

ported it. A tariff on Swiss watches encourages the production of watches in our own country because it prevents their importation at a lower cost. And by keeping prices higher, such tariffs reduce our consumption of wool and watches.

We could raise a tariff barrier against the importation of bananas. If it were high enough, producers in this country would, no doubt, find it possible to grow a few bananas under glass to sell at very high prices to a small market. The level of living, so far as bananas contribute to it, would be decidedly reduced. What would happen, in this case, is that consumers would turn to other fruits; they would be denied the freedom of choice which they now enjoy. The workers drawn into banana production would be taken from other occupations more naturally suited to this country—more productive by the measure of a free market. And everyone's level of living would be reduced.

The American Indians

A high degree of self-sufficiency is possible, of course. The American Indians approached it; the early American settlers practiced it of necessity. But the level of living at that time was very low. Before the White Man came, the area that is now the United States supported fewer than 1,000,000 American Indians—and in a very meager fashion, despite the vast stores of natural resources. Some may argue that self-sufficiency is a more satisfying way of life than we now enjoy; that, however,

is not an economic question, and it is outside the scope of this discussion.

Free exchange—whether between individuals, villages, states, or nations—makes for a higher level of living. Tariffs and other trade restrictions force people toward self-sufficiency and result in a lower level of living.

Tariffs Lower Level of Living

Bastiat tells a little story which illustrates how tariffs lower the level of living:

“A poor vine-dresser of the Gironde had trained with fond enthusiasm a slip of vine, which, after much fatigue and much labour, yielded him at length a tun of wine; . . . ‘I shall sell it,’ said he to his wife, ‘and with the price I shall buy stuff sufficient to enable you to furnish a trousseau for our daughter.’ The honest countryman repaired to the nearest town, and met a Belgian and an Englishman. The Belgian said to him: ‘Give me your cask of wine, and I will give you in exchange fifteen parcels of stuff.’ The Englishman said: ‘Give me your wine, and I will give you twenty parcels of stuff; for we English can manufacture the stuff cheaper than the Belgians.’ But a Customhouse officer, who was present interposed, and said: ‘My good friend, exchange with the Belgian if you think proper, but my orders are to prevent you from making an exchange with the Englishman.’ ‘What!’ exclaimed the countryman; ‘you wish me to be content with fifteen parcels of stuff which have come from Brussels