

Albert Firmin, former postmaster of Brooklyn, held the attention of the audience with his resonant voice and his oratorical ability. Mr. Firmin is one of the best loved veterans of the movement.

We were glad to see our old friend "Larry" Henry at the Congress. He brought with him certain banners from the '86 campaign which were placed on display. Mr. Henry was accredited delegate to the Congress from his local union. He is 78 years of age but still full of enthusiasm for the cause.

The Importance of Free Trade

STEPHEN BELL AT HENRY GEORGE CONGRESS

IT is not my purpose to explain to you the merits of free trade, for you understand them as well as I do. It is unnecessary to tell you that Henry George's "Protection or Free Trade" is a classic, for you know that too. But it may be in order to remind some of you that the book is half a century old, that the tariff map of the world has changed considerably in that time, and the universality and stringency of trade strangulation today make the matter of commercial freedom more important than ever before. It is my desire to help you in visualizing the supreme importance of free trade in our larger philosophy of complete economic freedom.

Too many of us have taken at more than face value the dictum that advancing rent will absorb the gains that may result from free trade, even as it has absorbed the lion's share of the gains from other improvements and reforms.

Fifty years ago, when George wrote, Protectionism was in its infancy as compared with what it is today. It was merely an irritating, stinging sea nettle as compared with the giant octopus it is now, with its tentacles embracing the earth and strangling the trade of all nations, the trade that is the lifeblood of civilization, since without it civilization must languish and die.

Yet in 1888 Henry George thought the matter so important that he broke with many of his best and closest friends—even with that great soul whose memory we all delight to honor and revere, Father McGlynn, who was even then under the ban of excommunication by his church for having taken up the cross of this crusade,—in order to support Grover Cleveland for the Presidency on the mere chance that he might do something for free trade.

I would invite you to read again the concluding chapter of "Protection or Free Trade," you who regard tariffs as a side issue, and see for yourselves in the light of subsequent events the prophetic insight which inspired it.

I have said that Protectionism is strangling the trade that is the lifeblood of civilization. Why did Germany plunge the world into war? For a place in the sun. Free trade would have given it to her.

Why has Japan entered upon a career of expansion and conquest on the Asiatic mainland? For a place in the sun. Free trade would give it to her.

Why is Italy crying for more room and threatening the peace of the world? For a place in the sun which only free trade can give her.

Free trade, and only free trade, can give to every nation, great or small, rich or poor in natural resources, progressive or backward, its rightful place in the sun, opening to all of them all the resources of the earth through the channels of mutually profitable commerce.

I believe that Solomon had our philosophy of economic freedom in mind when he said:

"There is that scattereth and yet increaseth, and there is that withholdeth more than is meet, but it terdeth to poverty?"

Certain it is that the poverty of the world is due to its greed, the desire of the nations to keep their prosperity to themselves and to allow none of it to leak over their boundaries.

Too many of our people are afraid of the tariff question. I've heard them say they seldom or never start a discussion of the tariff because it seems to close the mind of the prospect to any discussion of the Georgian philosophy whatever. Well, it's just as easy to close the mind of a prospect by leading off with a discussion of the land question as it is with the tariff. My own experience is that the tariff offers one of the easiest and safest openings for a discussion of the broader philosophy of economic liberty which will give to all humanity its place in the sun by freeing all industry and trade from strangling restrictions and the burdens of taxation that should be borne by our real *commonwealth*, the values which populations and their activities create in the land.

Why do men fear that with free trade we would spend all our money abroad for cheap goods, and so allow our home industries to die? Do they not know that we can't spend American money abroad any more than foreigners can spend foreign moneys here?

Money is not migratory. It stays where it can circulate. Our merchants and manufacturers will not sell their goods abroad for foreign money. Foreign merchants and manufacturers will not sell their goods here for American money. Each wants the money of his own country. It is the function of exchange banking to be the medium through which exporters and importers exchange their credits, so that each can pay and be paid in the money he desires.

In normal times one may gauge the way in which the tides of trade are running by the movement of the foreign exchange market. Frank A. Vanderlip has called the exchange markets of the world the "international scale pans," and no more effective instrument exists for discouraging excessive importing or excessive exporting than the balance of the international scale pans, which, however, may be thrown out of balance when government credit in the form of great foreign loans are thrown into them.

Why cannot the so-called war debts of our associates

in the World War be paid? Because, while their moneys are worthless here, we prevent them from securing through trade the dollar credits necessary for their payment.

Why cannot the countries whose national and municipal governments and corporations borrowed large sums after the war for the rehabilitation of their industries, pay these debts, which amount to about as much as the war debts? The reason is the same.

You may wonder why and how those countries borrowed dollars, though dollars do not circulate abroad. They did not borrow them to take them abroad. They borrowed them to pay for American machinery, equipment, raw materials and foodstuffs, and it was for this purpose that the foreign governments threw their credit into the international scale pans. What we really loaned abroad was goods and services, and it is goods and services we must take in repayment, or let the debts go unpaid. In the face of this invincible fact, however, we have twice raised our tariff to prevent this kind of payment, and have even added insult to injury by calling our debtors "defaulters" and "welchers" for not paying.

It is the strain of trying to meet these commercial obligations with gold which has upset the gold standard itself, and this strain is an effective bar to currency stabilization.

Trade is a two-way traffic, and to stop it one way is to stop it both ways. We see its effects in the shrinking of agricultural products which began many years ago, backing these products up on a domestic market unable to absorb them until they smashed prices by their sheer weight. The foreigner could not buy here because we made it next to impossible for him to sell here. All this has helped immeasurably in breaking down the domestic market for manufactured goods of every description and scattering unemployment and destitution over this country and the world.

Now the primal motive for all trade is to acquire things we want and have not, and the thing we offer in exchange or sell in order to acquire the wherewithal to buy is merely the means by which we expect to get the thing we want. Let free trade liberate the consumer demand of the world if we truly desire to set the wheels of industry humming again.

Why are we trying to cure want in the midst of plenty by reducing the plenty? Because we refuse to liberate that consumer demand. These trade-strangling tariffs are costing the nations not only their prosperity, but their security and peace as well. Richard Cobden said of the anæmic half-baked free trade of the Manchester school that it was the *best* peacemaker. The late Henri Lambert of Belgium, who understood our brand of free trade, declared it to be the *only* peacemaker.

I have never known any other man whose mind worked so clearly and so independently along the lines blazed by Henry George as did the mind of this Belgian nobleman, who not only disdained the use of his title but was

suspect as a "defeatist" and "pro-German" during the war because of his clear diagnosis of the causes of the war and his insistence on their removal. He became intimate with Col. House, and to his influence I have attributed the third of President Wilson's famous "Fourteen Points" for settling the war—the one calling for the elimination of economic barriers. And I have attributed the break between President Wilson and Colonel House to the discarding of these Fourteen Points at the Versailles Peace Conference.

In my talks with Henri Lambert he disclosed a thorough understanding of the Georgean philosophy, but he maintained that George had unduly subordinated free trade in order to push the land question to the front, and he explained his attitude in this wise:

"The land question is basic, fundamental, and the popular mind, never profound, cannot be led to consider so fundamental a reform under conditions that exist today. War and the fear of war oppress the nations continually, and the hard conditions of life make it well-nigh impossible to think of anything else. Here in Europe the fear of war is always with us. No generation has escaped it. Our thoughts are centered on making our borders secure, to the exclusion of everything else. Therefore you will pardon me if I decline to be turned from my purpose of realizing for Europe a *Pax Economica*."

Henry George revealed to us the rock on which previous free trade philosophies had been wrecked, and we owe him eternal gratitude for showing to us the glories to which true free trade, or full economic freedom, will yet lead the world, but he overshot his mark when, without intending it, he allowed many of us to regard commercial freedom as a mere subordinate part of the broader philosophy.

In the work of the Henry George School of Social Science too much attention cannot be given to "Protection or Free Trade." George's book is a classic, but it is half a century old, and in that time trade strangulation has assumed forms and phases he little dreamed of.

Our great need is for a text book which, without omitting or altering any of the principles set forth by Henry George, shall bring this surpassingly important matter up to date.

SINGLE TAXERS will smile over a few words in Bernard Shaw's recent address to the left-wing Laborites in England. As reported in the *New York Times*, he said:

"They pay rent in Russia, but the difference is that here we pay rent to a gentleman who may go and blow it all at Monte Carlo. In Russia you pay rent to the local Soviet, which uses it for public purposes, of which you get the benefit. In other words, the people of London are fools; the people of Moscow are sensible."

Alice Stone in *Unity*.