

# **THE ECONOMIC BASIS OF PROTECTION**

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The Economic Basis of Protection by Simon N. Patten

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**SIMON N. PATTEN**

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BY  
SIMON N. PATTEN, PH.D.,  
PROFESSOR OF POLITICAL ECONOMY, WHARTON SCHOOL OF FINANCE AND ECONOMY,  
UNIVERSITY OF PENNSYLVANIA.

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## CHAPTER I.

### INTRODUCTION.

THE discussion of international trade has always excited much interest, and must, for a long time, still command the attention of all thoughtful citizens. A great variety of arguments has been presented to the public and many of them are already fully discussed. Yet there seems to be a place and an opportunity at the present time for a new discussion of this important problem upon a more fundamental basis than is usually found in former treatises.

We do not now need new facts so much as a discussion of the relation of these facts to one another, and the bearing of all this class of facts upon economic doctrine. Above all, we need a discussion on a purely economic basis. In the past very few of the writers upon this subject have carefully separated the economic arguments against protection from the moral and political, and in this way the former is subordinated to the latter. Many writers start also from the assumption

that the most fundamental right of property is that of free exchange. They thus introduce premises which are appropriate to other fields of thought. Deductions from political dogmas are often substituted for a real economic discussion, and in this way clear thinking is subordinated to inherited feelings. Others assume a moral tone, and assert as a fundamental doctrine that protection in any form is a robbery,—that it takes from one individual what it gives to another and thus violates the rights of all. Such arguments, however great a force they may have upon persons of a particular political and moral education, are really not economic in their nature, and should be separated from strictly economic discussions so that the real bearing of industrial facts may become manifest.

My purpose is also to show the growth of economic thought in its relation to the doctrine of protection. There has been a gradual change in the fundamental principles of political economy since Adam Smith first brought the doctrine of free-trade into prominence. Many of the doctrines of Adam Smith, upon which his theory of free-trade rests, have been displaced by other doctrines more in harmony with the present conception of the doctrine of protection. Free-trade by sinking into a creed has lost its scientific basis.

The older doctrines of protection were short-sighted, in that they sought for protection merely for specific ends. Some writers having in mind the growth of population advocate protection that the nation of which they form a part may grow more rapidly in population, thinking that with the growth of population will come

that growth in material resources upon which national prosperity depends. Others again have emphasized national independence, and have sought to show how necessary it was for national welfare to be independent of foreign nations in all important departments of production. This point of view was especially important at an earlier time, when the danger of war with foreign nations was more prominent than at the present time. Another class of writers have emphasized what may be termed the "infant industry argument," and say that new industries need the aid of the government to develop them in order that they can stand the competition from foreign countries. This argument assumes that the nation to which protection is applied is less advanced in civilization than other nations with which it has commercial relations, and that it is desirable on the part of the new country to assimilate the conditions with foreign countries.

These various arguments have had great force at particular periods of a nation's development, yet they are not sufficient in themselves to form the groundwork of economic doctrine. We now need a systematic presentation of all these points of view, so that the thought which lies at the basis of all of them may be clearly seen. The new point of view should include all these cases, and also be able to show the principles upon which they rest. Protection now changes from a temporary expedient to gain specific ends to a consistent endeavor to keep society dynamic and progressive. Protection also ceases to be an isolated exception to the general passive policy which it has been