



Free Trade or Fair Trade?

At first blush, the mercantilists' call for "free trade but fair trade" sounds reasonable.

After all, who can be against fairness?

Giving the idea just a bit of thought suggests that fairness as a guide for public policy lays the groundwork for tyranny. You say, "Williams, I've never heard anything so farfetched! Explain yourself."

Think about the First Amendment to our Constitution that reads: Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof; or abridging the freedom of speech, or of the press; or the right of the people peaceably to assemble, and to petition the Government for a redress of grievances."



How many of us would prefer that the Founders had written the First Amendment so as to focus on fairness rather than freedom and instead had written: Congress shall make no unfair laws respecting an establishment of religion, or prohibiting the fair exercise thereof; or abridging the fairness of speech, or of the press; or the right of the people to peaceably assemble in a fair fashion, and to fairly petition the Government for a redress of grievances"?

How supportive would you be to a person who argued that he was for free religion but fair religion, or he was for free speech but fair speech? Would you be supportive of government efforts to limit unfair religion and unfair speech? How might life look under a regime of fairness of religion, speech and the press?

Suppose a newspaper published a statement such as "President Obama might easily end his term alongside Jimmy Carter as one of America's worse presidents." Some people might consider that fair speech while other people denounce it as unfair speech. What to do? A tribunal would have to be formed to decide on the fairness or unfairness of the statement. It goes without saying that the political makeup of the tribunal would be a matter of controversy. Once such a tribunal was set up, how much generalized agreement would there be on what it decreed? And, if deemed unfair speech, what should the penalties be?

The bottom line is that what's fair or unfair is an elusive concept and the same applies to trade. Last summer, I purchased a 2010 LS 460 Lexus, through a U.S. intermediary, from a Japanese producer for \$70,000. Here's my question to you: Was that a fair or unfair trade? I was free to keep my \$70,000 or purchase the car. The Japanese producer was free to keep his Lexus or sell me the car. As it turned out, I gave up my \$70,000 and took possession of the car, and the Japanese producer gave up possession of the car and took possession of my money. The exchange occurred because I saw myself as being better off and so did the Japanese producer. I think it was both free and fair trade, and I'd like an American mercantilist to explain to me how it wasn't.



Written by [Walter E. Williams](#) on December 29, 2010

Mercantilists have absolutely no argument when we recognize that trade is mostly between individuals. Mercantilists pretend that trade occurs between nations such as the U.S. trading with England or Japan to appeal to our jingoism. First, does the U.S. trade with Japan and England? In other words, is it members of the U.S. Congress trading with their counterparts in the Japanese Diet or the English Parliament? That's nonsense. Trade occurs between individuals in one country, through intermediaries, with individuals in another country.

Who might protest that my trade with the Lexus manufacturer was unfair? If you said an American car manufacturer and their union workers, go to the head of the class. They would like Congress to restrict foreign trade so that they can sell their cars at a pleasing price and their workers earn a pleasing wage. As a matter of fact, it's never American consumers who complain about cheaper prices. It's always American producers and their unions who do the complaining. That ought to tell us something.

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