

Tariff "Adjustment Assistance"

IN CITY PRESS,* the Wall Street Journal of London, Lancaster M. Greene found an extensive article on the history of free trade in America, by his friend Raymond V. McNally, who was formerly a resident of New York and an instructor in the Henry George School. He envisages the coming battle in Congress as "one of the most bitter in American history," and points out that the country's economic survival is at stake since she "can no longer afford the luxury of a protectionist policy."

Revolt against protectionism, he said, was the chief basis of America's fight for independence. Before the Declaration of Independence the Continental Congress had voted for free trade. . . . In view of the heritage of economic strangulation by the fading empires of Europe, this was a remarkable achievement, comparable to the industrial revolution. Only now is Europe trying to emulate it.

"But the vigorous young minds of the new world were eager to produce yet another revolution in economic thinking. The European governments of the Middle Ages had operated on the principle that since they had placed restrictions on trade between cities, these should be extended beyond national boundaries.

"The Americans sought to apply this principle in reverse. Free trade between the states should be extended abroad. . . . For that reason, John Adams, the American minister under the confederation, who later became president under the Constitution, importuned the British government for years to see the light. But in vain. Finally, he gave up in disgust and recommended that the U.S.A. retaliate by setting up barriers against England.

"He did not see that just as reciprocal free trade is beneficial, so is reciprocal restriction suicidal. From that moment, the beautiful American dream began slowly to evaporate. A struggling young nation got off on the wrong foot. America stands today where Britain stood almost 200 years ago. Is she setting any better example to the undeveloped countries in this world of turmoil?

"Foreign competition in domestic markets is to be tolerated only to promote American competition in foreign markets. According to this viewpoint, imports are not desired for themselves but only as a means to an end.

"The trouble is that the U.S.A., like Britain, has been trying to walk a dangerous tight-rope between economic isolation and political internationalism. The two are incompatible . . . reciprocity is better than discrimination or retaliation, but it is not free trade. It is like two boys daring each other to jump into the lake first and ending up by jumping together.

"For the first 100 years of her existence, she looked upon protection as a necessary evil to be applied only temporarily in special cases and at certain times. . . . Until 1913 America relied on customs duties to cover the running expenses of the government. The first tariff adopted in 1792, three years after the Constitution was ratified, was of this nature . . . protection is a pernicious thing. Once bitten by it, the beneficiary—like a drug addict—wants more of it, not less, and all at the expense of the community. The 'infants' never seem to grow up.

"For 150 years, despite high tariffs, America's imports exceeded her exports. This, together with more domestic competition induced by the high

*December 22, 1961

prices, may have frustrated the protected industries. Were it not for this, America would never have attained her present position of wealth and power. No country can get rich by sending more goods and services away than she takes in.

"When the U.S.A. reversed the normal process about 20 years ago, she laid the groundwork for external deficits and a slower rate of growth. . . . Trade unions—which are a form of protectionism supported by legislative privileges—produce the same result as they succeed in embracing

more and more workers. Thus the constant demand for higher wages and fringe benefits.

"But Kennedy, the 'liberal' thinks he can 'cushion adjustment.' It is the old story of a dog chasing its own tail. Under his free trade plan, he promises 'adjustment assistance' where imports cause loss of jobs or business. This is akin to the victims of a bandit compensating him for being deprived of his loot by the police. Nowadays nobody is supposed to pay for his own sins or his own inadequacies. That is the taxpayers' job."

California Assessment Practices

THE Commonwealth Club of California has released the report on a study of Assessment Practices by participants which included assessors, private public utility representatives, and "advocates of the Henry George theory of the single tax."

It was agreed that only mechanics and practices of assessment would be studied and the first question as to whether property in California should be assessed at "full cash value"—the mandate of the constitution, or, as at present, "in proportion to its value," was fairly quickly concluded with 82 voting for assessment at full cash value and 52 for fractional cash value.

Next the more troublesome problem of equalization arose. There is often wide diversity in the assessed value of two nearly identical plots situated near each other but separated by a county line. Also there are sometimes different valuations on the same property by the county assessor and a city assessor. It was finally voted, 106 to 26, that the State Constitution should be amended to require that the county

assessors' valuations be adopted uniformly by all units within the county.

"Should land be valued in accordance with use, or regardless of use?" This was very close—67 voted for the former, 68 for the latter. "Should there be legislation to establish uniform criteria for valuation of improvements?"—113 said yes, 19 no. "Should there be repeal of the tax on household effects?"—96 said yes, 35 preferred a requirement that such effects be assessed at the same ratio to true value as applies to land and improvements.

A minority of 39 said the tax on business inventories should be repealed—93 suggested legislation require a more uniform standard of evaluation. Again a minority of 33 voted for repeal of a personal property tax on fixtures and machinery, while 94 were for adopting uniform standards of value, comparable to those now applied to motor vehicles.

The decision was close in deciding whether assessors should be elected (70) or appointed (64).