



Before You Bet Against the Market . . .

by Peter Brimelow

“They’re wiping out our industries,” said my southern California friend, staring moodily out across the Pacific ocean beyond which They—the Japanese—were presumably lurking even as he spoke.

“They’re buying up all our land,” confirmed his wife. “Of course, we’re so stupid, we just let them.”

“They need another earthquake over there,” her brother-in-law joked darkly. “That would give us a chance.”

I felt mildly embarrassed. Not because I was an immigrant (Britain via Canada) confronted with a raw expression of American nationalism. I approve of nationalism. I think it’s intrinsic to the nature of man and fundamental to world political order. The Americans have not really underwritten the security of the free world—and the British and Canadians certainly did not go to war in 1939—because of a theoretical understanding of the demerits of the totalitarian state.

I particularly approve of American nationalism in southern California. The transformation of the American Southwest by legal and illegal immigration, entirely because of official passivity, strikes me as one of the most astounding developments of contemporary history. My friends have real reason to feel that their way of life is threatened.

But healthy emotion can be perverted. Chickens after pecking their way out of the egg can supposedly fall in love with footballs or whatever their eye first lights upon. Similarly, nationalists can fall in love with protectionism. They become deaf to all economists’ eloquent explanations

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that the policy works paradoxically and ultimately weakens the very economy it’s supposed to benefit.

Because to anyone drilled in classical economic principles, my friends’ reactions were simply fallacious. Individual industries may be wiped out—but American consumers benefit overall from the lower import prices. Foreign investors might buy land—but they can’t take it home; they are at the mercy of American laws and taxes; and of course some American has walked off with their money. An earthquake might topple the Japanese economy—but that economy is one of the pillars of world prosperity and Americans would be crushed in its fall.

Of course, it’s possible to mount ingenious counterattacks on these principles. I know: I spent much of my adolescence doing it (see below). Over the years, though, I’ve gradually come to the conclusion that the free-market system has simply extraordinary power—power that it’s not always easy to appreciate at first if your intellectual interests are primarily literary or historical. (I also think that the free market is intrinsically bound up in the history and culture of the English-speaking world, but that’s another story.) For present purposes, let me issue this warning, the result of hard experience: think twice, many times, before you bet against the market.

The reason I felt embarrassed was a memory from my checkered career as a wandering WASP. I was a British-accented polemicist in Canada, writing for *Maclean’s* and the *Financial Post*, bashing the then-dominant Canadian “Nationalists” for making similarly misconceived arguments against America’s economic presence. Now I’ve moved on to America. And I find the wretched arguments have pursued me here.

There are some differences, however. Canada’s “Nationalists” were basically disguised socialists. Like socialists

everywhere, they sought to get around the awkward fact that socialism doesn't work by inventing new rationales for government intervention.

Generally, socialists have replaced their efficiency arguments with equity arguments. Rather than saying government intervention would make the economy better, they now say it would be fairer—less racist, sexist, ecologically impure and so on. But Canada's socialists justified their interventionist itch by exploiting vague public nervousness about the colossus to the south. They shamelessly abandoned their brotherhood-of-man principles and adopted rhetoric that they would otherwise have been the first to denounce as atavistic and reactionary.

It was all hypocrisy, of course. At exactly the same time, the Canadian left was welcoming a new flood of nontraditional immigrants and inventing reasons ("multiculturalism") why they need not assimilate to Canadian norms. Canada's ineffable essence, apparently, was threatened only by Americans—which is why I always put "Nationalist" in quotation marks.

(Notice, by the way, that I said "then-dominant." In 1987, the "Nationalist" hegemony in Canada was severely shaken when they were unable to stampede the electorate into voting against the Free Trade Agreement with the US negotiated by the Progressive Conservative federal government. As recently as four years earlier, the overwhelming conventional wisdom had been that any such bilateral agreement was "politically impossible." But in fact it was key to the Conservatives' re-election. I offer this encouraging story to those *Chronicles* readers who might be feeling depressed about the pervasiveness of similar ideological hegemonies in American public discourse.)

Of course, some liberals in the US have experimented with a similar fake nationalism, usually aimed at Japan. Congressman Richard Gebhardt even achieved fifteen seconds of fame with the issue while running in last year's Democratic presidential primaries.

But my friends' American nationalism is the real, unpunctuated thing. They are stern, unbending conservatives whom I've known since we were a persecuted minority together at Stanford in the closing days of the Vietnam War.

The great glory of the American conservative movement is that it has always been more explicitly ideological than its British counterpart. (Canada? Don't even ask.) The principled commitment of American conservatives to free markets has been the rock, increasingly submerged, upon which repeated protectionist waves have broken in recent years. At least in this case, however, the rock is beginning to, well, rock.

"Good," many *Chronicles* readers will say. But I still think that the Japanese themselves are the main victims of their peculiar version of neomercantilism, that their trade imbalance with the US will eventually cure itself, and that, in the meantime, the US needs those capital imports. This is a technical issue. But there's a real danger that the American economy could be stunted if the process is not allowed to run its course.

However, my friends' deviationism is a reminder that economics is underpinned by cultural and political values. The fake nationalism of the English Canadian left was ultimately preposterous because English Canada and Amer-

ica share common values, to say nothing of common military defences.

Which brings me to another memory: my own flirtation with economic nationalism. Growing up in Britain in the latter half of the 20th century was in some ways quite depressing—sort of like losing the Vietnam War every other year. The country's geopolitical position imploded. Defeatism was utter and complete.

Looking back, Britain seemed to have been on a slippery slope to catastrophe ever since the First World War. But prior to that, one politician with a sense of history had made a real and dramatic effort to seize control of the situation. His name was Joseph Chamberlain (the much-reviled Neville Chamberlain was his son by an American second wife).

Joseph Chamberlain wanted to weld together Britain and its self-governing Dominions, such as Canada and Australia, into a federal union. He also wanted to reach agreement with Imperial Germany rather than continue to drift in alliance with France into what was clearly shaping up to be World War I.

At that time, Britain had absolutely free trade. But the new economic blocs of the American Republic and the German Empire were fiercely protectionist. Chamberlain wanted to raise British tariff barriers against them, while at the same time offering "imperial preference" to the Dominions. Indeed, his grass-roots organization was called the Tariff Reform League.



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At the age of 70, on the verge of taking over the Conservative Party, Chamberlain was crippled by a stroke. "His labor was in vain," Enoch Powell has written, "and the years have condemned it." But at the time Imperial Federation was a very live issue. And it's surely not fanciful to think that something better could have been done with Britain in this century than what actually occurred.

It was while brooding over this episode in retrospect—we were solitary teenagers—that I experimented with the arguments for economic nationalism.

Of course, I haven't brooded about Britain for many years. I sincerely believe that Elijah's mantle has passed to the Americans, and I've passed myself along with it. Does this mean I lack a certain emotional commitment that would be patriotically gored by the sight of Japanese cars in the US (or, of course, American cars in Canada)? Alternatively, does it help me think clearer? I wonder.

The way I reconcile my responses is as follows: the protectionism of Chamberlain's Tariff Reform League can only be understood as one part of an internally-consistent

British *Weltpolitik*. Similarly, it may be at some point that an American trade-off between protectionism and total economic utility will be worth making—but only in the context of an overall political program, for example if the US decides to retreat into a hemispheric fortress. Getting the trade balance off the evening news, or even protecting sensitive Republican constituencies, is probably not good enough.

Economic nationalists might not think much of this concession. But Libertarians will immediately detect heresy too: I'm not treating free trade as an end in itself. That's right. I've never understood why we are supposed to be so upset at the idea of tariffs (taxes) on trade, while accepting taxes on income, which seem to me to be just as disruptive to the free play of market forces. This paradox is particularly clear in the case of Joseph Chamberlain, since he proposed to use tariff revenues to finance the various social programs favored by contemporary opinion. In the event, Britain's welfare state has been financed by increases in income tax, then virtually nonexistent, that would have been unimaginable at the time.

One current example of the pros and cons of economic nationalism: South Africa. Successive Afrikaaner governments have always been interventionist, not to say socialistic. Dismantling their misguided economic controls is produc-

ing a surge of growth, much of it off the books and in the black community, that has gone no small way to alleviating the effects of sanctions. But at the same time, protectionism has contributed to building up the country's industries, notably armaments, which although strictly speaking uneconomic has in the event allowed South Africa to survive the choking of key imports by sanctions. So the policy has been both bad and—given the extraordinary circumstances—good.

Economic nationalists tend to think of economics as the clash of armies. Actually, it's more like the clash of navies—under sail. You can maneuver to a certain extent. But you can only do so if you understand and respect the markets winds, tides—and storms.

I've said I no longer brood about Britain. But it's interesting to contemplate the very different situation in which my poor birthplace now finds itself. The British elite, with the possible exception of Margaret Thatcher, now wants the country to repress its nationalist impulses—in the cause, however, not of free trade but of the Brussels bureaucracy and its ambitions for a unitary (and, incidentally, anti-American) state.

American conservatives may be wavering on free trade. But at least they show no signs of this self-immolating Eurofanaticism. 

Admit Impediments

by Jane Greer

Into the ark of sleep descend our breaths,
small coupled animals. Our several deaths
flung us this evening headlong heavenward, and earth's

finer distinctions between love and sin
perished too, briefly, as the sweet, hard-won
pleasure we labored over came and went. We learn

nothing from non-success, cry out and thrash,
beasts in a snare, to make ourselves one flesh—
as though we really could. Today the priest smudged ash

into our foreheads as we gravely knelt,
admonished us to search ourselves for guilt,
banished us to the garden Second Adam built.

There will we also lie like strangers after passion?
Or will the word be flesh, the flesh forgiven
its driven, unholy hunger? Will I learn who you are in Heaven?