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## A Challenge to a Protectionist

Posted By [Don Boudreaux](#) On October 3, 2009 @ 12:24 pm In [Myths and Fallacies](#), [Trade](#) | [41 Comments](#)

My friend Ross Kaminsky recently posted a letter of mine at his excellent blog, [Rossputin.com](#) <sup>[1]</sup>. The Australian chap who prompted my letter responded [at Ross's blog with this comment](#) <sup>[2]</sup>:

Well, hallo again Don,

How about another irony... Bearing in mind the self-evident disaster which economic geniuses like you had recently visited upon the American people, isn't it high time for economics lectures to be delivered into American universities via live videoconferencing links from abroad, Asia for example?

Surely, Asian academics couldn't possibly create a greater economic mess than that which your own bunch of bright sparks had brought about.

Keep it up fella...

Sincerely,  
Mark Gendala  
Melbourne, Australia  
[www.ssotu.com](http://www.ssotu.com)  
Author of "re-industrialization of America: (R-O-A)

P.S. By the way – when you have a minute to spare, please look up the trading definition of "export"

Some of my reactions:

(1) Judging from his claim to be author of "re-industrialization of America," he is apparently under the misconception that America is in need of re-industrialization — that America is currently under-industrialized. [He's flat wrong](#) <sup>[3]</sup>.

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(2) What evidence is there that open trade is the cause of the recent economic turmoil? None. (Mr. Gendala: if you have such evidence, I'd really appreciate your sharing it with me.)

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(3) Neither I nor any of the economists whom I admire has had much impact on policy — at least not since the administration of Calvin Coolidge. *Some* impact, to be sure (not by me, but by economists far better than me) — for example, slowing the growth of the money supply starting in late 1979; deregulating part of the airline industry; deregulating much of surface transportation; deregulating banking somewhat; freer trade (at least until very recently). But the common interpretation of the last 30 years as being some sort of grand experiment in anything even close to laissez faire economics is absurd. It is The Most Convenient Lie for persons grasping for reasons, however flimsy, to invest government with greater control over our lives and pocketbooks.

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(4) Mr. Gendala apparently believes that I don't know the meaning of the word "exports." He's mistaken — and his mistake stems from the pernicious effect of nation-based economic thinking. Nations do not trade; only individuals trade. Some of this trade happens to be across political boundaries. If those boundaries are ones that separate one country from another, the goods and services traded across those borders get special names: "imports" and "exports."

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But there's nothing at all significant about these names; these are special names signifying nothing special about the objects to which they are attached — although, because such internationally traded goods and services are blessed with special names, these goods and services are made to *appear* special to uncritical minds.

\*

If I buy a ham from my neighbor, I import that ham into my household. If in exchange for this ham I cut my neighbor's lawn, I export from my household to his household a service (lawn-mowing). The essence of the matter — the crux of the economics of the matter — is not altered one iota if a political border runs between my neighbor's house and my house. Nor is it changed if my neighbor is much richer or much poorer than me.

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Here's a challenge to Mr. Gendala: explain how Smith's trading with fellow American Jones is different than if Smith and Jones trade but live in two different countries.



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URLs in this post:

[1] Rossputin.com: <http://rossputin.com/blog/index.php>

[2] at Ross's blog with this comment: <http://rossputin.com/blog/index.php/boudreaux-on-free-trade-and-outsourcing>

[3] He's flat wrong: <http://www.cato-at-liberty.org/2009/08/13/harold-meyerson-is-part-of-the-problem/>

[4] Image: [http://rossputin.com/blog/index.php?tempskin=\\_rss2&disp=comments&p=3061](http://rossputin.com/blog/index.php?tempskin=_rss2&disp=comments&p=3061)

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