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Why I Am a Free Trader

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1. As a student of political economy: By free trade I mean anti-protectionism. At the present time, in the United States, the policy of protection and the philosophy of protectionism are interlocked with each other. The protected interests make their struggle in the lobby and in Congress to get the privileges which they want, but as soon as they are forced to enter upon any justification of such special privileges, they have recourse to an economic philosophy by which they endeavor to show that it is for the public benefit that they should have privileges. This philosophy is very elaborate and has many phases. It not only affirms that the privileges which are given to the protected interests in the first place are really- shared by them with those who appear to have to pay for them, but also that the protective system includes some occult economic operations by which it organizes the industry of the community more effectually than it would organize itself under liberty, and distributes the rewards of industry more justly. This last it is supposed to do, not in favor of the protected parties, but in favor of others, viz., their employes; that is to say, against them.

Here are points of the utmost interest and importance for an economist. The philosophy of wealth is the object of his study.

The administrative regulation of commerce of course lies in the domain of statecraft, but at the first onset of debate the question turns into one of economic truth. I am not one of those who refuse to hold and treat this distinction in its complete integrity, and I do not flinch a hair's breadth from the consequences of a faithful investigation of it, as well on one branch as the other.

A suitable investigation of the question at issue shows that the various allegations in protectionism, as to its power to increase wealth, or to improve the distribution of it, are untrue. The protective system can only take something from one American to give it to another. If it secures the home market to the American producer, it can only leave him face to face with the American consumer, and whatever he wins must come out of the said consumer. If in any way whatever the system changes the relations of Americans in their exchanges with each other, whatever one wins the other must lose. If it does not alter their relations to each other from what they would be under liberty, then it does no good to anybody, but hurts all by the amount of the obstruction it interposes in exchange. It cannot, therefore, increase wealth, but only lessen it. The increase of wealth, however, is most desirable for all the welfare of the people, and anything which lessens it is hostile to national and human welfare. I find that commerce is a blessing to mankind in every point of view. It does not need to be Watched or regulated. We cannot have too much of it, and there are no distinctions of good and bad commerce. Therefore there is nothing to do with commerce but to stand off and let the people take just as much of it as they choose.

Neither does protection improve the distribution of wealth. This is nowadays a favorite field of speculation with many people who are eager to get more justice. They have no distinct meaning in the terms which they use. There is no standard of justice for the case they have in mind. The notion of changing the distribution of the products of the community as between interest, profits, wages, rent, etc., is a mere fiction. To do any

such thing one would need to rise to a position of command, from which one could oversee and understand the whole work of production, as it now goes on over the whole earth, under the organization of modern industry, and one would need to reduce all this to a scope within which he could apply notions of justice to it. We may talk of such a thing, but it is not within the real scope of human thought. The most superficial view of the industrial system suffices to show its futility. Suppose, then, that we inject into this industrial system some arbitrary interference, in the faith that it will alter the line where opposing interests now touch, and will bring them nearer to what is assumed to be justice. Inasmuch as we cannot oversee and compass the industrial system, it is certain that we should work in the dark, and should have no guarantee at all that we had not done the very opposite of what we hoped to do. The instances in history are frequent enough where the masters of society have done this very thing — hurt the very ones they meant to benefit.

Warned by these instances, I cannot doubt that we should repeat this folly if we should interfere today. As to the actual matter of the effect of the protective system on wages, I hold that it lowers them. Instead of altering the distribution of products, it alters the distribution of productive effort, and it alters it in such a way as to lessen production. It diminishes the total command of the people over the comforts of life. Taking the distributive forces as they are now, it lessens the share which every one of us, in his place in the industrial system, might get. It does more than that. It makes some secure to others profits where, as they themselves say, they would not otherwise get any. This, and the cost of the system, must come out of the others. The net final result is, therefore, that we are forced to carry on some forms of industry in this country which, the protectionists say, would not otherwise be carried on here. The forcing those industries into existence costs something, and the non-protected interests have to pay it. Who will pay it?

I cannot doubt that the people nearest to legislation will not pay it, and that those furthest from legislation will pay it. The economic analysis of wages, and of the situation of the United States, in an industrial point of view, proves that the wages class pays by far the largest part of it.

An "industry," however, is not a thing. It is not a property, or a national endowment. An industry is good for something just so far as it provides the people with comforts. One industry is better than another only just in so far as it does this more completely than another. An industry, therefore, is not a thing to sustain, or produce, or make sacrifices for, in any way whatever. It is its own reward, and has no right to be any longer than it can sustain itself and provide for the wants of the people besides.

2. Protectionism is inimical to civilization. At this time all the forces are drawing mankind together. In fact it is the advance in science and art which has produced all the advance men have ever won in economic philosophy. They have never won any by reasoning. It is so now. The improvements in the arts are breaking down all the tax barriers. The Pan-American Assembly is only useful as a sign of the inevitable tendency to unite and cooperate — a tendency which is now held back by these old traditions of economic folly. If they were out of the way, the interests of the nations would draw them together at once without any effort whatever. The same is true in Europe. The French protectionists at this moment cling to the treaty with Germany because it keeps Germany and Austria from uniting in a customs union. This tendency, at least to larger aggregations for the limits within which free trade shall exist, are eloquent testimony to the fact that free trade is the only sound policy, and the one to which we are coming.

3. I hold that if you are collecting any taxes which you do not need to collect, you have one straight-forward means to improve the position of those in your population who are not well off; that is, to remit those taxes. This involves no socialistic

schemes. It is honest, simple, properly within the undisputed sphere of government. For this reason, every cent of taxes unnecessarily collected must be regarded as an intolerable

4. As a citizen I watch the contemporaneous political movements of the country and I see that protection is corrupting our public life, combining with every other evil which threatens us, and favoring a policy of debauching the people with their own money. It is willing to adopt anything or consent to anything to save itself, no matter what the consequences to public interests may be.