Unfortunately for the economist, the mental device is no substitute for the physical. Other things are seldom equal; they do not usually stand still or cannot be clamped down securely. When they do stand still they are nevertheless influenced by what comes into the human mind and this may be no one knows what. "Other things being equal", again, does not stay hitched because of external pressures, such as a thousand legislative enactments, administrative decisions and regulatory measures. These are a continuing and unending stream of interferences with the free market. Then there is in private enterprise a multitude of scientific and technological innovations, inventions and discoveries that scatters the seed of obsolescence over industry far and wide, to sprout and take root today and tomorrow as they did yesterday and the day before. Thus economic enterprise is subjected not only to governmental influences through controls and regulation but also to the planning processes of private enterprise. These two may, moreover, be in conflict and thus distort one another. Then no clear reading of any kind is possible.

The beauty of the law of comparative advantage, which holds that a country's productive resources should be devoted to the pursuits for which it is best fitted by soil, climate, mineral resources, etc., is evicted from its ancient haunts and scattered to the breeze. It can no longer find a permanent domicile. A managed and planned technological economy does not pay it much heed. Its value as a measurable influence among the great complexities of costs in a changing melange of products, is lost, even in the computatorial world. Managerial decisions are reached without formal reading of the comparative advantage scale.

Even the frequent and unscheduled outbreak of devaluation of currency in one or another country soon makes a shambles of advantages that have found a temporary roost. Such devaluations are, of course, interferences with the free market; but that is precisely the point.

There is hardly an economic area in which one or another interference with the natural play of economic law does not occur every day to upset and produce a disarray in exactly the attendant circumstances that the economist tries to hold in status quo for his readings.

In view of the proliferation of governmental controls and regulations, to the extent that they have become a way of life, combined with the revolutionary changes wrought by technology and their need for control, it is singular indeed that our foreign trade should alone be stripped of control and regulation. In the ordinary course of events such an opposite course of treatment would be expected to cause disturbances and disruption. The uncontrolled element will be affected variously by the repercussion of the controls imposed on other elements. It will be buffeted this way and that: but if it is to be free of controls, it will be at the mercy of the other forces from many directions. This is not merely a mental aberration. Freeing of foreign trade from restrictions has indeed confronted many industries with the effects produced by controls and rigidities imposed on the economy as a whole, or on certain elements of the economy. Competitive capability has in many instances thus been severely compromised.

A few examples will be reviewed here:

The American Economic Plateau

American wage rates, for example, are by far the highest in the world, only Canada excepted. Canadian wages are not very far below the American.

The classical economic explanation would immediately point to two balancing or corrective factors: (1) the relatively high productivity of our industry and agriculture, and (2) the leveling process of international competition, as grounds for dismissing the likelihood of competitive disadvantage devolving on American industry by reason of the high wage; and there is some truth in the explanation offered if a simple situation is envisioned.

However, other factors than relative productivity have evaded the sentinels of the wary economists, and have infiltrated disruptively into the ranks of theoretical economic behavior. Forces that are not operative or have not been operative in other countries or not in the same degree as in this country have helped shape American wage levels, above and beyond differences in productivity, and have produced fixed costs that defy efforts to make competitive adjustment other than through the drastic one of massive worker displacement. There has been and continues to be adequate insularity of national economies, at least those separated by oceans, to withstand the forces of international equilibration. Beside distance (which is of diminishing importance) time is also at work, no less than the effects of controls. The latter include private (corporate) controls as