

## Bipartisan Protectionism

WHAT WE MAY EXPECT from our next administration in the way of economic thinking and tinkering is presaged in the past performances of our vice presidential candidates. Both Mr. Wallace and Mr. McNary are on record as proponents of ag-



ricultural protectionism, the differences in their methods for achieving it being as indistinguishable to the naked eye as the differences in their political liveries.

Protectionism as an economic policy embraces more than keeping out foreign competition. That is only one of its phases. Protectionism rests its case on the desirability of values rather than of production. The wealth of the community, according to this doctrine, is enhanced by a general rise of prices, not by an increase in the quantity of things which gratify desires. Indeed, the curtailment of production in order to increase price—that is, making the gratification of desires more difficult—is an essential component of this doctrine.

As values increase, by any artificial limitation of supply, those in possession of things are temporarily benefited. For they are enabled to demand more things, or, which is more important, more claims on things, from those whose only opportunity to obtain satisfactions is their power to labor. The community as a whole is not enriched; it is merely

divided into the advantaged and the disadvantaged, into the exploiters and the exploited.

The doctrine assumes that this disparity is temporary, that as soon as equilibrium is established the price of labor, wages, will rise to the commodity level established by the controlled supply market. If that is true, what have we gained by the creation of false values? Are we richer because we handle more money? Do these fleeting chips fill our bellies or clothe our backs? And why superimpose on production the cost of political manipulation, the tribute to the parasitical tax-gatherer?

Rent, the price paid for the privilege of working, also rises when commodity values rise. The psychology of a rising market is to anticipate further rises, and since the available earth on which men must work is limited in quantity, land speculation necessarily follows in the wake of any advancing price

tendency. The worker, therefore, finds himself the victim of a squeeze play: he pays more for the things he needs, he pays more for the privilege of working. Meanwhile, the ubiquitous tax-gatherer takes his toll of the diminishing wages.

Why, in the light of this obvious asininity, has protectionism its ardent advocates? Why have the respective schemes of our vice-presidential candidates

for "improving the condition of the farmer" met with ready acceptance?

Mr. McNary's discarded "farm parity" panacea gives the answer more directly than does Mr. Wallace's "ever-normal granary" idiocy.

The protective tariff gives the manufacturing population, reasoned the Senator, a special privilege; the farmer should likewise be taken care of. Since we do not import agricultural products, and indeed have an exportable surplus every year, the farmer cannot use the tariff barrier to raise his prices. The only way to benefit him, then, is by a direct subsidy grant. The subsidy would come out of general taxation, and the farmer as a consumer would be paying a share of his own subsidy. However, farm revenue would be higher and the farmer would handle more money. That ought to make him a contented Republican.

This rejected scheme has a candidness which is lacking in the one operated by Secretary Wallace. It involved no social theory; it was not endowed with a holy purpose. It simply said: One group of citizens have a privilege which another cannot in the nature of things enjoy, and a direct hand-out is necessary to give parity in this matter of privilege. The Wallace bounty-for-not-producing device is in effect the same thing as McNary's Treasury hand-out, but it is sanctified with a polysyllabic economic doctrine and sprinkled with the zeal of a crusade.

Whichever of these two men preside over the next Senate, insofar as he influences economic legislation, we can expect the same general result. For both of them believe that in protectionism, in bigger and better privileges, in higher prices and more taxes rests the prosperity of the people.