

FREE TRADE SCIENTIFIC.

From an Address Delivered by Byron W. Holt at the Annual Dinner of the Free Trade League, in Boston, April 29, 1909.*

In discussing the subject, "The Significance of a Sound Physique," at a meeting of the American Academy of Political and Social Science, Dr. Dudley A. Sargent of Harvard said: "Man's success in self-development has been greatly aided by the division of labor and the ability to co-operate with others."

This statement of a scientific deduction furnishes a key-note, it seems to me, for similar conclusions in regard to trade and commerce. "Division of labor and ability to co-operate with others" tells the whole story of the world's economic progress—that is, of civilization.

There is, perhaps, no better index of civilization than is provided by the extent of the "division of labor and ability to co-operate with others" that is found in any country.

The savage has but little division of labor and co-operation. He makes his own crude hunting, fishing, mechanical and farming implements, and with them fashions his poor shelter and clothing and provides his uncertain food. As we proceed upward in the scale of civilization we find greater division of labor and more co-operation with others—that is, more exchange of products. In the highest civilization of to-day fully half of the people have ceased to produce food, clothing and shelter first hand,—that is, from land, water, forest and mine,—and are engaged in manufacturing and transporting materials, supplies and goods.

It is through the greatest possible division of labor, and the greatest possible co-operation in the production and distribution of goods, that man will attain the greatest amount of goods and comforts and most fully satisfy his wants.

This means that the reward of labor *should be* highest where there is the greatest division of labor and the most co-operation.

Generally speaking, it is true that wages and salaries *are* highest where there is the greatest division of labor and the greatest exchange of products. That is why wages are higher in this than in any other important country. In no other country is there as much labor-saving machinery, as much co-operation in producing and distributing goods, and as much freedom of exchange of products, as there is in this, the greatest free-trade country on earth.

Our forefathers may not have been well versed in the theories of political economy, but they had common sense, and they saw that freedom of trade between our States was better for each and all than was tariff-restricted trade, with meddlesome

custom houses on all State lines. It is really because of their broad statesmanship in this matter that these United States are to-day the greatest producing and consuming nation of the world. Had they all been McKinleys, Dingleys, Paynes and Aldriches, we should now have about fifty politically united but commercially dis-united and warring States; and probably their trade disputes and wars would have made continued political union on impossibility. Each would be trying to enrich itself by taxing its neighbor. Each would be crying out against the pauper labor of the other States, just as our States are now crying out against the pauper made goods of Canada and Europe. How different if Canada had been made a part of the United States!

What folly, all this protection talk that we have been hearing since most of us were born! How unscientific; how uncivilized; how contrary to nature. How much better would be absolute free trade—"the international common law of the Almighty," as Richard Cobden once wrote.

Either science, that is, division of labor, co-operation and free trade, is wrong; or protection is wrong. If economic science is right, there is no sound reason for protection in this country at this time.

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OLD TOM HARDER REMARKS THAT—

A Monologue With a Subsidiary Flavor.

For The Public.

"Yes! Tomkins has a worry growin' on him. It ain't a real hard one, but is some like a soft corn that makes it so hard to smile an' look pleasant on a hard road. I sent him a big 'DON'T WORRY' card to put over his desk an' had him most cured, but he got hold of an article about the desperate condition of our merchant marine and had a bad relapse.

"He thinks in millions, and dreams of endless processions of subsidized steamship lines carryin' the American flag an' owned by the United Steel-Pierpont Morgan-Standard Oil Corporation, Limited—limited in everything but dividends and liberal government subsidies.

"He says that we are way behind the procession. The English and the German and the Japanese an' all the other governments that look out for the welfare of their workin' people by taxin' 'em high an' keepin' 'em from gettin' sassy by too luxurious livin', have tremendous big merchant ships that draw comfortably sized amounts from the state treasury every month or so, to make good the losses on their ordinary legitimate trade, an' so flourish like a prize heifer bein' fattened for the county fair. All these processions of treasury-fed merchant ships worry Tomkins most to death. An' all the rest of the Tomkinses in the

*See The Public of May 7, pages 434, 435, and 449.

world are thinkin' the same way, an' I wouldn't be surprised to see our wise men in Congress make a sample appropriation of \$30,000,000 or so for ship subsidies, when they git through economizin' by puttin' some more tariff on sugar an' steel. Ma says I'm mistaken about the Tomkinses thinkin'. She says they hain't got a blame thing about 'em to think with, which seems to me to be drawin' it a little strong. I've seen some of 'em that had strong symptoms of thinks, at times.

"I feel real sorry for our Tomkins sometimes. He sets down at the table with a big lead pencil, an' figures out that every year English an' German merchant ships bring over a big lot of merchandise from foreign countries, an' that we pay 'em more than 300,000,000 dollars for the freight on this merchandise. Then he figures that if we only had some ships of our own, that we could gobble this \$300,000,000 ourselves, an' thus have the merchandise an' the freight an' the ships an' all the rest of the things to ourselves, an' the foreigners would get left out in the cold an' wouldn't have anything. Then he gits cramps because Congress don't vote a big subsidy to the Morgan-Standard Oil-Steel Corporation so they would build us some ships. He remarks to the butt end of his lead pencil, 'What business have these foreigners buttin' into the ship freightin' trade? It jest naterally belongs to us. The Lord made the Atlantic an' the Pacific oceans for a sailin' place for the American flag, an' all we have to do to carry out the designs o' Providence is to vote a big subsidy for shipbuildin', an' the Morgan-Rockefeller-Steel Corporation will do the rest.' He whispers to the gentle breezes that stir up his hair, 'We are payin' the workin' men in foreign shipyards millions o' dollars in wages every year, that ought to go into the pockets of our workin'-men. What business has these foreigners to build ships an' sail 'em on the ocean? Wasn't it "manifest destiny" from the beginnin' that we should do the ship buildin'?' An' then the breezes sigh in his ear, an' say, 'These disgustin' foreigners carry the freight cheaper than we can do it ourselves, because the lunkheaded people that do the governin' over there tax all the poor people in the country for the benefit of the shipbuilders to make up the losses in the carryin' trade. What benefit would it be to the poor people of this country to play the same game on them?' Then Tomkins gits up in his wrath an' shuts off the breezes. He hates to imagine that the foreigner loses money in the business. That \$300,000,000 looks so big at the point of his pencil that he can't forbear schemin' to git his hands on it. He draws pictures of American ships flyin' the American flag on every sea, an' of the poor foreign workin' men starvin' for something to eat an' no jobs in sight. He says to himself, 'It ain't our fault that they are hungry an' that jobs are scarce. We got to look out for ourselves. Charity begins to home,

you know.' An' then conscience whispers, 'An' always stays there.' Then somethin' that looks like a think starts up in the place where the brains ought to be, an' says, 'Of course if we can manage to git that \$300,000,000 without givin' anything for it, we will feel kind o' sorry for the foreign shipbuilders, an' kind o' comfortable to think we are so much better off than they. Maybe the feller that said we send so many dollars over there was mistaken. Maybe we send goods instead, an' if we do our own freightin' we'll lose money on the business an' have our goods left on our hands. Then we might find ourselves hard pushed to raise the money to pay the steamship subsidies. There might be some sich difficulties in the way, but it's a blame shame that we can't do all the business in the world an' take in all the profits. What's the American flag for any way?"

"What does Old Tom think? Well! If you'll let him follow the Tomkins style a minit, he'll say that Old Tom an' some others in this neck o' woods needs some subsidies right away. If we had 'em we would save all the freight money we pay to the railroads. We would have the money an' the goods, too. But where would the people be that paid the subsidies? We would run a big lobby in Congress an' pose as immaculate patriots like some other people that look down on us now. We would claim that the culture an' intelligence of the country ought to rule. Yes! That's about the way we'd do it.

"There's a big trouble comes right in here, though. It stumps the intelligence sometimes. That is this: In the nature o' things we can't git enough subsidies to go round. If we undertake to spread 'em out much there won't be anybody to pay 'em. They're a blame lopsided sort o' things—these subsidies. You have to cover 'em all over with the flag to make 'em look respectable.

"This last think is Ma's, an' not mine. But it looks reasonable: If you tax all the people for the benefit of some of the people, somebody's bound to lose out. If you let some o' the people put their hands into the treasury for the benefit of all the people, somebody's sure to git left in the scramble."

GEORGE V. WELLS.

BOOKS

BUSINESS ECONOMICS.

Enterprise and the Productive Process. By Frederick Barnard Hawley, B. A. (Formerly Treasurer of the American Economic Association). Published by G. P. Putnam's Sons, New York and London. Price, \$1.50, net.

Frankly written "from the point of view of the entrepreneur," this book has to do with business economics, rather than political economy. From the point of view of the entrepreneur, the specu-