

Don't Blame the Japanese For America's Trade Deficit

by Mike Curtis, Director, Philadelphia HGS

The choice was ours. Americans have sold, to people of foreign nations, billions of dollars worth of things that aren't counted as exports. Our government sold bonds at interest rates they couldn't resist. And, American land owners sold our natural assets. If the Japanese were just saving up their American dollars, papering their walls or stuffing their mattresses with them, it would be wonderful: the U.S. Government could continue printing and spending money without any inflationary effect! It would be like an interest-free loan. But that's not how it works.

Some of the trade surplus is spent for government bonds - loaned, in essence, back to the U.S. Government. And, though taxes are raised to pay the interest (and one must ask whether the interest paid out is worth the advantage of time), in the end, the interest as well as the principal must be spent on something of American value.

The other important thing that foreigners buy which is not counted in the balance of trade is real estate. Although buildings aren't exported, they are certainly an American product. And, unlike exported cars, buildings remain and are continually maintained by American workers.

There is only one thing that Japanese and all other foreign buyers buy with

American money that is **not** produced by American workers: the land. They buy mineral land, farm land, and the sites on which we work and live. In effect, through a multitude of exchanges, the people who own America's land have traded part of it for cars, TV's and all the other products that have come into this country in excess of the products exchanged for them.

Keep in mind, the only reason to own land in a foreign country is to take the products of the labor of the people of that country without giving them an equal

value of products in exchange. Imperialism once came from the barrel of a gun; now it comes from purchase of land.

If the U.S. wants a balance of trade, it can have it. We must think of our land, with all its natural resources, as a commonwealth - as the birthright of all Americans. By simply collecting for public purposes the annual value of each parcel of America's land, we will all enjoy our equal rights to the

bounty of nature, and we will insure a balance of international trade.

Unlike products, which have a cost of production, the value of land is the value of opportunity: what people are willing to pay to monopolize nature. When this value is taken for revenue, there will be nothing for foreigners to buy, and nothing for Americans to sell, except American products.

"By restricting trade, we do to ourselves in time of peace what we do to our enemies in time of war," wrote Henry George. Restricting trade will only divert labor and capital to less efficient productions, thereby making the recession more severe. Unemployment is not caused by a deficit in trade but by speculation in land.

If our nation were to collect the value of its land, then no one would hoard it. We would have full employment and no trade deficit. In the absence of this most essential reform, our only hope is for technology to somehow keep ahead of both our foreign competitors and the speculative price of land.

STRANGER THAN FICTION:

- President George Bush travels to Japan, along with the CEO's from the Big 3 American Automakers, whose average salary is more than eight times that of the CEO of any Japanese auto company. They demand that the Japanese buy more American cars.

- Meanwhile, one US car company announces plans to build one model of car with the steering wheel on the right side (where Japanese drivers want it), which will burst upon the Japanese market in 20 months!