essential expenses of any business. If it cannot pay wages at the market rate, it is not a "business"; it is either a play or a swindle. If it is said, as it constantly is, that American industry in general should be protected because American wages are high, the decision is made to turn on a single point when there are a score of conditions of industry which would need to be taken into account. What are the facts as regards cost and convenience of raw materials, facilities of transportation, cost and quality of machinery, climate as affecting industry, character of the people for industry, intelligence, and sobriety, security of property and order under the Government, excellence or otherwise of the tax system? These are the conditions of industry as between nations, not comparative rates of wages . . .

It is said that we cannot compete with those who pay less wages than we. There are two classes of persons with whom one cannot compete, — his inferiors and his superiors. A physician might find that he could not compete with a laborer in digging a ditch, or with a great financier in managing a bank. Could any tax enable him to compete with the banker; that is, to compete with his superior? On the contrary, if he should complain that he could not compete with the laborer because he could not afford to employ his time in an occupation which is less remunerative than his own, every one would ask him why then he desired to compete? Now, could a tax enable him to compete with the laborer? Indeed, it could. It could intervene to deprive him of the services of the laborer, and force him to dig his own ditch, abandoning a profession in which he could earn ten dollars a day to spend his time in an occupation worth only a dollar. This last is the only way in which protective taxes enable us to compete. They put us in a position such that we abandon occupations in which we might earn the high American rates, in order to do things which other people would do for us at half the price. Lower wages abroad, therefore, are not a reason for protective taxes, but just exactly the contrary. Our high wages are a proof that we can better occupy our time. They are a proof that we have means of employing our capital and labor, which are highly remunerative; and to make them an argument for protection is like arguing that a rich man needs charity, or a strong man help.

If goods do not cross frontiers, armies will! ANONYMOUS

The Economics Of War

Ludwig von Mises

The market economy involves peaceful cooperation. It bursts asunder when the citizens turn into warriors and, instead of exchanging commodities and services, fight one another.

The wars fought by primitive tribes did not affect cooperation under the division of labor. Such cooperation by and large did not exist between the warring parties before the outbreak of hostilities. These wars were unlimited or total wars. They aimed at total victory and total defeat. The defeated were either exterminated or expelled from their dwelling places or enslaved. The idea that a treaty could settle the conflict and make it possible for both parties to live in peaceful neighborly conditions was not present in the minds of fighters.

The spirit of conquest does not acknowledge restraints other than those imposed by a power which resists successfully. The principle of empire building is to expand the sphere of supremacy as far as possible. The great Asiatic conquerors and the Roman Imperators were stopped only when they could not march further. Then they postponed aggression for later days. They did not abandon their ambitious plans and did not consider independent foreign states as anything else than targets for later onslaughts.

This philosophy of boundless conquest also animated the rulers of medieval Europe. They too aimed first of all at the utmost expansion of the size of their realms. But the institutions of feudalism provided them with only scanty means for warfare. Vassals were not obliged to fight for their lord more than a limited time. The selfishness of the vassals who insisted on their rights checked the king's aggressiveness. Thus the peaceful coexistence of a number of sovereign states originated. In the sixteenth century a Frenchman, Bodin, developed the theory of national sovereignty. In the seventeenth century a Dutchman, Grotius, added to it a theory of international relations in war and peace.

With the disintegration of feudalism, sovereigns could no longer rely upon summoned vassals. They

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