

## THEOREM VIII

## DESTRUCTION OF WEALTH CAN NOT BRING PROSPERITY

Jones is a farm worker and Smith a factory worker. Each is making \$2.50 per day, and living expenses are \$5; i.e., a depression is on. The government attributes this to low prices for food and materials caused by over-production, and orders the destruction of half the food and materials, causing a rise of 100 per cent in prices.

The cost of living is now \$10 per day, and wages do go up, perhaps, to \$3, certainly not to \$10, and the men can now purchase one-third of a day's supply, instead of one-half as formerly.

I must apologize to my readers for this chapter. Prosperity means an abundance of food and materials. The proposition that wealth (or prosperity) can be increased by the destruction of wealth is on a par with the proposition that health can be increased by murder. The newspapers carried a story that the mules on the cotton fields balked when they were forced to plow the cotton under. The mule might be a mule, but the philosophy of destruction is too crude for any one but the mule driver's driver.

## THEOREM IX

## A TARIFF CAN NOT POSSIBLY INCREASE PROSPERITY

Prosperity means that men have an ample supply of food and materials. We will take as our scale models two men, in a place where the land is owned by the community and men are free to work. Jones is raising food and Smith is manufacturing materials. Jones can produce twice as much food as he needs, and Smith twice as much "materials" as he needs. Each man trades half his products with the other, and both men are fully supplied.

If money is used instead of barter, and wages are \$10 per day, each man buys \$5 worth from the other, each is fully supplied, and there is prosperity.

Now let us suppose that soil and conditions in South America are so favorable for food production, or that wages are so low that food can be produced, and sold in the United States for \$2.50 instead of \$5. But the scarcity of raw materials and the lack of machinery make it difficult to produce clothing, and a day's supply of clothing costs \$10.

Food from South America is offered at \$2.50, and Jones can no longer sell food at \$5. Our two American workmen are now producing materials because Jones has gone where he can get the most for his work. Each man produces two day's supply of materials, keeping one for his own use, selling the other in South America for \$5, buys a day's supply of food for \$2.50 and saves \$2.50. Compared with his previous condition of prosperity, he is now enjoying a super-prosperity. The "materials" business in South America is abandoned because the goods can be bought in the United States for \$5 instead of \$10, and they save \$5 on each day's supply.

(To be continued)

## Some Thoughts on the "Plan of Action" Now Taking Shape in Michigan

AS indicated in a recent article by Mr. Louis Wallis, a way *must be found* of utilizing and opening up land and natural opportunities to our people (especially the youngsters), along lines of *intelligent and "constructive" taxation* as opposed to the restrictive, deadening and almost suicidal policy of today. If not, some form of Dictatorship and "government tyranny" will ultimately and surely result. "Same causes," as we know, bring "same effects," and as the result of certain wrong economic adjustments, our sins are merely catching up with us, as a certain great American economist foresaw many years ago, when he commented on what would happen as "the pressure increased and the safety valve (emigration) to the New World" no longer would be operative. Gunpowder, as he said, does not explode until confined, and the moral applies to us as well as Europe.

Through the kindness of Mr. A. Laurence Smith, of 2460 East Grand Boulevard, Detroit, Michigan (a well-balanced, cool-headed gentleman with Georgeist ideas and with a successful business experience behind him), the writer received for comment a brief little booklet of "progress" and economics, as issued by one of our great national food manufacturing companies. The work of preparation was done by the J. Walter Thompson Company of New York City,—and using Brooking's Institute data, etc., in their various illustrations. These show simply and dramatically the abhorrent features of various "isms," also the futility of the "Limit Production" idea, the ultimate failure of "Share the Wealth," "Communize," "Go Fascist," etc. Further on in this simple but catchy presentation, the Thompson Company brings out the failure of "Divide all the farms," "Increase Taxes and Spending," etc. Each division has an excellent cut or drawing together with a short story which shows the "will o' the wisp" feature of these ideas, and winds up using Brooking's Institute conclusions indicating clearly that our only hope (while giving the profit system a chance to work), is to "reduce prices" and *get more for the money*—a primary recommendation, as we know, of the Brooking's report, "With lower prices we flow with the tide of competition, not against it."

Illustrations bring out these points most convincingly as they refer to what has been done in such commodities as rayon, electric lamps, gasoline, and of course the automobile under high prices and under low. In conclusion, they bring out that "Business must have profits," and that taxes are now almost confiscatory and are rapidly *destroying incentive*.

And yet, as we study the booklet, we know that while helpful, and performing a patriotic service, it is merely



a "forlorn hope" for the manufacturer to put out such a plea under present circumstances, and with no *strong medicine* as a corrective to bring about the realization of the Brookings' recommendations.

As Dr. Virgil Jordan, head of the National Industrial Conference Board, said, "This is a revolution, and you cannot compromise with a revolution. You can only cooperate with it or be liquidated by it."

Mr. Smith's idea, and that of his national committee, as the writer understands it, is to *go on from this point*, and as one angle of their work have some such concern as the advertising company mentioned, dramatize and show pictorially (for the first time), how taxation of a *non-punitive* and of a *constructive* nature *mostly on the land*, and relieving or exempting business and improvements would work towards *opening up* use of our land and natural resources, *more production*, far better use of our technological and other advances, and the straightening out—(painfully of course to some people) of these economic maladjustments, and thus, if proper support can be secured, start a great movement towards real and lasting prosperity, also the warding off of the results of what now begins to look like an onrushing and most hopeless situation as it concerns our future.

Mr. Smith has the backing of "The Tax Relief Association," a national body which has emerged from the "Action Committee" and deliberations of the Henry George Congress. Let us hope that our great corporations and business leaders, on the other hand, can be brought to the acceptance of true economics and to see that the choice is something paralleling the importance of the Civil War issue we once had in this country. This time, with aid to start with of an easily understood exposition of "what it's all about," a pictorial plan as contained in simple but well prepared booklets, plus newspaper advertising and other modern day publicity matter (including moving picture films), etc., readily understandable to all, thus get the message "over" in the light of recent happenings. We should then all do our part in carrying through to better things without the errors, rancor and futility of the late "Sixties." Such modern day examples as the Spanish situation might well (before it is too late) be examined *realistically* in its relation to land. That need not be injected into the issue, however, except as a warning note to both sides.

The participation of such brilliant writers as Louis Wallis, a copy of whose "Lop-Sided Taxation" article induced these comments, holds promise also for better things, and certainly the whole matter seems to be at a stage where, as *The Financial World* editors indicate, intelligent taxation and action must be given consideration, or else it seems there is little chance to avoid catastrophe and an ultimate embracing of "collectivism" of some kind.

It might be said that Mr. Smith and the Georgeist

National Committee, after considerable study, are planning to concentrate their activities in one state as a starter. Mr. Smith, in a recent letter, uses the homely illustration that a man might take a ton of lead in the form of *bird shot* and go to Africa to shoot elephants, and upon finding an elephant, might shoot the ton of lead into the side of the elephant without causing him to stop eating; but on the contrary, one bullet of the right size and put in the right spot, would kill the elephant dead. Until they get a little further on, no announcement is being made as to the Committee's programme; however, it would seem to be the part of wisdom and self preservation for business men and leaders of industry to study from every angle, and with an open mind, *The Financial World* "Lop-Sided Taxation" article, and along with this the matters here indicated as the next step to a solution of the great problem along individualistic, "American" and common sense lines.—WILLIAM E. CLEMENT, New Orleans, La.

## The Dilemma of Communists

THERE is much gnashing of teeth these days among the Marxists. The Trotskyites gnash over the "perfidy of Stalin." The Stalinites gnash over the "betrayers of the revolution," as they confess and are shot.

But the gnashing is most pitiful among the "intellectuals," who, free from emotional bias (except in so far as they adhere to the faith), find in the debacle of the Russian Economo-political experiment a fundamental fault in the heretofore unassailable thought-ritual. The orthodox Marxian state is fallible. That is a bitter pill to swallow. And the gnashing of teeth among these Marxist pundits results from the feverish attempts to rationalize away a previous rationalization which experience has confounded.

It must not be assumed that faith in the Marxian shibboleths has weakened. Before the altars of "class warfare" and the "dictatorship of the proletariat" these fact-befuddled priests still bend a dutiful knee. But they cannot ignore the complete collapse of another Marxian theory—another crumbling of the pillars upon which the beautiful structure of Marxian ideology has rested these long years. The Marxian theory of the state has fallen.

What is this theory? The state is an instrument of class oppression; it will therefore disappear with the disappearance of classes. Quite simple, isn't it? All we have to do is to wipe out class distinctions, and the state which is used by one class, in control of it, to oppress the other class, will vanish into thin air. But, how are we to wipe out these class distinctions? Ah! there's the rub.

The heretofore irrefutably logical formula for abolishing classes was to elevate the oppressed class, who, by virtue of their having been oppressed are endowed with holy