

Underprivilege a Reflection of Special Privilege

By PHIL GRANT

(The history of civilized communities shows us) that one man can have a privilege only by depriving another man, or many other men, of a portion of their rights, consequently, a reign of justice will consist in the destruction of every privilege, of every right.—PATRICK EDWARD DOVE *The Theory of Human Progression*.

IT ISN'T necessary to be a brilliant scholar to see that any special privilege given to one person, or to one group of persons, must be unjust to all the others. For example, a special privilege in the form of an exclusive patent gives the man holding it an advantage over all other men, for only he is permitted to manufacture and sell a particular item of wealth. Patents, then, place the patent holder's competitor at a disadvantage. But since a patent remains in force for only a limited time, after which anyone who wishes may use the patented idea, and since patented articles are never essential goods, (food, clothing and shelter), the patent monopoly isn't a very important privilege so far as its effect on society is concerned.

The special privileges given to farmers, manufacturers and other industrialists in the form of subsidies and tariff protection are by far more harmful to society at large. For all consumers of goods must pay out of their pocket the unearned money that goes into the pockets of the tariff and subsidy-protected few. If a pair of shoes made by an American manufacturer costs five dollars, an American citizen can buy four pairs for twenty dollars. But, if a pair of shoes made by a foreign manufacturer costs only four dollars, an American citizen can still get four pairs of shoes for his twenty dollars, and also have four dollars left over with which to buy food and other things. In other words, his twenty-dollar bill becomes worth four dollars more—he is just as well off as if he had received a four-dollar raise in salary! However, when the government charges the foreign shoe manufacturer one dollar for every pair of shoes he sends to America, the American can't buy shoes for less than five dollars because the extra dollar that the foreigner must pay to get his shoes into our country must be added to the retail price of the shoes, and, as a result, we must pay an extra dollar out of our wages which the government gets. If we buy American-made shoes instead, we must still pay a dollar more than we formerly did; but this time it is the tariff-protected manufacturer who gets the extra dollar. Either way, the consumer is robbed of one dollar.

The manufacturer puts up a loud, though not too reasonable, argument in favor of tariffs, which is believed by an amazing number of people. He says that the tariffs protect the workers' jobs and increase their wages. The facts are otherwise. Tariffs are known to be one of the major causes of unemployment. Moreover wages in tariff-protected industries are at least as low as, but usually lower than, wages in unprotected industries. If we remember that tariffs must, by their very nature, increase the cost of goods, it follows logically that they must reduce the buying power—the wages—of all who buy tariff-protected goods. And the higher we build the tariff walls the lower our national buying power — wages — must fall. That's so obvious it's hardly worth the space we've devoted to discussing it.

The subsidies paid to farmers and to other producers are other special privileges that are typically unjust. For, the purpose of subsidies (as our politicians admit without shame) is to keep prices up above their natural level—to deliberately increase the cost of living—during periods when most consumers are complaining that the cost of living is already too high! Here again, the only effect subsidies can have on our standard of living is to lower it, since to increase prices, by subsidy, is to lower the buying power of our earnings. But what is worse, any subsidies the government pays must be taxed away from the citizens in one way or another, because the government has no money of its own. As we know, increasing taxes also reduces the buying power of the consumer's wages. One might almost think the government hated its citizens judging by the many and elaborate plans Congressmen work out to rob citizens of the wealth they, the citizens, produce.

Clearly, to tax one group of people to pay subsidies to another is horribly unfair. Not so clear, however, is the fact that the subsidies aren't intended to benefit the working farmer, as he has learned to believe, but is designed to help a smaller, though far more articulate, group of our citizens. Who and how, becomes quite apparent if we try to imagine what would happen if the government stopped handing out subsidies to the farmers. If the reader recalls the earlier chapters of this book,* he will clearly see, that with subsidies removed, only farm land that would produce a thousand-dollar-crop at a cost of a thousand dollars in labor and capital, could be used. And that, obviously, would mean that any farm land less productive would have to be abandoned. Since it is necessary for our government to pay out subsidies to so many of our farmers, it is evident that many farms now in use would be among those abandoned if subsidies were discontinued. In other words, all of the sub-marginal land now in use would become an unwanted drug on the market. That, of course, would be a great hardship on sub-marginal farmers, since they would lose their farms. But a far greater hardship would be suffered by the banks, insurance companies and other mortgage-holders. For they would find themselves suddenly loaded with thousands of farms that could not be worked profitably, and that could not, therefore, be sold or rented. To make matters worse, after the money lenders foreclosed and owned all these properties—properties bringing no income — they would have to pay the taxes their tenants formerly paid for them. Being human they hate the idea of paying out taxes for land bringing in no rent or other income.

Before subsidies were introduced, the money lenders very often lost their shirts when prices fell. But today, by having the government keep prices up with subsidies sneaked out of the taxpayers' pockets, the mortgage-holders — the actual landowners—can't lose. That is why the little farmers throughout the country will confess that the subsidies they do receive from the government rest in their hands only a short time before they must pay them over to the real owner of their land in the form of higher rent, or in a higher cost of living, and in higher usury rates. Some of what they have left of the subsidy Uncle Sam taxes back from them.



But there is one other way that farm subsidies benefit the big landowners, and that is by creating higher economic rents on better-than-marginal land. For it will be recalled that superior land produced a rent in the form of bigger crops with the same investment of labor and capital. One needn't be too bright to see that when government boosts the price of wheat high enough to give the man on the poorest land a bare living, the higher price per bushel gives the owner of better lands an even greater rent. Since the best land is in the possession of the big landowners—not the working farmers—we may be sure they favor subsidies, too. And why shouldn't they? It means so much more wealth in rents transferred by our government to their pockets from those of the nation's taxpayers.

That these special privileges — tariff protection and subsidies — are as dishonest as any other form of robbery, can't be disputed. Yet they aren't quite as harmful to society as the special privilege to own land. For the horror and misery that arise as a result of land ownership, unless examined, is beyond belief.

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