

Nationalism, the Ideological Delusion at the Heart of Protectionism

Every economic entity, whether it be an individual, a family, or a firm, faces a constant choice with regard to how it will secure the goods and services it desires in order to carry out its economic plans: make or buy?

Most individuals and families give little conscious thought to their making this choice. Yet they make it all the same. Many individuals do many things for themselves, such as house cleaning, home maintenance, personal care of various sorts, meal preparation, and so forth. They do not pause often to consider whether they would be better off to purchase these things, although they might purchase them, and some individuals do. One can hire housekeepers, groundskeepers, meal providers, and many other services. In some cases, provision of these services amounts to a large industry catering to individuals and families who have decided that buying is better than making, that market transactions are better than self-sufficiency.

In contrast, business firms commonly give serious, explicit attention to how they should answer the make-or-buy question, and many specialize in a narrow range of activities, relying on market purchases to provide every item they can buy at a lower cost than that at which they could make it for themselves.

When someone decides to buy rather than make, it is normally the case that no one objects or attempts to impede the transaction. In some cases, local providers of certain goods and services have tried to shield themselves from the competition of providers in other states, but in many, if not all, cases the U.S. Supreme Court has ruled that such state-level protectionism is contrary to the Constitution's Interstate Commerce Clause. As a result, the United States of America has long been a vast free-trade area, and this condition explains in no small part how Americans have succeeded in lifting their level of living steadily over the past two centuries, notwithstanding the transitory inability of various suppliers to meet the "outside" competition successfully.

In regard to competitors located outside the national boundaries, however, the situation has often been seen as different and as warranting government action—tariffs, import quotas, prohibitions of trade in certain items, special regulatory, licensing, or documentation demands laid on imported goods or importers, and so forth—aimed at keeping American producers free of foreign competition.

Along with the demands for such government restriction and penalization of international purchases has grown up or been imported from elsewhere a doctrine—protectionism—aimed at making such selfish and predatory use of government

power appear to be broadly beneficial to the nation as a whole, not simply to the domestic providers who cannot meet the foreign competition. Although protectionism has had a multitude of promoters through the ages, from the man in the street to the occupant of the White House, it has always been a bogus doctrine, making claims that cannot be upheld by solid economic theory or sound economic history. Analysts going back to Adam Smith, James Mill, and David Ricardo have debunked protectionism's claims, as have many economists in the following centuries.

Yet it lives on, and even now it is thriving ideologically and politically in many quarters, and the question is, why? What accounts for the fact that a doctrine few people would invoke to justify government interference with competition from outside the neighborhood, the city, the state, or the region nevertheless seems to many people to make sense at the national level?

To ask the question is almost to answer it. People who would balk at city, state, or regional protectionism will not only tolerate national protectionism, but actually hail it as a godsend for overall national prosperity. The doctrine of nationalism, a dangerous brew in which Americans have long indulged to great excess is the cause of this bizarre public sentiment. If you told the people of Cleveland that the city must practice protectionism against all other cities, states, and regions, they would account you crazy. But if you tell them that the entire nation must put protectionism into practice, many of them will swallow the proposal with gusto.

What is this mystical magnetism that nationalism exerts on so many Americans? It is the wholly superstitious conviction that some special, deep, and overriding solidarity binds them to a particular group of almost 330 million strangers, people they have never met, never will meet, and with whom in many cases they have practically nothing in common. Indeed, in many cases, if any given American were to meet with a great many of his "fellow Americans," he would find them altogether odious. On the other hand, he might find, should the occasion arise, that he has much in common with many Canadians, Guatemalans, and Kenyans. (I myself have done so in all these cases and an abundance of others, so my example is scarcely far-fetched.)

In history, nationalism has served as a powerful means whereby ambitious would-be national leaders have forged groups of unrelated and sometimes hostile people into a unitary political entity with the enlarged force that resides in sheer numbers. Nevertheless, the substantive moral irrelevance of nationalism arises from, if nothing else, the mere accident of one's having been born within the boundaries that contentious rulers happen to have established in their struggles with the rulers of adjacent territories. Genuine, morally defensible loyalties cannot be justified on the basis of accidents beyond one's choice or control.

Yet, however morally irrelevant nationalism ought to be, it is in practice often of life-and-death importance, and during recent centuries, hundreds of millions of persons have regarded it as so important that they would fight and die in loyalty to the political leaders of “their” nation-state or gladly send their sons to be slaughtered in the same cause. If it is potent enough to cause men to march in legions over the cliffs into oblivion, it is certainly powerful enough to prop up the economically and morally bankrupt practice known as protectionism, and it does so quite commonly throughout the world.