

# Land and Freedom

FORMERLY THE SINGLE TAX REVIEW

VOL. XXXVIII

MARCH—APRIL, 1938

No. 2

## Comment and Reflection

THAT the Protective Tariff is on its way out seems as good a guess as any. Discredited as it is by bitter experience, its main contentions refuted in every college and university in the land, it has lost its appeal to the intelligentsia. Its failure in Great Britain to arrest the depression, and a similar experience in the United States, have left an increasing number of minds in doubt.

[T was great fun while it lasted. It was amusing to watch the topsy-turviness of the thing and the mental gyrations of cowardly free traders anxious to satisfy the protection sentiments of their constituents. Take Theodore Roosevelt and James A. Garfield, both members of the British Cobden Free Trade Club, and the fatal admission of James G. Blaine in his work, "Twenty Years in Congress." These men, Jekylls and Hydes in their different fields of activity, presented abundant entertainment in proposals and statements impossible to reconcile.

THE protective theory is a maze of contradictions. Just for a resumé of the recommendations for a protective tariff which we do not hear so much about these days but which it is interesting to reflect were once potent arguments in support of protection. No such jumble of strange doctrine was ever held outside of Bedlam. Some of it is still held. We must not delude ourselves. That an increasing number have been undeceived is true, but the truth has not yet filtered down to the masses who are the last to perceive anything.

THE argument once heard—still heard in fact—ran something like this: I will give you, said the Protectionist to the worker, a system that will raise your wages; to you, the manufacturer, a system that will increase your profits; to you, the consumer, a system that will lower prices." Was there ever such a wonder-working miracle? The manufacturer was to be benefited by legislation that would force him to lower prices and raise wages. The workman was to receive this increase in wages from increased profits. But though protectionists told the people that cheapness was not desirable, nevertheless to the consumer prices were to be reduced.

RATES of wages, we are now coming to perceive, are *not cost of labor*. The cost of labor may be, and usually is, the highest where wages are lowest, and vice versa. Therefore when protectionists speak of the cost of labor, they mean only the rate of wages, which is a different matter. So, too, the cost of production involves these considerations and others besides. We are learning that as a rule importations from Japan made by cheap labor so-called, which constitutes one of the worriments of the makers of American bulbs and gadgets, are not as serviceable as those of our own manufacture.

PERFECT freedom of trade would tend more and more to secure to each worker a larger share of his natural reward. It is not reasonable to suppose that in the open markets of the world, where the whole market was the demand, that the wages of the worker would be lower than in an artificially restricted market. It is folly to imagine that high wage countries, high as wages go, cannot compete with low wage countries. England, that paid the highest wages in Europe, did it for nearly fifty years. As a matter of fact the trend of export is from high wage to low wage countries. It has always been so.

OF course, there is a factor that operates to defeat the rise in wages from whatever source. Land absorbs the gain. *Ultimately*, as Mr. George contended, it absorbs all of it. And observing this, though unconscious of its cause and not perceiving it all clearly, protective tariffs have continued to appeal to the workers. And their teachers being about as ignorant as the masses of economic cause and effect, have not been able to indicate why this is so. And the politicians who are chiefly concerned in retaining office and spending the people's money have encouraged the superstition of protection for their own benefit. They hand out their favors, or what their constituencies regard as favors, in tariff aid to local manufacturers just like they hand out the dole. And both are deadly poison to a nation.

WHEN we have something given to us by government, or think that government can give us anything that they do not take from us, we are in the down grade of civilization, and traveling fast. A few more generations of the dole and democracy will cease to exist. Pro-

tection and the dole are sisters of evil and are deadly poison to the citizen, insidiously lulling to sleep the self-respect of the worker and finally reducing him to the slave mind of the helot.

IT is not solely nor principally differences in wages that determine the course of trade, but, more vitally, differences in natural resources, climate and aptitudes. As an illustration of climate as one of the determining factors it might be pointed out that at one time in England, a condition probably still prevailing, in the town of Oldham was manufactured a certain kind of cotton cloth that could not be duplicated anywhere in the world.

WHETHER due to aptitudes or superior labor efficiency it may be indicated that the greater part of our exports, excluding farm products, is made up of commodities in which labor as an element of cost predominates, such as watches, clocks and machinery, and this is significant too in consideration of our problem. When Mr. Burger, a Swiss watchmaker, delegate to the Centennial Exposition in 1876, after a comparison of Swiss and American watches, stated that the scepter of the watch-making industry had passed from Geneva to America, he definitely stated what had been apparent to American manufacturers for a long time—that to refer again to James G. Blaine, leader of the protectionist force, in the Republican party, that longer hours of labor and greater efficiency, principally perhaps in the greater subdivision of labor—gave America the mastery.

IT cannot *prima facie* be that a theory like protection that contradicts all elements of reason and logic is scientifically correct. Take the "balance of trade" theory of which we hear so much—namely that a country prospers by its excess of exports over imports and that this constitutes what is called "a favorable balance." Here is the *pons asinorum* of the problem that seems to puzzle so many people. Even some "journals of civilization" like the *New York Times*, which is old enough to know better, repeats the absurd chatter. The idea at the back of it in the mass mind is that we are to be paid some time in money for this excess of exports. If we are, some day the "favorable balance" will change to an "unfavorable balance" due to an excess of imports!

BUT of course it all isn't so. Goods are paid for in goods. Trade between peoples is a two-way traffic. If there is a balance, it is settled for in shipments of bullion—goods again. Yet even this amount is so small as to bear no comparison to the bulk of exchanges and is almost entirely negligible. Perhaps more enlightened generations will laugh at the notion that the more goods we send out the richer we are.

IT may be appropriate right here to answer a correspondent who asks us to explain the mechanism of international exchange. It is very simple. It may be described in a few sentences as follows: A merchant in the United States sends goods to a merchant in France. Unless credits have been previously arranged, the shipper takes to a bank the bill of lading, with a draft on the buyer for the amount of the bill. The draft with the bill of lading attached is forwarded to the bank's correspondent in Europe for collection from the buyer. The foreign correspondent, being in possession of the money, places it to the credit of the American bank, which in turn places the proceeds to the credit of the shipper.

## A Forgotten Hero

HERE is the place for a tribute to a forgotten hero. And whom should he be, of all persons, a member of the ruling house of Austria, son of Maria Theresa, one of the most reactionary monarchs of Europe, and brother of the intriguing and traitorous Marie Antoinette of France—himself Joseph the Second of Austria.

He was not forgotten in the preparation of the Single Tax Year Book in 1917 and is quoted as follows (see page 328):

"Land which nature has destined to man's sustenance is the only source from which everything comes, and to which everything flows back, and the existence of which constantly remains in spite of all changes. From this unmistakable truth it results that land alone can furnish the wants of the state and that in natural fairness no distinction can be made in this."

Joseph was eccentric, even erratic. That he was entirely sound in his economics cannot be contended. He hated in his secret soul the trappings of royalty. He could hardly be persuaded to treat with common courtesy the members of the royal household, even the members of his own family. The one exception he made was his clever brother Leopold. But to his social inferiors he went out of his way to make himself agreeable. He was particularly gracious to those of "the lower orders."

He developed an early dislike for the church knowing that it supported privilege, for which even in his youth he was gradually cultivating a violent dislike. He read the French physiocrats and the encyclopædists, and he wrote a sharp letter to his sister Marie Antoinette for antagonizing Turgot, Louis's Finance Minister. He told his sister, in language not over-polite, not to bother with what she did not understand. Here is his language: "The intrigues and stupidities which appeal to your vanity make you commit one blunder after another. Why, my dear sister, do you interfere in removing min-

\*Most of the material for this article is gathered from "The Revolutionary Emperor" by S. K. Padover, Ph.D., Research Associate of the University of California, 1933.