trade thus established lasted for about fifteen years. After the foundation of the German Empire, the duties of the Zollverein became those of Germany, and for a time the liberal regime was maintained and extended, with respect to the tariff as with respect to other matters. But in Germany, as in France, a combination of political and of economic forces led before long to a reaction towards protection. Bismarck broke with the National Liberals, who were the champions of free trade; at the same time the agricultural depression set in, and the agri­cultural interest demanded protection against American and other foreign competition. The manufacturers, especially of iron, also manoeuvred for protection. The reaction came in 1879, when duties were increased on manufactured articles as well as on agricultural articles. Other advances of duty were made in later years, especially on grain; and thus the policy of Germany has become dis­tinctly Protectionist, though not to the same degree as in France. In 1892, however, the precise year in which France gave up her system of commercial treaties, some modera­tion was brought about in Germany’s protective system by commercial treaties with Austria, Italy, Belgium, Switzerland, and shortly afterwards with Russia. These treaties provided for reductions of duties in all directions, the most important concessions being on certain agricultural products. Thus the duty on wheat, which had been gradually raised as high as 5 marks per hundred kilogrammes (roughly 1s. 3d., or about 30 c. a bushel) was reduced to 3·50 marks by the treaties. The rates of these treaties were extended to a number of other countries having “ most favoured nation ” relations with Germany. The tariff system of Germany, however, at the beginning of the 20th century, remained definitely Protectionist.

In other important countries changes in policy have taken place similar to those noted in Germany and in France. The era of moderated tariffs, which began with the great treaty of 1860, lasted for about twenty years, and was followed in Italy, Austria, Belgium, Switzerland and Spain by a reversion to protection, although usually to a less high system of protection than had prevailed before i860. The United Kingdom and Holland alone held con­sistently and unfalteringly to the principle of free trade. The factors which have brought about this reaction have been, as was already noted, partly economic, partly political: on the one hand, the pressure of competition from distant countries in agricultural products, a consequence chiefly of improved transportation; on the other hand, the revival of national sentiment and prejudice.

*The United States.—*The tariff history of the United States, like that of European countries, divides itself into two great periods, before and after the year 1860. But it is no more than an accident that this year constitutes the dividing line in both cases, the change in the United States being due to the Civil War, which so profoundly influenced the fiscal, economic and political history of the country in all directions. The period before i860 may again be divided into three sub-periods, the first extending from 1789 to 1816, the second from 1816 to about 1846, the third from 1846 to 1860.

(1) The Tariff Act of 1789 was the first legislative measure passed by the United States. The Protectionists have pointed to it as showing the disposition of the first Congress to adopt at once a policy of protection; the Free Traders have pointed to it similarly as showing a predilection for their policy. Each had some ground for the claim. The duties of the act of 1789 were very moderate, and, as compared with those which the United States has had under any subse­quent legislation, may be described as free trade duties. On the other hand, the spirit of the act of 1789 was protective. It had been the design of Madison, and of other firm supporters of the new constitution, to adopt in 1789 a very simple measure, designed solely to secure revenue. But the pressure from the representatives of some of the states, notably Pennsylvania and Massachusetts, compelled him to incorporate in the Tariff Act certain specific duties borrowed from the Tariff Acts then in force in these states, which had a distinctly protective aim. Thus the act of 1789, although the duties levied by it were moderate, yet had a protective intent. Such in the main re­mained the situation until 1816, duties being indeed raised from time to time in order to secure more revenue, but the arrange­ment and the general rate of the duties not being sensibly modified. There was not at this time any considerable public feeling on the subject of protection, chiefly because during most of the years of this period the Eastern states, and especially New England, where manufactures might be expected to develop first, were profitably engaged in an extensive export and carrying trade.

(2) After the close of the War of 1812, however, a new spirit and a new policy developed. With the end of the Napoleonic wars, the opportunities for American commerce be­came less, while at the same time the expanding population necessarily led to diversified interests at home. A demand arose for two closely connected measures: protection to domestic manufactures, and internal improvements. Pro­tection was demanded as a means both of aiding young industries and of fostering a home market for agricultural pro­ducts. The chief spokesman of the new movement was Henry Clay, who remained throughout his life the constant advocate of this so-called “ American system.” Some disposition in this direction showed itself as early as 1816, when tariff duties were raised. Still greater changes were made in 1824, 1828, and 1832. In 1824 duties were considerably raised; and thereafter the New England states, which so far had been lukewarm in supporting the movement, joined in it unreservedly. The tariff of 1828 was affected by some political manipulation, which caused it to contain objectionable provisions, and to be dubbed “ the tariff of abominations.” But the so-called abominations were removed in 1832, when the protective system was deliberately and carefully rearranged. By this time, however, the opposition to it in the South had reached a pitch so intense that concessions had to be made. As a planting and slave-owning region, the South inevitably had no manu­factures: it felt that its cotton was sure to find a foreign market, and would gain little from the establishment of a domestic cotton manufacture within the country; and it judged, rightly, that the protective system brought it only burden and no benefit. The extent of the burden was greatly exaggerated by the leaders of the South, especially in the heat of partisan con­troversy; and the subject was closely connected with the con­troversy as to the rights of the states, and the endeavour of South Carolina, under the influence of Calhoun, to nullify the Tariff Act of 1832. The nullification movement led in 1833 to the well-known compromise, by which the rates of duty as established by the Act of 1832 were to be gradually reduced, reaching in 1842 a general level of 20 per cent. The compromise served its turn in allaying political bitterness and staving off a direct conflict between the United States and South Carolina. But the reductions of duty made under it were never effectively carried out. In 1842, when the final 20 per cent. rate was to have gone into effect, the Protectionists again had control of Congress, and after a brief period of two months, during which this 20 per cent. rate was in force, passed the Tariff Act of 1842, which once more restored the protective system in a form not much less extreme than that of 1832.

(3) Four years later, however, in 1846, a very considerable change was secured by the South, and a new era was entered on. The Democratic party now was in control of legislation, and in the Tariff Act of 1846 established a system of moderate and purely *ad valorem* duties, in which the protected articles were subjected, as a rule, to a rate of 30 per cent., in some cases to rates of 25 and 20 per cent. The system then established has often been spoken of as a free trade system, but was in reality only a system of moderated protection. In 1857 duties were still further reduced, the rate on most pro­tected commodities going down to 24 per cent., and remaining at this comparatively low level until the outbreak of the Civil War.

The second great period in the tariff history of the United States opens with the Civil War. It is true that the fiιst steps towards a policy of higher protection were taken just before the war began. In the session of 1860-61, immediately pre­ceding the outbreak of the conflict, the Morrill Tariff Act was