

hand labor. Hand embroidery or other needlework will illustrate. Assume that a woman in Italy working for a very low wage can turn out handmade needlework comparable to that produced by an American woman working for a relatively high wage. It is obvious that the Italian product can be sold in this country cheaper than the American product. Does that mean that if we import the Italian product the American woman's wage will necessarily be reduced to the level of the Italian woman's wage? Not at all. Why is the wage of the American woman high? It is because of the generally high productivity of American labor, which makes it possible for her to get a high wage in an industrial plant, in an office, in a profession, or in some other type of employment.

It is true that, without trade barriers, hand embroidery might be imported from Italy. The American producer of hand embroidery, unable to produce and sell a comparable product at a competitive price, would have to turn to producing one of the many products for which he has a comparative advantage. The American producer might, for example, turn to machine production of embroidery.

A Necessary Readjustment

It is also true that the American woman who was doing hand embroidery would have to turn to some other employment. This is typical of the readjustments which would be necessitated by a return to free trade. Workers and management alike, having become adjusted to pro-

duction under tariffs, would have to improve their efficiency or find other outlets for their skills.

The production of hand embroidery behind tariff walls in this country necessitates a higher price for the product. With the removal of the tariff, the price would drop, more embroidery would be sold, and the former producers of hand embroidery in this country would turn to the production of something for which they have a greater comparative advantage. In the long run, everyone would gain from the abolition of the tariff on embroidery—including the American woman, who would find a better use for her time, and the Italian woman, who would find a greater outlet for her product.

Suppose a physician earning \$10,000 a year buys his vegetables from a local farmer whose income is around \$3,000. Does that mean that the doctor's income will decline toward that of the farmer? On the contrary! Both are specialists. By having someone else raise his vegetables, the doctor can specialize and become even more proficient in his job. If he were forced to raise his own vegetables and if the farmer were forced to doctor himself, neither would be as well off. Specialization and free trade improve the conditions of all participants. This is as true for foreign trade as for domestic trade.

Tariffs encourage the production of some things in which the country is less efficient and discourage the production of other things in which the country has a comparative advantage. The total value of production, so far as consumers are concerned, is less than it would otherwise be—and this means that real wages are held