down by reason of tariffs. So, rather than *protecting* domestic wages generally, tariffs *lower* real wages in all countries affected.

That is all very well, you may say, but wouldn't a free trade policy lead to unemployment?

Do Tariffs Prevent Unemployment?

This argument is expressed in a number of ways. One is that the removal of a tariff, after an industry has become adjusted to it, will result in unemployment. Another is that by means of tariffs we can put our people to work making the things we now import and thus create employment. Today, there is fear in some quarters of a world-wide depression and unemployment. Some say: "We don't want such-and-such a country exporting its unemployment to us."

We have observed that if a tariff is removed, a protected industry may be forced out of business by foreign competition. If this happens, the workers in that industry will have to find employment elsewhere. In the embroidery illustration, it is not denied that the existence of the tariff permits some workers to be employed in embroidery manufacturing who would not otherwise be so employed. But what is often lost sight of is that many other job opportunities not now in existence would become available in this country if people could buy the imported embroidery and spend their tariff money as they please. The money which the consumer formerly had to pay for tariffs could be spent to purchase new products or to

purchase more of existing products. This spending would automatically bring into existence new industries or increase the number of jobs available in established industries.

If the "disemployed" workers have mastered special skills, useful only in the discontinued industry, they may have to learn new ones. This argument, while often convincing, has been overstressed. Can you think of skills of this kind? It is true that the *short-run* adjustment may inconvenience those people who have to turn to new jobs. But everyone, including those same people, will benefit from the importation of a competing product at a lower price—thus permitting concentration on the production of things for which our methods are better suited.

The resulting unemployment should be only temporary and no more serious than the shift in employment going on constantly all over the country. The transfer of cotton mills from New England to the South caused a similar type of temporary unemployment. The failure of any business requires similar adjustments. If no business in America had ever been allowed to fail—if the government had always intervened—we would have had complete government ownership and control many, many years ago.

Tariffs turn a country toward self-sufficiency. A farm family might erect such a high tariff wall around its farm that there could be no trade in goods and services with outsiders. Certainly, no one would be unemployed on that farm, but neither would there be the high level