

only in this century, but also before.

If one cannot say that protectionism caused the 1929 crash, possibly the contrary is true: It was as a result of the 1929 collapse that the Smoot-Hawley Act brought the level of U.S. industrial tariffs up to as much as 60% in some cases, and to an average of 45-50%; this led to an increase of tariffs internationally.

The general problem of neo-classical economists is that they believe in the dogma that free trade is the rule, protectionism the exception. The reality is the reverse: The rule in the economic history of the industrialized sector is protectionism, and free trade is the exception. As it becomes clear with the development of Bairoch's argument, protectionism tends to favor industrialization, whereas free trade tends to destroy it.

On May 15, 1846, the Corn Laws were abrogated in Britain. Those laws, dating back to 1815, protected local grain production from foreign imports, and had been fought by a free trade lobby called the Anti-Corn Law League, founded in 1838 in Manchester by industrialists who relied on the opportunity of importing cheap grain to push forward Great Britain's status as the world's strongest industrial economy: Bairoch relates that its level of industrial production per capita surpassed the rest of Europe by 250%. In other words, being a new industrial exporter, it had all the advantages in pushing

free trade. Britain started to propagate the free trade line internationally: In 1855, the Belgian Association for Tariff Reform published a call inspired "by the results of economic science and by the experience of real facts, in particular, in England." Bairoch notes that similar groups emerged in several countries, often created under British direction, precisely to push free trade ideology, and sometimes they succeeded in their attempt, even if the general tendency of the time was the reverse. Before 1860, only a few countries (Holland, Denmark, Portugal, and Switzerland, and later Sweden and Belgium) had adopted a free trade policy.

In 1860, Great Britain signed a free trade agreement with France, a necessity for Britain which had a trade deficit in agricultural products, with that country. The agreement was considered in France as a coup d'état, since the parliament was opposed to it, and the agreement was established by means of secret negotiations between Napoleon III's envoy Michel Chevalier (a follower of Saint-Simon) and Britain's Richard Cobden. That agreement was the first of a series which Britain would establish with several European countries, known as the "Cobden agreements."

But the period of free trade did not last long. As early as 1879, Germany reintroduced a new system of tariffs and a new wave of European protectionism began in 1892, when France also reintroduced protective tariffs.

LaRouche on protectionism

The most rigorous refutation of British free-market liberalism, is that developed by physical economist Lyndon LaRouche, the foremost exponent today of the "American System of Political Economy." Philosophically, LaRouche's contributions go far beyond the work of Alexander Hamilton and the cameralist school, to demonstrate the relationship between economic growth, scientific and technological progress, potential relative population-density, and the creativity of the human individual.

In a speech during his campaign for the 1996 Democratic Party Presidential nomination, in Manchester, New Hampshire on Feb. 6, LaRouche took up the issue of protectionism vs. free trade, outlining a concept of "national economic security."

Citing the U.S. war mobilization of the 1930s and 1940s, he said: "We had to have a policy of protecting our vital national industries. We had to have supplies of helium and other kinds of essential materials, so that we could not be cut off from those supplies needed for a mobilization for peaceful or other purposes. We had to protect those

industries, by tariff protection and trade agreements, which were struggling to emerge as the future industries of the United States. . . .

"Every patriotic President, was for the protective tariff. The Whig Party, out of which the modern Democratic Party comes, as well as all decent Republicans, comes out of that tradition, of the Clay-Carey Whigs of the early 19th century; of John Quincy Adams and James Monroe, and Lincoln, and people like that. McKinley was part of that, too. The McKinley Tariff of 1890, to protect American industry.

"Under those conditions, we emerged repeatedly as a leading world power. We established the highest level of income in the world, under these policies. We didn't hurt anybody by doing that. These protectionist policies were good for us, and they were good for others who imitated us in doing it."

Among LaRouche's writings on physical economy and the bankruptcy of classroom economics, see these that appeared recently in *EIR*: "Why Most Nobel Prize Economists Are Quacks," July 28, 1995; "Non-Newtonian Mathematics for Economists," Aug. 11, 1995; and "More 'Nobel Lies,'" May 31, 1996. See also "Why Lincoln Built the Nation's Railroads" and "How Lincoln Made Farmers Scientific," by Anton Chaitkin, *EIR*, Feb. 9, 1996.