

Good Afternoon!

Aside from the fact that the Federal government is now being hijacked, there were some policies that the people who voted for Trump and the Republicans, thought would create jobs, raise wages, and make housing more affordable.

1. Levy tariffs on imports, so we can make our own products and keep the jobs here at home.
2. Encourage foreign investors to build factories in the U.S. and give American workers good paying jobs the way Toyota and Honda already have.
3. Reduce the immigration of unskilled workers, and get the poorest Americans working and off of welfare.

Well, A Little bit of Knowledge Goes a Long Way.

To start with, the United States didn't really export jobs. Corporations closed factories in the US, and had new ones built in other countries.

In many cases they closed down operations in the US, and left the land and buildings idle. In some cases they sold the factories, and the new owners left them idle.

In too many cases they polluted the land to a degree that it would cost more to clean it up than it could be sold for.

The unemployment attributed to exporting jobs is simply the result of idle industrial land. Look out the window when you go through Philadelphia on the train

— [Picture]

idle abandon factories collecting trash. That is what is adding to unemployment. It's Philadelphia and dozens and [3,4,5,6] dozens of other old industrial cities.

Instead of creating incentives to rejuvenate our industrial and commercial opportunities, the president is enacting penalties to trade — which is the life's blood of every civilization.

Protective tariffs will only accelerate our declining standard of living.

Go back to 1789 and the founding of the United States as a nation. The sale of land yielded considerable revenue, but import tariffs were the primary source of funding for the Federal government.

That continued until the 1913 with the adoption of the income tax. After that, tariffs continued as a means of subsidizing American manufacturers. They were raised and lowered many times with different rates on different products.

In 1930, as unemployment rose, the Smoot Hawley tariff act increased the average tariff to more than 50% — as unemployment went from 10 to 25% in 1932.

Then, after Roosevelt got elected, the tariffs were lowered, but the depression continued on until WWII.

It was Hamilton and the Federalists who pushed for tariffs to subsidize infant industries and fund the Federal Government.

But, in spite of external tariffs, there was Free-trade between the 13 states, and a free-land frontier — an opportunity that gave American workers the highest wages and the highest standard of living in the world.

By the mid 19th century, long before McKinley, who was Trump's inspiration, became president, the United States extended from the Atlantic to the Pacific. The railroads linked both oceans and the farm and mineral land in between.

By the time McKinley actually did become president, America had already become the greatest economy in the world.

It resulted from Cheap land, increased population, railroads, and free-trade between the states — in spite of protective tariffs.

The advocates of protection say that tariffs will stimulate domestic production, and shield the American worker from the competition of lower paid foreigners.

In reality, it is not tariffs, but the absolute and comparative advantages that give the people of all countries more by trading than they would get by producing everything they consume, directly themselves.

Even if every single product we consume could be made cheaper in China, we could both benefit from trading.



**Chinese Electric Xiaomi SU7**  
**2,250 Hours Costs \$13,500**  
**Sells in the US for \$30,000**

**Equal  
Quality**



**U.S. Electric Crysler**  
**2,250 Hours \$50,000**  
**Sells in the US for \$50,000**



**Chinese Tractor**  
**3,750 Hours Costs \$22,500**

**Equal  
Quality**



**American Tractor**  
**1,500 Hours \$30,000**

Suppose a high quality electric car made here in America, sells for \$50,000. In China where they pay far lower wages, the Chinese government funded electric car development, and the latest advances in automation, they can produce an electric car of equal quality for a fraction of that price.

Suppose, given the international competition, you could buy that Chinese made electric car here in the United States for \$30,000. That is, without tariffs.

With the money, the Chinese company could buy anything from anyone anywhere, as long as US dollars are accepted as a Reserve Currency. (Int. money)-

The President said: We buy their products, but they don't spend the money. Well, if they didn't spend the money, we would get the cars for little pieces of green paper.

They accept the money in exchange for cars because of what it will buy.

Now, suppose the Chinese could also produce farm machinery for less than they could buy it from the United States.

But, because of America's 150 years of experience making farm machinery, which the US exports all over the world, the Chinese can only produce farm machinery, and tractors in particular, for 25% less than Americans.

But, by making electric cars and trading them for tractors, the Chinese farmers would get their tractors for 40% less than tractors made in China.

And, the American consumers would get their cars for 40% less than cars made in America. That is a comparative advantage.

It's not just wage rates that determine the cost of production. High paid workers often acquire greater skills and knowledge. They build, operate, and maintain sophisticated labor saving machinery.

In many cases, the results of their labor is far in excess of their higher wages.

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production, minus wages & interest, equals rent.

Where are land values higher — low wage or high wage countries?

The diversity of nature impels us to trade. Climate, soil, and mineral deposits are so diversified that trade among countries yields enormously greater satisfactions.

It is not only the gifts of nature, but all people can not learn the same skills and knowledge, or be equally good at producing all things.

And the same thing goes for communities and for nations. By developing different skills and different industries in different communities, the entire world gets the benefits of a far greater total of skill and knowledge.

It is easy to imagine, as the text books say: The more a nation sells to other countries (Exports, and the less buys from other countries (imports), the more favorable its balance of trade, and the greater its level of prosperity.

But, if that were true, the most favorable balance of trade possible would be when we exported everything, and imported nothing — as we starved to death.

The value of imports often do exceed the value of exports: When tourists exchange their money for US dollars, Americans use that money to buy products from the country that issued the money. It increases imports over exports.

When Americans inherit money from people in other countries the money buys products from the country the money came from.

And, the two primary ways that our imports exceed exports are #1. Americans take profits from previous investments in other countries. And 2. Foreigners make investments in the U.S.

As for the first: Suppose an American invested in a Chinese phone company back in 2000. Now, 25 years later, he decides to take some dividends. To make it simple, I'll say the Chinese company is selling phones in the United States.

Instead of taking the money received in exchange for the phones, buying American products, and taking them back to China, some of the US dollars are given to the American investor as a dividend.

That does not count as an export, and so it contributes to the trade deficit: Imports over exports.

The second way for imports to exceed exports is for foreigners to invest in the the United States. Sticking with cell phones, suppose a Chinese company sells phones in the United States.

But, instead of buying American products and taking them back to China, they build a phone factory, buy a wheat farm or government bonds.

As long as they do not take an equal value of products back to China, it increases US imports more than exports.

People and corporations make investments in foreign countries so that in the future they can take products out of those countries without giving an equal value of products in exchange.

But, so long as the investment increases productivity more than the return on the investment, it can be a win, win relationship.

As long as the investment of a foreign car company in buildings and machinery increases productivity more than the return on the investment, it is of mutual benefit.

When foreigners buy corporate and government bonds — indirectly, trading products for bonds, no product leaves the country, and it adds to imports over exports.

Trillions of dollars worth of products have been imported in exchange for government bonds in past decades.

And, if the government sold bonds to build the interstate highways, as long as the highways increased productivity more than the interest on the bonds, people in both countries benefit.

However, investments in land, are made to exploit the American worker. That includes all natural resources from the land under Manhattan high-rise buildings and factories to farm and mineral land,

A foreigner who owns land takes products out of the country, and because they own the land, they don't give anything in exchange.

Americans have invested in the land of other countries for a century. I am guessing that is a measurable part of why US imports are greater than exports right now. They are profits from prior investments made by Americans in the land of other countries.

We used to get a lot of bananas from Guatemala. But because the United Fruit company was owned by people here in the US, part of what the bananas sold for was simply kept by the owners. It increased imports over exports.

On the other side of the ledger, money sent home by Mexican workers as well as foreign aid, add to US exports over imports. US dollars buy American products.

What complicates the balance of trade between countries is the fact that the credits and money received from one country is often used to buy things from a third country. There is no direct quid pro quo.

But, you can be sure, people who sell things to the people of other countries get back from the world wide trading network a greater value than the one they give: products, services, land, or its rent. Otherwise, they would not sell you anything.

The real purpose of Protective tariffs is to subsidize domestic manufactures at the expense of American consumers. -

With a 100% tariff on electric cars, companies will likely have little foreign competition. So, even though they can not make electric cars of equal quality as cheaply as the Chinese, they can make a much higher profit by making electric cars instead of farm machinery and airplane parts, etc. for export.

Tariffs divert labor and capital from producing the things they produced most efficiently, to producing things that the people of other countries produce more efficiently — in order to get higher profits.

Tariffs not only increase prices, reducing wages in terms of what you can buy, but they reduce the gross domestic product of the United States.

Domestic competition tends to ameliorate the higher profits, which then concentrate in the income of monopolists — those that have patents and the land that contains iron ore, bauxite, and other minerals that are needed, but, can not be produced.

When tariffs are placed on materials like steel and aluminum, which are used by American manufacturers to make finished products, it raises the cost of production, and reduces their ability to compete in foreign markets.

There are instances in which taxes unintentionally reduce production, but tariffs are intended to rob the consumer.

They take far more in higher prices than they yield the domestic producers — simply because the foreign producers can make the products cheaper.

I laugh at retaliatory tariffs like those that Canada and Mexico are threatening.

With tariffs, the US will raise the price of Canadian goods so much that Americans will buy more expensive American made products. That reduces the demand for Canadian goods, and what is received in exchange.

In retaliation, Canada will do the same thing to their own citizens: Make them pay higher prices for things that are made in Canada as well.

Free trade agreements like NAFTA, now USMCA are not free trade. They are more than a thousand pages that say if you let your citizens buy from us under the following provisions, we will let our citizens buy from you under the same provisions — plus a multitude of rules for foreign investments in each other's country.

Free trade is when you let all legal products into the country without tariffs and other restrictions, regardless of what other countries do. That enables your citizens to enjoy the cheapest possible prices.

In a nutshell, we do to ourselves with a tariff what we do to our enemies with an embargo — we increase the cost of getting the products that are wanted from other countries.

(Pause)

All over the less developed world foreigners have acquired the land and are exploiting the people.

Whether it is called imperialism, colonialism, or foreign capital investment, the relationship is the same. One group of people work and produce, and another group of people in another country consume.

Foreigners now own and are buying up increasing amounts of commercial and agricultural land in the United States, and that accounts for a whole lot of imports over exports.

The President is urging Foreigners to invest in America. Buy our land and build new factories. And, if more of them do, that will increase imports over exports — in the short term — and the exact opposite in the long run — as America become an exploited nation.

Whether the person who is able to take what you produce, lives in another country or down the street, the exploitive relationship is the same,

and whether we have protective tariffs or free-trade, wages still tend to a minimum below which productivity would fall more than wages were lowered — ameliorated by the legal Min. Wage.

Certainly, the elimination of all tariffs and quotas will increase productivity, reduce prices, and give everyone the incentive to produce whatever will give them the highest level of gratification — directly or by way of trade.

But, under the present circumstances, all the increase in productivity resulting from freer trade would increase corporate profits from the land that people work on, housing rents, and the price of land needed to build new housing. [Pause]

Now, what about Illegal Immigration?

Even if only 10% of the undocumented workers get deported, that will be over a million people. I suspect they will be people who have broken the law, or at least are not employed by those who have contributed millions to the president's campaigns.

You can imagine how much money is being made from undocumented workers. Deporting even a small percentage will likely make the rest of them even more willing to work hard for less.

On the other side, any reduction in undocumented immigrants will certainly improve the position of the least skilled and educated Americans.

They have had to compete with people who can walk a thousand miles and survive on a little dried beef or Ramen noodles and a drink of water.

Americans are also in competition with 12 million highly skilled and educated workers with Green cards.

[Pause]

Now, let's go back to the 1950s. Many of our cities had far larger populations than they do today. During a period when the United States more than doubled in population, many of our old industrial cities lost significant portions of their residents.

Many of their factories and housing were emptied. Philadelphia lost 160,000 manufacturing jobs, and it has over 42,000 empty houses or vacant lots.

I looked at the census figures. They listed 47 cities from Chicago to those the size of Wilmington Delaware, and together, they lost over seven million people since the 1950.

By simply rebuilding those cities to the level of 1950, would give us jobs and housing for millions of people.

The city of New York has maintained its population, And still, it has tens of thousands of vacant parcels and empty buildings.

The latest census shows that even more cities have increased their populations. 52 cities of more than 100 thousand each, have added a total of 18 million people since 1950 — clear evidence that, with the latest technologies and taller buildings, all our cities could have increased their populations to the extent that more than half of them already have.

I'm sure these cities still have some empty buildings and vacant lots, and I'm sure some have expanded their borders.

And, With the right incentives, all cities would increase their populations until, if they had any more people, it would diminish their level of productivity, desirability, and the value of their land. That is the point of diminishing returns.

Immigration seems like it has been an overwhelming flood, but it is significantly off set by our very low rates of birth.

The United States is one of the most sparsely populated countries in the world. It is significantly less densely populated than France, one fifth that of Britain, one 14th that of Japan and 1/17 that of South Korea — four countries which also have high standards of living.

It is true: A consensus in regard to sovereignty and migration is essential to world peace and prosperity.

But all I am pointing to right now, is the un-used and grossly under-used land in many of our cities and urban areas where there have been enormous investments in infrastructure and public service.

And that is the cause of unemployment and the shortage of housing — not illegal immigration.

We could seal the border, and the wages of workers with low skill and education would go up. There might be less labor intensive products bought, and productivity would definitely go down.

But, Would the rents charged to tenant farmers be lowered? Will the rents charged to restaurants be lowered as wages go up?

Sometimes inflation lowers rents without a formal reduction, but, if the rents are not lowered as wages go up, businesses will fail, and many low wage workers will still be unemployed.

New technologies will be developed, Inventions will come forth, and so will land speculation. The non-use and under use of land will continue.

There will be no less need for welfare programs, which now cost a trillion dollars a year because there aren't enough jobs and wages are so low.

The Federal Reserve will keep on increasing the supply of money in order to stimulate the economy and create jobs. Inflation will continue to raise prices, and recessions will recur. The next one is expected in 2026.

Now, what's the solution? How do we create enough jobs and housing? How do we fund governments at all levels?

How do we create the incentive for people to rebuild to its full potential each parcel of land that was once in use — industrial, commercial, and residential land in our cities and many of our suburbs?

The answer: shift all taxes to the value of land. To the average person, this will sound like Alice in wonderland.

But, with the exception of taxes now paid by Minimum Wage workers, all other taxes are now paid out of what would otherwise go to the owners of land and other monopolies.

Whether it is a tax on the value of buildings, income, sales, or capital gains, if a parcel of land sits idle, no tax is due.

In cases where the land has lost all value, as it has in the most distressed areas of most cities, these same taxes impose a penalty that prohibits redevelopment, jobs and housing.

By shifting taxes to the value of land, the majority of landowners pay less than they do now. Those with un-used and significantly under-used land pay grossly more.

That creates the incentive for everyone to put their land to full use — and once they do, they pay less than they would have paid under the current system.

The incentive is to use the land or transfer it to someone who will — resulting in jobs and housing.

And, until the land value tax is applied so extensively that it creates a free-land opportunity like the Homestead Acts of the 19th century, one that offers more than the Min. Wage, the value of land will rise, and those who sell will get a higher price than they could right now.

Ultimately, land titles should be conditional upon a payment of the land's rental value. That would bring about the full use of all valuable land.

That would lower the value of land in general, eliminate its selling value, and re-create the free-land opportunity.

As the least potentially productive land becomes available, wages will rise as the value of land in general, falls.

While the owners of land lose their income and the selling value of their land, they gain from their labor with higher wages and the return on their buildings, machinery, crops, and inventories.

While the value of land in general would fall, the value of urban land, with larger and denser populations, would be much much greater.

There, the infrastructure will have enabled enormous aggregations of labor and capital with minute divisions and concentrations — increasing productivity and the rental value of land.

Here are the funds for the infrastructure, the restoration of polluted lands, and the cost of governments; here are the funds for social security and national healthcare, and here are the funds for medical and environmental research and the advance of civilization.

Madam Chairman. []