

An Age Old Conflict

Periodically, and especially in recessionary periods, nations begin to withdraw, conforming to political policies of yesteryear. Not since World War II has there been such a decline in world trade. Concomitantly, unemployment is at an all-time high for many of the western nations. Among the members of the Organization for Economic Cooperation and Development (O.E.C.D.), which includes the U.S., Japan and most of Western Europe, unemployment oscillates around the twelve percent range, and the prognosis for the immediate future is not encouraging.

Can nations successfully shut their doors to foreign trade in order to combat unemployment or will they merely exacerbate the situation? Unlike the economic picture before World War II, as the world has shrunk, so has our economic dependency. Although our need for foreign oil has decreased, about one-fourth is imported from foreign nations, which nevertheless represents a substantial amount. We are, however, totally dependent on foreign nations on our need of minerals such as cobalt and manganese to make steel, and are almost totally dependent for chromium, platinum and bauxite.

Restrictions on imports, such as steel and automobiles, usually triggers off trade reactions from exporting nations. American farmers often look to foreign markets to sell, as one-third of our crops are consumed overseas. One out of five factory workers in the U.S. produce for foreign markets. In these two major areas, and there are others, any curtailment in exporting these goods will lead to more unemployment. The conventional wisdom among trade experts is that more jobs are gained as a result of exports than are lost by imports.

Expansion, not retraction, of foreign trade is the answer. Decreasing wealth, as is the case with restrictions, can never help economies, whether it be ours or any other nation, which may be obvious, but apparently is not to special-interest groups. Almost one hundred years ago, Henry George, in Protection or Free Trade, spoke allegorically about the follies of nations:

"Near the window by which I write, a great bull is tethered by a ring in his nose. Grazing round and round, he has wound his rope about the stake until he now stands a close prisoner tantalized by rich grass he cannot reach, unable even to toss his head to rid him of the flies that cluster on his shoulders. Now and again he struggles vainly, and then after pitiful bellowings, relapses into silent misery."

This time, however, it may not be silent!

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