

may increase in volume and intensity. If this is to be the system is doomed. Ten thousand graduates of the Henry George School do not seem very formidable in a nation of one hundred and thirty million. But ten thousand who think straight and who are animated by spiritual conviction are to be reckoned with. And as the years go this group will be multiplied many fold. Then something will happen.

Henry Clay an Advocate of Protection and Low Wages

HENRY CLAY was the Father of the American Protective Tariff. At least he is called so, though there seems some doubt about the paternity. The honor, such as it is, should perhaps go to Henry C. Carey, who expressed a wish that the ocean might be a sea of fire, in which case there would be nothing imported and a perfectly "favorable balance of trade" be forever assured!

But it will be news to most persons that Clay advocated a protective tariff as a device for lowering wages rather than increasing them. He saw that the higher wages prevailing in America were due to the public domain which provided an outlet for labor. He believed that a high tariff would encourage the coming of lower wage laborers for our manufacturers. This school of protection to which he belonged advocated a high tariff to encourage immigration of low paid labor to build up our infant manufacturing. Congressman William D. Kelley, known in the House as "Pig Iron Kelley," said in March, 1872. "Yes men are on the free list. They cost us not even freight. . . . We promote free trade in men and it is the only free trade I am prepared to promote."

From 1810 to 1850 Clay was the protection leader. During this period England was a protection country. Pauperism was wide-spread in Great Britain. Clay argued that if protection made paupers, which he seemed to think it did, it made at the same time enough wealthy men to support them. In the light of what so many people believe, this almost incredible teaching of the Father of American Protection will come as a shock. But it was in March, 1824, that Clay said (and if this meets the eye of any protectionist he is asked to reflect upon it:)

"As to the poor rates, the theme of so much reproach without England and so much regret within it among her speculative writers, the system was a strong proof no less of her unbounded wealth than of her pauperism. What other nation can dispense, in the form of requested charity, the enormous sum, I believe, of ten or twelve millions sterling. The number of British paupers was the result of pressing the principle of population to its utmost limits, by her protecting policy, in the creation of wealth, and in placing the rest of the world under tribute to her industry. Doubtless the condition of England would be

better without paupers (*sic*) if in other respects it remained the same. But in her actual circumstances, the poor system has the salutary effect of an equalizing corrective of the tendency to the concentration of riches, produced by the genius of her political institutions, and by her prohibitory system."

That protection can increase wages is, of course, the shallowest kind of deception. And it is well for a moment to go back to a time when the protectionist school made no such defense of the system but frankly based it upon the need of cheaper labor for our nascent industries.

What are Monopolies?

WHAT are monopolies? According to the sloppy economists who represent current thinking they are Big Business, Corporations, Chain and Department Stores, and Combinations of Capital.

None of these things are monopolies save as they share in natural resources or participate in the receipt of economic rent, or are endowed with special privileges by government.

The only really effective monopoly is the ownership of the earth.

The largely ineffective monopolies are protected industries because, subject to the inroads of competition and at the mercy of other and stronger monopolies, chief among which is the monopoly of the earth, the source of their products.

Railroads are monopolies in so far as they control the rights of way, the ownership of land in strips rather than plots. The United States Steel Company is only a monopoly in so far as it controls the sources of supply. There can be no monopoly in cars, rails or equipment. You cannot monopolize the products of labor.

Capital in a free economy is in a state of flux. So is Labor. They move to the highest bidder. They will flow into channels which offer the greater percentage above the normal return. Edward Atkinson long ago calculated that the difference of one-tenth of one per cent a yard in the cost of manufacture would determine what country would hold the cotton goods trade of the world.

So powerful is competition that it frequently overleaps the barriers created against it and sweeps on its way in the destruction of combinations, as occurred some years ago in the defeat of the attempt to corner cotton.

There is one point to be kept always in mind. That is that there is no real monopoly apart from the monopoly of the earth, or monopoly conferred by government, let us say in the form of patents. Monopolies do not spring spontaneously in the natural operation of industry. They are not inherent in the nature of industry. *But competition is.*

Combinations are something else. These are often mistaken for monopolies by loose thinkers. Despite the size of combinations they are forever at the mercy of

competition. Here is where business acumen has its office and derives the maximum of return with the minimum of risk. Its income is conditioned by the care with which it meets competition (viz., production, efficiency, capital turnover, etc.). But if the competition that assails it is free and it has no guaranty from government furnishing it protection it is no monopoly. Government and not nature creates monopolies.

What briefly is monopoly? Any human production activity from the functioning of which competition is excluded. It can only be excluded by government. Voluntary combination cannot exclude it. A land title is a monopoly. But it exists because government creates it. Its convenience in assuring undisturbed possession has helped to perpetuate it. Its monopoly privilege is the private collection of ground rent, the annual value of its advantages. This rent is determined, speaking generally, by population and its activities, and the public services supplied it, these being included in the activities of the population.

Monopolies then are not what the government at Washington thinks them to be. They are *not* Big Businesses, Chain or Department Stores, Corporations or Combinations of Capital.

There is now some idle talk of licencing business. The law of competition has already licenced them. Free that law, put competition to work without interruption or restriction and there will be no monopolies. To license businesses is to create more monopolies.

The Golden Age of Economic Thought

THERE is no period in history in which there were so great a number of men gifted with real vision as in the time of France immediately preceding the Revolution.

These were the Physiocrats of whom Dr. Francois Quesnay was the titular head and the philosophers who shared their liberal views, but did not subscribe wholly to their economic opinions. Nearly all were believers in natural rights and all were free traders. Dr. Quesnay who was eminent in medicine founded his system on natural laws, but in his contention, shared by his disciples, that agriculture and mining were the sole means of increasing the wealth of a nation he narrowed his concept to a point which prevented its acceptance as a programme of general application.

But he laid stress as did the others upon individualism and freedom. Industry and commerce must be unshackled, and they taught that what served the true interests of the individual served alike the interests of society. As Henry George later expressed it in homely phrase, "Man and mind is all hooked and buttoned together." Turgot, who for twenty months filled the post of Finance Minister, and who himself was a physiocrat though standing aloof

from them on account of what he regarded as their sectarianism, had written, "It has been too constantly the practice of governments to sacrifice the happiness of individuals to the alleged rights of society. It is forgotten that society is made up of individuals."

It is interesting, too, to note that Turgot united the economic law with the moral law.

It was Gournay who held that competition was the most effective spur to production, and it was he who invented the phrase, "laissez faire, laissez passer." It was Gournay who most vigorously opposed the regulation of the prices of commodities by government.

Quesnay, as leader of the Physiocrats, was regarded with something little short of veneration by his followers. It was Turgot, who by reason of his brief occupancy of the post of Finance Minister, accorded the economists official recognition of their principles.

Turgot's abolition of trade guilds and trade monopolies was the crowning act of his official career. It is doubtful if anything quite so important has been accomplished by any Finance Minister in so short a time. The nobility and the beneficiaries of privilege combined against him and forced him out of office. In this way they were aided by the designing Marie Antoinette and her influence with the weak-minded Louis. But Turgot's fame is secure and if he failed he is only one more of those who have struggled unavailingly against inequality and privilege.

In Turgot was united a wide knowledge and proficiency with a seer-like vision of a redeemed society. He is more like Henry George than any man we know in history.

On one of the earliest papers by Turgot that have come down to us is a treatise on money, and of this his friend, Du Pont de Nemours, said: "If forty years later the majority of the citizens composing the Constitutional Assembly had possessed as much knowledge as Turgot, France might have been saved the Assignats." And he might have added the Revolution as well.

A word regarding Du Pont de Nemours.* He was the equal of his associates in mental power and like them in breath of vision, and it was he that gave the name *Physiocratie* (the natural order) to the philosophy of this forward looking group with which he was affiliated. He had met Turgot at the home of Quesnay and this acquaintance ripened into a fast friendship which lasted till the death of the Finance Minister in 1781. It was Du Pont who drew up an address to the people of France on Taxation in which he argued that taxation must be direct and levied only on visible objects.

The authorities neglected to mark the spot where

* This Du Pont is the honored ancestor of the Du Pont family in America. Nor has the family tradition been forgotten. There has not been a time in the history of the Henry George movement in this country when some member of the Du Pont family was not affiliated with the movement in some way.