

equity instrument may prove to be of great value in connection with compensation payments to landlords affected by agrarian reform where there is the problem of fair restitution on the one hand and budgetary constraints on the other. Under chronic inflationary conditions that characterize many of the developing countries there exist grave problems of administration of pension and social security funds and of insurance policies. Again, equity certificates circulating in a broad market may provide a partial answer.

Finally, it is at least arguable that the formation of the investment trust may have far-reaching social and political repercussions. If successful, it may be a powerful argument in favor of the possibility of rapid growth within the framework of the profit system. It would provide all population groups with the consciousness of direct participation in a gigantic undertaking. It may add to the feelings of responsibility, pride, and social cohesion while stimulating the desire for higher living standards and leading to an atmosphere where increased productivity becomes a social aim. Last but not least, by enabling large numbers of people to share in the fruits of a greater rate of output, it tends to cement and strengthen the spread of democratic political and social institutions.

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Tariff Propaganda and Citizen Responsibility

"THOSE WHO BELIEVE the cruder claims of the protectionists can believe anything and none can foretell the follies into which they can plunge us . . . Men in high places in industry, government, radio, press, etc., can often spread enough error in a day to keep the forces of enlightenment busy for a year."¹ This is the opinion of Dr. Glenn E. Hoover in referring to a commentator on one of the national networks who recently conducted a nation-wide campaign for higher tariffs. When those who favor high tariffs are so zealous, should not the significant advantages of free trade be pointed out with equal force, familiar though the argument is to the economically sophisticated?

For many years Great Britain followed a free trade policy which enabled her to accumulate wealth, support a large and increasing population and maintain the world's largest navy.

The period of self-sufficiency in pioneer days in America has passed. Americans live today in an age of specialization. We depend on resources beyond our country's borders. Bananas, for example, cannot be grown economically in the United States. We import them from *e. g.*, Central America. What is true of bananas is likewise true of strategic materials—

¹ Glenn E. Hoover, "The Just Sharing of Produced Goods; the Right to Trade Freely with Friendly Countries," *Vital Speeches of the Day*, 22 (Sept. 1, 1956), p. 691.

natural rubber, tin and industrial diamonds—on which U. S. industry depends. Our entire supply of these products (chromite, manganese, etc., in lesser degree) must be imported.²

But some may ask: "Why permit products which can be produced in this country to be imported from abroad?" If, to illustrate, cheese is shipped from Holland, must not domestic cheese sell for less, thus injuring dairymen and cheese makers? Harold F. Linder, Deputy Assistant Secretary for Economic Affairs, has noted that importation of cheese helped create an American taste for cheese, making it possible for domestic industries to expand.³

Percy Bidwell found that in many lines—where labor-saving machinery was used, up-to-date methods employed, production diversified and the business efficiently managed—foreign competition could be successfully met.⁴ Such competition can be advantageous in keeping an industry on its toes and thriving. Professor Bidwell concluded, in discussing the argument of "cheap labor," that it is more a matter of what industries within *each country* must pay to secure workers. American cheese manufacturers and dairymen must compete with automobile manufacturers, etc., to hire workers. But in each country there remain certain lines in which that particular country excels. (The Swiss, for example, are the world's best watchmakers.) If countries can be encouraged to concentrate on such lines and exchange with other countries, all benefit.

When foreign concerns are permitted to sell their products on American markets, the American consumer has a wider selection of goods from which to choose. For many this means they can purchase and enjoy goods they could not otherwise afford—or a larger quantity of goods.

When foreign firms sell their goods in American markets, foreign customers can purchase American-produced goods. America has become an exporting nation dependent on obtaining wider markets. It will be far harder to develop these markets if we restrict our purchases abroad.

The tariff is a "local issue." More citizens need to see their responsibility as did the manufacturer from Columbus, Ohio, who said: "They can cut tariffs all they want to and if I can't make a living I'll give up. If the world centers around my own little plant, let's be absolute. Let's have some protection from *my competitors here at home!*"⁵

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² Samuel C. Waugh, "Expansion of International Trade," *U. S. Department of State Bulletin*, 33 (Aug. 22, 1955), pp. 303-6. Note chart on p. 304, "U. S. Industry Depends on Imports."

³ Harold F. Linder, "Creation of Economic Strength in the Free World," *U. S. Department of State Bulletin*, 27 (Sept. 15, 1952), p. 384.

⁴ Percy W. Bidwell, *What the Tariff Means to American Industries* (Council on Foreign Relations Publication), New York, Harper, 1956.

⁵ "On Tariffs: Business Men Change—But Slowly," *Business Week*, Dec. 13, 1952, p. 138. (Italics supplied).