

## **Protectionism as Internationalist Liberalism**

### **Birth and Spread, 1789-1914**

David Todd

**Protectionism does not date from the 1930s; in fact it was invented in the nineteenth century by German, French and American theorists wary of British commercial power. The historian David Todd thinks that this genealogy – which is often ignored – reduces the taint of nationalism that can cling to the idea of protectionism.**

Since the acceleration of the economic and financial crisis in September 2008, a fear has been haunting the western political and media classes: the return of “protectionism.” From G7 summit to G20 summit, they reiterate that raising trade barriers turned the Crash of 1929 into a depression, and that to respond effectively to the crisis, we must first of all resist the “nationalist demon” of protectionism, which inevitably leads to the collapse of international trade and eventually to war. Argument by analogy has been a wonderful source of inspiration in the history of science, including in the human science of economics. It has been used by Adam Smith and John Maynard Keynes as well as Isaac Newton and Albert Einstein. In less skilful hands, analogy – especially historical analogy from a single example – is more often than not a facile shortcut inspired by laziness or intellectual dishonesty.

A striking instance of this is the current hue and cry against the protectionist temptation, which draws on the 1929 example. The use of protectionism in the 1930s – promoted by Keynes himself,<sup>1</sup> among others – was not the main cause of the Great Depression, which was triggered by financial speculation and made dramatic by the deflationary policies of Heinrich Brüning in Germany and Pierre Laval in France. At its worst, in medium-size countries like Germany and

---

<sup>1</sup> “National Self-Sufficiency,” *New Statesman and Nation*, July 1933.

France, protectionism was an inadequate response to the crisis. At its best, as in the case of the United Kingdom and its Empire, where in 1932 the Ottawa Agreements established a system of “imperial preference” among the British Isles and their overseas possessions, it even contributed to a partial economic recovery by boosting demand for domestic products. In any event, by turning to protectionism, the governments of the period committed the same error as the current governments who try to find lessons in the preceding economic depression: protectionism was credited with curing the depression of the 1870s-1880s. The current struggle against protectionism constitutes an intellectual Maginot line, which keeps us from having more significant debates about the reorganization of global capitalism.

To be helpful, historical analogies have to be based on several examples and, whenever possible, over the long term. Protectionism does not date from the 1930s. It is the result of an exceptionally intense intellectual and ideological debate that took place in the aftermath of the French Revolution and the Napoleonic Wars, in countries on the rim of the period’s industrial heartland, Great Britain – i.e. in France, Germany and the United States. Far from being linked to the twentieth-century’s totalitarian ideologies, and far from being “anti-liberal,” this protectionism was rooted in the liberalism of the Enlightenment and the Revolution. But its proponents defined it as liberalism that was realistic, patriotic and antic cosmopolitan, or as the expression of a national solidarity of social classes confronting the constraints of the global market. Paradoxically, this patriotism or economic nationalism was itself the result of a transnational French-German-American debate, before protectionist ideas were exported from the West to Latin America and East Asia. Discredited as economic policy among the governing classes, protectionism as an ideology nevertheless remained powerfully attractive among electorates, especially in countries where its dominance was closely related to a period of in-depth democratization of the political society, as was the case in the United States and France.

### **The Invention of Protectionism**

Using customs regulations as a way to discourage the import and to encourage the manufacture of certain products was a standard tool in the seventeenth- and eighteenth-century systems known as “mercantilist.” This tool, complemented by commercial companies endowed with trade monopolies in certain parts of the world, by the intensive exploitation of slave colonies

to procure tropical commodities, and by the regulation of manufacturing output within corporations, was only one component of a comprehensive policy of maximizing the “balance of trade,” i.e. the surplus of exports over imports. Against this deliberate policy and the practice of granting privileges to certain groups of producers and merchants, many philosophers of the Enlightenment, both in France (the physiocrat François Quesnay, Turgot, Jean-Baptiste Say) and in Britain (Adam Smith, Jeremy Bentham and David Ricardo), drew up a liberal and egalitarian doctrine against government intervention in economic life.<sup>2</sup>

On both sides of the Channel, between 1780 and 1830 the French and Industrial Revolutions swept aside most of the mercantilist arsenal. In Britain, impelled by a powerful movement of opinion orchestrated by the Anti-Corn-Law League (a manufacturers’ lobby founded in Manchester in 1838), economic liberalism took the extreme form of completely abolishing import tariff barriers – which began to be called “free trade” starting in the 1820s in Britain and in the 1840s in France (“*libre-échange*”).

The adoption of a liberal economic regime in many respects occurred earlier in France than in Britain, but in France it foundered on the tariff issue. Under the July Monarchy (1830-1848), several Orléanist politicians and intellectuals – the young Adolphe Thiers, the engineer Charles Dupin, the agronomist Mathieu de Dombasle – came out in favour of economic liberalism limited to the internal market, for the sake of national solidarity and in order to defend national producers who were unable to fight against the competitiveness of Britain’s great industries or the agricultural slave labour of the Russian Empire. In the mid-1840s a new word was coined to describe this opposition to customs liberalism, which won the support of a majority of public opinion: “protectionism” and “*Protektionismus*” (or “*Schutzoll*”) appeared in English and German at the same moment.<sup>3</sup>

Consequently, modern protectionism was not a revival of mercantilism. Its principal spokesmen condemned the doctrine of the balance of trade and the typically mercantilist idea of a

---

<sup>2</sup> Lars Magnusson, *Mercantilism: the Shaping of an Economic Language*, London, Routledge, 1994; Istvan Hont, *The Jealousy of Trade: International Competition and the Nation-State in Historical Perspective*, Cambridge (Mass.), Harvard University Press, 2005.

<sup>3</sup> David Todd, *L’Identité économique de la France: libre-échange et protectionnisme, 1814-1851*, Paris, Grasset, 2008.

fixed quantity of available wealth. They advocated development based on the domestic market rather than on exports. They were both politically liberal – hostile to the institutions of the *Ancien Régime* – and economically liberal, except on the tariff issue. Adolphe Thiers demonstrated his political liberalism by helping to overthrow Charles X in 1830, by opposing Napoleon III’s authoritarianism under the Second Empire, and by working towards the establishment of a moderate republic in the early 1870s. He also demonstrated his visceral attachment to private property and other liberal capitalist institutions, by taking the lead in the struggle against the socialist tendencies of the Revolution of 1848 and the Commune of 1871. Contrary to the allegation of Frédéric Bastiat, the leader of French free trade thinking, protectionism was also not a matrix for “communism.”<sup>4</sup> Rather, in contrast to free-trade cosmopolitan liberalism, theirs was an internationalist liberalism, in the true sense of the term “internationalist.” Protectionists sought to reconcile the precepts of liberal economics with the concept of national sovereignty and the existence of many nations in Europe and in the world; according to the perspective that one adopts, they were internationalist liberals or market nationalists.

The nationalism in protectionism has often led to xenophobic excesses, in the nineteenth century, especially to anglophobia. In 1846, the main protectionist lobby, the Association for the Defence of National Labour (*l’Association pour la défense du travail national*), plastered the walls of Lille and Mulhouse with a poster against free trade titled “The Entry of English Goods into France.” It demanded: “Is it not true that we earn our living by working, and that to give to an Englishman the work of clothing a Frenchman amounts to giving the Frenchman’s daily bread to the Englishman?” It then accused free traders of inciting “the English to reign in France,” and recommended interclass unity, for “when it comes to the English, French bosses and workers share a common interest, mind and heart.”<sup>5</sup> So the anglophobic propaganda of this Association that was dominated by the captains of industry was intended to divert working class anger towards “foreigners” during this period when the first discussions about the emergence of an urban proletariat were taking place.

---

<sup>4</sup> “By becoming general, protectionism turns into Communism, just as certainly as a minnow turns into a big fish....” (“*Le Protectionisme, en se généralisant, devient Communisme, comme un carpillon devient carpe....*”) Frédéric Bastiat, *Protectionisme et Communisme*, Paris, 1849 (*sic* for the spelling of *protectionnisme*).

<sup>5</sup> Reprinted in *Le Moniteur Industriel*, 29 October 1846.

This objective was partially attained. Because of its universalism and attachment to the theme of friendship among peoples, the democratic and socialist left under the July monarchy had first come out in favour of the liberty of international commerce. Confronted by a real danger of competition from Britain's great industries in 1846-1848, the Fourierists, Babeuvians, Proudhonians, and Philippe Buchez's Christian Socialists paradoxically supported employers in their struggle against free trade. According to *La Fraternité*, "free trade" would mean "the unopposed rule of capital" and "the right for capitalists, in the name of liberty, to hold the working people at their mercy." *L'Atelier* held that "the free traders on the other side of the channel [were] friends of the people to about the same extent that the wolf is the friend of the sheep."<sup>6</sup> After the proclamation of the Republic in February 1848, several riots by workers demanded and obtained the expulsion of foreign workers, especially British ones, who were working in the textile industry or in railway construction in the North, Normandy and the west.

How should this protectionist and nationalist eruption on the democratic left be explained? We have to remember that from the French Revolution up to the 1880s, anglophobia and attachment to the nation were primarily themes of the left.<sup>7</sup> Moreover, the men of the centre right who "invented" protectionist rhetoric took care to give it an egalitarian and democratic tone attractive to the left. As early as 1836, Dupin asserted: "Our protective legislation is intended to reserve for the French people the largest amount of work that the French can do. Thanks to tariff barriers, there are no longer any proletarians, just French workers under the glorious equality of the French flag." Without taking populism as far as that, Thiers did invariably associate the protective system with the legacy of 1789 and especially with the defence of small agricultural and industrial producers against competition from Britain's large-scale owners of land and other property. He did not hesitate to cite as an example the young American Republic, a country with a highly protectionist policy and nevertheless "the most liberal and democratic" country in the world.<sup>8</sup>

---

<sup>6</sup> *La Fraternité*, 25 January 1847, and *L'Atelier*, November 1846.

<sup>7</sup> Philippe Darriulat, *Les Patriotes: La gauche républicaine et la nation, 1830-1870*, Paris, Seuil, 2001.

<sup>8</sup> Charles Dupin, *Défense du système protecteur de la production française et de l'industrie nationale*, Paris, 1836; Adolphe Thiers, *Discours sur le régime commercial de la France*, Paris, 1851.

The American model has never been admired by the opponents of economic liberalism, no more in the nineteenth century than in our time. But American liberalism at that time was rightly considered to be more egalitarian than the aristocratic liberalism prevalent in Britain. This combination of egalitarian nationalism and economic liberalism was not unique to French protectionism; like free trade, protectionist ideas crossed borders, confirming the internationalist albeit anti-cosmopolitan character of this political-economic ideology.

### **The Transnational Spread of Economic Nationalism**

The transnational character of free trade is obvious and well known. Coming most often from Britain, in the writings of utilitarian economists and publicists (David Ricardo, John Stuart Mill, John Bowring), and sometimes from France, in the brochures of Frédéric Bastiat, the ideas of the international division of labour and comparative advantage nurtured the establishment of free trade pressure groups, at least in the West. When intellectual persuasion was not enough, western countries did not hesitate to use gunboats to force open Middle Eastern and East Asian markets to international commerce; for example, the Royal Navy's blockade of Alexandria in 1840-1841, the Opium Wars engaged in by Britain in 1839-1842 and – supported by France – in 1856-1860, and the American Commodore Matthew Perry's expedition to Japan in 1853.<sup>9</sup>

But protectionism too enjoyed an international career, from reciprocal influences among western protectionist economists in the first half of the nineteenth century, up to their reception in the rest of the world, particularly in Asia, starting in the 1880s. So while free trade ideas circulated “vertically” from the dominant powers (Britain, France to a lesser extent) towards developing countries or regions, protectionist ideas were exchanged “horizontally,” along an axis including the principal countries trying to catch up with Britain industrially: the United States, France, and Germany. Having similar geopolitical and economic positions, these three countries were simultaneously the cradles of protectionism.

#### *The Example of Friedrich List*

---

<sup>9</sup> On the circulation of free trade ideas among western countries, see Wolfram Kaiser, “Cultural Transfers of Free Trade at the World Exhibitions, 1851-1862,” *Journal of Modern History*, no. 77, 2005, pp. 563-590; on the links between free trade and gunboat diplomacy, see John Gallagher and Ronald Robinson, “The Imperialism of Free Trade,” *Economic History Review*, no. 6, 1953, pp. 1-15; and David Todd, “John Bowring and the Global Dissemination of Free Trade,” *Historical Journal*, no. 51, 2008, pp. 373-397.

Friedrich List, an entrepreneur and intellectual born in 1798 in Reutlingen in southwestern Germany, is a striking example of the transnationalism of protectionism.<sup>10</sup> This fierce proponent of German unification, the spiritual father of the *Zollverein* (the customs union for the German states, formed under the aegis of Prussia in 1834) is sometimes presented as a precursor of the reactionary and expansionist Germanic nationalism of 1890-1945. However, he was a convinced progressive, forced into exile from Metternich's Germany in 1821, expelled by Bourbon France in 1822, and a refugee in the United States from 1825 to 1831. Connected with General Lafayette in France, he was also close to Andrew Jackson, a populist Democrat elected U.S. President in 1828. In addition, List was an early enthusiast for the very recent invention of the railway; he campaigned for the establishment of large rail networks as early as the late 1820s, and supervised the construction of the first major German line between Dresden and Leipzig, completed in 1837.

The seedbed of the protectionist doctrine of this cosmopolitan German was his experience in France (in the 1820s and 1830s) and the United States (1825-1831). In 1825, admiring the results of tariff barriers in the valley of the Seine, he wrote in his diary: "When will the sight of such rich industrial regions finally put Adam Smith's followers on the right track?"<sup>11</sup> In 1827, at the instigation of a protectionist lobby group, the Pennsylvania Society for the Promotion of Manufactures, he wrote in English a series of letters that knocked holes in the arguments of the advocates of commercial freedom in the United States. Published in the Philadelphia press and then as a brochure called *Outlines of American Political Economy*, this text rejected the free trade opinions of Smith and his successors, and proposed to re-found political economy on a new basis, the concept not of the "wealth" of nations but of their "productive power." This sketch of a protectionist theory drew inspiration from the early advocates of the "American System" of high tariffs against imports of British manufactured goods.<sup>12</sup> List also extensively quoted the chemist and minister under Napoleon Jean-Antoine Chaptal, whose book *On French Industry (De*

---

<sup>10</sup> William O. Henderson, *Friedrich List: Economist and Visionary*, London, Franck Cass, 1983; Keith Tribe, "Die Vernunft des List: National Economy and the Critique of Cosmopolitan Economy," in *Strategies of Economic Order: German Economic Discourse, 1750-1950*, Cambridge, Cambridge University Press, 1995, pp. 32-47.

<sup>11</sup> "Tagesbuch," undated, mid-April 1825, in Friedrich List, *Werke: Schriften, Reden, Briefe*, edited by Erwin von Beckerath *et al.*, 10 vols., Berlin, Reimar Hobbing, 1927-1935, vol. VIII, p. 77.

<sup>12</sup> Such as Daniel Raymond, who, in his *Thoughts on Political Economy* (1820), proposed to replace the Smithian definition of wealth as exchange values with that of individuals' capacities to acquire goods by their labour.

*l'industrie française*) (1819) urged France to maintain tariff barriers in order not to jeopardize the industrial progress made during its Revolution and Empire.

During a stay in Paris in 1837, List decided to enter a competition on the theme “free trade” at the *Académie des Sciences Morales et Politiques*. The railway entrepreneur put his theorist cap back on and, with help from his French-speaking daughter, wrote in French a 165-page essay. This text, discovered by German scholars in the 1920s and published under the title *The Natural System of Political Economy (Le système naturel d'économie politique)* – a form of words used by the author in the manuscript – was List’s first attempt to develop a systematic theory of tariff barriers as a means of economic development. Here he presented in a substantially definitive form his two main arguments against the liberal prescriptions of classical political economy on the subject of international trade: the “theory of productive forces” as a way of measuring economic progress, opposed to the “theory of values” favoured by Smith’s followers; and the primacy of national history over abstract, cosmopolitan reasoning. In particular, List proposed a theory of three stages of national economic development, to which corresponded three different commercial policies: an initially liberal policy to encourage the taste for manufactured goods, a phase of temporary protection for modern industries such as cotton and iron, and a return to free trade once France caught up with Britain.<sup>13</sup>

The *Académie* awarded to three essays – List’s among them – the mention “outstanding work” (*ouvrage remarquable*), but judged none of them worthy of the first prize. List attributed this half failure to the numerical superiority of free traders among members of the political economy section of the *Académie*. Undiscouraged, he started developing his ideas more rigorously in a true treatise, which he hoped to publish simultaneously in France and in Germany. He lived in Paris for three more years, as correspondent of the liberal German newspaper, *The Augsburg Gazette*, working on his bilingual book, the French version of which he never

---

<sup>13</sup> The two authors most frequently cited by List in this text were French: Chaptal (again) and Charles Dupin, whose role in the invention of French protectionism has already been emphasized. See Edgar Salin and Artur Sommer, “Die positiven Quellen der Preisschrift,” in F. List, *Werke, op. cit.*, vol. IV, pp. 50-145; see also William O. Henderson, “Friedrich List and the French Protectionists,” *Zeitschrift für die gesamte Staatswissenschaft*, no. 138, 1982, pp. 262-275.



finished.<sup>14</sup> But the German version appeared in Stuttgart in 1841, under the title *The National System of Political Economy (Das nationale System der politischen Oekonomie)*. This made List an instant success with the German public. Thanks to financial assistance from industrial lobbies in southern Germany, he was also able to start up a new economics journal, *Das Zollvereinsblatt*, which vigorously argued for higher tariff barriers for the *Zollverein*. In 1846 he took his own life, probably because of his financial problems.

His historicizing model of economic development and his emphasis on the benefits of temporary and moderate tariff barriers nevertheless enjoyed unrivalled influence. His *National System* was translated into several languages.<sup>15</sup> A book marking the 150<sup>th</sup> anniversary of his death traced the influence of his writings on economic policy debates in the nineteenth and twentieth centuries through more than twenty European countries, extending from Ireland to Turkey.<sup>16</sup> His thinking played an influential part in the adoption of industrializing protectionist policies by Russia in the 1890s and by Meiji Japan.<sup>17</sup> In Europe his thinking came to be regarded as dodgy, because it was taken over by Pan-Germanists of the historical school of economics at the end of the nineteenth century, and by Nazis in the inter-war period. It is true that List himself did advocate Germany's annexation of Denmark and the Netherlands, but that was because, like most patriots in his time, he thought only large nations, able to ensure their own economic independence, were adapted to the modern world. His German nationalism did not stop him from being at the same time an American patriot and a supporter of French expansion; his son died serving as a French cavalry officer during the conquest of Algeria. List's pluri-nationalism

---

<sup>14</sup> During his stay in Paris, List lived in the rue des Martyrs and often spent his evenings at the *hôtel particulier* of his friend Adolphe Thiers in the place Saint-Georges. He also wrote articles against free trade in *Le Constitutionnel*, the French centre-right journal controlled by Thiers ("L'économie politique devant le tribunal de l'histoire," *Le Constitutionnel*, 25 September 1839). There is little doubt that List and Thiers influenced each other on the issue of tariff barriers and the necessity of resisting British economic hegemony.

<sup>15</sup> Hungarian (1844), French (1851), English (1856 in the United States, 1860 in Australia, not until 1885 in Great Britain), Swedish (1888), Japanese (1889), Russian (1891), and Chinese (in the 1920s).

<sup>16</sup> Eugen Wendler (ed.), "*Die Vereinigung des europäischen Kontinent*": *Friedrich List – Gesamteuropäischen Wirkungsgeschichte seines ökonomischen Denkens*, Stuttgart, Schäffer-Poeschel, 1996.

<sup>17</sup> Theodore H. von Laue, *Sergei Witte and the Industrialization of Russia*, New York, Columbia University Press, 1963, pp. 56-64; Mark Metzler, "The Cosmopolitanism of National Economics: Friedrich List in a Japanese Mirror," Antony G. Hopkins, *Global History: Interactions between the Universal and the Local*, London, Palgrave Macmillan, 2006, pp. 98-130.

facilitated the global dissemination of his ideas and their adaptation to different cultural contexts.<sup>18</sup>

### *The Example of Henry Carey*

The publisher and intellectual Henry Carey provides another example of the transnational and progressive character of nineteenth-century protectionism.<sup>19</sup> Matthew Carey, his father, the founder of the first large American publishing house at the beginning of the century, had already come out in favour of high tariffs against British imports, and he handled the U.S. publication of Chaptal's protectionist writings and List's *Outlines*. An advocate of complete economic liberalism, Henry Carey first took the side of free trade in his *Principles of Political Economy* (1837-1840). But like his father, an Irish immigrant, he was a radical, almost paranoid anglophobe, who interpreted every move by London as part of a plan to subjugate the world to British power. Britain's adoption of free trade in 1846, coupled with the commercial crisis that struck the United States in the mid 1840s after the adoption of a more liberal tariff policy, precipitated his policy reversal. According to him, his conversion took place suddenly one morning in 1847: "I jumped out of bed, and dressing myself, was a protectionist from that hour." Carey established himself as the great champion against free trade in the United States. In several dozen brochures as well as in the press, he attributed to the liberalization of international trade encouraged by London all the ills of his country and the rest of the non-British world, from the misery of the rural proletariat of India to the maintenance of slavery in the southern United States.<sup>20</sup>

This virulent protectionism, which generally offered the French economic model as an alternative to Britain's free trade model, had a profound influence on American political and economic culture. Carey was one of the founders of the new anti-slavery Republican Party in the

---

<sup>18</sup> List's thought continues to be studied today in American and especially Asian universities: the industrialization of China and of Southeast Asian countries during the last forty years took place in accordance with his prescriptions, by being based on more or less moderate protectionist policies.

<sup>19</sup> Abraham D. H. Kaplan, *Henry C. Carey: A Study in American Economic Thought*, Baltimore, John Hopkins University Press, 1931; George W. Smith, *Henry C. Carey and American Sectional Conflict*, Albuquerque, University of New Mexico Press, 1951; Rodney J. Morrison, *Henry C. Carey and American Economic Development*, Philadelphia, American Philosophical Society, 1986.

<sup>20</sup> Among other works, see *The Working of British free trade*, New York, 1852; *The French and American tariffs compared*, Philadelphia, 1861; and *Commerce, Christianity and civilization versus British free trade*, Philadelphia, 1876.

1850s, and he was Abraham Lincoln's economic adviser during the Civil War (1861-1865). It was in response to Carey's entreaties and in opposition to the free trade policies of the secessionist states of the South that Lincoln adopted an ultra-protectionist policy. Very high protective tariffs, ranging from 50% to 100% of the value of the imports, continued to characterize American policy until the late 1950s. Partly inspired by French and, to a lesser degree, German examples, Carey's economic thought – an amazing blend of organicism inspired by advances in contemporary chemistry, intransigent faith in the virtues of individualistic capitalism, and radical anglophobia – had in turn a significant impact on the old world. During his lifetime his books were translated into French, German, Russian, Italian and Japanese. In Germany, his ideas, like List's, were hijacked by historians and philosophers affiliated with the nationalist right. His main self-proclaimed disciple, Eugen Dühring (of Engels' *Anti-Dühring*) was also one of the principal inventors of modern antisemitism.<sup>21</sup>

## Conclusion

From the end of the nineteenth century, especially in Germany, protectionism has thus clearly nourished the xenophobic nationalism that ravaged Europe between 1914 and 1945. But the examples of Thiers, List and Carey show that protectionism was initially the result of intellectual exchanges among “dominated” nations, directed against the dominant power of the British Empire, rather than the expression of a thirst for nationalist domination. These examples also suggest that protectionism was often the economic aspect of an egalitarian liberalism of the left or the centre left, which put the citizen above the consumer. Contrary to the beliefs of many of their respective supporters, in our time as in the nineteenth century, the struggle between free trade and protectionism is not a conflict between good and evil. Tariff barriers do not mechanically lead to war any more than free trade guarantees peace, as is shown by the commercial treaty between France and Prussia in 1862, which did not prevent the outbreak of the Franco-Prussian War in 1870. Tariffs are no more and no less than taxes on imports, which – like all taxes – have both adverse and positive effects on wealth creation. As for their political significance and their economic consequences, these have varied considerably throughout history.

First published in French in [laviedesidees.fr](http://laviedesidees.fr). Translated from French by John Zvesper with the support of The Institut français.

Published in [booksandideas.net](http://booksandideas.net) 17 January 2012

©[booksandideas.net](http://booksandideas.net)

---

<sup>21</sup> Eugen Dühring, *Careys Umwälzung der Volkswirtschaftslehre und Sozialwissenschaft*, Munich, 1865.