HENRY GEORGE, PROTECTION, AND TRADE THEORY

Thomas L. Martin
Department of Economics
University of Central Florida
Orlando, Florida 32816-0400

Prepared for preparation at the First Henry George Conference at Lafayette College, June 13-14, 1991. Draft - not for quotation.

Adam Smith presented many arguments in favor of free trade which inspired many others, including Henry George, to write in support of free trade. After the spread of his fame from Progress and Poverty George took up the challenge to try to convince American labor to abandon support for the protective tariff. Necessary tax revenue was to be generated, of course, through new taxes on land rents.

This paper presents George's economic analysis scattered in the secondary works to support free trade and connects them with the twentieth-century language of modern economics. The scattered elements come from his book Protection or Free Trade: An Examination of the Tariff Question, With Especial Regard to the Interest of Labor, published in 1886, from a series of articles appearing in the North American Review in 1886 and 1887, and from editorials appearing in The Standard from 1887 until 1890.[1] This paper examines George's open model of trade protection and income distribution and connects them with what is refered to as trade with "non-competing groups" or the "specific factors" trade model.[2]

The specific factors trade model represents short run analysis under the assumption that at least one factor of production is immobile between uses in the domestic economy. George's primary example of this condition concerns labor in the mines and railroads in Pennsylvania.[3] The resulting short-run version of the long-run Heckscher-Ohlin model leads to ambiguity in the resulting welfare implications of free trade and protection, with the ambiguity dependent on issues surrounding demand patterns of the laborers whose interests Henry George was attempting to promote, and on the degree to which employers can substitute capital for labor in the production process.

Unambiguous results are derived, however, when international factor movements are considered within the specific factors trade model. George's argument that immigration of foreign labor, rather than a lack of a sufficiently high import tariff, was the cause of labor distress in "protected" industries is consistent with the conclusions offered by the trade model with non-competing groups and international factor mobility.

Section II of this paper examines the development of George's thought on the trade issue within the setting of the political economy of the 1880s. Section III examines George's trade model and compares it with the formal specific factors model in the language of modern twentieth-century economics. Section IV summarizes his contribution and the tariff reform efforts of the 1890s.

II. The Political Economy of Trade Protection in the 1880s

The controversial issues surrounding international trade and protectionism were among the first to be considered by the Classical economists. Henry George was quite naturally drawn to the subject after the success of Progress and Poverty and the opportunities that such success brought to him to influence public policy. George was of course familiar with the doctrine of comparative advantage of Ricardo and Torrens. This theory was developed to answer practical questions of the day, including most especially, the economic impact of the Corn Laws. Torrens defended free trade because he believed it would result in lower food prices for the masses in the short run. Ricardo defended free trade because it would generate greater profit and greater economic growth in the longer run. Both shared an analytical interest in the changes in the income distribution that would result from an elimination of the Corn Laws.

George's ideas on trade and protection were likewise developed with an eye to the practical and controversial policy issues of trade and protection, only this time in the new era of the 1880s in America. The protective tariff had initially become a divisive national issue in the early 1830s with the Nullification movement in South Carolina. Fifty years later, after import competition increased following the recession of 1873-1879, reform of the tariff once again became a critical national issue. Garfield and the Republicans reaffirmed previously established beliefs that the tariff "levied for the purpose of revenue should so discriminate as to favor American labor."[4] Democrats, on the other hand, applied pressure to reduce tariffs in order to reduce the federal budget surplus. Reduction of revenues through lower tariffs became the Democratic solution, and George would support the Democrats and their belief in a tariff "for revenue only." In the election of

1880, the Republicans kept both the White House, their majority in the House of Representatives, and their primary responsibility for the reform of the tariff.

In 1882, President Arthur appointed a Tariff Commission to recommend a solution for the conflicts of interests necessary to lower the budget surplus. The resulting Tariff Act of 1883 lowered slightly the average rate of the tariff, while the tariff was increased on selected imported products which had domestic competition.[5] In 1884, the Republican platform proposed to "correct the irregularities of the tariff" to reduce the federal surplus without "injuring the laborer."[6]

The election of Democrat Grover Cleveland to the Presidency in 1884 gave Henry George hope that protectionism might be reversed through tariff reform. The political question, George reasoned, would be forced on the politicians after capturing the attention of the masses.[7] It was during this hopeful time that Henry George began work on <u>Protection or Free Trade</u>.[8] In his December 1886 annual message, President Cleveland declared that the popular demand for a lower tariff "should be recognized and obeyed."[9] To Henry George, the time was right for popular education on the issue of taxation and tariffs, and with it, the means of bringing "the whole social question, into the fullest discussion."[10] As a supporter of free trade as well as unionization, George worked to persuade labor that there was no conflict in the two positions. Unfortunately for free trade advocates, the act of exposing the logical fallacies of protection seemed to be of limited practical importance. If the "protective theory is really so incongruous with the nature of things, and so inconsistent with itself," how, he asked, does it survive and even thrive?[11]

Henry George offered reasons. First, the leading classical theory taught that free trade induced a transfer of resources from less productive into more productive employment. To many laborers in the decade of the 1880s this idea translated into the hardships of unemployment and perhaps retraining.

But in fact, there were significant cultural and geographical barriers to changing jobs that locked workers in to specific tasks in specific areas. Labor was, in many cases, a fixed or specific factor of production. This meant that the traditional theory assuming perfect domestic factor mobility and immobility of factors internationally would be unconvincing or irrelevant. An important reason for the lack of support for free trade, according to George, was the lack of a satisfying new theory to replace the embattled classical theory.

> I do not think induction employed in such questions as the tariff is of any use. What the people want is theory, and until they get a correct theory into their heads, all citing of facts is useless.[12]

While many of George's arguments came from Adam Smith, other elements were more modern. The next section examines the modern arguments George used to engage the opposition in debate.

III. George on Protection and the Interests of Labor

The classical model and its analytical support for free trade survived well into the 20th century with the work of Edgeworth, Taussig, Viner and others, but the classical defense of free trade never won the day in 19th-century America. Daniel Raymond, Henry Carey, Frederick List and others were successful in bringing protectionism an intellectual foundation that was still in full domination at the time George turned his intellect to the debate over free trade and protection.

The contensious issue concerned, of course, the result of a removal of tariff protection to the import-competing industry. If some factors of production are immobile, then the dynamic arguments that show long run gains even to the resources employed in the import-competing industry will fail to hold. The alternative model was brought forth by C. F. Bastable (1879) and has since been extended by Mussa (1974), Ruffin and Jones (1977), and others.[13]

According to Bastable in the absense of free competition between groups, or what he called "non-competing groups" theory, the gains to one group from free trade or protection would be balanced by the losses of another.[14] Non-competing groups exist because of "customary conditions" or because of the "ignorance of producers" which in itself is the result of the increasing complexity of industrial organization.[15] Any gain that arises from a movement toward free trade with non-competing groups is the breaking down of monopoly power, rather than in a more effective use of resources.[16]

Although George never used the phrase "non-competing groups" he did incorporate elements of thart model into his analysis of coal and iron ore mining in Pennsylvania. In his series of papers "Labor in Pennsylvania" George analyzed the plight of workers in the mines.[17] The owners of the mines argue for protection from imports in order to benefit labor, but this is only a pretense.[18] Those protected are the "great manufacturers, wealthy iron-masters, powerful combinations of employers" while the losers are those forced to pay higher prices for iron and steel products. Labor is unhappy with the results of protection, as evidenced by labor strikes, so why should they support the drive for more protection?

As evidence of non-competing groups logic, he observes that within the mining occupation "there large differences between wages paid in the same occupation in different locations even in the same State...."[19] Iron workers earn twenty percent less in Johnstown than in Pittsburgh, glass makers wages are different in the eastern and western part of the state, while cigar makers earn more in Philadelphia than in Reading.[20] Wages cannot go above the general level of conditions and the same applies to capital except as the element of monopoly, enhanced by the tariff, enters in.[21] These differences in wages were due to labor immobility between employment possibilities. In addition, the existence of different tasks meant the existence of not easily transferable skills, including the "slate-pickers, blacksmiths, carpenters" and, in the coke districts, the "oven chargers and drawers."[22]

Labor was the fixed factor in mining and the railroads as related to the historical patterns of European migration. Italians were replacing the Irish in railroad building, the Polish immigrants were working the mines of Schuykill and Luzerne Counties, while the Hungarians were working the anthracite and bituminous mines that took least skill, which meant they strip mined the anthracite regions and worked at coke making in the bituminous regions.[23] Due to cultural differences these groups had the "characteristic of non-assimilability" much like the Chinese in the west.[24] Economic and cultural factors generated immobility places of employment.

Important aspects of George's model were the relative factor endowments in the trading nations and the relative factor intensities in the production functions. The neoclassical model explains that even with identical technologies, a country will have a comparative advantage in the product which uses intensively in production the country's relatively abundant resources. On the other hand, domestic production which competes with imports must use intensively the country's relatively scarce resources.

Based on this reasoning, the long-run Heckscher-Ohlin theory with perfect factor mobility between domestic industries predicts that in each country free trade will increase the prices of the abundant factors of production relative to the prices of the scarce factors. Protect some industries against import competition through tariffs or quotas, and a nation's relatively scarce, relatively expensive factor of production will benefit. In addition to consumers, those who pay the costs of "protection" are owners of the relatively abundant, relatively inexpensive factors of production.[25]

George considered relative factor abundance computing the relative factor endowments. Henry George's model assumed that the United States had relatively abundant endowment of land and a relatively scarce endowment of labor and capital in the 1880s relative to England. England had an abundant capital and scarce land relative to the United States.

> England is a little island on which nearly 40,000,000 people are begging for opportunities to work, while the United States, with its vast area of land, has but 60,000,000 people within its borders.[26]

He went on to compute relative factor endowments, stating that in England "there are but one and one-third acres to the individual, whereas in the United States there are thirty-two and one-fifth."[27] This appearance of differences in relative factor endowments, according to Heckscher, was of the "utmost importance" for initiating trade.[28] Before the European immigration, according to Heckscher, the United States "had enormous riches of good arable land but a very small population."[29]

Relative Factor Endowments

Relative Abundance	United States	England
Ample	Land	Capital
Moderate	Capital	Labor
Scarce	Labor	Land

England was relatively labor and capital abundant while land was relatively scarce. The United States had a relatively scarce endowment of labor and capital, while land was the relatively abundant factor. There was a persistent flow of financial and physical capital from England to the United States throughout the 1880s and 1890s, reinforcing George's ideas on relative factor endowments. As the nineteenth century moved toward a close, the American capital stock had expanded significantly, and would be both more wide and more deep than in the middle of the century. Capital intensive industries took longer to develop in the United States than in England, but they did develop.[30]

These relative factor endowments, rather than the absense of a tariff in England, explained George, was the reason why labor in England was relatively less expensive than the relatively more scarce American labor. American labor was employed with "more extensive area and varied natural resources relative to our population.[31]

From this starting point, George went on to examine the implications of "protection" on the distribution of income. George would argue that the protected industries typically were relatively capital intensive, and he concluded that capitalist would be protected by an import tariff on capital intensive imports. Industries with small holdings of capital are not those which are protected, as it is the large stocks of capital that are granted tariffs. According to George, the industries the tariff aimed to protect were those "in which the mere workman, or even the workman with a small capital, is helpless."[32] The protected industries, those competing with the imports, used unskilled labor and large amounts of America's relatively scarce factors of production. For labor in the protected industries, "their labor can hardly be called skilled ... but consists of the mere tending to machinery...."[33] The businesses which were helped were the "large establishments" using "costly machinery, great amounts of capital, or the ownership of natural opportunities which bear a high price."[34] These natural opportunities included the ownership of land and the rapidly developing transportation systems, including especially, the railroads. Therefore, according to George, American import tariffs benefitted the landowners or the capitalists, depending on the industry, but but not labor.

> Could anything more clearly show that the real motive of protection is always the profit of the employing capitalist, never the benefit of labor?[35]

Immobile labor would be relatively worse off since it was not used intensively in the production of the protected product. Tariffs on iron ore benefitted the owners of the mine, but not the workers. Laborers were mistaken when they failed to support tariff reductions since "the whole aim and spirit of protection" was "the maintaining of profits."[36] Protection in the United States would bid up the value of scarce capital, but not labor since labor was not used intensively in the production of the protected products. Labor should not, therefore, support the protectionist plans developed in the Congress.

George analyzed the coal industry in Pennsylvania, which had received tariff protection for years. Based on the same logic as his iron ore example, George reached a similar conclusion. "Whomsoever the tariff may protect," stated George, "it does not protect the coal miners."[37] The benefits of the coal tariff "certainly do not go to either the miners or to their immediate employers" but rather to "the owners of coal land and the monopolists of transportation.[38] Labor was not helped by protectionism, and in fact, workers in unprotected industries were made relatively better off.[39] The decrease in wages relative to the return to capital is the result that the specific factors model would predict.

In the language of modern economics, it is assumed in the specific factors model that the return to the mobile factor (the all purpose factor) is determined by the national factor market equilibrium.[40] The real return in each industry however is determined by the value of the marginal product of the factor in each industry. With free trade changes in the relative output price always increases the return to the mobile factor with respect to one good and lowers it with respect to the other good. The real return to the mobile factor will fall with respect to the output price which has risen and will increase with respect to the output price which has fallen. The reduction in the supply of capital in the other sector raises the value of the marginal product in that sector in terms of that output. Thus, changes in the real return to the mobile factor cannot be predicted without a knowledge of the pattern of tastes.

The immobile factor, labor, cannot move toward the sector favored by the price rise, which results in a lower value of the labor's marginal product in terms of that sector's output. Returns to the specific factor move in the same direction, and are magnified, as the prices of the goods they help to produce. The factor returns change in a greater percentage than the percentage price changes. This seems to correspond to reality as laborers trapped in a depressed industry earn less than the economy wide average. The specific factors model captures features of the real world that cannot be handled in the Heckscher-Ohlin-Samuelson framework.

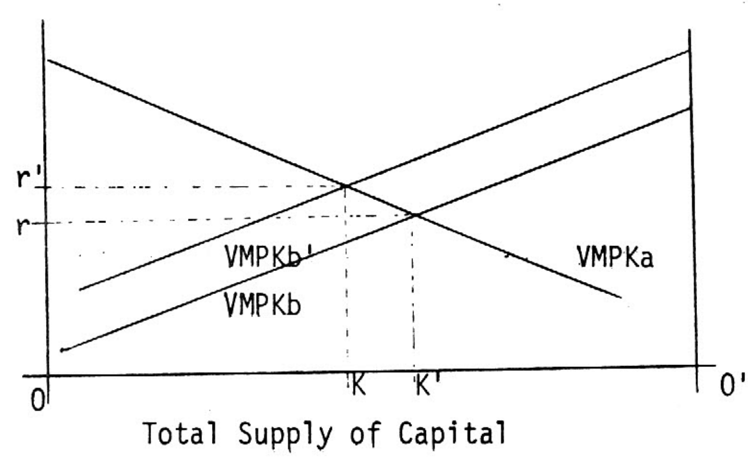
Suppose that the U. S. is relatively labor scarce relative to England, and assume that labor is immobile between sectors A (coal) and B(wheat). (See Figure 1) Assume that capital is the all-purpose mobile factor in the economy. The return to capital will be the same in both industries A and B since it is mobile between the two. That return is determined by the value of the marginal product of the capital (price of the output times the physical marginal product) in industries A and B. As an industry expands in the short run by employing more capital with a fixed amount of labor, the value of the marginal product of capital will decline, assuming diminishing marginal productivity of capital. Assuming profit maximization, employment of capital will continue until the return to capital is equal to the value of the marginal product.

Assume that the U. S. has a comparative disadvantage in the capital-intensive industry A (coal) and a comparative advantage in

B (wheat). With free trade, the price of B will rise relative to the price of A. This increases the value of the marginal product of labor in Industry B but lower it in Industry A (see Figure 1)

Since the labor endowment is fixed internationally, there is an increase in the wage rate but in less than proportion to the increase in the value of the marginal product of labor in Industry B. In addition, capital will shift from Industry A to Industry B, equal to KK' in Figure 1. Since the wage rate increases less than the price of B, the real wage falls in relation to B. The ultimate impact on of the price changes that resulted from free trade depend on the spending habits of the laborers. The less is spent on B, the better off labor will become. Laborers who spend most of their income on B will be worse off, and those who spend their income mostly on A will become better off.[41]

Figure 1 The Specific Factors Model

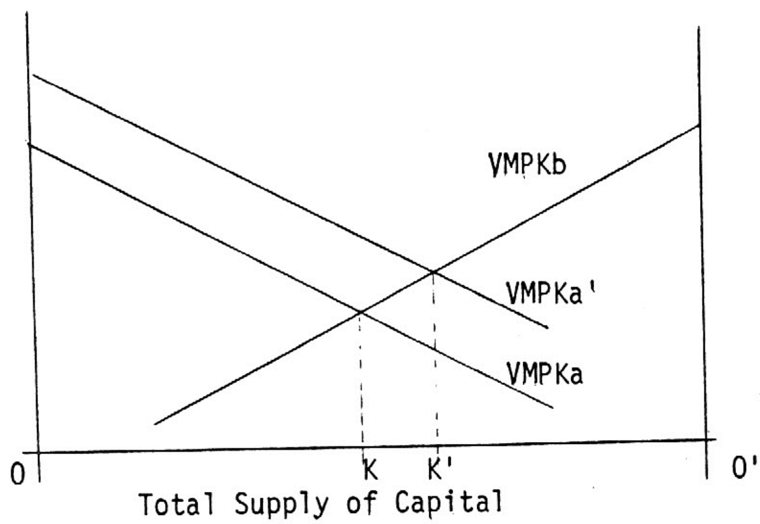


Assume that capital is mobile between industries but labor is not. The horizontal axis measures the total supply of capital available in the United States and the vertical axis measures the return to capital. In the absense of international trade, the intersection of the value of the marginal product functions determines the return to capital. OK amount of capital is employed in Industry A (coal) and O'K amount of capital is employed in Industry B (wheat). The return to capital is equal to r.

With international trade, and assuming that Industry B is the export industry, the price of B rises relative to A. (Assume the price of A remains the same.) This shifts vertically the value of the marginal product of capital function for B relative to A (VMPKb to VMPKb'). The national return to capital rises to r' and KK' units of capital move from A to B. This increase in the return to capital is less than the rise in the price increase of B. Assuming no change in the price of A, the return to capital rises relative to Industry A. The national impact on capital is ambiguous since it losses in the export industry but gains relative to the import-competing industry.

Now consider the impact on the immobile factor, labor. With less capital used with the fixed labor in Industry A, the value of the marginal product of labor is reduced in Industry A, reducing the return relative to both output prices. With more capital to work with in Industry B, the value of the marginal product of labor rises in Industry B.

Figure 2 Short Run Effect of a Tariff on the Return to the Factors



Suppose that the United States now imposes an import tariff on the imported product competing with Industry A. This will raise the domestic price of commodity A (coal) relative to commodity B (wheat). This shifts vertically the value of the marginal product of the mobile capital in A and induces KK' units of capital to move from Industry B to Industry A (see Figure 2). The return to capital falls in terms of A (whose price has risen) but rises in terms of B (whose price has fallen).

The real return to the immobile factor, labor, rises in terms of A (more capital to work with, greater marginal product of labor), but falls in terms of B (less capital to work with, lower marginal product of labor). The net impact on the welfare of labor depends on the amount of labor employed in the export and import competing sectors and on the shares of their incomes spent on each of the two products.

According to the mathematical model presented by Ruffin and Jones (1977), the net change in the real income of workers from moving to protection depends on the percentage change in the wage rate, the percentage change in the price of the product that receives protection, and the share of total expenditures that is allocated to the protected product. In addition, they argue that workers would press for protection of an importable product only if that good is sufficiently biased toward labor in production. In the case of the capital intensive coal industry in Pennsylvania, this is unlikely to be the case. Ultimately, Ruffin and Jones argue, the ambiguity concerning the real return to factors of production is not a problem for the specific factors, but rather for the mobile factors.[42]

Immigration of Foreign Labor

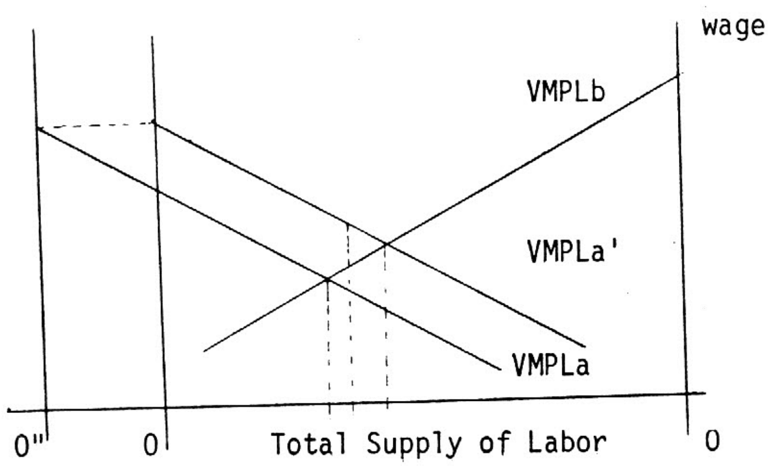
George argued that to protect the interests of labor, unionization rather than protectionism was the answer. Competition on the supply side of input markets, not import competition in output markets, was what kept wages from rising. International factor movements and the competitive nature of labor markets, according to George, kept wages from rising. Freedom of international factor mobility in the relatively abundant factor would only make the condition of labor worse.

> what American workmen have to fear is not the sale in our goods markets of the products of 'cheap foreign labor,' but the transference to our labor-market of that labor itself.[43]

George understood that an increase in trade barriers would stimulate immigration of labor, and that massive immigration was the real problem for American labor. The problem for George was that the immigration issue brought with it the old solution in the argument for protection. Immigration had the effect "of permanent importance in breaking down the notion that labor can be protected by a tariff on commodities."[44] There is a double damage to American labor through the tariffs on the produce of "pauper labor" of Europe and the admission of the pauper labor itself into America.[45] The condition of the miners in Pennsylvania were getting worse but getting better in Great Britain. In the case of the Cornwall Iron Mines in Lebanon County, the tariff simply increased the profit of the owners and brought no increase in wages.[46] Under the case of free competition of labor and capital (in which case there would be no fixed factors) profit cannot, "for any length of time, go either to miners or operators" but rather go to the owners of the coal lands.[47] George did not think "that it makes more than a temporary difference to the workingman of Pennsylvania, or any other state, whether there is no protective tariff, a revenue tariff, or no tariff at all" because of the immigration of foreign labor and international capital movements.[48] If, on the other hand, Pennsylvania could be cut off from the rest of the world "by an impassable ditch or an unscalable wall" wages would still be driven down to subsistence unless labor would be able to "avail itself to the land."[49] Following classical logic, any increase in revenues above the subsistence of labor would go to the rent on the land. In the great coal estates, landowners' power over labor is checked by strikes and by labor's "power of moving away" which, as previously explained, was seriously limited by cultural and linguistic circumstances.[50]

In the language of the specific factors model, the impact of immigration on the distribution of income depends on whether the growing factor or the non-growing factor is the immobile factor within the United States. First consider an increase in labor endowment in Country 1.

Figure 3 Immigration of Labor with the Specific Factors Model



The horizontal axis measures the total amount of labor available to Industry A (coal) and Industry B (wheat). Before immigration of labor and with labor immobile between A and B, and capital mobile, the return to labor is equal to W1 in Industry A (coal) and W2 in Industry B (wheat). The wages can be different since labor is immobile between industries. Now assume immigration of labor and specifically, immigration of labor into Industry A (coal). This shifts the value of the marginal product of labor in A to VMPL' and increases the output of A. It also reduces the return to labor in the coal industry relative to the labor in the wheat industry. Since the employment of labor is greater in A than before immigration, the marginal productivity of the capital in A is increased, increasing the return to that capital in A (coal).

Since the amount of capital is not increased in either industry but the amount of labor is increased in both industries, then both industries A and B expand output. Since product A is labor intensive, the output of A increases more than the output of B. In addition, the value of the marginal product of capital rises in both industries since it has more labor to work with. Therefore, in the short run with fixed output prices, when labor is mobile between countries but labor is immobile within the United States between industries, labor immigration will reduce the wage rate in both industries and expand output of both industries. The return to capital will rise in both industries.

Now consider the case of an inflow of capital, the scarce factor in the United States and the factor which is immobile between industries. Suppose the capital inflow is employed in Industry A (the labor intensive industry). The capital inflow increases the value of the marginal product of labor in industry A and therefore increases the wage rate of labor in both industries A and B. Assuming constant output prices in the short run and rising wages in both industries, the return to capital must fall in both industries. More capital and more labor are used in industry A, the output of A increases. Since the same amount of capital and less labor is used in industry B, the output of B must fall. In the longer run, the price changes resulting from such output changes would be that the price of A would decrease and the price of B would increase.

In George's attempt to dissuade labor from the support of protectionism, is the heart of short run Heckscher-Ohlin logic of the specific factors model. Protectionism reverses the movement in relative factor prices, reducing the demand for the relatively abundant factor of production, the workingman. Enriched are the owners of capital, land, or other scarce resources with specific uses in the protected industries. Clearly George went beyond the classical school with his two factor open model with international factor mobility within the specific factors model, however implicit and scattered are the elements and despite occasional inconsistencies.

IV. George's Influence on Free Trade vs. Protection

Henry George ended up on the losing side of this tariff reform debate. Nominal tariff rates would not be lowered, but would, in fact, be increased. By March, 1887, when Congress had adjourned, no reduction in the surplus had been achieved and no tariff reform had been achieved. By March, 1888, another tariff reduction bill was proposed which suggested a reduction on the tariffs on raw materials, on finished iron and steel products, and on sugar. The interests of labor were brought into the debate, with protectionists sending their opinions to every laborer at every iron mill to increase their fear of the results of the passage of the tariff reduction bill.[51] In June, George appealed to Cleveland to waste no time in putting tariff reform in the front of the national campaign. By September, George was declaring that Cleveland shared his belief that the "sweeping away of restrictions would be for the benefit of industrial enterprises and the benefit of labor."[52]

In the Presidential election of 1888, the positions of the two parties were firmly established and gave the voters a definite contrast. Cleveland wanted all tax reduction to come from reductions in the import tariff. The Republicans, on the other hand, reversed their 1884 platform position and declared that they favored the "entire repeal of internal taxes," rather than surrender any part of the protective system.[53] Much to the dismay of Henry George, the protectionist Republicans were back in office with Harrison in 1888. The Republicans wasted no time in raising, not lowering, nominal tariff rates with the passage of the McKinley Tariff in 1890.

By 1892, the Democrats were back in the White House with Cleveland and held a majority of seats in both houses of Congress. They attempted to lower the tariff, but failed. Henry George was disappointed that there had been no special session called to reform the tariff, as the silver issue had by then taken hold of the attention of President Cleveland.[54] By 1893 there were wage reductions and bread lines. By the spring of 1894 labor protests were blossoming. With the passage of the Wilson-Gorman tariff in 1894, nominal tariffs were increased to the highest level yet. The great tariff battle which had begun a decade earlier was about to be finished, with Henry George and the free traders the losers. The Republicans gained the Presidency and control of both houses of Congress in the elections of 1896. Two days after his inauguration, McKinley called a special session of Congress to discuss increasing the tariff in order to raise revenues. The year 1897 would see the passage of the Dingley Tariff, which would raise nominal tariff rates even higher. In that same year, Henry George would die.

In the turbulant decades of the 1880s and 1890s, Henry George anticipated important elements of the modern theory concerning the impact of trade on relative factor prices. This paper recognizes the contribution.

References

Barker, C. A., Henry George. (Westport, Connecticut: Greenwood Press, 1974).

Bastable, C. F., The Theory of International Trade, (London, Macmillan, 4th edition, 1903).

Collier, C., "Henry George's system of political economy," History of Political Economy, (1979) 11.1:64-93.

Cord, S., Henry George: Dreamer or Realist? (Philadelphia: University of Pennsylvania Press, 1965).

George, H., Progress and Poverty, An Inquiry into the Causes of Industrial Depression and of Increase of Want With Increase in Wealth . . . The Remedy, (New York. 1879, page numbers refer to the 1929 printing).

----- , Protection of Free Trade, An Examination of the Tariff Question with Especial Regard for the Interests of Labor. (New York, 1886, pages refer to the 1966 printing).

-----, "Labor in Pennsylvania," North American Review, 1886 Part I:165-82, Part II:268-77, Part III:360-370; 1887 Part IV: 86-95.

----- (ed.), The Standard, (New York, 1888-92).

Heckscher, E., "The Effect of Foreign Trade on the Distribution of Income," Ekonomisk Tidskrift. (1919) 21:1-32. Reprinted in AEA Readings in the Theory of International Trade. (Homewood, Illinois: Richard D, Irwin, Inc, 1950).

Jones, R., "A Three Factor Model in Theory, Trade and History," in Bhagwati (ed.) Trade, Balance of Payments and Growth, Essays in Honor of Charles P. Kindleberger, (Amsterdam: North Holland Publishing Company, 1971, pp. 3-21).

Mussa, M., "Tariffs and the Distribution of Income," Journal of Political Economy, Volume 82 (1974), Number 6, pp. 1191-1203.

Mayer, W., "Short-Run and Long-Run Equilibrium for a Small Open Economy," Journal of Political Economy, Volume 82 (1974), pp. 955-67.

Mundell, R.A., "International Trade and Factor Mobility." American Economic Review, Volume 47 (1957), Number 2, pp. 321-35.

Nevins, A., Grover Cleveland, A Study in Courage. (New York: Dodd, Mead & Company, 1933).

Ohlin, B., Interregional and International Trade, (Cambridge, Mass.: Harvard University Press, 1933).

Pigou, A. C., Protective and Preferential Import Duties, (New York: Augustus M. Kelley, Bookseller, 1968 edition). First edition 1906.

Ruffin, R., and R. Jones, "Protection and Real Wages, A Neoclassical Ambiguity," Journal of Economic Theory, Volume 14 (April 1977), pp. 337-348.

Stolper, W., and P. Samuelson, "Protection and Real Wages," Review of Economic Studies, Volume 9, Number 1 (November 1941), pp. 58-73.

Richardson, J., Messages and Papers of the Presidents (Washington, 1909).

Stanwood, E., American Tariff Controversies of the Nineteenth Century, (New York: Russell and Russell, 1903., 1967 edition).

Taussig, Frank 1893. The Tariff History of the United States (New York: G. P. Putnam's Sons, 1893).

Endnotes

1. The book was published by the new firm of Henry George and Company, which included Henry George and his son. "Labor in Pennsylvania," North American Review, 1886 Part I (pp. 165-182); Part II (pp. 268-277); Part III, pp. 360-370; Part IV 1887, pp. 86-95. Henry George,(ed.) The Standard, (New York, 1887-1890)

2. Bastable, C. F., The Theory of International Trade, (London, Macmillan, 4th edition, 1903).

3. Ideas contained in Henry George's, "Labor in Pennsylvania," North American Review, 1886 Part I:165-82, Part II:268-77, Part III:360-370; 1887 Part IV: 86-95.

4. Stanwood, E., American Tariff Controversies of the Nineteenth Century, (New York: Russell and Russell, 1903, 1967 edition).

5. See Taussig, F., The Tariff History of the United States, pp. 249-250, and Stanwood, E., American Tariff Controversies of the Nineteenth Century, 2:221.

6. Stanwood, ibid., p. 222.

7. Ibid., p. 204.

8. Barker, Henry George, p. 424, states that George was "bedeviled by obstacles and misfortunes" while writing the book. The half-completed manuscript was lost in 1883, but was completed by the presidential election season of 1884.

9. Richardson, Messages and Papers of the Presidents, p. 510.

10. The Standard, 3.7:1.

11. Protection or Free Trade, p. 225.

12. Quoted in Barker, p. 449.

13. Bastable, C. F., The Theory of International Trade, (London, Macmillan, 4th edition, 1903), Mussa, M., "Tariffs and the Distribution of Income," Journal of Political Economy, Volume 82 (1974), Number 6, pp. 1191-1203. Ruffin, R., and R. Jones, "Protection and Real Wages, A Neoclassical Ambiguity," Journal of Economic Theory, Volume 14 (April 1977), pp. 337-348.

14. Bastable, p. 103.

15. Bastable, p. 31.

16. Bastable, p. 33.

17. Henry George, "Labor in Pennsylvania," North American Review, 1886 Part I:165-82, Part II:268-77, Part III:360-370; 1887 Part IV: 86-95.

18. "Labor in Pennsylvania," 1886, p. 166.

19. "Labor in Pennsylvania," 1887, p. 91.

20. Ibid., p. 91.

21. "Labor in Pennsylvania," 1886, p. 168.

22. Ibid., p. 168.

23. Ibid., p. 360.

24. Ibid., p. 361.

25. See, for example, Chacholaides, Principles of International Economics, p. 285.

26. The Standard, 4.8:1.

27. Ibid., 4.8:1.

28. Heckscher, E., "The Effect of Foreign Trade on the Distribution of Income," Ekonomisk Tidskrift. (1919) 21:1-32. Reprinted in AEA Readings in the Theory of International Trade. (Homewood, Illinois: Richard D, Irwin, Inc, 1950), p. 279.

29. Ibid., p. 291.

30. See Field, A., "Land abundance, interest/profit rates, and nineteenth-century American and British technology," Journal of Economic History, (1983) XLIII.2:425.

31. The Standard, 4.8:1.

32. Protection or Free Trade, pp. 204-205.

33. Ibid., pp. 209-210.

34. Ibid., p. 204.

35. Ibid., p. 206.

36. Ibid., p. 204.

37. "Labor in Pennsylvania," 1887, p. 86.

38. _Ibid_., pp. 89-90.

39. _Ibid_., p. 91.

40. Gomes, p. 133.

41. This discussion follows Salvatore, pp. 135-136.

42. Ruffin and Jones, p. 344.

43. _Protection or Free Trade_, p. 209.

44. "Labor in Pennsylvania," p. 366.

45. _Ibid_., p. 366.

46. "Labor in Pennsylvania," 1887, p. 89.

47. _Ibid_., p. 90.

48. _Ibid_., p. 92.

49. _Ibid_., p. 92.

50. _Ibid_., p. 93.

51. Nevins, p. 377.

52. _Ibid_., pp. 416-417.

53. _The Standard_, 4.11:1.

54. Nevins, p. 444.