

## Protectionist Cloud Walking

\* TIME WAS WHEN a free-trade magazine or newspaper article was the target for whole regiments of protectionist sharpshooters; but nowadays things have changed, and any vocal protectionist is certain to have a swarm of free-trade hornets about his ears when he stops talking, or even before. The latest to invite the hornets is Dr. Elvin H. Killheffer, chairman of the executive committee of the American Tariff League, and he puts out his neck by giving a statement of the League's post-war program at the annual meeting at the Union League Club at Park Avenue and Thirty-Seventh Street, New York.

The growth of free-trade sentiment among economists and others has evidently irked Dr. Killheffer, who calls their movement a "crusade," and intimates that they are utopians rather than realists. Although his proposed program for the League advocates and anticipates "greater international cooperation," he does not intend this to mean the reduction of tariff barriers, nor does he advocate the lend-lease idea as any basis for post-war interchange between nations.

Point two of the League's proposed program reads: "We are in favor of liberal international trade. We are opposed to free trade, or a near approach to it, as being utterly impractical and directly contradictory to our wage and living standards, the trends of which have been set by statutory enactment."

It would be difficult to find a more misleading and confused statement than the second sentence in that paragraph. Setting aside the quibble between "liberal" and "free," which embodies a distinction without a difference, the accusation of impracticality condemns all the past periods of our national history, when tariffs were small or absent, as periods of impracticality instead of, as every student of history knows, periods when poverty was relatively less severe than today.

Free trade is as practical as peace. One may think of peace as the absence of war, and free trade as the absence of taxation; but to say that it is impractical to refrain from a tax on the exchange of goods between nations is to rob the word of all meaning.

As for living standards, any student of the law of wages knows that wages are set, not by statu-

tory enactments, but by the amount producible on the best free land available to the producer. While special skills make wages vary upward from this level, they cannot be affected by conditions in foreign countries but must rise or fall according to standards in the locality, broadly considered. The boasted high American wages in the past are traceable to the availability of free land and latterly of cheap good land and to labor's expertness, not to tariffs. And as for living standards, who can believe that these will be lower if the consumer is permitted to buy lower-priced articles made outside this country? Would not such purchases actually raise the standard of living by giving the consumer more for his money?

The intellectual basis of the "crusade" for free trade goes back to Adam Smith, a practical man if there ever was one, to Cobden and Bright in England, and to Henry George in this country, as well as Professors Sumner of Yale, Taussig of Harvard, and Perry of Williams. The most widely read work on the subject is "Protection and Free Trade" by George, of which some two million copies have been sold to date. Lord Snowden calls this book at once the most popular and the most scientific exposition of the subject ever written.

By saying that our higher American wage labor cannot "compete on an even basis with low-wage countries now industrializing with great rapidity," Dr. Killheffer implied that our labor is inferior, needing special privilege lest it be outdone by other countries. But then he says that our wages are the highest in the world. Since wages can come only out of production, it follows that our labor must be the most productive in the world, and that it need not fear foreign competition.

This same protectionist argument arose over the dinner table on one of our destroyers in connection with cheap Japanese labor. Said a manufacturer of combs for the dime stores, "When we feared that cheap Jap combs would take our market, we looked about and found a new process, called injection molding, by which we could hire much better-paid labor and produce combs at three to four cents apiece for the dime stores. The Japs can't begin to compete yet."

Competition is not a depressant but a stimulant of efficiency. Fairman Dick, railroad analyst, cred-

its the increased efficiency of the railroads today to the truck competition. He cites the figures showing doubled effectiveness between 1929 and 1942, the very period in which truck and bus competition has been most active.

Thomas G. Shearman, brilliant lawyer and fiscal authority, wrote in a symposium: "In plain English, the dangers against which the protectionists would protect us are

1. Too much freedom and
2. Too little work for
3. Too much pay.

"The protectionists will dislike this plain statement of their case, but let them try to unstate it."

—LANCASTER M. GREENE