

the Henry George News

PUBLISHED BY HENRY GEORGE SCHOOL OF SOCIAL SCIENCE • APRIL 1960

Cold War and Hot Economics

by SYDNEY MAYERS

TOP-LEVEL diplomacy these days seems to call for portfolios filled with travel guides as well as pacts and treaties. President Eisenhower, Prime Minister Macmillan and Premier Khrushchev (not to mention Messrs. Adenauer, Ben-Gurion and Sukarno) are traipsing around the globe so extensively, it is probably often true (as the old joke has it) that they know where they are only by looking to see what day it is. Doubtless their whirlwind trips are agreeable and stimulating, but no one pretends that the intrinsic delights of the journey constitute the reason for covering so many miles. It is intriguing to ruminate on the subject; just what does prompt this large-scale travel by the summit leaders of the world?

First, of course, there is international politics, of which there are two kinds. One is the "good-will" variety, spreading friendship and neighborliness, so well exemplified by Mr. Eisenhower; the other is "power" politics, clenching the iron fist (with or without the velvet glove), at which Mr. Khrushchev is a master. But politics is a superficial and relatively minor aspect of mutual visiting among nations. The less evident but more profound

cause is a matter of economics, not politics, and what really prompts travel by governmental chiefs is the search for goods and markets (imports and exports). In the days of Columbus and the other great explorers, long voyages were undertaken to find new land—which meant both a potential source of market and a potential source of wealth. Essentially the purpose has not changed; and if dignified officials have replaced adventurous seafarers, their ultimate goal is the same: Trade.

Trade is important not only to nations as such, but also to their individual inhabitants. Trade, which is basically an exchange of commodities, is a facet of production; production is the counterpart of consumption; and the economic demands of the consumer (whether inside the Iron Curtain or out) must be satisfied, else there will inevitably be trouble! News reports from the Soviet Union show that Ivan and Olga are turning up their noses at the wares offered for sale in State stores. Roumanians are now reported to be demanding better quality and more appealing styles. In Poland that tasty morsel known as the bagel, though banned by the authorities as a

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"cosmopolitan" delicacy, is nevertheless ubiquitous, obviously being produced in clandestine bakeries. These examples, and many others that might be given, are of interest not so much on the local level, where they are primarily amusing, but rather on the national level, since they indicate the pressure of consumer demand. One can be sure that Mr. Khrushchev is well aware of this growing demand, and that much of the purpose of his efforts to arrange trade treaties is to make consumer goods available before the currently mild grumbling gets out of hand.

Long ago Russia's Premier announced to the United States: "We declare war on you—in the field of international trade." Sensing the urgency of that remark, the American government took up the challenge, and the "war" is now in progress. This is in fact the so-called Cold War, a conflict arising out of Hot Economics.

Whether a "hot" war will ensue, with all its horrifying consequences, may depend on the outcome of today's economic contests. Yet, how easily it could be prevented—by freedom within nations and free trade among them.

The common assertion that the causes of war are economic is an illogical twisting of the fact. Actually the causes of war are anti-economic, in the sense that what causes war is the neglect or failure to observe and comply with the laws of political economy. National greed, nurtured by the ignoring of economic laws and encouraged by "protective" man-made laws, leads to domestic and international poverty, and then to economic depression. And then, in the frantic endeavor to "solve the problem," wars are brought about. No one can win the Cold War; it can only increase in temperature. But nations can end the Cold War—by learning some Hot Economics.



LETTERS

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To the Editor:

Following up the January item relating to the City of Dorval in Quebec, application has been made by the city to the Quebec government for power to commence adopting site value taxation. The department of the government concerned has now requested that action be delayed until the government can study the whole subject.

The Board of Trade in Dorval also has become interested. They have decided to determine how the proposed change in the method of taxation

would affect the city and the rate payers as a whole. I spent a day in Dorval with Mayor Pratt and the business manager of the city and addressed the city council in the evening.

Should the result of these two investigations prove favorable it could lead to legislation giving municipalities throughout the province power to adopt site value taxation. In the same way a favorable report by the Board of Trade would be noticed across the Dominion and, presumably, in the United States.

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