

*Final report*  
**CONFERENCE – TARIFFS IN HISTORY**  
*Madrid, May 13h and 14th of 2010*

At this moment, when we fear a trade backlash and a return to protection, it seemed urgent to promote a new reflection on such issues as commercial policy and economic crisis, or tariffs reactions and economic growth. The Conference “Tariffs in History” has got together in Madrid approximately 30 economists and economic historians from all over the world, with the aim of discussing the role of the trade policy in economic growth in history. This event has been organized by the Figuerola Institute of Social Science History from the Universidad Carlos III de Madrid, in collaboration with the Ramón Areces Foundation.

The Conference has tried to reconstruct and analyze the experience of trade liberalization and back to protectionism as well as its effects, both in Europe and out of Europe in the XIX and XX century. The experiences in the rich and poor Europe, the USA and Latin America, the Ottoman Empire, Asia or Australia have been analyzed by different studies of national cases or comparative analysis. The result advises to be cautious when generalizing in the explanation of both the protection causes and effects. The analyzed experiences show asymmetric results, and we are still far of being able to establish useful generalizations in terms of economic policy from the historical analysis of both the experiences of trade liberalization and the periods of protectionist reactions during the first globalization or after the Great Depression. The causes have to do with development level, institutional diversity and fiscal alternatives, but also with the trade policies autonomy or the possibility of developing expansive macroeconomic policies in crisis time. The different historical trajectories in terms of trade protection seem to have conditioned also in terms of economic policy the path of trade opening in the end of the XIX century or the new opening processes after the Second World War.

The XIX Century trade liberalization led by the British 1846 repeal of the Corn Laws had precedents in most of the European and American countries and was

with no doubt consolidated by the 1860 Anglo-French Cobden-Chevalier commercial treaty. The new data base about manufacturing tariffs presented by Tâmega and Tena for more than 13 industrial sectors in 37 countries gives a new view of this process allowing assessing the regional diversity and the different answers given between rich and poor and between metropolis and colonies. The fiscal needs of Latin American countries but also of the USA, and the lack of political autonomy of the colonies and protectorates dependent from the European powers, make the trade liberalization phenomenon to be focused in Europe, and it cannot be said that it was a worldwide phenomenon. The case of the "forced liberalization" of some world periphery countries was analyzed by Toprak from the 1838 Anglo-Turkish Commercial Treaty that influenced the Ottoman Empire trade policy up to the inter-war years. The political economy of protection was part of the Wilson lecture argument, when comparing the different trade policy reactions from the regions of Victoria and New South Wales in the second half of the XIX century. Similar institutional systems present as a result protectionist or free trade policies respectively. The analysis of Victoria's industrial protection structure seems to show, however, that the industries with positive external economies, were not protected and therefore the rent-shekers seemed to have a relevant role in this Australian experience dichotomy.

The national construction processes in the American continent produced that Latin America was one of the regions with higher tariffs barriers in the world. The Clemens-Williamson lecture compares the Latin American trade barriers with that of Asian region before the colonial independence processes after the Second World War. Their results shows that it did not exist a clear correlation between the opening and growth processes in both regions and turns to other explicative variables as the terms of trade relations and the different investment policies in human capital. The diversity of the protective behaviour and of its effects in the rich and poor regions inside Latin America was questioned by the Peres Cajías lecture when analyzing the case of Bolivia, and was discussed on the session about protection in Latin America. In this session the Mexico case between the end of the XIX century to the 20' decade was also studied. The analysis about fiscal design or tariffs structure protective design in Mexico in these two periods were discussed respectively in the Márquez and Kuntz lectures. They both

agreed in presenting an evolution from the fiscal design to the industrial protective design from the developing of fiscal alternatives to the customs income. Kuntz lecture offered some new and original indicators to support these statements for the 20' decade.

Some other measurements of interest for the international debate were provided by Sabaté, Fillat and Gracia in their measurement about the "Trade Cost" in Spain during the globalization process previous to the First World War. The coexistence of trade opening and protectionist reaction is explained by the prominence of the transport costs reduction, related to the peseta devaluation, in a Spain not adhered to the Gold Standard, explains tariffs protection high levels with which the Spanish economy reacted to the globalizing process. Betrán and Pons would explain in their lecture the strong protectionist reaction of the Spanish case by the negative impact that the globalization had in Spain over the agricultural salaries at the end of the XIX century.

The conference also offered diverse approaches about the debate in progress over the relationship between tariffs and growth. The debate at the end of the XIX century about this relationship has been especially important because there have been found some signs of positive relationship, unlike other periods as the inter-war years or the second globalization after the Second World War. The Shularick and Solomu study questioned again this positive relationship, widening the number of countries and providing new indicators about the protection evolution in the period. Lampe and Sharpe analyzed this relationship by an econometric study with GMM models and found negative relationships for the panel data although also found positive behaviours in some countries relationships, confirming therefore previous finds of asymmetric regional relationships. The Conference contributions for the inter-war years focused on the discussion of Irwin and Eichengreen lecture, about the protectionist answer to the Great Depression. The authors find systematic evidence that those countries maintained longer to the Gold Standard when the Great Depression began reacted with harder protectionist policies. The use of quotas, changes controls and tariffs was a substitutive policy for those who had constrained the autonomy of their fiscal policies, monetaries of the option of devaluation to

getting out of the crisis. The Estonian case presented by Stern, however, does not seem to fit in this kind of response to the Great Depression for reasons of external institutional constriction.

The cases of trade liberalization after the Second World War were discussed from Coppolaro study about a regional liberalization as the CEE Customs Union in the second half of the fifties, which in general terms it can be said fostered the trade liberalization of the Continental Europe rich countries and contributed to increasing the trade during the period. The 1950 decade in Spain, traditionally defined as "autarchic", was presented by Prados de la Escosura, Sanz and Roses from a new perspective by the use of new macroeconomic indicators of distortion. The foreign sector liberalization was very moderate compared with which was happening in the surrounding countries, but these new indicators let us explain better the implementation of a liberalization and adjustment plan, more determined from 1959, that permitted the convergence and growth process of the Spanish economy of the 1960 decade.

The complexity of the analysis of the protection reactions and its effects over the economic growth urgent to promote a new reflection based on a geography wide long run perspective. Over the past decade or so, a large group of researchers has reviewed the conventional wisdom about the liberalization tendencies, as the effects of the trade policy on welfare and income distribution during the XIX and XX centuries, and this conference has made the highest effort, getting together a part of these major figures to present their last research and reflections about these issues.

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