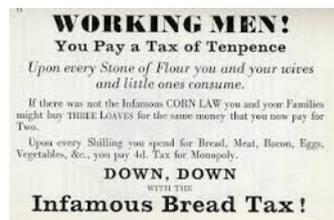


## [An excellent point about free trade](#) [1]

Written by [Tim Worstall](#) [2] | Wednesday 18 December 2013



From Don Boudreaux's quotation of [the day series](#) [3]:

After 1860 only a few import duties remained, and those were exclusively for revenue on such non-British commodities as brandy, wine, tobacco, coffee, tea, and pepper. In fact, although most tariffs were eliminated altogether and the rates of duty on all others were reduced, the increase in total trade was such that customs revenue in 1860 was actually greater than that of 1842.

Another spotting of the Laffer Curve in the wild there of course.

But it's worth noting that tariff changes weren't the only thing going on at this time. There was also a quite radical change in shipping technology: we were at the beginning of the steam age here. As another example, after the US Civil War there tariffs pretty much doubled: but the prices of imported goods fell. For we need to remind ourselves that the full cost of trade protection is the artificial barriers of the tariffs, the non-tariff barriers from bureaucracy (famously, Mitterand only allowed VCR imports through one French port with only three customs inspectors) and the transport costs. For the US the fall in late Victorian shipping costs was greater than that rise in tariffs.

And we can also use this to explain a part of our modern world. Yes, it's great that tariffs have come down in this post-war period. But this is also the time of the shipping container: 30 tonnes of pretty much anything can be moved pretty much anywhere for under \$5,000 these days. International trade would have increased massively even if tariffs had stayed at their old rate.

And this leads us to a point that those who promote infant industry protection need to face: the tariff levels you would need to be able to successfully protect local industry would be so high as to probably not be politically possible.

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