

# THE SINGLE TAX REVIEW

A Record of the Progress of Single Tax and Tax Reform  
Throughout the World.

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## HENRY GEORGE AND THE TARIFF.

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*(Reported for The Single Tax Review.)*

Henry George was a philosopher as well as an economist. His philosophy was a complete philosophy. It was a consistent, a logical philosophy.

For that reason his land values tax meant free trade. Not the hybrid of the politicians with its tariff for revenue and other absurdities, but the free trade which means equal industrial and commercial opportunity.

Every follower of George is necessarily a free trader, if he be gifted with reasonably clear understanding. Free trade is a vital part of the George economic philosophy. A protectionist in the George ranks would be as badly out of place as a monarchist in Oregon.

Gifted with the vision of a seer, Henry George saw as though charted before him every nerve center, every nerve, every vein, every bone, every tendon, every muscle, in the body economic. Each interrelation and co-ordination was as clear to him as the movements of the human body and its parts are to the expert physiologist. That is why protective tariff as a national policy was absurd to Henry George. He marveled that the American people should accept it and took pains to learn why. This study led him to write "Protection or Free Trade," the most complete exposition of the subject from a philosophical standpoint ever written. It is clear and comprehensive as the writings of Bastiat on the subject in a previous century, and it goes further.

George approached the problem as one of broad policy. He saw that it must be decided by following to their logical conclusions certain axiomatic principles of economics, just as the mathematician might solve a complicated mathematical problem by deductions from the axioms that the whole is greater than any of its parts, the whole is equal to the sum of all its parts, and things which are equal to the same thing are equal to each other. The mathematician would have small patience with the man who wanted to marshal statistics to

show that one of these axioms might be false. George likewise fought shy of schedule manipulators.

He knew the inextricable jungle of tariff figures. George was not so callow as to plunge into that jungle and play tag with the protectionist who solemnly yet deftly beat about the bush, adding and subtracting and multiplying in a heroic effort to prove that two and two make six. If your protectionist can only get so deep into that jungle as to see neither above, below, to the right, to the left, or backward or forward he is in position to discern the wonderful merit of protection. He can then prove to his own satisfaction that one schedule at some time and in some place was of benefit to some person, and from that as a starting point it is easy for the protectionist to conclude that all schedules, at all times and in all places, are of advantage to everybody.

Contrary to the demands of all wise protectionists George refused to calculate percentages and balance specific benefits in his tariff discussions. His methods would have been offensive to a degree to the distinguished editor who wept a column or so of tears, because in criticising his attitude upon the recent reciprocity measure I refused to follow him into the jungle of schedules and play hide and seek with him around every tariff bush. He said that was the only way to discuss the tariff question, and I agree with him if you want the discussion to last forever without arriving anywhere. I prefer George's method of deciding this thing as a question of principle and I recommend it to every person who wants to make an impression in the work of destroying the tariff fraud.

To Henry George, equal protection was absurd. If the government were to take A, B, and C under its wing with the idea of making all rich, and was to appoint an agent to take a given amount from B and C and give it to A, and an equal amount from A and C and give to B, and an equal amount from A and B and give to C, and was to charge up to A, B, and C, the amount of the agent's wages, for collection, distribution and repayment, it was easy enough for Henry George to see that A, B, and C, would be out the agent's wages and the damage to their business in permitting him to butt in, and would have nothing to show for the amount they were out. If a protectionist could come out of his jungle he might see this truth.

A, B and C, may be multiplied indefinitely. They may represent industrial classes as well as individuals. It would still be true that under equal protection all would be poorer. Equal protection is screamingly absurd upon the face of it. But pious tariff makers, especially those representing labor or agricultural constituencies, needed this piece of buncombe to hoodwink them. Thus far they have been able to get away with it among the farmers. But George, fortunately, was not a constituent of an agricultural congressman. You could not convince him that you could gain effective power by multiplying fractions.

To be of advantage to anybody protection must be unequal. That is what it means, if it means anything. Some persons must get less for others to get more. That raises the interesting question, "Has the government the

right to compel me in dealing with my neighbor to give him more than I get in return? Can it justly commission one class of citizens to pilfer from another class of citizens? For pilfer is what the tariff enables its beneficiaries to do, no matter how the fact may be sweetened and scented by euphemistic phraseology.

The tariff question is a question of giving men what belongs to them and only what belongs to them; or permitting them to keep all that belongs to them and to take only what belongs to them. For that reason it is a moral issue.

It is as fit a subject for settlement by commission as the question of whether we shall continue the republic or elect a hereditary king; whether we shall punish capitally for stealing. It is a thing of principle, not detail.

As a matter of fact everybody who takes pains to think about it recognizes this tariff board as a neat piece of side-stepping, a means by which the beneficiaries who think they see the hand-writing on the wall hope to get a few years more of protective tariff. Incidentally it gives fat jobs to down-and-out politicians and others, and may be the germ of another federal bureau intended to take from the people's hands the people's government. When you consider that a tariff upon steel rails, for instance, affects in a different degree the ultimate cost of every article transported upon an American railway, you may realize the kind of problem involved in making a just and fair tariff bill. With the wisdom of ages, the skill of experts and the uprightness of angels, a just tariff schedule would still be unattainable.

When we look further and see that a tariff is never drawn with the idea of producing just schedules, but with the more useful object of satisfying the interests which are most avaricious, most astute, most powerful, at the expense of the more just, less cunning, less influential, then we see how valuable would be a board of experts in preparing it. Expert log-rollers are the best tariff makers and will be while tariff-making means fleecing the unsuspecting as much as you can.

Still the tariff board may not be altogether without its uses. Specific instances of raw discrimination may be brought to light in its investigations. Concrete instances may impress the average man who fails to recognize principle until it knocks him down and crushes him.

It is not necessary to argue the tariff issue with the man who regards it an issue of morals. He has already decided it. The American people have passed the point where as a people, they will stand consciously for theft. To pass their scrutiny it must be sweetened and scented into development of American industry, protection of the American workman, or some other thing which it emphatically is not. Just show the average man the naked truth of the tariff, the fraud, the pretense, the favor to the strong, the oppression of the weak which it involves, and he will none of it any more than he would sanction the picking of his neighbors pocket.

Since with a majority it has not yet become a moral question let us meet it upon the business ground:

"Does it pay? Whom does it pay?"

We must keep it mind, with Henry George, that without prohibitory laws

trade would be free. Trade instinct is a natural human instinct. Intercourse largely born of trade is responsible for four-fifths of our progress toward civilization. It impresses upon the solidarity and interdependence of the race. Free trade is natural trade. Protective tariff is an artificial condition brought about by national laws founded upon the theory that you can make a people more prosperous by hampering their trade. The burden of proof is upon the theorist to justify his theory, that hampering trade by law is beneficial to the community as a whole. And right here I might remark, that the prosperity of the United States, instead of being an argument for protection, is a living example of what freedom of internal commerce can accomplish. Internal commerce, many times as important from a business standpoint as foreign commerce in America, is the greatest tangible illustration of the benefits of free trade that the world has ever seen. If free trade between Minnesota and Wisconsin has proved so beneficial, let protectionists justify a tariff between Minnesota and Manitoba.

Free trade produces a situation in which everybody works under the most advantageous conditions of production. The nation with free trade or the state with free trade must produce what it can produce most cheaply. That is why Michigan furniture is traded for Dakota wheat, and California fruits for New York cutlery, to the advantage of both. Under free trade each nation produces what it is best fitted to produce, and production under free trade is at a maximum effectiveness. It means maximum product. More wealth in the aggregate and therefore more wealth for each individual.

The theory of protective tariff is that it will foster an industry in a given country which without protection could not survive. If it could survive competition with the same industries in other countries, there would manifestly be no need of protection. In other words, industries which are able to compete, are asked to sustain the losses of industries not able to compete. This means that the nation is not using to the best advantage its productive forces. If I add a losing department to my business it must inevitably cut down my profits on the undertaking as a whole. The greater the number of losing departments I add, the greater the amount I cut my profits. I can bankrupt myself by the process if I carry it sufficiently far.

Make me a corporation and spread my business out until it covers the business of the whole country, and you have exactly the same result. Each protected industry which really needs protection, cuts down the productive efficiency and therefore the wealth of the nation by just the amount of protection received. If the policy is general, the cut in the productive efficiency of the nation is large. Much is wasted on unprofitable undertakings. Any nation loses money by producing anything which any other nation can deliver to it at less cost. If we produce at a disadvantage we have less wealth to distribute. Unless protection improves or equalizes the distribution of wealth, it makes everybody poorer than he would be under free trade.

What evidence have we that protection means a more equal distribution of wealth produced? This is the way the thing works:

Foreign competition is cut off and the capitalist manufacturer is enabled to get higher prices for his goods in his home market. He is able to charge such prices as to make profit for him on a venture which without the tariff would be unprofitable, or to make undue profits out of a venture already profitable. Americans pay these prices. Therefore Americans obliged to use protected goods pay more for what they buy. Their cost of living is increased. Their wages do not go so far in getting what they want. In other words, the manufacturer gets more than he possibly could get under free trade; the wage-earner who is necessarily also a consumer gets less. Its first effect is to increase the profits of the manufacturer and to decrease the wages, the real wages, of the wage worker. And this is true whether the protection is or is not needed, if the protection has any influence at all. Thus far then the transaction has not been in the distribution. And the capitalistic manufacturing class gets more and the wage-earning class less.

One but has to look about him and see the manufacturing and trade millionaires on the one hand and wage earners hugging the want line on the other to see that the conditions resulting from nearly a century of protection support this explanation.

But protectionists say that if the manufacturer has larger profits he will have more to give his men in increased wages. Individual manufacturers have. Possibly manufacturers as a class have.\* Employers as a class have not, for we have seen that the protected nation is not using its protective power to the best advantage and is not producing as much as it might produce unhampered.

Whether or not he has it to divide, he does not divide it. That is one of the protectionist fallacies thoroughly exploded by Henry George. He has shown that England under the protectionist regime had lower wages than under free trade. Under protection wages are lower in Germany and France than in England with free trade; protection has not raised wages in America. If it had, wages would rise in proportion to tariff increases, which everybody knows has not occurred. Real wages have not risen materially in twenty years of advancing duties. They have kept to a level largely through free opportunity for workers.

In fact wages are determined by something else altogether—the competition of workmen for jobs, modified by the standards of living of the working classes. Henry George has pointed out what everybody knows to be a fact, that business men are not disposed to give up any part of their profits, no matter how large. They buy labor as they do material, where they can get it cheapest. Business is not philanthropy. Standards of living, supply and

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\*The admission that manufacturers as a class, under conditions prevailing in this country, can benefit by a protective tariff, is not for a moment to be conceded. Manufacture is so interrelated, many manufactured products being the raw material for other manufacturers, that we must refer Mr. Bennet to his own illustration of the futility of trying to benefit A, B and C by taxing A and B for the benefit of C.—EDITOR SINGLE TAX REVIEW.

demand, strength of unions, collective bargaining, are elements bearing upon the standard of wages. Employers profits do not count at all.

Since the tariff has taken wealth from the masses as consumers and has not given it back to the masses as laborers, it has tended to benefit only a narrow class, employers in protected industries. Since it has hampered industry and reduced the production of wealth it is patent that the tariff has been detrimental to everybody except this narrow class of employers. It has made individuals of this class wealthy at the expense of all other Americans. Not content with the high prices which the tariff has enabled them to obtain by cutting off foreign competition, they have used the tariff as a barrier behind which to form combinations which have advanced prices again by cutting off domestic competition. This has cut down wages further and accentuated the inequality in the distribution of wealth.

Those of you who have read Henry George will remember his illustration of the grand robber making the final "clean-up." What the tariff monopolists would miss the land monopolists would be likely to get.

And right here is where the economic philosophy of Henry George meets the situation. If the tariff as a protective measure is wholly bad, as a revenue measure it is no better. Indirect taxation invented by the crooked financiers of thieving monarchs to filch from an oppressed people without their knowing how, when or where it was done, has its highest development in a tariff. It is a matter of amazement that an intelligent and self-respecting people will submit to the inquisitorial indignities surrounding the enforcement of the tariff tax. It is wonderful that moral leaders will tolerate a thing which puts a premium upon falsehood, perjury, deceit, low cunning.

Then the extravagance of it is something tremendous. For every dollar in revenue wrung from the people for the use of government by the tariff tax, several are wrung from them by the protected interests in increased prices. There are profits upon the tax itself, many of them, as well as upon the article upon which the tax is imposed. Because of the ease with which tariff duties may be avoided through physical concealment, false statement, false valuation, false weight, bribery, trickery, chicanery, it is an inordinately expensive tax to collect. It is a most unjust tax, for it taxes men in proportion to what they consume, falling proportionately far more heavily upon the poor than the rich.

The ideal tax should be certain as to incidence, easy to levy, easy to collect, without hampering effect upon industry. The tariff tax has none of these recommendations. It is a promoter of immorality and starvation.

No nation and no community has a right to take what belongs to its citizens while it has revenues of its own sufficient to sustain it. There is a fund created by the community now going into private hands. It is being taken by men who give no return for it. Let the government reclaim this fund for the use of the community. Reclaiming it and using it as a social fund is the only way in which it can be used for the benefit of those who produce it. For that reason the government, which in this country is the people, is doubly bound to use this fund. First, because it is the only fund belonging to it in justice; and

second, using it is the only way in which citizens can get the benefit of the fund.

It is naturally a social fund. It mirrors the increase of population and the progress in industry. The fund I speak of is ground-rent, or the rent of land, exclusive of improvements on the particular land. Land in this connection means all natural resources.

There is neither constitutional nor other insurmountable difficulty in the way of taking this fund and using it for public purposes. Under the constitution the nation can readily apportion its needed revenue to the states in proportion to their population, as a direct tax. Each state can apportion it to countries and municipalities as it now does its direct taxes, and with home rule in taxation, each community will soon follow the line of least resistance and use the rent fund for all revenue purposes. Under such a system all custom houses and all internal revenue offices, not needed for handling licences as a police regulation, might be closed and the national budget cut one-third or one-half. Knowing exactly the cost to them of Federal as well as state and municipal government when they had to meet the tax directly, the people would insist upon greater economy; less would be put in armor plate and guns.

But all these benefits to the people coming from more rational government would be overshadowed by the benefit to the wage worker. Taking the tax from industry, and appropriating the ground rent for public purposes would so open up opportunity that the competition among workmen for jobs which keeps them close to the starvation line, will be succeeded by competition among employers for workmen. To the intelligent workman, that kind of free trade must appeal. It would open to his creative labor the only other element necessary to production, the land.

This is the opportunity before free traders to-day. Taxation is a mighty engine of industrial and economic maladjustment if it is wrongfully used. Rightly applied it is as mighty an engine of regeneration. If we follow the lead of the Prophet of San Francisco and link with our propaganda for free trade a crusade for a sane and effective land value tax, we shall be in position to show the wage earner, who is the man who decides elections, that it is worth while right now to stop this tariff robbery.

The time is ripe for throwing off the nightmare of protection. Reciprocity, conceived in all probability in the interest of buttressed privilege, has shaken the structure to its very foundation. It has started a mutiny in the garrison itself. There are traitors upon their own ramparts. Mutineers threaten to blow up the whole rotten edifice of fraud and sham. Consideration for their own safety makes them pause. They have not the heroism of Sampson of old in the pagan temple.

Let us who have nothing to fear from the resulting collapse apply the match. On this seventy-second anniversary of the coming into the world of this prophet of free industry, let us resolve again to take up the battle of free trade, of free opportunity. Let us take up this greater and broader free trade which would rid the land once and forever of the most iniquitous system of

taxation ever conceived by the mind or enforced by the hand of man; which at the same time would open up free opportunity to every man who earns his own bread.

Let us turn a deaf ear to the siren song of scientific tariff revision. There is but one scientific revision of this iniquity. Personally I would do it by an act of congress of a dozen lines cutting down tariff duties twenty per cent. a year for five years, in the meantime giving opportunity for adjusting the machinery of the new tax. I believe that Morrison and Hurd had the best idea of tariff revision ever put forward in congress.

If we take this broad stand for a free trade which will be epochal in its effect, we shall have with us in the work the great mighty spirit of truth. It is sweetening the world in its might. Let us share in its work and its triumph.

## THE ABOLITION OF POVERTY BY THE RESTORATION OF EQUAL RIGHTS TO THE USE OF THE EARTH.

### AN APPEAL TO THE WHITE SLAVES OF LANDLORDISM.

By GUSTAV BÜSCHER, of Zurich, Switzerland.

(Translated expressly for *The Single Tax Review*.)

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#### VII.

#### HOW EQUAL RIGHTS TO THE USE OF THE EARTH MAY BE RESTORED; THE TAXATION OF LAND VALUES.

The question now confronts us: If all men have an equal right to the use of the earth, how can we give effect to this right? Manifestly, the land cannot be equally divided. What must be done?