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by RICHARD P. VAN HORN

IF IT were found that oranges could be grown in Iowa to sell there for twelve cents a dozen more than "imports" from California, and if it were possible for the Iowa growers to obtain a tariff on California oranges, the Iowa legislature would not be lacking in agitation for "protection against the low priced migrant labor of California."

The lack of enthusiastic response to the Brannan plan of direct subsidy payments to farmers points up a fundamental lesson in politics. Taxes and subsidies are invidious at all times. They are less likely to arouse complaint if they are hidden—wrapped up in the cost of a good or service.

Those who seek such favors and those who make them into law know that direct payments and collections stand out like a sore thumb. The indirect method, like slander, reaches everywhere and has no definite source or end. Thus, the same lawmakers who helped put the indirect tax or

subsidy into effect may later assume the role of champions of the people and protest in public that prices or profits are too high. They can get away with this because it is not generally known that the tax of collector's take is often far greater than the net profit, if any, left to the risk takers, the producers of the taxed goods or services.

The automobile industry has just had one of the most profitable years in its history. Yet the net profit per unit sold was but a fraction of the tax collector's take on each unit. The same is true of a long list of things from movies to light bulbs, cigarettes and cosmetics, to name a few.

Such a tax system makes no sense at all. History shows us that such incentive-killing taxation has caused economic anemia when and wherever applied. The only thing that can be said for it is that, presumably, some of this economic life blood is used for

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Oranges from Iowa?

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worthy causes—or what certain people in control *think* are worthy causes. At least the income and expenditures are a matter of public record.

A tariff, on the other hand, is a tax and a subsidy of the most vicious sort. It is a concealed levy on all for the benefit of the few. The real cost of a tariff, alas, is not what is paid on the imported articles. The burden lies in paying out of our pockets the high cost of doing away with certain competition. A rise in the price of a domestic item almost invariably follows the raising of a tariff wall against a foreign item. An ironic note is that, barring further government-granted benefits, the intended beneficiaries soon lose the advantage they gained. And, sadly enough, the lost advantage does not accrue to the public.

A textile manufacturer would gain from a tariff only so long as the demand for textiles here was equal to or more than he and his competitors in the United States could supply. But a seller's market seldom lasts for long. Soon, unless there is an illegal cartel agreement, competition between domestic sellers forces profits down to normal levels and idles the factories of the least efficient. As long as the tariff endures, the American consumer pays in higher prices, lower efficiency and lost markets, for what the foreigner would buy with the dollars paid for his textiles.

No matter how willing we may be to contribute to the wealth of those who can wangle tariff concessions, we should consider the other side of the coin. Forget, if you wish, the damage tariffs do to the economy of the foreign country. Forget also the effect on our own economy of foreign reprisals.

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Overlook the chicanery and low blows at our freedom involved in obtaining a tariff concession. Don't however, ignore the fact pointed out in 1906 by Congressman Rainey (Illinois) that tariffs delegate "the taxing power to individuals and to private corporations to be exercised by them for their own personal and private benefit." The public receives neither a benefit from nor an accounting of the huge sums it pays in higher prices due to tariffs. Unlike the cause of other taxes and subsidies the public cannot hope to benefit from them in any way; except, perhaps, that a few more persons are placed in higher income tax brackets.

One of the chief victims of the tariff disease, American labor, now has representatives in Washington pleading for more of the same. These lobbyists, to be sure, are asking "protection for American labor." If "successful," what they'll get is higher prices and lower wages for American labor. Never have American workers received more real wages as a result of tariff levy. Tariffs raise prices, not real wages.

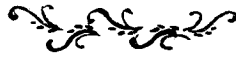
A tax on oranges "imported" from California would be but a small part of the cost to be borne by Iowa's consumers. Every duty-free Iowa orange would cost them a penny more. Land, labor and capital that could easily produce "x" dollars worth of corn or pork to exchange for oranges at equal value, is laboriously and insufficiently at work producing higher living costs. California, unable to trade oranges for corn and pork, must turn productive orange groves and labor to producing corn and pork, handicapped though they may be by a less suitable climate and lack of experience.

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This of course is somewhat oversimplified. But it suggests what is happening every day between sovereign nations having leaders with the power to tax but without the moral courage or integrity to end this rotten mess. When reduced to intra-U.S. trade the problem is easily seen for what it is. What then? Will we *give* goods to the world rather than make it possible for them to expand their trade with us? Faced again with a totalitarian menace will we isolate ourselves from what is left of the free world? Shall we meet with them as friends at the diplomatic level and treat them as enemies in the market-

place? Will we allow them to work for us if their work is satisfactory; or will they be forced to offer their labor to the Soviets for what it will bring there?

Above all, how long are we going to force the U.S. customer to take less for his money through having to pay the private tax gatherers their subsidies? How long will American labor allow itself to be put to tedious and inefficient tasks when it can, (but as yet may not to any extent) exchange the efficient labor which is its heritage, for the good prices it has always commanded in the world's marketplace?



New Danish Prime Minister

Danish Georgists feel the death of H. C. Hansen, the Prime Minister, to be a heavy loss. He will be succeeded by Viggo Kampmann who, according to Viggo Starcke, Member of Parliament and leader of the Justice party, understands the land question thoroughly and is anxious to collect the unearned increment of land.

Jamaica's First Class

The land value tax is advancing steadily in Jamaica and has reached a point of "no turning back." As reported in the November HGN, taxes on buildings, improvements and personal property were abolished in two parishes. Under this revised assessment there is a graded tax on the unimproved value of land, similar to the system in effect in Australia and New Zealand. The results have been so satisfactory in the first two areas that people all over the island are now clamoring for the new revision. Two more parishes will be ready for the new taxes in 1960. Before 1965 all Jamaica should be benefiting from land value taxation.

The first *Progress and Poverty* class has been completed in Kingston, Jamaica with 15 enthusiastic graduates, several of whom are in influential positions Urquhart Adams, formerly director of the Edmonton extension organized this class on his own initiative and on a voluntary basis.