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Coffee in Cornwall, grapes on Ben Nevis [1]

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Tim Worstall (he of this parish) has a very good post over at the Globalisation Institute. He points out [3] that coffee can be grown in Cornwall ? indeed it has been, at vast expense. But should it? Adam Smith made a similar point in his*Wealth of Nations* [4]:

> *By means of glasses, hotbeds and hotwalls, very good grapes can be raised in Scotland, and very good wine too can be made of them at about 30 times the expense for which at least equally good can be brought from foreign countries. Would it be a reasonable law to prohibit the importation of all foreign wines, merely to encourage the making of Claret and Burgundy in Scotland?*

Surprisingly the aid brigade (by which I mean those who earn a good living by demanding aid for the world's poor) are almost unanimous in defending protection for domestic industries in the developing world. They deride free trade and claim, wrongly, that all nations need protection to become rich.

They are victims of the old urban myth of mercantilism, and still believe, along with hobgoblins, incubi and vampires, that nations get rich by selling exports and can then afford to buy stuff. In fact it's imports that help create wealth by getting you things cheaper than you could make yourself, thus giving you surplus spending power with the cash you save.

If developing nations have protective tariffs, it means their citizens pay more for stuff, and are poorer in consequence. It means that their businesses have to buy dearer materials, and thus make goods that can't compete on world markets. I'm often asked about this at schools, and surprise people with a rather laidback attitude. Yes, you can have protectionism and still get rich, but free trade is better. The point is

that the free market is quite resilient. You can do a lot of things wrong and it still works to some extent, and you can still get rich. I tell them there are three things you can't do, however: genocide, civil war, socialism...

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