

The Online Library of Liberty

A Project Of Liberty Fund, Inc.

Frank William Taussig, *“Tariff”* [1911]



The Online Library Of Liberty

This E-Book (PDF format) is published by Liberty Fund, Inc., a private, non-profit, educational foundation established in 1960 to encourage study of the ideal of a society of free and responsible individuals. 2010 was the 50th anniversary year of the founding of Liberty Fund.

It is part of the Online Library of Liberty web site <http://oll.libertyfund.org>, which was established in 2004 in order to further the educational goals of Liberty Fund, Inc. To find out more about the author or title, to use the site's powerful search engine, to see other titles in other formats (HTML, facsimile PDF), or to make use of the hundreds of essays, educational aids, and study guides, please visit the OLL web site. This title is also part of the Portable Library of Liberty DVD which contains over 1,000 books and quotes about liberty and power, and is available free of charge upon request.

The cuneiform inscription that appears in the logo and serves as a design element in all Liberty Fund books and web sites is the earliest-known written appearance of the word “freedom” (amagi), or “liberty.” It is taken from a clay document written about 2300 B.C. in the Sumerian city-state of Lagash, in present day Iraq.

To find out more about Liberty Fund, Inc., or the Online Library of Liberty Project, please contact the Director at oll@libertyfund.org.

LIBERTY FUND, INC.
8335 Allison Pointe Trail, Suite 300
Indianapolis, Indiana 46250-1684

Edition Used:

"Tariff", *Encyclopedia Britannica 11th edition*, 1911, Volume XXVI, pp. 422–427.

Author: [Frank William Taussig](#)

About This Title:

The 11th edition of the *Encyclopedia Britannica* was the last edition which appeared before the First World War destroyed the old liberal order in Europe. The next edition, the 12th, reproduced the 11th edition with the addition of 4 supplementary volumes which covered the war and its immediate aftermath. This article was part of the 11th edition.

About Liberty Fund:

Liberty Fund, Inc. is a private, educational foundation established to encourage the study of the ideal of a society of free and responsible individuals.

Copyright Information:

The text is in the public domain.

Fair Use Statement:

This material is put online to further the educational goals of Liberty Fund, Inc. Unless otherwise stated in the Copyright Information section above, this material may be used freely for educational and academic purposes. It may not be used in any way for profit.

Frank William Taussig, "Tariff", *Encyclopedia Britannica* 11th Edition, 1911, Volume XXVI, Pp. 422–427.

TARIFF (adapted in English; from the French, the word comes through the Spanish *tarifa*, a list or schedule of prices, from the Arabic, ta'rifa, information, an inventory, 'arf, knowledge), a table or list of articles on which import or export duties are levied, with the amount of the duty specified, hence often used as a collective term for the duties imposed, or for the law or code of regulations imposing such duties or varying the scale of charges. The word is also used quite widely of any schedule of prices or charges; and, particularly in America, of the freight or other charges of a railway or steamship line.

Resort is made to tariffs, or duties on imports, partly to secure revenue, partly to affect the course of industry within a country. Strictly speaking, these two objects are inconsistent with each other; since a customs duty, in so far as it causes a domestic industry rather than a foreign to supply the market, ceases to be a source of revenue. But in a great number of cases the imposition of a duty causes only a partial displacement of the foreign supply, and hence brings some revenue from that which remains. This circumstance strengthens the hold of the protective system, especially in countries where customs duties are an important source of revenue, the combination of fiscal convenience and of protection to home industry being a highly attractive one. Where tariff duties are imposed solely for revenue, an equivalent excise tax is imposed within the country, so as to put the domestic producer precisely on the footing of his foreign competitor; and tariffs so maintained are in complete conformity with the principle of free trade.

Great Britain.—Between the close of the Napoleonic wars of 1815 and the year 1860, the tariff system of Great Britain was changed from elaborate protection to practically complete free trade. An attempt had indeed been made in 1786 to modify the rigidly protective legislation of the 18th century. In that year Pitt concluded a commercial treaty with France, providing for large reductions of duties in both countries. But the treaty was swept away with the outbreak of the wars with France, and accordingly the old system was still in force in 1815. The first important step, and in some respects the decisive step, towards modifying it was taken in 1824, under the policy of Huskisson. In that year, and again in 1825, great reductions were made in the duties on raw materials, especially on wool, raw silk, flax and iron, while considerable reductions were also made in the duties on manufactured goods. The most sharply contested of the changes was in regard to silks, which had been completely prohibited, and were now admitted at a duty of 30 per cent. A considerable breach was thus made in the protective system; and some further changes in the same direction were made in the next decade, especially under Lord Althorp in 1833. But in the decade from 1830 to 1840 the Corn Laws were the chief subject of contention. The great increase in population since the middle of the 18th century had made England a corn-importing country, especially with the rapid growth of manufactures in the early years of the 19th century. The first systematic Corn Laws imposing duties on grain had been passed in 1773. From 1816 onwards a series of measures were passed, all designed to maintain the high price of grain. The Act of 1816 prohibited the importation of wheat when the price was less than 80s. a quarter (= \$2.50 a bushel). In 1822 the prohibitive point was lowered to 70s. In 1828 the sliding scale was introduced, under which the duty went up and down as the price of grain went down and up; and it was against this form of the Corn Law that the great agitation led by Cobden and Bright was directed after 1830. For a long time the anti-Corn Law agitation seemed to have no effects although conducted with extraordinary skill and enthusiasm. In 1842, however, Sir Robert Peel made the first important concession, by modifying the sliding scale, his opponent, Lord John Russell, having proposed in the previous year a fixed duty of 8s. a quarter. In view of the bad harvest of 1845–46, and the famine in Ireland in 1846, Peel surrendered, and proposed in 1846 the admission of grain with only a fixed duty of 1s. a quarter as a registration fee. This change was carried, but Peel, being able to carry only a fraction of his party with him, was compelled shortly afterwards to resign. The Corn Laws had great political strength, serving as they did the interests of the landowners, whose hold on parliament was still very strong; but the general economic situation in Great Britain, from the rapid growth of the manufacturing population and the imperative need of more food, made the abolition inevitable. After having been maintained till the middle of the century, apparently with irresistible support, they suddenly collapsed under the strain of a season of exceptionally short crops. Both their continued maintenance and their final sudden abolition are in some respects divergent from the general course of British tariff history.

The remodelling of the tariff system in the direction of free trade went on, little retarded by the maintenance of the Corn Laws and not much accelerated by their abolition. In 1842 great reductions of duty were made on a large number of articles; in 1846 still further, reductions of duty were made; another series of changes came in 1853; and finally, in 1860, the last remnant of protective duties disappeared. The four

acts of 1842, 1846, 1853, 1860—the first two under Peel's leadership, the second two under Gladstone's guidance—thus carried out gradually the policy of free trade in regard to other articles than grain. The first of them, in 1842, was signalized by the introduction the Income Tax as a means of raising revenue to replace that lost by the diminished import duties. The last of them, in 1860, was largely influenced by the great commercial treaty with France. In that treaty the concessions made to France were the reduction by Great Britain of duties on wines and spirits, and the admission, free of duty, of some important French products, notably silk manufactures, gloves, and other products in which the French had superiority. Great Britain, instead of limiting the concessions to France, in 1860 made them applicable to all the world. The silk manufacture, as to which the first great changes had been made in 1824, and on whose products the duties had been kept higher in previous acts than on other manufactures, was thus compelled, notwithstanding violent opposition, to face unfettered foreign competition.

Two general features should be noted in regard to the tariff history of Great Britain. In the first place, most of the reductions of duty on manufactured articles were of little practical significance. The great mass of manufactured commodities were produced in the United Kingdom more cheaply than in foreign countries, and would not have been imported, with duty or without, except in sporadic amounts for some special qualities. The changes hence involved little real readjustment of industry. There is thus some ground for the assertion that the policy of free trade was not adopted by the United Kingdom until its industries had reached the stage of being independent of protection. But this does not hold good of some manufactures; especially not of the silk industry, and some parts of the woollen and linen trades. Still less does it hold good of raw materials, many of which had been really affected by the duties, and were largely imported after their abolition. Such was the case not only with some metals, such as lead, zinc, copper, but still more strikingly with textile materials such as wool, flax, and the like, and most of all with agricultural products such as grain, meat and meat products, timber. In regard to all these, the abolition of protection meant a real sacrifice to domestic industries. The second feature to be noted is the simplification which resulted in the administrative features of the English tariff. A great number of articles had been enumerated in the earlier tariff acts, each of which was imported in very small quantity and yielded an insignificant revenue. The nature of the changes made between 1842 and 1860 is indicated by the following tabular statement:—

	Duties reduced.	Duties abolished.
1842–46	503	390
1846	112	54
1853	...	123
1860	...	371

After 1860 only forty-eight articles remained subject to duty, a number which has been still further reduced, the most notable change having been free admission of sugar in 1872. Since that date the English customs tariff has been simplicity itself. A very few articles, (spirits, beer, wine, tobacco, tea, coffee, cocoa) yield practically all of the customs revenue, and, so far as these articles are produced within the country, they are subject to an excise duty, an internal tax precisely equal to the import duty. In

1901, to aid in meeting the expenses of the South African war, a moderate revenue duty was again imposed on sugar; and in 1902 the shilling duty on corn and flour (abolished in 1869) was restored, but again taken off in 1903. In this year began the "Tariff Reform" movement initiated by Mr Joseph Chamberlain (*q.v.*), but Free Trade retained a strong hold on the British electorate, and the return of the overwhelming Radical majority to parliament in 1906 involved its retention under the fiscal policy of that party. In January 1910 the Liberal government was again returned to power; but the Unionist party was now committed to Tariff Reform, which had made great strides in obtaining popular support.

France.—The tariff history of France in the 19th century divides itself into three periods: one of complete prohibition, lasting till 1860; second, of liberal legislation, from 1860 to 1881; third, of reversion to protection after 1881.

(1) During the first period the prohibitive legislation of the 18th century was retained, largely in consequence of the Napoleonic wars. The commercial treaty of 1786 between Great Britain and France has already been referred to as making a breach in the restrictive system of the 18th century; and in the early years of the French Revolution a similar wave of liberal policy is to be seen. But the great wars led to the complete prohibition of the importation of manufactures, reaching its climax in Napoleon's Continental system. The system of prohibition thus instituted, while aimed at Great Britain, was made general in its terms. Hence the importation into France of virtually all manufactured articles from foreign countries was completely interdicted; and such was the legislation in force when peace came in 1815. This system doubtless was not expected to last after the wars had ceased, but, as it happened, it did last until 1860. Successive governments in France made endeavours to break with the prohibitive system, but naturally met with strong opposition from the manufacturing interests, not prepared to meet the competition of Great Britain, whose industries had made, and were continually making, rapid strides. The political position of the governments of the Restoration and of Louis Philippe was such that they were unwilling to forfeit support by pushing measures in which, after all, they were not themselves deeply interested.

(2) It was not until Napoleon III. believed it to be to his political advantage to strengthen friendly relations with Great Britain by the moderation of the import duties that the change was finally made; while the despotic character of his government enabled him, when once the new policy was entered on, to bring about a radical change. After some secret negotiations, in which the English Corn Law agitator, Cobden, and the French economist, Cherbuliez, took an active part, Napoleon was persuaded to enter on the famous commercial treaty of 1860, and virtually to force its acceptance by the French legislature. In the treaty as finally framed duties on most manufactured commodities were reduced to a range of 10 or 15 per cent., some iron manufactures, however, being left at slightly higher rates. Before the treaty, all woollen and cotton manufactures, all manufactures of leather, of hardware, pottery, all glass ware, had been prohibited, while raw materials and such manufactures as were not prohibited had been subjected to heavy duties. The treaty thus made a radical change, revolutionizing the tariff system of France. It did so with relation not only to the United Kingdom, but, in its after effects, to the world at large. The French

government at once set to work to enter into similar arrangements with other countries, and treaties were successively concluded in 1860–66 with Belgium, with the Zollverein (Germany), Italy, Switzerland, Sweden and Norway, Holland, Spain, Austria. All these countries made reductions of duty on French products, while France admitted other products at the rates of the British treaty tariff. Thus a network of treaties was spread over Europe, leading to much great freedom of trade and opening an era of freer international exchange.

(3) This more liberal policy, however, probably never had deep root in French public opinion. It received a check from the Franco-German War of 1870–71. The treaty of Frankfurt in 1871 contained, in place of the previous detailed commercial treaty with Germany, the simple "most favoured nation" proviso. The guarantee which each country thus gave to the other of treatment as favourable as that given elsewhere became irksome to France, sore after her defeat in the war. More important, however, in undermining the liberal system, was the change in agricultural conditions which began to set in in the decade of 1878–88. Then the great improvements in transportation caused competition in agricultural products to be felt, especially from the United States. Agricultural prices declined; agricultural depression set in. The agricultural interest in France, hitherto indifferent about duties, now began to demand protection against competition from beyond the sea. To this factor was added the revival of national feeling and prejudice, with growing political complications and jealousies. Hence, by gradual steps, the customs policy of France has become more and more strongly restrictive. The first important step was taken in 1881, when a new general tariff was established, in which specific duties replaced the *ad valorem* duties chiefly applied in the treaty tariffs of 1860–66. The new rates were supposed to be no more than equivalent to those replaced by them, but in fact were in some cases higher. New treaty tariffs, less liberal than the earlier ones, were concluded with Belgium, Switzerland and Spain; while with other countries (*e.g.* Great Britain) a "most favoured nation" arrangement was substituted for the previous treaty régime. These new treaty arrangements expired in 1892: even before that date, duties had been raised on grain and meats; and finally, in 1892, a new and more highly protective general tariff was established on the recommendation of M. Méline, with high duties on agricultural products and raw materials as well as on manufactures, and with provisions for limited domestic bounties on silk, hemp and flax. Nevertheless, some provision was made for negotiations with foreign countries by establishing a minimum tariff, with rates lower than those of the general or maximum tariff, the rates of this minimum tariff being applicable to countries which might make concessions to France. As a rule the minimum tariff has been applied, after negotiation, and thus is the tariff in practical effect; yet its rates are still high, and, most significant of all, agricultural products are granted no reductions whatever as compared with the maximum tariff, there being heavy and unrelaxed duties upon grain, animals, meats and the like.

Germany.—The tariff history of Germany, up to the foundation of the German Empire, is the history of the Zollverein or German customs union; and this in turn is closely connected with the tariff history of Prussia. In 1818 Prussia adopted a tariff with much reduced duties, under the influence of the Liberal statesmen then still powerful in the Prussian government. The excitement and opposition in Germany to

the Prussian tariff led to customs legislation by the other German states, some smaller states joining Prussia, while the southern states endeavoured to form independent customs unions. Finally, by gradual steps between 1831 and 1834, the complete Zollverein was formed, notwithstanding popular opposition. All the German states formed a customs union, with free trade between them, except so far as differing internal taxes in the several states made some modifications necessary. The customs revenue was divided among the several states in proportion to population. The tariff of the Zollverein was, in essentials, the Prussian tariff of 1818, and was moderate as compared with most of the separate tariffs previously existing. Within the Zollverein, after 1834, there was an almost unceasing struggle between the Protectionist and Free Trade parties, Prussia supporting in the main a Liberal policy, while the South German states supported a Protectionist policy. The trend of the tariff policy of the Zollverein for some time after 1834 was towards protection; partly because the specific duties of 1818 became proportionately heavier as manufactured commodities fell in price, partly because some actual changes in rates were made in response to the demands of the Protectionist states. In 1853 a treaty between the Zollverein and Austria brought about reciprocal reductions of duty between these two parties. After 1860 a change towards a more liberal policy was brought about by the efforts of Prussia, which concluded independently a commercial treaty with France, forcing on the other members of the Zollverein the alternative of either parting company with Prussia or of joining her in her relations with France. The second alternative was accepted, largely because Austria did not vigorously support the South German states, and in 1865 the Zollverein as a whole concluded a commercial treaty with France, bringing about important reductions of duty. The régime of comparatively free trade thus established lasted for about fifteen years. After the foundation of the German Empire, the duties of the Zollverein became those of Germany, and for a time the liberal régime was maintained and extended, with respect to the tariff as with respect to other matters. But in Germany, as in France, a combination of political and of economic forces led before long to a reaction towards protection. Bismarck broke with the National Liberals, who were the champions of free trade; at the same time the agricultural depression set in, and the agricultural interest demanded protection against American and other foreign competition. The manufacturers, especially of iron, also manœuvred for protection. The reaction came in 1879, when duties were increased on manufactured articles as well as on agricultural articles. Other advances of duty were made in later years, especially on grain; and thus the policy of Germany has become distinctly Protectionist, though not to the same degree as in France. In 1892, however, the precise year in which France gave up her system of commercial treaties, some moderation was brought about in Germany's protective system by commercial treaties with Austria, Italy, Belgium, Switzerland, and shortly afterwards with Russia. These treaties provided for reductions of duties in all directions, the most important concessions being on certain agricultural products. Thus the duty on wheat, which had been gradually raised as high as 5 marks per hundred kilogrammes (roughly 1s. 3d., or about 30 c. a bushel) was reduced to 3.50 marks by the treaties. The rates of these treaties were extended to a number of other countries having "most favoured nation" relations with Germany. The tariff system of Germany, however, at the beginning of the 20th century, remained definitely Protectionist.

In other important countries changes in policy have taken place similar to those noted in Germany and in France. The era of moderated tariffs, which began with the great treaty of 1860, lasted for about twenty years, and was followed in Italy, Austria, Belgium, Switzerland and Spain by a reversion to protection, although usually to a less high system of protection, than had prevailed before 1860. The United Kingdom and Holland alone held consistently and unflinchingly to the principle of free trade. The factors which have brought about this reaction have been, as was already noted, partly economic, partly political: on the one hand, the pressure of competition from distant countries in agricultural products, a consequence chiefly of improved transportation; on the other hand, the revival of national sentiment and prejudice.

The United States.—The tariff history of the United States, like that of European countries, divides itself into two great periods, before and after the year 1860. But it is no more than an accident that this year constitutes the dividing line in both cases, the change in the United States being due to the Civil War, which so profoundly influenced the fiscal, economic and political history of the country in all directions. The period before 1860 may again be divided into three sub-periods, the first extending from 1789 to 1816, the second from 1816 to about 1846, the third from 1846 to 1860.

(1) The Tariff Act of 1789 was the first legislative measure passed by the United States. The Protectionists have pointed to it as showing the disposition of the first Congress to adopt at once a policy of protection; the Free Traders have pointed to it similarly as showing a predilection for their policy. Each had some ground for the claim. The duties of the act of 1789 were very moderate, and, as compared with those which the United States has had under any subsequent legislation, may be described as free trade duties. On the other hand, the spirit of the act of 1789 was protective. It had been the design of Madison, and of other firm supporters of the new constitution, to adopt in 1789 a very simple measure, designed solely to secure revenue. But the pressure from the representatives of some of the states, notably Pennsylvania and Massachusetts, compelled him to incorporate in the Tariff Act certain specific duties borrowed from the Tariff Acts then in force in these states, which had a distinctly protective aim. Thus the act of 1789, although the duties levied by it were moderate, yet had a protective intent. Such in the main remained the situation until 1816, duties being indeed raised from time to time in order to secure more revenue, but the arrangement and the general rate of the duties not being sensibly modified. There was not at this time any considerable public feeling on the subject of protection, chiefly because during most of the years of this period the Eastern states, and especially New England, where manufactures might be expected to develop first, were profitably engaged in an extensive export and carrying trade.

(2) After the close of the War of 1812, however, a new spirit and a new policy developed. With the end of the Napoleonic wars, the opportunities for American commerce became less, while at the same time the expanding population necessarily led to diversified interests at home. A demand arose for two closely connected measures: protection to domestic manufactures, and internal improvements. Protection was demanded as a means both of aiding young industries and of fostering a home market for agricultural products. The chief spokesman of the new movement

was Henry Clay; who remained throughout his life the constant advocate of this so-called "American system" Some disposition in this direction showed itself as early as 1816, when tariff duties were raised. Still greater changes were made in 1824, 1828, and 1832. In 1824 duties were considerably raised; and thereafter the New England states, which so far had been lukewarm in supporting the movement, joined in it unreservedly. The tariff of 1828 was affected by some political manipulation, which caused it to contain objectionable provisions, and to be dubbed "the tariff of abominations" But the so-called abominations were removed in 1832, when the protective system was deliberately and carefully rearranged. By this time, however, the opposition to it in the South had reached a pitch so intense that concessions had to be made. As a planting and slave-owning region, the South inevitably had no manufactures: it felt that its cotton was sure to find a foreign market, and would gain little from the establishment of a domestic cotton manufacture within the country; and it judged, rightly, that the protective system brought it only burden and no benefit. The extent of the burden was greatly exaggerated by the leaders of the South, especially in the heat of partisan controversy; and the subject was closely connected with the controversy as to the rights of the states, and the endeavour of South Carolina under, the influence of Calhoun, to nullify the Tariff Act of 1832. The nullification movement led in 1833 to the well-known compromise, by which the rates of duty as established by the Act of 1832 were to be gradually reduced, reaching in 1842 a general level of 20 per cent. The compromise served its turn in allaying political bitterness and staving off a direct conflict between the United States and South Carolina. But the reductions of duty made under it were never effectively carried out. In 1842, when the final 20 per cent. rate was to have gone into effect, the Protectionists again had control of Congress, and after a brief period of two months, during which this 20 per cent. rate was in force, passed the Tariff Act of 1842, which once more restored the protective system in a form not much less extreme than that of 1832.

(3) Four years later, however, in 1846, a very considerable change was secured by the South, and a new era was entered on. The Democratic party now was in control of legislation, and in the Tariff Act of 1846 established a system of moderate and purely *ad valorem* duties, in which the protected articles were subjected, as a rule, to a rate of 30 per cent., in some cases to rates of 25 and 20 per cent. The system then established has often been spoken of as a free trade system, but was in reality only a system of moderated protection. In 1857 duties were still further reduced, the rate on most protected commodities going down to 24 per cent., and remaining at this comparatively low level until the outbreak of the Civil War.

The second great period in the tariff history of the United States opens with the Civil War. It is true that the first steps towards a policy of higher protection were taken just before the war began. In the session of 1860–61, immediately preceding the outbreak of the conflict, the Morrill Tariff Act was passed by the Republican party, then in control because the defection of Southern members of Congress had already begun. It substituted specific duties for the *ad valorem* duties of 1846 and 1857, and made some other changes of significance, as in the higher duties upon iron and steel. Nevertheless, the advances then made were of little importance as compared with the far-reaching increases of duty during the Civil War. These formed part of the general

resort to every possible fiscal device. The great struggle compelled every resource to be strained to the utmost: the issue of long-time bonds, continual borrowing in very large amounts on short-time inconvertible paper money, an elaborate and all-pervading system of internal taxes, and, finally, heavy import duties. The internal taxes of the war were applied not only in the form of income taxes, stamp taxes, licence and gross receipts taxes, but also as direct excise taxes on many commodities. The import duties were correspondingly raised, partly by way of off-set to the internal taxes; partly as a means of getting additional revenue, and finally in some degree because of a disposition to protect domestic industries. The most important acts were the great revenue acts of 1862 and 1864. Some further changes were made in 1865, and the close of the war thus left the United States with a complicated system of very high taxes both on imported duties and on domestic products.

The main features of the tariff history of the United States since the Civil War have been that the internal taxes have been almost entirely swept away, the import duties on purely revenue articles similarly abolished, while those import duties that operated to protect domestic industries have been maintained; and indeed in many cases increased. The situation has had some analogy to that of France from 1815 to 1860, when similarly a highly restrictive system established during a period of war was unexpectedly retained long after peace had been established. This result in the United States came about by gradual steps and without premeditation. After the close of the war efforts were first directed to clearing the financial situation by funding the floating debt, and taking steps (never fully consummated) towards contracting the currency. Next the internal taxes were gradually done away with, until nothing was left except the excise on beer, spirits and tobacco. No further resort was made to internal taxes until the revenue act of 1898 was passed, at the outbreak of the Spanish War. Efforts were made also to reduce the tariff duties, but these naturally came last: they met with strong opposition, and in the end they were almost completely frustrated, thus leaving as the basis of the tariff the rates which had been levied in the course of the war. In 1870 some rearrangements were made, the duties on iron and on some other articles being reduced. In 1872 a more general reduction was carried out, strongly resisted by the Protectionists, and finally ending in a uniform cutting off of 10 per cent. from all the import protective duties. In 1875, however, when the revenue had become deficient after the crisis of 1873, the 10 per cent. reduction was repealed, and duties restored to their previous amounts. It deserves to be noted that in 1872 an important step was also taken towards removing entirely the duties on purely revenue articles, tea and coffee being then admitted free of duty. On the other hand, the maintenance of the protective duties, and the gradual consolidation of feeling in favour of a permanent policy of strong protection, led to other revisions and rearrangements in the direction of protection. In 1867 an important act on wool and woollens was passed, largely increasing the duties on both. In 1869 the duty on copper was raised. In 1870, while some duties were lowered, others were raised, as, for instance, those on steel rails and on marble. Thus the ten years immediately following the close of the war brought about the gradual transformation of the high duties levied on all commodities for revenue purposes into a system of high duties almost wholly on protective commodities. This transformation met with much opposition, not less in the Republican party than in the Democratic party. While the feeling in the Republican party had been from the outset in favour of protection, so

high a range of duties met with much opposition. This opposition led to an important general revision in 1883, largely influenced by the recommendations of a special Tariff Commission which Congress created in 1882. The act of 1883 was passed in the main as a party measure by the Republicans, and on the whole served rather to put in order the protective system as it stood than to make any change of policy. Certain duties were reduced (though in no case greatly reduced) such as those upon wool, some woollens, cheaper grades of cotton cloths, iron, steel rails, copper. On the other hand, on many articles duties already high, but believed to be insufficient for the effective protection of the domestic producer, were raised; *e.g.*, on finer woollens and cottons, on some iron and steel manufactures.

The tariff system as revised and codified in 1883 would probably, have remained unchanged for many years had it not been for the turn taken by political and financial history. The decade from 1880 to 1890 was one of great prosperity, consequently of rising imports, consequently of swelling customs revenue. In the second half of the decade a continuous large surplus in the Treasury necessarily directed attention to the state of the revenue, and gave strength to the protests against excessive taxation. In addition, the Democratic party, which had long been committed, though in a half-hearted way, against the policy of high protection, was brought to a vigorous and uncompromising attack on it through the leadership of President Cleveland: In his Presidential Message of December 1887 he attacked the protective system in unqualified terms; and in the session of 1887–88 the Democratic majority in the House of Representatives prepared a bill providing for great reductions. The control of the Senate by the Republicans prevented any legislation. But the Republicans, as is almost inevitable under a party system, championed the policy opposed by the other side, and declared themselves not only in favour of the maintenance of existing duties, but of the consistent and unqualified further application of protection. The protection question thus became the main issue in the Presidential election of 1888, which resulted in the defeat of the Democrats. In the next ensuing session of Congress, in 1889–90, the Republicans passed a new tariff act, known as the McKinley Tariff Act, because Mr McKinley was then chairman of the House Committee in charge of the bill. It advanced duties materially on a considerable number of commodities, both raw materials and manufactured articles. The duties on wool were raised, corresponding changes made on woollen goods, the duties on cottons, linens, some silks, and velvets considerably raised. A further step towards consolidating the protective system was taken by abolishing the duty on sugar, mainly a revenue duty. The necessity for reducing the revenue and cutting down the continued surplus was met in this way rather than by lowering the protective duties. For consistency in maintaining the protective principle a direct bounty was given to the domestic producers of sugar in Louisiana. A turn in the political wheel brought an abrupt change four years later, in 1894. The tariff question was again the issue in 1892: President Cleveland, defeated four years before, was now again elected, and the Democratic party came into power, pledged to change the tariff system. Accordingly in the first ensuing session of the Congress elected in 1892 the tariff act of 1894 was passed, known as the Wilson Tariff, bringing about considerable reductions of duty. The measure, however, was less incisive than its chief sponsors had planned, because of the narrow majority commanded by the Democrats in the Senate. Some of the Democratic senators were lukewarm in their support of the party policy of tariff reduction, and joined with the

Republicans in mitigating the changes. Nevertheless some crucial changes were made. The duty on wool, typical among the duties on raw materials, was completely abolished, and with this change came a great reduction in the duties upon woollen goods. Changes, but of less importance, were made on other textile goods. The House had proposed to remove also the duties on coal and on iron ore, but the Senate permitted only a reduction in these. A duty was reimposed on sugar, chiefly as a means of securing needed revenue, but at a less rate than had existed before 1890. At the same time the differential duty on refined sugar, which operated as protection to the sugar trust, was not abolished, as the ardent tariff reformers had proposed, but kept in substance not greatly changed. This circumstance, as well as the failure to make other desired reductions, caused the ardent tariff reformers to be greatly disappointed with the act of 1894 as finally passed, and led President Cleveland to permit it to become law without its endorsement by his signature. The next election in 1896 brought still another turn in the political wheel, the Republicans being once more brought into power under the leadership of President McKinley. The currency issue had been foremost in the campaign, but the Republicans had also proclaimed themselves in favour of a return to the unqualified protective system. At the extra session which President McKinley called in 1897, almost the sole measure considered was the tariff act, known again from the name of the chairman of the House Committee) as the Dingley Act. This reimposed the duties upon wool, on most qualities at the precise rates of 1890, on some qualities at even higher rates. Necessarily the duties on woollens were correspondingly raised, and here again made even higher than they had been in 1890. On other textiles, particularly on silks and linens, similar advances were made. As a rule, the duties of 1890 were either retained or somewhat advanced. To this policy, however, there was a significant exception in the iron and steel schedule, where the reduced duties of 1894 were left mainly unchanged. The iron industry in the United States had made extraordinary advances, and confessedly was not in need of greater protection than had been given in 1894. Some provisions for reciprocity arrangements with other countries, opening the way for possible reductions of duty by treaty arrangements, were also incorporated in the act of 1897, though with limitations which made it improbable that any considerable changes would ensue from this policy. Some such provisions had also been contained in the act of 1890, but here also without important results. The tariff system of the United States at the beginning of the 20th century thus remained rigidly and unqualifiedly protective, with rates higher than those of even the most restrictive tariffs of the countries of the European continent.

AUTHORITIES.—

Amé, *Étude sur les tarifs de douane et sur les traités de commerce* (Paris, 1876);

P. Ashley, *Modern Tariff History* (London, 1904);

W. J. Ashley, *The Tariff Problem* (London, 1904);

Carl Ballod, *Die deutsch-amerikanischen Handelsbeziehungen* (Leipzig, 1901);

C. F. Bastable, *The Commerce of Nations* (London, 1892);

- A. Beer, *Österreichische Handelspolitik im XIX. Jahrhundert* (Vienna, 1891);
- S. J. Chapman, *History of Trade between the United Kingdom and the United States, with special reference to the Effect of Tariffs* (London, 1899);
- G. B. Curtiss, *Protection and Prosperity: an Account of Tariff Legislation and its Effect in Europe and America* (1896);
- Sir C. Dilke, *Problems of Greater Britain* (London, 1890);
- Dowell, *History of Taxes and Taxation in England*;
- T. H. Farrer, *The State in Relation to Trade* (1883);
- G. M. Fisk, *Die Handelspolitik der Vereinigten Staaten, 1890–1900; Schriften des Vereins für Socialpolitik, XC.* (Leipzig, 1900);
- Funck-Brentano and Dupuis, *Les tarifs douaniers et les traités de commerce* (Paris, 1896);
- W. Lotz, *Die Handelspolitik des Deutschen Reiches, 1800–1900* (Leipzig, 1901);
- H. Richelot, *Le Zollverein* (1859);
- J. W. Root, *Colonial Tariffs* (Liverpool, 1906);
- E. Stanwood, *American Tariff Controversies in the Nineteenth Century* (London, 1903);
- F. W. Taussig, *The Tariff History of the United States* (New York, 1893);
- J. Wernicke, *System der nationanalnen Schutzpolitik nach aussen* (Jena, 1896).