## INTERNATIONAL TRADE: A STUDY OF THE ECONOMIC ADVENTAGES OF COMMERCE

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International Trade: A Study of the Economic Adventages of Commerce by Harry Gunnison Brown

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### INTERNATIONAL TRADE

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A STUDY OF THE ECONOMIC ADVANTAGES OF COMMERCE

BY

HARRY GUNNISON BROWN ASSISTANT PROFESSOR OF ECONOMICS IN THE UNIVERSITY OF MISSOURI

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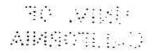
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### PREFACE

In this book, originally published as Part II of my International Trade and Exchange, I have aimed to cover the general theory of international trade and government interference with such trade. The book begins with a discussion of the gains of trade, whether the trade is between countries or wholly within a single country. Attention is then turned to the conditions determining the share which each of two or more countries gets from trade between them. The remainder of the book is devoted to a consideration of revenue tariffs, bounties, navigation acts, government construction of canals for the free use of commercial interests, land grants in encouragement of railroad building, etc. Proposals for such indirect encouragement to commerce as is afforded by the last two policies, are perhaps no less frequent and insistent than are proposals for its direct encouragement by means of bounties or for its discouragements by means of protective tariffs. Analysis of the effects to be expected from such policies may be as important, therefore, as analysis of the effects of a protective tariff or bounty system.

I have presented the subjects of international trade, protective tariffs, etc., in terms of money prices as well as more generally. To many students, accustomed to think in terms of money prices, even in terms of mercantilism, such a method of presentation may be the

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### PREFACE

only convincing one. In the case of protective tariffs, not only is it shown in a general way that protection tends to divert a country's industry out of its natural channels, but, in addition, the effects of protection on national wealth are traced by showing that money prices are raised by this policy more than are average money incomes. It is pointed out that the tariff has two effects on prices, primary and secondary. In the first place, the prices of protected goods are directly raised by the tariff, because of the exclusion of cheaper foreign goods. This rise applies only to protected goods, not to money incomes. Next, protection, since it decreases imports, increases the quantity of money in the protectionist country; and this increase of money brings a secondary rise of prices affecting protected goods, unprotected goods and money incomes. The rise of money incomes compensates for the secondary rise of general prices but does not compensate for the original rise of prices of the protected goods. Therefore, average prosperity is decreased. In the same way, the effects of protection on wages and on land rent are set forth in general terms and in terms of money prices.

Throughout, I have endeavored to keep in view the requirement of clearness, although not avoiding discussion of difficult points. To this end, concreteness has been given to the arguments presented, by the use of both hypothetical and real examples; and the main conclusions of each chapter have been summarized in the last section of the chapter. The more analytical and controversial discussions have been, in large part, consigned to footnotes. I have sought thus to write a book which can serve as a text, but which may be also not without interest, on a few disputed points, to professional economists.

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#### PREFACE

Acknowledgment should be here made of various courtesies extended, and of the aid rendered by a number of friends who have done much toward removing errors of statement and expression and in suggesting critical and illustrative additions. Professor G. S. Callender, of the Sheffield Scientific School, Yale University, to whom I submitted the manuscript, has made a number of valuable criticisms and suggestions. I am under obligation, also, for critical reading of a number of the more important chapters of the book, to Professors Irving Fisher, Clive Day, and H. C. Emery of Yale College and to Professor John Bauer of Cornell University. Finally, I would acknowledge here the obligation I am under to my wife, who has given me valuable assistance in the gathering of data, in reading and criticising the manuscript in its various stages of completion, and in correcting the proof.

HARRY GUNNISON BROWN.

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