertaken by the importing country. The paying of taxes is one of the first features that distinguishes civilised men from savages. The smuggling or free-importing methods adopted by men to avoid the tax is a striking evidence of their pristine arrangements. Nothing delights an African nigger more than a successful case of smuggling. All his wit and native power of deceitful mimicry find expression in efforts to avoid that tax.

Free-trade being an acknowledged natural instinct, the fact was recently much used by an econo-

mist as an argument against tariffs; and Adam Smith greatly approved of the non-tariff barter methods of savage hunters and fishers. Indeed, Smith's attack on the "mercantile system" was an attack on tariffs. He designated a certain person "an insidious and crafty animal called a statesman or politician, one who puts on tariffs to make us pay dearer for certain goods." To tradesmen, and those who made Britain the foremost industrial nation of the 18th century, he attributed nothing nobler than "impertinent jealousies and the sneaking arts of underling tradesmen," all being due, he said, to "mean rapacity and a monopolising spirit." It is questionable if even an educated nomad could have improved on this in expressing his objection to a tariff tax. Ever since Smith called State protection a monopoly, economists have perpetuated the phrase. The statement, however, is proved to be false by the axioms of taxation:—

1. Taxation without Protection is Spoliation.

2. Protection without Taxation is Monopoly.

The second axiom, it will be seen, gives it a direct contradiction.

These Universal principles reveal the condition of unprotected labour and untaxed imports in their true light. There is no doubt about industrial producers being taxed. Yet they are not now protected, because their protection was abolished in 1846. Therefore, Great Britain stands self-condemned of the spoliation of labour. Now, spoliation is immoral,

it is plunder, and therefore a crime. Spoliation is the severest term used by irate socialists against the treatment of labour by capitalists. It may now surprise them to discover that they have been shooting at the wrong mark. Whether capitalists are as bad as socialists say they are is debatable. In any case, the power of capitalists is limited by trades combinations, the power to strike, and by public opinion. Capitalists dare not ignore sentiment and risk public indignation by an act of spoliation or excess of any kind. With free-traders it is different, the spoliation of labour is a national privilege of free-importers, carried on with the consent and approval of the State. Their power to suppress British labour is unlimited. They can import as much as they like and thereby prevent a harmonious rise in wages. When producers resort to a strike, the free-importer simply increases his imports and thus defeats the producers, who are forced to accept any wage the free-importer allows him. In this manner skilled tradesmen have lost every strike. Only dockers and unskilled men, whose labour cannot be imported, can win a strike in this country. The result of this is that unskilled labour in many instances is better paid than that of skilled tradesmen.

We have remarked that public opinion invariably goes with the workers and against the capitalists. But with regret we must admit that public opinion has always gone in favour of the untaxed importer and against our own overtaxed industrial workers.

By axiom 1, the spoliation of labour—i.e., taxing labour without protecting it—is a grave offence, and it is exclusively a British one. Cobdenites effected this by encircling labour with chains of sentiment, every link being a pious phrase. But, all the same, such chains have proved to be chains of slavery. Cobdenites preached free-trade as if it were “Love my neighbour,” but they really meant “Love myself only,” and they proved it, too, by keeping the tariff in their own pocket.

Axiom 2 presents a bad aspect of the misappropriation of the tax. The tax is a charge on commodity for the protection of commodity, therefore to protect commodity which pays no tax is to give it a preference and a monopoly of the market against which the taxed commodity of home labour cannot compete. Economists call this free-competition, but competition is not free where one party holds a monopoly by paying no tax.

Monopolist was a term of contempt that economists and Cobdenites applied to righteous men who paid tariffs, and this they did in total ignorance of the tax being a factor of cost. We have said the tax is the most potent force in the possession of a nation. As a protector the tax is not less valuable than an army or a navy for ensuring the development of a nation's resources. The tax being a factor of production, an increase of the revenue should be accompanied by an increase of wages, and profits, and national prosperity. Of course this might not hold

good in such an irrational taxing system as that of the Turks, where the tax-gatherer—a primitive dentist—demanded a certain sum and enforced payment by drawing the victim's teeth. Nor would it be a correct idea in a "goose-plucking system" like ours. But if taxation had been scientifically designed for the good of the nation, and not for the self-interest of consumers, it would have been an index of the nation's welfare.

The best features of the tax are seen in its effect on foreign trade. For the safety of the home market a tariff tax is the only guardian angel, and for admitting a nation's exports into foreign markets nothing has been so effective as the remission of the tax on exports. Both of these powers of the tax are favourable to the community. They increase industrial production, therefore they increase the national wealth.

To give free-protection to imports is to misappropriate the tax and to use it against the wealth producers and in favour of their competitors. It is not only uneconomical, it is unjust. Men may sacrifice themselves for others and still be good men; but men who sacrifice their own country for the interests of foreign countries are not good men. To sacrifice one's self may be a virtue, but to sacrifice one's country is treason. To use the taxes derived from a country's own wealth producers for the purpose of crippling them is an outrage for which there is no precedent, and therefore no name. It is as if a

cashier robbed his firm for the specific purpose of financing an opposition firm.

Let those who question the illimitable power of a tariff tax remember how it staggered the German War Lord. Germany was defiant and rude to Canada for using her tariff to the benefit of Britain and the disadvantage of Germany. But when Chamberlain proposed to unite the Empire on a tariff basis, Germany became silent and cowed. He knew that a British Empire united on the basis of a scientific tax could tariff Germany into humiliation, if not poverty. The German War Lord, who smilingly attacked the allied armies, and joked at "Britain's contemptible little army," was afraid, and trembled at the prospect of having to face the tariffed markets of a United British Empire.

It is quite evident that economists have looked upon the State as they have looked upon sunlight—a kind of natural right, useful and necessary, as a matter of convenience, but never an item of cost when they made an audit of their expenditure. Still, the confused phrases and maxims they used left an impression that they were intended to conceal rather than to reveal knowledge. Among the worst of their maxims, partly true and partly false, is "Exports pay for imports," or, as Lord Farrar puts it, "Every import is an order given for an export." People in this country receive over 200 millions from foreign countries as interest on investments. That sum does not come in money but in free-imports, which are

sold for the benefit of those wealthy Britons. Now, as these goods are already paid for, why should we export goods to pay for them a second time? Besides, our exports do not even pay for themselves, for their owners have to ~~pay tariffs on them~~ [pay tariffs on them](http://www.tariffs.com.cn). Neither do our imports pay for themselves, as the following example shows:—

At a municipal meeting a magistrate was asked why he had sent abroad an order for £11,500 worth of tramway rails, since—at the time—his corporation was creating work for the unemployed and also collecting subscriptions to relieve distressed workers? In approving tones he replied, “We saved £650 by doing that.” After some opposition from free-trade opponents, the questioner was able to show that, as the imported rails paid no tax, the revenue lost a production tax of $12\frac{1}{2}$ per cent., which amounted to £1437 10s. Thus was the revenue robbed so that the magistrate’s corporation might save £650. But that was not the worst of it. The unemployed workers and capitalists lost £10,062 10s which they might have earned in wages and profits, and as the British people had to make up the £1437 10s to pay for the protection of the rails, that sum must be added to the amount of the contract lost to the nation. Thus stated, we have

By loss of contract	...	£11,500	0	0
By loss of revenue	...	1,437	10	0
Total loss	...	£12,937	10	0

This, too, at a time of real poverty.

A careful reader may have noted the above tax price is only $12\frac{1}{2}$ per cent., when in another chapter it is quoted at 15 per cent. The explanation is that, as economists did not know the tax to be a cost, it had never (as we have already stated) been included in our national estimates. Several times we addressed inquiries to a responsible authority requesting a statement of the sum calculated as the tax-price of commodity. As the question seemed to be entirely new, quite a long time elapsed before an answer was forthcoming. Ultimately, however, $12\frac{1}{2}$ per cent. was stated as the tax-price; and upon this basis, about 1907, was calculated the loss in the incident above referred to.

We are only now awakening to the value of the tax. Its amount is not determined by the demands of the Treasury only; other factors include the amount contributed by the nation's wealth producers, and the amount consumed by free or pauper imports. The greater the amount of untaxed imports the greater the tax; in the same way as the greater the number of paupers a city must provide for the heavier will be the rates. The tax has variations which can only be accurately known when we learn the science of taxation. Ultimately a nation's taxes fall to be paid by labour, and as the demands of the Exchequer increase, the greater will be the demands on labour. If the national production of commodity be increased the basis of taxation will be broadened in the way most beneficial to the

State and labour; if not, the effect will prove disastrous to both alike. Our revenue now is 200 millions a year, and the tax 15 per cent. It is estimated that after the war the tax may exceed four hundred millions per annum, or double the present amount. If free-trade be continued production can not increase, and the tax must advance to 30 per cent. or more.

Some free-trade economists are hoping then to buy all they require from free-importers and so avoid the heavily-taxed home produce. Examples of this sort make it clear that when a nation abolishes tariffs it turns the tax against its own people and converts a social blessing into a curse.

To ignorance of the nature and motive of the tax we must trace all our political, industrial, and social upheavals—including even the great war—because we have no other defect. Morally, intellectually, and physically, we are not inferior to any nation; but, cruel as it may seem to say so, we are economically inferior to every nation. We alone have openly challenged and defied the laws of Scripture and social communities; we alone have dishonoured and deposed productive labour which creates civilisation; and we alone have protected and exalted free-importation which destroys civilisation.

www.libtool.com.cn
CHAPTER XIII.

COBDENITE MISCONCEPTIONS.

“The people are a good people on the whole, and if those who claimed to be their leaders speak the truth to them, all is well, but if they do not, God help them both.”—JOHN BRIGHT.

THE above statement no one will dispute. It explains why Britons have gone far astray in adopting a free-trade policy. A full list of such men, with a statement of their errors—and their reputation—may be written some day. We shall deal with only a few of those who have caused us to need the help mentioned.

First in order came Smith and the economists, then followed the Cobdenites. *The Wealth of Nations* errors having already been discussed, we only state them here :—

1. The illogical division of the requisites of production.
2. The assumption that two factors make three.
3. The loss of the first factor of production.
4. False value of production.
5. False science of foreign exchange.
6. False conception of producers and consumers.
7. False conception of apprenticeships.

From the first five of these we have traced an economic loss of three thousand millions sterling. From the last two we trace the internecine war between free-importers and wealth-producers, in which the State assisted the lowest element in human nature to defeat the highest. These initial errors have led to numberless others that have made political economy a much-evaded subject. A medley of economic terms was thought to contain scientific knowledge too profound to be simple. The reverse is the case, however. The subject is so simple that it might be taught in elementary schools. Smith's system has had a bad academic effect in most countries. Its ethical and practical aspects have become so mixed up that a discussion on the subject usually ends in a confusion of tongues. This we have tried to interpret or elucidate in the section on the "Social Principle."

The Wealth of Nations contains fictitious conceptions of the State, of land, and of wealth that have bewildered most people, and many subsequent treatises on economics have therefore been rendered obscure, if not, indeed, worthless. Smith's iconoclastic dictum and general antagonism have tempted many authors to set about attacking one interest with the intention of benefiting another.

A popular politician recently announced that "we could make the poor richer only by making the rich poorer." A state of things true of gamblers and thieves, but otherwise untrue; else, how could nations

ever increase their wealth? Industrial production is the only means of producing riches or wealth; and as the wealth-producers constitute the Social Trinity, political economists should make every other interest gravitate around that interest. Then might we purge our national code of the vicious law that makes self-interest a virtue in Britain and a crime elsewhere. It is our legalised self-interest that has made economists believe we can make one class rich only by making another poor. It was Smith who—oblivious of the truism that when a nation stops the production of wealth it starts the production of poverty—foisted on the British people his unreasoned doctrine that we could gain wealth by free-importing.

So permeated are economists with self-interest that—until the war—national interests have rarely ever been mentioned. Their motive was either to attack the State, the landlord, or the industrial capitalist, all unconscious that the blows aimed at these interests fall mostly on labour.

The doctrine that made wealth more important than commodity or the producers of commodity soon brought trouble to Scotland. Once the Highland lairds learned that “by economic law land should be put to its most profitable use,” they soon discovered that sheep were more profitable than crofters, and therefore the Highland clearances took place. So we see that one of the early achievements of *The Wealth of Nations* was the driving out of Highland crofters and the burning of their homes to make way

for sheep. In a newspaper correspondence some time ago a prominent free-trade landowner apologised for these cruelties by saying: "The Highland clearances accorded with the economic law of the time."

In spite of early persistent efforts to incorporate free-trade into our laws, the intelligence and virtue of the people prevented its accomplishment for seventy years. Statesmen, churchmen, economists, poets, tradesmen, Chartists, and trades unionists joined in opposing it. But the wealthy middle classes, consisting largely of importers, agents, middlemen, and professional men—those whom Smith had called consumers—took up the cause, and as these men had votes, and the working-classes had not, victory ultimately went to the wealthy free-traders.

RICHARD COBDEN.

The most important person in the controversy was Richard Cobden, a brilliant orator, a free-fooder, and champion of the league for the abolition of tariffs on grain. His emotional appeals to the British appetite, assisted by Elliot's corn-law rhymes, were for years active agents in the interests of free-trade. During the agitation Cobden and the free-fooders united with the free-trade party in a demand for the abolition of tariffs on corn and everything else.

Lord Morley says, "Cobden was born a political man, his mind was taken up with affairs of Government and institutions, as other men have been possessed by the aspirations of religion." Cobden was a

phrenologist, and founded a phrenological society in Manchester in 1835. He was a great leader, though he failed in his eager desire to carry the working-classes with him—a disappointment he expressed in a violent denunciation of trades-unions. Lord Farrer says, "It was only when the working-classes refused to join in the agitation that Cobden and his friends were compelled to turn to the middle classes for support, and to make the agitation a middle-class struggle."

The Free-trade Mission was probably the best organised of all missions. In advance of armies of lecturers sent over the nation, a library of tracts was sent to each elector. Tea-meetings were everywhere organised, it being found that the meetings followed by tea-parties attracted more people than meetings without tea-parties. The free-traders had such a command of wealth that, at a meeting held in Manchester to resolve on raising £250,000 to carry on the agitation, they subscribed £60,000 within two hours, one after the other rising to intimate contributions of hundreds and thousands of pounds. If we judge Mr Cobden's influence over his audiences from a writer in the *Times* of Nov. 1846, he seems to have been a mesmerist as well as a phrenologist. Free-trade, he declared, was a gospel of wealth to free mankind from taxes on food and other imports, thereby making the poor rich—a gospel to inaugurate a world of wealth. Concerning this imaginary world, *The London Times* said, "Cobden's world has

not yet been seen, but he has demonstrated its existence and treasures to the conviction of millions."

It is written, "Try the spirits whether they be good or evil"; therefore, as men may have spiritual inspirations either of good origin or of evil, the standard by which to try them is the contract, or "the law and the testimony." Cobden used his powers to violate the sanctity of contract and the economic law of the covenant, and preached Adam Smith's pre-historic free-trade custom as a divine Law of God and a new Gospel of Wealth—a violation of both the law and the testimony.

The potato failure in the "Hungry Forties" gave Cobden a fine opportunity of foisting free-food on a hungry people. In their want he evidently offered to them "a world of wealth and treasure," much as Satan offered the kingdoms and a world of wealth to the Messiah during the hungry forty days of "the Temptation." Indeed, the bribes by which Cobden lured the hungry British people were almost identical with those by which Satan bribed the hungry Christ. Satan offered (1) free bread to relieve the hungry crisis; (2) the rich kingdoms of the earth to put an end to poverty; (3) to gain the applause of everyone by taking a safe leap from the pinnacle of the Temple. Cobden offered—(1) Free corn to relieve the hungry crisis; (2) a world of wealth and treasure—or *The Wealth of Nations*—to end poverty for ever; (3) the approval of every nation if we would

only take a safe leap from the pinnacle of civilisation downward and backward to free-importing.

Had Cobden known as much about the writings of Moses and the Christian Gospel as Lord Morley indicates that he knew about George Comb and phrenology, he might have suspected the origin of his illumination and his "world of wealth and treasure." Or, had his spiritual perception been as true as his followers thought it to be, he might have discerned that his vision of food, wealth, and fame was a repetition of that which Satan exhibited in "The Temptation." But Cobden had been himself deceived before he deceived others, and, with a bread trap, enticed the nation into a service that our fathers had for seventy years resisted.

In *Paradise Regained*, Milton connects the recovery of Paradise and man's redemption with the Divine triumph in "The Temptation." That the mere fact of Christ having refused to accept food and wealth and the applause of people should involve so great an issue seems passing strange. But here, again, contract is the determining factor. Christ denied Himself, ignored His mere self-interests, honoured His contract, and thus saved His destiny. We neither approve nor disapprove of Milton's theology; we only point out that the ethical and economic teaching of "The Temptation" is fatal to the Cobdenite policy of free-trade. One wonders if it was to hide this aspect of the policy that the Cobden Club parodied the Angels' Song into "Free-trade-peace-goodwill

among Nations," a motto with which the Club literature is stamped in letters of gold.

Common sense might have made Cobdenites suspect that free-trade was unsound when economists of Europe and America not only repudiated it, but refused to admit its lecturers into their countries. Abraham Lincoln courteously ignored them, saying to his American citizens, "I will give you protection and plenty of it, so that you may make both goods and money." The American President was a statesman, and knew that a road leading to national prosperity had to be constructed; for that reason, therefore, he protected labour.

But Cobden's world of ready-made wealth was to be reached by a ready-made road going back to the golden age and the delights of free-importing. There have been thousands of free-trade advocates since Cobden; but, as they have been ignorant of the three factors of production, their opinions have little, if any, economic value, so we shall only mention two specially-prominent advocates.

HAROLD COX.

Mr Harold Cox, M.P., said to be perhaps the most prominent publicist and speaker on the side of free-trade, was also Secretary of the Cobden Club and therefore spoke with authority. His pamphlet, *The Policy of Free-Imports*, like his debates, is cleverly written and contains much satire along with unconscious humour directed against the protection of

labour, but there is no other way of protecting labour except by tariffs. Did the fact escape Mr Cox that the State was instituted for the express purpose of protecting labour? Long years of painful experience had taught mankind that communal protection was the only means of saving labour from destruction at the hands of free-importers. Without State protection civilisation could not have been born, and without it civilisation cannot be maintained. Therefore, apart from the economic loss she was sustaining in discarding such protection, Britain was offending a fundamental law. It was in view of this that we sought a conference with Mr Cox on the subject of his policy of free-imports, but to our mutual regret this could not be arranged. The regret was all the keener when, on his recession, we read Mr Cox's admission that he was a free-trader "not by reason of any abstract principle, but because he thought free-imports was best for us." What impressed us most in *The Policy of Free-Imports* was the identity of Mr Cox's argument—or lack of argument—with that of Mr Cobden. The former wrote, "I believe that tariffs are either mischievous or superfluous"; and again, "I believe that in the long run we shall not be beaten either by American trusts or German bureaucrats." The latter wrote, "I believe that the principle of free-trade is calculated to alter the relations of the world in a moral point of view." Cobdenites thought that free-trade was eminently moral; economists, that it was science. But it is neither.

CHIOZZA MONEY.

Sir Leo Chiozza Money, M.P., is another prominent Cobdenite. Some years ago he wrote *One Hundred Points for Free-Trade*, a clever thing, from his point of view. But as that author, like his economic colleagues, has failed to perceive the first factor of production, he will now learn that the hundred points are turned against himself. An analysis of any one of his hundred articles will reveal the fallacy of the whole. However, we have selected three, "Shipbuilding," "Protection," and "You can only Protect the Minority." These probably contain the strongest arguments he can offer, and from them we shall see how the doctrine of "The Social Trinity" reveals Sir Leo's bad economics.

"SHIPBUILDING."

Our superiority over other nations in shipbuilding is due, Sir Leo says, to our "policy of free-imports." But why should this policy give us superiority in one industry more than another? Why does it not also make all our industries superior to those of other nations? The answer is that exchange affects ships differently from every other export. Ships are the sole exception of the universal law, viz.: "You cannot transfer the protective services of one nation to another." For instance, British manufactures when exported to America lose the protection of Britain. They then receive American protection, which must be paid for in the form of a tariff; but as British-built ships sail under the British flag wherever

they go, and whoever owns them, they do not lose British protection, neither do they require to pay a tariff for foreign protection. The reason, then, for our superiority in shipbuilding is that our shipbuilders—if the ships sail under the Union Jack—are guaranteed the protection of the British Navy; and no one has power to tariff *it*. All other British produce loses the flag's protection outside Britain. Were British-built ships to lose the flag, and had to sail under the flags of their foreign owners, foreign nations would require to build navies to protect these ships; therefore it would be necessary to put tariffs on ships, as on other things, to pay for their protection. Were that done, a ship like the *Lusitania* would probably require to pay a tariff of £250,000, and with a protective tariff like this even America would be able to build her own ships, and then British shipbuilders, unable to compete against such a tariff, would lose their trade as other producers have lost theirs.

"TARIFF PROTECTION."

In the first sentence of this article the writer shows his lack of knowledge. He thinks if protective tariffs are right, England should put a tariff on Scotland, and Scotland should put a tariff on Ireland. Holding to the false belief that foreign exchange is as perfect as home exchange, he fails to see the need of a tariff on foreign goods any more than on home goods. Now the tax, we have seen, is a cost of pro-

duction, and is paid from production; therefore, commodities produced in England, Scotland, and Ireland having already been taxed, have paid the cost of protection. Although they are sent from England to Scotland, or thence to Ireland, they still remain under British protection, for which they have paid. Why, then, should they pay again, when, like the ships, they remain under the British flag? It would be unjust to tariff English goods coming to Scotland, as their protection had already been paid for. In the case of German goods imported here it is quite different; because, no matter what tax was paid for German protection on these goods, it was lost on exportation from Germany. Since protection is not interchangeable, imports enter a country unprotected. If the natives be uncivilised free-importers—like the hunters and fishers described by Adam Smith—the importer has to protect them himself or risk losing his profit. In civilised countries—Britain excepted—imports are taken in charge by the Customs authorities and held until the owner pays the tariff; after that they are taken under the protection of the police, the justices, the prisons, and guaranteed what security the flag affords. State protection is thus a valuable form of insurance, for which taxes and tariffs are merely a single premium.

“YOU CAN ONLY PROTECT THE MINORITY.”

If anything further be required to reveal the deadly effect of free-trade it will be found in this point of

Sir Leo's. A despised minority is here contrasted with a respected majority, which shows the nation to be divided into two rival parties with conflicting interests. We have it on high authority that "A nation divided against itself cannot stand." Adam Smith prepared the plan for dividing the unity of the nation when he classified its people into consumers and producers, and he inserted the dividing wedge when he said that the interest of the one class was naturally opposed to the other. Richard Cobden drove home the wedge, and made the separation complete when he got a free-trade bill passed. Consumers then received the consent of the State to endow free-importers with grants from the rates, enabling them to defeat producers by supplying consumers with foreign commodity free of a tax, and therefore at less than cost price. The effects of this have been to reduce the wages and profits of producers, and also reduce the amount of the national wealth produced in taxes, wages, and profits, all of which is injurious to everybody in the country.

The conflict of consumers against producers has severed the unity of our nation and reduced us to a conflicting mass of people. Without acknowledging that the producing classes are the only wealth creators, the consumers attacked the producers as if they were enemies, and cursed the tariff for robbing consumers, calling it "A poor-rate to enrich producers at the expense of consumers." The relationship between them as producer and dependant was never

discussed. It was merely dismissed by consumers with cries of "The greatest good for the greatest number !" "Down with protection !" "Down with the food-taxer !" and so on, *ad nauseam*. Lists were issued to show how few in number were the producers who would benefit by tariffs compared with the large number of consumers who would benefit by free-imports.

In the article we are discussing, Sir Leo Money takes the Census of 1901 on which to base the comparative numbers of the two classes. Out of our population of 42,000,000, he calculates that 10,895,000 producers and their dependants would benefit by tariffs; but he adds that 31,105,000 consumers and their dependants would have to suffer for this. Now, these statements are false, because consumers do not constitute a part only of the nation, but the whole of it. In every organised body, whether it be a tree or a man, the organs of consumption are the complement of the organs of production, and it is only in their unity and co-operation that the health of the body is assured. A tree consumes air, moisture, and other substance which protect it and enable it to grow and produce not only wood but shelter, beauty, and commodity.

We might mention analogous consumptive and productive qualities in a human body and in the body politic. Consumers and producers are better described as protectors and producers, as every member performs either the one function or the other. This

is the only guarantee of health and progress alike in the human body and in the body politic. When any member ceases to perform its function and becomes an offence, we have this to guide us. "If thy right hand offend thee, cut it off; and if thy right eye offend thee, pluck it out." Assuming Sir Leo's majority to be made up of the virtuous members of the body politic, and the producers to be the offending members of it, would it improve the position of Sir Leo's majority if they cut off the producing members? Would it not be wiser to cut off the free-importers?

Up till now it has been impossible to reason with Sir Leo's party. Some people are hopeful that "The Greatest War of all Time" will change their outlook and produce a good effect on them; but, alas! there is much evidence to the contrary. If Sir Leo's majority of thirty-one millions against ten millions persist in their war against our wealth-producers they are sure to win, because they are backed by the State and by that elemental foe of producers, the free-importer. The free-importer single-handed beat producers out of existence and kept back civilisation for untold centuries, until God protected Adam and until the community protected labour.

SHOWERS OF COTTON.

The last of Sir Leo's Cobdenite deliberations to be noted is a criticism on Sir Charles Macara's proposal to avoid a crisis in the cotton trade. Germany's demand for cotton to make explosives had not been

anticipated, and it was feared that this present war would so reduce the demand for cotton that a big fall in prices might lead to panic and much loss to producers. To avoid such a crisis Sir Charles Macara proposed that the American and British Governments acting jointly should buy up the surplus cotton and hold it against a future shortage. By such means prices would be maintained, losses prevented, confidence restored to the trade, and the mills enabled to run as usual. As a free-trader, Sir Leo objected to this proposed protection of producers, and, in a general diatribe, denounced measures taken to prevent productive labour from suffering ruin or, say, loss from a glut in the market. Being a champion of the consumers' interests he thought they should get the benefit in such cases, and made the following pronouncement concerning the anticipated surplus:—"If cotton were manufactured, as it ought to be, with the sole object of making as much stuff as possible at the lowest possible price for the benefit of as many people as possible, then if the skies rained cotton into the yard of every mill in Lancashire, there would be public rejoicing and the recording of a red-letter day." If this ebullition be merely an echo of the manna-eating period, it may be passed in silence; but if it be an inspiration of the modern free-trade type of mind it deserves unmeasured censure.

The suggestion that heaven would upset its own economic law for the protection of producers and

revert to free-importing—even for the noble purpose of benefiting Sir Leo's majority—is pure profanity. Let us imagine, for a moment, the effect such an act would have on, say, the cotton growers of America and Egypt. Would not then the woollen mill men have a distinct grievance if the skies refused to rain wool? Tinkers would expect tin; and if, in the general demand, moulders got deliveries of pig-iron, life would become more hazardous. Still, it might come out all right in the end, though it is an aspect of “showers of blessing” that we had not thought of.

www.libtool.com.cn

CHAPTER XIV.

COLONIAL PREFERENCE.

WHEN colonial preference was honoured as a moral as well as an economic law of national covenant, the superiority of Britons in industry, invention, war, and adventure was universally known. Dreaded by tyrants and superstitious rulers they were recognised to be noble as well as brave, and generous as well as just. "The imperial race," while earning distinction in every sphere, has, through the prominent factor of self-denying enterprise, gained outstanding distinction in colonising. Their methods and success—if ever equalled—were never excelled. When conquest was necessary they fought as heroically to carry civilisation over the world as did the conquerors of Palestine or the campaigners of Rome, never failing to raise the social standard and make the people better than they had found them.

Wars and conquests were not their only means of colonising. The Pilgrim Fathers were welcomed by the American natives, and many races have sought to be taken under British protection. It was never Britain's motive to exterminate or even to attenuate

racés, but to win them for civilisation, using all possible means of encouraging them to assimilate and adopt the spirit and customs of "the imperial races."

One of their methods was to send families of pilgrim emigrants from selected districts under the care of a Gospel minister, or other influential gentleman, with official authority to act for the Government. Passages when not free were made easy, and grants of land were freely given. These Pilgrim settlers remained Britons because the British markets were reserved for the sale of their produce, as when they were at home. "Grow whatever you can and we will buy it from you," was the promise given to them from the mother country. So that they remained protected by our National Covenant—then a sacred thing—Cobdenism being unknown.

The only way of securing the market was by colonial preference. It must be remembered, of course, that free-trade was then confined to primitive races. Britain was still inside the circle of civilisation, else she could not have protected her market for the pilgrim settlers. The question is, Would these families have gone abroad without such assurance? It is not likely. But statesmen then were nation-makers, and knew both the necessity and the value of sacrifice in carrying on civilisation.

A good lesson on colonial preference may be derived from *A Subsidy granted to the King, 1653*. Where the tariff on "tobacco grown in Virginia, the West Indies, or other British colonies" was fixed at

three shillings and fourpence per pound, while the tariff on tobacco from non-British places was sixty shillings per pound, which shows a colonial preference of fifty-six shillings and eightpence. Economists who put self-interest before sacrifice, and cried, "Perish the colonies and perish India!" looked upon colonial preference as a disgraceful waste of money. But had they been in power, we would never have had colonies. Putting self-interest before colonial or empire interest, they readily gave a preference to German sugar-growers, even when it brought ruin on the West Indies previously civilised by means of colonial preference. The same apostles of self-interest recently proposed to repeat their conduct when Jamaica threatened to sever her connection with free-trade Britain and seek alliance with a protecting nation.

There was a prospect of Canada receiving similar treatment had German-Americans got control of the wheat-growing Argentine fields. Bounty-fed wheat from the Argentine would have been a boon to free-traders who would have deserted Canada's wheat-growers as readily as they had deserted West Indian sugar-growers, thereby demonstrating the lack of patriotism, honour, and justice in a free-trade policy. Its motto is purely self-interest—a very bad guide, indeed; because, as Burns aptly puts it—

"If self the wavering balance shakes
It's rarely right adjusted."

It was our misfortune to hear John Bright's rectorial address to Glasgow students. With tears in his voice, Bright described the misery of the tenants of one-apartment houses in Glasgow, during their "sorrowful march from the cradle to the grave"—people whom free-trade had not "greatly benefited." Bright's achievement, however, was his denunciation, in a prophetic peroration, of Britain's Indian policy. "Very soon," he said, "India will claim her independence, and Britain will be left with nothing but the huge debt the conquest cost and the memory of the men slain."

Thirty-three years have passed since then, and the prophecy is more unlikely of being fulfilled than ever. Bright's judgment on our Indian policy was as false as his prophecy. He failed to see that Britain had revived Indian civilisation by carrying the science, education, and faith of the West to blend with the passive mysticism of the East, and that it had awakened intellectual activity after centuries of oriental repose. Neither did he perceive that the man-eating denizens of the desert had been destroyed and their habitations turned into fruitful fields; that famine, which periodically destroyed millions of lives, was ended by scientific irrigation. Perhaps his hatred of the word "protection" prevented him from admitting that British protection put a check on the raids of free-looting hillmen, who at intervals had plundered the peaceful Hindoos. Such beneficent acts on the part of Great Britain had

no interest for the great free-fooder, John Bright.

As a matter of course free-trade destroyed the unity of the Empire, as it destroyed the unity of the State. With an outraged contract we ceased to be a nation and became a mere mass of self-interested individuals; this being so, we could not remain an empire. However, India and the colonies have remained friendly, although the base insinuations and the mischievous misrepresentations of Smith—supported by the senseless denunciations of Cobdenites—might have destroyed these happy relations. The colonists are not free-traders, therefore they honour the memory of our nation-makers, and for their sake honour our country. Colonials know that “free-fooders” do not represent the brain and the great beating heart of the British race, so they have been waiting and hoping for the time when we shall rid ourselves of the immoral tyranny of these free-fooders.

Almost continuous efforts have been attempted by both home and colonial statesmen to restore the contract, and with it the unity of the empire, but the difficulty has been to free us from “the mess-of-pottage,” or free-food slavery, of the economists. The people are right, and if we could only close the mouths of free-food advocates, the common sense—not to mention the noble instincts of our imperial ancestors—would yet inspire us. This is proved by our attitude at the present crisis.

Proposals of colonial preference were made in 1879

by Sir John McDonald, the Canadian statesman, during Lord Beaconsfield's ministry, but they made little impression. The historic attempt was made by Joseph Chamberlain in 1903.

Mr Chamberlain had spent many years of his public life opposing imperialism and tariff protection, but, as a vision changed Saul the persecutor into Paul the Gospel missionary, so did a vision change Mr Chamberlain into a missionary of empire, and therefore a missionary of tariffs. Like all great souls he made a great sacrifice. Although old at the time he was inspired, he quitted his official appointment with its reward, and entered on his great mission with all the vigour and enthusiasm of youth.

It resembled no mission we can think of so much as that of Joshua, three thousand five hundred years ago. Joshua was one of the leaders of a favoured race who for forty years had lived in an intermediate state of civilisation. They were free-fooders by necessity, because the wilderness did not afford the means of production. Free-feeding had to end, however, and Joshua's mission was to consolidate the race and establish a kingdom on the only possible basis, viz., by imposing taxes on everything—produced or imported—including food. We need not say more than that Joshua's mission was accomplished with satisfaction to all concerned.

Joseph Chamberlain was a leader of a favoured race wandering for over sixty years—economically—

in a kind of no-man's-land, outside the circle of civilised races, yet not quite within the circle of savage races. Civilised races pay taxes on every commodity they acquire, whether manufactured or imported. Savages and other natural races pay no taxes. Now, as Chamberlain's race—the British—paid taxes on manufactures, but not on imports, they did not belong to either category. If Adam Smith's primitive ideals had been fully realised we might have now been bartering fish for venison without paying taxes. But the Cobdenites were not so logical as Smith; therefore, as tax-paying producers and non-tax-paying importers, we are economically unfit to be within the pale of civilised communities on the one hand, or natural races on the other.

Mr Chamberlain's mission, at any rate, was to restore a back-sliding race and re-unite it in an empire far greater than Joshua's kingdom. Both these leaders had the same motive—to promote the purposes of God and of civilisation on the economic laws of the covenant. As Joshua had learned that it was necessary, for the sake of the new kingdom, that free manna should be abolished and its place taken by a system of food taxing, so also Mr Chamberlain learned that free-food had to be abolished and that a system of food taxing must take its place. Knowing how dearly his party had loved free-food, Mr Chamberlain tried to shock them as little as possible by still allowing them to get free-wheat from the colonies, while all wheat from foreign, or

non-British, countries would be charged a tax of two shillings per quarter.

After allowing for the amount of free-wheat supplied by the colonies, it was calculated that the taxed foreign wheat would not cost more than one half-penny per month, or less than half-a-farthing per head per week. The probability is it might cost us nothing, as the colonies would soon be able to supply all the wheat required. Free-importing would then cease, and that would mean a gain to us of 270 millions a year—the price we now pay for free-imports. [For proof of this see chapter on "Exchange."] To the surprise of the whole world, however, the imperial race would not give up free-food in exchange for the greatest empire the world has ever seen.

While most nations pitied us, the Germans turned our folly into marrow for their bones. Shortly before this, Canada—grieved to see us spending blood and treasure to make markets for Germany—had given British-made goods a preference in her market, thereby greatly increasing our trade with that colony. But this act did not meet with the approval of the Germans. They became insolent, and not only challenged Canada, but threatened her for presuming to do so without first getting Germany's consent.

Mr Chamberlain, with much dignity, resented this interference; so his mission struck terror to the German heart. The Germans foresaw that, with a

united British Empire, the markets of that empire would be protected by preferential tariffs. When Canadian preference had helped Britain's production and hindered that of Germany, it was known that a united empire would have power to tariff Germany out of every market in India, Africa, Australia, New Zealand, Canada, and Britain.

This, they knew, would upset all their military and naval designs, and for ever prevent them from getting their longed-for place in the sun. Tariffed out of the empire's markets, they never could have mobilised their immense armies, built their Zeppelins, their Krupp guns, their Keil Canal, or their navy with its fiendish fleet of piratical submarines.

Their only hope of universal conquest lay in the defeat of a British empire policy, so they joined the free-fooders in their ill-advised attack on the missionary of empire—the man they hated, but the man they feared. With the defeat of Chamberlain and the imperial party their course was clear. By using their influence, their wealth, and their spy system to support the free-fooders, the Germans were even able to beguile the electors and get their spies returned to Parliament. Only one of these has publicly boasted about how he fooled us; but the number of clever German spies who were made members of our free-food Parliament may never be known.

Thirty years ago, with bounty-fed sugar, Germany played Jacob the cultivator to the British mess-of-pottage-loving Esau. Their protective and produc-

tive policy they fully expected would bring to them the birthright belonging to the British hunter of free-imports. This is the reason why the Germans have held us in such low esteem. It is over thirty years since they expressed their contempt for our primitive free-trade policy, "daring us to send men to teach that nostrum to their people. We will teach our own people what free-trade has done for Britain, but it shall be as a warning, not as an example." Even then they declared that we "had ruined the finest industrial country in the world." These extracts are culled from the first edition of *Mongre-dians Free Trade*. They were given as examples of the ignorance of continental statesmen. Germans have always known what we are here explaining, that free-importers are the deadly foes of civilisation. On these grounds the Germans have despised us as a decadent race.

As already demonstrated, we are not decadent; we still possess the instincts and virtues of our imperial ancestors. But we were deceived, and we sinned against moral and economic law. For centuries these islands had been favoured with wise leaders. The statesmen were teachers and the teachers were statesmen, so that both before and after the Reformation we learned to respect and trust the cultured teachers of ethical principles and social politics. Thus we had grown to esteem our leaders and follow them trustfully—a virtue when they led us in virtuous ways, but a vice when they led us astray.

When statesmen told us the payment of tariffs was just and essential for the good of the State, we believed them and paid the tariffs. And when politicians told us that the abolition of tariffs was a new gospel from heaven to bless the State, we believed them also. Being loyal to our learned teachers, it is not surprising that we readily accepted their tempting gospel. This same trust in learning led us astray on the Empire Mission. Mr Chamberlain made a good start, and, had our people been left alone, their imperial instincts would have successfully carried out the mission. The free-traders grew afraid of the progress Chamberlain's campaign had made during the Spring of 1903. Political and economic wisdom, as well as ethical duty, combined to support an empire policy, which no logical argument could assail. Except in Germany it was everywhere regarded as a great and beneficent policy for the progress of civilisation and the peace of the world.

In spite of its universal good, Mr Chamberlain's Empire Mission was defeated. The fatal blow was delivered on August 15th, 1903, when a manifesto against it was issued in the *London Times*, signed by thirteen learned professors and lecturers from the great universities of the United Kingdom, including London, Oxford, Cambridge, Edinburgh, Dublin, Glasgow, Liverpool, and St Andrews, this list being supplemented by an editor of the *Economic Review*.

The manifesto was reproduced in other papers,

and it made a profound impression on the British people, imbued with a superstitious reverence for learning. The manifesto contained seven propositions, in which there was no patriotic welcome for our colonies, or any new proposals for union. It made no dignified reference to a nation's obligations to itself or to other nations, it merely repeated, *ad nauseam*, the consummate importance of free-food. The essence of the seven propositions is contained in the fifth—"It seems to us impossible to devise any tariff regulation which shall expand the wheat-growing areas in the colonies . . . and, at the same time, not injure the British consumer." They did not deny that producers in both our colonies and our own country would gain materially, but in the interests of British consumers of free-food they opposed the empire policy.

As a specimen of political wisdom and economic forethought, the free-food manifesto—though signed by thirteen learned British professors—can only make one blush. As a plea for the gratification of a lower appetite against the consummation of our higher social duty, it has no parallel since Esau decided in favour of the "mess-of-pottage." The effect of this manifesto was fatal to imperial union.

CHAPTER XV

www.libtool.com.cn

FREE FOOD AND THE "HUNGRY FORTIES."

NATURE had all the essentials of human life provided before mankind appeared on the earth. Man was not merely destined to live on the earth, as he found it, in the manner of savages and nomads. He had a moral destiny that could only be fulfilled in communion with a higher authority than himself—an authority which Scripture calls God, and evolution calls the State—by whose protection and help he was to create a social world for the higher purposes of human existence. The first relationship between man and the higher authority was in the form of a moral contract; the second, a combination for the production of food. With the security of moral obligation and an assured method of food supply the uncertainty of primitive existence was removed, and man made free to work out his own destiny. There is no record of a normal community having died for lack of food, or of a race having to desert the higher duties for a food policy. Certain timid Israelites, after crossing the Red Sea, feared to enter a wilderness with neither food nor water; but they went, all the same, at the call of duty, and food did not fail them. Prophets were fed in the most unlikely places. The widow's meal

did not fail, and "the multitude of hearers were fed," although the original supply was only a few small "loaves and fishes." Seed-time and harvest come under moral obligation. Everything that could be done was done to prevent a community being compromised by a food policy. Those who treated food under conditions other than were dictated, were out-laws. Cain and Abel are the best-known early producers of commodity for a market, or for the purpose of exchange. Abel's commodity—the firstlings of his flock—were exchanged. But Cain's commodity—being the wild "fruit of the ground," and not the cultivated fruit of the field—was not exchanged. In an older version of the Bible, Cain's angry protest at the rejection of his offering is met with the reply—"If thou hadst helped" to produce it, "thine offering had been taken." In all history the producing worker is favoured before the free-importer.

It is the lesson of productive labour we learn from Adam, Cain, Abel, Jacob, and Esau; just as the parable of the talents is the lesson of productive capital. Esau, the hunter, is given as the horrible example of free-fooders. He held the privilege of carrying on the patriarchal destiny, but, being a natural man—a hunter and a free-importer—he could not be trusted. His personal interests—or what Adam Smith called self-interest—was more to Esau than the duty of advancing the mission of his race. The mess-of-pottage cry—like the free-food cry—was merely an incident in the career of a will-

ing revert from productive labour and the higher social life to hunting for commodity that can be imported free of labour and free of a tax. This seems a more pleasurable way of living, than that of cultivating fields and herds, or labouring in factories and workshop. Workers under the latter conditions, however, are the makers of civilisation, while under the former they are the semi-civilised races and patrons of free-food. Esau, the free-importer and mess-of-pottage man, was branded a profane person, and deposed to make room for Jacob, the social man, the producer and the maker of civilisation.

With deep regret we have to admit that Britain, on three occasions during the last sixty-nine years, so dishonoured her social obligations as to have bartered them for a free-food policy. It was first bartered for free-corn in "The Hungry Forties"; second, for free-sugar in the "Prosperous Eighties"; and third, for free-food in 1906—certainly not a time of poverty or distress. In the first case of barter Britain dishonoured her contract with justice and with labour. In the second, she renewed that dishonour and ruined the sugar refiners she had sworn to protect. She also stopped civilisation in the West Indies, once a triumph of her colonising efforts. In the third case was sold a golden opportunity of uniting an empire that might have prevented the building of Zeppelins, submarines, and 42-centimeter guns, now turned against herself

The "Hungry Forties" sounded well as an excuse for a free-food policy. The poor are always with us, and no doubt the poverty of many was increased by the potato failure of 1846; and general distress was accentuated by the lack of ships to convey food from other countries. Hunger, however, was only an incident in Esau's reversion, not the cause; and so it was in the case of Britain. The potato crop that subsequently rotted in the pits was a record one—so abundant that potatoes were carted to the fields for cattle to eat. They were of so little value that there is record of a poor widow in the north refusing to accept a small cartload of potatoes unless the giver would carry them into her house, as they were not in bags but loose in the cart. The murmured discontent from low prices, and the difficulty of selling potatoes, along with the ingratitude and general dissatisfaction at so big a crop, made good people afterwards think that the destruction of the potatoes was a judgment for the people's graceless behaviour.

So prosperous were the people of Scotland—by no means the wealthiest country—that on the advice of Dr Chalmers in 1843 they voluntarily undertook to supply about 450 ministers with stipends, and also, in most cases, with churches and manses. On the opening of Parliament in January 19th, 1846, Queen Victoria congratulated her advisers on "the prosperous state of the revenue, the increased demand for labour, and the general improvement that had taken place in the internal conditions of the country."

These and other historical facts noted prove the unreliability of Cobdenite oratory concerning "The Hungry Forties."

The real facts were that, for sixty years, mistaken economists had been trying to seduce the people of this country to abolish the protective laws of civil society, and, in foreign trade, to revert to the free-exchange method of untaxed savages. Success did not come to them until Cobden—the idol of the rich and the enemy of wage-earners—became their champion. Supplied with an inexhaustible amount of gold, he—consistent with his "free-food policy"—provided the nation with a service of tea-parties, whereby he attracted audiences whom he lectured on the sublime advantage of being allowed to defraud the revenue without punishment! Not a word was said about the defrauded revenue having to be made good by productive labour.

One may judge of the wealth of these hungry free-traders when, after paying for the libraries of literature they sent over all the land and the purveyors of the nation's tea-parties—not to mention the salaries and travelling expenses of whole armies of lecturers—£80,000 of their surplus funds were presented to Cobden. This sum, however, was only a part of his reward. He was still further endowed with wealth, and had many honours showered upon him.

No one will regret the wealth and deification bestowed on Cobden, but every enlightened indivi-

dual in Britain will yet regret that such a man was born; because he not only tempted this noble race to ethical sin and economic ruination, but reduced them to a state of food slavery.

We have previously said that Britain on three occasions bartered her destiny for free-food, but these were only the notorious and historic instances; there were many others. The politicians she honoured most were those who promised cheap foreign food-stuffs, a "free breakfast table," or any other forbidden fruit—for every free commodity is forbidden fruit in a taxed community; politicians who always succeeded in getting the term "Free" into their political pledges. But men whose animal appetites guide their votes are not free. Neither are those politicians free who play the role of tempter—they are cursed, and crawl on their bellies.

At one time the Greek army returned from battle to find the gates closed and the city in possession of the slaves. With swords the slaves bravely held the walls against the reduced army. On the order of a shrewd general the Greeks retired and exchanged their swords for whips, at the sight of which the slaves trembled and the swords dropped from their hands. They were slaves of the whip. The conduct of men, enslaved by food or drink, or any of the lower passions, is not inspired by reason, honour, or justice, but by cowardice and terror.

Joshua, by Divine command, founded a kingdom on food taxes. Could he have done this with British

free-fooders or with men of their type? No. He would have failed as did Joseph Chamberlain. Ten years of their free-food rule is now followed by a calamity that has taken their breath away, and silenced them for the time. Allowed to hear the call of duty—not of food—the spirit of sacrifice which made our ancestors the imperial race has been awakened; and, while as food-slaves we trembled at a trifle on the loaf, as free Britons we have amazed the world at the greatness of our sacrifice. Mothers have given their sons and husbands, and wedded themselves to poverty; men have left good incomes and travelled thousands of miles to serve their country for love and a shilling a day; and the race that was terrorised and had earned a reputation for decadence by a paltry food tax, now contributes hundreds of millions at the silent call of honour.

www.libtool.com.cn

www.libtool.com.cn
CHAPTER XVI.

THE SOCIAL TRINITY.

IN the foregoing pages we have sought to keep before the reader the supreme importance of the State, Labour, and Capital, which are the factors of production. These are the human powers that have created the material and economic values, and the social and moral values, that constitute communities and empires. Their functions being at once beneficent, altruistic, and ameliorative, we have dared—after some hesitation—to designate them *The Social Trinity*.

A friend of our early days revealed *Natural Law in the Spiritual World*, thereby affording pleasant instruction to many people. The inversion of the order by finding spiritual law in the natural world will not, we hope, offend the over-sensitive. The duty of good statesmen is to facilitate the coming of the Divine Kingdom on earth, and, as most people have at some period prayed for its coming, it cannot be far wrong to adapt a form of its constitution in anticipation of the event.

While heartily repudiating free-trade economics and its unworthy conceptions of the State and labour, we have no complaint against academic

writings that illuminate the relationships between men and the State on a moral and scientific basis. Several of such authors we should like to quote, but most of them treat the State as the body politic; and as we desire to establish the Social Trinity as the body politic, much explanation would be required to avoid confusion. Again we say we have no complaint against scientific writings dealing with the State and social and political science; but as free-trade social and economic writings are void alike of science and common sense, and merely adulate *sin*, they repel us.

THE FIRST PERSON—THE STATE.

A great crisis in the evolution of the race was passed in the transition from natural freedom to social restraint and a constituted authority. Whether that was effected by the tedious evolution of reason and imagination, or by man being miraculously endowed with a soul, we will not dogmatise upon. We only say that the founding of a social community was the constituting of Paradise. Paradise was not a natural or primary state, but a social and secondary state. Only ignorance of revelation and the laws of labour and evolution ever led men to propound childish theories of primitive purity and the golden age.

We can scarcely conceive the difficulty under which the early communal authority converted wild free-men into the peaceful toilers of a social community.

The pity is we know so little about this. Had Milton written a great epic on the founding of the State instead of *Paradise Lost*, it might have been better for mankind. We should have had a higher estimate of the community as a beneficent power, and probably a lower estimate of politicians and others who, for self-interest, have sought to undermine its authority and restore natural freedom. Teachers of morality have impressed on men the danger of allowing freedom to their natural passions and appetites, but they have not sufficiently warned us of the danger to the State from men to whom natural freedom might be restored.

We have seen that it was only under State protection that labour became possible, and that the wilderness, the jungle, the prairie, and all else became of economic value. The State had power to create, while primitive men had only power to destroy. We saw at the beginning of our treatise that the First Person in this Trinity was the Creator of a world of economic values out of a chaotic wilderness. At the desire of this authority, and under its protecting care, the primitive chaos became a new creation—a new world.

Not only did the material aspect of the earth change under the power of this First Person; mankind changed from a sensual creature into an altruistic, virtuous person. The strongest instincts of his animal nature—the sexual and the avaricious—coming under the control of this Creator of values

lost their identity, and were converted into moral and benevolent virtues, to be exercised for the common good. Uncontrolled, the former instinct was the motive of outrage and mere animalism; under contract and State protection it became a bulwark of national strength and virtue, a home of happiness and benediction. The latter instinct—avaricious free-booting—that once identified man with the wild animal hunting for commodity to supply its wants, also comes under the control of this First Person in the Social Trinity.

Avarice, once the worst enemy of the race, and still cursed by the Church as a deadly sin, is scarcely recognisable when, under State control, it is transformed into altruistic economic energy in a producer of commodity. The First Person in this Trinity is a benign person, and possesses the creative quality of making old and primitive things pass away and all things become social and new.

THE SECOND PERSON—LABOUR.

From all available sources of information we are left to infer that the community and labour have always been correlated. Without the community there was no labour, and without labour there could be no community. The Creator's interest—indeed, His delight—in labour is manifest in the making and planting of a garden to protect and encourage that best-known of all cultivators—the first Adam. Labour, we know, was the inheritance Adam be-

queathed to his sons, Cain and Abel, they being producers of commodity—in the Marxian sense—and produced, or were supposed to produce, for the market and for the purpose of exchange.

From the report of that first market transaction we learn of the Divine preference being given to commodity of productive labour as opposed to that of commodity in which such labour was not a factor. Abel's lambs found a ready market because they were of the flocks he had cultivated. Cain's "fruits of the field" did not find a market because, as already stated, his labour did not enter into their production. Cain had not helped the Creator to produce "the fruits of the field"—hence they were rejected.

There is yet something else to be learned from these early transactions. Economists have not been alone in underrating the value of labour. Theologians have also been guilty of the same error, believing that most of what man can do is wrong, or that any little good he may do is of small value. But that is not the lesson to be learned from the first market-trading. The Creator valued His own production so little as to reject it, while He so valued Abel's produce as to buy it. This is the doctrine of God and the man—the doctrine of labour.

Six days were appointed for labour in the service of the community; but where, we ask, is the authority for separating the community from the Creator?

“ For He will say, who always sees,
In doing it to one of these
Ye did it unto Him.”

“ Man is born to labour as the sparks fly upward.”
“ In all labour there is profit, but the talk of the lips tendeth only to penury.” Labour is everywhere approved and encouraged, and the poetic descriptions of well-kept fields, gardens, and vineyards—of which appropriate spiritual applications have been made—originally referred to the effects of productive labour. There is, however, reproof as well as pathos in the complaint of the vines being neglected until they reverted to producing wild grapes, and where neglected land went fallow, and in time produced thorns—as our crofter land now produces bracken.

From the earliest records we learn that civilised communities have put a high value on labour, and of this the tablet laws of Babylon contain many examples. The dishonour of labour by early nations always synchronised with their decadence. When Pharaoh ignored justice, and overtaxed the tablet and brick makers, he was soon overtaken by plagues, and, these being unheeded, his course was quickly ended. Athens made slaves of the prisoners they captured in war, and sold them at prices varying from £4. The slaves included scholars and tradesmen of all varieties, who were hired from the owners at so little per day. By the competition of

this slave labour—Aristotle, by the way, owned thirteen slaves—the tradesmen of Athens were latterly reduced to slavery. It was then that Athens fell to Philip, one hundred and twenty years after the battle of Marathon. Babylon and Nineveh were also overtaken by Nemesis for similar labour cruelties.

IS LABOUR A CURSE?

It has been a general belief that labour is a curse, and should, therefore, be avoided when possible, an idea which has, to a nicety, fitted into the “policy of free-imports.” It is, however, as false and discreditable to human intelligence as any of the fallacies we have already exposed. “My Father worketh hitherto and I work,” was said by One who has still a few disciples in this country; and labour is the sacrifice which health and the social community alike demand from every one.

Labour is a curse when it loses the protection and the favour of the State authority, because then are the primitive conditions restored which put labour at the mercy of the free-booter and free-importer. Labour was honourable and elevating when Adam entered upon it under the favoured patronage and protection of his Creator. Labour was cursed only after the free-fooder had induced him to violate the contract, thereby losing the favour of heaven and the protection of the first community—the Garden of Eden.

Labour has saved the race from its animalism and its savage environment. Under the protection of the State labour has wrought out our social salvation. The world, once a wilderness and the habitation of wild creatures, has been by labour turned into fruitful fields and gardens. Labour has built towns and cities, with dwellings for happy families and temples for holy shrines, and no less holy workshops and factories, in which productive labour complies with the social order of "six days shalt thou labour." Holy places they are, because there, Labour—the great human sacrifice—is consumed in the production of commodity to be offered on that vast modern altar—the market place. Labour is the Second Person in the Social Trinity—not second in value, but only in the social order.

THE THIRD PERSON—CAPITAL.

As the State and labour are complementary to each other—each, indeed, being essential to the very existence of the other—so have labour and capital become essential to each other. Their services were related at a very early period, for—although it may seem strange to identify the pointed branch first used to break the surface of the ground with a modern steam plough—their capital relationship is undeniable. They certainly are very different tools, but so also are the men by whom they have been used.

Up till now we have chiefly dealt with economic

first principles, which, to the injury of the community, have been too long neglected. A Scottish advocate, Sir George Mackenzie, wrote in 1688: "I have observed that more lawyers are ignorant for not knowing first principles than for not having read many books." But we shall keep to the first principles of capital, namely, its function to assist labour in the process of productive industry.

Those desiring information on the metaphysical and romantic aspects of capital may find it in the speculations of Karl Marx. They might at the same time remember that Marx, not knowing the factors of production, did not perceive the State to be a value, a fact which only distracts attention from the automatic capital fountains. With wealth-producing capacity greater than Aladdin's lamp or the fabled magic of Oriental magicians, it accounts for the viciousness of his social antipathies. The Marxian fallacy, that the motive of capital is to exploit labour, has misled certain socialists to believe that they have a special function to exploit capital. It is to be hoped that a clear statement of the nature and origin, as well as the essential unity, of the Social Trinity will assist all socialists to perceive the interests of the various members of the community in their true relationship, and the various social and economic institutions in their true perspective.

As labour was seen to be related to the State, so, therefore, is capital seen to be related to labour.

Thus their relationship should be either paternal or fraternal. In any case, there should be no social antagonism. In earlier times the relations between employers—or capitalists—and their workmen were closer than they have been latterly. No doubt there would always be bad and tyrannical employers, as there would always be careless and indifferent workmen. But there was more sympathy between employer and employed when they worked together in small businesses, and when both parties interested met and conferred with each other, as God did with Adam in the Garden. Then were the mutual interests of both parties the easier to apprehend. With the invention of machinery employers had to cease working along with their men. The time and energies of capitalists were required in the evolution of their industries, and so a gradual estrangement followed the cessation of personal contact.

Although mutual contact between the employer and his workmen ceased, their mutual interests did not cease—the one was still dependent on the other. Why, then, has this fierce antagonism arisen between capital and labour, since the one is still essential to the other, and, under present conditions, the one is helpless without the other? Capital was once of small importance in comparison with the amount of human labour required in producing commodity. When spinning and weaving, and the conveying of stones to build pyramids, was done by manual labour the progress was slow and

tedious compared with the rapid progress made by the aid of mechanical energy.

Capital is now the greatest wealth producer, and the modern world could not be maintained without it—human labour being unable to produce what is necessary to maintain the vast number of non-producing individuals that live in affluence in a highly-civilised country. Some time ago a friend, with a fine mathematical perception, verified a calculation as to the relative amount of mechanical power required for a given purpose. He said: "If the capital energy supplied in Great Britain at a given time were to be suppressed, and its equivalent to be supplied in man-power, the inhabitants of three worlds the size of ours would be required to accomplish the task." It looked like romance; yet, if we consider that, with a locomotive engine, two or three men can convey a railway train from London to Aberdeen in a few hours, and then ponder on how many men and how long time would be required to convey the same train without the aid of a locomotive, the calculation appears reasonable.

Matthew Boulton and James Watt are among the foremost names associated with British industry. The former developed the greatest hardware factory in the world, and the latter developed the greatest generator of energy in the world—the steam engine. Strangely enough, these two men came to be partners in the engineering firm of Boulton & Watt. The magnificent accomplishments of these giants had

just been effected, and Britain placed on the way to acquire industrial and commercial influence commensurate with her military and naval power, when Smith was resurrecting the primitive economic system of self-interest.

It was not the industrial revolution produced by capital production that "opened the wide gulf between the cherished workman and his capitalist employer." "Self-interest" made the rupture. The social principle of common interest was the economic system of the imperial race, and from it the race derived its superiority in invention and industry; and from it, too, we learned to esteem each other's interests. Self-interest is not social. Smith was not a social man, he was a "physiocrat," or "natural," who believed in the rule of nature as opposed to the rule of the community. Prior to 1776, when *The Wealth of Nations* appeared, David Hume and Adam Smith had been disseminating the physiocratic doctrines of natural freedom and self-interest as opposed to social liberty and communal interest. These, along with the doctrines that wealth was the thing most desired by men, and that the interests of consumers were to be preferred before those of producers, soon created a malevolent spirit between capital and labour—between man and his neighbour. No sooner had the doctrine of economic freedom become known than the industrial conflict commenced. Men began to publicly declare the conflicting interests of capitalist and workman. "It

is as impossible," one said, "to effect a union between these two classes as to mix oil and water; there is no reciprocity of feeling between them." The hopelessness of such a union ever becoming possible was assured by the economic law that "It was the self-interest of the employer to get as much work as he could for the least amount of wages." As this dictum was followed by another, namely, "That it was the self-interest of the worker to get the most wages he could for the least amount of work, the effect of the economic law was injurious to both parties."

When Britain honoured the economic laws of God's Covenant—as other communities do—she either suppressed the lower instincts or controlled them for the common good. Tariff protection made productive industry a self-interest, turning self-interest into conformity with the social principle, thus utilising an irresistible force in the beneficent services of the State and humanity. The energy, which in natural freedom had been used in accumulating wealth by the free importation of plunder, came—when under State control—to be utilised in the production of commodity.

The energy thus exercised by the social producer might be the same as that exercised by the natural free-booter, and the producer's economic self-interest the same as that of the elemental man; but social control made all the difference by converting self-interest into social-interest, as water is changed into

steam. Thus the human energy which, when free, was the most deadly enemy of civilisation, became, when controlled, the power to carry the Ship of State in safety towards its destiny. When, however, Britain abolished economic law, and restored economic freedom, she ceased to control a beneficent and all-powerful energy—which was gradually dissipated—and lost that power.

It is now quite clear that British capital and labour have been allowed to produce only a mere fraction of the wealth they could have produced but for the fatal opposition of a school of economists who were unable to discover the economic factors of production and cost. Their intellectual faculties were so absorbed in petty individual self-interest that they did not perceive the existence of *the National Self-interest*—the National Soul. Being ignorant of the fact that the value of commodity was the taxes, wages, and profits created in the process of its production, they thought its value was in exchange. They believed that the accumulation of imports—which has caused the bankruptcy of manufacturers and the emigration, or starvation, of workmen—were as valuable as the industrial production by which the factors of production created wealth. But, as we have demonstrated, imports consume wealth and industrial production creates wealth.

The persistent arrogance of these self-centred men jeopardised the rule of our race which might, for all

time, have remained unchallenged. With unprecedented power on land and sea, with our colonies, and with our intelligence, invention, industry, and religion, we were fitted ~~downward~~ to guide the destinies of other nations. We were the Imperial Race esteemed by advanced nations and feared by others. No race on earth ever possessed such opportunities and facilities for promoting Justice, the Religion of Humanity, and the great Gospel of Peace.

If ever there was a prospect of the coming on earth of that Kingdom about which so much may be learned from the Parables and the Lord's Prayer, surely it was when Imperial and Christian Britain possessed such control.

www.libtool.com.cn

www.libtool.com.cn

www.libtool.com.cn

www.libtool.com.cn

UNIVERSITY OF CALIFORNIA LIBRARY

Los Angeles

This book is DUE on the last date stamped below.

www.libtool.com.cn

Form L9-25m-9,'47 (A5618) 444

UNIVERSITY OF CALIFORNIA
AT
LOS ANGELES
LIBRARY

HB Gunn -
171 The social
G94s trinity.

UC SOUTHERN REGIONAL LIBRARY



AA 000 557 9

www.libtool.com.cn

HB
171
G94s

