

# ECONOMICS AND SYNDICALISM

## CHAPTER I

### UNCONSCIOUS AND SEMI-CONSCIOUS ECONOMISTS

To understand the present economic situation, the outcome of which appears to so many people to have resolved itself into an alternative, either socialism or syndicalism, it is necessary to have at least a bowing acquaintance with the development of economic theory and practice from the earliest days. These have really developed as man himself has progressed.

During the period which is known as ancient history, the economist was unconscious; during that period which is roughly termed the Middle Ages, he may be called semi-conscious. It was not until about the middle of the seventeenth century that thinking man became conscious that there was a science of economics, and began to make efforts towards unravelling its laws, and understanding its tendencies,

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In this country two great economic events mark the time when the conscious economist appeared upon the scene. At that time England was engaged in wresting from Holland the supremacy in foreign trade and shipping, which the Dutch had taken from the Portuguese. During the time that Amsterdam was the economic centre of the trading community, the great Bank had been founded which had proved of enormous benefit to both local and international business. From the experience of this Bank important lessons as to banking and currency had been learned—indeed, it may be said that this great institution, although its organisation was by no means perfect, marks an epoch in commercial history—namely, the inauguration of modern banking. As the English began to compete successfully with the Dutch for foreign trade, and London began to take the place of Amsterdam as the great commercial centre, there were vague suggestions that a Bank of London should be founded. But until William Paterson propounded his scheme for the establishment of a Bank of England, the suggestions failed to take form. For three years after its promulgation Paterson's scheme remained almost unheeded, but in 1694, mainly owing to the exigencies of the political situation, the Bank of England was founded. Two years later a recoinage was carried through in England, and round these two events a

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very interesting controversy raged, which gave rise to the writing of a considerable number of pamphlets and books, in some of which it is quite evident the writers were beginning to get glimmerings of economic truth. At any rate it is safe to say that about this time there was a definite attempt in England to formulate a science of economics.

But since both existing customs and prejudices prove that the unconscious or semi-conscious theories of ages long past continue to have an influence over the material world, centuries after their *raison d'être* has ceased, it is not only interesting but necessary, in order to get a real understanding of present-day thought, to trace down, even though it only be possible to do so somewhat sketchily, some of the main thoughts connected with economic theory and practice from ancient days.

Roughly speaking, there have been four great stages in human development.

I. *The Hunting Stage*.—Primitive man was a hunter. There were some wild fruits doubtless, but man's food and clothing would consist for the most part of the results of the chase. It must have been a very hard life, for until he devised them, man had no weapons wherewith to hunt and kill the animals he required for food. But the economic situation was a very simple one. There being no private property in land, there was no rent ; and as capital

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only existed in a very rudimentary form, no question would arise as to what interest should be paid. As, however, man progressed, he furnished himself, as we know, with rude tools and weapons, the beginnings of capital, and doubtless he would use surplus skins and surplus flesh for exchange purposes. There even may have been, as time progressed, a rough and ready kind of currency, but taken as a whole, the economic situation was simple, and as such it has had but little effect on succeeding generations.

II. *The Pastoral Stage*.—As time went on man developed new resources ; he found it possible to domesticate certain animals ; he would capture the young, or take care of the weakly or slightly injured, and find that in some instances they were tameable. At any rate, we know that from the hunting stage man entered upon what is called the pastoral stage, and at this juncture he became a shepherd, enjoying a far higher state of existence. Thus the pastoral stage is the second great stage in human development. Here the economic situation developed somewhat, but on the whole it remained simple. Either slavery or service was instituted, and there may have been, and doubtless was, a wages question. There was land ownership on a small scale, if only for burial purposes, as one may learn from the history of the Patriarchs in the Book of Genesis. The flocks and herds which

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these nomad shepherds collected were personal property, but pasturage was sought by wandering about from district to district, and there was but little thought of permanent settlement.

III. *The Agricultural Stage*.—Progress continued and eventually settlement began to take place, and mankind passed from the pastoral to the agricultural stage. In this the economic situation developed in many new and interesting directions. In order to practise the arts of agriculture, it was necessary that settlement, including land ownership, or at least security of tenure, should be practised, and so we find man clearing the land and producing new and improved crops, carrying on side by side, each assisting the other, pastoral and agricultural pursuits ; a very healthy and a very interesting stage of existence, which apparently mankind was loath to leave.

But progress, although perhaps imperceptible to the man on the spot, continued working in the village communities, which gradually developed in connection with agriculture. In these, moreover, separation of employments was found to give advantages so great, that as time went on each little village had its own wheelwright, carpenter, smith, and other separate tradesmen. The market for which these men worked was known and well-defined ; it consisted of the requirements of the

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little, self-contained community in the midst of which the lot of these artificers was thrown.

IV. *The Commercial and Industrial Stage.*—As centuries passed, these communities developed, and their needs increased ; the simple food, clothing, housing, and amusements of early days no longer sufficed. With improved methods of agriculture, and improved tools for manufacturing articles required by an agricultural community, the men practising separate employments increased their output, with the result that they sought a wider market. In other words, the agricultural stage reached its highest point, and a new era opened out before the progressive man. This is known as the commercial and industrial stage. This stage has continued down to the present time, though it too has been subject to development since the comparatively simple beginnings made in the agricultural village or small town. There was a great advance when what is known as the Guild System began to be practised. This system had, in its day, a very great and widespread influence on mankind. But it tended, as a system, to become petrified and inelastic, and with growing ideas concerning liberty, man became dissatisfied, and refused to be bound by archaic Guild Law. Fortunately this Guild Law only ran within certain limits, and so the progressive man went beyond

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these limits and commenced manufacturing and trading on a new system. Thus the Guild System gave place to the Domestic System. So long as tools were simple, and raw material was only required in comparatively small quantities, cottage industries could be practised with advantage, and the factor could go round collecting what had been manufactured in this comparatively retail way. The Domestic System had much to commend it. The worker on the whole lived a reasonable and happy existence ; but with invention and discovery, the limits of the market were still further widened, and with international demand, the Domestic System was unable satisfactorily to cope. With the invention of the steam engine and a number of rapidly working machines, the output of a given district could be enormously increased. But at this juncture another phenomenon emerged. With simple tools and a small demand, a scattered population could produce the several commodities required by the market. But for the successful application of steam power it became necessary that as many machines as possible should be run by one engine. Hence the invention of the steam engine brought about what is known as the *Industrial Revolution*, and the Industrial Revolution brought into existence the manufacturing town with its teeming population, and the many attendant problems.

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Now this very sketchily and very roughly traces out centuries of growth ; but the sketch is perhaps sufficient for the immediate purpose. Throughout all these stages there had been progress, as has been shown, and this progress was always due to some long-headed man or group of men. These men, desiring an enlargement of their life, and keenly anxious to make the most of their opportunities, had the effect of improving and broadening life for the whole of their fellows. These long-headed men were really economists. In the early stages of existence they were so unconsciously ; they gradually became semi-conscious of economic possibilities, until with the developments that came at the end of the seventeenth century, full consciousness began to dawn.

It is of interest to realise that all these stages, which have been briefly described, exist to-day contemporaneously and can be studied from actual life. In North America and other parts of the world, some men are still in the hunting stage. In Asia and Africa, the shepherd can still be seen following his calling in much the same way as Abraham, Isaac, and Jacob. Primitive agriculture is still practised in various parts of the world, whilst incipient industries and the beginnings of commerce can be studied in more than one country.

Man has progressed through all the stages that



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have been mentioned, and in each stage there can be traced both an economic theory and an economic practice. There have been laws and customs which not only regulated the society of the day, but many of them have continued to influence mankind down to the present time. It will be of interest to take one or two instances of old-world theories and practices which have very materially affected subsequent history.

India, Palestine, and Greece all furnish instances of ancient economic theory and practice which have had momentous effects on the economic history of the world. Money was considered to have peculiar powers inherent in it, and as in ancient days borrowers were usually people who were in some trouble, more or less temporary, it was considered that to take interest or usury for the use of a money loan was taking advantage of a poor man's necessity. And further than this, Aristotle definitely taught that, the precious metals being sterile substances, to pay interest on a money loan was unnatural; that whilst there was natural increase in the case of the use of an orchard, or a herd of cattle, or a flock of sheep, for a given period (an increase which could be divided between the owner and the borrower), there was no special increase in the case of a loan of metal. In the Vedas, the Brahman was only allowed to take interest from a

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*wicked person.* The teaching of Moses upon this subject contains a very important modification which is not found elsewhere; for while he would not permit a Jew to exact usury from a brother Jew, he was careful to add that this law should not apply to any business relations between Jew and Gentile. This exception has indeed had great consequences. When during the Middle Ages the Church, in pursuit of the grandest possible ideal, attempted to set up on earth a true Kingdom of God, the Canon Law was gradually promulgated with the object of regulating the conduct of mankind both in the spiritual and the material sphere. This Law contains an economic theory, and on the subject of payment of interest on money loans, the reverend authors of the Law apparently forgot their Old Testament and remembered Aristotle, for they altogether prohibited the payment or exaction of usury for a money loan. Hence, when trade and commerce began to develop, the commercial community in Europe found itself sadly hampered by this provision of the Canon Law. Fortunately, however, by, on the one hand, making use of fictions, and on the other, taking advantage of the prophetic foresight of Moses, the difficulty was circumvented, for whilst the Jews were prevented from following a number of trades and professions, there was one occupation which their Law and the Canon Law