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ACTION

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Tariffs and Credit: We do not want a “Cheap” Nation

The Trump-hating establishment news media—and most Democratic Party officials—are working overtime. “Trump will drive Americans into poverty due to his tariff policy,” they howl. “The price of everything is going to go up.” It’s one lie on top of another.

First off, the evidence from Trump’s “high tariff” first term shows that such rantings are untrue. But there is a deeper, more important issue to consider. In a speech at the University of Pennsylvania, the champion of American Protectionism William McKinley said the following on “Cheap Goods”:

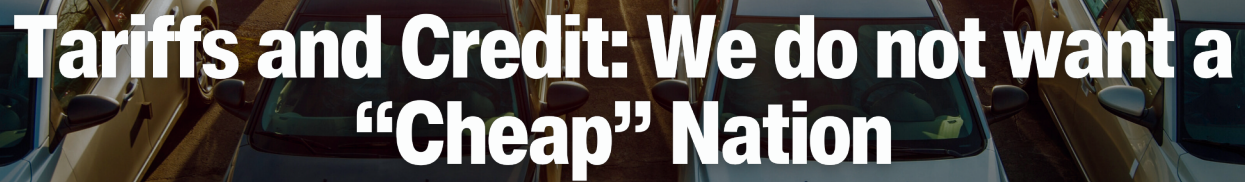
“They say ‘everything would be so cheap’, if we only had FREE TRADE. Well, everything would be cheap and EVERYBODY would be cheap. I do not prize the word ‘cheap’. It is not a word of hope; it is not a word of comfort; it is not a word of cheer; it is not a word of inspiration! It is the badge of poverty; it is the signal of DISTRESS. . . Cheap? Why, cheap merchandise means cheap men, and cheap men mean a cheap country; and that is not the kind of Government our fathers founded, and it is not the kind their sons mean to maintain. If you want cheap things, go where you can get them. . . We want labor to be well paid.”

The truth is that cheap imports suppress wages in America. There is a direct correlation between free trade and low wages, i.e., poverty. Today, people flock to Walmart and other retail outlets that sell cheap imported goods because it is all they can afford. Wages are far too low.

What McKinley accomplished—and what Trump is attempting today—is to reshore U.S. manufacturing, to create a dramatic boom in productive economic activity. New industries, millions of new high-wage productive jobs. That is the future we want and need.

From 1789 to 1913 America was built with protectionist policies. One of the first laws passed during the Washington administration was a protective tariff, and during the Era of Protectionism from 1861 to 1901 the American productive economy experienced growth unprecedented in human history.

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To accomplish what Trump intends, high tariffs must be accompanied by massive productive investment. We must reorient our financial and banking system away from usurious financial speculation back into productive economic investment, including factories, farms, machine tools, technology and the like.

To accomplish this we should look to the example of Alexander Hamilton's Bank of the United States, which was not a monetarist Central Bank but a credit-generating National Bank that financed numerous productive enterprises. We should look also to Abraham Lincoln's Greenbacks, which as the economist Henry Carey stated “fell like dew upon the land, bringing with it good to all and doing injury to none.” We should also look to Franklin Roosevelt's deployment of the Reconstruction Finance Corporation, designed to bypass the Wall Street/Federal Reserve financial monopoly and provide millions of dollars in investments to rebuild the United States.

We need to rebuild our commercial banking system to meet the needs for credit in a productive economy. Reimposing Glass-Steagall to prohibit the banks from financial speculation would be a good start. In short we need to “Build Baby, Build,” and Trump's tariff policy is an absolute prerequisite to begin that task.

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