

**FREE TRADE—FREE WORLD.** By Oswald Garrison Villard. New York. The Robert Schalkenbach Foundation. 1947. 278 pp. \$3.00. (Publication date November 1946)

There have been many sterile negations of collectivism rolling from our presses; some doggedly earnest and backed with tired courage; some opportunistic and timed to float on the flood tide of momentary popularity. At best they have pointed out the shortcomings of wishful Utopias. They have reiterated the illogic of futility—that when the combined talents, virtues and faults of all men have been found wanting, it is folly to pick one or a small group among those who have failed and impose their aggressive and shortsighted wills upon their fellows. Implicitly they have urged the *status quo* must endure unchallenged.

Like a breath of fresh air comes the frontal attack of Mr. Villard. He is invulnerable because he speaks not in apologies but in terms of eternal truth. Eternal not only because he warns of the implacable penalties of the future but because he also records the undeviating retribution of the past, when natural and moral laws have been violated. He has depicted in action that force which Emerson observed as an immutable law. "The soul which within us is a sentiment, outside of us is a law. We feel its inspirations; out there in history we see its fatal strength." The unquenchable zeal of William Lloyd Garrison and the indomitable force of Henry Villard endure in the spirit of the grandson and son. But Oswald Garrison Villard speaks for himself and with all the eloquence that is his own personal tradition, voices the muted ideals of sincere but momentarily discouraged men.

Uncompromisingly he takes his stand. There can be no lasting peace without freedom of trade. Roosevelt and Churchill, unschooled in political economy, omitted from their glittering abstractions the basic fifth freedom—freedom of trade. Beguiled by the preachment of security from cradle to grave, the acolyte of the new faith was pinioned to the extortion of taxes and subsidies to privileged groups. Nationalism has dulled the moral urgings of Gladstone and Sumner (echoed in a practical vein by a youthful Churchill) and the firm tenets of Bastiat were unknown or forgotten.

Free trade, he reassures, need not be universal to be effective. Free England long prospered across the barriers of a protectionist world. Today, he warns, America is endangered not by competition but by lack of it. In the light of the simple axiom that trade is a mutually beneficial exchange we grimly adhere to the paradox of seeking to continue our exports and to stifle the imports that would pay for them. Stubbornly we ignore the record of protection—corruption, monopoly, maintenance of waste, special privilege, extortionate fortunes—and obdurately oppose the exigencies of the future. We hear the sullen echo that the death of competition demands the emergence of a strong man to combat the menace of communism.

Must our nation, he demands, whose outstanding achievements were built on freedom, close our ports to the imports of a nation of slaves? Can we launch needed internationalism behind an impregnable tariff wall of intense nationalism? The antidote for the increasing

pressure of government control, he avers, is the assertion of every phase of economic freedom. No liberty transcends that of the free market. He does not blink the fact the change will be trying. That is the price to be exacted for righting a distorted economic growth.

The current revolt against protection does not spring from the realization of truths sponsored by earnest teachers. It is, he asserts, born of necessity. The vast industrial capacity of our country, bursting to produce, evokes the spectre of the panic of 1929 that spared no nation and the recognition of the interdependence of all nations. The retaliatory effect of tariffs has left its imprint. The most stubborn advocates of protection, both management and labor, have seen the light.

With stinging words he indicts the immorality of tariffs for their dishonest support of inefficient industries, their subsidizing of privileged groups, their corrupting of public servants, and slays the hypocrisy of those who do lip service to competition and thrive on its suppression. Implacably he exposes the sham claims of tariff advocates. The vast majority of workers are outside its mythical protection. Its revenue feature is indefensibly small. The consumer, not the foreigner, pays not only the taxes but also the numerous markups based upon them. On the other hand our reciprocal trade agreements, although negligible in their intrinsic tariff cuts, through the good will engendered have boosted the value of our exports in large degree. The detailed recital of our invisible tariffs is a frustrating picture of a mighty Prometheus bound with the tangled web of his own contriving.

The United States, he warns, faces a new and critical situation. As the greatest creditor and exporting nation it is confronted with the State controlled trade of the totalitarian nations. The futility of our policy after World War I of defeating repayment of loans by barring the importation of goods has been proven. Stabilization of currency, although desirable, is not essential to free trade. In the last analysis all trade is barter and money but a medium of exchange.

The Geneva Conference is hailed as a triumph of American diplomacy. The story of its achievements, almost ignored in the daily press, is brilliantly reported. Out of the maze of national rivalries, the shifting maneuverings of international diplomacy, amid recurring emergencies, has emerged an incipient basis of agreement, quantitatively small but vast in its promise for the future. One is convinced with the author that, "Only a professional pessimist could possibly believe that Geneva will not remain an outstanding milestone in the progress of the race toward world unity."

Solemnly he warns that to restrict the entry of exhausted England's goods into the markets of the world is to invite disaster. Although totalitarianism and free trade are inimical,

sound relations with Russia, established by building up normal outgrowth of trusts fostered, be combated not by international freedom of the seas and commerce's resources. With sharp it assails the fancied menace of labor and exposes the fallacies of fast industries, national self-sufficiency or protectionist bogies. Every protectionist is analyzed and refuted.

The tragic story of the sabotage and destruction of our once mighty merchant fleet is told with a poignancy and dramatic force that should make it required reading by all our lawmakers. We now defraud our citizens by subsidizing shippers to bring to our ports goods that we strive to exclude by tariffs that rob the consumers. We pose before the world as noble benefactors and liberators of our territorial possessions—and hypocritically we bind them with the more onerous chains of trade agreements and economic servitude. Earnestly he sounds the warning that all must learn before men can live in peace and plenty. "Political freedom without economic freedom cannot exist."

*Free Trade—Free World* offers one more chance to a troubled world. Its foundation is laid in the factual substance of history, past and current. Mr. Villard's scholarship is sound and self-revealing. The text is fashioned with the practiced skill of the experienced journalist. The conclusions are supported by the logic and learning of the trained economist—all in a spirit of firm yet tolerant conviction—W. S. O.

**THE KEYNESIAN REVOLUTION.** By Lawrence R. Klein. New York. The Macmillan Company. 1947. 218 pp. \$3.50.

George Terborgh, in his "Bogey of Economic Maturity," complains that the ideas of the stagnationists (or Keynesians) are so obscure and nebulous as to defy analysis and that one is compelled to guess as to what the theories might mean if they were spelled out. Lord Keynes, himself, in the preface to his "General Theory of Employment Interest and Money," refers to "the ideas which are here expressed so laboriously," and in "Full Recovery or Stagnation" the American stagnationist, Alvin H. Hansen, quotes Keynes in agreement.

The jacket blurb of "The Keynesian Revolution," by Lawrence H. Klein, says that the book was written primarily for the general reader, but in spite of the blurb, I would refer the general reader to either Keynes or Hansen if he would understand the Keynesian theory. In my opinion, Dr. Klein has made nebulous ideas a little more nebulous and obscure theories a little more obscure.

However, Dr. Klein does give an excellent description of the development of the stagnationist theory. By "excellent" I mean that he leaves little doubt in the mind of the careful reader that the theory simply had to be evolved to justify the plans for society which Keynes and his followers were recommending to politicians in depression days. In other words, as in the case of *Das Capital*, the theory was made to fit the plans. As Dr. Klein says, "It was not his theory which led him to practical policies, but practical policies devised to cure honest-to-goodness economic ills which finally led him to his theory."—H. C. NORTH

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