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## *The Kingdom of Cotton*

by ALAN ST. DENIS

THAT truth is stranger than fiction is a platitude and a cliché, but as in the case of many old saws, it is essentially a truism. Economically speaking, the validity of the quoted proverb, banal as it may be, is intriguingly demonstrated by the manner in which the Department of Agriculture handles the fixing of price supports in the cotton-growing industry. The maneuvers involved are reminiscent of Lewis Carroll's wonderfully amusing stories of *Alice in Wonderland*, where the illogical and the incongruous seem quite normal; or of Ripley's *Believe It or Not*, with its fascinating presentation of what is incredible, yet true.

Following the plot, as it were, is as engrossing as reading a top-notch "whodunit," and as rewarding, for the denouement is truly astonishing. However, to savor fully the tale to be told, it must be related in mystery-writer fashion; in methodical, step by step sequence. Here then, for the edification and amusement of the reader, is the Strange Story of Cotton Parity in 1961.

As is well known, the Secretary of Agriculture is authorized by federal

law to set the cotton support level at from 70 to 90 per cent of parity, that being the standard set to assure farmers a "fair" return for their investment. According to current news reports (mid-February, 1961), it is anticipated that Secretary Freeman will increase cotton support to 81 per cent of parity, which would automatically increase the market price more than two cents per pound. A rise in the cotton price would increase the cost of domestic cotton to the United States textile industry, which already pays six cents a pound more than foreign buyers, thanks to previous manipulations.

Since such a happening could result in a greater influx of low-cost imported goods, American textile producers would naturally be deeply concerned, and their consequent reaction would undoubtedly be strong pressure on Congress for heavier tariff or quota protection from foreign competition. (Whether "foreign competition" is the real culprit in the case appears never to receive serious consideration, nor does the plight of Mr. and Mrs. Consumer, frighteningly

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not, are an affront to justice. As long as private monopolists continue to appropriate with impunity the unearned, community-created increment of land, the government has no right to claim the barest fraction of any producer's wealth.

One cannot but be distressed to read such a statement as the following, taken from the Senator's column in the San Diego Union of January 26th: "If you tax only property, the cost of rent or ownership goes up. Tax what you like, every penny confiscated must be subtracted from the earnings of producers. . . ."

Somebody should tell Senator Goldwater that a tax on site-values does not touch the earnings of producers

and cannot be passed on to renters or consumers. We would commend to his attention the words of one of his fellow-conservatives and erstwhile colleagues. Speaking in Burbank in 1958, with reference to the Irrigation District Act (which establishes site-value taxation as the revenue basis of California's irrigation districts), William F. Knowland declared: "The state law that sparked the California success story has been a powerful engine for the creation of wealth. It has been more important to the growth of California than the discovery of gold a century ago. This remarkable law works as a tool instead of a weapon. It taxes people *into* instead of *out of* business."

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harassed by the high cost of living; they can be taken care of by "welfare.")

But pray read on, for the wheel has not made its full turn. Necessarily realizing that cotton parity support places domestic textile manufacturers in an untenable position on the world market, the United States further "protects" them by providing an export subsidy sufficient to balance the differential. Thus, if the parity price is raised, the subsidy would be increased proportionately, the cost thereof to come from the pockets of the taxpayer. (As always, this beleaguered individual takes it on the chin from both sides.)

The mystery has been unfolded: how can such economically unsound machinations be a policy of government? As the proud but bewildered

Siamese monarch sings in "The King and I," "Is a Puzzlement!" Moreover, the above regards only the cotton-grower, but other farmers are no less insistent on *their* right to protection. The New York Times quotes a Congressional source on the subject: "All these other folks are expecting increases too; after all, this administration promised a better farm income." So round and round it goes and where it will stop nobody knows.

No solution to the mystery will be given here, or even suggested, and in fact there is no actual "mystery." The sorry situation described is merely a continuation of the illogical effort of "planners" to buck the natural laws of political economy, which in time must bring dire effects. Furthermore, every reader knows or should know the solution to the problem; if not, let him read (or re-read) *Progress and Poverty*. The answer is there.