

The following article is from Mr. J. W. Dark, C.Eng. AMPTI., who as seaman, soldier and engineer has lived in numerous cities in six continents. He claims that unilateral Free Trade using modern methods can at this moment in history create a unique outlet for British talent.

HISTORY, once the glory of the older universities and public schools, has like them declined in popular prestige in this pseudo-technical society. For most people, history began with the last election. Hence, they think the dilemma of Britain after more than fifty years of rabid protectionism is unique. Actually, this condition has often occurred in ancient empires, the China of Confucius and Mencius, Rome, and Portugal.

The past hundred years have seen the vast British Empire, brought to the peak of wealth by free trade, sink through protectionist policies into an overcrowded island with stagnant trade and a formidable burden of international debt. The parallel with the Roman Empire under Augustus Caesar and later under Diocletian or with Portugal between 1500 and 1580 makes significant and fascinating reading from this viewpoint.

In the English language and in English commercial techniques, Britain has assets which are unique but unfortunately lying dormant due to the present national obsession with protectionism, either alone or as a junior partner of the Common Market or of the United States.

In his reign of fifty-six years Augustus Caesar found "Rome in brick, left it in marble." Apart from the early civil wars of the triumvirate, Augustus did very little warring but amassed immense imperial wealth by free trade using simple but popular measures. Magnificent cities arose with temples (the Roman type of bank) filled with works of art and treasure. Every forum or agora teemed with merchants of all creeds and races only too glad to pay the Imperial dues for the privilege of displaying their wares to an affluent citizenry.

The secret of this universal affluence resided in the simplicity of Augustan principles. Roman society was built in a pyramid of rank and status, each rank having certain public duties and privileges. Each rank was required to undertake its appropriate public and military duty in the Imperial administration when elected. A family failing in male issue would be unable to perform these duties and would automatically sink to a lower status. This ensured a constant supply of able young men eager to assume public but unpaid office.

Such a system could and did lead to internal strife and oppression of the plebeians and slaves but Augustan genius devised a curious counter-balance. Augustus' slogan could not be "one man, one vote" but might well have been "every man a customer with Roman coins!" Any person, even a crippled slave, bringing a coin having the image of Augustus into the marketplace by this very act became a customer or potential customer and in that capacity came under the special protection of Augustus. Clothed in this mystical image, even a slave could sue the most illustrious Roman for breach of a contract. The idea was that Caesar's image demanded the maximum quality in goods or services and that less than this was an insult to Caesar and a debasement of the coinage.

From Free Trade Planned Economy (in the Roman Empire)

Reprinted from *The Free Trader*

To be convicted of passing a debased coin meant a cruel lingering death. Augustus watched law suits from a window overlooking his new forum in Rome and would intervene in cases of commercial chicanery. He insisted that Roman coins should command maximum value in goods and services throughout the Empire.

The Roman legions were occupied in keeping trade routes clear of bandits and pirates or in maintaining Imperial boundaries or in building roads, bridges, aqueducts and other public works. Their task was not conquest but the maintenance of order so that the coins could do their work. Roman Consuls in every city were bound to ensure the safe passage of traders and customers alike.

Many slaves became very wealthy and some were allowed to buy their freedom. In the market place every man whether slave, freed man or free citizen, bargained equally with their coins and all customers and traders were protected from sudden confiscation of person or property.

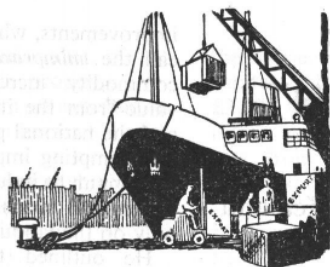
Augustus well knew that every one hates taxation so he made its collection as tolerable as possible in two basic ways. Imperial funds were raised by a tax assessed in the market places. To allow goods and craftsmen to appear in the markets, no tariffs or dues were imposed en route but the local tax-farmer collected a tax on every transaction in the market. Payment ensured a legal binding deal.

To obviate the need for numerous civil servants and officials, Augustus auctioned the right to collect taxes. The successful buyer could impose a heavy tax and thereby drive traders away and lose money. Or he could impose reasonable amounts and attract merchants. Either way the Imperial funds accrued with little expense. Too many complaints from merchants to the Consul and the tax-farmer incurred the risk of Imperial displeasure, maybe death. Thus a self-discipline grew in the markets resulting in prosperous trading.

The other source of taxation was the direct assessment of private wealth. Augustus realised that coin-hoarders could be serious rivals so he gave all the chance of paying in coin or spending on public works, temples, theatres, aqueducts, etc. Most wealthy families opted for building which avoided tax payments and kept their slaves and dependents fully occupied besides gaining public kudos. Thus Augustus cunningly changed the appearance of Roman cities with little cost to himself. He kept everybody so busy that there was no time for civil war or even city rioting except at Saturnalia.

The result is recorded by the contemporary historian Suetonius. In fifty-six years of Augustan free trade, the Imperial wealth astounded and still amazes the world. It took three-hundred years of reckless finance before its final dissipation.

e to a
omy
e)



In A.D. 284 Diocletian was elected Emperor by the army. This Thracian of mean origin cleared the Empire of bandits and invading barbarians but he failed to deal with corruption in the rapidly extending civil service until too late. He then set up inspectorates only to find that these merged with the inspected officials thus requiring another layer of inspectors. Diocletian had not realised that all civil servants coalesce to preserve their each and every privilege.

The vast civil service then began to ally itself with provincial generals in pursuit of powers to tax the citizenry. This soon developed into the setting-up of boundaries around provinces, counties and cities for the purpose of exacting tolls from the movement of goods and persons. As taxes mounted, so the civil service expanded and so did their powers of further taxation. Merchants raised prices to meet the costs of bringing their wares to market. This in turn aroused popular wrath especially among the slaves and freed-men directed against the officials.

Debasement of the coinage by officials and traders alike wrecked marketing. Inflation and shortage of goods brought despair to millions. In panic the civil service forced Diocletian to meet the universal stagnation by the Edict on Prices of A.D. 301 which attempted to fix the price of every article and service offered for sale. As in the Prices and Incomes Order of 1965, the defect was lack of specification of such goods or services. Then as now, innumerable alterations of quantity, quality and description were introduced to evade the control and chaos became worse confounded. Within four years Diocletian was only too glad to retire to his garden.

Whereas the decline of Rome dragged on for centuries, in the case of Portugal the whole process took place between A.D. 1540 and 1580 and the Portuguese have never recovered from the dramatic collapse of the national will that then took place.

The state of Britain at the beginning of 1967 shows an economy tottering on the verge of stagnation, yet the surface appearance is one of a spurious affluence.

All political parties cling to their habits of protection and even though the most heavily subsidised and protected industries exhibit unmistakable signs of complacent bankruptcy, their answer is a greater degree of protection offered by either the Common Market or the United States.

The insidious corruption of protection is that it leads people to think that the process of subsidising every loss-making business can be continued *ad infinitum* on borrowed time and money. It is merely a matter of raising yet another loan to pay the interest and to borrow enough money to repay the debt capital . . . or is it? That this is the inevitable result of

chronic protection is conveniently ignored. That a possible alternative is free trade with all its supposed horrors is usually rejected out of hand. This is quite understandable. An unfamiliar theory is certain of rejection especially where a sense of history is lacking.

If however free trade is presented as the basis for a world chain of shopping and commercial centres inter-linked with London and using the most modern telex computer communication in conjunction with the English language, the opportunities this reveals for young people could have great attraction.

This concept is a modern version of Augustus and his Roman Consuls in every city but without the Imperial *mystique*.

By design or accident, protectionist policies have the effect of shedding overseas investment and concentrating the proceeds, if any, in heavily-subsidised activity in the homeland, behind high tariff walls.

Under free trade, however, this chain concept becomes a vital essential for a highly industrialised economy, seized with the need for retail outlets. Why on earth should any rival economy bother to provide such outlets for Britain or any other power? Obviously any such outlets would be provided for its own products. Moreover this concept must be based on definite assets. Britain indeed possesses these advantages but first the aim must be defined and understood before the value of the ingredients can be fully recognised.

Unfortunately in Britain the woolly muddle of protection is reflected in erratic, emotional thinking. Such an *ad hoc* approach defeats a cool appraisal of the parameters of a free trade concept.

The first parameter is military power specifically devised to protect the integrity of both traders and customers using the routes linking the centres. This military power would not be engaged in national warfare as its whole organisation is slanted to chasing pirates off trade routes.

The next major parameter is a financially-strong, active consortium for each centre making the brain and the heart of the entity. This would realise its aims through teams of highly-skilled practitioners in all aspects of creating commercial centres. Finally each centre, when built, would be controlled by sophisticated groups of business administrators.

The curious thing is that these parameters actually exist but cannot cohere towards action because the basic "model" has not been set up. The purpose of this article and its historical examples is to indicate a method of setting-up this model in theory and by thus stimulating thought in various areas, to move towards practical realisation.

The first step is obviously the exposure of the role of protectionism in bringing Britain to its present dilemma. Too often this responsibility is laid at the door of some statesman as if any human being could possibly create this elaborate mess of subsidies. The task is much more involved. The whole theory and practice of protectionism must be studied and demolished if progress towards its alternative is to be made. This study is worth real academic effort. It is hoped this will be forthcoming.