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A TALE OF TWO TARIFF COMMISSIONS AND ONE DUBIOUS “GLOBALIZATION BACKLASH”

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Abstract*

During much of the previous era of globalization, from the 1860s until the First World War, U.S. tariffs were surprisingly high. Present-day economic historians have suggested that U.S. protection was the result of a “backlash” against globalization that was the beginning of its decline. They have also argued that the backlash holds a lesson for the present: specifically, that we must attend to the distributive inequities that globalization engenders, or else globalization will again plant the seeds of its own destruction. I show that U.S. tariffs were not the product of backlash. A history of economic ideas in the nineteenth century United States, centered on two tariff commissions in 1866-1870 and 1882, reveals that the ideas debated in intellectual and policy circles alike bore no trace of globalization backlash. The important feature of U.S. intellectual and tariff policy history is not globalization backlash, but rather the absence from most historical accounts of certain thinkers and ideas that were crucial to the debate. Accordingly, the lesson that history holds for the present is not that we must attend to globalization’s inequities. (That lesson is likely to stand or fall apart from history.) Instead it is that we need to attend to the *idea* of backlash, which has a foothold in history that is deeper than the evidence. The lesson implies that to understand the present and future of globalization, what are required are histories of ideas.

* I am grateful to Craufurd Goodwin, Roy Weintraub, and other participants at the Duke History of Political Economy workshop for helping me to fill gaps in an earlier version of this essay. I also owe thanks, with the usual disclaimers, to Roger Bolton, Henry Bruton, Tess Chakkalakal, Anthony Howe, Douglas Irwin, and Shauna Saunders.

Introduction

This essay is about a puzzle—the simplest statement of which is a familiar game. What’s wrong with this picture?

Figure 1. “THE SIAMESE TWINS OF TO-DAY. One of Them Thrives on it – but it is Death to the Other.” *Puck*, September 12, 1888



The puzzle is historical, but it is also topical. Much scholarship has been devoted, through the 1990s to the present, to understanding the phenomenon of globalization by studying its past: Kevin O’Rourke and Jeffrey Williamson (1999) and Harold James (2001) are among the more notable authors. A measure of the scholarship’s success is the depth to which this basic idea has permeated conventional wisdom outside of the scholarly literature. The idea is that there was an earlier era of globalization lasting from the early nineteenth century until the First World War, and in important ways it was like globalization today. I will refer to the idea as the

“*U* thesis”: the fragmentation of world markets for capital, labor, and commodities after the First World War, lasting roughly until the end of the Second World War, is envisioned as the nadir of a *U*-shaped curve on a plot of some measure of globalization over time.¹

To some the *U* thesis is appealing because it bears insights into the past. To most it is appealing because it carries a lesson for the present. To reveal the lesson, though, one has to determine what *caused* the nadir.

Enter the corollary “backlash thesis.” An idea that is almost as conventional as the *U* thesis holds that the previous globalization sowed the seeds of its own destruction. Its consequences for income distribution impelled populations and their political representatives to unlink their capital, labor, and commodities markets from the world economy. “A political backlash developed in response to the actual or perceived distributional effects of globalization,” write O’Rourke and Williamson (1999, pp. 286-287). “The backlash led to the reimposition of tariffs and the adoption of immigration restrictions, even before the Great War.” Amidst the swell of protests about the inequities of globalization from Seattle to Quebec City to Genoa, and wherever else multilateral meetings to discuss market integration convene, the lesson of the backlash thesis is heard as this: *attend to the inequities that globalization breeds, or people will not accept globalization.*

To a scholar with the *U* and the backlash already in mind, policies formed in the second half of the nineteenth century or the early twentieth century that insulated, or were intended to insulate, national markets from the world appear *prima facie* to be instances of backlash. But what if they were not? What would become of the lesson?

In the United States at the close of the Civil War, a population that had endured a dizzying array of taxes and import tariffs, ostensibly for war revenue, expected relief. From 1847 to 1860, as shown in Table 1, the ratio of import duties to all imports averaged 21.7 percent, and the ratio of duties to dutiable imports averaged 25 percent. At the end of 1865, after a succession of wartime increases, the statistics had nearly doubled to 38.5 percent and 47.6 percent, respectively.

¹ In addition to the books by O’Rourke and Williamson and James, recent works developing the *U*-thesis include essays by Maurice Obstfeld and Alan Taylor (2002) and Barry Eichengreen and Harold James (2002) for the case of capital markets, by Barry Chiswick and Timothy Hatton (2002) for labor markets, and by Ronald Findlay and Kevin O’Rourke (2002) and Antoni Esteveordal, Brian Frantz and Alan Taylor (2002) for commodities markets.

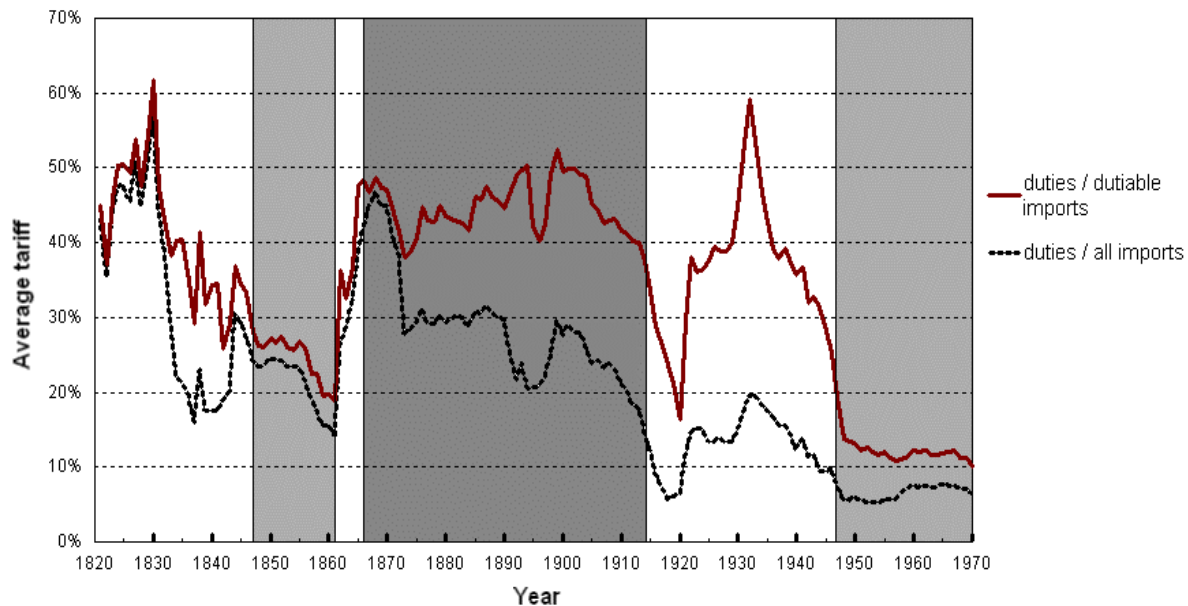
Over the following half century tariffs were reduced—but they still remained, at 28.8 percent and 44.9 percent, on average, surprisingly high. Table 1 and Figure 2 together provide the perspective of a century and a half. Tariffs throughout the period were high compared to the Walker Tariff in place before the Civil War; high compared even to tariffs during the interruption of globalization between the World Wars; and high, it hardly needs to be added, compared to post-World War II tariffs in the present era of globalization. They were also high compared to the expectations of tariff reformers at the end of the Civil War. Only in 1913—at the precipice, ironically, of the end of globalization—were the reformers’ expectations finally met, albeit posthumously.

**Table 1. Average Tariff, 1821-1971, by Era
(ratio of customs duties to all merchandise imports and to dutiable imports)**

| Years | Duties / all imports | Duties / dutiable imports | Era |
|--------------|---------------------------------|--------------------------------------|--|
| 1821-1846 | 33.1% | 41.2% | Tariff of Abominations (May 1828) |
| 1847-1860 | 21.7% | 25.0% | Walker tariff (October 1846) |
| 1861-1865 | 27.8% | 34.4% | Civil War, Morrill tariff (April 1861) |
| 1866-1913 | 28.8% | 44.9% | Globalization post-Civil War |
| 1914-1946 | 13.1% | 36.3% | End of globalization |
| 1947-1970 | 6.5% | 12.2% | Globalization post-WWII |

Source: U.S. Census Bureau, Historical Statistics of the United States.

Figure 2. Average Tariff, 1821-1970, Annual Data



The puzzle of the post-Civil War period is *not* how globalization proceeded in an era of American protection. That question has been answered convincingly by others. O'Rourke and Williamson (1999, Chapter 3) have reiterated the changes David A. Wells (1889) documented as they were happening: although American protection was high, innovations in shipping, railroads, and refrigeration caused transportation costs worldwide to fall rapidly, integrating protected markets like the United States along with the unprotected.

The puzzle lies instead in fitting the protection that prevailed into a story of the vicissitudes of globalization that includes a lesson for the present. Were high tariffs the product of backlash? Was international trade perceived to benefit the moneyed and harm the dispossessed? Was free trade perceived to be likely to exacerbate the maldistribution, and sustained protection to mitigate it?

In the nineteenth century, in other words, was Figure 1, in which we see the plutocrat eviscerating the common man through his hip pocket by means of free trade, as faithful a representation of widespread concerns about globalization as it is in the twenty-first?

This essay is intended as part of a solution. It can be only a part: tariff protection directly affects commodities markets, an important component of the global economy but not the only one. Likewise, the motives for protection may have differed outside of the United States, an important participant in the global economy but not the only one. Yet the lesson that is drawn

for the present depends in no small part on the history of tariff protection and the case of the United States. One premise is that late nineteenth century protection in the U.S. was the outcome of backlash. If the premise turns out to be dubious, then so may be the lesson.

While the essay homes in thematically to tariff policy, and geographically to one country, it does so temporally to two focal points: the tariff commissions enacted by Congress for the years 1866-1870 and 1882.² If backlash is to be understood as it is implied—as not only a material condition or a policy, but an *idea* about conditions that incites a change, or perhaps maintenance, of policy—then it should be sought in a history of ideas. The tariff commissions are good sites for centering the search. In the testimonies that the commissions collected, the reports they submitted, and the debates they provoked in Congress and other forums, economists, citizens, businessmen and policymakers articulated the ideas that influenced economic policy.

Concerning the ideas that sustained protection for half a century, what emerges from the history is that they cannot, without contortions, be said to have manifested backlash. Concerning the ideas that were bested, what emerges is their salience nonetheless in policy debates—and in light of their salience, the surprising extent to which history has forgotten, if not the ideas themselves, their chief exponents and the interests they represented.

There may be a lesson in all this for present-day globalization, but it is not the conventional one. To draw it I will first sketch the ideas of the leading American intellectual advocates of protection and free trade at the waning of the Civil War, and then review the debates revolving around the two tariff commissions where their ideas clashed most visibly.

Economic Ideas and the Tariff in the 1860s

Douglas Irwin's intellectual history of free trade, *Against the Tide* (1996), covers superbly the contributions to past tariff debates of the political economists to whom contemporary economics most often traces its lineage. Those of the nineteenth century are principally British, so Irwin does not dwell on the protagonists of this essay. He mentions a few times in passing the protectionist Henry C. Carey. He does not mention the free traders Arthur Latham Perry and David A. Wells. In the few histories that consider all three—only Joseph Dorfman's opus

(Dorfman, 1946; 1949) comes to mind—they are not grouped together and Perry and Wells are given little weight. The favorite general references of historians of economics, those by Joseph Schumpeter (1950) and Henry Spiegel (1991), allocate a combined five pages to Carey, two paragraphs and a note to Wells (both Schumpeter’s), and not a word to Perry. Yet Carey, Perry and Wells were among the most prominent authors and advocates whose ideas collided in the outstanding sustained policy debate of late nineteenth century America. They require an introduction.

Henry Charles Carey

Surveying political economy in the United States from across the Atlantic in 1880, Thomas E. Cliffe Leslie referred to the disadvantages faced by American manufacturers relative to the English, and to the ideas that had taken root in America to overcome them. “Instead of taking sulk at political economy and turning his back on it, as the English protectionist did,” he wrote, “the shrewder American sought a political economy on his own side, advocating a development of all the national resources; and authors and lecturers were soon forthcoming to supply the demand for economic science of this sort” (Cliffe Leslie, 1880, p. 500). Henry C. Carey was the shrewdest.

Carey, born in 1793 to a father who was also an influential protectionist thinker, had long been a leading participant in the nation’s tariff debate when it re-opened at the end of the Civil War. In 1847, piqued by the Walker tariff reduction, he wrote in three months his book titled *The Past, the Present and the Future* (Carey [1847] 1872; Dorfman 1946, p. 799). It was a justification of protection built upon a self-contained system of historical and economic laws; it benefited from a young nation’s experience of having watched the laws unfold in the compressed time of generations instead of centuries or millennia. Carey’s system implied a harmony of interests between labor and capital that would exist but for “the interference of the laws of man with those of the Deity” ([1847] 1872, p. 311). In a later book, *The Unity of Law; as Exhibited in the Relations of Physical, Social, Mental, and Moral Science* (1872), he claimed priority for the ideas articulated by Frederic Bastiat, whose *opposition* to protection was founded similarly

² Since writing this essay I have found an excellent treatment of the same theme by Anthony Howe (2000), who has a wider geographical scope, including Great Britain as well as the United States, but who does not delve into the two tariff commissions.

on a system of economic harmonies. To Carey, though, the protective tariff was not necessarily an interference with the laws of the Deity. Sometimes it was necessary to preserve their natural harmony.

The crux of his argument was to show that what was “natural,” particularly in the settlement of land and the concentration of population, was not what political economists had theretofore believed. Carey took issue with Ricardo in particular. Ricardo had proposed that the most fertile lands were settled first, and that as the population grew, less fertile lands came under cultivation while more rent accrued to the better lands’ owners. “Mr. Ricardo’s system is one of discords,” Carey argued: if people married and multiplied, rents were raised and wages depressed; if the rights of property were respected, undeserved rewards accrued to the few and misery to the many. “His book,” he pronounced, “is the true manual of the demagogue, who seeks power by means of agrarianism, war, and plunder” ([1847] 1872, pp. 74-75). But Ricardo’s system was not only worrisome, it was wrong: “Mr. Ricardo’s proposition is diametrically opposed to all the facts presented by the history of the United States: of England: and of the World” (p. 56). The proof was in the way that land settlement and population growth had proceeded naturally in the past, and the way it still proceeded. Ricardo, he claimed, was too far removed from the process to discern it (p. 24).

To read Carey one must think of pyramids. The pyramid is the abstract form of a mountain, Carey’s point of reference for showing how settlement proceeds through time. It is also the abstract form of the proper relationships among families, communities, and nations.

Human settlement in any region, Carey explained, does not begin on the most fertile lands, as Ricardo had assumed, but on the lands that are easiest to clear with a minimum of technology. The first settlers of Massachusetts settled at rocky Plymouth and eked out a living as best they could; in New York settlers first chose land high above the Hudson River instead of the fertile land at its bank ([1847] 1872, pp. 25-26). The more fertile is the land, the denser are its forests and swamps and the harder they are to clear. A community of early settlers who are sparsely concentrated and produce little surplus food are hardly able to tame wild forests and swamps with their scant time and primitive techniques. Nor do they have the luxury to study new techniques. Therefore they choose sites that are midway or near the top of a mountain or hill, not in the river valley below.

Few people can concentrate on unfertile land, but as those few make halting improvements in their techniques of clearance and cultivation, they can at once move down the mountain to the superior land and support a greater population. With a greater population, a smaller proportion of it is needed for cultivation—so many more minds can be employed in devising better techniques ([1847] 1872, p. 25). In addition, techniques improve not only because more minds are devoted to their improvement, but also because the minds are made more productive by their collaboration. Better techniques of clearance and cultivation allow the community to move on to still better soil, and even to improve the inferior soils—which permits more population growth, and so on. Rent increases with population growth, but not as Ricardo imagined. More rent is paid for the newly cultivated land, not the old: it is the reward to its cultivators of its greater fertility, made possible by the community's accumulated improvements in techniques (p. 62).

Further improvements make the community still more concentrated and wealthy. Its citizens move back up the side of the mountain from which they descended, cultivating with improved techniques the land they once abandoned and diversifying their occupations and trade with one another. As they grow wealthier they begin to profit from intercourse with other communities—primarily those nearby, and gradually and to a lesser extent those more distant. Each mountainside community now resembles spatially a pyramid, at the base of which the most land is cultivated most intensively. As each becomes more concentrated in terms of population, intensiveness of cultivation, and diversification of activities, so too does the group of them.

If, now, we take a bird's-eye view of these various communities, we shall see in each an infinite number of little pyramids, with heights proportioned to their breadth and depth. With the extension of the breadth of cultivation we have seen it rising in its height until it has advanced far up the steep hill-side; and on all sides we see it rising higher as it sinks deeper into the fertile soils of the valley below. ... With the establishment of intercourse among these little communities, the tendency to union, so well begun in each, is seen to spread. Each grows in wealth and population, and intercourse becomes more frequent; and next we find them all combining

for the making of roads, or canals, the founding of colleges, and other works calculated to promote the common good. The union becomes more complete: ... General laws now embrace the whole of the various societies constituting this pyramid, which now surmounts the whole (Carey [1847] 1872, p. 286).

In the last sentence the pyramid of the mountainside community transfigures into a pyramid of social organization. The rationale of protection lies in both. At the base of the social pyramid are each community's many family units. Each family, organizationally, is a pyramid in itself—and each, crucially, is inward-looking. Husbands, wives and children are more concerned with the welfare of their family than they are with that of the larger organizational pyramids comprising it ([1847] 1872, pp. 287-289). Nevertheless, to build local roads, schools, libraries and churches, families will combine to form a community, which is similarly concerned principally with the welfare of its constituents. Communities, too, in order to build highways and canals, will combine to form a state; states will form nations; and, presumably, nations will form alliances. But the natural tendency of each organizational unit is to look primarily inward (downward from its apex, as it were). Each derives advantages from, but does not concern itself disproportionately with, the larger union of which it is a member.

To Carey, any inversion of the relations within and among the pyramids would be an interference in the natural order and would erode the wealth of the whole. Exactly such an inversion, he argued, would result in the United States without tariff protection. Europe's demand for produce, combined with the abundance of land in the United States, already encouraged people to disperse too widely. Too many Americans cultivated poor soils and traded their produce with distant buyers when they should have concentrated on rich soils, diversified their activities within smaller geographic areas, and traded with their neighbors. To illustrate he pointed to the rich meadows of Pennsylvania, between the manufacturing centers of Pittsburgh and Philadelphia, which remained covered wastefully with timber while pioneers migrated west to cultivate dry prairies ([1847] 1872, p. 298). It might appear that the pioneers moved *en masse* because manufactures were acquired cheapest by interregional and international specialization and trade. But the appearance is deceptive, Carey held, and the relation unnatural. "In a natural state of things, the people of the United States can manufacture more cheaply than any nation of

the world. ... All that is wanted is that the shoemaker with his lapstone shall be *permitted* to take his place by the side of the hides and the food, as he would long since have done but for the existence of a disturbing force of prodigious power” (p. 470). If people are concentrated and their activities diversified they will have more of both manufactures and produce, shoes and food. Their concentration ensures that they will have the techniques and the impetus to cultivate the most fertile soil; its fertility will feed a diverse manufacturing community that develops the techniques. If unnatural commercial opportunities encourage them to settle differently, they will have less of both.

Hence the need for tariff protection. “Concentration, even to its present extent, cannot be maintained without protection ... we must arrest the progress of depopulation and promote concentration upon rich soils, and that can be done only by increased protection” ([1847] 1872, p. 469). And to those who would complain about the negation of “free trade,” Carey responded that far from negating it, protection enabled it. By *permitting* the farmer to stand side by side with the shoemaker [*italics Carey’s*], protection sustains the natural geographic, commercial and social order, without which “every attempt at the establishment of freedom of trade must be a failure” (p. 470).

Arthur Latham Perry

Carey’s claim to stand for “freedom of trade” was sincere, but it was most likely heard as a rhetorical flourish that many appreciated but few imitated. To participants in the American tariff controversies of the 1860s and the rest of the century, free trade was associated with the arguments, and the particular personage, of Arthur Latham Perry.

The last statement may appear hyperbolic considering Perry’s virtual absence from the history of economics. His nonappearance in Schumpeter’s and Spiegel’s texts is mirrored in the literature canvassed by the Social Sciences Citation Index. Searching the Index for all articles citing Perry in the quarter century from 1978 to 2002, one finds five. To put the figure in perspective, in the same period there were 53 articles citing Carey, 365 citing William Stanley Jevons, and 921 citing J. S. Mill for his *Principles* alone.³ Apart from the seven pages devoted to

³ For 2002 the statistics apply only through September 15.

Perry in the third volume of Dorfman's work, I know of only one thorough evaluation of his thought produced since his death in 1905.⁴

The neglect is curious. Perry was the most widely read American economist of his time. Dorfman (1949, p. 81) referred to a survey by *Publisher's Weekly* in 1876 of the "most salable works on political economy" that listed Perry's main text in third place, behind the those of Mill and Adam Smith, and well ahead of the seven others on the list including Jevons's. Michael O'Connor, in his exhaustive survey of the origins of American academic economics (1944, p. 265), named Perry's text "the outstanding book of its period." Intellectual historian Henry Steele Commager (1950, p. 231) concurred. Cliffe Leslie (1880, pp. 500-501), in the same essay in which he cited Henry Carey as the most prominent American protectionist, cited Perry as one of the two most prominent free traders (and, evidently, the one most worthy of mention). Although such testimonials were few in the time of Dorfman, O'Connor, and Commager, and nearly absent today, they were numerous in the time of Cliffe Leslie and Perry.

Judith Goldstein (1993)—who, in a telling slip, misspells Perry's full name (p. 85)—implies that he has disappeared because, although he reigned in the academy, he "had little effect on a political sector that was seemingly in search of new ideas to help it cope with a changing America." If to be said to have had effect he must have succeeded in reducing substantially the tariff, her implication is right. By any other standard it is wrong. The tariff was not much reduced in Perry's lifetime, but his ideas and advocacy were central to the tempestuous debate—academic *and* political—about reducing it. One cannot follow the debate's flotsam without bumping repeatedly into his name.

The significance of Perry's near absence from the historical record will be taken up at the conclusion. Now I will introduce the economist and his ideas.⁵

Born in 1830 and graduated from Williams College in 1852, Perry was the intellectual progeny of Williams's illustrious president Mark Hopkins. "The essentials of the Hopkins position were three," wrote historian Ralph Henry Gabriel (1940, p. 149): "individualism, the sanctity of private property, and the duty of stewardship." All three were colored by the

⁴ The essay to which I refer is a wonderful, yet unpublished, contrast of Perry's and Henry George's ideas on land rent by Roger Bolton (1993). It is the most useful resource that exists to date for details and references about Perry.

⁵ I do not make much of the distinction in Perry's case between "economist" and "political economist," nor "economics" and "political economy," because Perry did not. He preferred generally "Political Economy" to "economics," although he used both interchangeably (e.g., Perry, 1887, pp. 89-116). On the other hand he preferred

evangelical Protestantism that suffused Hopkins's teachings. As additional influences Perry had the faculty and the texts from which they drew. Francis Wayland's *Elements of Political Economy* and *Elements of Moral Science*, adopted widely in college curricula before the Civil War, were adopted as well at Williams. In his junior and senior years Perry studied both (Williams College, 1851).⁶

Moral philosophy, wrote Wayland in the *Elements of Moral Science* (Wayland, 1837, pp. 23-24), was the science of moral law; it held the same scientific status as Newton's laws of motion, the axioms of mathematics, and the laws of chemistry. The reverse was true as well: all scientific laws, moral and physical, were timeless and related through God, who enacted them. After Hopkins summoned Perry back to Williams to join the faculty in 1854, his first notable work, a series of "Papers on Political Economy" (1864) that he wrote for the influential *Springfield [Massachusetts] Daily Republican*, bore the impression of his training. "If proofs of God's goodness be anywhere discernible, they are discernible, and are found, in the fundamental laws of Society," he wrote. "They cover the phenomena of exchange, just as they cover the phenomena of morals; and no intelligent observer can watch their working, when left intact and free, without being stimulated and gladdened by the beneficent results to which they lead" (Perry, 1864, 30 March).

The "Papers" met the enthusiastic response of Amasa Walker, who encouraged Perry to expand them; they were the seeds of his *Elements of Political Economy* (later simply *Political Economy*). The *Elements* ran through twenty-two editions from 1866 to 1895 and secured for Perry an international stature (Dorfman, 1946, p. 983; 1949, p. 81). His theoretical contribution (notwithstanding the mild deprecations of Charles Dunbar of Harvard (1876, p. 136) and Cliffe Leslie (1880, pp. 500-501), who did not accept it as such) was towards refounding political economy as a "science of exchanges" instead of a "science of wealth." What he meant is evident in the *Elements*' lengthy opening chapter, Perry's "History of the Science."⁷

more strongly "economist" to "political economist." His use of "economist" dates from his first notable writings in the field (1864, 6 April).

⁶ Wayland was exemplar of the "clerical school" of political economy, influential particularly in the antebellum Northeastern and Western United States, according to O'Connor (1944, pp. 156-217). Another member of the school, the Reverend Joseph Alden (1807-1885), was the Williams professor who lectured to Perry using Wayland's texts. Perry replaced Alden on the faculty in 1854 (*ibid.*, p. 266).

⁷ The chapter was twenty-two pages long in the first edition (1866), but grew to over eighty in later editions. Because the later versions of the historical chapter offer a better view of how Perry understood his own ideas in historical context, while the other relevant parts of the text changed relatively little, I will quote from the nineteenth edition (1887).

François Quesnay and his followers enter Perry's history as members of the *Agricultural School*, which maintained that only labor applied to land to produce agriculture was truly productive of *richesse*, or wealth. Adam Smith enters as founder of the *Commodities School*, which supposed that any labor that produced commodities was productive of wealth, but not other labor. To Perry, both schools erred. They privileged the products of land and labor as the stuff of wealth, and wealth as the domain of political economy. The result was inconsistency. Smith, for instance, had written that the production of wealth required capital, both fixed and circulating, and that bank notes and bills of exchange were circulating capital. Yet neither of them was the product of land or labor (Perry, 1887, p. 66). So were they "wealth" or were they not? If the definitions that Smith had laid out were respected, they were not wealth. By implying that they were, Smith had ignored his own definitions—as he should have done. To have done otherwise would have been to suggest that bank notes and bills of exchange should be understood differently from commodities; it would have been to suggest that they were subject to different laws of political economy, or that they were outside the domain of political economy altogether. Perry would not countenance either suggestion.

Although Smith was right to ignore his definitions when he found them too narrow, Perry argued, his inconsistency bred mischief. Once they were ignored there was no limit to what could be considered "wealth" or permitted in the domain of political economy. Bonamy Price of Oxford claimed "that the qualities of a people, their moral, intellectual and physical natures, are parts of their wealth" (Perry, 1887, pp. 69-70); Jean-Baptiste Say proposed that political economy was "the science of society" (*ibid.*, p. 112). The definition of wealth and the domain of political economy, which began as "quite too narrow," had become at once "quite too wide" (p. 66): no two people could agree what they were. Economists' inability to settle on the meaning of their terms and the limits of their field was "the chief reason of the slow progress of the science" (p. 99). Inquiry had degenerated into cacophony. At bottom the problem was the word "wealth," which was impossible to define with precision; it was "the bog whence most of the mists have arisen that have beclouded the whole subject" (p. 99). To pull political economy from the bog, the word had to be discarded. Without it the science could be delimited appropriately and its terms defined consistently.

To that end, the history continued, the *All Sales School* taught that political economy was "the science of value, and of nothing else"—as Perry himself written in his "Papers" (1864,

March 2). Perry was the school's chief exponent in the United States; Henry Dunning Macleod filled the role in Great Britain. The school's tenets were these. Value is not inherent to the products of land or labor, nor do its laws apply differently to such products than to any other valued thing. The laws are grounded in men's desires, in their capability of making efforts to meet their desires, and in their satisfaction when the desires were met. Obstacles must be surmounted in meeting desires, but the efforts required to surmount them are exchangeable: anyone can choose the obstacles that he prefers to surmount and exchange his efforts with others. Efforts may be embodied in commodities, or they may be embodied in services, or they may be deferred and promised to another who holds the promise as a claim. In any case, when people exchange commodities for commodities, commodities for services, services for services, or services for claims, in essence they are trading efforts for efforts. Because efforts and services are synonymous, we may as well do away with the distinctions between commodities and services and claims: let them all be called services. When, and only when, one service is exchanged for another, the value of both is determined. There is no inherent value (Perry, 1887, pp. 51-54, 85, 117-164).

In effect Perry proposed a subjective theory of value from the mid-1860s, a time when the seeds of such theories were in the wind. Those of which he caught hold were the writings of Etienne Bonnot de Condillac and more importantly Frederic Bastiat. The theory's distinction was its narrowing the scope of political economy to what Richard Whately, Archbishop of Dublin, had termed "catallactics," the science of exchange (Perry, 1887, p. 71). Narrowing the science's scope in one sense made it universal in another. The laws of political economy applied unconditionally wherever, whenever, and for whatever things, tangible or intangible, there was an exchange.

International exchange was no exception. Nor was it even a particularly special case, although it was the case that concerned Perry especially. Of protection versus free trade, which one he would favor was obvious. Returning to the obstacles that must be surmounted to fulfill desires, we find that when a man concentrates his efforts in surmounting obstacles of a single kind the efforts are more effective. The same is true for all men; so the more that each concentrates his efforts and exchanges the fruits with others, the more effective are the efforts of all. More products and services are brought into existence, and more desires fulfilled.

Therefore, since Exchange indefinitely multiplies, in number and variety, the services which men may render to each other; since, by means of it, men's satisfactions bear a larger and larger proportion to their efforts; and, since the only possible motive to an exchange is the mutual benefit of the parties, no reason can be given, no good reason ever has been given, why exchanges should not be the freest possible. If it is universally conceded that domestic exchanges should be free, why not international exchanges? Precisely the same principle holds. The benefit of an exchange does not depend upon the accident that the parties to it are citizens, or subjects of the same country. It is still rendering service for service (Perry, 1864, 16 March).

Such was Perry's reasoning. Equally pertinent was his depth of conviction, force of advocacy and style of expression. To Perry free trade was not just reasonable doctrine; it was a cause to fight for. "Commercial Liberty is still the underdog in the fight," he would write to a prominent friend and former student late in his career, "and all my yearnings go forth to help my country from a degrading and impoverishing vassalage. I am conscious of *strong powers* to help in this direction, derived from life-long studies and convictions deeper than life" (Cleveland Papers, letter by A. L. Perry to F. L. Stetson, 27 October 1885). His powers lay in his ability to argue by combination of historical anecdote, contemporary statistics, apt example and logical thoroughness, culminating in a punch-line as rustic or eloquent as the audience required. Lecturing to Nebraska farmers on protection, he entreated them to "seize this lying fraud by the throat, and shake the life out of it, as a dog shakes the breath out of a woodchuck!" (1874, p. 18). To his textbook readers he summed up, "It is too late in the history of the world and of Christianity, too contrary to common sense and good neighborhood among nations, and too hostile to the real interests and power of any nation, to try to maintain anywhere heathenish and loss-begetting restrictions on trade" (1887, p. 580).

David Ames Wells

David A. Wells (1828-1898) enters Joseph Dorfman's account (1946, p. 975) as a "disciple" of Henry Carey. He enters this one as exactly the opposite. Although Carey influenced his early thoughts about protection, Wells converted eventually to Perry's way of thinking so thoroughly that he became one of the four to whom Perry dedicated his *Elements*.

Like Perry, Wells was a pupil of Mark Hopkins, but he graduated five years earlier and without a paramount interest in political economy. Wells left Williams with a proclivity towards science in general and wrote texts on physics (1857), chemistry (1858), and geology (1861). When he turned to political economy during the Civil War he did so with a keener mind for statistics than any other writer on the subject.

On March 3, 1865, Congress authorized a commission to study the country's revenue needs and to recommend revisions of its labyrinthine war taxes. Wells seemed a good choice for the task. He had a reputation as a man of patriotism and probity, schooled in science, competent in political economy, and practical to the core—with a penchant for details, not dogma. At least as important was his avowed predilection for protection (Wells, 1882, p. 20). The congressmen and their constituents who had lobbied for more protection on the eve of the Civil War did not want to see the fruit of their efforts vanish at its end. On March 24 Treasury Secretary Hugh McCulloch invited Wells to chair a commission of three charged "to inquire and report ... upon the subject of raising by taxation such revenue as may be necessary in order to supply the wants of the Government etc; etc; etc." (Wells, *Papers*, 24 March 1865). The other members of the commission were S. S. Hayes and Stephen Colwell—the latter of whom exceeded Wells in his commitment to Carey's system.⁸ The administration and Congress could have had little doubt about the content of the report they had solicited: lower internal taxes and sustained protection for manufactures.

In the first year their expectation was proved right. The Revenue Commission accomplished its task and two bills were reported in Congress that followed, more or less, its recommendations. An internal revenue bill made large reductions in excise taxes; a tariff bill maintained protection. The internal revenue bill became law on July 13, 1866, while debate on the tariff bill continued.

⁸ Of Colwell, Henry Carey said, "Between us, ... there has never been any essential difference" (Dorfman, 1946, p. 825).

Meanwhile the Commission's mandate expired. Wells received two letters from Secretary McCulloch on July 16. The first notified him that "existence of the Revenue Commission, of which you are chairman, is by law terminated" and the second, that he was "hereby appointed 'Special Commissioner of the Revenue' at an annual salary of four thousand dollars (\$4000) and the traveling expenses necessarily incurred" (Wells, *Papers*, 16 July 1866).

The majority of Congress would soon regret that they kept Wells on. A further misstep was to keep Wells without Colwell; a fatal one was to grant him the travel money. In the summer of 1867 Wells took his inquiries abroad "in the way of obtaining valuable information in regard to the industry and the revenue system of England." He had already been dismayed by the venality of interests engaged in debate over the tariff bill. For him to travel to the land of "British free trade" and the legacy of Richard Cobden was a hazard. On July 12 McCulloch wrote to him that "Some of our high-tariff men are very apprehensive that you will become too much indoctrinated with free trade notions by a visit to England" (Wells, *Papers*, 12 July 1867). Their apprehensions were borne out: Wells changed his mind. Upon his return he joined Perry as one of America's most prominent and vociferous opponents of protective tariffs.

Two Tariff Commissions: 1865-70 and 1882

"These issues do not at present involve either the theory of free trade or the fact of protection. The questions arising are practical questions purely ..."

David A. Wells, Report of December 1869.
(Wells, 1869, p. lxxi)

"We are practical men, and want only facts."

Commissioner Boteler, in answer to testimony for the Report of 1882.
(Hayes, 1882, p. 2328)

The Special Commissioner of the Revenue, 1865-1870

The tariff bill drawn up from Wells's first report, which he wrote together with Hayes and Colwell, was passed by the House on July 10, 1866. The report's recommendation was generally to lower internal taxes but retain protective tariffs. In Congress, however, "the cry to preserve the tariffs soon turned in many mouths to one to raise them" (Tarbell, 1911, p. 31). Congressmen brought to the floor petitions "praying for an increase of the tariff" on imported wines (by California and Illinois grape growers), imported wool (by citizens of Dutchess and

Genesee Counties, New York), imported cigars (by Cornelius Cline, an Ohio tobacco manufacturer) imported flax (by several citizens of Ohio and New York), imported manufactured goods in general (by Philadelphia manufacturers), imported “time paper” (by the Milwaukee Chamber of Commerce), imported steel (by several citizens of Ohio), and so on (*House Journal*, 39th Cong., 1st sess., pp. 74, 156, 177, 244, 252). The resulting bill, H. R. 718, was titled “An Act to Provide Increased Revenue from Imports, and Other Purposes.” Most germane were the “other purposes,” namely protection for the distressed petitioners.

The legislative momentum favoring greater protection compelled the opposition to organize. The American Free Trade League was founded in 1867 in New York City with the renowned man of letters William Cullen Bryant as its President and Perry on its General Council. The inaugural issue of its newspaper, *The League*, explained its members’ purpose and manifested their zeal:

In the task of giving to four millions of human beings the right to make their own contracts in reference to their labor, the government of the United States expended several thousands of millions of dollars, and a half a million of lives. A like reform, but cheap and bloodless, remains to be wrought, that of restoring to thirty millions of men the exercise of their natural right to make their own contracts in reference to the products of their labor (Pell, 1867, p. 1).

The American Free Trade League sponsored lectures and published news and pamphlets in support of its cause. Similar organizations sprouted up throughout the country. They held up the banner of reform inscribed with the ideas of Perry and his compatriots, and advanced it with political weight.

The weight of economists’ ideas—those of free traders and protectionists alike—was evident in discussions on the tariff bill in the press and in Congress. As the House debated H. R. 718 in July 1866, Representative Samuel Scott Marshall of Illinois, in opposition to the bill, contended that a protective tariff inescapably decreases consumption and therefore “violates every sound principle of political economy.” For support he quoted at length both Francis Wayland and “the ablest living writer on political economy in our country,” Perry (*Cong. Globe*,

39th Cong., 1st sess., pp. 285-287). In the Senate debate the following winter, Senator Alexander Gilmore Cattell of New Jersey, in favor of the bill, insisted on the “utter fallacy of the usual and clamorous free-trade argument that under all circumstances all duties for protection are a tax upon the consumer” (*Cong. Globe*, 39th Cong., 2nd sess., pp. 633-643). Ultimately “it is competition and development at home that produce lower prices,” he argued:

Will not the encouragement given by protection invite capital into manufactures; attract to our shores the skilled workmen of other lands; stimulate enterprise and quicken the activities of our people, until the manufacturer will find a sharper competition at his own door than the one three thousand miles away? (*Cong. Globe*, 39th Cong., 2nd sess., pp. 633-643)

Accordingly he disclaimed “the speculations of Adam Smith and Say and their disciples” and for support cited Carey, among others (*ibid.*, p. 638).

Because Cattell spoke on January 22, 1867, it was unremarkable that he referred to Wells as “the highly intelligent and eminently faithful special commissioner” (*ibid.*, p. 640). Wells’s tour of England was still six months away. Between January and July protection would suffer a setback: specifically, the defeat of the tariff bill, after the Senate passed it with amendments and returned it to the House, due to tactical bungling and despite a solid majority in its favor. Nevertheless the section of the bill that increased tariffs on wool and woolens—the industries whose claims had, at the moment, the greatest support—was passed as a separate initiative. There was reason to expect that the rest would follow in the next Congress (Stanwood, 1903, pp. 154-158, 170).

The expectation’s disappointment was foreshadowed in a popular pamphlet by Edward Atkinson, a prominent Massachusetts industrialist and ally of Perry’s. Some defense against special interests and wrong doctrines could be rallied by enlightening public opinion to the true principles of political economy, Atkinson hoped. But more immediate defense might be found in none other than Wells: “His convictions are evidently changing somewhat, and I believe that a man of his ability, and with the opportunity which he has for observing the evils of legislation for special interests, cannot long avoid being a convert” (Atkinson, 1867, p. 5).

Wells's conversion—and the vexation of Cattell and his colleagues—happened in steps. In the report for 1867 he and his co-authors had stated “that a removal of all the internal taxes which materially impede production, with, possibly, some slight modifications of the tariff, will be followed by an immediate and great revival of domestic industry” (Wells 1867, p. 30). The statement already reflected the ebbing of Wells's protectionist sympathies, yet it was bland by his standards to come. One might have taken him to mean that in the *particular* circumstances he called for a tariff reduction, but he had no prejudice of how to revise it the following year. In the report for 1868 his message was different: free trade was known *a priori* to be salutary. “In fact,” he wrote, “our present tariff is in many particulars apparently based upon the old fallacy that, in the exchange of commodities between nations, which constitute commerce, what one gains the other loses. It needs but a moment's thought to be convinced that there can be no permanent trade or commerce unless it is for the gain of both nations” (1868b, p. 80).

Wells's report provoked a furor among many of his former supporters and propelled the public debate on tariff policy. Theories and theoreticians of free trade and protection were at the very center of the debate. In his historical interpretation of the American mind, Henry Steele Commager (1950, p. 9) wrote that “theories and speculations disturbed the American, and he avoided abstruse philosophies of government or conduct as healthy men avoid medicines. ... In politics, too, he profoundly mistrusted the abstract and doctrinaire.” That the statement is partly true is evidenced in the widespread use of the word “theory” as an epithet. That it is importantly false is evidenced in the vehemence with which parties on both sides of the debate (not least those who articulated obviously distinguishable theories) leveled the word at *each other*. A sampler: William D. Kelley, Republican of Pennsylvania, adherent to the views of Carey and leader of the protectionist side in Congress, objected that Wells had marshaled his figures “to sustain a foregone conclusion and advocate *a favorite theory of his own*” (*Cong. Globe*, 40th Cong., 3rd sess., p. 452). Anticipating the criticism, Wells had already insisted in his report that he wrote it “with a view *not of establishing or confirming any particular theory*” (Wells 1868a, p. 1). Wells's friend Rep. James Garfield added that Kelley's real objection was that the report's “facts and deductions *do not square with [Kelley's] theories and notions*” (*Cong. Globe*, 40th Cong., 3rd sess., p. 454). Kelley redoubled his effort, denouncing the report more vociferously as “the vain imaginings of a *dreamy and indolent theorist*” (*ibid.*, appendix p. 120) and later supporting a measure that would cease payment of Wells's salary. Garfield wrote to Wells in

sympathetic indignation, “What does this raid signify? This only; they have created an office by law and appointed an officer whose duty it is to find facts and report conclusions on our Industrial and Financial Interests, but, he must find facts to satisfy these people and his conclusions must *support their theories*, or they will not tolerate him” (Garfield, *Papers*, 24 Feb. 1869, italics mine throughout).

The theories proffered and protested by Commissioner Wells and the Congress were carried into the newspapers. Horace Greeley’s *New York Daily Tribune* published a series of thirteen open letters by Henry Carey containing the eminent protectionist’s rebuttal of Wells’s report. First, he disputed Wells’s interpretation of recent economic history: if protection had inhibited American prosperity, then “Why is it that the closing years of every anti-protective tariff have exhibited scenes of public and private bankruptcy and ruin?” (Carey, 1869, p. 54). Second, he impugned Wells as an agent of British interests that stood to gain from free trade at Americans’ expense. Finally he reiterated his longstanding theoretical argument in favor of protection. The progress of wealth, Carey reiterated, depends on the intensive cultivation of land in densely populated areas where commerce promotes the division of labor, and with it innovation and new techniques for yet more intensive cultivation. When people are given incentives to trade with others faraway instead of near, they spread themselves thin, extending cultivation extensively instead of intensively. Resources are wasted on transportation. The innovative benefits of agglomeration, which can be realized only by “placing the consumer by the side of the producer” (Carey [1847] 1872, p. 103), are foregone. “Are you in future to stand before the world,” Carey challenged Wells,

as advocate of the great British capitalists who would compel our farmers to make all their exchanges in Liverpool; or of the farmer himself who seeks to have the market brought so near to home as to enable him to free his land and himself from that terrific “tax” of transportation by means of which he, in the past, has been so nearly ruined? (Carey, 1869, p. 55).

At the same time that Carey’s letters went to press, his patron at the *Tribune*, publisher Horace Greeley, was preparing a protectionist treatise of his own (1870). For free traders,

meanwhile, debate over Wells's report was merging into general anticipation of what might be accomplished with the new Congress and the recently inaugurated President Grant. Both sides pressed their views; Arthur Latham Perry met Greeley for a debate in Boston in the fall of 1869.

Perry propounded from the podium his catallactics. Since trade could only proceed if two traders were willing, it was necessarily beneficial, and the conclusion was not altered if one of them happened to be a native and the other a foreigner. So, "for Government to thrust in a protective duty, shutting the foreigner out; and what is the same thing, shutting the native in, is to destroy an otherwise inevitable gain. Gain destroyed is loss incurred, and this loss is an uncompensated loss—a dead loss" (*The New York Times*, 12 October 1869b). Greeley made at least seven concise counter-arguments, ranging from partly to mostly theoretical. First, free trade was the doctrine of slave-holders, for an advocate of slavery "was never known who was not a free trader at heart." Second, tariff increases had successfully ended periods of distress in the past. Third, protection fostered manufactures, which provided a home market for agricultural products. Fourth, protection was necessary because "there is an infancy to manufactures" during which they cannot withstand foreign competition. Fifth, as Alexander Hamilton had demonstrated in his *Report on Manufactures* ([1791] 1921), prices of protected manufactures decline over time. Sixth, to produce manufactures is to reduce transport costs, because manufactured goods are cheaper to ship than agriculture. Seventh, industrial diversification, which protection makes feasible, improves the education of the people.

Belying Greeley's first argument, a wedge had already begun to divide the Republican Party as its business constituents backed protection while abolitionists favored free trade. Anti-slavery luminaries William Lloyd Garrison, Henry Ward Beecher, and William Cullen Bryant extended the principles of their cause seamlessly to free trade. Beecher shared a public stage with Perry and announced that "after a decade of years we are coming back to the discussion of principles." "The doctrine of liberty should be extended to more than the civil state," he continued, referring to emancipation; "it should apply to commercial interests also" (*The New York Times*, 13 April 1869c). At a meeting of the American Free Trade League, Bryant declaimed, "We talk of free labor; but what is free labor if we are not permitted a free exchange of the fruits of our labor?" (*The New York Times*, 1 May 1869a).

The wedge was widened by some Western Republicans who also resisted Greeley's other arguments. General Roeliff Brinkerhoff wrote a free trade plank into the party platform at the

Republican County Convention of Mansfield, Ohio, and attracted national attention when his speech defending the platform published by the *Cincinnati Commercial* (15 June 1869d). Seizing the opportunity to give their cause political effect, the American Free Trade League enlisted Brinkerhoff and Perry for a campaign of public meetings and speeches beginning November in Detroit, Chicago, Milwaukee, St. Louis, Springfield (Illinois), Indianapolis, Cincinnati, and Dayton (Brinkerhoff, 1904, p. 195). The events circulated free trade ideas and supported sister leagues in some of the host cities to maintain the political pressure for tariff reform.

Opposing leagues countered the campaign. The secretary of the American Industrial League, Giles Stebbins, heard Brinkerhoff and Perry in Detroit and published his response. Stebbins had an immediate political end in sight: a tariff reduction called the “free breakfast table” that was exactly the opposite of the reduction sought by free traders. It aimed specifically to reduce duties on imported goods that were unlikely to be produced domestically, like coffee and tea, and maintain them on the rest. Stebbins inveighed against Perry mainly for his “scheme to benefit foreign manufactures and New York importers at the cost and peril of our enterprise and industry” (Stebbins, 1869, p. 7). But he also invoked Alexander Hamilton, as Greeley had done, arguing that protection for import-competing goods would cause their prices to fall as the protected enterprises grew and improved their techniques. Hamilton’s scenario, he wrote, “accords with the reason of the thing and with experience” (Stebbins, 1869, p. 2). Let coffee and tea be reduced, he offered, but do not touch woolens and steel.

While the debate carried on so did Wells. His report of December, 1869, found—to nobody’s further surprise—that the prevailing tariff, which reflected “the will of highly organized and aggressive associations of capitalists,” was “excessive and unnecessary, and opposed alike to the highest interests of civilization and humanity” (Wells, 1869, p. lxxii). Nor was the report’s reception surprising. Among Wells’s allies, Perry responded by writing him a congratulatory letter assuring that “this Report will be our Bible in our future onslaughts on the monopolists” (Wells Papers, 31 Dec. 1869). Among his opponents, General Robert Schenck, Republican chairman of the House Ways and Means Committee, responded with a tariff bill that bore some resemblance to the free breakfast table but very little to Wells’s recommendations. In speeches supporting the bill, Schenck and his allies targeted both Perry and Wells. Perry was said to be paid from “the deep coffers of the British manufacturer” to “teach the people how

much better were the speculations of the theorizers than the lessons of experience.” Wells was derided for changing his better views for the worse: “it will be entirely safe to leave Wells the free trader to the tender mercies of Wells the protectionist” (*Cong. Globe*, 41st Cong., 2nd sess., pp. 2004-2005).

The main provisions of Schenck’s bill became law in July of 1870. The act was a victory for protectionists compounded by their ridding themselves of Wells’s nuisance: the office of the Special Commissioner of the Revenue was eliminated by President Grant’s refusal to renew it (Tarbell, 1911, p. 69).

The end of Wells’s commission did not end the tariff debate in Congress, much less in college classrooms, public meetings, and the press. Nonetheless, it marks a good point to leave off before rejoining the protagonists a dozen years later. Did the ideas that they debated change in the interim?

The Tariff Commission of 1882

After passage of the Schenck bill, Perry and Brinkerhoff toured again with a more pointed message. Decades later author Thomas Beer ([1929] 1941, p. 430) wrote that the Union’s provisions for the Civil War, followed by westward expansion and railroad land grants, produced “a certain frame of mind infecting principled men: the government came to be a source of help for private enterprise, of subsidies and candid gifts.” Reformers diagnosed protective tariffs as a symptom of the same infection. Brinkerhoff exposed the Salt Company of Onondaga, in upstate New York—“The Tyrants of Syracuse”—as a case study of tariffs as *de facto* monopoly grants to businessmen (Brinkerhoff, 1904, p. 203). Perry, too, stressed arguments depicting the tariff as class legislation for a favored few. He took added care to specify who benefited, who was hurt, and how. The Nebraska State Board of Agriculture invited him to Omaha in 1874 to make it plain. “So far as the importables are raised in value by protective tariff taxes,” he lectured from the pulpit of the First Baptist Church, “the exportables are depressed in value.” Therefore,

Protection in its best estate is a short-sighted, narrow-minded, prejudice; whenever it passes beyond that, it becomes a consciously deceitful scheme of plunder, by which a few seek to enrich themselves at the

expense of the many. Those many are mainly the farmers (Perry 1874, pp. 16-17).

The free traders' continued campaign met setbacks and a modest success. The revolt against Grant's administration by "Liberal Republicans," led initially by tariff reformers including Brinkerhoff, was usurped with the selection of Horace Greeley, of all candidates, as their choice for 1872 (Brinkerhoff, 1904, pp. 214-228). Nevertheless the reformers' willingness to defect from the party heightened "the alarm which possessed many of the Republican leaders who were watching the apparently rapid progress of free trade ideas" (Stanwood, 1903, p. 181). Alarm spurred compromise. Party leaders extended a concession to the reformers in hope of stemming, at one stroke, any further defections of Grant's erstwhile supporters and any grave unraveling of the protective system. A ten percent reduction in duties on manufactured goods became law in June.

The success was short lived. A commercial panic in 1873 diminished government receipts, giving tariff supporters grounds to call for a repeal of the previous year's reduction—in the name of revenue, not protection. They had to carry out the repeal before the Republican majority vanished with the new Congress on March 4, 1875. They did, and President Grant signed the bill on March 3. The act raised once again the ratio of duties to dutiable imports to well over forty percent, not far below its height during the Civil War. It was the last significant piece of tariff legislation until the early 1880s.

The revenue, by that time, was an embarrassment of riches for the high tariff supporters. David Wells argued that it was a positive danger. Within four years, by his estimation, the Treasury would have retired all the remaining debt payable at its option and would be forced to purchase at a heavy premium what remained. Retirement of the remaining debt would extinguish the capital of private banks and compel them to withdraw their notes from circulation, inducing a "spasmodic contraction" (Wells, 1881, p. 614).

Yet as Wells saw it, a new commission that was being considered by Congress to study and issue recommendations for Federal tax reform was actually a hindrance to any remedy. Nothing would be done during 1882, he understood, while the commission would be conducting its study; and in 1883 the Forty-Seventh Congress would not have time to complete a thorough revision of the revenue before its adjournment in March. To Wells's mind the plan was a ruse, a

“most admirable pretext and occasion for delay and obstruction,” a “dodge to prevent any reconstruction or reduction of the existing tariff” (Wells, 1881, pp. 620, 622). Even worse was the commission’s proposed composition. The bill under consideration provided for it to be filled with “practical men.” Wells interpreted the term to mean men representing the interests of particular industries—in which case the commission would be nothing more than another “scheme for making the prospective reform in Federal taxation subservient to private rather than public interests” (Wells 1881, p. 621).

The motif of *practicality* in opposition to *theory* did not, in itself, represent a change from the debate of a dozen years before. The change was the opening of a meta-debate, with new participants, about the natural order that inhered in the arguments of both Perry and Carey—particularly about the foundations of their knowledge of the presumed order. To Henry Steele Commager the meta-debate was concerned with clearing away “the jungle of theology and metaphysics and deterministic science” to allow “the warm sun of common sense to quicken the American spirit” (1950, p. 97). It took place apart from, if not independently of, the policy arena where free trade and protection remained at odds. Nevertheless its effect was felt there: increased strength accrued to whichever argumentative hand could be played as “practical,” free of theoretical presumptions. Protectionists proved more adept at playing theirs as such, sometimes even conceding that their opponents’ arguments were true in theory but dismissing them as false in practice. Free traders responded defensively. A newcomer in the 1870s, William Graham Sumner of Yale, framed the response: the first sentence of his “Argument Against Protective Taxes” (1881, p. 241) read, “the most absurd assertion which can be put into language is that a thing (e.g., free trade) is true in theory but is false in practice.” David Wells (1882, p. 11) lectured almost identically, “nothing can be more absurd and unfounded than the assertion which to a certain extent has become popular that a thing may be true in theory and yet false in application and practice.” But the free trade hand fared no better for their saying so.

The Tariff Commission, once approved and appointed, was even more practical than Wells had feared. He had anticipated in a panel of nine at least “three truly representative members of the anti-protection party” (Wells, 1881, p. 625). In the event there was, as chair, John L. Hayes of Massachusetts, Secretary of the National Association of Wool Manufacturers; joining him, an iron manufacturer, a wool grower, a sugar grower, an officer of the New York Customs House, and three former members of Congress from Ohio, Virginia, and Georgia, all

with protectionist sympathies; and a statistician from the Census Office who “had been at one time strongly inclined to free trade” (Stanwood, 1903, p. 204).

Their mandate, as enacted by Congress in May, was to make recommendations for the “establishment of a judicious tariff, or a revision of the existing tariff upon a scale of justice to all interests” by December (Hayes, 1882, p. 4). The commissioners adopted additional guidelines. Their recommendations would “serve no particular party, class, section, or school of political economy.” They would shun abstractions and come “face to face with the most practical questions within the range of national economics.” Specifically,

The practical question presented to the Commission is that of reconciling the interests of revenue, including the considerations of its sufficient maintenance or possible reduction, with justice to the interests of the nation involved in the preservation of its industries and the security of its labor (Hayes, 1882, p. 4).

The commissioners began taking testimony in New Jersey in mid-July and continued for two and a half months. Over one five week period they traveled six thousand miles, taking testimony in twenty-five cities from Rochester to Minneapolis to Atlanta to Philadelphia (Hayes, 1882, pp. 2-3). In total they interviewed over six hundred witnesses, nearly all of them manufacturers and businessmen testifying to the necessity of tariffs in their particular lines of work. To the charge that the interviews constituted not a study but a sham, Edward Stanwood, in his history of American tariff controversies (1903, pp. 205-206), defended the commissioners with the reminder that “the witnesses were not selected by the commissioners, but were volunteers, and if few men appeared to urge more radical reduction of the tariff than was recommended, the fault was their own.” At least one free trader, however, anticipated the defense and acted. He turned up in Philadelphia, having traveled there from New Haven, intending less to “urge a more radical reduction” than to rebuke the commission for their flagrant stupidity in considering anything less.

The record of William Graham Sumner’s testimony to the Tariff Commission is triply valuable. His prepared statement provides a record of one of the principal arguments for free

trade circa 1882, and his dialog with the commissioners afterwards offers both a record of the clash of free trade and protectionist ideas and farcical entertainment.

The first burden of Sumner's argument was to prove that a protective tariff lowers wages overall rather than raising them, and that if some workers' wages rose they did so only at the expense of others more numerous. "I have noticed that in the discussions which have taken place before this Commission there has been a constant reiteration of some false doctrines of theoretical political economy about wages," Sumner began. "If there is to be any theoretical political economy admitted, it is worthwhile to have it correct" (Hayes, 1882, p. 2313). The tariff is a tax, he insisted, and while taxes may be necessary to pay for security and peace, they can never increase the total of goods produced because they discourage production by the most efficient producers of the most valued products. With fewer goods produced by existing capital and labor, "until somebody invents an arithmetic according to which 10 will go into 70 more times than it will in 100, it is certain that smaller dividend will give a smaller share to each person" (ibid., pp. 2316-2317). Protection therefore lowers wages. The conclusion, he maintained, is mathematically demonstrable: it could not be escaped by "a thousand commissions, sitting for ten years, and actually engaging in a real study of the industries of this country," let alone by the lesser men facing him.

Sumner's second burden was to distinguish "a tariff for revenue only," which free traders accepted, from a protective tariff, which they condemned. The distinction was not new, but he thought it should be reasserted because tariff supporters had been arguing that it was questionable. It was widely held that tariffs, no matter how high or low, brought "revenue with incidental protection." If so, then it followed that those who complained about protection were, in effect, just advocating reduction of revenue; and those who called for a "tariff for revenue only" were chasing a phantom. This was clearly the view of the commissioners—and it led, after Sumner completed his prepared statement, to the following exchange.

Commissioner Duncan F. Kenner: ... Our object is to find the best system of revenue.

Sumner: Then abolish all protective taxes.

Kenner: Without regard to the \$250,000,000 or \$300,000,000, that it is necessary to raise for the support of government? What would you recommend in the place of the present tariff system?

Sumner: You have a large number of revenue taxes, and if you strike out half of them and divide the rest by two you would double the revenue, if you want more revenue.

Kenner: Divide which taxes by two?

Sumner: All you have got—the whole tariff system, the whole intricate import tariff duties that we have. Strike half of them off the list and lower the rest to one half of what they are now and you will double the revenue.

Kenner: I thought you said just now that we should abolish all revenue taxes?

Sumner: All protective taxes.

Kenner: All import duties?

Sumner: I never said that; I said all protective taxes.

Kenner: I understood you to say abolish all protective taxes, and I understood you to mean by that all import duties.

Sumner: Oh, no; I do not mean that.

Kenner: I wish you would be more explicit then.

Sumner: I am as explicit as a man can be.

(Hayes, 1882, pp. 2325-2326)

Sumner was mistaken: further questioning made his view more explicit. “Revenue and protection are entirely exclusive of each other,” he insisted, “and never can overlap one another at all” (Hayes 1882, p. 2329). Apart from being imposed for different purposes—revenue tariffs, to perform the basic functions of government; protective tariffs, to favor a particular person or class—they are levied differently. A tariff placed on an imported item that is not produced domestically, he argued, is for revenue. It cannot be protective because there is no domestic

producer to protect. A tariff placed on an imported item that is also produced in the U.S. is protective unless offset by an equal excise tax on the domestic product.

In short, Sumner defined a protective tariff as one that favors domestic producers of particular items over foreign producers. Such a tariff can never appropriately be said to be “for revenue,” his thinking ran, because there is always an alternative tax, at a lower rate, that (1) would not favor domestic producers of the item, and (2) would garner more revenue. (And (3) would allow greater total consumption of goods, besides.)

Sumner did not budge the commissioners, however, from their conviction that his recommendation was utterly impractical. He entrenched them in it. “Of course you do not object to our receiving your communication ... under the well-known saying that ‘granting a logician his premises he can reach any conclusion he wishes?’” asked Commissioner Kenner. He and others continued, “Our purpose is to arrive at the truth,” “Our purpose is to get at the facts,” “We are practical men with a practical object in view,” “We are practical men, and want only facts,” and “The Commission is composed of practical men, and ... when you make such very radical suggestions as you have made, we want to see how far you can substantiate them” (Hayes, 1882, pp. 2323-2325, 2327-2328, 2331).

The claims of practicality are noteworthy for their perfect Bounderbarianness, but they did not signal a credible eschewal of theory any more than they did when the claimants included Wells in the late 1860s.⁹ George Basil Dixwell, an astute critic who rebutted Sumner’s testimony in print soon after the event, denounced him similarly as impractical. Sumner’s reasoning on the subject, he maintained, could not match that of “statesmen and educated business men, all of whom have been pupils of the professors and afterwards pupils in the great school of practical life, where they often learn to doubt and then to discard much which had been learned at college” (Dixwell, 1882, p. 5). But as Dixwell proceeded to carve up Sumner’s testimony, his instruments, while arguably “practical,” were far from atheoretical. He found fault in the first place with Sumner’s assumption that, under a reduced tariff that induced

⁹ Although it might seem ironic today, it would not have seemed so at the time to associate the satirized personification of Political Economy in Charles Dickens’s *Hard Times*, Josiah Bounderby, with the protectionists as much or even more than the free traders. Indeed, Dickens was among the contributors to the purchase for Westminster Abbey of a memorial bust of Richard Cobden, the renowned British parliamentarian and popularizer of free trade whose methods were studied carefully by his American counterparts (Howe, 1997, pp. 143-44, note 204). That the seeming irony is misapprehended is a succinct expression of the larger story that I am telling here.

Americans to produce more agriculture and import more manufactures, the price of agriculture would not fall and the price of manufactures would not rise. “Theory,” he wrote, citing J. S. Mill, “negatives this assumption” (Dixwell, 1882, p. 22). Dixwell did not rely solely on a terms-of-trade argument, though. “The truth,” he continued, “is as follows”:

Protection prevents a vast number of people from flying to the land, and makes them consumers instead of producers of raw products. ... Protection therefore secures to the laborer the advantage which he has by nature in this country, and increases it by diversifying employments. Consequently it raises wages above what they could be under foreign competition. At the same time it hastens the moment when increasing skill may compensate for the higher moneyed cost of labor; for high wages lead to greater efforts and intelligence on the part of operatives, and to greater care in selecting the most skilful on the part of employers, and to a more extensive use of the very best machinery (Dixwell, 1882, pp. 22-23).

Again he appealed to Mill, but in stressing the desirability of geographic concentration, industrial diversity, and the technological progress presumed to accompany both, his argument was more evocative of Carey's. In either case it was thoroughly theoretical.

The controversy that began with the Tariff Commission's creation and composition, and continued through Sumner's testimony, did not subside with the appearance of the report. The commissioners' recommendations were detailed, running line by line of the tariff schedule, and the changes they suggested were far from uniform. Readings of the report varied with the inclinations of the readers. To ardent protectionists, as well as the commissioners themselves, it recommended a "substantial reduction" of 20 to 25 percent (Hayes, 1882, p. 6); to thoroughgoing free traders it recommended an increase in disguise. Protectionist historian Stanwood (1903, p. 206) saw in it rates that were generally "left untouched, or reduced from a slight amount to 40 or 50 percent." Muckraking historian Ida Tarbell (1911, pp. 107-108) saw in its ostensible reductions "an admirable basis to work on," although inconsistencies and several proposed increases signaled that the Commission "had by no means lived up to it." Perry (1887, p. 575) considered it "a marvel" that "provided that cow's hair should come in as wool," and the Brooklyn Revenue Reform Club (Shearman, 1882, p. 3) read it as a "fraudulent revision" that was "carried out by pretended reductions, which would in fact ... not diminish the extortions of the protected few."

The Senate and House took up the report simultaneously and began to craft bills. Rep. Kelley, who had opposed Wells when he was Special Commissioner of the Revenue and who was now chairman of the Committee on Ways and Means, had a problem. Democrats and even most Republicans were willing to vote for a bill reflecting the recommendations of the Tariff Commission—the ostensible 20 percent reduction—but Kelley would permit no such reduction. The bill that Kelley presented, which reduced tariffs considerably less than the Commission recommended, stirred too much opposition from reformers for its debate to come to an end in the time remaining to the 47th Congress. Stalemate had been the intention of high tariff supporters all along, if Wells's warning about the Tariff Commission in 1881 is to be believed. Certainly most of the industry lobbyists who gathered at Washington to urge no reduction would not have minded that outcome. But the general sentiment for *some* revision was now sufficiently strong

that President Arthur threatened to call Congress back for an additional session if no bill was forthcoming (Tarbell, 1911, pp. 113, 121-122).

A parliamentary maneuver solved Kelley's problem. The House bill was replaced with the Senate bill, the Senate bill was declared at the same moment unsatisfactory, and the task of reconciling the two chambers was delegated to a conference committee whose appointees favored protection. Kelley had succeeded in producing a bill to his liking that included numerous revisions but, on net, no substantial reduction (Taussig, 1892, pp. 230-250).

Tariff reformers, whose ranks would grow in the next Congress with a new majority of Democrats in the House, made it known that passage of the bill would not forestall them from revisiting the issue. "Sir," William Morrison of Illinois addressed the Speaker on the last day of debate, "the advocates of protective and selfish greed here and everywhere but deceive themselves if they expect from this measure so much as temporary settlement of the questions for which they seek oblivion" (*Cong. Record*, 47th Cong., 3rd sess., appendix p. 278). He kept his word. As the new chairman of the Ways and Means Committee, Morrison reported, in March 1884, a bill to cut tariffs 20 percent across the board. His bill was a challenge to Congress to accomplish in fact what the Commission had claimed to intend.

Ideas of free trade and protection were taken up once again. Rep. Samuel S. Cox of New York repeated ably Sumner's argument that protection cannot increase wages: "You can never by any legislation advance the rate of wages one cent beyond what supply and demand may prescribe, but you can reduce—as for years past you have done—the purchasing power of wages to more than the full extent of your tariff rates" (*Cong. Record*, 48th Cong., 1st sess., appendix p. 8). If the latter part of Cox's speech was Sumner's, however, the rest was Perry's. When Perry had condemned the tariff as class legislation in Nebraska in 1874 he had made his case with data from the 1870 census. Although tariffs could raise temporarily the wages of workers in the protected lines of work, he had reasoned, those workers—manufacturing workers—represented just 21.67 percent of the workforce. Agricultural workers represented 47.36 percent. At best, Perry had said, the tariff benefited one-fifth of the population, hurt egregiously nearly one half, and made living costly for the other three-tenths (Perry, 1874, p. 4).

Cox maintained the argument with the 1880 census numbers. They had changed only slightly: 22.06 percent of the workforce was now employed in manufacturing industries, 44.1

percent in agriculture, and 33.84 percent in professional services, trade and transportation.¹⁰ Perry's point remained unchanged. The tariff, Cox declared, was naked redistributive class legislation. Specifically, it redistributed income from the majority of citizens engaged in agriculture and services to a minority engaged in manufacturing. Generally, it redistributed from workers to employers. "The employers have been growing rich, the laborers poorer," proclaimed Cox, condemning the "tariff robbery, which fosters monopoly" (*Cong. Record*, 48th Cong., 1st sess., appendix p. 6). The Morrison bill offered such modest relief that it "retains 80 per cent. of iniquity and awards 20 per cent. of justice," but even so the protectionist interests would not budge: "Moneybags is afraid to move lest he burst" (*ibid.*, appendix pp. 9-10).

Protectionists answered, as they had before, that the tariff supported the high wages of American workers relative to the "pauper labor" of Europe. They also answered, as before, that the proposed reduction favored English interests above all. "Give us as cheap labor as they have in England (which I do not want) and we need no protection," said Rep. William McKinley to applause (*Cong. Record*, 48th Cong., 1st sess., appendix p. 139). "This Congress is to-day engaged in an effort to help England, not America, to build up English manufacturers at the expense of our own (*ibid.*, appendix p. 138).

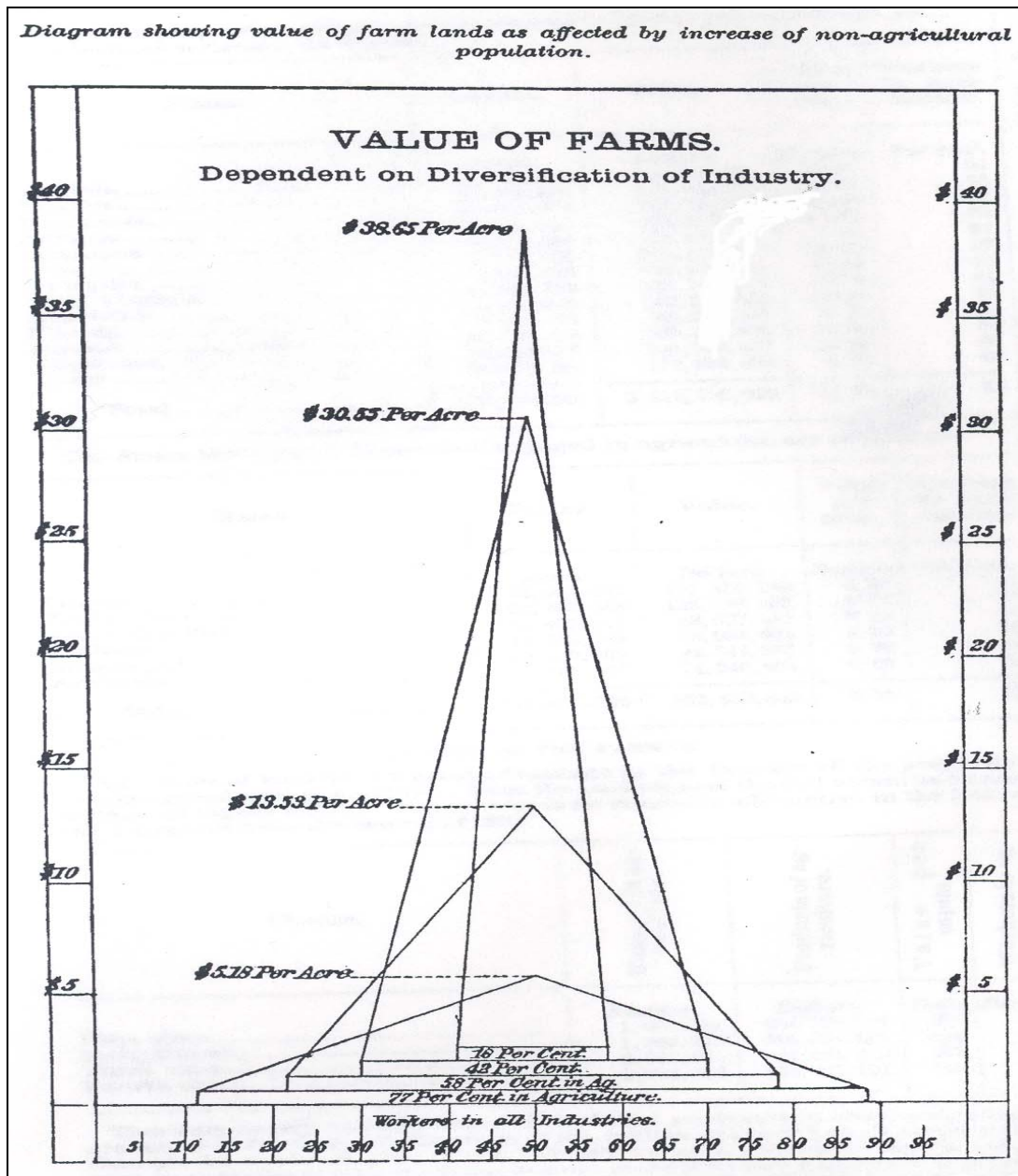
Still, the free traders' points about agricultural prices and wages had to be parried. Here the practicality claimed by protectionists had a practical manifestation: they used more statistics to buttress their claim that farmers, too, benefited from a high tariff than free traders used to deny it. Rep. Horatio Bisbee of Florida showed some deference to "Professor Perry, of Williams College, one of the great theoretical apostles and advocates of free trade" (*Cong. Record*, 48th Cong., 1st sess., appendix p. 175)—but nevertheless dismissed him because "facts and practical results are better than theories on this subject" (*ibid.*, appendix p. 176). In six tables of statistics he demonstrated that in nearly all occupations, including farming, wages were higher in protected America than in Europe; that prices of the "necessaries of life" were lower in America and those of fabrics had fallen; and that agricultural wages, and the value of agricultural lands and products, were greatest in those states with sizeable manufacturing industries. Yet statistics complemented, rather than supplanted, theory. "The farmer," Bisbee concluded,

¹⁰ The statistics are derived from numbers that Cox presented to the same effect.

should encourage manufacturing interests in his own State and neighborhood, and thereby create a market near his door for what he has to sell, and at the same time create the supply of manufactured products which he has to purchase in the vicinity of his own farm. He can do this by maintaining a protective tariff. By abolishing it, and the consequent destruction of manufacturing interests in this country, our entire population must seek employment in agricultural pursuits; the home market for the products of the soil is destroyed; the people of foreign countries must be depended upon to purchase what the farmers do not themselves consume, and to sell us what of manufactured articles we have to buy. (*Cong. Record*, 48th Cong., 1st sess., appendix p. 179)

In similar fashion Rep. Moses A. McCoid of Iowa laid out ten tables and the same ideas: “there is sound economical philosophy in the doctrine that the prosperity of agriculture must come through diversification of industries, in peopling areas of land, by which a large proportion of non-agricultural people may be secured to them” (*Cong. Record*, 48th Cong., 1st sess., appendix p. 202). For evidence he reproduced from a report of the Agricultural Department two graphs, one of which is shown in Figure 3. To draw it states were divided into four classes according to the percent of their workers in agriculture. The average value of farms in each class was then plotted as a pyramid—the base of which had length proportional to the percent of workers in agriculture. Protection, which reduced the percent of workers in agriculture, was alleged to benefit them: it raised the value of their farms, producing the highest pyramids. Henry Carey, who had died five years before, smiled from the heavens.

Figure 3. "Value of Farms, Dependent on Diversification of Industry; The Farmer's Income, Highest where Farms are Fewest." Figure accompanying a speech on the Morrison bill by Rep. Moses A. McCoid, Republican of Iowa.



The opponents of the Morrison bill won the skirmish: a large minority of Democrats joined nearly all of the Republicans to defeat the bill narrowly. For nearly thirty years the hopes of tariff reformers continued to be frustrated, and protectionists continued to prevail in policymaking. There were some near-reversals, of which one stands out. President Grover Cleveland was attracted to the cause and the political potential of tariff reform: in 1885 he

offered Perry the position of Secretary of the Treasury (which Perry declined),¹¹ and in 1888 he made the tariff the primary issue of the campaign for his re-election. Cleveland's loss, despite winning the popular vote, was interpreted by Republicans as a mandate to push the tariff still higher. The result, the McKinley Bill of 1890, was a victory for protectionists of such magnitude that Andrew Carnegie could gloat justifiably, "the cause of free trade has receded, and is now confined to the little island of Britain itself and New South Wales, with its pastoral land and one million inhabitants" (Carnegie, 1890, p. 52). The ratio of duties to dutiable imports rose within two years to a height even greater than its maximum during the Civil War, or any other year since 1830 and the Tariff of Abominations.

The foregoing account of the ideas that guided tariff protection from the end of the Civil War to its triumph near the end of the century, and the ideas of free trade that combated them throughout, should allow us to revisit in conclusion the questions at the essay's beginning. Were high tariffs in the late-nineteenth century United States the outcome of backlash? Given the answer, what becomes of the lesson about globalization, its inequities, and its future?

Conclusion

"Backlash" may be understood in many ways, as O'Rourke and Williamson (1999) demonstrate. They establish that in the 1870s free trade made French workers worse off, but British workers better off (pp. 112-113); the same policy had opposite distributive effects, yet O'Rourke and Williamson hold that "backlash seemed to be on the rise in both cases" (p. 108). In France, agricultural producers and wage earners were alarmed by their falling incomes; in Britain, backers of empire were alarmed by their nation's declining power in a world of converging incomes. Backlash as O'Rourke and Williamson understand it encompasses other differences, too. French agricultural producers and workers succeeded in turning their country's policy from free trade to protection in the mid-1880s, while the British imperialists *did not* succeed in altering policy significantly. Furthermore, O'Rourke and Williamson argue that globalization

¹¹ Although the only direct and explicit evidence of the offer that I have seen is Perry's own word (1899, p. 697), there is ample independent corroborating evidence. It includes a record of Perry's summons to Washington by Cleveland's private secretary, General Daniel S. Lamont (*Papers*, Box 88, telegram of 25 Nov. 1885), through the intermediation of Perry's former pupil and prominent attorney Francis Lynde Stetson. It also includes Perry's telegram to Lamont and letter to Stetson (Cleveland, *Papers*, 27 Oct.-28 Oct. 1885) declining an obviously significant offer that is not named. The supposed occasion of the offer, the illness of then-Secretary Daniel

backlash “was even more powerful in the New World” (p. 117), where, unlike in either Britain or France, tariffs protected manufacturing interests and a minority of workers—and where the largest country, the United States, did not have an open trade policy in the first place. “Backlash” understood in all these ways at once means opposition to the globalization of markets, period—whatever are the markets, whatever was the policy originally, whatever is the policy that prevails, and whatever is the identity of the disaffected.

An expansive understanding of “backlash” for studying the past would be unobjectionable were it not for how the term echoes in the present. In piecing together a lesson for today, O’Rourke and Williamson (1999, p. 287) write, “unless politicians worry about who gains and who loses, they may be forced by the electorate to stop efforts to strengthen global economy links, and perhaps even to dismantle them.” A close reading of their book reveals that what they must mean by “who gains and who loses” is quite general, for the same reason that what they mean by “backlash” is general. But they intend the lesson that they derive for the present—and at present “backlash,” and the associated winners and losers, is perceived specifically. Backlash *may be* understood in many ways, that is to say, but it *is* understood mostly in one way. The protectionist pressures exerted upon trade policy by particular classes and industries have been more or less contained, as Douglas Irwin (2002) has argued persuasively. The globalization backlash that persists—the one that claims popular attention and that may have a decisive effect on policy—is the one conceived as a rebellion against the powerful by the bereft of power, against the moneyed by the dispossessed. Globalization backlash today is witnessed in the protests in Seattle, Quebec City, and Genoa. Globalization backlash today is what Noam Chomsky, in his collection of essays titled *Profit Over People* (1999, p. 113), calls a “popular struggle to erode and dismantle forms of oppression and domination,” which forms are thought to consist in large part of the influence of corporations in the formation of trade policy. Inverting Chomsky’s title to the same effect, globalization backlash today is pictured in the photograph below, taken a few blocks from the summit in Quebec City to advance the Free Trade Area of the Americas.

Manning, is also supported by correspondence between Manning (1886) and Cleveland (*Papers*, 25 Nov. 1885). Manning died in office in 1887.

Figure 4. Globalization backlash in Quebec City, 21 April 2001. Protest against the FTAA, photographed by the author.



If Figure 4 manifests globalization backlash in the present, then globalization backlash in the nineteenth century *as it will be understood in the present* is manifested in Figure 1, the picture with which this essay began.

I have tried to show what is wrong with that picture. O'Rourke and Williamson and other economic historians demonstrate that the relation of foreign trade to economic interests in the United States would have made the picture's appearance improbable. I have tried to demonstrate that it was beyond improbable. It was unthinkable. The ideas that would have been necessary to conceive of such a picture had no currency.

Supporters of protection proffered several theories to support their policy, drawing from the writings of Hamilton, Mill, and especially Carey. Stated concisely the theories reduced to the following propositions. (1) Protection was beneficial because only if industries were sheltered from foreign competition in their infancy could they grow to produce more efficiently and

cheaply. Eventually their prices would fall below the prices of imports. (2) Protection would decrease reliance on British manufactures and increase demand for American substitutes. Anything less would serve British interests, not American. (3) Protection would prevent American wages from being reduced to the “pauper wages” of Britain. (4) Protection had been on the right side of the Civil War—whereas free trade had always served the sectional interests of the South, and was therefore tainted by slavery. (5) Protection was necessary to promote industrial diversity and thereby provide “home markets” for agricultural products and manufactured products alike. (6) By providing agriculture a home market, protection raised the values of agricultural lands and crops. (7) Protection promoted geographic concentration. Industrial diversity and geographic concentration together contributed to technological progress. (8) Protection allowed consumers to save the transportation costs that they would otherwise have to pay for imports. (9) Protection maintained advantageous terms of foreign trade, raising the relative price of agricultural exports and lowering that of manufactured imports. (10) Protection, to some degree, was an inevitable result of collecting revenue from tariffs. One could not oppose protection without also opposing the collection of revenue, and therefore endangering the national finances.

Free traders advanced fewer theories and fewer but more coherent propositions. The propositions, articulated and applied by chiefly by William Graham Sumner, David A. Wells, and Arthur Latham Perry, were these. (1) In the natural order of the world, in which people were unencumbered by legislated restrictions on trade, their different abilities led them to specialize in production and trade to their mutual advantage. Production and consumption were thereby maximized. Restrictions of trade reduced people’s incomes, and restrictions of international trade were no different. (2) If protection increased the incomes of some, it did so only at the expense of others. (3) To increase the income of some people at the expense of others was not a legitimate function of government. It interfered with the natural order. (4) A tariff for revenue was different from a protective tariff and was not incompatible with free trade. Revenue tariffs were not established with the motive of restricting trade, they were not so high that revenue was actually reduced, and they were matched ideally by excise taxes on domestically produced goods. (5) Free trade was like abolitionism: it opposed legislation that forced some to trade their efforts to others for a lower relative price, or equivalently to buy goods for a higher relative price, than they would have done without the legislation. (6) Free trade militated against the

monopolistic market power that was granted *de facto* by protective tariffs. It was the antidote to class legislation that distributed income from farmers to manufacturing monopolies, from the majority to a minority, from the poor to the rich.

Figure 1 was unthinkable because a fear of exploitation of the poor by the rich was not a characteristic of protectionist arguments in the United States of the late nineteenth century. Rather, the burden of the protectionist argument was to persuade the public that protective tariffs served the interests of American farmers and manufacturers, capitalists and workers, *rich and poor alike*. In one way or another *all of them* were set against foreign nations and a few importers who were held to be their pawns. The arguments relating to income class, distribution and power belonged to free traders. Figure 1 makes sense only if it is not “free trade” by which the plutocrat eviscerates the common man, but tariff protection.

And that, in fact, is how the picture originally appeared in *Puck* in September, 1888. The game is up: what is wrong with the picture is that I have doctored it to name the wrong doctrine. Where I have written “free trade,” the artist wrote “tariff.” There was no backlash against globalization in the late nineteenth century U.S. tariff debate. There was a backlash against protection—or perhaps a half-backlash. Participants in it expressed the class concern that characterizes the present day variant, but not the aversion to markets.

I will not argue that the game’s solution is devastating to the lesson that we must attend to the perceived distributive inequities of globalization if globalization is not to be reversed. To accept that there *was* no globalization backlash influencing U.S. trade policy is not to imply that there *is* no such backlash – still less that there *should not be* one. Nor is it to imply that backlash cannot reverse globalization. The lesson has one less leg to stand on, but it will stand anyway. There may be other historical support for it, even if not from nineteenth century American trade policy. More importantly, most observers are probably less persuaded of the lesson by history than by more direct evidence of the growing resentment of globalization. Whatever account is given of the prior era of globalization, it is hard to ignore the prevalence in the present of scenes like Figure 4, or the nearly three million votes and decisive influence in the last U.S. presidential election of the Green Party, whose platform opposed the NAFTA, the GATT, and the WTO (Green Party of the United States 2000, IV.F.1). These phenomena, to name only two of myriad, have consequences.

Another lesson emerges, though, that matters more. The reason why it is surprising to learn that the United States witnessed a backlash against protection, perhaps, but not against globalization—the reason why Figure 1 as I have doctored it is more comprehensible at first sight than the original—is that the authors of the ideas that made the original possible are omitted from our histories. One reason for the omission is that they lost the debate: losers are easily forgotten even if they mattered. A greater reason is that they have not suited the context in which the histories have been written. The distinguished Harvard historian Oscar Handlin wrote an essay pertaining to our topic in 1943, in the context of an expanding state involved in wartime controls and soon to be involved in post-war reconstruction and international macroeconomic management. *Laissez faire* could hardly be a guide to policy; Arthur Latham Perry warranted mention as an unworthy foil, but no more. As Handlin viewed nineteenth century economic thought, he found that “ideas phrased in terms of *laissez faire* were so rare and so thoroughly divorced from reality and practice that they remained almost completely sterile” (1943, p. 65). Perry’s ideas in particular “were clearly exotic, without influence on the thought or action of the state” (ibid., p. 60). If the reader is persuaded by the evidence that I have presented here of the salience of Perry’s ideas to the tariff question, then she will agree that Handlin’s view is indefensible. Yet he defended it. Given Perry’s eclipse in history, we may conclude that he defended it successfully. How?

What we include or omit in history signals the ideas that capture our attention and will likely shape the policies to come. “Globalization backlash” has a foothold in history, despite the evidence given here—while Arthur Latham Perry does not, despite the evidence given here—because of an idea. The idea is that opposition to free trade is a stance favoring the powerful above the bereft of power, the moneyed over the dispossessed.

The lesson of history is that we must attend to that idea if globalization is not to be reversed. In appearance, the lesson is not so different from O’Rourke and Williamson’s—but it is considerably different in emphasis and the agenda that it implies for further study. With respect to globalization’s perceived distributive inequities, distribution has received the greater weight of attention, perception the lesser weight. It is time to change the weights. What are required are histories of ideas.

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