

**U.S. TRADE STRATEGY (1913-1930):  
THE STRENGTHS AND WEAKNESSES OF THE INTERNATIONAL  
ECONOMIC STRUCTURE**

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***Abstract***

This new situation regarding the transformation of the international economic structure from hegemony to bilateral opportunism has substantially modified the American trade strategy. While the United States had relied on the security provided by Britain's hegemonic leadership in the past, it was becoming necessary to adapt to the mixed interests of its main trading partner. These new constraints, manifested primarily in domestic political discourse as a fear of foreign retaliation for continued protectionism, led to the accommodative trade strategy adopted in 1913 and followed through the late 1920s. The United States therefore responded with freer trade policy of the Underwood Act as Britain's position gradually evolved within the international economic structure before the First World War. The war drastically disrupted centuries-old patterns of trade flows: money and investment, and created significant political problems that generated widespread international economic instability. As expected, both Britain and the United States adopted higher but still restricted levels of protection in the wake of the war, and Anglo-American cooperation still proved difficult. The trade strategy of the United States was also affected by the level of international economic instability generated by the fear of retaliation, rooted in the structure of bilateral opportunism, which restrained the levels of American tariffs.

**Key words:** *American trade strategy, bilateral opportunism, tariff acts, national commercial interest.*

**Introduction**

*Tariff acts*

Between 1912 and 1930, the United States abandoned its historic protectionist policy. The Underwood Act, approved by the administration of President Woodrow Wilson in 1913, drastically reduced tariffs and promoted the principle of freer international trade. A decade later, in an international economy reeling from its post-war ebbs, the United States modestly increased tariffs through the Fordney-McCumber Act of 1922. However, tariffs remained below those of earlier phases, and this modest increase from the low levels of 1913 was incompletely compensated by a more active trade strategy and the adoption of the non-discriminatory most-favored-nation principle. During this phase of trade strategy, American policy was characterized by intense tariff containment and a high degree of international activism.

The United States dramatically departed from its historic policy of high tariff protection in the Underwood Act of 1913 which promoted the lowest tariff rates of any tariff act by enunciating the principle of reciprocal tariff reductions. Following World

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War I, in an international economy still reeling from the war, the United States raised its debt moderately through the Fordney-McCumber Act of 1922. It compensated for this decline in liberalism by adopting a more active trade strategy and the nation's most favored. In terms of American tariff policy, the Fordney-McCumber Act proposed a return to traditional Republican protectionism, characterized by the restraint of tariffs at home imposed by a fear of foreign retaliation. For the first time in American history, protectionism was compromised in favor of export expansion.

In the years leading up to the First World War, the United Kingdom evolved from a hegemonic leader, whose domestic policy promoted imperial protection and preferences, to an opportunist. The relative success of the tariff reformers signaled that Britain's nearly century-long commitment to free trade at home and abroad could no longer be guaranteed.

Between 1929 and 1930, the United States took a dramatic turn toward renewed protection through the Smoot-Hawley Act of 1930, and passed the Reciprocal Trade Agreements Act in 1934. Although this marked an important departure in American trade strategy, in reality marked a radical break compared to past practice. Moreover, the 1934 act was designed as a complement to protection, allowing the United States to reopen foreign markets for its exports, finally only after 1945 did the United States fully support the principle of free trade at home and abroad.

These phases of American trade strategy highlight the constraints and opportunities the United States faced in the international economic structure; how they shaped the national commercial interest and, in turn, the commercial strategy, where the role of the foreign policy executive was of particular importance in the policy-making process.

#### *The Changing International Economic Structure*

The United Kingdom was no longer a hegemonic leader since 1912. Beginning in the early 20th century, Britain's position in the international economic structure declined rapidly, and the United States overtook Britain in relative productivity in the late 1890s, and Britain's share of world trade fell from 17.5 % in 1900 to 14.1 % in 1913. As Britain's position continued to change, the structure of the international economy evolved, even before the First World War, from hegemony to bilateral opportunism.

In the early 20th century, Britain saw a small but steadily growing protectionist movement. Led by Colonial Secretary Joseph Chamberlain, tariff reformers put forward two demands: imperial preferences, in which Britain would abandon the unconditional most favored nation's principle for reciprocal tariff preferences with its colonies, and a 10 % tax on manufactured imports. In Chamberlain's view, these measures were necessary because of Britain's shaky trading position, which was largely the result of foreign tariffs designed to repel British goods. Tariff reform, according to Chamberlain, offered a way to prevent Britain's slide into „*decadence, impotence, and anarchy*” (Sykes, 1979: 41). In other words, Britain's economic self-defense required a return to protectionism and an expansion of its special trade relations with the colonies.

Throughout the antebellum era, the issue of tariff reform threatened to split the Conservative party, which contained large factions of both free traders and

reformers. The Liberal government needed to broaden the tax base if its ambitious military and social reform programs were to be adequately financed (Peel, 1913: 38).

In the ensuing election of January 1910, the Liberals retained control of the government, although the Conservatives increased the number of seats they controlled in the House of Commons. More importantly, the tariff reformers did not support the Conservative Party, perhaps in part because of the financial and political support of the protectionists against the free trade members of their own party (Williams, 1931: 22). The Conservatives remained a minority in Parliament until 1912, as the overthrow of Britain's nearly century-old free trade policy seemed increasingly inevitable.

Within the international economic structure, the new position of the United Kingdom posed a fundamental challenge to American trade policy because the proposed protective tariffs in the United Kingdom directly threatened American exports to its most important market. Although since the early 1890s Britain's share of American exports had steadily declined, the English market still represented 24.2 % of total American exports during 1913 (U.S. Department of Commerce, Bureau of the Census, 1975: 930-934). Even after all other major economic powers turned to protectionism, Britain's policy changed the rules of the game, promoting protectionism that also indirectly threatened American exports to other countries by delegitimizing free trade. By relinquishing its leading position in the international economy, Britain was turning inwards on its colonial trading bloc, and this new policy of imperial preferences threatened the United States with even greater consequences. In this new context, the United States had to consider the United Kingdom's new mixed commercial interests in formulating its own trade strategy because the mutual advantages to be exchanged between the United Kingdom and its colonies threatened not only America's access to the important British market, but also the ability of the United States to export to the various colonies that undermined confidence in the nation's commitment to free trade, thereby reducing the appeal of continued American freedom.

#### *The Underwood Act (1913)*

By 1913, tariff reform had become all but inevitable, and, as before, it divided Democrats and Republicans. It was also one of the first issues that divided Taft and his former supporter, Theodore Roosevelt, ultimately causing the latter to abandon the Republican Party in the 1912 election. Although certainly this new situation, helped him in the election race, Wilson did not owe his election to the Republican division. Woodrow Wilson garnered 45.2% of the popular vote and 435 Electoral College votes, compared to 29.7% and 88 votes for Theodore Roosevelt and 25.1% and 8 votes for William H. Taft (Anderson, 1981: 213).

Despite calls for reform, Roosevelt and Wilson adhered to different programs. Reflecting on his Republican ideas, Roosevelt continued to support a more paternalistic view of government and wanted to „take the tariff out of politics” (Pringle, 1931: 567) by creating an independent tariff commission to scientifically determine import duties, and Wilson rejected the concept of the commission and passed Congress a new omnibus tariff law that would bring together the principles of the „New Freedom”.

Tariff reform was based on the principle of a „*competitive tariff*” (Isaacs, 1948: 215) as published in the Democratic platform of 1912. The concept of competition was essential: the tariff should not be abolished so as to seriously injure an industry, but it should be low enough to allow „*substantial imports*” (U.S. Congress, House of Representatives, Ways and Means Committee, 1913: 16, 17). The Underwood Act expected to increase imports by about \$123 million, amounting to 7.4 % of total imports since 1912 (Statistical Abstract of the United States, 1916: 328). Significantly, despite the tariff reduction, Wilson and the Democrats specifically rejected the doctrine of free trade and wanted to retain a modest degree of protection for American industry. During the years that the Underwood Act was in effect, average tax rates were lower than at any time since the Civil War and lower than they would have been until 1958.

Table 1  
Levels of duty by tariff act

| <i>Tariff act/Year</i> | <i>Level of duty on all imports</i> | <i>Level of duty on dutiable imports</i> | <i>Percentage of all imports on free list</i> |
|------------------------|-------------------------------------|--|---|
| 1909                   | 20.0                                | 41.0                                     | 51.3  |
| 1913                   | 8.8                                 | 26.8                                     | 67.5  |
| 1922                   | 13.9                                | 38.2                                     | 63.5  |

Source: Foreign Relations of the United States - FRUS  
(Washington, D.C.: U.S. Government Printing Office, 1909, 1913, 1922)

The Underwood Act proposed to combine the liberalism with the activism of the American trade strategy developed in the previous phases. Thus, the president was authorized to negotiate trade agreements „*with a view to freer commercial relations and the further mutual expansion of trade and commerce*” (U.S. Congress, House of Representatives, Ways and Means Committee, 1913: 56) without limiting the executive in the scope or extent of tax reduction. In its provisions, the United States expressed its willingness to further reduce its own tariff to obtain discounts abroad and clearly identified its interests with greater openness in the international economy. To sum it up, the Underwood Act marks a significant shift in American trade strategy. Recognizing the changing nature of the international economy, the United States adopted a new liberal trade strategy and for the first time subordinated its desires for protection at home to the expense of expanding exports abroad. Therefore, Congress supported the goal of freer trade within the international economy, accepted the constraints of bilateral opportunism, and moved toward freer trade.

#### *The Fordney-McCumber Act (1922)*

With the instability created by World War I, there was little doubt that the United States would also raise its tariffs as a result of Britain’s return to protection. On his last day in office, President Wilson vetoed a proposal to raise the tariff on agricultural products, but the measure was promptly passed again and signed by President Warren G. Harding as the Emergency Tariff Act of 1921. Immediately after passage following this bill, Congress began work on a new omnibus tariff act, which was finally passed in September 1922. In the Fordney-McCumber Act, the changes occurred primarily in the

level of tariffs on all imports, which was increased from 8.8 to 13.9 %. Similarly, the average rate on imports subject to customs duties was increased from 26.8 to 38.2 %. Finally, the Fordney-McCumber Act free list was reduced from 67.5 to 63.5 %.

Also, the Fordney-McCumber Act, wrongly described by Frank W. Taussig as „*a tariff with higher rates than any in the long series of protective measures*” (Taussig, 1931: 453) seemed moderate compared to the tariff levels of the 1890s, when average tax rates was about 23.5 % on all imports and 45.7 % on dutiable imports. The instability of the international economy clearly played a major role in the desire for a new higher tariff in the United States, and was a continually recurring theme in the debates over the Fordney-McCumber bill. Both Joseph W. Fordney, chairman of the House Ways and Means Committee, and Porter J. McCumber, chairman of the Senate Finance Committee, opened the debates by appealing to the widespread instability facing the United States. The solution to this condition of instability was to raise the tariff where a protective tariff is most necessary to support American industries. In addition to managing instability through a general rate increase, the Fordney-McCumber Act also introduced a limited amount of administrative flexibility as an adjustment mechanism. Section 315 authorized the president to raise or lower all or any taxes by up to 50 % to equalize production costs. The Tariff Commission, created in 1916 under President Wilson, was charged with making the necessary investigations into the costs of production and recommending any changes the President might find necessary (Dobson, 1976: 88, 93). Section 315 was ultimately intended to reduce taxes once international economic conditions were stabilized. In practice, however, Section 315 has been used more often to increase tax rates as a result of the mandate to equalize production costs. Between 1922 and 1929, more than 600 applications covering 375 articles were submitted to the Tariff Commission. (Kelly, 1963: 16). Of these, only 47 investigations covering 55 articles were completed, of which 38 resulted in a change in duty

Throughout the war and into the 1920s, the United States maintained its commitment to nondiscrimination in international trade. In response to the European Allies' desire to organize the international economy around regional trading blocs, as announced in Paris in 1916, President Wilson recommitted the United States to the principle of non-discrimination. In the third of his Fourteen Points, Wilson made it the explicit objective of the United States to „*remove, as far as possible, all economic barriers, and establish an equality of terms of commerce among all nations consenting to peace and association for its maintenance*” (Parrini, 1969: 16). Wilson included this commitment to non-discrimination in both the Treaty of Versailles and the Charter of the League of Nations.

Between 1923 and 1929, the United States concluded twenty-two unconditional MFN treaties or agreements, including with Germany, Spain, and many of the small or newly independent European countries. Unconditional MFN treaties were concluded with Germany (1923), Hungary (1925), Estonia (1925), Salvador (1926), and Honduras (1927). Other treaties containing unconditional MFN clauses were concluded with Turkey (1923) and Panama (1926). Finally, modus vivendi recognizing the principle of unconditional MFN were obtained with Albania (1923), Brazil (1923), Dominican Republic (1924), Greece (1924), Guatemala (1924), Nicaragua (1924), Poland (1925), Lithuania (1925), Finland (1925), Romania (1926), Haiti (1926) and Latvia (1926). The United States was unable to

negotiate similar agreements with Britain or France, despite its efforts. During discussions with at least Spain, Romania, and Venezuela, the United States has explicitly threatened to invoke the criminal charges under Section 317 of the Fordney-McCumber Act. In each case an agreement was reached and the threat was withdrawn (FRUS, 1927: 635). During the Great Depression of 1873–1896, Britain failed to effectively regulate the international economy, so the success of joint Anglo-American attempts in the 1920s was not guaranteed. Indeed, given the new state of affairs—the overnight rise of the United States as a net creditor, the massive wartime destruction of European economies, the elimination of Germany as a central economic player, the fracturing of historical trade patterns—required effective new regulation. Finally, there was Anglo-American cooperation, where the two opportunists were at least partially successful.

In the post-war period, Anglo-American cooperation experienced three phases. Immediately after the war, *the first stage* of competition took shape. The most pressing problem for the Americans was Britain's attempt to revive its pre-war trade network that emanated from its financial services center in London. The United Kingdom wanted to integrate the United States into the British system, offering access to the intelligence network in exchange for a promise that the United States would not create its own global trading/financial system. The American business community trying to dominate the system from within and National City Bank trying to build its own network rejected the offer in favor of developing an all-American system. This competition reflects two different conceptions of the appropriate postwar international economic regime. The United Kingdom advocated a „closed-door” (Parrini, 1969: 142) approach to reconstruction and trade, with international exchanges being loosely governed by an international consortium. The United States, on the other hand, as the most productive country in the international economy and expecting to be the favorite in any equal struggle for world markets, wanted an „open-door” regime.

Eventually, Britain accepted the United States' position on several key economic issues, and considerable Anglo-American cooperation began to emerge. Beginning in 1920, *the second stage* began, where cooperation was more evident in efforts to stabilize the international economy and maintain an open door policy in developing regions. Between 1924 and 1926, the London Conference and the Dawes Plan temporarily resolved the issue of post-war reparations, the Treaty of Locarno helped to stabilize the European political order by resolving certain disagreements between France and Germany, and the Mellon-Berenger Agreement only temporarily resolved the war debt problem. Anglo-American cooperation in each of these cases was essential to the final outcome. The United States and the United Kingdom then turned their attention to stabilizing international currency markets. The Dawes Plan financed Germany's return to gold in 1924. Assistance from the Federal Reserve Bank of New York allowed Britain to stabilize its currency and resume gold convertibility in 1925. Similar efforts facilitated France's return to gold in 1927. The return to gold was thought of as the most important means of mitigating the instability then facing the international economy. Regarding trade and investment, Anglo-American cooperation has focused particularly on developing regions. In the Second Chinese Consortium and the Washington Conference of 1921 and 1922, Britain and the

United States united to counter Japanese efforts to secure a special position in China. Under American pressure, Britain agreed to honor the open door policy in oil development in the Middle East. The United States, in turn, became willing to allow foreign participation in the domestic oil industry (Wilson, 1971: 184).

From the mid-1920s to the 1930s, during *the third stage*, the fragile Anglo-American cooperation began to unravel. In this context, Great Britain's position in the international economic structure diminished and it became increasingly difficult for it to stabilize its overvalued sterling in the domestic economy and within the international financial network, triggering new conflicts that weakened the Atlantic partnership formed in the first half of the decade. (Hogan, 1977: 218). Consequently, each side was aware of the dangers of retaliation and restrained its own tariff levels accordingly

*The Smoot-Hawley Act (1930)*

Upon taking office in March 1929, President Herbert Hoover called Congress into special session to review the agricultural schedule of the tariff where there had been a decline in employment due to insurmountable competition in that industry's products (Public Papers of the Presidents of the United States, 1974: 79). The Smoot-Hawley Act, while setting higher tax rates, was not as extreme as commonly believed. It was finally passed and signed into law in June 1930, the Smoot-Hawley Act raised the average rate of dutiable imports from 38.2 to 55.3 %, the highest level in American history (Hicks, 1960: 221).

Table 2  
Levels of duty by tariff act

| <i>Year of tariff act</i> | <i>Level of duty on all Imports</i> | <i>Level of duty on dutiable imports</i> | <i>Percentage of all imports on free list</i> |
|---------------------------|-------------------------------------|--|---|
| 1922                      | 13.9                                | 38.2                                     | 63.5  |
| 1930                      | 19.0                                | 55.3                                     | 65.5  |

Source: Foreign Relations of the United States - FRUS  
(Washington, D.C.: U.S. Government Printing Office, 1920, 1930)

Only the Underwood Act of 1913 allowed more duty-free entry into the United States than the Smoot-Hawley bill. Because of the large free list, the average rate of customs duties on all imports was only increased from 13.9 to 19.0 %. This was the third lowest average rate of duty on all imports of the seven tariff acts examined in this study: only the Underwood and Fordney-McCumber acts were lower. Thus, although taxes were higher than ever before, they were applied to relatively few goods. However, the act still constituted a substantial upward revision of the tariff. The Smoot-Hawley Act also reinstated the earlier retaliation and flexibility provisions of the Fordney-McCumber Tariff. Section 338 authorized the president to impose retaliatory tariffs of up to 50 % ad valorem on the goods of countries that discriminated against American products. As with section 317 of the 1922 act, section 338 also authorized the president to ban all imports from the offending country if the initial criminal charges did not result in the elimination of discrimination.

Former Section 315 and renumbered as Section 336, which included the flexibility provision, generated much controversy. In 1930, liberal internationalists opposed the inclusion of the flexibility provision in the Smoot-Hawley bill, and moderate protectionists supported it. President Hoover, maintaining his confidence in the bipartisan Tariff Commission's ability to take the „tariff out of politics” (Wilson, 1971: 79) strongly supported Section 336 and threatened to veto the legislation unless the flexibility provision was included. Thus, although the Smoot-Hawley Act contained the same potential for international activism as the Fordney-McCumber Act, few had strong expectations that this result would be achieved.

Table 3 shows a comparison of the fifteen tariff lists in the 1922 and 1930 tariffs, where except for wool and manufactures thereof, which groups the raw material produced by the farmer together with the finished product, the largest rate increases are found in the agricultural grids and processed food. Specifically, agricultural products and provisions were increased by 13.76 % valorem, spirits, wines, and other beverages (which because of prohibition were mostly „others”) by 10.96 %, and sugar by 9, 36 %.

Table 3  
Average rates, by schedules, in the tariff acts of 1922 and 1930 (in percentages)\*

| <i>Category</i>                       | <i>1922</i> | <i>1930</i> | <i>Increase</i> |
|---------------------------------------|-------------|-------------|-----------------|
| Chemicals, oils, and paints           | 29.22       | 31.40       | 2.18            |
| Earths, earthenwares, and glassware   | 45.62       | 53.62       | 8.00            |
| Metals and manufactures of            | 33.71       | 35.01       | 1.30            |
| Wood and manufactures of              | 7.97        | 10.49       | 2.52            |
| Sugar, molasses, and manufactures of  | 67.85       | 77.21       | 9.36            |
| Tobacco and manufactures of           | 63.09       | 64.78       | 1.69            |
| Agricultural products and provisions  | 19.86       | 33.62       | 13.76           |
| Spirits, wines, and other beverages   | 36.48       | 47.44       | 10.96           |
| Manufactures of cotton                | 40.27       | 46.33       | 6.06            |
| Flax, hemp, jute, and manufactures of | 18.16       | 19.14       | 0.98            |
| Wool and manufactures of              | 49.54       | 59.83       | 10.29           |
| Manufactures of silk                  | 56.56       | 59.13       | 2.57            |
| Manufactures of rayon                 | 52.68       | 53.62       | 0.94            |
| Paper and books                       | 24.72       | 26.06       | 1.34            |
| Sundries                              | 21.97       | 27.39       | 5.42            |

Source: Foreign Relations of the United States - FRUS  
(Washington, D.C.: U.S. Government Printing Office, 1922, 1930)

The Smoot-Hawley Act, justified and fueled in part by increases in foreign tariffs, served as a catalyst for greater protection within the international economy and retaliation against the United States. Thirty-three countries filed formal protests against the Smoot-Hawley Tariff even before the bill was passed. Canada increased its tariffs on certain American products and widened the margin of preference granted to British goods. In July 1930, Spain raised its tariff and in November of that year concluded bilateral treaties with France and Italy that effectively withdrew most-favored-nation



status from the United States. Italy increased its taxes on automobiles in July 1930, and in September 1931 raised almost all taxes by 15 % ad valorem and those on radios and radio equipment to virtually prohibitive levels. Italy also began to balance trade on a bilateral basis. Shortly after the passage of the Smoot-Hawley Act, Switzerland began a public boycott of American products. Beginning in July 1931, France gradually placed quotas on 1,131 previously dutiable items, or one-seventh of all tariffed goods. Britain returned to general protection in 1932.

It is difficult to determine the precise role of the Smoot-Hawley Act in spurring this wave of protectionism. Although some countries reacted almost immediately, most reprisals occurred only after a substantial period of time had passed. These gaps provided a significant period in which the United States – reaping the benefits of preemption – was effectively cut off from imports, while its export markets remained essentially at the same level of openness that had existed before 1930.

Within the Smoot-Hawley Act the most persuasive explanation links the distributive nature of the tariff to underlying changes in the structure of societal interests. Thus, increased international economic instability, the imminent end of bilateral opportunism, and the emerging structure of unilateral opportunism led the United States to adopt a modest upward revision of the tariff. These factors also reduced the fear of foreign retaliation, limited the executive's ability to appeal to foreign policy concerns, and, by focusing attention on raising tariffs on basic goods, increased pressures for protection. In other words, the difference between 1922 and 1930 lies not so much in domestic conditions as in the changing structure of the international economy.

*The Reciprocal Trade Agreements Act (RTAA) (1934)*

Despite its initially proposed goals, the RTAA proposed by Franklin D. Roosevelt in March 1934 did not represent a repudiation of protection in the United States because it did not indicate that the country wanted to adopt the policies of a hegemonic leader. As might be expected from an opportunist, domestic protection remained an important objective of American trade strategy, recognizing that lower tariffs abroad and the ability to negotiate bilaterally for such reductions were necessary to restore its export markets. At its core, the RTAA merely demonstrated the United States' willingness to trade limited reductions in its own tariff plan in exchange for substantial reductions in others.

RTAA wanted to fulfill two central objectives. The first purpose of the bill was to promote international trade in foreign countries for the products of the United States as a means of assisting in the present emergency. Roosevelt wanted to find new reciprocal methods by which to begin the actual exchange of goods.

The second objective of the RTAA, stimulated by the concomitant expansion of US executive authority over foreign trade matters in the wake of the new economic situation. With regard to foreign tariffs, the American executive demanded the ability to negotiate effectively with other countries, ensuring that agricultural and industrial interests retain their rightful place in world trade. This new positioning required the American government to negotiate with other governments through a quick and decisive understanding based on a carefully analyzed program and to provide discerning opportunities in the American market for additional foreign products.

In its implementation, the RTAA was, in effect, an amendment to the Smoot-Hawley Act of 1930. It further authorized the President to determine whether tariffs or other import restrictions of the United States or any foreign country were unreasonable and burdensome and restricting the foreign trade of the United States to enter into foreign trade agreements with foreign governments. All tariff changes were to be generalized to all countries that held unconditional most favored nation and national agreements with the United States. No agreement, however, could raise or lower fees by more than 50% or transfer any assets between free and chargeable programs.

In its individual provisions there were several amendments which had not been adopted in the earlier tariff acts. The President had been authorized to enter into reciprocal agreements in the acts of 1890, 1897, and 1913. The reciprocal agreements negotiated under the act of 1890 and the third section of the act of 1897 did not require subsequent congressional approval. The authority to negotiate on any and all duties was given to the President in section four of the 1897 act and in the 1913 act. The President was given discretion to vary rates by up to 50 % in sections 315 and 317 of the Fordney McCumber tariff and sections 336 and 338 of the Smoot-Hawley tariff. Finally, the unconditional most-favoured-nation principle was adopted by the United States in 1923. The RTAA is unique, however, in delegating all these various powers to the president simultaneously. The executive therefore had much more control over trade policy under the RTAA than ever before. Despite this grant of freed-up authority, Congress nevertheless curtailed the president by limiting his authority to only three years. If the executive abused this grant, it would most likely not be renewed (Moley, 1939:12).

Twenty-two agreements and three additional agreements were signed between June 12, 1934, when Roosevelt signed the RTAA, and the outbreak of World War II. By 1939, when almost all of these agreements were implemented, the average tariff on dutiable imports into the United States had fallen from 55.2 to 37.3 %, or about 1 % below the 1922 Fordney-McCumber Act rate. The level of duties on all imports also fell from 19.0 to 14.4 %, about one-half of 1 % above the Fordney-McCumber rates. Although these reductions were considerable, the RTAA—at least in its first five years—did not constitute free trade or even a return to the liberal trade strategy adopted in the Underwood Tariff of 1913. Nevertheless, RTA A achieved its goal of expansion of American exports. By 1939, sales of American goods abroad had roughly doubled from 1933 levels (Tasca, 1938: 45).

Table 4  
American Trade Strategy 1897-1934

| Phase                       | Structure                         | Trade strategy  | Foreign policy executive  |
|-----------------------------|-----------------------------------|---|---|
| <b>I</b><br>1887-<br>1897   | British hegemony                  | Free riding on free trade; tariff transformed into tool for both protection and export expansion. particularly to Latin America;  | Cleveland initiated debate in 1887;<br>Secretary of State Blaine and Harrison lobbied for reciprocity despite congressional opposition;<br>Cleveland also championed duty-free raw materials in 1894;   |
| <b>II</b><br>1897-<br>1912  | Declining British hegemony        | U.S. continued to free ride on British free trade, pursuing protection and export expansion to Latin America;<br>U.S. export horizons expanded, increasingly focused on rising European tariff; | McKinley took passive role in congressional deliberations but strongly supported reciprocity;<br>Roosevelt allied with congressional protectionists, although he set basis for future revision;<br>Taft failed to recognize incentives of international economic structure, out maneuvered by protectionists; |
| <b>III</b><br>1912-<br>1930 | Bilateral opportunism U.S. & U.K, | Dramatic turn toward freer trade at home and abroad in 1913; under greater international instability, tariff raised modestly in 1922 and compensated by greater activism and unconditional MFN; | Wilson, strong advocate of tariff reform;<br>Harding worked to restrain tariff increase in 1922 and adopted unconditional MFN in 1923, but his efforts were partially offset by support for protectionist tariff commissioners;   |
| <b>IV</b><br>1930-<br>1934  | Unilateral opportunism U.S.       | Preemptive protection in 1930, but final bill higher than expected as a result of congressional logrolling;<br>Turn toward greater liberalism and activism in 1934;                             | Hoover initiated call for appropriate reform but failed to understand international economic structure or restrain Congress; Secretary of State Stimson urged restraint to Hoover;<br>Secretary of State Hull, strong advocate of RIA A, Roosevelt less clear but supportive over time;                       |

Source: Foreign Relations of the United States - FRUS  
(Washington, D.C.: U.S. Government Printing Office, 1934)

*Conclusions*

Beginning with Grover Cleveland, each of the US presidents tried to increase their political influence over the tariff by defining it, at least in part, as a foreign policy issue. By appealing to his position as the primary foreign policy maker, each president increased his legitimate authority in the tariff-setting process. Faced with dominant protectionist strategies abroad against which US trade strategy could have only limited impact, the tariff again emerged as a "domestic" issue, whereas Wilson and Harding had linked the tariff to exports and larger issues of foreign policy, Hoover remained unusually silent.

American trade strategy has been dramatically altered by the change in international economic structure from bilateral to unilateral opportunism. In the late 1920s, increased international economic instability, the impending end of bilateral opportunism, and the emergence of unilateral opportunism conspired to bring about a modest upward revision of the tariff. The new constraints and opportunities of the international economic structure, however, reduced the fear of foreign reprisals that had played such an important role in the narrowing of protection between 1912 and 1930 that led to an increase in tariffs on manufactured goods, focusing attention on higher taxes on basic goods and agricultural products.

As other countries fought back against the new American strategy and world trade slowed under the pressure of sharply increased tariffs throughout the international economy, the United States' national commercial interest shifted from emphasizing protection at home to pursuing free trade abroad. In other words, the United States sought to exercise a measure of unilateral leadership and restore its export markets by reducing foreign trade barriers. This highly active trade strategy did not reflect a new commitment to free trade or hegemonic leadership. Throughout this period, the United States remained opportunistic, continuing to desire protection at home and free trade abroad, acting in its own interest regardless of the evolution of the international economy as a whole.

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