

GOVERNMENT FOR THE PEOPLE

The Seeds of War.

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There is an old proverb that "He who starves a dog makes a wolf." May this not be said of men? The man who is in want is dangerous. What applies to the individual also holds true of the mass. In our effort to ferret out the causes of war it is important to determine what factor will drive a free people to their knees. Let us examine into the condition of the producers under the protective tariff if we would find how "the dog is made into a wolf."

It may well be said that the main purpose and plan in the protective tariff is to provide the producers of protected products with greater profits. But in actual practice this does not hold true. I have previously referred to the fact that protection begets protection and by a series of retaliatory tariffs our exports of automobiles for example was greatly reduced, and thus instead of keeping foreign cars out of our markets we forced our manufacturers to go abroad to make the cars. In the end we lost much more than we gained.

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What is the cost to the people of a protective tariff? It is more than we think. It is first the tax collected upon the imported goods, plus the profits upon the tax, plus the expense and profits of smuggling in all of its forms; plus the expense of sometimes trying smugglers and law breakers and putting the unprotected ones in prison, plus the bribes and graft that enters into our political governments, and the additional price that must be paid for the products of the protected home industry. Thus if we balance the encouraged producers against the taxed public there is an enormous loss to the public. Thus we encounter a law which Henry George enunciated "That in all cases in which duties are imposed for the benefits of any particular industry the discouragement to industry in general must be greater than the encouragement of the particular industry." However, it must be borne in mind that while the private interests are well aware of the benefit accruing to them by protection the public, which only indirectly is aware of its menace, does not make any effectual effort to stop the injustice. To introduce a protective tariff for one industry is to start a furious scramble by all industries for similar protection. It

is in truth like throwing a bone to a pack of starving dogs, for they become wolves. The paradox goes unnoticed. Industries may fight for protection but it does them little good, for their profits are taken from them by yet a greater monopoly.

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Wealth is a product of land and labor. To these two essential factors is added, where conditions have advanced, the third factor of capital, which is the product of labor on land, or wealth, used in the production of more wealth. Thus the three factors in the production of wealth are land, labor and capital, and as land is made private property wealth then must be distributed between the owners of land, labor and capital. But while labor and capital are the active factors in the production of wealth, land on the contrary is the passive. So while the return to labor and to the capitalist are for their active share in production the return to the land owner is his return for a monopoly privilege which he asserts. The land owner as such contributes nothing to the production of wealth, and so what he gets must be as tribute, rather than as wages or interest. It is into this quicksand of special privilege that the benefit, even to the protected industries, drain. For while, I, as an automobile manufacturer, might demand and secure a protective tariff against foreign cars, and thus for a short time create an artificial advantage for myself, I would have to pay out of those increased profits a greater share to those who hold title to the natural resources of my own country from which I would extract my raw materials.

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There is no law in America which would forbid me from making automobiles if I so desired, but there are laws in this country which permit individuals to forbid me from making use of the natural materials from which I would make a car. There are laws which permit individuals to take possession

of the ore deposits, the timber lands, etc., which nature provided for all men, and to hold them as though they were their own private property, placed there by themselves instead of by Almighty God. Accordingly these natural resources are appropriated as soon as it is suspected that anyone would have a use for them, and so when we find one that will suit our needs we find that it is in the possession of someone who will not let us use it until we pay him down a purchase price, or pay him in a royalty at so much per car, nearly if not quite all that we can make above the ordinary return to capital in manufacturing of cars. It is thus apparent that while the duty on automobiles may not benefit the automobile manufacturer, it does benefit the men whom our laws permit to claim as their own right the materials that nature placed for us all to enjoy.

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Thus one phase of the protective theory to which the public and the protectionist are alike oblivious is that in spite of a tariff the tariff protected industry does not derive the benefit it expected. Like an artificial hot house plant it is more susceptible to changes of the market and more sensitive to the effects of foreign entanglements than are the domestic industries that sink or swim in a free field with no favors.

And while the protected industry does not flourish as might be expected, the monopoly power does stifle business in general while it drains off the cream of the profits into the hands of those who do not bother with a tariff system but go to the fundamental monopoly of natural resources.

In our quest for the seeds of war we must then go further back than the protective tariff in order to find the first great injustice practiced with full governmental authority, sanctioned by the pillars of society and having as its foundation the unequal distribution of wealth.