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The Protectionist Reaction in France

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THE PROTECTIONIST REACTION IN FRANCE.

It is a common-place of economic history that during the last thirty years a wave of protectionism has spread over Europe and America. It has been due partly to wars, partly to agricultural depression, partly to the great fall of prices in gold-using countries, partly to the growth of an economic theory which prefers national to cosmopolitan considerations, and to which the writings of Frederick List and Carey have given a wide popularity and influence.

The country of Voltaire was not marked out by nature to play the hermit, even in economics. France is not a large country compared with the great economic units of the present day. The United States occupy a territory eighteen times as big, the empire of the Czar a territory more than forty-three times as big. Although it luxuriates in many climates, in many soils, in many vegetables, France is not economically self-sufficing. It produces little coal, scarcely any iron, lead, brass, petroleum or cotton. It cannot stock its industries with machinery. It does not entirely supply its own demand for corn. It is supposed to be inhabited by a population which is peculiarly accessible to the force of abstract reasoning and to the power of ideas.

A priori we should certainly expect the Frenchman to go in for free trade. But at the present moment he is a convinced protectionist. France has never been a completely free trade country, but she has had what may be called interludes of comparative free trade.¹ When, therefore, we speak of a protectionist reaction in France, we mean in reality that France has

¹ The first was during Turgot's ministry 1774-1776, the second was during the early years of the Revolution, while the third begins with the Second Empire.

reverted to an older type of economic policy, which was modified under the Second Empire, but which was never completely abandoned. It would not therefore be true to say that a free trade experiment has ever been completely tried in France; still less that the French mind has ever been saturated with free trade principles. The only free trade which France has ever known, has been the free trade of commercial treaties, and commercial treaties, although they may effect the objects of a free trader, offend his cosmopolitan conscience. They involve the perilous principle of reciprocity, they are of partial not of universal application. Still they are better than nothing, and a connected system of liberal treaties comes very near to a complete recognition of free trade. It must be freely admitted that France has not always shown herself averse to commercial treaties, and from 1572, when Charles the Ninth concluded a commercial treaty with the Government of Elizabeth, to 1786, when William Pitt concluded his famous treaty, there were many important arrangements of this character made between France and foreign Powers. But the continental blockade created a precedent for isolation, which the selfish oligarchy of the Restoration and the July Monarchy was only too glad to follow, and the numerous prohibitions established by the tariff of 1822 remained for the most part unaltered for thirty years. It was not a *régime* calculated to produce an abundant crop of political virtue. When there was a question of the union of Belgium and France in 1831, the French manufacturers lifted up their voices against the project in the interest of their cloths, their cotton, and their forges. They prevented Algeria from cultivating cotton; they even attempted to prohibit the cultivation of beetroot in the interest of their sugar refineries. An attempt was indeed made under the July Monarchy to break down the 'Chinese wall' which the protectionists of France had built round their country. There was a large employment of drawbacks and bounties, and it was the policy of M. Guizot to make commercial treaties with the small Powers upon the French border; with Belgium, with Switzerland, with Piedmont. The treaties were well-conceived but M. Guizot was not the man to force unpopular details down a hostile and prejudiced Chamber, and he permitted amendments to be carried which largely impaired the value of his work.

It was left to Napoleon the Third to inaugurate something like a free trade *régime*, and from the moment of his accession to power he began to reduce the duties on a large number of raw materials. But there was no free trade movement in the

country, and apart from the vine-growers of the South, no large section of the industrial population either desired free trade, or understood the question. Readers of Morley's *Life of Cobden* need not be reminded how that eminent free trader thought that he had converted the Emperor to views which no one in the Chamber shared, and which no one in the Chamber understood; how the treaty of 1860 was the result of something like a private conspiracy between Michel Chevalier, Cobden and the Emperor; how the objections of the Superior Council of Commerce and Industry were autocratically overruled; how the Emperor himself was influenced not so much by economic considerations as by the necessity of securing the friendship of England, which seemed likely to be alienated by his ambitious intervention in Italian politics; how timid and distrustful were the French politicians; how lethargic Bastiat found the French public. It might therefore have been easily predicted that, as soon as the Empire fell, France would retrogress towards that system of protection which had been largely though not completely relaxed by the fourteen commercial treaties of Napoleon the Third. And the expectation was rendered all the more certain by the character of the circumstances which brought about the downfall of the Empire. The Franco-Prussian War threw discredit on everything imperial, encouraged national antagonisms, demanded additional fiscal measures. It is true that the reaction did not follow immediately, and that the nation which had experienced some of the benefits of free trade did not immediately unlearn its lessons. It is a remarkable fact that, in spite of the enormous increase of taxation rendered necessary to pay the war indemnity of 1870-74, no tax was imposed on objects of the first necessity, and that even under the tariff of 1892 raw wool, raw silk, skins and oleaginous grains are admitted free. The system of commercial treaties, most of which were framed to last for long periods, could not be immediately broken up without exciting great political as well as industrial friction, and the Government of Marshal MacMahon was too much preoccupied with home troubles to undertake the revision of the tariff. And so it renewed the treaties of commerce for a further period of ten years. It was not, in fact, until 1881 that protection abroad and agricultural depression at home precipitated a reform of the tariff, and since that date the principle of protection has gained ground rapidly, culminating in the great tariff revision of 1892 and the additional corn duty of 1894.

There is no question that fiscal tradition counts for something

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in this matter, for if anything in France is conservative it is the budget.¹ But if fiscal tradition counts for something, downright protectionism counts for a great deal more. The phylloxera, and the importation of Spanish and Italian wines, which were unduly favoured at the expense of the home-grower by the negligent treaty with Spain in 1881, have converted the vine-growers of the South from their economic orthodoxy.² The increased importation of American and Indian corn has depressed agriculture. And in 1879 Prince Bismarck turned his back upon free trade, and other countries were not slow to follow Germany into the protectionist camp. Something very like a panic swept over the French political world. Germany and perfidious Albion were getting hold of the French internal market; France was being ruined by commercial treaties; the balance of commerce was against her; agriculturists were flocking to the towns and lowering industrial wages, while all other countries except England were raising their tariffs. France felt that it was necessary that she should be 'in the movement,' and in 1890 a Commission was formed to sit upon the customs and to revise the tariff.

The tariff of 1892 was described by its opponents as an 'economic revolution.' In some respects this was hardly an exaggeration. In the first place, the Government announced that it would have no more commercial treaties. Sixty-two out of ninety-seven Chambers of Commerce had declared against them; the treaties were generally composed by diplomatists, who did not understand the economic needs of the country; they were too rigid and too durable; and it could not be said that they encouraged trade, seeing that France exported more to the countries with whom she had simple conventions than to those with whom she had regular commercial treaties. Germany too, under her 'autonomous tariff,' had increased her importations by 400,000,000 francs and her exportations by 500,000,000 from 1880 to 1889. France must be 'in the movement.'

Accordingly the Government constructed two tariffs,³ a

¹ Four out of the five direct taxes now levied by the French Government date from the Revolutionary period, while the Code of Customs of 22nd of August, 1791, is still the basis of the French system.

² The views of the vine-growers were well stated by M. Turrel in the debate on the Tariff in 1891 [reported in the *Journal Officiel*].

³ *Rapport Général au nom de la Commission des Douanes relatif à l'Établissement du Tarif Général des Douanes* (Chambre des Députés, Session 1891, No. 1257); and *Projet du Loi modifiant le régime d'un certain nombre de marchandises dénommées à la Loi des Douanes du 11 Janvier 1892* (Session extraordinaire 1892, No. 2338).

maximum tariff for the countries with whom France should have no convention, a minimum tariff, about 20 per cent. lower, for the countries with whom France should conclude one. Duties upon agricultural produce were never to be the subject of a convention or to be admitted into the conventional tariff. And it was laid down as a principle that the conventions of the future should be conventions for a short period, and that they should be terminable at a year's notice. By this device the Government hoped to secure more industrial control, more stability, more elasticity. It would go, for instance, to the Government of Switzerland, and say: 'Reduce your duties and take our minimum tariff.' There would be no complicated haggling: the brilliant diplomat could not sacrifice the commercial interests of the country to a political *coup*. Switzerland would have to choose between either the minimum or the maximum rate, and both rates were fixed by the Chambers.

It is hardly necessary to point out that the Government plan was absurd, and the arguments upon which it was based were misleading. In the first place, it is untrue to say that commercial treaties are things of the past. Rather, it was then and is now becoming more and more apparent that large commercial unions are necessary and profitable. Germany had issued from her isolation, and concluded a treaty with Austria-Hungary, a treaty with Switzerland for fifty-nine articles, with Italy for twenty-two articles, with Spain for thirty-nine, with Greece for twenty, and she has since concluded a treaty with Russia. The United States were clearly attempting to enforce the economic side of the Munroe doctrine. They had made treaties with Brazil and Mexico; they were negotiating with Canada; they had held a conference in Washington in 1891 with a view to a commercial union between the South American States and the States of the Union. There was therefore ample justification for M. Aynard's remark, 'Vous partez pour la protection quand les autres en reviennent,' and for M. Paul Leroy-Beaulieu's lament that France was conceding to Germany the leadership in the commercial union of the Central European States, a union which alone would enable them to compete with the vast economic units of the British Empire, of Russia, and of the United States.

Nor was the Government plan practical. In the first place, they had overlooked the fact that the President could conclude a commercial treaty on his own authority. He could increase the maximum tariff, he could diminish the minimum tariff, and the Chamber was not prepared to revise the Constitution. The

maximum tariff therefore was not a maximum, and the minimum tariff was not a minimum. In the second place, it was extremely unlikely that any country would be willing to swallow the minimum tariff whole. This was proved in 1893 when the French Government attempted to negotiate a commercial convention with Switzerland. It was found that Switzerland would not accept the minimum tariff, and the French Government was consequently forced to propose certain alterations, some of which affected agricultural produce. It thus violated two of the sacred canons of the preceding year, and the Chamber threw out the scheme by a large majority. The consequence was that Switzerland retaliated, and that French imports into that country at once dropped to one-third of their former amount, that French sugar was superseded by Austrian sugar, French wines by Spanish wines, French machines by German and Belgian machines!¹

The General Commission of the Customs, which was elected at the end of January, 1890, to revise the French tariff, was composed of fifty-five members, thirty-nine of whom were protectionists, eight free traders, and eight doubtful. The result of their labours was to produce a double tariff, which affected 722 articles, which imposed an addition of 600,000,000 francs to the Custom duties, and which, according to M. Léon Say's calculation, would increase the price of articles necessary for life by 1,500,000,000 francs, or 60,000,000 pounds sterling, over the price at which they would stand supposing there were no duties at all. The French tariff was already strongly protective, seeing that the Custom duties amounted to 355,000,000 francs, only 204,000,000 of which could be considered to be raised for fiscal purposes, and the General Commission of 1890-2 has neither the credit nor the disgrace of inaugurating a protective policy. But if the *budgetaires* of 1885 and 1887 had chastised the consumer with whips, the General Commission of 1892 chastised him with scorpions. The duties on cereals were supplemented with increased duties on meat and livestock, with duties upon cheese, milk, eggs, honey, beer, and bread.

The best illustration of the spirit in which the Commission approached its work is furnished by that section of its report which relates to colza. Colza is an ingredient used in the manufacture of soap; it supplies oilcake to agriculture, and provides an oil used in illumination. Ever since 1862 the cultivation of this plant had been steadily decreasing in France. The Commission

¹ Cf. *Économiste Français*, 2nd June, 1894, and 24th November, 1894; and *ECONOMIC JOURNAL*, vol. iii. (1893), p. 540.

recommended that the industry should be revived by a protective duty of about six per cent.

And yet there were the gravest objections to this course. M. Grandeau, an acknowledged authority on agricultural questions, gave it as his opinion that it would be far better to replace colza by beetroot and potatoes; that the competition of gas and petroleum would always render the cultivation of colza unprofitable; that a duty on colza would ruin the soap and oil industries; that the interests of agriculture, especially in the South of France, demanded an increase in the supply of oilcakes, and that France could only provide one-sixth of the requisite quantity. It was also pointed out that the cultivation of colza was dying out in Germany despite protective duties, and in Belgium. The Chambers of Marseilles and Bordeaux protested urgently against the duty in the interests of their flourishing soap and oil manufactures which rely upon the foreigner for three-fourths of their raw material. But all these considerations were waived aside. The Commission argued that colza was grown upon poor soil and by small farmers; that it yielded twenty-two million francs annually in wages; that its cultivation afforded the 'last barrier against the immigration of rural labour into the towns'; that the manufacturers might be conciliated by the temporary admission of free oil, and by duties upon the importation of finished oleaginous products; and that the revival of colza cultivation would prevent the formation of powerful monopolies at the ports.

Luckily these recommendations were not accepted, and under the tariff of 1892 oleaginous grains, together with skins, raw silk, and raw wool, are admitted free. But from the report of the Commission it is clear that when once protectionist principles are admitted, nothing is more difficult than to cry halt. If there is one article more than another as to the free importation of which we should have expected unanimity, that article is raw silk. Silk is the one commodity with which France can command a cosmopolitan market. In 1889 France put forth one-third of the total silk consumption of the world. The silk industry of Lyons is the greatest silk industry extant, and it relies very largely for its supplies of raw material upon the foreigner. Whereas the silk manufacturers consume 3,404,098 kilos of imported silk, they only consume 575,000 kilos. of home-grown silk. Again, the Chinese and Japanese silks are in every way better than anything which the French silk-grower can produce. Protection too had been partially tried and had failed. In 1888 the French decided to put

a duty of one franc a kilo. upon raw Italian silk, and two francs a kilo. upon worked-up silk. It was a slight tax, but it contributed to make the market of Milan and to develop the Swiss industries of Zurich, of Basle, of Crefeld and of Eberfeld. Again a remarkable change had recently come over the consumption of silk. It had become so to speak democratised. It was no longer an article confined to the rich, and the Lyons industry declared that it could only keep alive by selling cheap silks. Under these circumstances it might have been expected that no question would ever have been raised as to an import duty upon the raw material. But sericulture in France had been hard hit by disease, by bad seasons and by careless cultivation of the mulberry. Protection was energetically claimed for the cocoon, and the Commission was bound with great elaboration to demonstrate the inadvisability of protective duties or drawbacks or temporary admissions. But at the same time the Commission felt itself bound to help the native silk-grower. Although French silk can only supply one kind of stuff, and forms an insignificant portion of the total raw material used by the country, the Commission demanded a grant of 3,190,000 francs to establish six stations of sericulture, and to afford teaching in the subject in the primary schools of the two thousand communes in which the cocoon is grown.

The French Government may be congratulated upon its successful resistance to the cry for a duty upon raw silk and oleaginous grains; but the fact that such a cry was raised, and that it evoked so loud an echo in the Chamber, points to a very real danger. It is not only difficult for a protectionist Government to limit the number of articles which it will protect, but it is also almost impossible to equalise the incidence of protection. It is estimated that the tariff of 1892 imposed duties amounting to 69 per cent. upon the value of manufactured articles, and duties amounting to about 25 per cent. upon articles of consumption. The protection awarded to French agriculture was thus not proportionate to the protection awarded to French manufactures, and it is not unnatural that the tariff of 1892, which maintained the modest corn duty of five francs imposed five years earlier, and which admitted free of charge raw silk, wool, skins and oleaginous grains, was far from satisfying the agricultural interest. 'The clear consequence of all this,' wrote M. Louis Hervé in his organ, *Le Monde*, 'is that our miserable legislators have condemned agriculture to remain the pelican of industry, or, if you prefer the phrase, they have continued to make of industry the vampire of agriculture.'

These representations produced their effect. The corn duty, which in 1884 stood at three francs, in 1887 at five francs, was raised in 1894 to seven francs, and the bill of 1894 was carried by majorities of 206 in the Chamber, and of 157 in the Senate.

It was contended by the Government that the experience of the corn duty, now ranging over ten years, had demonstrated the fact that it did not materially increase the cost of living. From 1873 to 1882, when there was only a nominal duty of sixty centimes, the price of corn only once descended below 25 francs the quintal. From 1883 to 1892 the price had only once exceeded 25 francs. The price of corn in fact ruled lower after the protective duties than before them, and moreover no exact correlation could be established between the price of corn and the price of bread. The argument was fallacious in the first place because it did not take into account the comparative cost of corn in the home and foreign markets, and in the second place because it ignored the immense improvement in French agricultural methods which may be said to date from the law of 1884 sanctioning the formation of agricultural syndicates.¹ M. Léon Say in 1892 pointed out in the Chamber that during the period of the three franc duty (1885-1886) the difference between the value of French and English corn was four francs, or one franc more than the duty, while for the period of the five franc duty (1887-1890) the average difference between Paris and London prices was 7fr. 23c. or 2fr. 23c. more than the duty. If we allow for the fact that even during the free trade period French prices ruled higher than foreign prices by 1fr. 25c., it would appear that the five franc duty produces an augmentation in price slightly in excess of its own value. And these estimates have been substantially confirmed by a remarkable study published by M. Charles Lesage in the *Annales de l'École libre des Sciences Politiques* for April, 1891. M. Lesage shows that during the three franc period the French price was 3fr. 70c. higher than the price in Great Britain, while during the five franc period it was 6fr. 10c. higher. Allowing for the average difference between French and British prices, which seems to exist independently of the duty, M. Lesage concludes that the duty has produced a corresponding rise in price. Thus the three franc duty cost the country 300 millions, and the five franc duty 500 millions, while it brought in 60 millions only to the Treasury.

The effect of the duty upon the price of bread is more diffi-

¹ Readers of the *ECONOMIC JOURNAL* of June, 1895, will not need to be reminded of M. Charles Gide's interesting article on this subject; vol. v. p. 195.

cult to evaluate, because in the making of a loaf labour is a more important economic constituent than the flour from which it is made, and because the retail trade is carried on through numberless small agencies, whose dealings are influenced by special and local causes.¹ The price of bread, therefore, does not vary exactly with the price of flour, and French statistics would seem to show that bread prices are rather less stable than flour prices.² The price of bread was certainly lower in France in 1888, 1889, and 1890 after the duty, than it was in 1880, 1881, and 1882 before the duty,³ but it must be remembered that the imposition of the duty was immediately followed by a large importation of Belgian bread, and that the Parliament of 1892 had in consequence to put a duty upon bread in the interests of the French baker. It is clear then that French bread was dearer than Belgian bread, and this fact was not contested by the protectionists in 1894, when M. Jules Siegfried showed that while bread in Paris cost thirty-five centimes the kilo., in Brussels it cost twenty-six, and in Ghent twenty or eighteen. But I have not been able to find any authoritative statistics as to the comparative bread prices in French and foreign markets after the imposition of the French duties.⁴

While the duty on corn has undoubtedly raised the prices of flour and bread, the duties on livestock and meat appear to have operated to stimulate home production and actually to have diminished meat prices in the home market. The prices of beef, mutton, and veal have not only steadily decreased in the Paris market from 1880 to 1891,⁵ but they rule decidedly lower than the

¹ Thus a farmer at Heyford in Oxfordshire tells me that the price of bread in his neighbourhood keeps up because the bakers have so many bad debts among the cottagers.

² Foville, *Statistique de la France*, pp. 124, 125.

³ Average bread prices in France from 1816 to 1893 per kilo. :

Bread.	1816-20	...	...	...	...	...	c.
	1821-30	...	...	...	...	...	38·8
	1831-40	...	...	...	...	...	33·4
	1851-60	...	...	...	...	...	31·5
	1861-70	...	...	...	...	...	37·6
	1871-83	...	...	...	...	...	39·2
	1884-93	...	...	...	...	...	38·4

Cf. *Économiste Français*, 2nd November, 1895.

⁴ It is possible that French bread has not risen proportionately to the cost of corn, because of the excessive multiplication of bakers, who cut each other's profits down to a minimum.

⁵ The average from 1883-93 is however 13 centimes per kilo. higher than the average from 1866-1870 [*Economiste Français*, 2nd November, 1895].

London prices.¹ And while the importation of livestock and meat has decreased owing to the duty, the home production has increased, and has led to augmented exportation.² On the other hand it would be extravagant to attribute the whole, or even the greater part, of this improvement to the stimulus of the duty. The agricultural syndicates, of which in 1884 there were but five, as against 1,125 in 1894, have effected a revolution in French agricultural efficiency compared to that effected by the break-down of the open field system in England. It is largely owing to these associations of landowners that a peasant proprietary has been enabled to obtain for itself the advantages attendant upon large farming, to treble its consumption of mineral manures,³ while diminishing their price by more than a quarter, and to avail itself of all the last improvements in machinery.

But whatever may have been the effect of the tariff upon articles of consumption, there can be little doubt that it has prejudicially affected the external commerce of the country. In 1891 M. de Molinari predicted that while France would probably be enabled by the tariff to wrest from the foreign importer about 300 millions of the 615 millions of francs which constitute her internal trade in articles capable of being produced in the country, she would lose far more than this sum upon her exportation of manufactured articles, which in 1890 amounted to 1,915 millions, or more than three times the amount of the utmost benefit which it was conceivably open for protection to offer.⁴ There are not

¹ 1890.					fr. c.
Beef.	Paris	...	...	...	1.44
	London	...	...	...	1.50
Veal.	Paris	...	...	...	1.74
	London	...	...	...	2.08
Mutton.	Paris	...	...	...	1.84
	London	...	...	...	2.10

² Surplus of imports over exports:

1885	...	...	...	...	87 million.
1888	...	...	...	...	30 "
1889	...	...	...	...	11 "

³ The following table compiled from answers given by thirty agricultural syndicates situated in different parts of France to questions proposed by the *Journal of Agriculture* shows the increase in the use of mineral manures to have exceeded 80 per cent. for the four years 1889-93.

Superphosphates	...	...	...	180 per cent.
Natural Phosphates..	...	...	...	29 "
Scories	...	...	...	135 "
Nitrates of Soda	...	...	...	55 "
Organic Manures	...	...	...	134 "
Sulphate of Potassium	...	...	...	283 "
Compost	...	...	...	114 "

⁴ *Journal des Économistes*, August, 1891.

wanting signs that some instalments at any rate of this prediction have already come to pass. M. Charles Roux estimated in the debates upon the corn duty of 1894 that France had lost 251,116,000 francs upon her exports in the last two years and 251,339,000 francs upon her imports. At the same time the Chamber of Commerce of Marseilles stated in a formal protestation that 'since the application of the new custom duties we have witnessed with pain the constant reduction of our commercial operations. The industries of distillery and of the fabrication of wine from dry raisins have disappeared from our region.' The port of Marseilles, which did so much Levantine traffic before the duties, in two years lost 15 per cent. on her general movement, and 37 per cent. if her usual rate of progress be taken into account. In 1892, 58,000 tons of Marseilles shipping were unoccupied. It would be easy to multiply testimony of this kind. The Chamber of Commerce at Rheims in 1894 complained that her manufactures were closing, and Sir John Lubbock, speaking before the British Chamber of Commerce, estimated the loss of French external commerce from 1880 to 1890, even before the highly augmented rate, to amount to 15,000,000, while English external traffic had increased during the same period by £47,000,000.¹

While the politicians of the Chamber banish Political Economy to Saturn,² the phalanx of economists close round the old standard of free trade. The *Journal des Économistes* is tuned up

¹ The following table [compiled from the *Économiste Français*, 13th January, 1894, 20th January, 1894] will illustrate the movement of French commerce. The figures denote francs, 000 omitted.

	1895.	1894.	1893.	1892.	1891.	1890.	1889.
Imports :							
(a) Principal food stuffs	914,667	1,093,391	957,507	1,286,296	1,480,101	1,298,174	1,338,646
(b) Raw material	1,894,227	1,930,557	2,028,015	1,968,622	2,215,497	2,183,983	2,074,274
Exports :							
(a) Principal Manufactured objects.....	1,613,069	1,286,636	1,515,144	1,641,941	1,701,006	1,768,703	1,720,723
(b) Principal food stuffs	553,825	595,174	630,781	735,989	760,904	715,581	695,133
(c) Raw material	685,392	790,744	708,159	742,847	744,664	806,492	846,760

The figures from 1893 to 1889 are derived from the *Économiste Français*, 13th January, 1894; the additional figures for 1894, 1895 from the *Économiste Français* of 28th December, 1895. The figures before 1893 ought to be reduced by about 70,000 to bring them into line with the figures subsequent to that date. The decrease in the volume of trade at this point is not quite so great as it seems, but still the fact of a general decline is clearly established.

² M. Méline in his General Report of March 3rd, 1891, said of the Commission des Douanes 'Nous avons dès le debut par une sorte d'accord tacite écarté de la discussion toutes les controverses doctrinales, toutes les théories d'école.'

to a high pitch of economic orthodoxy, which might excite the admiration of a Cobden or a Bastiat, and although a protectionist orator once declared that M. Paul Leroy-Beaulieu 'had found his Damascus among the vineyards of the Herault,' he cannot have perused the *Économiste Français*. Still one or two economical writers have offered a defence for the protectionists, and the arguments advanced by M. Charles Gide and M. Poincard are at least worthy of more attention than those of M. Méline and his followers in the Chamber.

M. Charles Gide has written a very popular text-book, which has now passed through five editions. He fully admits the economic disadvantages of the protective system; he points out how it impedes international exchanges and reduces exportation; how it increases the cost of living, so that a Frenchman pays twice as much for his bread as an Englishman, to the loss of £55,000,000 yearly to the whole country. He recognises the fact that protection has raised the price of raw material, and led to conflicts between different branches of production, which are most ineffectively palliated by the complicated mechanism of temporary admissions. He considers that the withdrawal of the competitive stimulus is bad for economic enterprise; that the custom duties are extraordinarily vexatious and costly to collect, and that being specific and not *ad valorem* they lead to very complicated classifications and to crying injustice. Finally he holds that the protection afforded by these duties is unequal, insufficient for the weak, unnecessary for the strong. A duty of seven francs will not help to any considerable extent the cultivator of a poor soil, is unnecessary to the cultivator of a rich one.

On the other hand, M. Gide considers that some form of protection is necessary for France, in order to develop all the organs of economic life in the country, and to enable it to stand by itself during the present crisis of affairs, when Europe is little more than a standing camp. But this protection ought to be given in the shape of bounties on production, which can be graduated at will, which do not injure external commerce or interfere with production by increasing the cost of raw material, and which have this further advantage over import duties, that they do not blind the country to the fact that it is making a definite sacrifice for an object which is not strictly economic.

M. Poincard in his excellent book *Libre Échange et Protection*, while believing in free trade for England, defends the fiscal policy at present pursued in France on two main grounds. In the first place he holds that France is so situated that she cannot ever

specialise for a cosmopolitan market. Her population is nearly evenly divided between agriculture and industry, and both, owing to a number of causes, economic, social, political, are unfairly handicapped in the race with other nations. The conscription, the law of equal inheritance, the subdivision of agricultural property, the ingrained preference for *rentes* as against industrial investments, the great variety of agricultural products native to the country, the exceptional burden of taxation, the absentee landlord, the ignorance of the small proprietor, the distance of coal from minerals, the costliness of transport, the vast increase in the number of small shopkeepers, the natural inferiority of the French workman, the high rate of wages consequent upon strikes, the 'fair wage' policy of many municipal councils, are among the causes alleged by M. Poincard as permanently depressing the French producer.

In the second place he holds that France is undergoing a transitional period during which it is well that her industries should be protected. France has not yet had time to develop the Factory System in its entirety. Her textile industries for instance are less concentrated and less specialised than the textile industries of England, and a large number of articles are still made in small workshops. A reasonable protection therefore 'may help production to traverse a period of formation, or to compensate certain partial causes of inequality, but it cannot solve every difficulty. Fundamental reforms are necessary, capable of lessening the cost of production, of strengthening the sentiment of personal initiative, the taste for enterprise, the tendency towards lucrative professions and independent work. There alone is salvation.'

We may well ask how a tariff, admittedly 'complicated and often ill-conceived,' bearing 'a marked character of exaggeration,' composed by a Parliament 'without technical experience or knowledge of affairs,' can help France upon her way to industrial manhood. If the object of the tariff be 'to compensate for inequalities,' will not its effect be to destroy the most powerful motive by which those inequalities might be removed? If the object be to compensate the taxpayer, will not the compensation reach him in the form of a high additional tax upon the necessaries as well as the luxuries of life? If the object be to help the French workman to become independent, and the French capitalist to invest in commerce, the effect will be to enlarge still further the already overgrown functions of the State, and to diminish international exchanges. If the object be conceived in political rather than in economical terms, the result will be no

less disappointing. Once admit the protectionist principle, and you run in danger of degrading your Legislature. The members are no longer members for France. They represent the vines of Bordeaux, the silk of Lyons, the soap and oils of Marseilles, the glass works of Baccarat. There are members for Beetroot and members for Cotton, and in place of parties formed upon broad principles of politics, you have small groups bound together by the narrow material interests of a particular industry. It might be possible for omniscience combined with impartiality to frame a tariff as 'an essentially transitory method' for a race 'desirous to take or to keep a great place in the world.' The French Legislature is not omniscient, and a collection of individual partialities does not necessarily mean collective impartiality. Under these circumstances it would be well for France if M. Méline and his friends might take an early opportunity to 'find their Damascus' as they reasonably might find it in any French trading town in the year of grace 1896.

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