

THE ANGLO-FRENCH TREATY OF
COMMERCE OF 1860
AND THE
PROGRESS OF THE INDUSTRIAL
REVOLUTION IN FRANCE

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To

EDWIN FRANCIS GAY

PREFACE

THE object of this book is to consider the Anglo-French Treaty of Commerce of 1860, first, as a rather unusual episode in secret diplomacy and, secondly, as one of the factors that stimulated the development of the industrial revolution in France. I have not attempted to study at length the effects of this agreement as a precedent in tariff history because the evolution of those French industries which were most affected by the Treaty seemed to me of greater importance and wider interest.

The first seven chapters of the book, which deal with the negotiation of the Treaty, were written as a thesis for the degree of Ph.D. at Harvard University and are here published virtually unaltered. English historians have, almost without exception, described the Treaty as the achievement of Richard Cobden, with the assistance of Michel Chevalier. I have endeavored to show that the initiative was taken by Chevalier, and that in the subsequent negotiations he and Cobden worked together in real coöperation and with mutual appreciation. Next to them in importance came Gladstone, whose influence from the beginning was vital, but has never been adequately recognized. The fourth figure, Napoleon III, remains, as in life, somewhat of a mystery. If he ever wrote down his opinions or orders concerning the Treaty, the documents have not been preserved. I can say only that after many years of investigation I am of the opinion that the Emperor favored a really moderate tariff for France.

In the next seven chapters, which are studies of the development of French industries in the nineteenth century, an attempt is made to estimate the influence upon them of the Treaty of 1860. The conclusions are necessarily inadequate. Reliable evidence is scanty and the effects of a commercial treaty cannot be set

down with precision. The three remaining chapters deal with the return of France to high protection, a reaction which developed slowly from 1870 to 1892 and was due to a combination of political and economic factors. The later phases of this movement have been fully described by earlier writers, but the opening onslaught of Thiers, which failed completely, and the period that followed when the cause of protection in France was weaker than ever before, have not previously been dealt with adequately.

Throughout the book so much use has been made of unpublished material in private papers or government archives, or of books that are little known, that I have given a critical bibliography of great length, as well as a list of books and articles. This list includes, however, with few exceptions, only those sources from which evidence or information that could be used in this book was actually obtained.

The list of my personal obligations is so long that it cannot be given fully here. This book is the result of nearly nine years of somewhat interrupted study and writing. It grew from a suggestion by Professor Gay of Harvard University regarding the part played by Chevalier in the negotiation of the Treaty. Ever since, his advice, encouragement, and friendship have been a never failing source of inspiration. The book is dedicated to him as an expression of my deep appreciation. Another economic historian whose friendship has lightened the labors of research abroad and whose advice and active assistance have been invaluable is Charles Schmidt, formerly on the staff of the Archives Nationales and now Inspector General of French Archives.

For the use of material drawn from private papers I gratefully acknowledge the kind permission of the representatives of the Cobden family, the Gladstone Trustees, and Sir Bernard Mallet in England; and, in France, of Madame Maxim Renaudin and Mademoiselle Flourens, granddaughters of Michel Chevalier.

The whole or parts of several of the chapters of this book have been published in periodicals. For permission to reprint these I am indebted to the editors of the *American Historical Review*, the *Nineteenth Century and After*, the *Quarterly Journal of Eco-*

nomics, the *Economic Journal*, the *Economic History Review*, and the *Journal of Economic and Business History*.

During the two years that I spent in Europe collecting material for this book I received much advice and assistance from librarians and government officials in the British Museum, the Bibliothèque Nationale, and the archives in London and Paris. I wish in particular to express my gratitude to M. Rigaud of the Ministère des Affaires Étrangères, and MM. Martin and Feller of the Bibliothèque Nationale. Much time was spent also in research at Harvard University, where every facility was put at my disposal by Mr. Walter Briggs, of the Widener Library. For assistance in obtaining access to private papers or to official papers not open to the public I am greatly indebted to Mr. Maurice Léon of New York, M. Max Lazard and Dr. Pierre Lepaulle of Paris, and Dr. G. P. Gooch and the late Lord Phillimore of London.

Valuable advice and criticism have been given me by Professor Henri Hauser of the University of Paris, Dr. J. H. Clapham, now professor of Economic History, and Mr. G. M. Trevelyan, now regius professor of Modern History at Cambridge University; the late Professor Archibald C. Coolidge, Professor W. C. Abbott, and Mr. R. I. Lovell of Harvard University; the late Professor C. H. Van Tyne of the University of Michigan, and my former colleague here, Professor W. A. Frayer.

I wish to express my gratitude to Dean G. Carl Huber and the Executive Board of the Graduate School through whom the publication of this book under the auspices of the University of Michigan was made possible; to the editor, Dr. Eugene S. McCartney; and to Mr. Dwight C. Long, of the University of Michigan, who has made the index and given valuable assistance in preparing the manuscript for the press.

The frontispiece is from a photograph, the gift of Thomas Potter, Esq., who was in Paris during the treaty negotiations and carried some of the notes exchanged between his father's friend, Cobden, and Chevalier.

ARTHUR LOUIS DUNHAM

ANN ARBOR, MICHIGAN
October 12, 1929

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ABBREVIATIONS

Works referred to by *op. cit.* are cited in full at the first references to them in each chapter.

The following abbreviations are employed throughout the volume:

Arch = Archives Nationales

F. O. = Foreign Office

J. des écon. = Journal des économistes

Min. Aff. Étr. = Ministère des Affaires Étrangères

Parl. Paper, Comm. = Parliamentary Paper, Comm.

CONTENTS

CHAPTER	PAGE
PREFACE	vii
INTRODUCTION	I
I. ANGLO-FRENCH TARIFF HISTORY AND COMMERCIAL NEGOTIATIONS 1786-1860	3
II. MICHEL CHEVALIER	28
III. THE TREATY PROPOSALS OF CHEVALIER	40
IV. THE UNOFFICIAL NEGOTIATIONS AT PARIS	64
V. OFFICIAL INTERVENTION AND SIGNATURE OF THE TREATY	79
VI. APPROVAL OF THE TREATY BY PARLIAMENT	103
VII. THE ENQUÊTE AT PARIS AND THE TARIFF CONVEN- TIONS	123
VIII. THE IMPERIAL LOAN TO THE MANUFACTURERS	143
IX. THE FRENCH IRON INDUSTRY	161
X. THE DEVELOPMENT OF THE COTTON INDUSTRY IN FRANCE	180
XI. THE WOOLLEN AND WORSTED INDUSTRIES	215
XII. THE LINEN INDUSTRY	236
XIII. THE SILK INDUSTRY	252
XIV. THE WINE INDUSTRY	277
XV. THE ATTEMPT OF PRESIDENT THIERS TO RESTORE HIGH PROTECTION IN FRANCE	294

CHAPTER	PAGE
XVI. THE ABANDONMENT OF THE TREATY	320
XVII. THE RÔLE OF CHEVALIER AND THE SIGNIFICANCE OF THE TREATY.	351
APPENDIX	
1. Bases d'un Traité de Commerce entre la France et l'Angleterre en 5 Parties	369
2. Petition of Manufacturers to Emperor, January 20, 1860	372
3. Petition of the Octave Fauquet Company to the Minister of Commerce.	375
BIBLIOGRAPHY	377
INDEX	393

INTRODUCTION

THE treaty of commerce signed by Great Britain and France in 1860 was an event of importance in the history of both countries. On the side of England it marked the practical completion of the gradual adoption of free trade which had been begun by Huskisson nearly forty years before, whereas on the side of France it was only the first decisive step in a reduction which was not desired to go beyond the limits of moderate protection. The French Government hoped that the stimulus of British competition would compel French manufacturers to improve their methods and use machinery, and would thus serve to bring down the cost of living and strengthen the position of France in international trade. For both countries the impelling force was the rising tide of the industrial revolution.

This treaty was negotiated chiefly by two idealists who were the leaders of the free trade cause in their respective countries. Their object was to obtain as near an approach to free trade as possible on the ground that this would promote peace between nations. We know now that they were mistaken in believing that a notable increase in international trade would prevent war, but they were perfectly sincere in their belief. They hoped also that lower tariffs would raise the standard of living for the working classes. Chevalier, at least, thought that the treaty with England should be only the first and most important of a network of commercial treaties through which the tariff level of Europe would be progressively lowered. His wish was fulfilled and many other treaties on the model of the Anglo-French agreement were concluded by both France and England.

It is doubtful whether the Chevalier-Cobden treaty influenced appreciably the general development of British industries, but in France it was of very real significance. Though England had been able to reduce her tariff progressively by legislation France had not. In France public opinion was still so hostile to

any drastic lowering of the tariff that action was possible only through the treaty-making powers of the Emperor, as had been proved by the government's failure to secure the passage of a very moderate bill a few years before. Through a treaty alone, therefore, could the moribund French industries be revived by the salutary pressure of foreign competition. It is for this reason that the agreement planned by Chevalier was a decisive step in the progress of the industrial revolution in France.

CHAPTER I

ANGLO-FRENCH TARIFF HISTORY AND COMMERCIAL NEGOTIATIONS, 1786-1860

THE first serious attempt to negotiate a treaty that would help to maintain peace between the old enemies facing each other across the English Channel through facilitating a great increase in trade was made in the brief interval between the American and the French revolutions. It was successful, and had that interval been longer the Treaty of 1786 would probably have brought valuable and enduring benefits to both countries, and would have made unnecessary the negotiation of a new treaty after the lapse of three quarters of a century.

Conditions in both France and England favored a mutual reduction of tariffs in the late eighteenth century. Many of the advisors of Louis XVI were Physiocrats or were greatly influenced by that school of economic thinkers, while their most brilliant pupil, Adam Smith, had influenced many of the leaders in England through his *Wealth of Nations* published in 1776. Both the French and British governments had additional reasons for favoring a commercial rapprochement. The War of the American Revolution had left England with a heavy debt and a crying need for new markets to replace the monopoly in her colonial trade, which she thought had been lost irretrievably, although subsequent events proved that the economic independence of the United States was not won until the War of 1812. England's new premier, Pitt, seeking to aid both the revival of British trade and the depleted exchequer, renewed the attempt of Walpole to increase the revenue by reducing customs duties, and included a commercial treaty with France as one of the features of his reform of the tariff in order to get compensation from the French. Like his predecessor, Lord Shelburne, he was a disciple of Adam Smith. On the French side Vergennes, al-

though a follower of Turgot, who believed liberty vital to commerce, favored a commercial treaty with England chiefly from political motives. He feared that England was planning to renew the war and avenge her defeats as soon as she could complete her financial convalescence. A treaty of commerce, he thought, would probably prevent this and assure a solid and permanent peace. But he was handicapped by the opposition of the majority of the French chambers of commerce and of the French diplomatic representatives in England, Comte d'Adhémar and M. de Barthélemy, and by the mutual dislike and suspicion of the peoples of the two countries. Rayneval, to whom Vergennes assigned the task of negotiating the treaty, was also a disciple of the Physiocrats, who taught that agriculture must be favored at all costs and that the government should consider the consumer before either the manufacturer or the trader. In a memorandum to the Council of State in May, 1786, he said: "The system of prohibitions encourages smuggling. It is, therefore, essentially vicious because it prevents the legitimate operations of commerce and curtails the public revenue without helping the consumer."

Pitt on his side had to meet the opposition of Parliament and of his Minister of Foreign Affairs, Marquis Carmarthen, so that he was obliged virtually to direct the negotiations himself. He delayed their commencement, therefore, until he had made a thorough investigation of both British and French industries, a wise precaution which was neglected by France. Finally, in March, 1786, he sent over William Eden to begin serious negotiations. After some haggling both the French and British governments declared their desire to abolish prohibitions and any duties levied exclusively on Franco-British trade. The treaty was signed on September 26, 1786, and three months later the two governments executed a supplementary convention fixing various duties not given in the treaty itself.

The most important products affected by the treaty were wine, spirits, beer, textile manufactures, pottery, glass, and iron. French wine coming directly to Great Britain was to pay no more than Portuguese wines then paid, but England reserved

the right to decrease further the duties on Portuguese wines under the Methuen Treaty of 1703, without giving any equivalent concession to the French. Eden gave Rayneval to understand that this reservation would not be made use of, but the British Government did take advantage of it and thus deprived France of one of the chief benefits she had expected to derive from the treaty. This misunderstanding is important as a precedent, for in 1860 we find Cobden assuring the French Government of a low duty on wine, which he was unable to induce his own government to adopt. Under the Treaty of 1786 the British duty on French spirits fell from 9 shillings 7 pence per gallon to 7 shillings. Beer was to be taxed 30 per cent in both countries. A maximum duty of 10 per cent was charged in either country on hardware, cutlery, and miscellaneous metal wares; and a similar duty of 12 per cent on cottons, woollens, porcelain, earthenware, and glass. Silk and all goods mixed with silk remained mutually prohibited. On linens, beer, glass, mirrors, and iron England reserved the right to levy increased duties as compensation for excise taxes, and France made similar reservations respecting cotton goods, iron, and beer. All products not specified were to receive most-favored-nation treatment, which meant that neither signatory would grant any other country more favorable rates upon them than it gave to the other party to the treaty. If new concessions were given by either France or England to a third power, they would automatically be extended to the other with two important exceptions. France stipulated that this provision should not apply to the Family Compact with Spain of 1761 and England made a similar exception of the Methuen Treaty with Portugal.

In general the Treaty of 1786 was received with satisfaction in England because British commercial interests, which had been consulted regarding the duties, received far more than they had expected. But in Parliament, Pitt, like Gladstone in 1860, encountered strong opposition, and he had no great speaker such as Gladstone to help him against the greatest orators of the day, Fox, Burke, and Sheridan. The chief basis of attack against both treaties was the alliance with France and, though France

was not considered as dangerously militaristic in 1786 as in 1860, the fortification of the port of Cherbourg was denounced in both years as a direct threat to the security of England.¹

In France there was no parliament to endorse or oppose the Eden-Rayneval Treaty and it could not easily be judged by its effects because three years after it came into operation it was virtually abrogated by the outbreak of the French Revolution. There can be no question, however, that French manufacturers labored under great handicaps in the competition that was forced upon them. They were hampered by the tariff barriers within their country, by the restrictions of the guild system which were still in force, and by their almost complete ignorance of the kinds and qualities of British goods. Of the machines then used in England only the spinning jenny had gained a firm foothold in France, so that the output of mechanically spun yarn was negligible. England had further advantages in cheaper coal, in cheaper and better wool, and in an organization of commercial travelers who knew the needs of French consumers. In addition, England had a strong government which executed strictly her customs regulations, but the French administration was weak and unable to stop widespread frauds by British exporters. Yet despite all these disadvantages and the even more serious fact that the financial situation of France was growing steadily worse, French manufacturers were not ruined by British competition.

Vergennes had predicted that the operation of the Treaty of 1786 would give a severe shock to French industry, but would be a stimulant that was badly needed. This prediction seems to have been correct. Sixteen years later, during the brief interlude in the long years of war between France and England, Chaptal, the Minister of the Interior, recommended to Napoleon the conclusion of a new treaty of commerce with England similar to the agreement negotiated under his predecessor Vergennes.

¹ M. F. Dumas, *Étude sur le traité de commerce de 1786 entre la France et l'Angleterre*. The text of the treaty is given in more convenient form in de Clercq, *Recueil des traités de la France*, I, 146. See *Cambridge History of British Foreign Policy, 1783-1919*, I, 170.

He estimated that in the three years following 1786 French exports of wine to England had doubled and those of spirits tripled. Though British exports to France were much larger than French shipments to England, this was explained by England's rôle as a great carrying nation. A large part of French imports from England was thus the product of neither British industry nor British agriculture; and, furthermore, the amount of these shipments decreased notably each year. The judgment of Chaptal was that the British were becoming accustomed to French wines and spirits and that they would have provided an important and permanent market. On the other hand, the French liking for cheap British textiles declined steadily. It is interesting to note that French merchants made their shipments on orders from British customers, whereas British merchants, in textiles at least, sent their goods to France without orders because overproduction in England made it impossible to sell them at home. The result was a sharp drop in British textile prices and the failure of many British firms between 1787 and 1789. This overproduction in England also appears to have been the chief cause of the widespread undervaluation of British goods declared at the French customs. Here again it can only be repeated that this policy hurt the British merchants as well as the French, as is shown by the large number of bankruptcies in England. In France no single branch of industry was ruined and industry in general seems to have been notably stimulated by the competition which induced French manufacturers to study and copy British goods with gratifying success.²

The commercial relations of France and England and the whole tariff policy of France were changed radically by the wars of the French Revolution. The hostility of Europe to the growing strength of that movement forced its leaders to adopt a belligerent policy in order to save themselves from destruction by the restoration of Bourbon absolutism. They met the threat

² Dumas, *op. cit.*; Jean A. C. Chaptal, "Un Projet de traité de commerce avec l'Angleterre sous le Consulat," *Revue d'économie politique*, February, 1893, VI, 83-98. Chaptal was a grandson of Napoleon's minister.