

the Henry George News

PUBLISHED BY HENRY GEORGE SCHOOL OF SOCIAL SCIENCE • APRIL, 1969

why not *domestic* free trade?

by NICHOLAS SILIA, JR.

LIKE hopeful young entrepreneurs observing a highly successful industrial magnate at work, the so-called emerging nations of the world view the economic development of the United States with a mixture of awe and envy. Seemingly it is their ardent desire to emulate the American accomplishment, to gain from us the most intimate details of our economic progress.

In any event, eager representatives of these countries have come here to study our methods and determine what makes our economy tick. Unfortunately, too many of the emerging nations' observers have concluded that government intervention—not domestic free trade—causes the U. S. economy to flourish.

But before we chuckle at our foreign visitors' lack of economic sophistication, take a hard look in the mirror! Superficial thinking has caused many otherwise intelligent Americans to believe the same thing—that the action of government has developed and/or maintained our nation's economic primacy.

The most disturbing thing about interventionism is not that it is accepted by the average American, or even by the hierarchy of academicians outside

the realm of economics. No, the tragedy is that interventionism is propagated by those who should know better—the economics profession.

Most academic economists, of course, and practically all textbooks on economics used in U.S. colleges and universities, support with dynamic, unimpeachable logic and sound common sense, the position favoring international free trade and opposing governmental intervention in worldwide commerce. To those learned in economics, the reasons for such conclusions are so clear, so obvious, so well settled, that it is often assumed to be unnecessary to restate them.

In fact, many economists occasionally voice their impatience with the average layman who seems unable to grasp and act upon the simple, compelling truth that international free trade provides the greatest amount of goods for the greatest number of people at the lowest possible cost.

Yet these economists ignore the simple truth that the same powerful proofs and irrefutable arguments they advance in support of international free trade may be employed with even greater force in support of domestic free trade; that the same precise logic

(Continued on page 3)

Domestic Free Trade?

(Continued from page 1)

and effective reasoning by which they have exposed the invidious injuries caused by foreign trade barriers, reveals with equal clarity the shocking toll taken in human life, health and welfare by governmental intervention at home.

Thus by reason of passion, prejudice, politics, or plain hubris, such economists are unwilling to oppose, with the tools of reason and logic, governmental intervention when it strikes free trade in their own back yard. Instead, most of them elect to vigorously rationalize the domestic interventionist position. Is it any wonder, then, that foreign visitors, as well as many ordinary Americans, are bewildered?

International Free Trade — A Point of Agreement

Needless to say, only those who deliberately set about improving their own understanding of economics can ever hope to expose the fallacies of economists such as these. The reason for referring to *academic* economists is because they are primarily professors interested in teaching their students the truth about economic affairs. And because international commerce seldom touches their own personal prejudices directly, as does domestic trade, they usually stoutly support freedom for the former. Nonacademic economists, of course, who are in the pay of such vested interests as agriculture, business, government or labor are neither inclined nor expected to be unbiased in this respect.

So, for example, few academic economists of any school would disagree with the main thesis of Henry George's classic work, *Protection or Free Trade*. George leaves little to argue against in his thorough expose

of foreign trade barriers, be they restrictive trade agreements, tariffs, or any of a host of other international interventionist efforts.

After all, how can anyone sincerely believe that any society having fewer worldly goods is economically wealthier? That any society requiring greater labor for a smaller return is economically better off? That, in short, any society possessing less somehow possesses more?

Obviously no one who is thinking logically could be led to any such patently absurd conclusions. Accordingly, a careful study of the reasoning set forth by George in *Protection or Free Trade* is suggested as a start.

Then, whenever you encounter any economic doctrine that hinges upon domestic governmental intervention, draw on the same dynamic, definitive reasoning by which George supported international free trade. All that is required is a little imagination and initiative to apply the conclusive arguments to the domestic issues at hand.

Whether these issues involve labor union coercion, minimum wage legislation, social security, public welfare payments, urban renewal, or any of the legion of other domestic schemes employing governmental intervention, you will be well fortified with powerful, effective rebuttals if you are steeped in the lore and logic of the international free trader's philosophy.

The key question to keep in mind is this: If international free trade provides the greatest amount of goods for the greatest number of people at the lowest possible price, then why not domestic free trade?

From that point forward you will have the governmental interventionists on the run.

Mr. Silia is a poet and free-lance journalist who specialized in economics.