

# Blockading with Trade Restrictions

By Jim Powell

10/27/2010

A whiff of protectionism is in the air. Battered by the recession, many Americans are beginning to blame some of their woes on foreigners. There's talk that the federal government ought to take action against Chinese, Japanese, Mexicans, Europeans and others. Hence, recent newspaper headlines like "Americans Sour on Trade" and "Goodbye, Free Trade?"

American labor unions and other interest groups are lobbying for trade restrictions that include tariffs, import quotas, "voluntary" export restraints, countervailing duties and anti-dumping duties. These restrictions make imports more costly and enable protected domestic producers to charge higher prices than they could get away with if American consumers were completely free to buy from anyone anywhere.

The late Milton Friedman believed that the rhetorically most effective critique of trade restrictions was Henry George's book *Protection or Free Trade* (1879).

George (1839-1897) was a most unlikely source. He was born into a poor Philadelphia family. He grew up reading his way through the Quaker Apprentice's Library and the Franklin Institute Library. He worked on a merchant ship bound for Australia and India. He survived with odd jobs as a storekeeper, printer and typesetter before he started writing for newspapers. He was a self-taught wonder, a shrewd observer and bold thinker with a gift for colorful language. He was particularly interested in how an economy works.

He realized that if tariffs were really good, then civilization would have begun where people were cut off from the outside world by mountains, oceans, deserts and other natural barriers. But, he explained, "it is where trade could best be carried on that we find wealth first accumulating and civilization beginning. It is on accessible harbors, navigable rivers and highways that we find cities arising and the arts and sciences developing."

George wrote *Protection or Free Trade* because he hated monopolies. They could be maintained only if there were government-enforced restrictions that prevented people from dealing with alternative suppliers. He concluded that the most effective antitrust policy was free trade -- consumers and businesses able to shop the world for the best values.

He explained why trade restrictions mainly harm nations that impose them: "Every tariff that raises prices for the encouragement of one industry must operate to discourage all other industries into which the products of that industry enter. A tariff that raises the price of lumber necessarily discourages the industries which make use of lumber, from those connected with the building of houses and ships to those engaged in the making of matches and wooden toothpicks; a tariff that raises the price of salt discourages the dairyman and the fisherman; a tariff that raises the price of sugar discourages the fruit-preserved, the maker of syrups, and so on."

George observed that nations try to prevent adversaries from trading, and a blockade is considered an act of war. For instance, the British blockaded Boston Harbor during the American Revolution. The British also established a naval blockade around France during its Revolution and the Napoleonic Wars (1803-1815). In 1861, Abraham Lincoln proclaimed the Union Blockade that covered some 3,500 miles of Confederate coastline and 12 major Confederate ports. During the Franco-Prussian War (1870), German forces intensified pressure on France by establishing a blockade around Paris.

One might add that after Henry George's time, during World War I and World War II, the British established blockades to prevent Germany from obtaining things it needed. In 1948, the Soviet Union blockaded West Berlin. The U.S. blockaded Cuba and North Vietnam. The British blockaded Rhodesia after it declared independence. India blockaded Bangladesh during the 1971 war with Pakistan. Two years later, Egypt established a naval blockade against Israel in the Mediterranean and the Red Sea. Israel blockaded the Gaza Strip, aiming to weaken Hamas.

Such observations inspired George's most famous lines: "Protective tariffs are as much applications of force as are blockading squadrons, and their object is the same -- to prevent trade. The difference between the two is that blockading squadrons are a means whereby nations attempt to prevent their enemies from trading. Protective tariffs are a means whereby nations attempt to prevent their own people from trading. What protection teaches us is to do to ourselves in time of peace what enemies seek to do to us in time of war."

Amen!

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