

## Chapter XI

# WHO'S "PROTECTED" BY TARIFFS?

A MERE RECITAL of the economic policies of governments all over the world is calculated to cause any serious student of economics to throw up his hands in despair. What possible point can there be, he is likely to ask, in discussing refinements and advances in economic theory, when popular thought and the actual policies of governments, certainly in everything connected with international relations, have not yet caught up with Adam Smith? For present-day tariff and trade policies are not only as bad as those in the seventeenth and eighteenth centuries, but incomparably worse. The real reasons for those tariffs and other trade barriers are the same, and the pretended reasons are also the same.

Since *The Wealth of Nations* appeared more than two centuries ago, the case for free trade has been stated thousands of times, but perhaps never with more direct simplicity and force than it was stated in that volume. In general Smith rested his case on one fundamental proposition: "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." "The proposition is so very manifest," Smith continued, "that it seems ridiculous to take any pains to prove it; nor could it ever have been called in question, had not the interested sophistry of

merchants and manufacturers confounded the common-sense of mankind."

From another point of view, free trade was considered as one aspect of the specialization of labor:

It is the maxim of every prudent master of a family, never to attempt to make at home what it will cost him more to make than to buy. The tailor does not attempt to make his own shoes, but buys them of the shoemaker. The shoemaker does not attempt to make his own clothes, but employs a tailor. The farmer attempts to make neither the one nor the other, but employs those different artificers. All of them find it for their interest to employ their whole industry in a way in which they have some advantage over their neighbors, and to purchase with a part of its produce, or what is the same thing, with the price of a part of it, whatever else they have occasion for. What is prudence in the conduct of every private family can scarce be folly in that of a great kingdom.

But whatever led people to suppose that what was prudence in the conduct of every private family *could* be folly in that of a great kingdom? It was a whole network of fallacies, out of which mankind has still been unable to cut its way. And the chief of them was the central fallacy with which this book is concerned. It was that of considering merely the immediate effects of a tariff on special groups, and neglecting to consider its long-run effects on the whole community.

An American manufacturer of woolen sweaters goes to Congress or to the State Department and tells the committee or officials concerned that it would be a national disaster for them