pay for it *voluntarily*. The highest bidder, of course, may be the producer himself, in which case there will be no exchange; but that is one of the desirable alternatives which freedom of choice affords.

### The Consumer Is King

The market theory of value recognizes the consumer as king—as the guide for all production. By this test, the two equally good planks which Crusoe was considering would have been worth the same to him; he would have chosen the one which cost him the least in time and effort.

In a free market, the consumer has no *direct* concern with the cost of production. He merely looks over the alternatives presented in the market and bids what he is willing to give for what he wants. No matter how complex the market appears to be, it is simply the place where the available supply and the current demand are equated through price.

The consumer is, in effect, the court of last appeal in a free market. He is the judge who convicts or acquits. He either accepts or rejects the goods and services offered—taking into account his own desires, his buying power, and the alternate products available. He cares not a whit, at the moment, what it may have cost someone to produce the goods.

To ignore these decisions of the consumer is economic suicide—witness the demise each year of business firms which were guilty of ignoring or misjudging the consumer.



Apparently many persons have lost sight of the fact that consumption is the sole purpose of production. This is indicated by the prevalent belief that production is sometimes for *profit* rather than for *use*—the assumption being that a producer can fix the price of what he produces at any level, ignoring the wishes of the consumer. When a producer, laboring under this false assumption, enters the free market with his product, he will soon find, much to his sorrow, that the consumer is actually king. Unless he serves the consumer well and efficiently, his hoped-for profit will prove to be only a mirage. In a free market, all economic production is for use—as judged by the consumer; it cannot possibly be otherwise. If a suitable profit is realized by the producer, he is happy and will probably continue to serve the king—the consumer.

Thus, we have briefly discussed seven assumptions which will serve as a basis for discussing tariffs:

1. Man has a basic right to own and to exchange property.
2. Man seeks to satisfy his desires with the least possible effort.
3. Scarcity is not a means to better living.
4. Free, voluntary exchange occurs because all parties see a chance to gain.
5. Specialization is a key to progress.
6. High wages result from high productivity through better tools—capital.
7. Consumption is the sole purpose of production.

It will be recognized at once that these basic assump-