3

Was there Free Trade in the Rest of the World?

The European commercial expansion resulting from the Industrial Revolution had very different consequences on the trade policies of the rest of the world. In simplified terms, this can be divided into two spheres. In those parts of the world which gradually became part of the developed world, protectionism was the dominant commercial policy. This was especially the case in the United States, which, far from being a liberal country as many think, can be characterized as 'the mother country and bastion of modern protectionism'. In the second sphere, the future Third World (and especially those countries that were colonized), liberalism prevailed, but it was not by choice; it was enforced liberal commercial policy.

I shall outline a brief history of these developments, but first it is worth giving a schematic overview of the trade policies of major non-European civilizations before the nineteenth century.

Non-European traditional trade policies before the nineteenth century: a sharp contrast over time and space

Contrast over time? Let us just give two, but major, examples: China and Japan. Here we can speak almost of a fallacy of protectionism. Both countries are generally described historically as very closed economies. This was indeed true for centuries and especially for the first centuries of closer, or at least more frequent, contact with Europe (from the beginning of the sixteenth century to the beginning of the nineteenth).

But this has not always been the case. In China's Sung dynasty (AD 960–1279), maritime trade increased greatly and provided the basis for the very substantial growth of some coastal cities.[1] The Europeans' image of a China closed in on itself, meeting foreign traders with distrust as they came into direct contact with the Celestial Empire at the beginning of the sixteenth century, has no bearing on these three centuries. Commercial relations with the outside world were not only tolerated but actively sought and encouraged. Thus the edict of 1137 issued by the Emperor Kao Tsung declared, among other things: 'The profits from maritime trade are very great. If they are managed adequately, they can bring in a million [of monetary units of the period]. Is this not better than to tax the people?' Foreign merchants were not only welcomed but were sometimes fêted and authorized to establish themselves in many cities. Moreover, China itself dispatched trade missions abroad and participated directly in international exchange. This open policy, which also meant Chinese commercial and maritime expansion, received a further impetus under the Mogul Dynasty (AD 1280–1368).

However, after a little more than five hundred years of what could be called liberal trade policy, China closed its doors. This took place in 1490, just two years before Columbus reached the New World in his search of a direct sea link to Asia. Two and a half centuries later (in 1757), China further reinforced its 'protectionism'. But these two measures had very different origins. The first case was mainly an expression of arrogance towards the less-developed 'barbarians' making up the rest of the world; in the second case, it was more a defensive measure against an intruding and vigorous West.

Japan, which between 1639 and 1854 was probably one of the most closed societies (only one Western boat could enter a Japanese harbour every year), also had a period of openness. In fact, it was a side-effect of this openness that led to the strict reaction of 1639. From the 1550s onwards, the Jesuits, followed by other religious orders, succeeded in converting many of the population in some regions of Japan, and those regions were also more prone to contact with the West. In the first years of the seventeenth century the number of Christians is estimated to have reached some 700,000 (or 3% of the population). An order prohibiting Christianity was promulgated in 1612. The predominant role played by Christians in the uprising of 1637 led in 1639 to an almost total ban on foreign trade, which was viewed as a vehicle of foreign ideas and ideologies. Thus in very broad terms, the 'liberal' period lasted some 250 years, from the fifteenth century to the middle of the seventeenth.

Sharp contrast in space? Indeed, during those centuries when China and Japan were very 'protectionist', another large non-European empire was very 'liberal': the Ottoman Empire. It is interesting to note that the ardent nineteenth-century free trader, J. R. McCulloch, begins his outline of the commercial policy of the Turks in his *Dictionary of Commerce* as follows: 'It is singular that as respects commerce, the policy of the Turkish government, whether originating in design or carelessness, is entitled to the highest praise.'[2] Indeed, this policy could be praised by a free trader since the Ottoman Empire was very open to imports. Import duties were lower than most internal duties. This liberal policy can be traced back to 1536, the date of one of the first 'commercial treaties' between the Ottoman Empire and a European country (France). More specifically, it can be seen to originate in the 1790 'capitulation'. The term 'capitulation' does not derive from the word 'capitulate' (surrender), even if during the nineteenth century it led to such a situation. It comes from the Latin *caput*, meaning 'head' and also 'chapter'. In its origins the capitulation was an act granting economic privileges by the Ottoman sultans to a subject of friendly non-Muslim states. The 1673 and 1740 capitulations (which were supposed to be perpetual) implied only 3% import and export duties, and some internal trade taxes that were higher than that. In fact, if those capitulations were not perpetual, they were abrogated only by the treaty of Lausanne in July 1923.

It is interesting to note that if the trade policy of the Ottoman Empire was praised by a British free trader, it was also called as evidence by an opponent of many aspects of British free trade policy: Disraeli. He intervened during the great debate on the abolition of the Corn Laws (February 1846) which was, in fact, 'the' debate on protectionism and free trade. After giving the example of Spain as that 'of the injury done by prohibitive protection' he cited the example of Turkey as 'an instance of the injury done by unrestricted competition'. For the Ottoman Empire he declared:

> There has been a complete application for a long time of the system of unmitigated competition, not indeed from any philosophical conviction of its policy, but rather from the haughty indifference with which a race of conquerors is too apt to consider commerce. There has been free trade in Turkey, and what has it produced? It has destroyed some of the finest manufactures of the world. As late as 1812 these manufactures existed; but they have been destroyed. That was the consequences of competition in Turkey, and its effects have been as pernicious as the effects of the contrary principle in Spain.[3]

The United States: mother country and bastion of modern protectionism (1791–1860)

The long protectionist history of the United States is forgotten more often than that of Continental Europe,[4] even though as early as the nineteenth century the relative economic importance of the United States among the non-European developed countries was very large. To give just one example: in 1860 the US population was 32 million compared to 5 million for the total of the rest of this group (Australia, Canada and New Zealand).

As noted earlier, one should not forget that modern protectionism was born in the United States. In 1791, Alexander Hamilton, the First Secretary of the Treasury (between 1789 and 1795) in the first US government, drew up his famous *Report on Manufactures*, which is considered to be the first formulation of modern protectionist theory. I have briefly outlined in Chapter 2 the main elements of the protectionist theory as presented by Friedrich List. The major contribution of Hamilton is the emphasis he put on the idea that industrialization is not possible without tariff protection. He was apparently the first to have introduced the term 'infant industries'. Even if the 'infant industry' argument was already present in mercantilist theories, Hamilton put it to the forefront of economic thinking.

At the end of the nineteenth century, Callender could write, with no exaggeration, that:

> Next to currency problems no purely economic subject has aroused so much interest in the United States, and played so great a part in political discussion both in and out of Congress as the tariff policy of the federal government. From the first measure of 1789 until the present time no generation of the American people has escaped the tariff controversy.[5]

A legislator in the state of Pennsylvania suggested that man should be redefined as 'an animal that makes tariff speeches.'[6] Further, it is no exaggeration to say that the tariff question had been one of the causes of the American Revolution.

The first tariff of 1789 is often described as moderately protectionist; in fact, analysis of the levels of import duties shows it to be a liberal tariff. It is true that, compared with the previous situation, this tariff was a step towards protectionism, and, in addition, the remoteness of the United States from other world economies constituted a natural, protective barrier. This first American tariff, which, according to its preamble, was aimed at protecting local industry, provided duties for manufactured goods averaging about 7.5–10%. After two successive revisions, the tariff of 1792 increased duties on most categories of goods by 50%. On many subsequent occasions various duties were increased, leading to the 1816 tariff, where import duties were about 35% for almost all manufactured goods.

The opposition between the South, which as an exporter of agricultural products (cotton, tobacco) was liberal, and the North, which was industrializing and hence protectionist, emerged during this period. The protectionist movement – supported by economists such as Daniel Raymond and, later, Henry C. Carey – was encouraged by pockets of unemployment and by cyclical crises. From 1819 onwards, associations were formed to press for industrialization to be achieved as a result of protectionism. This movement was also well supported by publications.

From then on it is possible to divide nineteenth-century American commercial history into three relatively distinct periods. The first, which can be called a protectionist phase, lasted from 1816 to 1846. From 1846 to 1861 came a period which is sometimes said to have been liberal, but should more accurately be described as one of very modest protectionism. The final phase, which lasted from 1861 to the end of our period (and in fact to the end of World War II), was one of strict protectionism. Let us examine this in more detail.

After some congressional vicissitudes, a series of modifications adopted between 1824 and 1832 further strengthened the protectionist nature of the 1816 tariff. Import duties on woollen manufactured goods were 40–45% and those for clothing 50%; but import duties on all manufactured goods averaged 40%. Some duties on agricultural products were also increased: on many these amounted to more than 60% of their value. On the basis of the importance of import duties relative to import values – not a perfect indicator – the tariff in force after 1829 showed American protectionism at its height (see Table 3.1).

This development led to a serious crisis because of opposition from the South and certain states declared the federal laws on these matters null and void. The crisis was resolved in 1832 by the adoption of the Compromise Bill, which provided for a progressive reduction in the highest import duties, leading to a relatively unified level of 20% in 1842. This liberalization of trade policy reached its peak with the tariff of 1842, which reduced import duties on manufactured goods to an average of 25% and increased the number of products that could enter freely. However – and this was characteristic of American tariff history – this rather liberal tariff remained in force for only a very short period: two months. The emergence of the Whig Party (which was highly protectionist) and the political crisis of 1841–2 (linked to the death of President William Harrison one month after his inauguration in 1841) led to the tariff of 1842, which more or less restored the high tariff levels of 1832.

The return of the Democrat Party in 1844 resulted in the tariff of 1846, which reduced import duties by about 10–20% and generalized the system of *ad valorem* duties. The average *ad valorem* duty on the 51 most important categories of imported goods was 27%. There were scarcely

Table 3.1 Ratio of import duties to imports in the United States for significant trade policy periods and recent data, 1823/4–1988/90

	Ratio of duties calculated to imports (%)	
	Total imports (free and dutiable)	Dutiable imports
1823/4	43.4	45.8
1829/31	50.8	54.4
1842/6	25.3	31.9
1857/61	16.3	20.6
1867/71	44.3	46.7
1891/4	22.9	48.9
1908/13	20.1	41.3
1914	14.9	37.6
1923/7	14.1	37.7
1931/3	19.0	55.3
1935/8	16.4	39.8
1944/6	9.5	28.3
1968/72	6.5	10.1
1978/82	3.5	5.8
1988/90	3.6	5.4

Sources: US Bureau of Census, *Historical Statistics of the United States, Colonial Times to 1970*, Washington, 1975, p. 888. US Bureau of Census, *Statistical Abstract of the United States*, Washington, various issues.

any major modifications until the tariff of 1861, and this is the phase we have called modest protectionism.

The year of Napoleon III's liberal *coup d'état*, 1860, is in the United States the year in which Abraham Lincoln was elected and which marked the beginning of the Southern states' secession. The long and bloody American Civil War, which ended in April 1865, signified the victory not only of the abolitionists of the North over the pro-slavery South but also the triumph of the protectionists of the Northern industrial states over the free marketers of the South, whose main export was raw cotton. As can be seen in Table 2.2 (in the preceding chapter) around 1875, at the height of economic liberalism in Europe, whereas in Continental Europe the average level of duties on manufactured goods was 9–12% the rate in the United States was 40–50%. To these figures one must still remember to add the natural protection resulting from geographical distance of European exporters.

If in 1791 the new-born United States was a very small economic entity, things were very different by 1860. To give some idea of the rapid changes, let us first note that in 1791 the US population had just passed 4 million, which represented 2% of Europe's population (including Russia), and US manufacturing capacity represented probably 1% of that of Europe. In 1860 the US population had reached 32 million which not only represented 11% of that of Europe but put the United States on a level with the greatest European states. At the time France had 37 million inhabitants; Germany, 36 million; Austria-Hungary 35 million; the United Kingdom 29 million; Italy 25 million; and Spain 16 million. Only backward Russia had a much larger population (probably 78–84 million). In 1860 the volume of United States' industrial production represented 13% of that of Europe, and only 20 years later the ratio would rise to 24%. This means that from 1870 to 1880 onwards tariff events in the United States became events of world importance.

The United States: from 'infant industries' arguments to the protection of American wages (1861–1914)

As noted earlier, at the beginning of the 1860s the turning points in tariff history in Europe and the United States were very different, and it is during the 1860–90 period that the contrast between European and American trade policies became most marked. The 1861 tariff was the beginning of a policy that was to be followed in the United States until the end of World War II. Import duties were increased again during the American Civil War, and victory by the North brought further protectionism. The tariff in force from 1866 to 1883 provided for import duties averaging 45% for manufactured goods (the lowest rates of duty were about 25% and the highest about 60%).

The way in which the United States caught up with, and even overtook, European industry rendered obsolete the 'infant industries' argument for United States protectionists. The Republican Party therefore based its case for introducing the McKinley Tariff of 1890 on the need to safeguard the wage levels of American workers and to give the agricultural sector more protection. This tariff implied a distinct increase in effective protection, due to a general increase in import duties, a combination of specific and *ad valorem* duties (with sliding scales) and an enlargement of the number of tariff items.

During the 1890–1913 period there was a series of tariff modifications which alternately reduced and increased import duties by small amounts, according to the results of elections. The principle of reciprocity, which was already central to United States' trade policy, was retained. In his message to Congress in 1901, Theodore Roosevelt wrote:

> Reciprocity must be treated as the handmaiden of Protection. Our first duty is to see that the protection granted by the tariff in every case where it is needed is maintained, and that reciprocity be sought for so far as it can be safely done without injury to our home industries.[7]

Table 3.2 Indicators of tariff levels in 1913 in different types of country

	Import duties as % of special total imports (1908/12)	Approximate average level of import duties on manufactures	Level of duties on wheat
Developed countries			
Continental Europe	10.4	19	25
United Kingdom	5.7	0	0
Australia	18.2	16	22
Canada	18.7	26	–
Japan	9.1	25–30	18
New Zealand	16.6	15–20	3
United States	21.4	44	0[a]
Non-developed countries			
Selected independent (in 1913) countries			
Argentina	21.6	28	0
Brazil	37.4	50–70	–
Colombia	49.1[b]	40–60	20
Mexico	33.7[b]	40–50[c]	42
Selected semi-independent (in 1913) countries			
China	3.3	4–5	0
Iran	8.0[b]	3–4	0
Siam	2.7[d]	2–3	3
Turkey	–	5–10	11

[a] With 10% for wheat originating from countries where US wheat is imposed.
[b] To total imports.
[c] 1910.
[d] 1910/13.

Sources: Percentages of import duties: author's computations based on various national sources.
Average level for manufactures:
Ranges: author's estimates on basis of individual tariffs.
Other figures: see Table 2.3 and national sources.
Level of duties on wheat: see Table 2.3 for method of calculation. Additional sources were used for this table.

On 4 October 1913 a serious (but very temporary) break with previous policy occurred. This change in direction was made possible by the victory of the Democratic Party in the 1912 elections. The so-called Underwood Tariff of 4 October 1913 led to a large increase in the categories of goods allowed free entry and to a substantial drop in average import duties. According to calculations by the League of Nations, the average duty on imports fell from 33% to 16% and the average duty on manufactured goods from 44% to 25%.[8] This still remained one of the highest tariff rates in the world (see Table 3.2).

This interlude of moderation in US protectionist policies did not last long. World War I prevented the tariff of October 1913 from having any important role, and following the return to power of the Republican Party in May 1921 new 'emergency' tariff legislation came into force on 22 September 1922. This involved a distinct increase in protectionism compared with the 1913 tariff. Although import duties did not return to the high levels of the tariffs in force in the 1861–1913 period, the percentage effectively paid on manufactured goods rose by 30%. So strong is the idea of the United States as a leader in free trade policies that, despite the fact that the October 1913 tariff had almost no practical meaning, often we find that it is generally accepted as an indicator of the US level of duties for the pre-World War I period.

British dominions: tariff independence brings protectionism

The fact that tariffs played an important role in the rejection by the United States of British rule was an important factor in Britain's early decision to grant a large measure of tariff independence to what were later (at the end of the century) to become the self-governing colonies, in other words, essentially those with large European populations (Canada, Australia and New Zealand). In the nineteenth century the trade policies in these countries went through two main phases. The first, which, depending on the country, lasted until 1867–88, was a period of liberal policies justified mainly by the export opportunities for agricultural products favoured until the early 1850s by the British preferential system. During the second phase (between 1867/88 and 1913), all these countries sought, to some degree and with varying amounts of success, to encourage their industrial sectors through protectionist tariff policies. The geographical position of these countries was an important influence on their policies: the isolation of Australia and New Zealand contrasted with the proximity of the United States to Canada.

In Canada, the repeal of the Corn Laws in Britain (in 1846) and the abolition of other preferences on Canadian goods led to the necessity of a drastic reorganization of Canadian trade policy, since from 1840 to 1846 60–70% of Canadian exports went to the United Kingdom. The Canadians naturally turned towards their southern neighbour, and this led to the reciprocity treaty of 1854 with the United States which resulted in free trade in agricultural products between the two countries in exchange for fishing and navigation rights for the Americans.

However, the major turning point came when the Canadian Conservative Party adopted a 'National Policy' based on protectionism as their election platform in October 1878. The new tariff legislation of 1879 protected both agriculture and industry. For agricultural goods, average import duties were between 20% and 50% *ad valorem*, and manufactured goods about 20–30%. This was only the beginning of a series of increases in duties which continued to 1887, raising the degree of effective protection in most sectors of industry. By 1887 the average import duties on manufactured goods were around 25–35%. This protective policy did not exclude the 'motherland', but in 1898 a unilateral preference of 25% for British goods was introduced.

Australia or, more precisely, the colony of Victoria (accounting at the end of the nineteenth century for about 46% of the population of the six separate colonies which formed the Commonwealth of Australia), was the first British colony to introduce a trade policy intended to promote industry by means of a protectionist tariff. This policy, which dates from 1867, can be largely explained by the unemployment in this region at the beginning of the 1860s. The unemployment was itself the result of the extremely rapid influx of population[9] resulting from the discovery of rich gold seams in 1851. After 1856 gold production began to drop, thus creating a large unemployed workforce composed mainly of townspeople.

The first Australian federal tariff in 1902 represented a compromise between the protectionism of Victoria and the liberalism of the other states. This truce did not last long: the 1906 Australian elections returned a protectionist majority. In 1906 the Australian Industries Preservation Act was passed, which was an anti-dumping law. The new tariff of 1908 aimed at protection and provided for a doubling of import duties on most categories of goods, while retaining preferences for British products. On the whole, the degree of protection in 1913 (see Table 3.2) was lower than that prevailing in Canada, and lower even than the average level in Continental Europe. But Australia's extreme remoteness from Europe must be taken into account. Further, the tariff reform of 1914 provided for an increase in import duties on manufactured goods of about 25%. Even though this increase was a war measure, it should be noted that the tariffs adopted after the war reinforced protectionist tendencies.

Throughout the entire nineteenth century New Zealand had a more liberal tariff than either Australia or Canada. This can be explained by the size of the country (fewer than 500,000 inhabitants in 1880, as opposed to 2,500,000 in Australia and 4,300,000 in Canada) and by the dominant importance of agriculture in the New Zealand economy. Except for some processing industries linked to agricultural exports, the local market was too small to permit real industrialization. However, even in New Zealand the depression of the 1880s caused a change in attitude towards the tariff system, which had until then been regarded purely as a means of raising revenue. In much the same way as had happened in Australia, the decrease in gold production resulted in the

Table 3.3 Average tariff rates on manufactured products in selected developed countries, 1820–1987 (weighted average; in percentages of value)

	1820[a,b]	1875[b]	1913	1925	1931	1950	1980	1990
EUROPE								
Austria[c]	*	15–20	18	16	24	18	14.6	12.7
Belgium[d]	6–8	9–10	9	15	14	11	8.3	5.9
Denmark	25–35	15–20	14	10	–	3	8.3	5.9
France	*	12–15	20	21	30	18	8.3	5.9
Germany[e]	8–12	4–6	13	20	21	26	8.3	5.9
Italy	–	8–10	18	22	46	25	8.3	5.9
Netherlands	6–8	3–5	4	6	–	11	8.3	5.9
Russia	*	15–20	84	*	*	*	*	*
Spain	*	15–20	41	41	63	–	8.3	5.9
Sweden	*	3–5	20	16	21	9	6.2	4.4
Switzerland	8–12	4–6	9	14	19	–	3.3	2.6
United Kingdom	45–55	0	0	5	–	23	8.3	5.9
United States	35–45	40–50	44	37	48	14	7.0	4.8
Japan	*	5	30	–	–	–	9.9	5.3

* Numerous and important restrictions in importation of manufactured products, which make all calculations of average tariff rates not significant.
- Not available.
[a] Very approximate rates.
[b] Range of average rates, not extremes.
[c] Before 1925 Austria-Hungary.
[d] In 1820: the Netherlands.
[e] In 1820: Prussia; after 1931 Federal Republic of Germany.

Note: The data for one period are not strictly comparable to those following it, with the exception of 1820/75, 1913/25 and 1978/87.

Sources:
1820 and 1875: Author's calculations. See Bairoch, P., *Commerce extérieur et développement économique de l'Europe au XIXe siècle*, Paris and The Hague, 1976; except United States and Japan: Bairoch, P., 'European trade policy, 1815–1914', in Mathias, P. and Pollard, S. (eds), *The Cambridge Economic History of Europe* (Volume VIII, *The Industrial Economies: The Development of Economic and Social Policies*), Cambridge, 1989, pp. 1–160.
1913 and 1925: League of Nations, *Tariff Level Indices*, Geneva, 1927; except for Japan: Bairoch, P., 'European trade policy, 1815–1914', *op. cit.*
1931: Liepmann, H., *Tariff Levels and the Economic Unity of Europe*, London, 1938. Except for the United States and Japan: Bairoch, P., 'European trade policy, 1815–1914', *op. cit.*
1950: Woytinsky, W.S. and Woytinsky, E. C., *World Commerce and Governments*, New York, 1955.
1980 and 1990 (or pre and post Tokyo round): GATT's Secretariat.

strengthening of a protectionist trend which was already noticeable in 1873. Again, as in Australia, the workers' parties strongly supported the protectionist movement. This pressure came to a head in 1888, and the tariff adopted in that year involved a policy based in principle on the protection of certain sectors of industry.

Thus, as we have seen, it is no exaggeration to claim that, with the exception of Britain, the developed world was an ocean of protectionism. It was an ocean that did not recede until after World War II (see Table 3.3).

In the future Third World: liberalism enforced

If we move outside the ocean of protectionism that washed the developed world there is no doubt that the future Third World was an ocean of liberalism. But it was compulsory economic liberalism, an economic liberalism of two main types, one for real colonies, and another for nominally independent countries for which certain customs regulations had been suggested (or imposed).

As far as the colonies were concerned, the general rule consisted of free access to all the products of the mother country (occasionally charged with low duties for fiscal reasons). In certain colonies, particularly the British ones, in the second half of the nineteenth century all goods, whatever their place of origin, were freely allowed in but with disguised measures for giving precedence to products from the mother country. These measures consisted mainly of formal or informal pressures on public or semi-public sectors, such as railways, to use the 'motherland's' products.

Furthermore, in some cases when import duties were imposed on manufactured goods for fiscal reasons, they were minimal and often counterbalanced by local fiscal measures. This was notably the case of India when, after 1859, the British government reintroduced modest duties (5%) on textile goods. As the result of a 'legitimate' protest by British manufacturers, local Indian producers of those goods were subject to a tax of the same magnitude in order to put the two types of production on the 'same footing'.

As for the Third World countries which were independent or not real colonies in the nineteenth century, that is, the most important parts of Latin America, China, Thailand and the Middle East as a whole, Western pressure had imposed on most of them treaties that entailed a more or less total elimination of customs duties on imports. Generally, it was the '5% rule' that applied, that is, a tariff regulation under which no duty could rise above 5% of the import value of the goods.

Most of those treaties, rightly called 'unequal treaties', were signed between 1810 and 1850, mainly initiated by British pressure. The political independence of almost all Latin American countries (which took place mainly between 1804 and 1822) had been largely helped by British intervention. This led to numerous trade treaties, one of the earliest of which was with Brazil in 1810. All these treaties opened those countries' markets to British and European manufactured products. Before their independence, it should be remembered that almost all Latin American countries were under Spanish or Portuguese domination; i.e. by the least industrialized countries in Europe.

A tariff treaty with the Ottoman Empire was signed in 1838, opening still further what was already a very open economy, as we have seen. The Opium Wars (1839–42), which in fact aimed at making the vast Chinese territory available to British trade, ended with the Treaty of Nanking on 29 August 1842. This was the first step towards China's loss of tariff independence, which went as far as the appointment of a British citizen (R. Hart) as Inspector-General of customs, who remained in office from 1863 to 1908. The most comprehensive treaty with Thailand, leading to a real open economy, was signed in 1855, but this was preceded by others in 1824, 1826 and 1833.

If certain countries, particularly the large ones of Latin America, were able to modify their customs policies from 1880 onwards, we will see in Chapter 8 that others had to wait until World War I and even later to free themselves from these restraints. For example, China regained independence in this field only in 1929, and Turkey in 1923.

At the beginning of Chapter 2 I described the trade policy of Europe around 1815 as an ocean of protectionism with a few liberal islands. To a very large extent, the same description holds true for the entire world around 1913. In the developed part of this world there were only two islands of liberalism. The most important one was indeed an island in real terms: Britain; and the other country is very open to the sea: the Netherlands. The combined exports of these two countries then represented 21% of those of all the developed countries (this was also the share of Germany and Belgium). In the Third World the independent (or semi-independent such as China) liberal countries' combined exports represented only 22% of Third World exports, and this was enforced liberalism. The rest of the Third World's exports came from colonies which even had more liberal tariffs. Therefore, the Third World was an ocean of liberalism without any island of protectionism. Between 1815 and 1913 only Europe had a short period of real liberalism lasting, on average, no more than a fifth of this time span. Since we must wait until the early 1960s to see the beginning of a new liberal period, the liberal interlude was reduced to a seventh of the time span, not counting the mercantilist centuries that preceded 1815. Therefore, from 1815 to 1960 it is very difficult to speak, as is often done, of a past Golden Era of free trade!

Notes

1 Ma, L. J. C., *Commercial Development and Urban Change in Sung China*, Ann Arbor, 1971.
2 McCulloch, J. R., *Dictionary, Practical, Theoretical and Historical of Commerce and Commercial Navigation*, new edition, London, 1844, p. 373.
3 Quoted by Holland, B., *The Fall of Protection, 1840–1850*, London, 1913, p. 265.
4 A few years ago, I listened to a Voice of America programme on American radio in which a debate was held between a 'free trader' and a 'protectionist' on the necessity for a change in United States' trade policy on manufactured goods. One of the major and 'devastating' arguments of the 'free trader' was to ask his opponent the following question (I am quoting from memory): 'What would have happened in the past if this country had adopted a protectionist policy; would the United States have reached such a high level of industrialization?' The most astonishing fact was that, apparently, the 'protectionist' representative was not aware of the United States' long history of protectionism.
5 Callender, G. S., *Selection from the Economic History of the United States, 1765–1860*, Boston, 1909; quoted by Taylor, G. R. in Taylor, G. R. (ed.), *The Great Tariff Debate, 1820–1830*, Boston, 1968, p. v.
6 Eiselen, M. R., *The Rise of Pennsylvania Protectionism*, Philadelphia, 1932, p. 7.
7 Ashley, P., *Modern Tariff History: Germany-United States-France*, 3rd edn, London, 1920, p. 238.
8 League of Nations, *Tariff Level Indices* (International Economic Conference, Geneva, May 1927), Geneva, 1927.
9 In 1850 Victoria had 76,000 inhabitants, but by 1860 there were 538,000 (representing an annual growth rate of 22%).

4

Has Protectionism Always had a Negative Impact?

Analysis of the economic impact of nineteenth-century commercial policies is certainly not easy. Obviously, this is also the case for any attempt to isolate one factor among the complex mix of factors playing a role in economic development. But in the case of commercial policies there are many preconceived ideas which have become almost dogma. Only recently (in the last two to three decades) have there been sufficient macroeconomic data to question the dogma that protectionism has necessarily a negative impact on an economy.

I will concentrate here on six main aspects that are linked to the most important changes in tariff history, even if some are not directly the topic of this chapter. I will begin with the impact of the first case of trade liberalization, that of the United Kingdom after 1846, which for that country meant a confirmation of liberal theories. Then I will move on to the difficult problem of free trade in Europe and the great European depression of 1870–2 to 1891–3; this is difficult mainly for liberal theories, since the depression started when trade policies reached their most liberal stage. The third section will deal with the impact of Continental Europe's return to protectionism after 1892. This return 'paradoxically' coincided with economic expansion in Europe. The fourth section is entitled 'Protectionism and the expansion of foreign trade', although this may be considered provocative by some readers. The fifth and sixth sections will consider the non-European developed countries, especially the United States, which will confirm the positive impact of protectionism. The final section will be concerned with the impact of the compulsory liberalism on the Third World; liberalism that was to be the road to underdevelopment.

Liberalism and economic growth in the United Kingdom after 1846

The major question is whether British trade liberalization had a positive impact on the trade and economic growth of that country itself. Analysis of annual statistics on exports and GNP shows that this major change in tariff policy was accompanied by acceleration not only in the growth of foreign trade but also in the rate of economic growth. But was this the result of trade liberalization?

The expansion of exports was already extremely rapid in the 10–15 years before 1846 (about 5% per annum), and it accelerated further after that date. From 1843/7 to 1857/61 the volume of British exports increased by just over 6% per annum. It is worth emphasizing that this growth (for such a time span) was the most spectacular since data was available on the subject (1697).

Economic growth was equally exceptional in this period. Between 1843/7 and 1857/61 the annual growth in the volume of GNP was 2.4%. Since this period was marked by a very slow population growth (0.2% per annum) due to a fall in Ireland's population, the per capita growth of GNP was 2.2%, which is the highest recorded for a period of this length, certainly between 1800 and 1945, and probably from the Industrial Revolution to 1945.

The share of British cotton manufactures sold abroad, which had begun to fall before 1846, now rose again. From the point of view of the international cotton trade this meant a further rise in the importance of the United Kingdom, which was already predominant in the field. As far as iron was concerned, Britain's share of European production rose from 54.2% for 1838/42 to 58.5% for 1851/62.

It is thus clear that the global balance sheet was extremely favourable to Britain. British industry, which had a very important technological lead, had found a much larger market. But this market was essentially outside Europe. The value of exports to Europe increased by 4.5% per annum between 1839/41 and 1859/61, while those to the rest of the world increased by 5.1%. This expansion of imperial trade reduced the importance of Europe. In 1830 exports to Europe accounted for about 48% of British sales, and in 1860 for no more than 34%.

These last percentages highlight the fundamental difference between the geographical structure of British exports and those of the rest of Europe. Towards 1860 Continental European exports to other European countries represented 82% of the total.[1] The relatively small proportion of British exports to Europe explains the attempts to convert the

Europeans to liberalism in the 1850s and is itself explained by the protectionism of Continental Europe.

Therefore, globally speaking, the first free trade experiment was a positive one, and this had, as we have seen, an important impact on the policies of most European countries after 1860. But one should not forget the uniqueness of the British situation around 1846. Not only was Britain the birthplace of the Industrial Revolution, but this revolution had reached its centenary in Britain while most other countries had been industrialized for less than fifty years. This implied, as mentioned earlier, a very important technological lead. Last but not least, this lead had been achieved behind high and long-lasting tariff barriers.

Free trade and the great European depression

As we saw in Chapter 2, the liberal phase of European trade policies lasted from 1860 to 1892 while the period when free trade reached its height in Europe in the nineteenth century was undoubtedly during the twelve years from 1866 to 1877. In the middle of this period (around 1870–73) there began what has been called the great depression of Europe.

As far as the volume of European trade was concerned, the reversal of the trend began in 1873. Partly as a result of the rapid expansion of British foreign trade, the volume of European exports grew very rapidly in the 1846–60 period. The first decade (1860–70) of the free trade period had already been marked by a noticeable slackening in this growth, but there was almost no deceleration for Continental Europe. From 1873 to 1893/4, however, the volume of European sales grew only by about 2.3% per annum, compared to 5–6% in the preceding decades. For Continental Europe this slowing down was even more pronounced (see Table 4.1).

This serious decline in the growth of trade is only one aspect of the depression. In the case of economic growth, the turning point came a little earlier: in 1868–70. The European per capita growth rate of GNP declined from an annual rate of about 1.6% for the 1850s and 1860s to 0.6% for the next two decades. In other words, during this depressed phase European economic growth was even lower than it had been even in 1830–40 (when it was about 1%; see Table 4.1).

Free trade = Depression? Protectionism = Recovery?

The important point to note here is not only that the depression started at the peak of liberalism but that it ended around 1892–4, just as the return to protectionism in Continental Europe had become really effective. This asks important questions about the influence of tariff policy on economic

Table 4.1 Annual growth rate of different sectors according to tariff policies and economic periods, 1830–1913 (%)

	Exports	GNP	Industry	Agriculture[a]	Population
Tariff policy periods (Europe)					
Protectionist 1830–1844/6	3.5	1.7	2.7	(0.8)	0.6
British liberalism 1844/6–1858/60	6.0	1.5	2.3	(0.9)	0.7
European liberalism 1858/60–1877/9	3.8	1.7	1.8	0.5	0.8
Shift to protectionism 1877/9–1890/92	2.9	1.2	2.2	0.9	0.9
Protectionism 1890/92–1913	3.5	2.4	3.2	1.8	1.0
Economic periods					
Europe					
Slow growth 1829/31–1842/4	3.5	1.6	2.5	(0.8)	0.6
More rapid growth 1842/4–1868/70	5.0	2.0	2.3	(0.9)	0.7
Depression 1868/70–1891/3	2.8	1.1	1.9	0.7	0.9
Rapid growth 1891/3–1911/13	3.8	2.4	3.4	1.7	1.0
Continental Europe					
Fairly rapid growth 1829/31–1868/70	4.3	1.8	2.0	(1.0)	0.7
Depression 1868/70–1891/3	2.9	1.0	2.0	0.8	0.9
Rapid growth 1891/3–1911/13	4.0	2.6	3.8	1.5	1.1

[a] For agriculture based on seven-year annual averages.

Notes: Figures in parentheses have a higher margin of error than other figures for the same periods. The first starting dates have been chosen for reasons of availability of data.

Sources: Bairoch, P., *Commerce extérieur et développement économique de l'Europe au XIXe siècle*, Paris, 1976; and data assembled for this study.

development. How and to what extent could free trade have caused a depression in the European economy, and how could protectionism have led to a recovery?

A first clue to the role of trade policy can be found in the fact that the depression was less pronounced in the United Kingdom, and that economic recovery benefited mainly those countries that had reverted to protectionism. Thus, during 1870–90, compared with 1850–70, the decrease in the growth rate of GNP per capita was 30% in the United Kingdom (or from 1.6% to 1.1% per annum) and 80% for Continental Europe (or from 1.1% to 0.2% per annum). Moreover, whereas during its protectionist phase the economy of Continental Europe grew at an annual rate per capita of about 1.5%, in the United Kingdom this growth rate continued to decline and was only about 0.7%.[2]

The second clue, which tells us much more about the impact of changes in trade policy on economic development, is to be found in an analysis of the evolution of the major sectors in Europe in general and in Continental Europe in particular. As can be seen in Table 4.1, for Europe as a whole, the slowing down in the growth of GNP was mostly the result of a decline in the growth of agricultural production. For Continental Europe, there was even a drop in production per capita of about 0.2% per annum between 1870/74 to 1888/92, compared to a growth of about 0.3–0.4%

during the previous decades. This agricultural crisis in Continental Europe can be almost completely explained by the influx of overseas grain, itself the result of a decrease in transport costs, and of the total abolition of tariff protection for grain which took place in Continental Europe between 1866 and 1872.

It should be noted here, as we saw in Chapter 2, that as far as agriculture was concerned, tariff 'disarmament' was all the more complete, because in this respect the theories of free traders and protectionists coincided. List did not argue for a protectionist 'learning' period for agriculture. The influx of American grain began at the end of the country's Civil War, and rapidly became very significant, even compared to total local European production. Even in France, which can be described as an agricultural economy, imports of wheat, which had amounted to 0.3% of domestic production in the decade 1851–60, rose to 19.0% in 1888/92. In Belgium, the level of imports rose from about 6% around 1850 to more than 100% around 1890. In the rest of Europe the figures were usually somewhere between these two extremes.

In this period grain accounted for some 35–40% of all agricultural production in the industrialized countries of Continental Europe (in other words, Belgium, France, Germany, Sweden and Switzerland). In such a situation, the substitution of 22% of grain production by imports in the space of 26 years represents, in very simple terms, a decrease of 3.3% per annum in the volume of total agricultural production, assuming that there was no exceptional increase in consumption due to greater availability of supplies. It does not seem that such an increase in consumption took place in these countries. In France, the country for which the most complete statistics are available, total consumption of grain per capita (including animal consumption but excluding seedgrain) increased by only 0.27% per annum from 1855/64 to 1875/84.[3] Thus the rapid influx of grain itself explains in large part the serious deceleration of growth in the total agricultural production of Continental Europe.

This influx of grain particularly affected farmers, because the low price of imports led to a drop in the domestic prices of grain and of agricultural products in general. It should be noted that the share of cereals in cash crops is more important than their share in total agricultural production. As a result, the standard of living of farmers in nearly all countries of Continental Europe remained static, or even fell.

The decline or stagnation in the farmers' standard of living clearly had important consequences not only within the agricultural sector but also outside it, because of the relative importance of this sector, which, at the time, accounted from some 60% of the total population in Continental Europe. This negative trend affected the overall demand for industrial products, and for the construction sector. Its consequences on the European economy were further exacerbated by the fact that in the 1870s and 1880s the United States had been the main supplier of grain to Europe. Because of US protectionist trade policies its additional grain sales to Europe did not lead to a corresponding increase in purchases of European manufactured goods, creating an unfavourable balance of trade between Europe and the United States. Around 1870, Continental Europe's trade deficit towards North America represented 5–6% of imports from that region. This reached 32% by 1890 and 59% around 1900.

Similar evolutions but different consequences

The apparent contradiction between the negative effects of these increased imports of foodstuffs in Continental Europe and the positive ones of this same policy in the United Kingdom some 25 years earlier is to be explained essentially in terms of the different stages of economic development reached by the two at the time this policy was adopted. In the United Kingdom, the agricultural workforce represented only about 22% of the total working population in 1846, whereas those engaged in the manufacturing industry comprised about 37%. For the whole of Continental Europe in 1860/62 about 63% were in the agricultural sector and some 18–20% in manufacturing. Even in the industrialized countries of Continental Europe some 52% of the working population were still engaged in agriculture and only 19–21% in manufacturing.

These striking differences suggest that the transfer of labour from agriculture to industry should have taken place in Continental Europe at a rate at least twice as fast as that of the United Kingdom, and at a time when foreign outlets clearly could not play the same role as for the United Kingdom because of that country's more advanced stage. This did not and could not happen. Two other structural differences emerge between the two types of economy and the two periods. By 1846 the United Kingdom had a higher level of imports of foodstuffs than Continental Europe (and even than industrialized Continental Europe) had around 1860;[4] a situation (it is important to note) which was the result of a very slow process which had begun in 1770–80. This process had therefore allowed a gradual shift in production factors (labour and capital) from agriculture to industry. Second, around 1846 non-European grain was not yet available in large quantities, and, moreover, the high cost of transport made it less competitive. Therefore the impact on farm prices was more limited.

Protectionism and the expansion of foreign trade

Despite its title, this section is not concerned with an explanation of the development of European foreign trade purely in terms of changes in commercial policy. Its primary aim is to present facts that constitute real paradoxes for the supporters of free trade. Not only did the period of the reinforcement of protectionism coincide with a more rapid expansion of trade but also, and even more paradoxically, the most highly protectionist European countries experienced the most rapid trade expansion. Even if this cannot be taken as proof that protectionism generates international trade, it does indicate that protectionism does not always necessarily hinder it.

On the other hand, trade expansion is not an aim in itself but merely a means of achieving economic growth. It could even be argued that, if identical levels of production of goods and services could be obtained either with or without foreign trade, the quantity of goods and services available for effective consumption would be greater (all things being equal) without foreign trade, since in this case less transport and fewer services would be needed to distribute those goods.

The data presented above, particularly in Table 4.1, show how far the protectionist period if not facilitated at least was concomitant with a recovery not only in the different sectors of the economy but also in trade. During the 20 years following the reintroduction of protectionist policies the annual growth rate of volume of GNP increased by more than 100% and the volume of exports grew by more than 35% (compared with the previous 20 years).

If the statistics in Table 4.2 show individual variations, according to country and period, it remains generally true that in all countries (except Italy) the introduction of protectionist measures resulted in a distinct acceleration in economic growth during the first ten years following a change in policy, and that this took place regardless of when the measures were introduced. In the next ten years, during which the protectionist measures were strengthened, there was usually a further acceleration in economic growth. In every country the years 1909–13 – which fall outside the analysis in Table 4.2 – were marked by an even higher growth rate. In the United Kingdom, on the other hand, where there was practically no change in trade policy, there was first a period of stagnation and then a marked decline in the growth rate. Furthermore, in Continental Europe the rate of growth reached its peak at the time all countries strengthened their protectionism.

As far as foreign trade is concerned, an almost universal slowing of expansion is noticeable in the first ten years after the abandonment of free trade, but in the second ten years the rate of growth in the volume of exports in nearly all the protectionist countries was faster than it had been in the ten years prior to the adoption of protectionism (see Table 4.2). Moreover, and this is important, during these two decades the expansion

Table 4.2 Growth of exports and GNP by countries and periods in relation to changes in commercial policy at the end of the nineteenth century (annual growth rates based on three-year annual average[a])

	Date of policy change	10-year period preceding protectionist move		Periods following protectionist move			
				First 10 years		Second 10 years	
		Exports	GNP	Exports	GNP	Exports	GNP
Protectionist countries							
France	1892	2.1	1.2	1.9	1.3	2.7	1.5
Germany	1885	3.0	1.3	2.4	3.1	5.2	2.9
Italy	1887	0.4	0.7	1.7	0.5	4.5	2.7
Sweden	1888	3.4	1.5	2.8	3.5	2.4	3.3
Semi-protectionist countries							
Belgium	1887	4.9	1.2	2.3	2.0	2.7	2.8
Denmark	(1889)	1.4	3.3	4.3	3.8	4.1	3.0
Switzerland	1887	0.4	–	−0.6	–	3.8	–
Continental Europe	(1889)	3.0	1.1	2.6	2.3	3.7	2.3
United Kingdom	(1889)[b]	3.9	2.2	1.1	2.3	3.2	1.2
Europe	(1889)	3.4	1.3	2.2	2.3	3.6	1.9

[a] Average of three years preceding the period, including the year when the policy change was made.
[b] No commercial policy change at this date, but year used in the calculations of annual growth rates.
Note: Parentheses indicate approximate dates.
Sources: See Table 4.1.

of trade was much faster in the countries that had adopted protectionism than in the United Kingdom, which remained liberal. Even if a bias in the calculations of the volume of exports cannot be ruled out, the proof of a slower trade expansion can be found in the fact that the value of the United Kingdom's exports represented only 31.1% of those from Continental Europe in 1909/11, whereas they had accounted for 36.3% in 1889/91. As with economic growth, the expansion of trade became even greater when all countries increased their protectionism. This is also a partial proof that economic growth is more an engine of trade than vice versa. I will return to this in Chapter 13, where a section is devoted to this less important myth.

Trade policies and economic development in non-European developed countries

We shall concentrate here on the case of the United States. During the entire nineteenth century and in fact until the end of the 1920s the 'mother country and bastion of protectionism' experienced one of the fastest rates of economic growth in the world. If we limit ourselves to the period from 1829/31 to 1909/11 (in order to avoid the unreliable data for the 1800–30 period and to exclude the very divergent impact of World War I) we have the following annual growth rate in the volume of the GNP per capita: United States 2.4%; Western Europe 1.2%; the fastest growing European countries 1.5–1.6%. In global terms the differences are even larger since the US population increased much more rapidly during this period from that of Europe.

Obviously the success of the United States was not due entirely to its tariff policy. At least three other factors contributed: in agriculture the high ratio of land to people; for industry the widespread availability of raw materials; and for the economy in general the massive influx of labour and capital from Europe. But since both Europe and the United States had different phases of commercial policies, let us see how this influenced the American economy.

The US success story is even greater in the more protectionist periods

As far as contemporary opinions on this period are concerned, until very recently the dogma of free trade was so strong that I have not found any research published before the 1980s showing the impact of protectionism on US industry in the nineteenth century to be positive. The first paper to challenge that dogma is that of Mark Bils (which deals with the first half of the nineteenth century), whose main conclusion is that

> My finding could hardly conflict more with the consensus view on the economic importance of the tariff. The calculations above demonstrate that, as of 1833, removing protection would have eliminated the vast majority of value added in the cotton textile industry.[5]

Let us now see what happened during the less protectionist period, that between 1846 and 1861. Here too there is a lack of specific studies. According to its contemporary observers, this policy, half-way between a very mild form of protectionism and moderate liberalism, did not have any noticeable effect on economic life. Critics of the tariff legislation of 1846 cannot claim that it did more than slightly retard the industrial process in the United States; while its warmest supporters do not pretend that it did much to hasten it. In fact, its effect either way was probably only small.[6] The data available do not enable us to be much more positive; the statistics for the 1840s and the 1850s are still unreliable, and those for the period before 1840 belong to what has been called the

'Statistical Dark Age'.[7] The data available on the volume of GNP per capita shows an annual growth rate of about 2.1% from 1820 to 1840 and about 1.7% from 1840 to 1860. It is thus probable that economic growth slowed down, but this growth was still fairly rapid if one views the 1.7% per annum in relation to the growth rates of other countries at this period (the rate in Europe from 1840 to 1860 was about 0.9%).

The most interesting period is that of the years 1870–92, those of the 'Great Depression' that affected the European continent in its most liberal period. In those years the United States, which, as we have seen, was increasing its protectionism, went through a phase of very rapid growth. Indeed this period can be regarded as among the most prosperous in the whole economic history of the United States. Between 1830 and 1870 the best 20-year periods in terms of economic growth were those of 1850–70, when GNP per capita increased at an annual rate of 1.8%. Between 1870 and 1890, the rate was 2.1%. The next best 20 years are those of 1890–1910 (2.0%). Therefore the best 20 years of American economic growth took place in a period when its trade policy was protectionist while that of the United States' major competitors was liberal.

In Canada the story is somewhat different. As we saw in Chapter 3, Canada adopted a protectionist policy in 1879. If we compare the ten or twenty years before and after 1879, the balance is in favour of the liberal period. If, however, we take a 30-year period, the result is the opposite. Furthermore, the 1890–1910 period contained Canada's best and the third-best decade. Even more important is the fact that this protectionist period led to the foundation of Canadian industry. Canada's per capita level of manufacturing production, which in 1860 represented 40–45% of that of the developed countries, increased to 82–7% in 1913. The same also holds for Australia, where the protectionism tariff also brought industrialization.

I will not go further into these cases. My main objective was to show that outside Europe protectionism did not necessarily have a negative impact and also that in the world of economic history things are not simple.

The negative impact of compulsory liberalism on the Third World

Since we ended Chapter 3 with the Third World, let us finish this chapter with an important point. There is no doubt that the Third World's compulsory economic liberalism in the nineteenth century is a major element in explaining the delay in its industrialization. Since the first decades of the nineteenth century the large amounts of cheap manufactured products had led to a process of de-industrialization. To cite one major example: after 1813 when the East India Company's trade monopoly was suppressed, a monopoly which prevented imports of textile goods into India, the influx of English textiles into India increased considerably. About 1 million yards of cotton cloth were imported in 1814; 51 million in 1830; and 2,050 million in 1890. This influx was certainly due to the substantial progress made by the English spinning industry as a result of technological innovation. By 1830 the productivity of an English worker using modern equipment was, for an average yarn, some ten to fourteen times higher and for fine yarn even two hundred to three hundred times higher than that of an Indian or other traditional worker.[8] At that time the gap in incomes, and therefore also of salaries, was limited. In England the real per capita GNP was probably not more than two to three times higher than that in India. In view of prevailing working conditions it is likely that the wage gap was even smaller. This means that with such a difference in productivity, even taking into account large profits and high transport costs, the end-user price of British yarn in India (or elsewhere) was certainly only a fraction of local production costs, and those production costs could not be reduced significantly since wage levels were very low. Therefore if one combines this with an open market policy, a substantial number of imports becomes unavoidable.

India was only the first major casualty in a very long list. We should not forget (see Chapter 3) that even politically independent Third World countries were forced to open their markets to Western products, and this also led to an influx of manufactured goods. By 1860, annual exports of cotton goods from Britain, France and the United States to Latin America represented the equivalent of 10.6 square metres for each inhabitant; the figure for the Middle East was 7.9 square metres.[9] These statistics explain the almost total disappearance of the textile industries in those regions. The case of iron industries was even more striking; in this sector the de-industrialization process was the most pronounced. I shall deal with the problem of de-industrialization in the Third World in Chapter 8.

It is difficult to find another case where the facts so contradict a dominant theory than the one concerning the negative impact of protectionism; at least as far as nineteenth-century world economic history is concerned. In all cases protectionism led to, or at least was concomitant with, industrialization and economic development. Also, in the four examples of liberalism, three had negative or very negative consequences. The exception is the British case of the post-1846 liberal period, where this policy was probably an important factor in the acceleration of economic development that characterized the two to three decades following an almost total tariff disarmament. But this related to a country which, as a result of being the 'cradle of the Industrial Revolution', had by 1846 a substantial lead over the rest of the developed world. Furthermore, at that moment Britain had behind it at least a century and a half of protectionism.

Notes

1 Bairoch, P., 'Geographical structure and trade balance of European foreign trade from 1800 to 1970', *The Journal of European Economic History*, **3**, No. 3, 1974, pp. 557–608.
2 For indications on the various sources used in this and the next two sections see Bairoch, P., *Commerce extérieur et développement économique de l'Europe au XIXe siècle*, Paris, 1976, and Bairoch, P., 'European Trade Policy, 1815–1914' in Mathias, P. and Pollard, S. (eds), *The Cambridge Economic History of Europe*, Vol. VIII: *The Industrial Economies: the Development of Economic and Social Policies*, Cambridge, 1989, pp. 1–160.
3 Toutain, J.-C., 'La consommation alimentaire en France de 1789 à 1964', *Cahiers d l'ISEA*, **5**, No. 11, 1971.
4 Around 1840–45 the United Kingdom imported 530,000 tons of grain annually, which represented 4–5% of its own production. Around 1860 Continental Europe as a whole produced more grain than it required, and the same was true (though to a lesser extent) for industrialized Europe.
5 Bils, M., 'Tariff protection and production in the early U.S. cotton textile industry', *Journal of Economic History*, **XLIV**, No. 4, 1984, pp. 1033–45.
6 Ashley, P., *Modern Tariff History: Germany–United States–France*, 3rd edn, London, 1920, p. 175.
7 David, P. A. 'New light on a statistical Dark Age: US real product growth before 1840', *American Economic Review*, Papers and Proceedings LVII (1967), pp. 294–306. Weiss, T., 'Economic growth before 1860: revised conjectures', Working Paper No. 7 on Historical Factors in Long Run Growth, NBER, Cambridge (MA), October 1989, p. 35.
8 Derived from Batou, J., *Cent ans de résistance au sous-développement. L'industrialiation de l'Amérique Latine et du Moyen-Orient face au défi européen (1770–1870)*, Geneva, 1990, pp. 380–1.
9 *Ibid.*, p. 386.