

## New Model Federalist No. 8 – On Trade

That these United States ought to champion free trade – That global trade is irreversible and ought to be seized as an opportunity – That tariffs function as a regressive tax – That trade strengthens our Republic’s foreign relations – That protectionism cannot restore jobs, but competition shall – That these United States ought to rejoin the Trans-Pacific Partnership and conclude other trade agreements – That state and local governments ought to invest in ways to train workers and alleviate temporary unemployment – That limited anti-dumping measures are appropriate to counter excess supply – That our Republic and its allies ought to challenge countries which employ anti-competitive trade practices – That automated systems ought to have human supervision – That some protection must exist for industries vital to the national defense

*I have also had an opportunity of marking from day to day the effect upon great social interests of freedom of trade and comparative abundance...and I am led to the conclusion that the main grounds of public policy on which protection has been defended are not tenable...It is now impossible for us, after we see the results of the change in the Tariff during the last four years, to contend that protection to industry is in itself, and abstractedly, a public good. —Sir Robert Peel’s Speech to the British Parliament on the Repeal of the Corn Laws, January 22<sup>nd</sup>, 1846.*

In our previous essay, we examined economic exchanges between citizens and firms, and how broader prosperity may be attained by encouraging competition within these United States. In this essay, we shall devote our attention to economic relations between our Union and the rest of the world, and how they, too, may bring prosperity through open and vigorous competition; that is, by free trade. The false prophets of ‘illiberal democracy,’ on both left and right, have lately taken to undermining the confidence of their fellow citizens and dulling their enterprising spirit with soothing talk of ‘protection.’ Those words have been followed by actions, such as the precipitate withdrawal of our Republic from trade agreements and the indiscriminate imposition of tariffs, which have encumbered the economy at home and diminished our Union’s prestige abroad. We contend that protectionism does not protect, but rather places a burdensome tax upon the citizens of our Republic and threatens the national interests of these United States. Americans ought instead to step back into the arena of free trade; they must summon the will to compete; and their government ought then to contribute tools and training with which they may thrive.

An astute reader might note that in this series we have drawn extensively from the works of Alexander Hamilton, the first Secretary of the Treasury, and that Hamilton is remembered for instituting a system of tariffs intended to develop American industry. That he did so is true, and his reasons then were sound, but they were particular to the situation of these United States in 1791, when our Republic was yet small and undeveloped. We assert that our Union today ought instead to be likened to Great Britain in 1846: industrial, wealthy, and pre-eminent among the great powers. In that year, the British Parliament debated and repealed the Corn Law tariffs, and the British then bore the standard of free trade into the zenith of their history. We argue that the best years of our own Republic, too, are still ahead of it, but that their attainment depends upon the decisions we as citizens now make; and that among these is the continuance of free trade.

To this end, we must begin by examining the origins and nature of trade. We first assume that man, in civilization, cannot alone produce everything that he requires; indeed, if he tried, his own production and sustenance would suffer by attempting it, because he would have to divert

his labor away from the things that he routinely and effectively produces.<sup>1</sup> Man therefore trades with his neighbor to obtain the items he lacks, since it may happen that a neighbor has dedicated more time and effort to obtain a certain item, or is more skillful in crafting it, or happens to live on a plot of land where that item is more easily produced. From there it takes only a few steps of logic to reach world trade: towns trade with each other for the same reasons as individuals; cities for the same reasons as towns; and countries for the same reasons as cities.<sup>2</sup>

This understanding of the origins of trade leads us to two conclusions. First, trade occurs naturally to mankind at all levels of society.<sup>3</sup> Second, its only natural barrier is the difficulty of communication and transport between places where mankind has settled; thus, global trade is the logical and inevitable result of improvements in communication and transport between countries. Attempts to obstruct world trade are thus arbitrary and artificial, and as the tendency of arbitrary interference in the natural workings of a free market is to create loss and inefficiency, so is it the case with tariffs. Trade, in other words, is an inexorable part of human progress, and to resist it is often both harmful and futile; better, then, to seize the opportunities it offers.

For while trade is largely inevitable, it is also mostly beneficial. It permits specialization, or division of labor, which increases production by allowing each person, town, or country to focus their efforts on the good or service that they can most effectively provide.<sup>4</sup> It also enables logistical flexibility: some items are best produced near a source of raw materials, for instance, or are more economically transported by sea than by land. Free trade allows the producers and consumers of goods to scour the world to satisfy such considerations. Confined to a town, their scope is limited; confined to a country, it is larger; opened to the world, it is enormous.

Greater scope and flexibility beget greater efficiency. Efficiency is manifest in the global supply chain, wherein goods may be produced by the people best equipped to produce them in the location best suited for their production, then sold in the place with the greatest demand for them. The parts of a refrigerator may be manufactured in China, Canada, and Texas; those parts assembled in Mexico; and the final product sold in New York. Such efficiency results in reduced prices: the refrigerator, assembled in Mexico, sells in New York for fifty dollars less than it would if it were instead assembled there. The reduced price of goods, in turn, reduces the cost of living in the place where the goods are sold; money thus saved is spent on other goods, creating demand; and profits, made by the producer through manufacturing goods efficiently, are invested

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<sup>1</sup> “If instead of a farmer and artificer, there were a farmer only, he would be under the necessity of devoting a part of his labour to the fabrication of clothing and other articles, which he would procure of the artificer, in the case of there being such a person; and of course he would be able to devote less labor to the cultivation of his farm; and would draw from it a proportionally less product.” Hamilton, *Report on the Subject of Manufactures*, Dec 5<sup>th</sup>, 1791.

<sup>2</sup> “By opening a new and inexhaustible market to all the commodities of Europe, it [the discovery of America] gave occasion to new divisions of labour and improvements of art, which, in the narrow circle of the ancient commerce, could never have taken place for want of a market to take off the greater part of their produce.” Adam Smith, *The Wealth of Nations*, Bk. 4, Ch. 1.

<sup>3</sup> “Sir, those who contend for the removal of impediments upon the import of a great article of subsistence, such as corn, start with an immense advantage in the argument. The natural presumption is in favour of free and unrestricted importation.” Sir Robert Peel, Speech to Parliament on the Repeal of the Corn Laws, Jan 22<sup>nd</sup>, 1846.

<sup>4</sup> “It has justly been observed, that there is scarcely any thing of greater moment to the economy of a nation, than the proper division of labor. The separation of occupations causes each to be carried to a much greater perfection, than it could possibly acquire, if they were blended... The greater skill and dexterity naturally resulting from a constant and undivided attention to a single object... The economy of time – by avoiding the loss of it, incident to a frequent transition from one operation to another of a different nature.” Hamilton, *Report on Manufactures*.

in additional productive capacity or in other enterprises, bolstering supply. Economic growth, whose basis is supply and demand, thus occurs in all places that take part in trade, whether by producing an item or by purchasing it. The opposite effect results from protection: the price of goods, and thus the cost of living, rises; savings and investment fall; and growth slows. Tariffs therefore insidiously take the form of a regressive tax.<sup>5</sup>

It must be also noted that trade has a salutary effect on relations between countries. While nothing is an absolute guarantee against war, logic suggests that trade dampens the inclination toward it. Since trade, in most cases, suffers in war, it follows that the financial interest of those who are engaged in trade is strongly tied to maintaining peace. Countries act on interests; as countries are, in many respects, the sum of their citizens, the more citizens they have who hold a personal interest against war, the less they are inclined toward it. At the least, a country engaged in trade is less inclined toward war than it would be if it had no trade and thus no citizens with a personal financial interest against war.<sup>6</sup> Furthermore, trade relations serve often as the starting point for international organizations which tend to greater peace and prosperity: recall that the European Union began as the European Coal and Steel Community.

Trade deficits, moreover, are a smokescreen conjured up by protectionists.<sup>7</sup> If the United States has a trade deficit with Mexico, that is because it has surpluses elsewhere, or is generating enough domestic wealth or credit to purchase imports; Mexican merchants are not giving away their wares for free. If a country has trade deficits, it is because it can afford them; they are, in a way, a sign of economic strength, provided proper maintenance is given to the national debt.

Having thus labored to describe the general nature and benefit of trade, we shall now turn to the present situation of these United States and answer the arguments for protectionism. When Hamilton called for tariffs, he recognized the benefit of free trade, but pleaded that circumstance forced the young Union to disregard it: the new Republic inhabited a mercantilist world, and had not the influence to make the states of Europe desist from their own protectionist policies.<sup>8</sup> Had

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<sup>5</sup> "I have heard them called protections; but taxes they are, and taxes they shall be in my mouth, as long as I have the honor of a seat in this House. The bread-tax is a tax primarily levied upon the poorer classes; it is a tax, at the lowest estimate, of 40 per cent above the price we should pay if there were a free trade in corn." Richard Cobden, Speech to Parliament, Aug 25<sup>th</sup>, 1841.

<sup>6</sup> "The natural effect of commerce is to lead to peace. Two nations that trade with each other become reciprocally dependent; if one has an interest in buying, the other has an interest in selling, and all unions are founded on mutual needs." Montesquieu, *Spirit of the Laws*, Bk. 20, Ch. 2.

<sup>7</sup> "Nothing, however, can be more absurd than this whole doctrine of the balance of trade, upon which, not only these restraints, but almost all regulations of commerce are founded. When two places trade with one another, this doctrine supposes that, if the balance be even, neither of them either loses or gains; but if it leans in any degree to one side, that one of them loses, and the other gains in proportion to its declension from the exact equilibrium. Both suppositions are false. A trade which is forced by means of bounties and monopolies, may be, and commonly is disadvantageous to the country in whose favor it is meant to be established...But that trade which, without force or constraint, is naturally and regularly carried on between any two places, is always advantageous, though not always equally so, to both." Adam Smith, *The Wealth of Nations*, Bk. 4, Ch. 2.

<sup>8</sup> "It seems not always to be recollected, that nations, who have neither mines nor manufactures, can only obtain the manufactured articles, of which they stand in need, by an exchange of the products of their soils; and that, if those who can best furnish them with such articles are unwilling to give a due course to this exchange, they must of necessity make every possible effort to manufacture for themselves, the effect of which is that the manufacturing nations abridge the natural advantages of their situation, through an unwillingness to permit the Agricultural countries to enjoy the advantages of theirs, and sacrifice the interests of a mutually beneficial intercourse to the vain project of selling everything and buying nothing." Hamilton, *Report on Manufactures*.

our Republic opened itself to trade then, it would not have been reciprocated; the gain it would have realized by freely importing European manufactures was, in Hamilton's reckoning, of lesser value than that obtained from building U.S. manufacturing capacity, which a tariff could hasten.<sup>9</sup>

Half a century later, Great Britain caused those circumstances to change. Britain in 1846 was the mightiest economic power; it could bear the inconvenience of being the first to eliminate its tariffs, and thereby enable all to reap the benefits and follow its lead. This is to say, free trade needs a great power as its champion: it benefits all, but only if the world is conducive to it, and only the largest economies have the clout to make that so. The United States in 1791 could not have been that champion. Fifty years later, Britain could, and was; and a century thereafter, our Republic finally took the torch from the fading British Empire, and in so doing compelled the latter to dismantle the imperial preference tariffs that it had devised during the Great Depression.

Our Republic, despite its recent retreat from the arena, remains in a position to be free trade's champion today. But be warned: if it should persist in laying down that role, China will pick it up. As the economic mass of that country has grown, its gravity has drawn the lanes of world commerce slowly toward itself and away from these United States.<sup>10</sup> If our Union, in its fit of ill-temper, should continue to forfeit the advantages of trade while China and the other nations of the world continue to enjoy them, this drift shall accelerate and become irreversible. To reject free trade is therefore to cede wealth, influence, and leadership to a rival power; any American patriot, however concerned he or she is about jobs, ought to take pause at that thought.

As for jobs, although shifts in trade may at times displace them, protectionism shall not regain them. Supply and demand alone govern the production of goods and thus the creation of jobs. The decades after the Second World War brought an ample supply of manufacturing jobs because world demand for American manufactures was high; but that demand was fated to fall as other countries rebuilt their factories from the wreckage of war. Yet the instinctive response to this inevitable decrease in world demand – to adopt tariffs – shall only cause it to diminish further, as other countries retaliate in kind. A few jobs added to meet the domestic demand for certain manufactures, as a result of a tariff, shall not compensate for jobs eliminated by the loss of demand abroad for other products; nor shall it outweigh the increase in the cost of living that accompanies a fall in trade.<sup>11</sup> Demand cannot be restored by protectionism; it may, however, be restored by competition.

Competition, we concluded in our previous essay, compels firms to provide quality goods and services at affordable prices; and this logic applies as much to the market outside the United States as it does to the market within them. Indeed, American firms, when they must compete

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<sup>9</sup> “By means of such regulations, indeed, a particular manufacture may sometimes be acquired sooner than it could have been otherwise, and after a certain time may be made at home as cheap or cheaper than in a foreign country. But though the industry of the society may be thus carried with advantage into a particular channel sooner than it could have been otherwise, it will by no means follow that the sum total, either of its industry, or of its revenue, can ever be augmented by any such regulation.” Adam Smith, *The Wealth of Nations*, Bk. 4, Ch. 2.

<sup>10</sup> Since 1990, the proportion of world trade across the Pacific has held generally steady, but that across the Atlantic has fallen whereas that across the Eurasian landmass has risen, placing China increasingly at the world's economic center. Statistics made public by the World Trade Organization in its 2013 World Trade Report show this shift.

<sup>11</sup> “No goods are sent abroad but those for which the demand is supposed to be greater abroad than at home, and of which the returns consequently, it is expected, will be of more value at home than the commodities exported.” Adam Smith, *The Wealth of Nations*, Bk. 4, Ch. 2.

with foreign ones, can and shall produce excellent goods and sell them at attractive prices. By so doing, they shall find those goods to be in demand across the world, which shall then cause them to invest and grow; and the growth of those firms shall increase the supply of jobs.

Protectionism, by contrast, extinguishes competition. It allows inefficient firms to linger in business far longer than they naturally ought to, preventing their workers from learning skills that are relevant to new and competitive industries. As domestic firms dither in this way, those new industries are instead mastered by foreign companies; then, once the protected firms become so inefficient that even tariffs cannot save them, their workers are sent tumbling onto the race-track to start anew after they are already several laps behind. Trade protection, moreover, allows domestic monopolies to hide from foreign competition, thus freeing them to raise prices, depress wages, and prevent new entries into the market.<sup>12</sup> Free trade breaks this stranglehold; and insofar as competition from abroad prevents monopolies from manipulating the cost of goods at home, it may thereby open a door for new domestic firms to enter industries that use such goods as input.

Our critics shall point out, however, that it matters little to American workers that their firms are competitive, if those firms outsource to foreigners the jobs generated thereby. We first note that this charge is often exaggerated: firms that grow as a result of free trade may outsource some jobs created by that growth, but it is rare that they outsource all of them; and even a single job thus created at home is one more job than would have existed without trade, and of benefit to the citizen who attains it.<sup>13</sup> Firms that nevertheless rely excessively on outsourcing, if they exist in a competitive market, shall sooner or later be undercut by foreign firms that are local to the country on which the outsourcing firm depends.

American firms which are wise, therefore, shall make the most of American talent; and it is incumbent on those firms and on American workers themselves, with some assistance from their governments at all levels, to cultivate that talent. For jobs cannot be stolen, but they can be won or lost; and for the workers of this Republic to find suitable and sustained employment, they must make themselves competitive in the world market. We have full confidence they can do so, as did Hamilton.<sup>14</sup> We do not desire to shield our fellow citizens from the rigors of the world, but to prepare them to go forth and meet it. We thus offer several proposals to reopen world trade to free competition, to assist the American worker in becoming competitive, and to prepare him for the shocks and displacements that inevitably accompany shifts in trade.

First, the Trans-Pacific Partnership ought to be restored, with full U.S. participation; obnoxious measures added to the re-negotiated North American Free Trade Agreement ought to be removed;<sup>15</sup> the Trans-Atlantic Partnership ought to be negotiated to a swift conclusion and

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<sup>12</sup> “That it was the spirit of monopoly which originally both invented and propagated this doctrine, cannot be doubted; and they who first taught it were by no means such fools as they who believed it. In every country it always is and must be the interest of the great body of the people to buy whatever they want of those who sell it cheapest.” Adam Smith, *The Wealth of Nations*, Bk. 4, Ch. 2.

<sup>13</sup> “Home is in this manner the center, if I may say so, round which the capitals of the inhabitants of every country are continually circulating, and towards which they are always tending, though by particular causes they may sometimes be driven off and repelled from it towards more distant employments.” Adam Smith, *The Wealth of Nations*, Bk. 4, Ch. 2.

<sup>14</sup> “If there be anything in a remark often to be met with – namely that there is, in the genius of the people of this country, a peculiar aptitude for mechanic improvements...” Hamilton, *Report on Manufactures*.

<sup>15</sup> Such as the requirement for a proportion of automobiles to be manufactured by workers earning \$16 an hour, which is a disguised tariff to move production from Mexico. A few U.S. citizens benefit from it; more suffer by it.

ratified by the Senate; and a free trade agreement ought to be negotiated with Britain upon the finalization of its exit from the European Union. These actions, taken together, shall substantially restore and enhance the world system of free trade, with our Republic at its center.

Not only do trade agreements bring prosperity to our Union: by improving economic relationships, they grant it influence abroad. The abandonment of the Trans-Pacific Partnership shamefully ceded initiative to China in a region that is vital not only to the United States' wealth, but to their security, for the countries of East Asia guard the approaches to Hawaii and the West Coast.<sup>16</sup> Restoration of that agreement is thus vital to the upkeep of U.S. power. The countries of Europe, by virtue of their position on the western sea lanes leading to our Republic, and those of North America, by their location along our Union's land borders, warrant similar regard. As for Britain, the special relationship between that country and ours, which was christened by Roosevelt and Churchill but hearkens to a common history, ought not to be discarded lightly; the United Kingdom, adrift from Europe, ought to find a safe harbor with these United States.

Second, our Union, in concert with those countries which ascribe to the principle of free markets, ought to challenge China and other countries that profess support for trade abroad while interfering in the market at home. State capitalism is not true capitalism, and it distorts free trade by denying fair competition: China closes its market to foreign firms or extorts secrets from them before granting entry, yet it gives state funds to its own firms to gain them market share abroad.

Yet to challenge unfair competition by revoking free trade is to fight fire with fire, which merely burns everyone. Better to fight fire with water: rather than erect broad tariffs to choke off trade with China, which hurts producers in these United States, our Republic ought to target, with conditional measures, those firms that are owned or funded by the Chinese state in contempt of the market until Beijing shall reform them.<sup>17</sup> Moreover, it is better to fight an inferno with a fire brigade than to attempt its extinguishment with a single hose. Our Republic therefore ought to cease its present trade disputes with Europe and Japan, whose own firms compete fairly, and enlist their aid in challenging China's standing in the World Trade Organization.

Third, state governments should encourage private provision of unemployment insurance plans by investing a portion of the initial capital necessary to put those plans into operation. That shifts in supply and demand, occurring rapidly across the entire world, will periodically cause American workers to lose employment is a reality that must not be ignored. Rather than despair of this eventuality, citizens of this Republic ought to plan for it, just as they do for the possibility of a car accident, by paying into an insurance plan when they are gainfully employed, and then receiving a payout from it if they are displaced from their job. If properly insured in this way, citizens will be assured of valuable time with which to recover, retrain, and re-enter the arena. They shall know, too, that rather than being rendered dependent on the charity of others during their period of hardship, they instead draw from funds that they themselves prepared beforehand: they, and no other, continue to provide for their families even as they search for new work.

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<sup>16</sup> This Republic has been struck from that quarter before, on December the 7<sup>th</sup> of 1941.

<sup>17</sup> "There may be good policy in retaliations of this kind, when there is a probability that they will procure the repeal of the high duties or prohibitions complained of. The recovery of a great foreign market will generally more than compensate the transitory inconveniency of paying dearer during a short time for some sorts of goods. ... When there is no probability that any such repeal can be procured, it seems a bad method of compensating the injury done to certain classes of our people, to do another injury ourselves, not only to those classes, but to almost all other classes of them." Adam Smith, *The Wealth of Nations*, Bk. 4, Ch. 2.

Fourth, state and local governments, whenever possible in partnership with private firms, ought to fund courses for re-training and skill certification in public colleges and universities, so that their workers can react rapidly to shifts in global demand and compete in new industries.<sup>18</sup> Public institutions of higher learning, as we argued in our previous essay, are worthwhile objects for investment by the States. They ought, however, to expand their offerings beyond four-year degrees, so as to be of greater service to a greater number of people; one way to do so is to offer short-term courses which bestow formal certification of a skill that is useful to industry. Special emphasis ought to be given to robotics, given the extent to which automation has caused the dwindling of industrial jobs. Those whose previous functions have passed to computers might, if properly trained, return to the arena as the operators and maintainers of those very machines.

Fifth, Congress ought to pass legislation to guide development of artificial intelligence, so that robotic systems do not one day render human workers redundant. Whereas trade may displace jobs, automation has the potential to eliminate them altogether. Yet such an outcome is not predestined. We seek laws crafted on the principle that every machine, no matter its artificial intelligence, ought to be supervised in some way by a person; and this principle has not only an economic component, but a moral one, which we shall discuss in a later essay.

Sixth, governments at all levels ought to remove barriers that obstruct re-employment of workers in new industries. This object may be achieved in part by reducing license requirements to the minimum level necessary to prevent harm to consumers; and, in industries where rigorous licensing is in fact necessary, by simplifying the procedures through which new workers earn their license. Doing so shall make it easier for a citizen, who is experienced in one industry affected by a shift in trade, to apply his or her skill to another industry that is growing.<sup>19</sup>

Seventh, temporary anti-dumping measures still ought to be imposed selectively on goods produced in excess of demand by foreign state-owned or subsidized enterprises, so as to prevent a sudden crash in a domestic industry. Government-sponsored enterprises can afford to sacrifice profitability in order to attain monopolistic market share; and while such lopsided competition may be free, it is not fair. The temporary nature of anti-dumping measures is vital, however: they are meant to balance supply and demand, not to restrict trade, but if left in place indefinitely they become a tariff. Their intended end is not to shield an uncompetitive industry, but to let an otherwise competitive one weather a brief foreign surplus, or instead to allow an uncompetitive industry to die gradually rather than suddenly, so that the transfer of its workers to a new field can proceed in an orderly and effective manner.<sup>20</sup>

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<sup>18</sup> Some community colleges have already begun to do so; their States ought to support and expand these efforts.

<sup>19</sup> “Let the same natural liberty of exercising what species of industry they please, be restored to all his majesty’s subjects, in the same manner as to soldiers and seamen; that is, break down the exclusive privileges of corporations, and repeal the statute of apprenticeship, both which are real encroachments upon natural liberty, and add to these the repeal of the law of settlements, so that a poor workman, when thrown out of employment either in one trade or in one place, may seek for it in another trade or another place, without the fear either of a prosecution or of a removal, and neither the public nor the individuals will suffer much more from the occasional disbanding some particular class of manufactures, than from that of soldiers.” Adam Smith, *The Wealth of Nations*, Bk. 4, Ch. 2.

<sup>20</sup> “The case in which it may sometimes be a matter of deliberation, how far, or in what manner, it is proper to restore the free importation of foreign goods, after it has been for some time interrupted, is, when particular manufactures, by means of high duties of prohibitions upon all foreign goods which can come into competition with them, have been so far extended as to employ a great multitude of hands. Humanity may in this case require that the freedom of trade should be restored only by slow gradations, and with a good deal of reserve and circumspection.” Adam Smith, *The Wealth of Nations*, Bk. 4, Ch. 2.

Finally, as with any general principle, that in support of free trade must admit of a few exceptions. The first, and most obvious, is that our Republic must preserve industries critical to its national defense.<sup>21</sup> It must retain both the institutional knowledge and industrial capability to procure military hardware and provisions, such as fuel, either domestically or by importation from allies which are close both politically and geographically.<sup>22</sup> The second, with Hamilton's reasoning in mind, is when our Union is in need of developing some new industry which is both clearly defined and essential to the future security or prosperity of these United States. This latter condition has not lately been present, because American firms are already in the lead of new industries, mainly technological, that contain promise for the future.

The last regards foreign ownership of American firms or means of production. Although such ownership generally does no harm, and can be beneficial so long as the owning foreign firm pays U.S. tax for its operations in our Republic, it becomes a matter of concern if the object intended for takeover is essential for the national defense, as aforementioned, or if such acquisitions reach a point wherein the majority of industry within a U.S. State is managed by foreigners. In such a circumstance, accountability would be lacking between American workers, their employers, and their government. Such a scenario is unlikely; due to the ingenious and competitive nature of American firms and workers, past, present, and future, our Republic faces no shortage of national heavyweights in the realm of international commerce.

Thus, fellow citizens, is free trade a necessary component of free enterprise; and the competition it engenders around the world, if properly structured to ensure fair play, can offer far greater prosperity than the illusory refuge of protectionism. The people of these United States are raised on competition, and we who are Americans today ought not to shy away from it.

—U.S. Citizen

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<sup>21</sup> “There seem, however, to be two cases in which it will generally be advantageous to lay some burden upon foreign, for the encouragement of domestic industry. The first is, when some particular sort of industry is necessary for the defence of the country.” Adam Smith, *The Wealth of Nations*, Bk. 4, Ch. 2.

<sup>22</sup> Canada principally comes to mind, as do Western Europe and Japan so long as maritime passage to them is likely to remain uncontested. It does us no good that an ally is stalwart if we may be cut off from them.