goods. First, as consumers, we would benefit by the importation of goods and services shipped in at costs below those for which we could produce them. Second—and perhaps more important—this gesture would do more to establish friendly relations between nations than any other single thing we might do. Other nations would soon observe the wisdom of such a move and follow our example.

State Monopolies

In a similar vein, since many of the products we import are handled in the countries of origin by state monopolies, it is often argued that our government should serve as a monopoly in trade negotiations with those countries. This is specious reasoning at its worst. If a foreign government has control of all the tin production of its country and wants to sell this tin in the United States, is there any reason at all why it cannot deal directly with those Americans who want to buy tin? In this instance, the foreign government—if it will bargain in the market place—is just another individual so far as any buyer of tin is concerned. The amount of business involved in a trade—the "bigness" of the traders—does not alter the fact that each party seeks to get something of more value than that which he offers in exchange. When private individuals or firms of different countries deal with each other, there is little likelihood of their causing international incidents or unpleasantness; but when governments engage in business with each other,

there is always the possibility of intrigue and violation of "national honor."

Do Tariffs Keep Wages High?

Probably the most common argument in defense of tariffs is that they keep our domestic wages high; that they keep wages in this country from being reduced to the level of wages in the countries from which we import. It is often put this way: "Tariffs protect us against the competition of low-paid foreign labor. If we accept their goods, we must accept their wage levels."

To begin with, we must not lose sight of the reason why wages in this country are higher than in some others. The level of wages depends upon the productivity of the workers. Our workers are highly productive, largely because of the tools with which they work. In countries where there is a limited accumulation of capital, the tools of the workers are limited. Thus their productivity is low, and the result is low wages.

The level of living in a nation depends upon the amount of goods and services available for consumption. If certain individuals in a nation voluntarily trade some of their possessions for the products of another country, it follows that what they receive is worth more to them than what they give up. Otherwise, they would not trade. The total value of the goods and services available for consumption is greater after the trade. The level of living has been raised.

Consider, for a moment, a product made entirely by