

# Why I Am a Free Trader

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I am a free trader in the full and literal meaning of the words. I would abolish all tariffs because I believe:

1st: That the right to trade is a natural right, which, in justice, can only be impaired or restricted by the community when this is necessary to the well-being of all, and only to the extent of that necessity.

2nd: That trade increases human powers, augments human satisfactions, binds men together in relations of mutual service and amity, and is, in short, the great promoter of civilization.

Believing trade to be good and the promoter of good, I regard restriction upon it as evil and the begetter of evil.

The impulse to trade and the beneficial results of trade arise from the nature of man, and the constitution of the world in which he is placed.

To designate him as "The Trading Animal" would be a sufficient definition to separate him from all other animals. It is natural for him to trade, and it is necessary for him to trade, since it is only by the cooperation trade makes possible that his wants can be satisfied and his higher powers developed.

The wants of the beast are few and simple; they are met by what it finds provided by Nature in any particular locality adapted to its habitation, and when these wants are satisfied the beast desires nothing more.

The wants of man are many and complex; they are not satisfied with what Nature provides. Man finds in Nature only the raw material for the satisfaction of his wants, nor does he find all of this material in any one particular locality; while as his wants are satisfied, new wants arise, and higher desires develop.

In short (with some instances of limited cooperation which seem prompted and governed by instinct), the individual powers of the beast are sufficient for the satisfaction of its individual wants, the development of its capacities and the fulfillment of its life. But the individual powers of man are not. When each individual or each family has to get its own food, provide its own shelter, make its own clothes and manufacture its own weapons and tools, it is only under most favorable natural conditions that the primary physical wants of man can be met. In such

conditions, human life, with all its wondrous capabilities, cannot rise much, if any, higher than beast life. It is only as trade permits the division of labor, and enables individuals to devote themselves to procuring direct from Nature the things which satisfy some wants, which they can exchange with others who have devoted themselves to procuring things that satisfy other wants, that skill can be developed, knowledge organized, inventions made, and economies in production secured; that human powers begin to meet human needs, and the ability to produce can so gain upon the requirements for maintaining life, that capital can be accumulated and leisure become possible. The difference between half-naked savages, possessed only of the merest rudiments of the arts, cowering in ignorance and weakness before the forces of Nature, inferior in some respects even to the beasts—and the wealth, the power and the knowledge of man in his highest civilization, is a difference, not in individual development, but in social development. And social development is only made possible by trade.

The necessity of trade to human development is not only attested by the constitution of man himself, but by the constitution of the earth. What the earth yields to man is so distributed, the natural powers and opportunities so differ in different localities, an advantage for the production of one thing so often involves disadvantages for the production of others, that it is not only impossible to produce all the things that satisfy human wants in any one locality, but between localities where things of the same kind may be produced there are wide differences as to quality, and wide differences as to ease of production. Thus, trade not only permits, by the division of labor, the employment of the human factor of production in its highest powers, but it also permits the utilization of the highest powers of the natural factor. As trade extends, its tendency is to the production from Nature of each particular thing where it can be produced of the best quality and with the greatest ease, thus giving to all within the circle of trade the advantage of natural powers, from which without trade they would be debarred.

It is, therefore, by virtue of natural law, that, as we see in the history of mankind, trade is always the enricher, the educator, the refiner, the elevator; the destroyer of anti-social prejudices and hatreds; the substitutor of peace for war. It is as trade arises that civilization begins. It is as trade extends that civilization advances and that man, in some respects the feeblest and most delicate of animals, not merely becomes the master of all other animals, but presses into his service the mightiest forces of Nature.

A tariff, as the word is used in the political controversy of today, is a system of taxes imposed on the bringing of goods into a country.

All tariffs short of prohibition point yield revenue. All tariffs check the bringing in of goods. But what are called revenue tariffs have for their main object the raising of revenue; their effect in the keeping out of goods being an incident, and from the true tariff-for-revenue-only standpoint, a regrettable incident. Protective tariffs, on the other hand, have for their main object the keeping

out of goods; the raising of revenues being only an incident, and, at times, to the thoroughgoing Protectionist, as in this country today, a regrettable incident. Whether a protective tariff is a good thing depends upon whether it is good to keep goods from coming into a country. Whether a revenue tariff is a good thing depends upon whether a tariff is a good way of raising revenue.

To protect is, to prevent something, to preserve or defend from something.

Tariff protection prevents the bringing in of goods. It preserves or defends a country from goods.

Now what are goods? They are the raw material of Nature worked up by human exertion into forms that fit them for the satisfaction of man's desires. They are, in short, as the word implies, good things—things that men want, and toil for, and strive to get. As an individual acquires them or command of them, we call him rich; as he lacks them we call him poor. As they increase in any country, that country grows in wealth. As they diminish, it is impoverished. These are the things that Protection prevents from coming into a country. These are the things it preserves or defends the people of that country from. If this is good, then pirates, robbers, storms, all natural or artificial impediments in the way of bringing goods into a country must also be beneficial to that country; and railroads, steamships, all the improvements that facilitate the bringing of goods into a country, must be bad. When one nation goes to war with another nation, the first thing it does is, if it can, to send warships to blockade the ports of its enemy, and make it difficult to bring goods in. Protection teaches us to do to ourselves in time of peace what our enemies try to do to us in time of war.

Observe, that what protective tariffs aim to prevent is, not what other people want to do, but what we ourselves want to do. Goods are not things that all people try to get rid of; they are things that all people try to get; that, except from affection, generosity or compulsion, they do not give to others unless they get other goods, to them still more desirable in return.

The impelling motive to trade, whether between individuals or between nations, is, on each side, not the desire to give, but the desire to get. Whether goods are brought here by American importers or are sent here by foreign exporters, the cause of their coming here is that they are asked for by the American people, who would rather have them than what they have to give for them. It is the demand of purchasers at retail that causes goods to be imported. Thus, Protection by Tariff is not the prevention by a people of what other peoples want to do to them to their injury; but of what they themselves want to do for their own benefit.

Can this be the way to make a country prosperous?

Consider! When it is said that Protection promotes prosperity, a universal social law is affirmed. If the way to make a country rich is by keeping goods out of it, then that must be the way to

make all countries rich. And since what we mean by a country is merely an arbitrary political division, that has no reference to soil, climate, race, or industry, the idea of protection, if carried to its logical conclusion, must require not only the protection of nations against the goods of other nations, but the protection of all political subdivisions against the goods of other subdivisions. If it be good for a nation to surround itself by a protective tariff, then it must be good for every township to so "preserve its own home market." If it be good for nations to be prevented from buying from other nations what they themselves might make for themselves, then it must be good for every individual or every family to be prevented from getting from others, by exchange, things which he or it might produce.

Carried to its logical conclusion, Protection would destroy civilization and bring mankind to savagery.

But carry Free Trade to its logical conclusion, and what will it result in? In trade free from all restrictions; that is, in natural trade—trade prompted by correlative desires, and carried on to the enrichment of all the parties to it.

A detailed examination of the arguments usually urged for the protective system will not alter the conclusion derived from the application of first principles, but will resolve them all into transparent fallacies. Protection is, in truth, not protection to the country, nor protection to the men who sell their labor for wages; but protection to those, necessarily the few, whose profit it artificially enhances. The keeping of foreign goods out of the country, or the making it more costly to bring them into the country, enables domestic producers of similar goods to get higher prices. This advantage does not, however, remain with these producers: at least as producers. For not only is the advantage lessened, and in some cases entirely destroyed, by the increased cost of production due to duties imposed on other goods, but the law of competition, where domestic competition is possible, soon brings the profits of capital in the protected industries to the same general level as in the unprotected industries. It is only to those who, in addition to being protected from foreign competition by the Tariff, are also able to defend themselves from domestic competition by the possession of peculiar natural opportunities, patent rights or trade secrets, or who are able to organize combinations or trusts, that Protection can give any permanent advantage. Thus, in the last analysis, Protection can only benefit monopoly. It is a scheme essentially of the same kind as the payment of bounties to favored individuals or corporations—the difference being merely that under the bounty system taxes are collected from the whole people and paid into the hands of a favored few; while, under the protective system, the favored few are permitted to collect the taxes for themselves in higher prices.

The special interests that are thus enlisted in favor of Protection constitute its active strength, and in appealing to public opinion and in influencing legislation have all the advantage that a concentrated special interest always has over diffused general interests. But this of itself will not

explain the strength of Protection. What gives Protection its hold among the masses is not the transparent sophism that by increasing the profits of certain employers, the wages of their workmen will be by their generosity increased, and that this increase of the earnings of a comparatively few workmen will increase the earnings of all workmen; but the great fact that in our country, as in all civilized countries, there is apparently a surplus of labor; more men seeking work than can find work. Thus, men who do not look below the surface come to think that there is an actual scarcity of work, and naturally favor any proposition for keeping our own work for our own workers, by preventing the importation of the results of the work of foreigners.

Trade is the first and greatest of labor savers in the sense of enabling the same amount of labor to obtain a greater product. It is the mother and condition of all labor-saving devices and inventions above the very rudest. Protection, which is a restraint of trade, does thus make more work, in the sense that the breaking of ginger-beer bottles, the maintenance of convicts in idleness, the keeping up of useless navies and armies, the prohibition of machinery, the destruction of railroads or the burning down of houses would "make more work." And it is to the vague popular apprehension of this, that the special interests enlisted by Protection really appeal. The true strength of Protection, among the masses, lies in a habit of thought which regards the necessity of work, as desirable, and which looks on wages as coming from some definite fund which will be diminished if those who hold it buy the products of foreign labor instead of employing domestic labor.

These ideas are in themselves absurd. It is not work in itself, but the results of work, that are desirable. And the fund from which wages are paid is obviously the fund created by the labor itself. But the fact remains that the men who want work for the purposes of supplying their wants find difficulty in getting it, and that there is at all times a seeming surplus of labor.

What is the explanation of this fact? It is not only the heart of the dispute between Protection and Free Trade, but of all vexed social problems.

Its explanation lies in the restriction imposed upon the use of the passive factor of all production—land. Labor, the active factor in production, is utterly helpless when debarred from the use of that element without which men can neither produce nor live. We have in this country natural resources which, even in the present stage of the productive arts, could maintain a thousand million of people, instead of the sixty-five million who are here. But everywhere that labor presses upon land, it finds the forestaller and speculator ahead of it, and land that nobody is using held at a price based, not upon present value, but upon the expectation of future value. Thus, like all civilized countries, we have a class who are the "laboring class," not in the sense that they alone labor, but in the sense that they possess only the power of labor, and for the employment of their labor must depend upon the permission of someone else. To these men the very necessity of work, which may compel someone else to employ them, comes to be regarded as a thing desirable in itself.

A revenue tariff is not a good way of raising revenue. It is an expensive, wasteful and unjust way. Like all forms of indirect taxation it is in the nature of a farming of the revenue. Those who first pay the tax are enabled to add it with profits upon it to their prices, and thus swelling as it is passed from hand-to-hand, the ultimate taxpayer, the consumer who buys at retail, pays much more than the government receives. Being paid willingly by the first payers (for all such taxes concentrate business and favor monopoly) and not being generally recognized by the ultimate payers. It leads to governmental extravagance and corruption. And while revenue tariffs check trade and add to the prices, thus diminishing production, they necessarily fall on the poor more heavily than on the rich insomuch as they tax men, not on their means, but on their consumption. Trade is a mode in the production of wealth, and all tariffs are bad because they restrain trade. Our common interest is that there should be as much wealth as possible. Therefore, if there is any alternative, we should not impose any tax either on the bringing of goods into the country or on their production in that country. Since we all want more wealth, all taxes upon the production, possession, or accumulation of wealth are bad. They are, moreover, a denial and impairment of the right of property—that "sacred right of property," which is the basis and bond of civilization, and which by natural law gives to the producer an exclusive right to the things he produces—a right to hold, enjoy, give, sell or bequeath, by perfect title, as against all others.

No matter how much wealth an individual may honestly accumulate (let it be millions, or hundreds of millions, if that be possible) we are wrong in trying to wrest any of it from him, and in doing so we lessen the incentive to the production of wealth and thus diminish the common stock.

But there are some articles of property that are not wealth, just as slaves were not wealth. Land, for instance, is not wealth. When a country increases in wealth we do not mean that its land increases. Wealth consists in the raw material drawn from land and worked into valuable forms by human labor, and it is as these increase that wealth increases.

And there is a source from which public revenues may be drawn without any tendency to diminish wealth: without restriction of trade; without restraint upon production; without lessening by an iota the reward of industry, enterprise and thrift; without impairing in the slightest degree the true right of property.

In speaking to the readers of *The Independent*, I am speaking to those who believe, as I do, in an intelligent Creator. Whoever will look may see that in His laws provision has been made for the social needs of the highest civilization as clearly as provision has been made for physical needs in the adjustments of the human frame.

As social life develops and civilization grows, the need for public revenue begins and increases. And with social growth there arises and grows a fund which no individual can justly claim, but

which properly belongs to the whole. As population increases and the arts advance there attaches to land a value, due not to what the user or improver has done, but to the growth and improvement of the community. We have but to take this, by taxation—not of land, but of land values—to provide for public needs without taking from anyone the reward of his exertion or thrift, and without imposing any restriction on the production of wealth.

On the contrary, if we take this for public purposes, we not only apply to common uses that which the common growth begets, but we destroy the incentive to the forestalling and monopolization of the necessary element of production. Land would then become valueless except to the user. The primary source of all employment would be open to labor. That monstrous and unnatural thing, a man willing to work for the supply of his needs and yet unable to find work, would be known no more. Wages would cease to be fixed by the competition of men who must find some employer or starve. The difficulties and dangers arising from what is mistakenly called "the conflict of labor and capital" would cease; and men no longer turning to restriction to cure the evils that restriction has caused, would begin to recognize that in doing to others as we would have them do to us, lies the road to the greatest wealth, the highest prosperity and the fullest development of all that is noble in man's nature.

This would be free trade carried to its logical conclusion.