fluence of a prohibitive tariff on industrial progress is well known and needs no demonstration. There is no reason to believe that this influence was less deadening in France between 1810 and 1860 than it has been elsewhere and at other times."[37]

In 1860, the French Emperor, Napoleon III, agreed to end the system of prohibitions. I say the Emperor did, because the people did not. So hostile was public opinion that the Cobden-Chevalier Treaty could not be presented even to the Emperor's hand-picked Senate for ratification. It had to be presented as a *fait accompli*. From the very beginning, there was substantial popular opposition. By 1872, at the inception of the Third Republic, a majority of parliament favored high protection. By 1878, the Treaty with England was denounced; and within three years the tariff had been raised 24 percent for bargaining purposes. By 1888, in a questionnaire on tariff reform circulated by the *Socité des agriculteurs*, only three of 140 replies favored retention of the already increased tariff. By 1890, 96 of 107 chambers of commerce wanted to denounce all existing commercial treaties; only 35 recommended any renegotiation. Finally, in 1890, a tariff revision commission was appointed consisting of 39 protectionists, eight moderate protectionists, and eight free traders. It was clear what was going to happen.

I could go on to discuss the return of protectionism: the effects of the Méline tariff, the import quotas of the 1930's the quotas and compensatory taxes of the late 1940's and early 1950's. I shall not do so, however, because such a discussion could only contribute similar if not quite so shocking examples of the retarding inuence of protectionism. Suffice it to say that in the early 1950's, the French, themselves seeking the causes of their stagnation, concluded that the high cost-price structure and the general inefficiency of French industry were in large measure due to the corrosive system of protection. The Nathan report found that "the French market, for short periods, has largely been isolated from foreign markets for the past twenty years. . . . The economic cloistering has, in effect, permitted our country to develop, purely on the basis of internal exigencies, practices or policies which could not fail to have consequences on the structure of national costs."[38] Similarly, a report of the Commission on National Accounts concluded that "in effect, in the shelter of our frontier which foreign merchandise finds it difficult to cross . . . a structure is developed which is no longer incited to maximum productivity. . . . It is in the structure which it has established that the almost complete cloistering of the French market must be judged. The true long-term cost of abusive protectionism is the low productivity of the economy."[39] That is why the French found their prices a good ten to fifteen percent above world prices on the average. It is also why M. René Mayer, a premier with close business connections, could say before parliament:

> The essential cause—I say it with moderation, but with conviction—of our high prices is the system of protectionism, that growing protectionism of which we cannot rid ourselves, the survival of unproductive enterprises, the private cartelization which one day legislation . . . must definitely destroy . . .[40]

Protectionism after 1892 was like protectionism before 1860. It permitted high-cost inefficient producers to remain in business because of artifically high prices. The tariff may not have been the chief cause of French retardation, but "it is clear that in almost every case its influence was unfortunate, if not definitely harmful."[41]

I do not discuss this period in detail, then, because it would constitute another exercise in negativism. Instead, I wish to take the more positive approach of showing just how salutory the absence of restriction would have been. Thus, I turn to the two truncated periods of French economic liberalism, the one just before the Revolution, the other at the summit of the Second Empire.

### III. THE INVISIBLE HAND OF THE STATE

When free trade finally penetrated government policy, the manthusian did not greet it with equanimity. In each period of trade liberalization, he claimed that he would be destroyed by his more efficient foreign counterpart, and that far from modernizing he would be forced out of business. In each of these periods, however, the businessman was able to complete, and compete well, once he modernized.[42] It is the purpose of this section to show how and why.

In 1786, at the time of the Eden-Rayneval Treaty, the French businessman seemed in no condition to compete with his British counterpart. His rival had

**See footnotes at end of Appendix.**