

was used largely for hay-caps, and other similar purposes. And not only so, but, with the increased productiveness of labor, capital increases, and hence new wants spring up which have to be supplied by new products. From these and the like causes the demand for labor is kept good, so that, notwithstanding the astonishing increase in the use of labor-saving machinery, the demand for labor was probably never greater than at present. Labor, indeed, under improved processes and means, is more effective than formerly, and hence the laborer can devote more hours to social and self improvement, and less to toil. But these diminished hours are better remunerated as production and capital increase. Hence, the use of labor-saving machinery is a blessing to all classes.

LESSON IX.

STIMULANTS TO LABOR.

1. THE NATURAL DISPOSITION OF MAN TOWARD LABOR.—Man has been styled a “lazy animal,” and with reason. Labor is irksome to him; if it were not, he would value it at nothing, and hence set no price upon its exertion or results. There is, it is true, a certain restlessness and love of activity in man, varying with the temperament, but not a love of continuous and systematic labor, such as is required in all production. Without some regular employment, indeed, man is uneasy and wretched; but yet he will not generally work if he has the means of living without it. He will spend his time in hunting, fishing, traveling, and possibly in speculating, but not in regular labor. And yet we were evidently made for labor. We have all the powers both of body and mind which are requisite

for it. We are capable of studying and knowing the laws of nature, and of supplying the conditions which are necessary in order to secure their operation in production. At the same time, labor is evidently conducive to our health as well as to our real happiness. Without exercise, both the mind and the body dwindle. And though they may both be exercised by way of pastime, yet not so effectually and satisfactorily as by useful labor. Labor, then, is not so much a "curse" as is the want of disposition to it in man. The ground was cursed for man's sake, *i.e.*, in consequence of his lapse, and as a discipline to his perverted disposition toward labor.

2. THE STIMULUS OF NECESSITY TO LABOR.—Man has numerous wants to be supplied, and labor is necessary to supply them. Nature, to be sure, is ready to work for him, but in order to this there is needed much laborious preparation, and the most constant and careful superintendence on his part. Forests must be cleared away; lands must be drained, and broken up, and fertilized; buildings

for comfort and use must be erected; machines must be constructed, and the whole apparatus of production be prepared. And even after all this preparation is made, the constant co-operation and superintendence of man is required in order to success. Hence man must work, or suffer from cold, and heat, and hunger, and thirst, and a thousand other causes. This necessity is as stern and inexorable as nature herself. If no one labors in any way, there must be an utter destitution of all the means of comfort and support. If such a necessity will not goad one to labor, nothing will. And as our Creator has put this necessity upon us as a wholesome stimulus to exertion, it should never be removed by any interference or any of the arrangements of men. It should be borne in mind in all arrangements for the relief and support of the poor. Only those utterly disabled should be wholly provided for by society. In other cases, where they throw themselves upon the community for support, they should be required to labor to the extent of their ability as a condition of their receiving the required aid; and private

aid, as far as possible, should be regulated by the same rule. If benevolent persons would visit the abodes of the poor and the suffering, and in other ways inform themselves of their true condition before administering to their relief, they would do much more good with their benefactions.

3. THE STIMULUS OF SUCCESS.—Want is indeed an indispensable stimulus to labor; but where the want is too great it is apt to lead to despair. When all hope of success is gone, want is no longer a stimulus to labor. Some prospect of success, then, must be added to want in order to create an effective stimulus to labor. When the man who has been struggling with want finds that he is increasing his means by his exertions, even in the smallest degree, he is stimulated to still greater exertions, and so toils on patiently in hope of finally placing himself and family above want. This love of accumulation, once begun, may go on increasing, goading on the individual to greater and still greater exertions, till the fear of want is lost in the love of gain, and he comes

to love the bare possession of property for its own sake, and hence not only denies himself all rest, but almost all use of the products of his labor, till he becomes, in short, the merest miser. Or, on the other hand, allowing his wants to increase with his means, and being pleased and flattered by their indulgence, he may be stimulated to equally great exertions in order to meet these wants and maintain for himself and his family the social position which they covet. Many of these wants, to be sure, are fanciful and none of them are of the same essential character as those spoken of in the preceding paragraph; but they are scarcely less effective in urging on men to unwonted exertions. (In a low state of production, there are not the means for gratifying any thing but the most essential wants; and hence, in such a state, unless one substitutes the love of property, as such, for the love of its use, there is no stimulus to exertion after he has obtained sufficient for the few wants which the state of the arts furnishes the means for gratifying. A reasonable regard to these less essential wants, therefore, is justifiable.

They are indicative of an advanced state of civilization. The savage knows nothing of them.

4. THE STIMULUS OF GOOD LAWS, GOOD MORALS, ETC.—The object of law is to administer justice; and justice has to do largely with the right of property. Now the right of property is the right to hold and use as one pleases—of course in an innocent way—what is his own. Any violation of this right is injustice, and must interfere materially with the development of industry and the accumulation of property. One will not labor for that of which he may at any moment be unjustly deprived. Where, therefore, the government is unjust, and arbitrarily appropriates to itself the property of the subject, as suits its caprice, or fails to defend the subject from the rapacity of others, industry will be comparatively paralyzed. But where the government itself strictly observes the right of property, and obliges all others to observe it, then, property being safe, industry will be rapidly developed. But good laws are made and enforced only by virtuous communities. Hence we see the value of morality

and religion in a community. To maintain them costs something, of course, as does every thing else which is valuable. But they are worth all they cost. Indeed, without them, neither life, character, nor property is safe, and would be of little worth if they were.

5. OF PROTECTIVE LAWS.—Laws are often passed by governments, laying a duty on articles imported from other countries as a protection to the like articles produced at home. Such laws evidently tend to stimulate industry in those departments, since they make it more remunerative. But the question is, whether they stimulate industry on the whole. No reasonable objection can be brought against a revenue tariff which assesses duties equitably on imported articles, with due reference to the different departments of industry, and solely for the purpose of revenue. It might indeed be said, that it would be better to raise the revenue on internal productions, and thus leave commerce with other nations free. But besides that men pay internal duties more reluctantly than they do external duties

Dif kinds of taxation named

raised indirectly on imports, it is clearly both impolitic and unjust to exempt foreigners from paying duties on articles on which we compel our own citizens to pay them. We can not certainly be expected to do better by others than we do by ourselves. But a tariff designed simply and solely to protect certain articles from foreign competition can rarely be justified,—never, indeed, except on the ground that the production of these articles is necessary for the defense and independence of the nation, or that their protection for a time will, by creating facilities for their manufacture, diminish their price in the end. In the early history of a country there are undoubtedly many articles of this kind which should be protected; it was so, unquestionably, in our early history. But I can not believe that, to any considerable extent at least, it is any longer so. The great civil war which has just ceased has shown that all the arts of production are sufficiently advanced among us to meet any emergency. And as the consumers of any article are always vastly more numerous than the producers, it must be better for the whole that

each one should be allowed to buy where he can buy the cheapest. And even when prevented from doing this in any part of the world by a protective tariff, it does not help the case to retaliate by a like tariff: it is better to adhere to the right ourselves, and protest against the wrong.

It is quite clear that were each individual and each nation to produce what they can produce cheapest and best, and all exchange with each other without any commercial restrictions, the wants of the world would be the best supplied. It must be better for nations abounding in agricultural and mineral resources to create such products and exchange them for manufactured articles with nations possessing manufacturing facilities, than to attempt by unnatural stimulants to produce their own manufactured articles. Exchanges, being free, would of course be more numerous, and hence the business of the world also would be greater, and not only greater, but far more stable and reliable, since protective duties in any department of industry present an unnatural stimulus, which inevitably leads to over-production, and in the end

to ruinous revulsions. Our most stable manufactures are those that have grown up in a natural way without any protection; such as the manufacture of shoes, of printing-presses, of locomotives, sewing-machines, etc.

6. BOUNTIES, INSTEAD OF A TARIFF.—The effect of a duty on the importation of any article is, to raise to the amount of that duty the price of every bushel, pound, or yard of that article, whether produced at home or abroad. Hence, if the consumption of wool, for instance, in this country be 100,000,000 pounds a year, a duty of ten cents a pound on wool would add \$10,000,000 to the sum which the people of the country would have to pay for their cloth; while the wool-growers of the country producing, perhaps, not more than one-half of the whole amount consumed, would receive but one-half of this sum—say \$5,000,000. It would be cheaper, then, for the people to contribute this \$5,000,000 directly to the government, that they might bestow it on our wool-growers in the form of a *bounty*, and thus keep down the price of cloth at

least to the extent of the other \$5,000,000, by allowing wool from abroad to come in free. Hence we see the folly of laying a heavier duty on the importation of any article from another country than exceeds the difference in the cost of producing the article in the two countries. Articles coming from countries where the cheapness of labor and other facilities diminish the cost of their production, may well be charged with a duty equal to that diminution; any thing beyond this is only inflicting an injury on ourselves.

LESSON X.

BURDENS ON LABOR (TAXES).

1. THE DESIGN OF TAXES.—Taxes are indeed a burden on industry, though this is not their design. They are designed for the support of the government under which one lives, and, when used legitimately, are applied only to that purpose. As men will not respect the rights of each other and live together in peace, it is necessary that they should have rulers placed over them. These rulers have to make laws, to apply them, and see that their penalties are inflicted on those who violate them. To do this all over a country requires the services of a good many agents; and, on extraordinary occasions, the number of these agents has to be greatly increased. It is the duty of the government to see that the laws are respected and obeyed. When, therefore, the laws are resisted by

an insurrection or rebellion of any portion of the citizens, or the existence or independence of the government is threatened by a foreign invasion, the people look to the government for defense, and expect them to use every means at their command to save the state. Such services, of course, whether ordinary or extraordinary, must be paid for; and as they are rendered for the benefit of the people, it is but just that the people should pay for them. Governments, indeed, are often more expensive than they need be; the people are often over-governed, too many agents being employed in the business, and these paid at too high a rate, and too much being spent for displays, the gratification of pride, self-will, and the like. The expenses of government, too, are often increased by unwise financial arrangements, especially in time of war, when the public expenses are necessarily very great, and there is a strong temptation, for the sake of obtaining present ease, to initiate financial measures which can but prove ruinous in the end. When this is the case, the people have a right to complain. But all the le-

itimate expenses of the government should be paid cheerfully, and the means of paying these can be obtained ultimately only by taxation.

2. KINDS OF TAXES.—The schedule of taxes on articles imported into any country is commonly called a *tariff*, and the taxes themselves go by the name of *duties*. These duties are either *specific* or *ad-valorem*, according as they are so much on the pound, yard, gallon, etc., or such a percentage on the estimated value of the article imported. But the most important division of taxes is into *direct* and *indirect*. This division embraces all taxes, of every kind: Taxes are said to be direct when levied directly on the individual who is to pay them, as a tax on one's poll, or on his income, property, or estate. But indirect taxes are levied in the form of an *excise* on articles produced within the country, or of a duty on those imported from abroad, which is ultimately to be paid by the consumer. Taxes are generally raised by the indirect method. Until of late, indeed, we in this country have known but little of any kind of taxes except

duties on imports. As it is always optional with one whether he will manufacture any article or not, or purchase any imported article or not, he pays the duty in such cases much more cheerfully than if levied directly on property already in hand. Indeed, as the tax is included in the price of the manufactured or imported article, the purchaser thinks nothing of it, and is not generally conscious that he is paying any tax at all. Besides, as men make their purchases at times convenient to themselves, this method allows them to pay the tax included in such purchases when most convenient to them. But at the same time, the tax-payer, from the very fact that he is less sensible of the tax which he is paying, will also be less watchful and exacting of the government as to its expenses, since he will care but little about expenses which seem to impose no additional burden upon him. On the whole, however, indirect taxes, under ordinary circumstances, seem to be preferable to direct taxes.

3. EFFECTS OF TAXES.—Taxes are so much de-

ducted from the profits of capital and labor. The services of government, which taxes are designed to pay for, are protective rather than directly productive. The making and enforcing of just laws are, indeed, in the existing state of things, a necessary condition of production,—but only because men will not restrain themselves within the bounds of justice. They do not increase at all the productive powers of man, and often, indeed, divert those powers, as in the case of war, to destructive purposes. Hence taxes diminish to their full extent the productive resources of a country. The capital thus absorbed can no longer be employed in making useful machines or remunerating productive labor. Taxation, therefore, by rendering labor less productive, tends to raise the price of articles, and consequently, to the same extent, to diminish consumption, since men will always consume less in proportion as the productive results of their labor are less. Hence, while taxes are actually paid by the consumer, they are really a burden and a restraint upon the productive energies of a country. We see, therefore, that it is

utterly impossible that a “national debt” should be a “national blessing,” as has been proclaimed by some. A national debt, whether in the form of bonds, certificates of indebtedness, or legal-tender notes, can be paid ultimately only by taxes, and hence represents so much burden upon industry to be paid at some time. The less of such blessings a country has, the better it will be off.

4. PRINCIPLES BY WHICH TAXATION SHOULD BE GOVERNED.—As the amount of taxes paid depends upon the value of taxed articles which are consumed, and this, as we have seen, depends upon the productiveness of labor, the great problem is, so to levy taxes as to impede production in the smallest possible degree. It is clear, therefore, at the outset, that articles of prime necessity for the subsistence of the laborer, such as ordinary farmers' produce, cheap shoes and cheap clothing, should be taxed lightly, if at all. On the other hand, it is equally clear that luxuries or non-essentials, such as gold and silver plate, tea, coffee, spices, sugar, tobacco, liquors, silks, and the like, should bear the

chief burden of taxation. These articles, not being essential to the productiveness of labor, and many of them being positively deleterious, should be burdened to the full extent which they will bear. And still keeping in view the promotion of labor, the next heaviest burden should be placed upon licenses, banks, incomes, dividends, legacies and successions, stamps, and other business transactions, which are farthest removed from simple labor.

Again, the productiveness of labor in a particular country is promoted, and at the same time that of other lands is not discouraged, by imposing such duties upon manufactured articles, chiefly the product of cheaper labor in other countries, as shall not exceed the difference in the cost of production in the two countries; while those that are but slightly modified by labor, being mainly the free gift of nature, are admitted free. In this way a country avails itself at the same time of the most productive labor and the most productive energies of the world; while by selfishly attempting through a high tariff to promote its own industry at the expense of other countries, it rejects alike the bounties

of nature and the services of man. In short, the necessary revenue of a country should always be raised on the simplest and most natural principles, and on as few articles as possible, that business in general may be free and unincumbered.

5. TAXATION TO MEET WAR EXPENSES.—In times of war the government becomes the great employer, and hence has occasion to use the greater part of the money of the community. This they can obtain only by borrowing or by taxation. If they issue notes to pass for money, these are but promises to pay at some future time, and are therefore just as much a loan contracted as is the sale of bonds. It is, indeed, a loan without interest, unless these notes are issued in excess of the demand for a circulating medium; in which case a heavy interest or tax on them has to be paid by every one through whose hands they pass (and no less by the government than by others), on account of their constant depreciation. So, too, where a large amount of money has to be borrowed by the sale of bonds, these bonds, on account of the great

number of them thrown upon the market, inevitably fall below par, and thus cost the people a very high interest in the end. Most of our bonds, during the late war, were sold, if estimated in gold, at from forty to sixty per cent. discount. This heavy percentage must be paid, when the bonds are paid, by taxation—the only advantage being that the taxation is put off till the future. This gives relief, for the time being, to those who want to use their money, instead of paying it out in taxes, and secures the contributions of the augmented population of coming times in paying the debt. Loans are obtained of those who have the money to spare now, and are paid by a general taxation of the population of the country at the time when they fall due.

But, in the mean time, the interest (which must be very high, taking into account the low price at which the bonds are sold) must be paid, which, with the great rise in prices consequent upon the depreciation of the government standard of values, makes the tax upon the people scarcely less burdensome than when the whole expenses of the war are paid as they accrue—to say nothing

about the burden bequeathed to future generations. Here, as in other cases, the best principle most unquestionably is, to pay as we go. Unless a nation has men and resources enough to produce more than is necessary to support its population, it can spare no men for war; and just in proportion as it can spare men for this purpose, it is able also to support them in the field, and should do so. The proportion of men engaged in war not being greater than the excess of production of which the nation is capable, those at home will be able to support themselves and those in the field also.