

All Poorer After the War

by Henry Hazlitt

No part of the world can become permanently richer by an immense destruction of wealth in another part. Our prosperity is bound up with that of our neighbors. If my neighbor becomes poorer, he will have fewer surplus goods to sell me; he will not be able to spare them; I myself may have to manufacture part of what I have been accustomed to buying from him; it will probably cost me more.

This may perhaps be made clearer by a concrete figure. John Ally is a rich man who lives in a magnificent mansion, and I, Uncle Sam, am a well-to-do farmer living adjacent. I sell him produce; sometimes I make articles for him; and I also keep a general store, in which I sell house furnishings.

Now John Ally gets into a feud with Bill Germany across the way. They send raiding parties against each other; they attack each other's castles—for two or three years. It is all very expensive. John Ally's needs are desperate; his raiding parties must be armed; he asks me to help him make weapons; and I stay up late at nights making weapons, and selling them to Mr. Ally at extravagant prices; and I am growing scandalously rich. Meanwhile John Ally, in his desperation, is spending not only his income; he is digging into his capital savings. Moreover, his income is less, for he is neglecting his business to equip raiding parties and to join in them.

Finally it is all over. Now I, Uncle Sam, knew that it is all up with the weapons business; but I am not nearly so discouraged as I

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might be expected to be. I may even imagine at times that I am going to get more business now that the feud is over than I did while it was going on. I note that Bill Germany's raiding parties have smashed many of Mr. Ally's handsome casement windows; I know he will have to replace them, and I suspect that he will come to me to do it. And I reason also that for more than two years John Ally has not been able to buy any furniture, and that the furnishings in his house must be pretty dilapidated by this time.

But what do I find? John Ally does indeed replace his broken windows, and he puts up a new barn where his old one was burned down and he calls on me to some extent for materials. But he replaces his magnificent windows with a much cheaper window wherever possible, and he puts up a much less pretentious barn. Moreover, the expected orders for furniture do not come, or come only in the most disgustingly small amounts. Furthermore, I find that he is setting a less elaborate table; my orders from him for foodstuffs cannot compare with what they were before the feud broke out.

What is the trouble? John Ally's furniture is in a worse condition than before the feud; but so is his pocketbook. He is more in need of furniture than before the feud; but he can less afford to buy it. He simply lets it go as it is for the time, and makes only the most urgent repairs and replacements. John Ally is a poorer man than he was before the feud; for a long time he is going to give me less business; and consequently I am going to be a poorer man too. □