THE INDUSTRIAL PROGRESS OF THE NATION: CONSUMPTION LIMITED, PRODUCTION UNLIMITED

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PREFACE.

I VENTURE again to present to the public two series of articles which have appeared, one in The Century Magazine, and one in The Forum. I have made such slight corrections as have been found necessary. I have continued the statistics which have been previously published down to the present date and I have added some other treatises not previously published, notably the Address, given to the graduating class of the University of South Carolina in which I have given very fully the motive of my work.

I began the investigation of our national accounts early in the year 1862, wishing to demonstrate the ability of the Nation to bear any amount of taxation which might become necessary for the maintenance of the national existence. At that time my own concepts of the great problems in social science which I have since undertaken to treat, were very vague and indefinite; I held, however, a profound conviction—

1st. That the purpose of human life upon earth could only be the development of the character and capacity of the individual through the very struggle for material existence which seems to be so arduous.

2d. That mind and character must be the paramount factors in material production.

3d. That there must be a higher law leading through the correlation of mental and material forces toward an ample and abundant subsistence and toward an equitable distribution.

4th. I held the profound conviction that these conditions of material welfare could
only be attained by the development of individual intelligence, leading to the conception that in all commerce among men both parties serve each other.

5th That whenever the interdependence of men and of nations should become a part of the common knowledge of the people, peace, order, and industry would be adopted as the common law and practice of nations.

6th. As I have explored each branch of material production, it has become more and more apparent to me that the earth's capacity to sustain life has hardly yet been touched, and I have come to the definite conclusion that, while the power of mankind to consume the products of the earth is limited, the source from which man may draw satisfaction for his material wants is practically unlimited.

When it first became apparent to me that the subject of our domestic commerce as well as of our foreign commerce must be limited substantially to the exchange of the product of each series of four seasons constituting one year, and that by so much as the few might attain a greater share of this product must others enjoy less, the conception that poverty might be a necessary correlative of progress in wealth under the competitive system for a time led me to question the equity of the present methods of distribution.

This is, however, a very superficial view. To any one who searches thoroughly, it very soon becomes apparent that the competition of capital with capital,—of owner with owner,—of wealth with wealth,—tends to the reduction of profits to a minimum, while at the same time the use and application of capital under the direction of competent owners or agents increases the product perhaps in even tenfold greater measure than the share of such increase which the capitalist secures either in the form of rent, interest, or profit. Hence it follows of necessity that the share of the annual product which falls to the capitalist must be almost in inverse proportion to the efficiency of the capital which he directs. In other words, as capital increases in its productive efficiency it becomes a factor in developing a constantly increasing product, of which a lessening part is secured to its owners. On the other hand, so long as workmen gain in intelligence and skill, they must of necessity secure to their own use and enjoyment a constantly increasing share of this steadily increasing product.

It therefore follows that each man may be held to make his own rate of wages as well as his own rate of profits by the measure of individual intelligence and aptitude which he is able to devote to the occupation in which he is engaged.
The unequal distribution of the annual product therefore becomes equitable; the only condition precedent being, that the government should not intervene either by direct or indirect taxation so as to divert the increasing product which is due to science and invention, either to the destructive purposes of war or to the preparation for war, or to the support of privileged classes.

Whether or not such has been the effect of taxation on the debt- and army-ridden nations of Europe, may perhaps be indicated by the two studies on the "Relative Weakness and Strength of Nations."

As these conclusions were gradually developed in part a priori and in part from observation of existing facts and figures, the true function of statistical investigation assumed a new importance, and in the light of these theories the following studies have been prepared.

This conception of the mutual interdependence of men, and that the necessary relation of mutual service is the condition of general welfare, led of necessity to the conclusion that all trade and commerce should be free from any artificial obstructions created by law, except the regulation of noxious or unwholesome occupations on special grounds.

It may happen that those who are ready to accept the logical conclusions which are developed by the study of the national accounts and the statistics of international commerce, may be obliged to surrender their inherited ideas in respect to the proper functions of government, and may come to the conclusion that commerce should be free from any and all taxation except so far as the necessity of government for a revenue on foreign imports may render it necessary to impose taxes thereon.

Whether I have succeeded or failed in impressing these views upon my readers, each one must judge for himself. If I shall have given a direction to the thought and life of the younger men of the present generation who are about to enter upon its arduous and busy duties, to the end that their conception of the meaning of life and their own enjoyment of life, of work, and of men shall be increased in the measure which I have succeeded in attaining for myself by the pursuit of these studies, then I shall have accomplished my purpose and shall be justified in all the work that I have done.
Edward Atkinson. Brookline, Mass.,
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