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Robert Ellis Thompson's Social Science considers man in society, as that's the only place he exists, and it ain't no social contract

§ 4. Our Science considers man as existing *in society*; we find him, indeed, nowhere else. The old lawyers and political philosophers talked of a state of nature, a condition of savage isolation, out of which men emerged by the social contract, through which society was first constituted. But no one else has any news from that country; everywhere men exist in more or less perfectly organized society;—they are born into the society of the family without any choice of their own; and they grow up as members of tribes or nations, that grew out of families. All their material welfare rests upon this fact, and must be considered in connection with it. The cooperation by which they emerge from the most utter poverty to wealth, is possible only within society and under its protection. Upon

the wise management of its general policy, and the efficiency of its government, the welfare and the security of the individual depend. The natural right to property, by which that welfare is perpetuated from day to day, is realized only in society. The transmission of the things that contribute to material welfare from one generation to another—of real and personal property, of knowledge, skill and methods of industry—would be impossible but for the existence of bodies that outlive the single life, and aim at their own perpetuation. *Vita brevis, ars longa*, or else each new generation would have to begin at the foundation. Hence it is that this science begins with the conception of social state; not with the study of wealth in the abstract, nor of the individual man and his desires.

POV: you are rousseau



the mercantile school

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policy to the well-being of the people. The final end held in view, both in theory and in practice, was the abundant supply of money for royal coffers, and the practice was far behind the theory. The most absurd financial methods were kept intact if they seemed to subserve this end. Monopolies were created *ad libitum*, and sold to foreigners; the trade between provinces of the same kingdom was burdened with customs-duties, as if between separate kingdoms; the export of grain, as well as of gold, was prohibited, that its price might be kept down; the industry created and fostered with one hand, was crushed under excessive taxation and arbitrary regulations with the other. Even the great Colbert, whose policy was the grandest and most successful illustration of all of the best and some of the worst teachings of the school, died broken-hearted with the ruin of his plans through the royal ambition that wasted the nation's resources in war, and the royal superstition that was robbing France of millions of her best and most industrious citizens.

Adam Smith not covering the implied subject of his book based on the title. List made the same point almost exactly.

The chief fault in the book is its failure to fulfil the promise of the title. Promising to discuss "the wealth of nations," it practically ignores their existence, and treats the whole question as if there were no such bodies. Smith writes as if the world were all under one government, with no boundary lines to restrain the movement of labor and capital,—no inequalities of national civilization and industrial status, to affect the competition of producer with producer. He ignores, therefore, many of the most important elements of the problem that he undertook to solve. Sharing in the reaction of the Physiocratists against the

excessively political drift of the Mercantile school, he also goes to the other extreme, and gives us, not a science of national or political economy, but of cosmopolitical economy, which is not adapted to the actual historical state of the world, but only to a state of things which has not, nor ever will have, any existence.

Malthus and Ricardo, with Thompson interjecting with the true role of government in national welfare and industry.

In England Rev. T. R. Malthus furnished a discussion of the other side of the picture—the poverty of nations (*Essay on Population*, 1798, 1803, 1807, 1817 and 1826). At a time of great political disturbances, when the impoverished classes of Europe were calling the governments to account for the bad policy or no policy that had led to so much misery, this gentleman, a member of the Conservative party, was led to a study of the economic conditions in which that misery originated, that he might close the mouths of agitators by showing that governments had nothing to do with it,—that it was the effect of a cause beyond the control of the ruling classes. He found that cause in the excessive growth of population, which led to the pressure of numbers upon subsistence, and could only be permanently controlled by the self-restraint of the lower classes themselves. This discovery was a godsend to the cosmopolitical school, as it enabled it to tide over a dangerous period of popular agitation, when a thousand circumstances seemed to conspire to enforce upon economists as well as rulers the lesson that governments are put in trust with the national welfare, as well as the national honor and safety, and that no mere passivity of industrial policy could be a sufficient discharge of the trust.

Somewhat later, David Ricardo carried the investigation of the subject a step farther, desiring to show the first cause of the inequality of condition that distinguishes different classes of society. Looking through Whig spectacles, as Malthus had looked through Tory ones, he found that inequality to result not from the operation of a natural and unavoidable cause, but from the effects of an artificial monopoly, the tenure of land. The few who have been lucky enough to possess themselves of the best soils at the first settlement of a country, forms a privileged class that can live in idleness upon the labor of others, through exacting payment for the use of the natural powers of those soils. This theory—though so different in its motive—was accepted by the school as supplementary to that of Malthus. Both—as they came to be taught—had the merit of showing how the apparent anomalies of society grew out of circumstances either natural or generally accepted as natural; in the last analysis the principle of competition was shown to be the tap-root of industrial phenomena in both cases; both vindicated the passive policy as the only wise one, and argued all national interference to be a fighting against invincible facts.

Some class, at home or abroad, interfering for selfish ends with the progress towards national wealth and industrial harmony

And wherever the wretchedness of the savage perpetuates itself or reappears within the sphere of civilization, there is to be seen, not the effects of natural law, but of its violation. There some class—at home or abroad,—through some vicious legislation or defect of legislation, has interfered for selfish ends to hinder the natural progress toward wealth, equality and the harmony of interests in the national equilibrium of industries. To remove such obstacles is the sole function of the state, as regards the active direction of industry.

the methodology of the American and German School

The American and German school apply the inductive method of observation and generalization, which has produced such brilliant results in the natural sciences. They begin with a wide study of the actual working of economical forces, and endeavor to reason upward from the mass of complicated facts to the general laws that underlie and govern all. They begin by recognising the existence of an actual constitution and course of nature, instead of seeking to devise an artificial one on assumed principles.

Hey where have I heard this before...

had become an established fact. A second enemy of the national unity was the feudal system, which conferred large powers upon the local barons, in countries that had been conquered rather than occupied. Everywhere save in Germany itself the joint efforts of the king and the people overthrew this local power, and made the central government supreme. Thus the national consciousness superseded all other political attachments.

Nations as organisms

§ 24. All these notions, and others besides, are elements of the historical conception of the nation. The historical nation is an organism, a political body animated by a life of its own. It embraces not one generation but many, the dead and the unborn as well as the living. It contemplates its own perpetuity, making self-preservation the first law, and being incapable of providing for its own death or dissolution. There is in its own nature no reason why it should ever cease to exist, and the analogies often drawn from the life and death of the individual man are fallacious. The end of the nation is its own perfection ; towards

that it tends by a continual progress to a larger and freer life. Thus in its laws it continually aims to make political rights more and more the realization of natural right. In its gradual or sudden modifications of the form of government, it tends to make it more and more the exponent of the wants and the powers of the governed. Industrially it continually aims to develop the resources of its soil and the activities of its people, until they become in all necessary things independent and self-sufficient.

Didn't somebody else find something relating differentiation in higher organisms and diversity of labor in nations, or something similar

§ 29. Justice has two aspects. (1) It is the state's function to do justice upon evil-doers within (and sometimes without) its own boundaries, by punishing them for past and deterring them from future invasions of the rights of others. (2) It is also called upon to *do itself justice*; that is, to secure the fullest and freest development of the national life in all worthy directions. As self-preservation is its first duty, there is involved in that duty this obligation—to progress in national life. “The end of the state is not only to live, but to live nobly.”

§ 30. In the order of nature, progress is attained through the differentiation of the parts of a living organism from each other and from the whole. “The higher a living being stands in the order of nature, the greater the difference between its parts, and between each part and the whole organism. The lower the organism, the less the difference between the parts, and between each part and the whole” (Goethe).

You cannot charge the state with selfishness for providing for its own

§ 32. In seeking the full and free development of the national life on all its sides as its chief end, the state cannot be charged with selfishness. The affections and the attachments of finite beings are of necessity circumscribed, that they may be intense, vigorous and healthy. In the family life we should count the man immoral who loved other men's wives as he loved his own ; unnatural if he had no more affection for his own children than for those of other men. To “provide for his own, especially for them that are of his own house,” is one of the first duties of the head or the member of a nation as well as of a household.

you gotta be jealously resenting foreign influence

The nation takes a low rank industrially whose members are not employed chiefly in serving one another, but in serving the members of other nationalities.

§ 35. All history illustrates the principle that the chief growth of the state is from within. Nations have often imparted to each other wholesome and stimulating impulses, but beyond a certain limit foreign influence has always been a hindrance, and has been jealously resented by the wise instincts of the people. We see this in the history of art, literature, language, law and political institutions, and every other side of the national life.

Any plan of human life, any project for human improvement, which, either in the interest of imperial ambition or of cosmopolitan philanthropy, ignores the existence of the nations as parts of the world's providential order, can work only mischief and confusion.

Nightsoilers never win 😞

§ 46. The existence of the means and the power to make adequate returns to the soil is no guarantee that these will be fully employed. Through the sewers of our great cities, and the rivers into which they empty, immense quantities of fertilizing matter are poured into the sea, and are thus utterly lost. The soil around the city of Chicago, for instance, is naturally sterile; in the refuse of her slaughtering-houses the city has the means of raising it to a very high degree of fertility. At a great expense provision has been made to carry off the whole mass and pour it through the Illinois and the Mississippi rivers into the Gulf of Mexico; on all hands the measure is applauded as a bold and wise piece of engineering. Belgium is the only civilized nation that is fully awake to the importance of this subject, but England bids fair to emulate her.

malthus: owned, destroyed, vaporized,

made into fuel. A *division of labor* separates the functions of the human members of society, and each species of work is done more effectively and productively for employing the whole time and attention of the men employed in it. Better tools and implements are invented; and last of all, machinery, and the giant forces that actuate it, come into play in man's service, taking the place of muscular strength, and at every advance lowering the value of articles of utility, and making them obtainable in larger quantities and by a larger number of persons.

§ 52. At every step in this great past of man's industrial development, the growth of numbers and of wealth has gone on with equal strides. In the earlier stages the pressure of population upon the means of subsistence is marked and painful; yet beneficent, as thrusting men into closer and more helpful association, and forcing them to adopt wiser and better methods. But every advance has been richly rewarded, for with each acceleration in the rapidity of social movement, the resistance to be overcome has diminished. Each generation has worked not for itself only, but for all that were to come; and the result of all wisely directed work has been to make easier and more effective the task of those who came later. "Other men labored; ye have entered into their labors."

The trading spirit and its consequences

§ 85. The true cause, as Coleridge pointed out, is the importation of purely commercial maxims into the rural economy of England. The trading spirit attained in England the ascendancy it has ever since possessed, about the time when the

separation of the mass of the English people from the soil fairly began, viz.: the middle of last century. English political economy from Adam Smith down, with some notable exceptions, has been the exponent and the justification of that spirit. It has shaped public opinion, controlled the tenor of legislation, and controlled the direction of the industry of all classes. It has stripped the landlord of all notions of stewardship for the nation and duty owed to the land and the people who till it. It has led men to regard the production and cheapening of commodities as the one great end of all activity. It has sacrificed men and their personal interests to things.

Now in trade the law of parsimony is the supreme law. For trade aims at getting as large and as quick returns as possible, with the least possible expense in managing and collecting these. Trade can make no distinction between persons and things; it is (in a low sense) no respecter of persons. It sets aside the dearest friend or the worthiest object of pity, and takes the offer of the man who bids highest and offers the best security. Other things being equal, it prefers the largest purchaser to any other, and even abates the price in his favor; for the ultimate object being to get wealth enough to be rid of the trouble of getting it, the offer that involves least trouble is the best.

Apply these maxims to the management of an estate, and the problem becomes one of getting the largest returns with the least outlay in wages and food. All question of the well-being of the small farmer and the laborer are lost sight of. The holding of the former was taken in with other lands to make large farms, that the landlord might have fewer tenants to deal with and less trouble about his rents. The latter were systematically and designedly brought into a position of dependence, because they were thus the more easily managed. Their cottages and gardens, for instance, were let to the tenant-farmer with the understanding that he would see to repairs, and then the cottages were re-let by him without the gardens, that their sole dependence might be their wages. The wages-roll was cut down to the utmost, because the less labor the less expense; the majority of those who had lived by the land were driven to the

cities, and only a fraction of the people of England now live

near vs distant markets for farmers

§ 93. The farmer who depends upon a distant market can never carry on his farming by the best methods. He cannot raise that variety of crops by which the pressure of tillage upon the resources of the soil is lightened; for such crops cannot be transported to a distance. He must grow the great staples that meet the foreign demand, year after year, to the exhaustion of the most important elements of his land. He cannot make such returns to the soil as will keep up its fertility; the refuse of the factory and the town are not to be had. The highly nitrogenized forms of animal manure he can procure in trifling quantities only, as his own cattle and those of his brother farmers are the only beasts of the sort in his neighborhood, and are far fewer in number than if he had a town close at hand making large demands for meat and dairy produce. He can only farm thriftlessly and wastefully; in our Eastern sense of the word his place is not a farm, but a wheat factory or a corn factory. The farmer who lives near his market is continually improving an instrument of great power and value; he who lives at a distance from his market is continually injuring it and breaking it. The one is adding every year to the wealth of the soil beneath his feet; the other is exporting that wealth to a distance, without the opportunity of making any return to the soil he is robbing of its fertility.

more malthus vaporization

economy. There is implanted in the nature of the race a tendency to rise from poverty and barbarism to wealth and civilization. But this tendency has scope for its exercise only when man can rely upon the help and coöperation of a sufficiently large body of his fellow-men, in the work of subduing nature, and when association and coöperation are not artificially hindered or checked. The more people there are in a well-managed country—up to any number that ever has been reached or is likely to be—the better each man will be fed and clothed, if their industry be wisely directed. The more the numbers, in that case, the greater that people's mastery over nature, and the larger the share of the good things that will fall to each individual.

Thus we find that population is self-regulative. Its multiplication brings the civilization, that is the one effectual and all-efficient check to all undue multiplication. "The excess of fertility has rendered the process of civilization necessary; and the process of civilization must inevitably diminish fertility, and at last destroy its excess" (Herbert Spencer).

Large estates for farming not efficient and actually ruinous in some cases, here for Rome. So plantation farming even if used for actual produce and not cash crops would probably still have been not a good idea 🤔🙄

Under Roman rule in Italy the small holdings were swallowed up in the great estates of the aristocracy, in spite of the efforts of the Gracchi to preserve the patrimony of the poor. The first step seems to have been the enclosure (*possessio*) of the common lands (*ager publicus*) upon which the common people depended for grazing, and which were absolutely necessary to their methods of agriculture. (The same process was arrested in Attica by the laws of Solon, but was carried out in Lacedæmon.) Pliny tells us the result: "Large estates have been the ruin of Italy (*Latifundia perdidere Italiam*).” The peninsula declined steadily in all the elements of wealth and production. The emperors had to obtain from Africa and Egypt the wheat that fed the Roman populace. The incursions of the barbarians led to the breaking up and redistribution of these monstrous estates, and Italy was able to feed her own children again.

Prussia deciding in favor of system with large class of small landholders that would till their own soil, ending up being successful

§ 90. In Prussia the mediæval system held its ground down to the beginning of the present century. The government “saw with terror, in 1808, how insecure was a state which had so great a claim on the bodies, and none at all on the hearts of its people” (Gustav Freytag). Some opposed change. The *bauer* was stupid, lazy and thriftless, it was said; nothing could be made of him. A government commission met at Memel in 1807 to draft a land-law that should effect the transition from the mediæval to the modern agriculture. They found themselves divided into two parties: on the one side the great statesman Stein, the great historian Niebuhr and his friend Stägemann; on the other a group of now-forgotten *doctrinaires*, who had studied English political economy under Kraus at Koenigsberg. The latter wished for a policy that would secure the maximum of production from the soil, independently of the welfare of the producers. “They held it indifferent whether the present feebler proprietors remained or not, if their place was supplied by wealthier ones, and thus the greatest possible amount of profit secured.” They preferred, indeed, that the change should take that shape, following the English commercial maxim: “most produce by least labor.” “Why,” they asked, “waste the productive force of four proprietors and sixteen horses to do that which one proprietor and six horses can do better?” The other party “considered the promotion of the welfare of the actually-existing occupants of the soil as the true problem of the statesman;” else they “saw the likelihood of obtaining a class of proprietors who would have no moral interest in the welfare of the country, and they felt the importance of a numerous class of small landholders.” Happily their counsels prevailed; the transition was effected by impartial legislation, and not on English principles nor by English methods. The

peasant secured the complete control of his own labor, and rose from a state of villeinage to the freedom of a landowner; in return he ceded to his former master a portion of the land he had held, retaining the rest in fee simple. All restrictions on the sale of land were removed, and provision was made for cutting off entails. This measure was enlarged and extended to all parts of the kingdom in 1811. It aimed at the highest end of national economy, the welfare of the people; it secured the lower also—the maximum of production from the soil.

Since its adoption, the yeoman class has grown in numbers, wealth and independence. In Westphalia especially, land constantly passes into their hands by purchase. Its price has risen rapidly; it rose seventy-five per cent. between 1829 and 1843. The bulk of it is now in the hands of the actual tillers of the soil; the agricultural methods are very greatly improved, and the *bauer* is now proverbial for thrift and industry.

if we remained "agrarian" throughout the whole country we would just hurt farmers, actually. You need that equilibrium after seeing that your interests are fr harmonious

§ 92. Another chief point in the economy of land is to secure and preserve an equilibrium of the three great elements of the industrial state—the agricultural, the commercial and the manufacturing. To cherish and foster agriculture alone is not to cherish it at all. The farmer's work, unless misdirected and wasteful, produces more than furnishes food for himself and his household. Were it otherwise the whole population would have to be employed in agriculture, as was the case in the earliest period of the art. The existence of such a surplus sets free a part of the population to engage in work of producing other things that society counts among the necessities and comforts of life. When this class, and the number of persons needed for the exchange of the products of both classes, are large enough to consume the ordinary surplus product of the farming class, the three classes stand in equilibrium; the farmer is assured of a market for his crop, and of a fair exchange of other objects

of desire for what he can spare. But if these two classes are not large enough to consume his surplus, the equilibrium does not exist, and the farmer must suffer accordingly. His labor goes for nought; his crop rots in the fields, or if gathered and taken to market, brings a trifling price because farmers are underbidding each other for the small sales that are possible. In our Mississippi valley, for instance, the equilibrium of the two classes has not yet been attained. “The burning of corn for fuel in the West, of which we hear dismal stories once in seven years, is an indication that too many people there are engaged in farming and too few in manufacturing” (*The Nation*, New York, 1869).

In the absence of a sufficient home market, the foreign demand for breadstuffs and other farm produce is the only dependence of the farmer. For reasons hereafter given, the exchange of raw produce for manufactured goods between distant points can never be a remunerative one for the producer of the former. Were the rural economy of every nation wisely managed, no such exchange could take place; save in years of extraordinary scarcity the transportation of large quantities of breadstuffs and the like across the seas would not be thought of. The foreign market can therefore last no longer than the bad management of a few densely peopled countries lasts; with every advance in agricultural methods and rural economy it must threaten to disappear.

real recognize real

§ 101. The historical refutation of Mr. Ricardo's theory, which is presented by the history of the settlement of the various countries of the earth, was first given to the world by Mr. H. C. Carey in his book *The Past, the Present and the Future* (1848). It is worthy of study, not only as a refutation of a dismal theory of the destiny of mankind, but for the light it casts upon the economic side of the world's history, and indirectly upon other sides also. It might be easily and fairly elaborated into an economical history of the earth, for that history is nothing but the story of man's conquest of nature's resistance and the progressive mastery of her manifold utilities.

wages and class collaboration

§ 132. If the English theory as to the relations of labor and capital is true, then there is no hope for the essential improvement of the workingman's condition so long as the existing order of society holds its ground. What labor gains on one side it for ever loses on the other, and as often as it rolls the Sisyphian rock—the rate of wages—up the hill, it rolls down again to crush and destroy the workman. All the old pictures of foiled effort, with which the Greeks peopled their Hades, become but pictures of the efforts of the working classes to raise their condition above the wretched standard called “natural wages.”

Those who are striving to rouse the working classes to overthrow the frame-work of modern society and its economic basis, the right of property, are not slow to discern this. Thus the leader of the German socialists, Lasalle, based his fierce denunciations of modern civilization and its proprietary rights upon the recognised doctrines of the English school, claiming to be “equipped with all the knowledge of the age” on this subject. His chief opponent, his successful rival in the love and allegiance of the working classes of Germany, is Schulze-Delitzsch, who has devoted his life to showing the working classes that they

can improve their condition simply by removing unnatural obstacles to improvement, by availing themselves of the great drift of society towards an equality of condition, and without for an instant lifting their hands against the accumulations and the vested rights of the rich. In doing so, he ranged himself on the side of the German-American school of economists founded by List and represented by H. C. Carey, telling Herr Lasalle that if he had taken the pains to go over the whole field he would have found better teachers and better principles than those of Malthus and Ricardo.

harmony of interests between capitalists and laborers

§ 134. Capitalists are, of course, more ready than workingmen to listen to the English arguments in favor of the necessity and naturalness of a low rate of wages. But the effort to keep the workingman down to such a rate ignores the very nature of the instrument that is to be used. It is to adopt as a maxim of economy the fundamental falsehood of slavery,—that a man may be treated as a thing. The law of parsimony is a wise one in dealing with the material, but not with the workman. Every needless pound of iron on the locomotive, every needless pound of coal in the fire-place, is so much waste of the moving force. Every unnecessary ton of iron on the girders of the bridge merely adds to the weight to be sustained, without proportionally increasing the strength that sustains it. So in regard to cost of material; what is needless is waste.

But when we come to apply the law of parsimony to the complex being called man, we discover by experience that there are very decided limits to its application. Here at least “there is that scattereth and yet increaseth, and there is that withholdeth more than is meet, and it tendeth to poverty.” The lowest


wages that you can get a man to live on, will not get the best work out of him. Put a whole people on such wages, and keep them there—if you can—for two or three generations, and you will have crushed the energy, the spirit, the heart out of that people, and made them a very inferior and unprofitable class of workmen. You will have taken away from the great mass of them the means of advancing in intelligence; their physical character will have deteriorated greatly; their social morality—their good-will, and public spirit, and ready helpfulness, and brotherly feeling—will have been pretty thoroughly eliminated. Factories will be full of the inflammable human stuff, to which demagogues furnish the spark. The stability of the social edifice, and consequently the security of property, will be endangered. Instead of cheerful, pains-taking, thrifty work, eye-service alone will be rendered, and profits will suffer from waste more than they would from high wages.

On the other hand, wages that put heart and hope into a man, that make him feel that his personal efforts and his best work are needed to keep them at present rates, that offer him the prospect of becoming his own master by frugality, that enable him to educate his children to fill a place like his own intelligently, or perhaps to rise to a higher place,—such wages are in the long run the best of investments. It cannot be said that capitalists any more than workmen, have always been alive to this substantial harmony of their interests. When the higher rate of wages has been adopted, it has too commonly been after a conflict between the two classes, through which much of its good effect upon the workmen has been destroyed.

Slavery not worth it

§ 136. The history of labor shows the wisdom of generous dealing with the laborer. In the earliest ages, he was generally a slave; but it was found that slave labor was dear at any price. Homer says :—

“ The day
That makes a man a slave, takes half his worth away.”

Pliny tells us *Coli rura ab ergastulis pessimum est, et quicquid agitur a desperantibus* (It is the worst possible tillage that is carried on by slaves, nor are they more fit for any other sort of work, because they are devoid of hope). A southern slaveholder told Frederick Law Olmstead : “ In working  we must always calculate that they will not labor at all except to avoid punishment, and they will never do more than just enough to save themselves from being punished, and no amount of punishment will prevent their working carelessly and indifferently.” Why should it? “ Fear,” says Bentham, “ leads the laborer to hide his powers, rather than to show them; to remain below, rather than to surpass himself. . . . By displaying superior capacity, the slave would only raise the measure of his ordinary duties; by a work of supererogation he would only prepare punishment for himself. His ambition is the reverse of that of the freeman; he seeks to descend in the scale of industry, rather than to ascend.” And just the same must be the effects of a system in which the workman’s wages are fixed by his necessities and not by his work.



§ 151. These Unions, originating in England about half a century ago (at first merely as Benefit Societies, which most of them still are), have spread into France and Germany, and the United States. They were brought across the ocean by English

THE RESTORATION OF HARMONY.

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and Welsh operatives, attracted to our shores by the superior advantages possessed by our working classes. They are still an exotic on our soil; their strikes are generally in the hands of persons of foreign birth; they have never attained the completeness of organization and the effective management that characterize those of England. This is due to the fact that there is really no such need of them in a country where every man can leave the workshop and become a farmer if he will; where the supply of skilled workmen generally falls far below the demand; where the utmost freedom of association co-exists with the habit of spontaneous action; where wages are steadily and materially advancing; where public sentiment gives no support to the doctrine that low wages are best; and where social and political prestige is rather on the side of numbers, than on that of wealth and the capitalists. They have unquestionably checked the

Goes hard

§ 152. Labor and capital in conflict are in an unnatural state ; harmony is their true relation. For reasons already given, capital finds its account in the cheerful service of labor, not in its discontent. To labor, capital is a benefactor in the highest sense ; were the whole class of capitalists with all their accumulations to be annihilated, labor would be reduced to indigence and a struggle for existence more severe than can easily be conceived. The capitalist is the captain of industry, who takes the unorganized mob of men, drills it into a disciplined army, supplies them with weapons, ammunition and a commissariat, and leads them to industrial conquests. He is able to do so because he has accumulated instead of merely consuming ; his

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right to his million rests on exactly the same ground as the workman's right to his week's earnings.

When increasing money supply is a benefit and where money drifts

§ 162. The element of truth in this mechanical theory is separated from the falsehood in Mr. Patterson's statement: "An addition to the currency of a country is not necessarily a benefit. . . . If the currency be doubled, *while the productions of that country and the demand for money remain as they were*, the double amount will do no more than the lesser one,—only all prices, wages, rents, etc., will be doubled in amount. The prices which a farmer or manufacturer gets for his goods will be increased; but so also in similar proportion will be the amount of his outlay in rent and taxes. It is like adding to both sides of an equation. It would be a sheer waste of money. . . . A case like this, however, never occurs in the actual world." And why? Because in the actual world money is always drifting to the nations whose industry and enterprise give it the highest utility,—to the nations whose increased productiveness and increased demand for money furnish a sphere of usefulness to the increase,—to the nations whose worth, honor and intelligence

MORE MONEY, MORE PRODUCTION.

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make them the safest depositories of the world's loose cash, and thus the centres of credit. England has raised her coin

When he says progressive he means countries not "industrially inert" or stagnant, stationary, etc.

§ 163. The influx of money into a progressive country is one of the most powerful promoters and increasers of production. To money (as to labor) "time is money;" whoever possesses it must seek an investment for it, or lose the profits; when it is plenty, all sorts of productive work are stimulated; labor is the master of capital, and industrial enterprise gains a more than proportionally larger return for its outlay, with every increase of the outlay. Labor becomes more productive as the instrument of association is more universally accessible. Its price rises while that of commodities falls.

The drain of money away from a country does not make it—as some have said—"a good place to buy in but a bad place to sell in,"—just the reverse. It makes it a bad place in which to buy anything but special products of its soil or climate, because although labor is cheap, the commodities produced by labor are dear through its inefficiency. It makes it, therefore, a good place for the sale of the merchandise of countries more happily situated. "To him that hath shall be given." Money tends to where money is; start a shilling in circulation in Thibet or Central Africa, and the chances are that it will turn up in London. It will do so, because the presence of great accumu-

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lations of capital in England, have made English labor productive to a degree that outweighs all other considerations.

1st and 2nd Bank of the US

§ 182. The old Bank of the United States was chartered by the U. S. Congress in 1791, on the recommendation of Alexander Hamilton, whose report on the subject is a masterly state paper. When the charter had expired in 1811, the party of strict construction—i. e., those who believed in giving the general government as little power as possible—were in possession of power and refused to renew the charter. The local banks chartered by the states alone remained, with capital by no means equal to the demands upon them. Great expansions were followed by sudden contractions of the currency, the banks always "protecting themselves" at the expense of their customers by sudden retrenchment of circulation, rather than sacrifice any part of the large amount of government stocks that they held. Well might Matthew Carey protest, "that abstracted from all attention to the interests of the community, it is supereminently absurd, impolitic, and injurious, as it regards the interests merely of the banks, to press citizens into the vortex of bankruptcy;" and "that those sudden vibrations of bank accommodation whereby money is rendered superabundant at one time and immoderately scarce at another, are favorable to speculation and the wealthy alone,—and are pernicious to morals, industry, trade and commerce,—that they tend to enrich the wealthy and impoverish those who stand in the middle and lower walks of life,—in a word, to make the rich richer and the poor poorer."

§ 183. The second U. S. Bank was chartered in 1816, a charter granted two years previously having been defeated by the veto of President Madison. Its earlier years covered a period of great financial prostration (1816–24); its later period was one of great inflation and general speculation (1833–6); the nine years between were marked by a sober and steady growth in all the elements of national prosperity. The history of the bank and its national influence has been the subject of bitter and protracted controversy. We incline to the view that it rendered the nation great services in helping it out of the time of distress, and was in no wise responsible for the inflation and reckless trading that culminated in the crisis of 1837–8. It furnished a national currency that passed current in every part of the Union, at a time when the complexity of a score of different banking systems, and the existence of numbers of fraudulent banks, prevented the notes of any other bank from possessing more than a local circulation. It raised the public credit by accepting public bonds as subscriptions for bank stock. It evinced the solidity of its monetary basis by sustaining for years the attacks of a powerful political faction, headed by President Jackson. When at last it failed to obtain a renewal of its charter, and thus ceased to be a national and became a state bank, it was at the same time greatly weakened both in actual resources and in public confidence by the withdrawal of the government deposits. It engaged in speculations, and the failure of these, joined to the hostility of the then dominant political party, involved its ruin, but it cannot be held to have verified the prophecies of its enemies.

The nation that spends its surplus labor in producing goods using its raw materials is gaining by it, even if

§ 220. (2) The theory assumes that the chief end of national as of individual economy is to save labor, whereas the great problem is how to employ it productively. If buying in the cheapest market reduce the amount of employment, it will be for the nation that does it the dearest of all buying. A farmer who spends his idle hours in making a sled might have got one at the factory for the price of wheat that cost him less labor; but he may have been wiser in making than in buying, because those idle hours would otherwise have been wasted. The nation that spends its surplus labor,—and every nation has a surplus of it,—in working up its raw material into goods is gaining by the business, even though it may employ that labor less effectively than another that has more experience and capital. The people of Denmark spend their long and bleak winters in spinning and weaving home-made goods that England would furnish them more cheaply than they make them. The nation says, with one consent, through its national government, “we will not buy of you what we can make ourselves, for if we did our time would be lost.” England herself is an illustration of what we mean. “If every man and woman and child returned as a worker in

England's "false position" of being the workshop of the world by leaning so far into manufacturing and trade at the expense of agriculture forces it to "wage war upon the industries of other countries."

the census had full employment, at full wages, for forty-eight weeks out of the fifty-two, England would be a perfect Paradise for workingmen. We should be in the Millennium! Far other is the real state of affairs. Taking all the facts into account, I come to the conclusion that for loss of work from every cause, and for the non-effectives up to sixty-five years of age, who are included in the census, we ought to deduct fully twenty per cent. from the nominal full-time wages" of the lower classes as a whole.

See R. Dudley Baxter's *National Income of the United Kingdom*. (London 1868.)

The problem thus presented is not an insoluble one for any country. It is the problem of the due balance of the three great elements of the industrial state. England has missed its solution chiefly through the rending the people away from the land, the establishment of a system of agriculture that lacks aggressiveness and full productive power, and her consequent dependence upon foreign harvests. Millions of the English people who should be living by the land and owning it, sit prisoners in English workhouses, or crowd the lanes and back streets of her manufacturing towns. Our danger is in the other direction—an undue development of agriculture and foreign trade to the neglect of varied industry.

§ 221. (3) In adopting, therefore, a purely passive policy, we should not be accepting the natural order of things, but accommodating ourselves to a thoroughly artificial order. The false position in which England finds herself compels her to wage war upon the industries of other countries; for us to sit idle and passive while she does so by means of the vast masses of capital concentrated in the hands of a few capitalists, would be as weak as to sit idle and passive while her fleet bombarded Boston or New York. The English ideal—forced upon them by their position—is that their country should be “the workshop of the world” and all other countries her dependencies. She is, in their view, “like a vast city to which the less peopled parts of the civilized world are an agricultural country, which is glad to send

its overplus of provisions [of raw materials] in exchange for the luxuries and conveniences of a manufacturing region” (Thorold Rogers). “England's position is not that of a great landed proprietor, with an assured revenue, and only subject to occasional loss of crops or hostile depredations. It is that of a great merchant, who by immense skill and capital has gained the front rank and developed an enormous commerce, but has to support an ever-increasing host of dependants. He has to encounter the risks of trade and to face jealous rivals. . . . England is more favorably situated than any country, except the United States, for manufactures and commerce. . . . The future rise of the United States into a great manufacturing and naval power, appears the most probable and certain cause which will place a limit to our national increased prosperity” (Dudley Baxter). The United States and British colonies “are young and rising countries; industries, as yet nascent, are thoroughly suited to the natural capacity of the region and of the people, the latter being of the same stock as the mother country, whose manufactures they prohibit or discourage. There is no reason, apparently, except priority in the market, why the industry of the old country should not be transplanted to the new” (Thorold Rogers).

In other words, England having by a bad national economy destroyed the equilibrium of agriculture and manufactures at home, and thereby made herself dependent upon other peoples for the supply of food and a market for her wares, must now do her best to prevent these new countries from attaining that equilibrium. If they attain it, that will “place a limit to her increase and prosperity,” and unless emigration surpass everything that the world has seen, will produce first wide-spread misery and then domestic chaos. She must, therefore, use all her powers of capital and persuasion to keep off the evil day. Although she professes to believe, and persuades herself that she believes, in the solidarity of interests, and exhorts men

From growing commerce loose the latest chain,
 . . . Till each man finds his own in all men's good,
 And all men work in noble brotherhood;

yet she cannot but see in this national growth of the industry of these new peoples an injury to her own well-being. All English arguments and exhortations to passivity, however sincere, lie, therefore, under a just suspicion, as special pleadings.
Facile homines credunt, id quod volunt.

The unfair exchange of one country's raw materials for another's manufactures.

Unless you think getting continually swindled using an already risky business model is cool, being a drawer of water and hewer of wood for another nation is actually not based, believe it or not.

§ 222. (4) The commerce proposed by this theory is the exchange of the raw materials of some countries for the manufactured productions of others. It is therefore an unfair exchange, [1] one side pays for the transportation of bulky and costly articles over great distances; the other pays for the transfer of goods of the same value but condensed in form. The burden of transportation, the chief tax upon production, falls therefore heavily upon the producer of raw material, lightly upon the manufacturer who exchanges with him. But as long as comparative cheapness is the one test by which an industry must stand or fall, the producer has no redress. He cannot say that he will sell to the nearer consumer and save the cost of transportation. His farming or planting may be a ruinous exhaustion of the land that does little or nothing to fill his purse, but there is nothing else for him, so long as the foreigner can undersell home-made goods, prevent the establishment of factories, and close those that have been established.

[2] The exchange is unfair through the unequal distribution of risks. The producer of raw materials depends upon a thousand contingencies for his success, of which other producers know nothing. A bad crop or harvest may leave planter or farmer with nothing to sell; a good one may overstock the market and pull wheat and cotton so low that the cost of transportation absorbs nearly the whole price. But the manufacturer can foresee demand and adjust the supply to it, running his mill over-time at one period, under-time at another. The English distribution of functions thus assigns all the certainties to one nation, all the risks to another.

§ 223. This contingency is the chief element in fixing the price of raw materials. Their supply vibrates between distant extremes of scarcity and plenty. Their producer finds a great loss in

“BUYING BACK THE TAIL.”

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either. The manufacturer, through his larger power of adjustment to demand, can ordinarily avoid these ruinous extremes. The country that exports raw material is continually losing the fair returns of its labor through these variations, while it takes in pay goods at a price that is permanent and profitable to the manufacturer. Such a country is consequently a large exporter of the precious metals to pay for its importations.

[3] It was an old and a true jest of the manufacturing countries at the expense of those who supplied them with raw material and took manufactures in exchange, that these latter “sold the hide for sixpence and bought back the tails for a shilling.” Take the

How the industrial development of a nation could be arrested from without

§ 229. This industrial growth is the natural course of all progressive societies. They grow more diversified in their work, if the constitution and course of their nature be not interfered with. Were there no possibility of interference, the whole process might be left to nature, except so far as legislation is needed to restrain those who are unwilling to give justice to the rest.

Interferences, however, do arise; some from within, some from without. Unjust laws, artificial panics, badly imposed or excessive taxes, unwise economy of labor, restrictions on home trade, the currency of doubtful money and false theories, the absence of general education and intelligence, and many other things already adverted to, prevent the industrial community from going forward as it might. To remove all such restrictions must be among the first duties of the statesman as an economist.

§ 230. But interferences come from without also. Sometimes these grow out of wars and conquests, as when the Philistines would not allow the Israelites to carry on the trade of the smith, lest they “should make them swords or spears,” and he who needed a smith’s help had to go down to Philistia. At others they grow out of the state of dependence in which one country

stands to another. Colonies have been continually cramped and held back, that they might contribute to the profits of industry in the mother country, rather than develop a native industry of their own. In 1827 Mr. Huskisson of the British ministry told our Minister “that it was the intention of the British government to consider the intercourse of the British colonies as being exclusively under its control, and any relaxation from the colonial system as an indulgence, to be granted on such terms as might suit the policy of Great Britain at the time it was granted.”

§ 231. But without the employment of either military force or political domination, it is possible and not unusual for one country to keep another in a state of industrial dependence and check its growth. Were all countries equal at the start and sure to remain so, this could not happen. If they had all the same command of capital, had they all equal skill and intelligence, were they all subject to the same taxation, then any aggression could be but temporary and would be punished by equal loss in some other direction. But this is by no means the actual state even of the nations called civilized. No two of them have reached the same point in industrial development, some are far ahead, because of an earlier use of natural advantages; others lag far behind, though they are striving with all energy to come up.

Suppose, now, that two nations that differ thus should establish full and free commercial intercourse between each other, what will be the necessary effect? At first sight it might seem that the rich nation would be conferring benefits upon the poorer one, which the other could but feebly return; that the difference between them would be gradually and steadily diminished through the poorer nation coming forward in industrial development, and taking an ever higher place, and that more rapidly than before.

But experience shows that just the reverse of this is the case. The rich nation becomes, for a time at least, richer by the exchange; the poor nation permanently poorer. The former, through its command of cheap capital, and, by consequence, its

greater division and efficiency of labor, can continually undersell the latter in whatever it chooses to export to it, for it can send its manufactured goods at prices with which the manufacturers of the other cannot compete. The process of accumulating capital in the poorer country is decisively checked; its people are reduced from what variety of industry and mutual exchange of services they had possessed, to a uniformity of employment in which no man needs or helps his neighbor. Their power of association is destroyed; money, the instrument of association, is drained out of the country. Nothing is left them but the production of such raw materials as the richer nation chooses to buy, and how unprofitable a commerce of that sort is, we have already seen (§ 222). The country steadily declines in all the elements of productive power, even in the character of the single home industry that is left it (§ 92). "From him that hath not" is "taken away that which he seemeth to have."

Libertarians smashed, shattered, ruined by the great and true ruler that can distinguish between people's higher and purer will from their lower, self-indulgent moods and through whom the national will is expressed

§ 232. Here a sweeping objection meets us. A number of theorists tell us that "even if this be the result of unrestricted trade between two such countries, the weaker has no lawful power to put a stop to it. The sphere and duties of government do not extend to the direction and regulation of industry. It might as well undertake to tell its people what they are to believe, as to tell them what they must make, and where they must buy. The right to exchange one's property wherever one pleases, is a part of the right of property itself. It is robbery of the individual citizen, therefore, to say that he shall so manage his buying and selling as to foster a native rather than a foreign industry." "I assume," says Prof. Thorold Rogers, "that there are such rights as are called natural, and that these are the inalienable conditions under which individuals take part in social life. No one questions the natural right of free exchange."

This notion rests on the old exploded fiction that men passed out of a state of nature into the social state by a social contract, in which so much of their natural rights as were necessary to the being of society were given up, and all others were

retained. But, as already stated (§ 23), natural rights of individuals have no existence in any real sense except in society itself, and wherever the *well-being* of society demands it, they must give way. It rests with the recognised authorities of the nation, those through whom the national will expresses itself, to say how far this is necessary, and when that decision is made, no one has a right to complain of spoliation. Else it would be the moral right of every citizen to refuse to pay school-tax, or a tax for any other purpose that the bare existence of the state did not involve.

This theory would introduce the most utter slavery, the despotism of the individual will, under the plea of liberty. It would give to every individual in the state the *liberum veto*, by which Poland was ruined. It would leave no choice with any nation but to follow a policy of inaction that would expose its people to the utmost suffering, and ultimately lead to the destruction of the bonds of society. And even if there were not one dissenting voice within the nation itself, still the unanimity could take no effect for lack of a proper organ for its expression. The uncertain agency of voluntary leagues and associations would be the only means,—a means altogether insufficient,—to carry out their purpose. When the sense of national necessity was clear and strong, the people would abide by such voluntary decisions, but in more ordinary moods they would begin to say: "What matter will it make if I buy this of one man, and not from another? It is but a drop in the bucket after all." Now the very function of the government is to express and embody the higher and purer will of the people, and not their lower, self-indulgent moods. The great and true ruler is the one who can distinguish between the two, and direct his policy accordingly.

If it be the first duty of the nation to provide for its own existence, there is involved in that the duty to promote the largest and fullest existence possible, the free development of all sides of the national life

§ 233. In the state, therefore, inheres the right to promote the industrial development of the people, as necessary to their "general welfare." And the right is no less than a duty. If it be the first duty of the nation to provide for its own existence, there is involved in that the duty to promote the largest and fullest existence possible, the free development of all sides of the national life. If the state exist that justice may be done, that justice is not to be conceived merely in the jural sense; as the popular phrase extends its application, the people must be allowed "to do themselves justice," and all obstacles to that end must be removed. If the state exist that freedom may be attained and realized for its people, then it must make such provision that its people shall possess real industrial freedom,—the freedom of neighborhood commerce and mutual service with each other. It puts restraint upon the international trade, that the far more important domestic trade may exist and be free.

"But are not its citizens at all times free to trade wherever they please, without its interference? If they think it best to buy of the home producer they can do so."

They are not free, if no one can undertake to produce what they need at home, for want of assurance and security. In such a case the right and natural thing is for the people to say, through their organ, the government, "Go ahead; build your factory; put in your machinery; we will buy of you." In so saying they are acting out their own freedom of choice to the fullest degree. They are saying, "We choose to have a free choice between the home and the foreign maker, and so we pledge ourselves that the former shall have a chance to establish himself." All freedom is won by sacrifice; the wise and far-sighted people is the one that will make the sacrifice—that will suffer the pains of a bloody revolution, as more endurable than the long, wasting misery that centuries of tyranny inflict. Such a principle will not be left out of sight when such a people enters the work-shop and the factory.

Economic interdependence debunked. How will globalists ever recover

235. It is sometimes urged as an argument in favor of unrestricted trade, that "the mutual dependence of the nations thus produced is eminently promotive of the cause of international peace. It will put the nations under bonds to keep the peace, by placing each of them in such a relation to the rest that a war with any other will inflict ruinous losses upon its industries, and therefore it will create within each a sentiment in favor of peace, and a class whose interests are bound up with its preservation."

An unhappy comment upon this rose-colored theory is found in the fact that the majority of modern wars have been undertaken, not for national honor or pride, but for the sake of trade,—“the fair, white-winged peace-maker.” The communities most at war with the rest of the world have generally been those in which the spirit of trade predominated—Tyre, Carthage, Venice, England, &c. A great English military historian and general, Sir W. Napier, lays it down as a rule that the traders have begun the wars and the soldiers have ended them (See §§ 274, 291, note).

Specific vs ad valorem duties, benefits/advantages of specific duties

Another question of method is the choice between specific and *ad valorem* duties. The former exact so much for each pound, yard's length or square foot of all goods of a given kind, with no reference to their comparative fineness or value. The latter taxes each class of goods a certain percentage on their sworn value. The specific form of duty is preferable, (1) because its proper amount is most easily and surely ascertained. It enables

government to dispense largely or altogether with "Custom-house oaths;" renders false invoices as good as useless. (2) Because it gives the largest protection to the manufacture of those cheaper and bulkier articles which are of prime necessity to the nation. It thus furnishes a primary school of industrial education, in which the working classes and their captains of industry learn to make cheap things before they attempt those that require finer elaboration. (3) It diminishes smuggling. To bring in goods without paying duty requires a degree of concealment that is impossible in the case of the coarser wares; while the smallness of the duty upon the others, in comparison with their cost, makes it not worth while to run the risk of detection. (4) It does not, as *ad valorem* duties do, intensify the fluctuations in the price of an imported article, by admitting it at a low duty when it is cheap, and imposing a higher duty when it is dear. Especially in times of crisis and distress, when an industry is ready to perish, it does not, as *ad valorem* duties do, invite foreign rivals to complete the ruin, by allowing their goods to enter almost duty free; but by its unvarying defence against such assaults revives the fainting industry.

Following England's example rather than her precepts

§ 241. We sometimes hear it said in reply: "Skilled artisans are as well off in England under Free Trade as in America under Protection. Their week's wages will buy them more

broadcloth, Sevres china, fine cutlery, &c., than it would in America." They ought to be much better off; a country that possesses the vast capital that England has, and can carry the organization of labor to the perfection it has there reached, should pay her workmen at rates with which the rest of the world could not compete. We ought to see a growing scarcity of skilled labor in America, through the emigration of our artisans thither. But, in fact, we find our workshops and factories full of her workmen, and an immigration of them to America since the restrictive policy was adopted, such as there never was before.

But all this is beside the question. The question is not between free trade and protection, but between the varied industry that England acquired by long persistence in protection, and that she will retain under any system, and the want of it, from which we can only be saved by following England's example rather than her precepts.

Effect of secured home market on soil fertility

across the ocean. "In my opinion it would be improper to estimate the total annual waste of the country at less than equal to the mineral constituents of fifteen hundred million bushels of corn. To suppose this can continue is simply ridiculous. As yet we have much virgin soil, and it will be long ere we reap the full fruits of our improvidence; but it is merely a question of time. With our earth-butcery and prodigality we are each year losing the intrinsic essence of our vitality" (Geo. E. Waring). In some parts of the country it is no longer a question of time. Districts like the region around Albany will now yield but a third the amount of wheat that the first settlers got from them. The New Englanders have been the most wasteful of our farmers. Wherever they have settled, as in western New York, the soil has been blighted under their feet. On the other hand, the grain farmers of eastern Pennsylvania, by their steady care to keep up the fertility of the soil, have made their lands more valuable with every year. Not that their methods are first-rate; any one who has seen a European farm knows how much they have to learn, especially on the utilization of manures. But by sowing clover, a plant whose roots thrust themselves down to the subsoil and take mineral sustenance from that, and by ploughing down the clover with lime, the land has been kept up to a fair degree of fertility. The possession of a home market, however, and the command of the refuse of our towns and factories, and the opportunity to keep large numbers of cattle and to alternate other crops with grain, have been the chief cause of their prosperity. The farmer who has his market at hand, unless he be unusually thriftless and wasteful, can go on year after year improving the instrument by which he makes his living; he who depends on a distant market has no choice, as he must go on, year after year, destroying it.

A lot here but Thompson explains here how a protectionist policy destroys the tyranny of the middlemen, but doesn't destroy, only transforms, commerce overall. Also how England preaching free trade in a sense backfired, as f.t. countries tended to trade less and less actual goods

§ 252. Thirdly, the people of a nation reap a benefit from the restrictive policy, in that it applies the law of parsimony to the number of the *commercial* class, and to their profits.

A country is wealthy in proportion to the amount of its labor for which it can find productive employment, in directing either the organic or the formal changes of matter that fit it for man's use. But the trader and those whom he directly employs produce nothing; he only contributes to the productiveness of labor by saving the time that the producer might otherwise waste in seeking a purchaser. The more the service of the trader is needed, the less is the net benefit derived from him, because the greater in that case is the amount of the tax he imposes upon the article on its way from the producer to the consumer. This tax is ordinarily greatest when the distance between the producer and the consumer is greatest, and, as we have seen, is in that case not limited to the cost of transportation and a fair profit for his services. By practices and methods, of which artificial scarcities are but extreme instances, the price of the goods that he transmits is lowered or raised at pleasure, either to destroy competition in the market where he sells, or to reap the large profits that far more than repay him for that and other sacrifices. That these profits are ordinarily excessive in the absence of home competition is evident from the fact that he can afford to pay a considerable share of the protective duties designed to create home competition.

The restrictive policy brings the producer and the consumer into neighborhood, and thus diminishes their need of the trader, and weakens his power over them. The heavy tax of trans-

portation is saved; men are set free from that most laborious and unproductive of occupations to engage in others which are productive, and which this very policy has called into existence. The buyers of an article are no longer dependent upon the trader as to the price they will pay; if it be exorbitant, they can go direct to the producer. The market can no longer be forestalled, because the great and necessary commodities are no longer concentrated in a few hands, but pass in much smaller parcels, and through much fewer hands, from those who produce them to those who need them.

§ 253. Not that this policy destroys international commerce; it only transforms it and makes it more equitable. From an exchange of raw materials for manufactured goods, it raises it to an exchange of manufactured goods on each side. Even if the value of international exchanges is not reduced—and protection often increases them—their bulk and the cost of their transportation are reduced, and that very decidedly. Men have, thereby, more power to command the use of ships, and less need to use them. It gives men at once more power over ships, and ships less power over men—which is the law of progress in regard to the *instruments* of wealth. It restores the equilibrium of foreign exchange, and puts an end to the export of specie from the poorer to the wealthier countries, retaining it where it is most needed by increasing its utility and purchasing power.

A country that continually develops native wealth and industry by a consistent Nationalist policy grows in power to purchase those articles that its own manufactures do not yet supply, or that can only be produced in another climate than its own. The country that has the most diversified industry is best able to patronize the finer industries of other countries. The servant girls of the Northern States before the war bought more English silks than did the slaveholding aristocracy of the South. Every country that carries on an unrestricted trade with another much richer than itself, purchases a less and less valuable class and amount of goods with every generation, till at last its demand

counts for nothing in the markets of the other. In so far as a richer country persuades the poorer ones to follow this policy, she herself becomes less of a workshop and more of a mart; their raw products pass through her ports and factories with ever less of elaboration and an ever greater diminution in their amount. From carrying on commerce *with* the world she sinks to the position of a nation of shopkeepers and traders which carries on commerce for the world.

The relations of Ireland, Portugal and Turkey to England illustrate what we mean. See next chapter. England's very best customers are the Protectionist nations.

Free traders debunked

In short, wherever we turn we find the farsightedness that makes the sacrifice, and the nearsightedness that refuses to make it, set over against one another, and the one approved as wisdom by the consent of mankind, which rejects the other as folly.

§ 256. Protection, adopted for these ends, has the sanction of nearly all the great free trade authorities. Adam Smith conceded that, "by means of such regulations, indeed, a manufacture may sometimes be acquired sooner than it could have been otherwise, and after a certain time may be made as cheap or cheaper than in the foreign country." His chief French disciples are Say, Blanqui, Rossi, and Chevalier. *Say* taught that "protection granted with a view to promote the profitable application of labor and capital might be productive of universal benefit. New modes of employment, though destined to result in great advantage when the workmen have been trained and the preliminary obstacles surmounted, were liable, without the aid of government, to cause heavy loss to the undertaker—a result carefully to be avoided." *Blanqui* writes that "experience has already taught us that a people ought never to deliver over to the chances of foreign trade the fate of its manufactures." *Rossi* declared that "in the conduct of a nation," as in that of

a family, sacrifices needed to be made in the hope of thereby opening "new roads to affluence." *Chevalier* declares that "every nation owes to itself to seek the establishment of diversification in the pursuits of its people, as Germany and England have already done in regard to cottons and woollens, and as France herself has done in reference to so many and so widely different departments of industry;" that this "is not an abuse of power on the part of the government; on the contrary, it is the accomplishment of a positive duty which required it so to act at each epoch in the progress of a nation as to favor the taking possession of all the branches of industry whose acquisition is authorized by the nature of things. Governments are, in effect, the personification of nations, and it is required that they should exercise their influence in the direction indicated by the general interest, properly studied and fully appreciated." And in his opinion, "combination of varied effort is not only promotive of general prosperity, but is the one and only condition of national progress."

Krieg, Handel und Piraterie
Dreieinig sind sie, nicht zu trennen

A report presented to the British Parliament in 1864 by a commission appointed to investigate the state of industry in the mining districts says :—

“The laboring classes generally in the manufacturing districts of this country, and especially in the iron and coal districts, are very little aware of the extent to which they are often indebted for being employed at all to the immense losses which their employers voluntarily incur in bad times in order to destroy foreign competition, and to gain and keep possession of foreign markets. Authentic instances are well known of employers having, in such times, carried on their works at a loss amounting in the aggregate to £300,000 or £400,000 in the course of three or four years.

“If the efforts of those who encourage the combinations to restrict the amount of labor and to produce strikes were to be successful for any length of time, the great accumulations of capital could no longer be made which enable a few of the most wealthy capitalists to overwhelm all foreign competition in times of great depression, and thus to clear the way for the whole trade to step in when prices revive, and to carry on a great business before foreign capital can again accumulate to such an extent as to be able to establish a competition in prices with any chance of success.

“The great capitals of this country are the great instruments of warfare against the competing capital of foreign countries, and are the most essential instruments now remaining by which our manufacturing supremacy can be maintained; the other elements—cheap labor, abundance of raw materials, means of communication, and skilled labor—being rapidly in process of being equalized.”

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So much for Tennyson's

“ . . . fair, white-winged peace-maker.”

A greater poet had some excuse for making his Faust say :—

“ *Krieg, Handel und Piraterie*

Dreieinig sind sie, nicht zu trennen.”

the over-abstraction of "the consumer"

§ 262. (1) "Protection discriminates against the consumer, in favor of the producer." Who this consumer is, that is neither

WHAT IS HIS INTEREST?

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a producer as well, nor directly dependent upon the prosperity of other people who are producers, is hard to say. His name and the mysteriousness of his character would seem to indicate that he is the Devil. But most likely he is an innocent *ens logicum*, manufactured by the same process of abstraction by which the economists devised their economical man—"a covetous machine, inspired to action only by avarice and the desire of progress." That is, they cut away or stole away (abstracted) the better half of the real being, and persisted in treating the remaining human fragment (if we can call it human) as a living reality. "The consumer" always buys and never sells—has no soul and no patriotism—has no interest but the cheapness of commodities—belongs to none of the classes that make up the industrial state. His sole function in life is to devour the result of other men's labors, but he adds nothing himself to the sum of the utilities that make wealth. There may be a few exceptional persons in the nation that deserve to be called mere consumers—*fruges consumere nati*—but that the national policy is to be for ever directed in accordance with the interests of an insignificant and useless class, is a large assumption. And that their interest lies in the direction of dependence upon the farther producer, instead of the nearer, we have seen reason enough to doubt. "The consumer" must be as short-sighted as he is hard to find, if he thinks it does.

Some people need to read this...

That the protectionist principle bears some resemblance to the false positions of the Communists, or can be made to do so in clever but hostile statements, we do not care to deny. It contains the truth of which communism is the counterfeit falsehood,—the truth that it is the duty of the state to “promote the general welfare.” It thus furnishes the best refutation of

communism, for error is never defeated and put to rest by bare contradictions, but by statement of the truth that lies nearest to them, or even involved in them, and that give them what vitality they have. If the assertion of that duty leads on to communism there is unhappily no escape for the American nation; the country stands already committed to it by the preamble to the United States Constitution. That that preamble pointed to a protectionist policy is clear from the expressions of popular feeling while the Constitution was under discussion, and from the legislation adopted by the first Congress under the new government.

Instinct and Theorycels

§ 269. The theory and the practice of national economy, as already remarked, (§ 6), do not always go hand in hand. The theory in some cases is much better than the practice; men see and approve the better course and follow the worse. In other cases it is worse than the practice, or lags behind it. In all the more necessary and practical affairs of life, men are not left dependent upon the possession of correct theories. They do instinctively the right thing, having no conscious reason, or only a bad one; and after their practice has been repeatedly subjected to the censures or the mockery of shallow theorists, it is at last vindicated by the riper judgment and clearer insight of wiser men.

It is, therefore, a mistake to suppose that the practice of national economy at a time when correct or current theories of the subject had not yet begun to be formed, is unworthy of our study. Men “builted wiser than they knew” in many things; the great and wholesome instincts that grew out of the national life into which they were born, and from which their own life derived half its value, led them aright where they had no theory; and only shallow *doctrinaires* would depreciate the results as having no right to exist, because not attained logically.

Topical!

of his subjects.” But the overthrow of Napoleon, and the release of European nationalities from the imperial yoke, did not bring to England the permanent open market that she expected. France did not for an instant relax her protective system; the Bourbons watered what the Corsican had planted. Germany suffered for a time the misery of a sudden paralysis of her newborn industries, but the rise of the Zollverein put an end to this. Russia and the United States, after a period of Free Trade and industrial depression, both went back to Protection in 1824. Much the same was the course of events all over Europe.

More on the Zollverein

(7) The German people, once dis severed by the frontiers of petty principalities, have been mightily drawn into national and political unity by the industrial policy that recognised the identity of the material interests of these severed parts. It was the Zollverein that made the ideal of German unity popular, though it did not originate it. It was the public sentiment thus created that enabled Prussia in 1866 and 1870 to put herself at the head of a united Germany, and reduce the petty sovereigns of the country to the rank of a landed aristocracy. It was, as Mr. Laing points out, the same growth of public sentiment in power and control over the government, that compelled Prussia to replace her autocratic institutions by a representative system, in which the popular will finds a free and regular expression. Since that time, Dr. Bowring tells us in 1840 “the sentiment of German unity has been brought out of the regions of hope and fancy into those of the positive and material interests.” “Germany in the course of ten years,” says List in 1841, “has advanced a century in prosperity and industry, in national self-respect and power.” “The German people,” says Mr. S. Laing

A National Education

§ 337. Without discussing in detail the merits and defects of our present systems, we shall seek to discover what idea is rightly conveyed by the term *national education*. This term carries us back to the idea of the state as the institution of rights, and as distinguishable into three departments of national activity,—the jural estate, the culture state and the industrial state. Manifestly the second of these now engrosses attention, whereas we hitherto have been chiefly considering the third. A national education, then, is (1) one that develops in the man the intellectual powers and capacities that fit him to understand the ideas and the truths that are the common possession of his fellow-citizens, and that fits him to act with at least that degree of mental freedom that his nation has attained. (2) It is one that impresses upon him the characteristics of an upright and good citizen, a man of public spirit, and a devoted patriot, and that fits him to exercise such political powers as are intrusted to him by the constitution of his country. (3) It is one that gives him such general instruction, and offers him the opportunity to acquire such special training, as will fit him for his special profession, calling or industry, and will enable him to pursue it in the most effective manner.

THE END.

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