

A HISTORY OF
FRENCH COMMERCIAL
POLICIES

BY
FRANK ARNOLD HAIGHT
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COMMERCIAL AND TARIFF HISTORY

MICHAEL T. FLORINSKY, Ph.D., *Editor*

A HISTORY OF
FRENCH COMMERCIAL POLICIES



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**TO
MY MOTHER
AND
J. C. H.**

EDITOR'S PREFACE

THE necessity of clearing the channels of international trade by at least a partial removal of tariff barriers and other obstructions to world commerce is probably one of the few subjects in the entire field of economics on which the authorities find themselves in general agreement. The World Economic Conference of 1927, the most representative gathering of the kind ever assembled, voiced the unanimous opinion of its members in a resolution stating that "this Conference shall . . . mark the beginning of a new era, during which international commerce will successfully overcome all obstacles in its path that unduly hamper it, and resume that general upward movement which is at once a sign of the world's economic health and the necessary condition for the development of civilization."¹

The views of the economists and businessmen assembled at Geneva have found strong support in the pronouncements of responsible political leaders who, from President Roosevelt to Dr. Schacht and even Adolf Hitler, have frequently proclaimed their recognition of the benefits of foreign trade and have extolled the virtue of more liberal commercial policies.

It is all the more distressing, therefore, that the trend of commercial and tariff developments since the war of 1914-1918, and especially since the beginning of the depression of 1929, has been definitely in a direction opposite to that outlined in the resolutions of the World Economic Conference of 1927.

¹ League of Nations, Document C.356, M.129.127.II (C.E.I. 46), *Report and Proceedings of the World Economic Conference*, held at Geneva, May 4-23, 1927, Geneva, 1927, Vol. I, p. 33.

The years following the great Geneva gathering have witnessed the dismal failure of international efforts for the liberalization of commerce—efforts that were abandoned for all practical purposes after the debacle of the London Economic and Monetary Conference of 1933, from which so much had been expected. Every country, irrespective of its form of government and political ideology, has contributed to the growth of obstacles to foreign trade, notwithstanding the general agreement that commerce between nations is essential to the development and progress of modern civilization. The United States tariff of 1930, the introduction of quotas and licenses by France in 1931, the abandonment of free trade by Great Britain in 1931–1932, followed by the Ottawa agreements and the drastic regimentation of foreign trade by Germany and Italy, are only too familiar landmarks along the tortuous course that has led world commerce to a state bordering on stagnation. The once reasonably free flow of goods, services, and money has been reduced to a mere trickle, obstructed at every turn by tariff barriers, quantitative restrictions, and exchange controls.

The present unhappy state of international exchanges is not, as is sometimes too readily assumed, the result of merely the unenlightened and selfish policies pursued by the leaders of the totalitarian states, whose ideologies we so thoroughly dislike. The root of the trouble is much deeper and is not to be found in the Soviet Union, Germany, and Italy alone. Referring to the origins of the depression in international trade, an excellent memorandum issued in 1936 by the London Royal Institute of International Affairs judiciously observes that “whatever the fundamental causes, it is clear that their effects have been greatly aggravated by the tariffs, quotas, and exchange restrictions which have been raised to prohibitive levels in the past few years. The symptoms of economic nationalism are more

evident in the poorer and debtor countries, and all too frequently the main responsibility for the outbreak of the disease is attributed to those countries. But it is only fair to point out that these countries, having extremely limited reserves of gold and foreign exchange, have largely been driven to such expedients in self-defense, owing to the refusal of certain creditor countries either to accept interest and other payments from debtor countries in the form of goods and services, or to extend them further loans. The American tariff and the French quotas have had far more disastrous international effects than the barriers erected in reply by Germany and Italy; and the fact that these two creditor countries have now accumulated two-thirds of the world's gold reserves is a sure sign that they have not been balancing their international payments and receipts." ² The course of events since 1936 has further emphasized the truth of these charges. However, surprisingly enough, there is in the statement no reference to the abandonment of free trade by Great Britain, probably the most momentous development of postwar economic history.

Although the effect upon the international political situation of the strangulation of foreign trade does not lend itself to precise measurement, it is impossible to escape the conclusion that the commercial policies pursued by the world in the last decade have a heavy share of responsibility for the outbreak of the war of 1939. Whether the great disaster might have been avoided by a more enlightened approach to international economic problems is a question to which no definite answer can be given. No thoughtful observer of the European scene should disregard the influence of the personal factor, which, under the totalitarian regime of the one-party state, might have

² Royal Institute of International Affairs, Information Department Paper No. 18, *Raw Materials and Colonies*, New York, 1936, p. 35.

proved decisive and might have effectively defeated the most liberal and conciliatory policies of the other nations. It is reasonably clear, nevertheless, that the well-being of future generations and, perhaps, the peace of the world in the years to come depend in no small degree on the establishment of an international economic system that will facilitate and, indeed, encourage the exchange of goods and services among countries and continents.

It was a recognition of the importance of international trade that gave rise to the idea of the present Series. Strange as this may appear in view of the significance of the subject, economic literature provides few volumes that give a comprehensive, not too technical, and up-to-date account of the tariff and commercial policies of the principal European powers. Probably the best methods of avoiding in the future the tragic and costly mistakes of the past is by gaining a clear comprehension of the process by which certain measures came to be accepted as an essential element of a country's national policy. It is hoped that the volumes prepared under the auspices of the Carnegie Endowment for International Peace may contribute to a better understanding of this all-important development and may be of some usefulness in planning for a happier future, when the international situation makes this possible.

The Series has been prepared under the general supervision of the Director of the Division of Economics and History of the Carnegie Endowment for International Peace, Professor James T. Shotwell, who has entrusted me with the organization and editorship of the several studies. Simultaneously with the present volume by F. A. Haight, author of the admirable monograph *French Import Quotas* (London, 1935), will be published *Great Britain Under Protection* by Dr. Frederic Benham, Sir Ernest Cassel Reader in Commerce in the London School of

Economics. It is hoped that a volume on Italy by Senator Luigi Einaudi, Professor of Economics in the University of Turin, and one on Germany by Dr. Andreas Predöhl, Director of the *Institut für Weltwirtschaft* in Kiel, will be made available in the near future.

The views expressed by the respective authors are, of course, in no way binding on the Carnegie Endowment for International Peace or its officers, just as I alone am responsible for the opinions presented in this Preface.

It is my pleasant duty to express my sincere gratitude to The Macmillan Company of New York, whose encouragement and interest have been invaluable at every stage of our work.

MICHAEL T. FLORINSKY

November 1, 1940
Columbia University
New York City

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NOTE: Except where otherwise stated, the trade statistics contained in this volume have been taken from the official *Tableau général du Commerce extérieur*. The statistics of external trade represent the total trade of France with foreign countries and all French territories overseas.

BOOK ONE

COMMERCIAL POLICIES FROM COLBERT TO THE GREAT WAR OF 1914

“Les marchands ne s'appliquent jamais, à surmonter, par leur propre industrie, les difficultés qu'ils rencontrent dans le commerce, tant ils espèrent trouver des moyens plus faciles par l'autorité du roy: et c'est pour cela qu'ils y ont recours pour tirer quelque avantage de toute manière en faisant craindre le dépérissement entier de leur manufacture.”

—COLBERT.