# The Barriers to Trade

WHEN it comes to serving as barriers to trade between nations it has been justly remarked that tariffs are the inventions of amateurs.

In the modern world a nation could have no tariffs at all and still be a country with its domestic industries barricaded behind a solid wall of protectionism and with its foreign commerce hampered by almost insurmountable obstacles. The ingenuity of politicians has developed much more effective controls in such things as export and import quotas and foreign exchange restrictions.

Even in the United States these modern devices for hobbling trade are not unknown. A generation ago while Secretary Hull was promoting the first Reciprocal Trade Agreements Act to lower tariffs the Roosevelt Administration was applying tight import quotas to keep "foreign" sugar out of the U.S. And today the Administration that is asking an extension of that Act is concurrently limiting oil imports with "voluntary" quotas.

Moreover, in this latest trade bill, now nearing the President's signature, the Congress is not being so free with trade as might appear. The proposed bill would give the President authority to negotiate reciprocal tariff cuts up to 20 per cent on import items over the next four years. But it has such a broad "escape clause" that almost any exception can get through it.

The Tariff Commission, for example, is authorized to deny a reduction —or even to rescind tariff cuts already made—if imports are injuring a domestic producer. If the President overrules the Commission, Congress can then overrule the President. Conceivably this offers an escape for almost any domestic business at all.

So take it all and all, the 1958 Reciprocal Trade Agreements Act hardly seems to offer as much as promised by its sponsors or as feared by its protectionist opponents.

Nonetheless it continues a principle that ought not to be abandoned. For with all the deviations that the United States may now and then have made from the principle, it is still true that it has followed from its beginning more nearly the course of free trade than any other country. And the fact that it has done so has certainly been one of the reasons for its present wealth.

In the early days we welcomed foreign capital, putting no restrictions upon its earnings "leaving the country," a lesson that seems to be lost today on countries eager for American capital. With a few exceptions our customs duties were for revenue only, and the flow of goods in and out of the country was the freest in the world.

Today we can have no prosperity without world trade. And it is a very simple fact that we cannot sell unless we buy; the notion that we can discourage imports but continue exports by perpetually giving foreign nations the money to buy with is an illusion. Protectionism is something America cannot afford.

Protectionism has, indeed, already cost us much. We have lost much of our foreign market for farm crops because of a protectionist farm program more devilish than tariffs; we are losing industrial markets—even for automobiles—by domestic policies that price us out of those markets or deny others the ability to earn dollars. Certainly it would be foolish to add to all these obstacles to our trade the additional hazard of higher tariffs.

Indeed, the puzzle is why this country turns so reluctantly to free trade. For surely a nation that lives by trading is short-sighted to throw up barriers in its own way.

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