

[Ten very good things 4: Imports](#) [1]

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My fourth very good thing is imports, one of the most misunderstood.

4. Imports

A common fallacy supposes that nations become rich by exporting more than they import. Many governments make the effort to augment exports and diminish imports. This usually involves subsidizing exports by means of grants and lower taxes, and discouraging imports by means of tariffs. Both of these are more difficult to do under the rules of the World Trade Organization, but countries sometimes find covert ways of achieving these ends.

It used to be thought that a country's wealth was augmented by a positive 'balance of trade,' under which the surplus of exports over imports would bring in more gold and silver than went out, leaving the nation richer. Adam Smith exposed this fallacy, pointing out that the wealth of nations consisted in the productive labour of its peoples rather than in bars of precious metals stored in its treasury.

In fact it is imports that make a nation richer. By importing goods that are cheaper than those they can produce themselves, nations have cash to spare as well as the goods. This makes them wealthier than if they were self-dependent. Adam Smith said that Scotland could grow grapes and produce wine "by means of hot-walls and glass houses" on the slopes of Ben Nevis, but it would cost them 30 times the price of equivalent French wine. By buying the French wine, they saved twenty-nine thirtieths of the cost and could spend it on other things.

Of course these imports have to be paid for, and exports make that possible. We export to gain the wherewithal to enrich ourselves through imports. It need not be manufactured goods we export. It can be services such as insurance, skills such as design, or the returns on our own overseas investments.

The US humorist, P J O'Rourke put it succinctly: "..imports are Christmas morning; exports are January's MasterCard bill." Imports make us richer, and exports make it possible. The self-sufficiency which is advocated as a virtue is the road to poverty. It denies us the specialized and skilful services of far-flung producers anxious to provide us with goods at lower prices than we can make for ourselves.

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