

Sydney Mayers

VIEWS THE NEWS

One of the most striking comments we have heard concerning the recent power failure in the northeastern states was that of a friend, who opined that "somewhere along the line somebody ignored or defied the laws of physics, and the result *had* to be catastrophe." Our reaction to this discerning observation was an obvious analogy: that when men "ignore or defy" the natural laws of political economy, then too is a "blackout" the inevitable consequence.

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There is a strong movement on the part of government and industry to discourage the widespread and growing tendency toward early retirement by union members, on the ground that the nation's economy needs the skill and ability of experienced workers. It seems to us that as much effort should be applied to discourage the "retirement" from production of the vast amount of land which is being held out of use by its speculating owners, whilst they confidently await a profitable rise in its value.

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The railroads, which only a few years ago were pitied, pampered and protected because of their declining income and worsening prospects, are now enjoying a remarkable recovery, evidenced by thriving business and high earnings. Let us note that the "sick" railroads were "cured" by a renewed public demand for their services (a demand sparked by new cars, better facilities, lower rates and other improvements), and *not* by tax-supported subsidies.

Consumer demand for certain goods (notably automobiles, color TV receivers, office copying machines and instant cameras) is so great that manufacturers of these items, in an effort to speed delivery to their impatient customers, are hastily increasing their production facilities. We consider it apropos to point out that eighty-six years ago, in *Progress and Poverty*, Henry George formularized this principle: "The demand for consumption determines the direction in which labor will be expended in production."

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The Wall Street Journal reports there is "a new wave of protectionism sweeping the world, from industrialized Britain to underdeveloped Ghana," all the nations involved being eager to cut their "trade deficits." Apparently these countries have not yet learned that, just as it takes two to tango, it takes two to trade; and that international trade is not a one-way street, but a two-way highway.

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Yielding to the government's economic and political pressure, America's aluminum companies have rescinded the price rises they had announced; and many businessmen complain that the administration is trying to "repeal the law of supply and demand." Their resentment is understandable, but their logic is poor, because a *natural* law just cannot be repealed — what does happen is that those affected often withdraw from the public marketplace, and operate instead on a mart that is grey or black.