

BENGOUGH'SCHALK-TALKS

A Series of Platform Addresses
on various topics, with reproductions
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which they were
illustrated.

BY J. W. BENGOUGH

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‘FREE TRADE

[95]

This is a land of Freedom. Let any man discourse on

Freedom of Speech,
Freedom of Worship,
Freedom of The Press,
Freedom of Thought,
Freedom of Movement,

and the citizen in general will respond with hearty applause.

But let that orator include in his category *Freedom of Trade* and this is the expression he will produce on the face of his auditors.



Free Trade is under the ban. It is a sort of treason to even mention it.

Protection is the sweet and comforting word which embodies the national faith. "Protection!" Yet there is no braver people on earth than the Canadians. This is not only the land of the Free (barring Free Trade) but it is the home of the Brave. The Canadian is pre-eminently able to take care of himself, and he knows that the only^[96] classes that stand in need of protection are the unfortunate:—The maimed, the poor, the blind, the sick, the aged and the dependent.



And yet this brave, competent and resourceful people say by their national tariff policy that they entertain the fear that unless they are protected against the other nations of the world, their country will be swamped and destroyed! Here is a great problem in psychology!



Now, there is not a sane citizen alive who will walk around a corner of a vacant lot when he is in a hurry, if there is no fence, and there's a diagonal footpath.

He would tell you that any man who wouldn't take advantage of the short cut in such a case is simply a Dub or a Chump. He probably has never taken time to consider why he acts in this way. He would no doubt call it just plain horse-sense. That's what it is, too, of course. But this common sense is based on a fundamental law of^[97] human nature—that unnecessary toil and trouble are to be avoided in the great matter of the making of a living.

The American, the Canadian's next door neighbor, is the great inventive genius of the world, and the object of most of his ingenious contraptions is to save labor. They are mostly "cut the corner" devices. Yet he is "dead set" against Free Trade, too.

I should have expected the American to be the very first man in the world to see and appreciate the fact that

TRADE IS THE GREATEST LABOR-SAVING DEVICE IN EXISTENCE.

That, indeed, is its one great purpose. Only it is not an invention, it is the natural outcome of the fact that man is a trading animal. That is what constitutes his humanity, and makes him the head of Creation.

Trade, the short cut to a good living.

The ideal every intelligent man sets before himself as what he calls a successful life, is plenty of good things to eat and wear, a comfortable and well-furnished home to live in, and a reasonable share of leisure, to enjoy the refinements of society and to have a good time.

Well, as a matter of fact, how does he go about accomplishing these ends?

Let me show you what he does *not* do.^[98]



He does not confine himself in a little barbed wire enclosure and undertake to make all his own clothes, boots, furniture, books, and everything else he wants. If anybody suggested to him that this was the best method of reaching his object, I would like to be around to hear what he would say to that party.

Oh, no! He acts on his common sense and takes the short cut to comfort. He has no use for the protective philosophy. He devotes himself to some one line of service or production, sells his product, whatever it may be, to the best advantage, and then buys the things he needs. That is, he uses the labor saving device called *Trade*, and what is more, he likes that Trade to be as free as possible. Let us look at the American. We may be able to see the truth more clearly when it refers to the other fellow. His own country is an immense stretch of territory, containing a variety of climates and capable of producing almost everything. It consists of some 48 sovereign States—or practically nations—with an aggregate population of over 100,000,000 and throughout this great expanse exchange of products is absolutely free. It would be interesting to mark the fate of any crank who should arise in Congress or the Senate to propose tariff walls^[99] around each of these States by way of improving their prosperity.

I say the American citizen, accustomed all his life to these conditions of liberty, ought by rights to be the natural Free Trade leader of the race. His statue of "Liberty Enlightening the World" ought to hold up a torch which sent forth a message of Freedom, Fraternity, Fellowship, Peace on Earth, Good Will to Men; and signalled to all mankind—"Here is the land where a man's inalienable right to life, through the exchange of his products where and how he pleases, is the heritage of every citizen!"

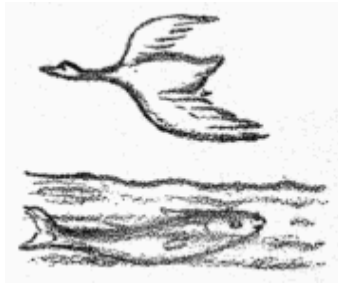
Yet, here is a queer thing in the case of this intelligent and enterprising American trader—the term "Free Trade" is poison to him!

The explanation of this is, I think, that he has somehow got possessed of two or three notions that have played hob with his reasoning powers.

What are these notions?

First, that though he has proved freedom of exchange to be a great blessing throughout the domain of the United States, it would instantly become a disaster if it were extended any further. There are human beings living North and South of his boundary lines that have the same needs of food, clothing, furniture, etc., that he has himself, but somehow he thinks that to trade freely with them also would be the road to ruin.

Second, he has the idea that national boundary lines have everything to do with Trade; that the^[100] country's Trade and the country's Flag are some-way bound together.



Yet, of course, he has taken notice that the migrating birds that go North and South every year pay no attention at all to boundary lines, and that the fish in the rivers pass up and down without any regard for these things whatever.

If he stopped for a moment to think, he would see that the birds and fishes are guided by a law analogous to the law of trade in the human race. In other words, that the instinct for migrating and flying in a bird, or of swimming in a fish, is the same as the instinct for trading in a man. There are natural impulses and they have no relation whatever to the work of Statesmen at Washington or Ottawa who contrive such artificial things as boundary lines and may shift them around as often as they please.

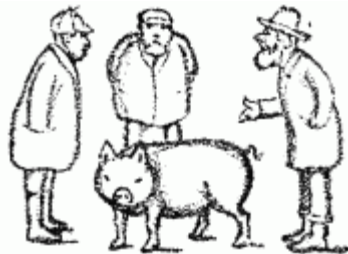
This funny delusion as to the relation between trade and boundary lines is no doubt promoted by the use of such expressions as "National Trade", "National Commerce",

etc., when as a matter of fact there is no such thing. All trade is individual: the nation as such does not trade at all. But this notion has led the American citizen to very absurd^[101] conclusions, which ought really to amuse a man with his sense of humor.

For example, there is Texas. A few years ago it formed part of Mexico, and free trade with its inhabitants was of necessity "ruinous". American industry, of course, required protection against Texas. But a Secretary of State waved his pen and Texas was taken into the Union, and instantly, lo and behold! economic conditions were reversed, and trade with the people down there became as profitable as trade with any other of the States.

Then, take the case of the foreign world. This clearheaded American is firmly convinced that Free Trade with foreign nations across the sea would be a sure enough knock-out blow to his home industries. He still holds this opinion, but he says it does not apply to the Philippines, Porto Rico and Hawaii and more recently he has added the Dutch West Indies to the list of exceptions. He finds that Free Trade with the Philippines is as good and profitable in its way as free trade with Ohio. If some fine day Uncle Sam buys the British Isles no doubt the Protectionists will discover that free trade with that country will be a big success, but the tariff will still be needed to ward off ruin from France, Spain, Italy, etc.

I am afraid we must conclude that the average American, as well as his Canadian neighbor who accepts the Protectionist doctrine, does not do justice to his reasoning faculties, when he fails to^[102] see that Trade and Boundaries are in two different classes. Trade concerns material objects only; boundaries belong to the abstract and mental realm. There is no connection between them whatever.



Let us have an illustration on this point. Here is a hog. That is certainly a concrete and material object. A farmer brings him into the market to sell. Two possible customers appear. This one says, "Mister, I'll give you \$10.00 for the pig." The other says, "I'll give you \$12.00." The farmer is inclined to close with the latter, but just then a solemn Theologian steps up and says, "My friend, be careful. I happen to know that the man who is offering you the \$12.00 is a Methodist; the other man is a Presbyterian like yourself. If you don't want to lose your religious faith you will deal with your own kind only." What do you think the farmer would say to that? He would probably say, "Sir, I don't see any connection between pigs and Presbyterianism."

In the same way there is no connection between pigs and boundary lines; between trade and diplomacy. One belongs to the world of material things, the other to the world of thought.

What I want to emphasize is that trade is a^[103] natural thing, a thing that would go on among human beings just the same if there were no national boundaries on the earth or if there were twice as many. That great fact is the keynote to the whole subject, in my opinion. The tariff idea is a rebuke to nature and a contradiction of logic.

If a tariff is a good thing for Canada as a whole, it would be equally good for each Province—each county—each town—each family—each individual, and there you are back at barbarism.

If a duty of 20 per cent. is a blessing, a duty of 40 would be twice as great a blessing; sixty would be three times as good and 100 would be best of all, and there you are at confiscation.

Of course, the Protectionist gives a wide berth to logic. He waves it aside with the hazy expression that you mustn't carry the thing too far. This is a complete surrender. You *can't* carry a *truth* too far. It remains true and consistent to the very end. If free trade is a blessing (as it is) among the people of one part of the world, it would be an equal blessing among the people of the whole earth. You can carry the free trade doctrine right through logically, but a false doctrine breaks down, and that's the reason the Protectionist theory won't stand the strain.

To return to the matter of national boundaries. Although they have no natural relationship to Trade whatever, yet so long as people are organ^[104]ized into nations we must have boundaries as a matter of convenience and order. But these artificial limitations of national jurisdiction should not be allowed to supersede in our minds the larger truth of humanity. Nations are only families in the wider community of the world.

Now, there are two things absolutely essential to the life of a nation, namely, Revenue and Trade. These two things correspond to *Food* and *Exercise* in the case of an individual man. Revenue is the food of the body politic and trade is its means of health, corresponding to the circulation of the blood in an individual body.

If Revenue fell from the skies into every national treasury I don't suppose we would ever have heard of tariffs, and boundary lines would never have intercepted the natural trade relations among mankind.

In other words, the restrictions on trade amongst the nations have sprung in the first place from the prime necessity of securing National Revenue. The great practical question for statesmanship is the getting of revenue. Is there a law of nature on this subject? Statesmen do not believe so; it is a matter, they think, for the "ways and means" committee. Yet, I don't know why they should be skeptical on the point. A nation is a

form of life, and nature certainly provides for every other form of life; makes unfailing provision for revenue in the case of every raven, every sparrow, every sheep. A sheep is not con[105]sidered the wisest of animals but it could teach our statesmen something. You never knew a baby sheep that didn't know where to go for revenue.



However, there seems to be no nation that has as yet risen to the level of sheep-sense in this vital matter, and so those who have charge of affairs seem to have decided that there is no possible method of obtaining revenue except by interfering more or less with trade.

That is to say, there must be a "tariff" of some kind; in Great Britain it is a *tariff for revenue* levied on imports chiefly of luxuries; in Canada and the United States a tariff on all kinds of commodities levied chiefly *for the protection of native industries*.

Some faults are inherent in the tariff policy, whether for revenue or protection.

First—It is a policy based on the idea that a man should be taxed in proportion to his necessities, and not in proportion to the benefits he receives.

Second—It is a policy that puts the burden of taxation on labor products, and not upon special privileges.

Third—It is a policy which imposes taxes indirectly instead of directly.

Fourth—It is a policy which must unavoidably^[106] raise prices to the consumer. The only thing that you can tax without raising the price is land, because it has no cost of production. Every article of human make has a cost of production and a tax must be added to that.



Here is a Hat. The wholesale importer pays the tax and adds it to the price, and then he calculates a profit on both cost and tax, and collects it from the retailer, who adds his profit on the whole sum, and finally the consumer pays the entire bill when he buys the

hat—and this is how the innocent fellow looks—because he does not know how much tax he has paid. This is the case with every article on the tariff list.



In the case of the *revenue* tariff the increase is an unfortunate incident that cannot be avoided; in the case of the Protective tariff, the increase in the price of the home made article is the very essence of the scheme. That's where the "Protection" comes in.

Fifth—It is a policy everywhere and always characterized by clumsiness, inefficiency, wastefulness and expensiveness, with accompaniments of fraud, lying, perjury, delay, exasperation, among citizens at home, and incitements to hostility, strife and war with other nations abroad.

[107]



The United States and Canada ought to be to-day the two nations on earth showing forth the glory of true Free Trade, and to me it seems utterly out of accord with our ideals to find Jack Canuck and Uncle Sam trying to enjoy themselves in suits of mediaeval armor; standing as the chief exponents of the doctrine that Revenue **MUST** be raised by a method which interferes with trade.



The great purpose, of course, is to protect and encourage home industries. Well, if that be thought a sound policy, why not do it without interfering with Trade? Why not impose a direct tax of some kind and out of the proceeds pay bounties to the Industries?

Here are some of the advantages of this plan:

1. There need be no interference with Trade at all. Why should any sane man want such interference if it can be avoided?
2. You could give aid to *all* industries—and all are entitled to them if any are.
3. You would know how much aid you were^[108] giving and what was being received in return.
4. You could stop when you had given enough.
5. It wouldn't cost nearly so much as the tariff does.
6. You wouldn't encourage fraud, perjury and bribery, and the meanness of satchel-searching could be abolished.
7. You wouldn't be fomenting strife and war with other nations.
8. It would not involve any increase of prices.

That is to say, the bounty system would be a fair and just method of Protection leaving trade free, while the Tariff system is unjust, inefficient and every way objectionable.

I can't imagine how it is that such an absurdity as the protection philosophy goes down with any hard-headed man.

Here's a system that punishes the millions for the sake of favoring a few thousands. Why do foreigners send goods here? Because our people want them and have bought them. What does the tariff do? Makes them dearer; at whose expense? The home citizen's. And this is protection *against* the foreigner!

The whole burden comes back with a dull thud on the consumer. Meantime, under the shelter of this tariff wall a few favored manufactures fill their coffers with easy money. The theory really is that *monopoly is a good thing* for the country. Make the monopolists prosperous and they will fill your dinnerpail. That is, they will pay wages^[109] in proportion to their own profits. Will they? Not until there is also a tariff on workers coming in, or until workmen are free to go and work for themselves.

It is an arrant fraud on the consumer, but he, poor fellow, doesn't count for much in the Protectionist thought.

"His not to reason why;
His but to vote and die—
Easy six hundred."

I marvel that the average man does not see that it is impossible to give real or fair protection by means of a Tariff.

How can you possibly benefit farming, ranching, mining, lumbering—the greatest of all industries—when there are no imports in those lines? And how can you protect any manufacturers that are not in competition with foreign makers? The truth is that only a few manufacturing concerns can benefit, while a great many are positively injured. You could save money by pensioning off all the industries that are now benefited by the tariff.



And this ancient pretence of "nurturing infant industries until they become self-sustaining!" I will make you a picture of an infant industry studied^[110] from life. This infant has been on the bottle for fifty years, and keeps a lobby at the Capital to-day crying for more pap. And its employees are rattling their full dinner-pails and threatening to go on strike for wages enough to meet the increased cost of living! Is this worthy of a sensible nation as a system of securing the national revenue?

The gravest count in the indictment against Protection is that, besides being a detestable fraud, it is a strife-fomenter amongst the nations. It is no wonder that Protectionists talk of trade in terms of war, for the whole essence and spirit of Protection is anti-humanitarian and anti-christian, inasmuch as its keynote is non-intercourse and enmity.



Imagine a Protectionist Philosopher going abroad as a Missionary in a benighted heathen nation. As an exponent of Christianity he tells the natives that true religion is founded on love and brotherhood, and then as an exponent of Protection, he tells them

that true Political Economy is founded on non-intercourse and "keeping your money in your own country."

And yet, after all these considerations, I fear^[111] the average citizen is too busy as a free trader at home to give consideration to the absurdity of being also a Protectionist abroad, and so he will continue to be the easy mark of the schemers, and with a bandage of prejudice over his eyes will continue to shout thoughtlessly, "Anyway, the tariff builds up Industry. The country would go to smash if it wasn't for the tariff!"



No man of inventive genius can have any respect for a machine that is such a failure for revenue producing as a tariff. Compared with the taxation of land values it is like Prof. Fakerton's talking machine compared with Edison's phonograph. The Professor's machine was about the size of a fanning mill, and was a wonderful contraption of belts and pulleys, but the general outcome was that it couldn't talk. Then Edison came along and gave us the phonograph—a perfect success, and yet in so small a compass that a little boy or girl could carry it.

This tariff invention is a mighty elaborate and expensive contrivance, but it can't be made to work fairly. Indirect taxation is essentially fraudulent. It is, moreover, an insult to the intelligence of the people, for it assumes that they enjoy being robbed if only they do not know the^[112] amount that is being filched from them. It is the system which the cynical French statesman commended on the ground that it enabled the Government to pluck the greatest quantity of feathers from the geese with the least amount of squawking.



Why was Edison's phonograph a complete success and Prof. Fakerton's talking machine a miserable failure? Because Edison put himself in harmony with a natural law of physics, and Fakerton tried to invent something based on an erroneous theory. This brings us back to the question, Is there a natural law of revenue? If so, does not common sense say, Let us adopt a system in harmony with it?

I would expect to find Nature's law one that would be just, equitable, practical and economical and, if it is true that Nature has made man a Trading Animal, I cannot imagine that her law of revenue would interfere with Trade. Nature does not contradict herself.

The belief of the average, easy-going citizen is that it doesn't matter how the revenue is obtained. Any old way will do, provided you get enough money. He doesn't bother about natural laws in the matter at all. He leaves it to the Ways and Means Committee to do the devising, and when^[113] Congress or Parliament passes a tariff scheme, his part is just to shout.

I submit that there certainly is a natural law of revenue for every nation and every division of the nation. Providence, which cares for ravens and lambs has not overlooked the needs of human communities. This law does not interfere with trade; it leaves trade absolutely free.

It is not the Bounty system. That is better and fairer than the Tariff system, but it is only another man-made expedient.



The natural law of Revenue presupposes absolute and real Free Trade. John Bull is called a Free Trader. He is really only a half-free Trader. There is no restriction on exchange, but production is tied up. Here's how he is fixed.

Before anything can be bought or sold, it must be produced, and whether it is a bag of wheat or a diamond pin, it has got to be produced from land. The foundation of all possible trade is production, and the essentials of production are the elements of nature on the one hand, and labor (in which I include capital) on the other. In Britain and other countries the natural factor of production is tied up. There is no equitable access to land, and meanwhile taxes are levied^[114] on labor products—which is another name for wages.

Now I want to point out the natural law of revenue, and like all natural laws you will see it is simple, obvious and universal. Though the trade of a nation is only the trade of its individual citizens, the revenue of a nation is a strictly national thing. Trade is a matter of *you* and *me*; revenue is a matter of *us*. Whatever value I as a citizen obtain by my individual industry, service or trade, is my private property; but whatever

value *WE* as a nation or community obtain belongs to *US*, to all, and is in its very nature Public Revenue.

The value of this building where we are assembled was created by the labor of specific individuals who co-operated for the purpose, and put together the materials. That is a labor value, and it belongs to the individuals who did the work or those who paid them an equivalent for it.

Whence came the value of the land? Once it had no value at all. The value came because population came, and it therefore belongs to population. It is a value which exactly measures the benefits of Society to this particular site, and therefore, is precisely the revenue required to provide those benefits. Put this value in the public till by the process of taxing land values and franchise values, which are also created by the people as a whole.

In order to set trade absolutely free both in^[115] production and exchange, we only need an amendment which will bring our laws into harmony with the admonition—'Render unto the people that which is the people's, and to each private citizen that which he earns.'

And that amendment only requires the insertion of one word in the present law, which says, "The man who owns land shall *therefore* own all the value which attaches to that land wherever that value comes from." Amend that by inserting the word NOT, so as to read "The man who owns the land shall not therefore own the value."

This is fair and just to the land owner. It leaves him the land and the exclusive use of the same without taxation of his improvements, but it asks him to render up the value. And why? Because they are not land-values, but values attaching to the people. They constitute the natural public revenue, and the fundamental injustice is that they now go into private coffers instead of into the public till.

Ladies and gentlemen, I submit the case. Think it over.