
Henry George and the Contemporary Debate over Industrial Protectionism

Author(s): Robert J. Rafalko

Source: *The American Journal of Economics and Sociology*, Jan., 1988, Vol. 47, No. 1 (Jan., 1988), pp. 111-123

Published by: American Journal of Economics and Sociology, Inc.

Stable URL: <https://www.jstor.org/stable/3486823>

JSTOR is a not-for-profit service that helps scholars, researchers, and students discover, use, and build upon a wide range of content in a trusted digital archive. We use information technology and tools to increase productivity and facilitate new forms of scholarship. For more information about JSTOR, please contact support@jstor.org.

Your use of the JSTOR archive indicates your acceptance of the Terms & Conditions of Use, available at <https://about.jstor.org/terms>



is collaborating with JSTOR to digitize, preserve and extend access to *The American Journal of Economics and Sociology*

JSTOR

Henry George and the Contemporary Debate over Industrial Protectionism

By ROBERT J. RAFALKO*

ABSTRACT. The central question of *Henry George's* 1886 book, *Protection or Free Trade*, commemorated now after a century, was: do *protectionist* policies help or hinder the *working man*? Have George's concerns in 1886 since become outdated or anachronistic? If not, what are some historic trends toward protectionism since that time? Some of the formal arguments for and against protectionism are examined. George contended that protectionism threatens *labor unions* and reduces workers' *wages*. An apparent counterexample is provided by the International Ladies' Garment Workers' Union, which now actively lobbies for protectionist legislation. Its arguments have merit when protectionism is viewed instrumentally, but one must recognize that there are substantive objections to protectionism as a comprehensive national policy. George linked protectionism to *paternalism*; his theory of economic *value* as well as his model of the *rational economic man* are derived from basic *democratic principles* which stand at sharp odds with the implicit paternalism of *tariff policies*.

I

Introduction

PROTECTIONISM—the policy of a nation that consists in the levy of duties on the importation of commodities in order to encourage domestic production¹—is most probably viewed in business circles as a device, a strategem, which advances the ends of the participants in the marketplace. In other words, the place of tariffs in the overall framework of an on-going economy is portrayed *instrumentally* instead of *substantively*—as an expendable or exploitable feature of a system, not a fundamental rationale of the system itself. As we shall see, Henry George's rejection of protectionism as a national economic policy is sustained by arguments that represent substantive attacks on the place of tariffs in a society which holds to certain incompatible ideals.

If, in the passage of the century since Henry George wrote *Protection or Free Trade* his proposed cures for our economic and social ills haven't taken, then perhaps that's because there hasn't been sufficient comprehension of the nature

* [Robert J. Rafalko, Ph.D., is a member of the department of philosophy and religion of the University of North Carolina/Wilmington, Wilmington, NC 28403-3297.] The author thanks Philip E. Devine, Leonard Champney, Gerald Zurat and John Kelly, who read an earlier draft of this paper and made helpful suggestions. He is especially grateful to Stanley Gross of the Scranton Local of the International Ladies Garment Workers' Union, who supplied him with I.L.G.W.U. position papers on Protectionism. He also thanks Vincent Ponko, the University of Scranton and the Robert Schalkenbach Foundation, whose assistance made this project possible.

of the problem. There is more to it than just a communication gap, or a dispute about the facts in the case, or differing interpretations of statistics. "The balance of trade is an article of faith,"² wrote George's free trade mentor and colleague, Frederic Bastiat. It will become apparent as the argument in this paper progresses that what stands behind the dispute between the advocates of protection and the free traders is a clash of faiths. There is an ideological bottleneck—a two-sided expression of creed—which affects the way we interpret the "facts" about protectionism.

Both parties in the dispute insist that only *their* policies will effect the betterment of the condition of "the poor people who have to work." But George, in his discussion of method in *Protection or Free Trade* shows himself to be sufficiently astute to know that this claim cannot be conventionally assessed by arguments which turn on statistics or on modish empirical measurements.³ Underneath it all there is a commitment to norms and values, some set of which a modern computer presupposes in its programming but can never assess on its own.

In what follows, we shall pose Henry George's question anew: Do protectionist policies help or hinder the working man? In order to attempt to harvest an answer to this question, we need to do some ground clearing first. Henry George wrote in a different era. We must ask if his concerns are anachronistic or whether the conditions he describes are outdated. That will be the subject of the first section of this investigation. Then we will summarize and examine some of the formal arguments for and against protectionism from Henry George's point of view. We shall consider if *some* protectionist policies may in fact actually help *some* working men under certain conditions. It is George's contention that protectionism threatens labor unions and results in poor wages for workers, but we will look at an apparent counter-example in the case of the International Ladies Garment Workers Union, which formally argues for, and lobbies for, protectionist policies in the United States Congress. We shall conclude that the I.L.G.W.U. arguments have merit when protectionism is viewed instrumentally, but, in going on, we will turn to the substantive objections to protectionism as a comprehensive national policy. We shall see that George links protectionism with paternalism, and that George's theory of economic value and his model of the rational economic man are derived from basic democratic conceptions which stand at sharp odds with the paternalism of protectionism.

II

The Trend Towards Protectionism

THE STUDY OF THE PROBLEMS posed by protectionist policies has a special topicality as we celebrate the centennial of the publication of *Protection or Free Trade*.

In recent years the United States has been experiencing a topsy-turvy set of economic conditions: high rates of unemployment unprecedented since the depression of the 1930s, reducing to low rates but at lower wage levels; economic growth in spurts when it hasn't been outright sluggish; high rates of inflation; small businesses failing at alarming rates, and even some industrial giants, such as Chrysler and Lockheed, coming into jeopardy.

Henry George would recognize many of the same conditions. A century ago, he spoke of "complaints of industrial depression; of labor condemned to idleness; of capital massed and wasting; of pecuniary distress among businessmen; of want and suffering among the working class."⁴

Many economists, when pondering our present economic difficulties, will trace their origins back to the Arab oil embargo of 1973. The causes of these problems were certainly complex, but the oil embargo represents the flash point of our present troubles. Perhaps that incident has implanted in us a greater awareness of the impact of foreign influences on our own economic health, and that fact may help to explain the recent spate of interest in competing economic systems (especially that of the Japanese). Remedies for our economic woes have been proposed that run through the list of protectionist policies: the levy of tariffs, increased protection from foreign investment and trade, and the maintenance of an economic isolationism—all of which have been the trademarks of Japanese culture.

Thus, there is a tendency to blame our problems on forces that exist outside of us. Henry George, who wrote in the period following the depression of 1873, would strongly resist "externalizing" our economic problems by pointing the finger of blame to foreign market intervention. He would insist instead that a more fruitful approach would consist in critical self-examination of our own market.

III

The More Things Change . . .

SOME OF THIS has been happening, and there is another side to our economic picture in the present. As of this writing, some economists speak confidently of an economic recovery in the making. Dramatic changes are taking place in the basic framework of the American economy that are largely the result of the recent advancements in high technology. Some speak of the enhancement of the "knowledge sectors" and "service sectors" of our economy and project diminished reliance on the manufacturing sector. We are moving in directions that Henry George probably could not have foreseen, and any attempt to compare the economic conditions of the 1880s with the condition of the market in the

late 1980s is beset with all the problems of any argument from analogy. Yet, in many ways, the similarities of the recent recessions to the depressions of the previous century are more interesting and revealing than the differences. In any case, it is an argument we are compelled to make good, or else George's theories are anachronistic and ill-designed for the project of the modern economic realignments which are taking place.

Have things changed that much? We must recall that George sought the "common cause" of the social afflictions of his day—the want, suffering and the idleness of labor that persisted even in the midst of material progress. We are in the era of unprecedented material progress, and yet many of these grim conditions continue to persist. Is there a "common cause" to these as well, and can a reading of Henry George help us to understand what it is?

To avoid the problem of anachronism, it is necessary to locate Henry George in a time, a place and an outlook (a procedure which will bear fruit later on when we discuss his theory of value and his conception of the rational economic man).

George was first of all an American economist—together with Thorstein Veblen, one of the two American economists of lasting recognition. This is a telling point when we recall that many businessmen have advocated Japanese cures for the ills of the American economy; but a deeper immersion in our own traditions may have more beneficial results. Henry George represents a mainstay in that tradition.

Second, George wrote in a period of economic advances that followed upon a particularly severe depression. This era was marked by extensive real estate speculation, especially in California where George spent much of his life. That speculation has been regarded as a major cause of the Depression of 1873.⁵ This fact makes George's outlook all the more comprehensible. In a time when the western American frontier was still a real and vital part of the American economic life, George was able to discern that economic progress entailed a growing scarcity of land. While others extolled the limitless vistas of the western frontier, George perceived that the era of unbounded expansion was rapidly drawing to an end. Dramatic changes were taking place in the very structure of the economy, even as they are now. In this new era of capitalism, George foresaw the creation of a new class of privilege which threatened to aggravate poverty instead of alleviating it.

Finally, George was foremost a reformer and humanitarian. His sympathies lay with the impoverished and the wage earner. He campaigned against the idleness of privilege and the arbitrary and capricious manner in which the great wealth of the nation was put to use (if it was put to any productive use at all)

by the privileged classes. Henry George was one of the first American theorists to grapple with the problems caused by the introduction of class structure in the United States that followed upon the industrialization of the post-Civil War period. Some theorists argue that prior to the Civil War, the United States was effectively a one-class society,⁶ where the primary determinant of economic status was the ownership of land. It was nonetheless a society of extraordinary equality of opportunity since respectable land holdings could be had by the very simple expedient of moving one's family a little bit farther to the West. By George's time, the option of Western expansion was already closing off.

Concurrent with industrialization and the creation of privileged classes came the formation of lobbies and vested interest groups that called for greater and greater reliance on protectionist policies to eliminate competition from foreign markets. Most of these appeals were made in the name of the new "infant industries" of the U.S. that were now squarely in competition with factories in England.

It is clear, then, that Henry George was a witness to the first crisis of capitalism since the Industrial Revolution took hold in the United States. This is a point of some importance since there may be a presumption in the average citizen's mind (and in the mind of many experts as well) to view capitalism as a relatively unchanging system, fixed in its fundamentals, but undergoing secondary changes in a cycle between prosperity and depression, when, of course, it is much more accurate to view capitalism as a series of "mini-revolutions" in a linear progression.

IV

America's Capitalist Crises

AN ADVOCATE of this "linear progression" model of capitalism is the economist David Gordon, who cites two major periods of crisis in the "social structure of accumulation" in American history. The first such crisis occurred in the 1870s during the very depression that prompted many of George's own writings; the second crisis occurred during the Great Depression of the 1930s.⁷ According to Gordon, the Depression of 1873 was in part due to the rise of technology outstripping the capacity of the existing structure of the market. Prior to the 1870s, the social structure was made up of a network of small businesses in open competition and there was little or no governmental regulation. Moreover, foreign trade was viewed with suspicion. Emerging from this new period were the giant firms, equipped to handle the expenses connected with the new technology (the paradigm case is the creation of the Ford Motor Company) and set up to eliminate outside competition—this eventually proved to be a futile hope,

made painfully manifest in the events that preceded and contributed to the Great Depression of the 1930s.

Robert L. Heilbroner believes that he has detected a similar crisis in “the social structure of accumulation” in the United States of the 1980s.⁸ Once again, the rise of a new technology has outstripped the capacity of the existing social structure to efficiently employ the workforce and compete in world markets. If Gordon’s thesis is correct, and if Heilbroner is right in thinking that we are experiencing the kind of economic conversion that followed on the heels of the depressions of 1873 and 1929 respectively, then what sort of conversion of the market can we expect for the years ahead?

According to Heilbroner, the likely candidate for the new social structure is the emergence of the State Enterprise Model of big business—a concentration of capital raised from both private and public sources allowing the formation of “State” corporations which include governmental representatives serving on the board of directors with a subsequent blurring of the distinction between the public and the private sectors. Heilbroner sees the role of the directors who come from the government sector as protecting the public and taxpayers’ interests. This would provide for the first time a serious guarantee that some problems traditionally connected with corporate enterprise such as pollution and waste disposal are regarded not as external to profit but as *internalizations* of the company’s workings.

One “precondition” for the new State capitalism that Heilbroner envisions is the enfranchisement of a new era of protectionism, a protectionism of an entirely new order to deal with the complexities of the global market. This form of protectionism will not be the scattershot, “hit-or-miss” proposition of the industrialists of George’s time, who pay lip-service to *laissez-faire* and free trade principles while seeking tariffs to protect their own profits. Instead, he foresees the sweeping rejection of all free trade conceptions. To quote Heilbroner: “I believe that the flag of free trade will be hauled down in the coming restructuring of things, as the flag of *laissez-faire* was hauled down in the last restructuring.”⁹

Notice that this argument is of another species of sophistication as compared with the “nothing-succeeds-like-success” mentality of those who wish to mimic the successful Japanese economic model in all of its details. It isn’t just an appeal to the complexity of the modern social structure, though it is largely that. Heilbroner argues from the standpoint of the problems of capital infusion—the social structure of accumulation—attendant upon the growth of markets on a world-wide scale. The argument is a head-on challenge to Henry George, who resisted the isolationism of his own age by clinging to the principles of free trade. If Heilbroner is right, then iron-clad, systematized, computerized instru-

ments of protection are the only proper response to the expansion of the market on a global scale.

V

The Formal Arguments for Protection

IT IS A SINGULAR IRONY that the proponents of the new protectionism see themselves (in all sincerity) as advocates of the working man. And yet, in *The Menace of Privilege*, George's son emphatically objected to the supposition that the tariff could ever protect the wages or well-being of the worker, saying: "It protects nothing but Privilege, which is doing its utmost to break down labor unions and reduce wages to the minimum at which workers can continue to engage in production."¹⁰ The son aptly elaborated on his father's views.

What are the reasons for this discrepancy? On the one hand, many labor unions today are advocating forms of protectionism to save workers their jobs; yet, on the other hand, George contends that such measures are used precisely to *weaken* labor unions and *cut* wages. Have the changes in the historical conditions of the past one hundred years so dramatically altered the interests of the working man, or can it be that contemporary labor leaders are acting out of mistaken assessments of their own best interests? These are complicated questions. Nevertheless, we can lay out the conceptual theory behind the answer and at least provide some leads as to where an answer can be found.

Henry George believes that the appeal of protectionist policies stems predominantly from the belief that wages and employment are in some sense enhanced by tariffs—or, if not enhanced, at least maintained at present levels when they would otherwise diminish. He believes he has detected two basic arguments which lend appeal to protectionism: one is a negative argument, and, the other, a positive argument.

The positive argument asserts that protection "increases the prosperity of a country as a whole, from which it is assumed that it must increase wages."¹¹ George renders this argument a sharp dismissal, recognizing in it a fallacy of simple distribution. In fact, George maintains that the entire issue is a species of the problem of *just* distribution, and he brings to bear on the argument not only objections of logical form but also employs the machinery of theories of justice.

The attack on the positive argument is so decisive, both on logical and moral grounds, that one must register surprise upon learning how tenacious the argument has been in the course of the past century. George is here attacking nothing less than the basic assumptions behind the "Trickle-Down" economics

of Herbert Hoover's time and some of the underpinnings beneath present "supply-side" thinking.¹²

George's assault on the logic of the positive argument consists in the recognition of the distributionist fallacy of division on the part of the proponents of protectionism. The fallacy of division is committed when one argues that a property which is affirmed of the whole must be affirmed of each of its parts. It may indeed be true that protectionist policies have the effect of increasing the wealth of a nation (although George concedes this only for the sake of argument), but it scarcely follows from that fact that each of the members of a labor force will find any corresponding benefit of his or her own.

For example, George notes that a clear effect of tariffs is the increase of domestic prices. He points out that "men who work for wages are not sellers of commodities; they are sellers of labor. They sell labor in order that they might buy commodities. How can an increase in the price of commodities benefit them?"¹³ Thus, George suggests that insofar as tariffs increase prices, they may well produce greater hardship on the laborer instead of greater benefit: there is no valid reason to suppose the latter, and there is very good reason to suppose the former. In any case, it is clear that George is suspicious of the potential for increased wealth in the hands of those who are well-off to "trickle down" into the hands of those who are less well-off. He insists repeatedly that tariffs—if they benefit anybody at all—benefit only those who own companies that are "protected" against the foreign market.

The negative argument employed by protectionists is probably more familiar. It is one heard often in the halls of Congress and from lobbyists for both labor unions and for manufacturers. George states the argument in this way:

Wages are higher here than elsewhere.

If the produce of cheaper foreign labor were freely admitted, then it would drive the produce of our more expensive domestic labor out of the market.

Therefore, we must not admit the produce of cheaper foreign labor if we want to maintain high levels of domestic employment at high wages.

George contends that the argument is fallacious and that it requires shoring up with at least two "intermediate propositions" to make it valid: first, "that low wages mean low cost of production;" and, second, "that production is determined solely by costs."¹⁵ Neither of these statements is true, and George levels counterexamples at them to show how poorly supported the argument is for the protectionists.

Consider the first "intermediate proposition:" that low wages mean low cost of production. George gives the counterexample of American grain underselling English grain despite the fact that the wage levels were higher for American

farmers at the time. Obviously, if the first proposition were true, then English grain should have a lower cost of production than the American. If the second proposition were also true, then no other costs enter into the analysis, and so the English grain should sell for a lower price than the American. The fact that it did not demonstrates the falsehood of the conjunction of the first and second intermediate propositions. In fact, both of the statements are probably false. It is likely, in this case, that the more fertile and vastly more available farmland of the United States was more important in the fixing of the price of the grain than were the low labor costs in Britain. Since this example also serves to illustrate the importance of the land in the estimation of the value of produce, the example does a rather elegant double-duty for Henry George. However, to make the case that George wants to make, he has to show more than he does here. Isn't it at least sometimes possible that lower wages are *more important* in fixing the cost of production than other factors?

Let us look at a more recent example. Consider the import-stricken garment industry in the present-day United States. The average hourly wage for an American garment worker is about \$4.60, compared to \$1.18/hr. in Hong Kong, \$.63/hr. in Korea, \$.60–\$.70/hr. in Taiwan and a staggering \$.16/hr. for mainland China. The garment industry and the International Ladies Garment Workers Union claim that the entire domestic production of apparel is reeling from imports from Korea, Hong Kong and Taiwan alone, and point to the impending trade with mainland China as the likely fatal blow to the American-based industry. The I.L.G.W.U. argues that in fact there is no consumer benefit to be had from the purchase of imported garments since the foreign-made apparel are priced at almost exactly the same level as the domestically-manufactured goods.¹⁶

This is an instructive example, and there are several things to be learned from it. First, even though the price of foreign-made apparel is level with domestic-made, it does not follow from this that it is equally competitive for a wholesaler or retailer to sell American-made garments because greater profits accrue to the companies that display lines of imported clothing. There is no reason to suppose that the imports are either better quality or more stylish (they generally follow American designs). The only possible explanation for the greater profits of the wholesalers and the retailers is the lower cost of production of apparel made overseas. True, labor costs are not the *sole* determinant of the cost of production (goods have to be transported at great expense from, say, Korea to the United States), but, even taking into account the other costs, the cost of production *in this instance* is chiefly determined by the cost of wages. The garment trade remains *labor intensive*. It is highly resistant to automation and the sort of work required is highly skilled. (The U.S. Department of Labor classifies the labor as

“semi-skilled,” but this is misleading, as anyone knows who has watched a garment worker at a sewing machine.) In this respect, the plight of the garment workers differs from the plight of American steel workers whose plants suffer from technological obsolescence. At least in this case, it would seem, a compelling argument for protection has been made.

Yet, the question that George raises is not whether there can be isolated examples that stand as exceptions to his argument. Rather, his question concerns the impact of protectionism on the whole of the American workforce. That proves to be a highly unmanageable problem, for there is a lack of unambiguous measures for such impact. George, to his credit, is well aware of this problem, and deliberately insists that we include a host of general considerations in weighing the costs of a national policy of protection on the laborer.

One of the more straightforward ways in which protectionism adversely affects all workers, according to George, is its inherent tendency to raise prices and keep them high. George repeatedly maintains that workers are not merely wage-earners but that they are also at the same time consumers of goods. When prices are raised as the result of tariff policies, then the workers suffer the increases at the market. This has the effect of *lowering* the wages of the average worker, since a greater part of his or her income must be spent to pay for the same items.¹⁷

Unfortunately, we see exceptions to this as well. George presumes the prior existence of a *laissez-faire* market in which competition makes prices fall to the lowest possible levels. And, yet, in the case of the garment industry as we have already seen, prices for foreign-made apparel hover at about the same levels as the American-made. Somehow, the competitive mechanism has failed here, and free trade has not resulted in significantly lower prices to the consumer. Moreover, the I.L.G.W.U. points to the resultant loss of domestic jobs as a hidden cost to the consumer, for, by their estimates, 650,000 apparel job opportunities have been lost in the past few years to foreign competition with an estimated cost of \$13 billion to the government in jobless benefits.¹⁸ That \$13 billion covered by unemployment taxes, was passed on to the consumer in the form of higher prices.

It is plain to see that George would be impatient with the argument advanced by the I.L.G.W.U., for it presupposes that no alternative employment can be found for the displaced garment workers. He states quite clearly that if “at any given time, in any given place, a certain commodity cannot be produced for as low a price as it can be imported for, this is not necessarily proof that it would take more labor to produce it in the given place, but it is proof that labor then and there can be more profitably employed.”¹⁹ The I.L.G.W.U. interestingly

takes this sort of argument head-on: “This looked like a promising solution a few years ago until it became apparent that other industries like auto, steel and even computers have also been badly damaged by imports. They have also been hit by unemployment.”²⁰ This strongly argues that we cannot let the garment industry collapse in the U.S. and expect that employment will be taken up in other parts of the manufacturing sector. But Henry George is no Social Darwinist, and it is not likely that he would ever seriously entertain the notion that the United States can do without a manufacturing base in fields such as apparel, autos or steel, even if we could attribute to him the prescience it would take to forecast the emergence of a new “service sector” in America which has displaced a good part of the manufacturing sector.

In the long run, no doubt George would see the debilitated manufacturing base of the U.S. as symptomatic of the need for sweeping reforms, even a total restructuring, of the present economic system. In the short run, to deal with the immediate problem, perhaps we may be permitted to speculate as to what George would say.

Perhaps George would condone an alternative to tariffs in this case—and government subsidies would be a possible remedy. As surprising as it may seem, there are indications that this might be so. In one place, George cautiously entertains the possibility of a “bounty system” taking the place of tariff regulations. He writes:

As a means of encouraging domestic industry the bounty has over the protective system all the advantages that the system of paying public officers fixed salaries has over the system prevailing in some countries, and in some instances, our own, of letting them make what they can. . . .

Under the bounty system, bad as it is, we can come much nearer to doing what we want to do, and to knowing what we have done.²¹

George is obviously unhappy with the idea of the bounty system (he sometimes uses ‘subsidy’ and ‘bounty’ interchangeably), but this represents a remarkable concession. In the specific case of the garment industry, it is hard to see how such subsidies could be made to work, yet we may be able to extend the lesson to other sectors of manufacturing. If we can forgive the anachronism which is surely involved in such comparisons, we may nevertheless judge it possible that George could have been grudgingly persuaded to accept the need for something like the government bail-out of Chrysler a few years ago, if that’s what it would take to save our auto industry without imposing tariffs (an admittedly gratuitous assumption). It is worth remembering that to all intents the subsidy seems to have worked.

One is also tempted to recall Heilbroner’s suggestion in the “State enterprise”

model of capitalism when he argues that federal subsidies are indispensable to meet the future of foreign competition. But here we can be justly accused of stretching a rather thin point. In any case, Heilbroner also argues for a companion system of tariffs which is wholly anathema to George's way of thinking.

VI

Conclusion

THESE ARE THE ECONOMIC DIMENSIONS of George's argument against protection and for free trade. As such, it is a scientific argument, for his premises are capable of empirical validation. But there is also a philosophical dimension, as there inevitably is in most, possibly all, economic inquiries. This involves distributive justice, a major concern of social philosophy; and equality in a democratic society, a major concern of political philosophy. These questions are reserved for a later paper, for they are fundamental presuppositions of our economic system.

Henry George rejected protectionism as a national economic policy because, in the name of protecting the jobs and wage levels of certain workers it transfers income from consumers—who are mostly members of the working classes—to the entrepreneurs, managers and capitalists of the benefited industries in the hope that the benefits would “trickle down” to the working men and women. He found subsidies to be more desirable in cases where intervention was unavoidably demanded, for the consideration—based on the principles of public finance—that then the cost to society would be more accurately known.

But he hoped that such subsidies would be targeted to the actual beneficiaries—the working people. His suspicions in this regard have been borne out by our experience with subsidies to agriculture. The benefits have gone to physicians, lawyers, manufacturers and other absentee owners of farm land, and only in small part, if any, to the working family farmer. And since everybody consumes food and fiber, everybody has lost income to this rentier class. Out of the mouths of the very poor have come part of the funds to enrich the rentiers.

Notes

1. Henry George, *Protection or Free Trade: An examination of the Tariff Question With Especial Regard to the Interests of Labor* (New York: Robert Schalkenbach Foundation, 1980), p. 81.
2. Frederic Bastiat, “The Balance of Trade,” in George B. de Huszar, ed., *Selected Essays on Political Economy*, Seymour Cain, trans., (Irvington-On-Hudson, N.Y.: The Foundation for Economic Education, 1964), p. 321.
3. George, *op. cit.*, Chap. III, “On Method,” pp. 23–27.
4. Henry George, *Progress and Poverty* (New York: Robert Schalkenbach Foundation, 1958), pp. 5–6.
5. John Kenneth Galbraith, “The Affluent Society,” excerpted in *The Galbraith Reader* (New

York: Bantam Books, 1977), pp. 242–43. It is also worth noting that in the same place, Galbraith suggests that George's economics is an article of faith for him.

6. See C. B. Macpherson, *The Life and Times of Liberal Democracy*, (New York: Oxford Univ. Press, 1977), p. 11ff.

7. David Gordon, Richard Edwards, and Michael Reich, "Segmented Work, Divided Work," as cited in Robert L. Heilbroner, "Does Capitalism Have a Future?" *The New York Times Magazine*, August 15, 1982, Section 6, p. 22.

8. Heilbroner, *op. cit.*, p. 22 *et passim*.

9. *Ibid.*, p. 60.

10. Henry George, Jr., *The Menace of Privilege* (New York: Macmillan Co., 1905), p. 397.

11. George, *Protection or Free Trade*, *op. cit.*, p. 195.

12. Supply-side economics is a theory that recognizes inflation as the greatest evil of national economies, and supposes that the economic readjustment it sees as necessary will only temporarily affect employment and wages. Since Supplysiders believe that supply creates demand, the ensuing developments of tax-breaks to the well-off will theoretically bolster greater employment through ever-increasing productivity, and that in turn would enhance the standard of living for the average worker. For a discussion of these views, see George Gilder, *Wealth and Poverty* (New York: Bantam Books, 1981). See especially Chap. 4, "The Supply Side," pp. 43–63.

13. George, *Protection or Free Trade*, *op. cit.*, p. 198.

14. *Ibid.*, p. 136.

15. *Ibid.*, p. 136.

16. "Questions and Answers on the ILGWU Proposal for a Fair Market Share for Apparel Imports," published internally by the International Ladies Garment Workers Union, p. 2. The comparison of wage earnings in Hong Kong and China is also taken from this source.

17. George, *Protection or Free Trade*, pp. 198ff.

18. "Questions and Answers on the ILGWU Proposal . . .," *op. cit.*, p. 2.

19. George, *Protection or Free Trade*, *op. cit.*, p. 109.

20. "Questions and Answers on the ILGWU Proposal . . .," *op. cit.*, p. 3.

21. George, *Protection or Free Trade*, p. 82 and 93.

On the Passing of Raya Dunayevskaya

RAYA DUNAYEVSKAYA, one of the founders of Marxist Humanism, an attempt after World War II by philosophers in Europe and the United States to reconcile Marxism and the age-old effort of people to achieve individual freedom, died in Chicago on June 6, 1987.

Ms. Dunayevskaya was born in Russia in 1910 and brought to America at the age of 12. Although Russian was her mother tongue, she quickly became bilingual in English, though with a Chicago accent. While a student in Chicago in the Twenties, she joined the Young Communist League and affiliated with its anti-Stalin faction. She worked with the Leftist American Negro Labor Congress and on the staff of its paper, *The Negro Champion*.

Expelled when Stalin extended his personal dictatorship to the world Communist movement,¹ she gravitated to the faction supporting Stalin's rival, Leon