

KAREN E. SCHNIETZ

The Institutional Foundation of U.S. Trade Policy: Revisiting Explanations for the 1934 Reciprocal Trade Agreements Act

In the 1934 Reciprocal Trade Agreements Act (“RTAA”), Congress delegated its constitutionally granted power to set tariffs to the President. Trade agreements negotiated under the RTAA required no *ex post* congressional approval. Instead, the broad authority conferred upon the President was subject to congressional renewal every three years. Tariff reductions also were no longer made unilaterally via omnibus tariff legislation, but rather bilaterally via trade agreements and in exchange for comparable tariff reductions from foreign trading partners.¹ The RTAA dramatically altered the governance structure that had controlled U.S. trade policymaking for over a century, laying a new institutional foundation that made U.S. postwar participation in, and leadership of, global trade liberalization and expansion possible. Indeed, the RTAA is arguably the most important piece of trade legislation of this century. It also is an unusual case of congressional delegation of policymaking authority to the President. Representative Hamilton Fish (R-N.Y.) called the RTAA “a betrayal of our representative form of government [that] amounts to an open admission by Congress that . . . it is now incompetent and unfit to legislate properly, intelligently and in the public interest.” The press described the RTAA as a “radical departure in commercial policy.”² What accounts for this extraordinary delegation, especially by a legislative body better known for guarding its power than for giving it away?

This article pursues two goals. First, it challenges the two most influential explanations for the RTAA. The congressionally-centered “lesson hypothesis” claims legislators learned from the disastrous consequences of the 1930 Smoot-Hawley Tariff Act that they were incapable of passing nationally-beneficial tariff legislation and delegated tariff-setting authority to the President. Voting data are presented to demonstrate that legislators did not vote in a

manner consistent with this hypothesis. The second explanation, the Presidentally-centered “crisis” theory, claims the RTAA was part of Franklin Roosevelt’s response to the Great Depression, expected to expand export markets for U.S. products, and that Congress agreed to the delegation because of the economic crisis created by the Depression and Roosevelt’s strong political leadership. An examination of the historic record demonstrates that the crisis explanation is only partially correct. The second main goal of this article is to expand upon an underemphasized portion of the explanation for the delegation. Legislators supported the RTAA not only in the hope it would ameliorate the economic crisis or because Roosevelt and his Secretary of State, Cordell Hull, asked them to, but also because Democrats expected the RTAA to better protect their preferred low tariff policy from reversal by future Republican congressional majorities than the system of omnibus tariff-setting had. Indeed, Democrats hoped the RTAA would institutionalize low tariffs, as the evidence presented here illustrates. This article describes the three main structural features of the RTAA that were expected to contribute most significantly to trade liberalization, after reviewing existing explanations for the RTAA.

Revisiting the “Lesson” and “Crisis” Hypotheses

Numerous explanations for the RTAA have been advanced, but two have been particularly influential.³ First, the lesson hypothesis focuses on legislators’ learning from what have long been widely accepted as the consequences of the 1930 Smoot-Hawley Tariff Act, one of the most infamous examples of congressional logrolling. Under it, the average tariff rate on dutiable imports rose to 59 percent, one of the highest U.S. tariffs ever.⁴ The tariff took a year and a half to usher through the Republican-controlled Congress and contained specific tariff schedules for more than twenty thousand items. The Smoot-Hawley Tariff was further attacked for initiating a wave of retaliatory tariffs against the United States.⁵ From 1929 to 1933, U.S. exports fell from \$488 million to \$120 million; imports fell from \$368 million to \$96 million; and world trade fell from \$35 billion to \$12 billion.⁶ In addition, the Smoot-Hawley Tariff has been accused of turning a recession into the Great Depression.⁷ The disastrous economic consequences of the tariff were widely believed to have contributed to the defeat of the Republican party in the 1932 elections.⁸

According to the lesson hypothesis, Congress realized it was politically incapable of passing rational trade legislation and relinquished control of trade policy.⁹ Fortunately for students of the RTAA, the lesson hypothesis

contains an implicit prediction about congressional voting on the RTAA. It assumes that congressional learning occurred between passage of the 1930 Smoot-Hawley Tariff and passage of the RTAA in 1934. This suggests that many of the legislators voting for the 1930 Smoot-Hawley Tariff would have voted for the 1934 RTAA, after having learned a lesson from casting a ye vote on the 1930 Smoot-Hawley Tariff. But most of the votes cast in favor of the Smoot-Hawley Tariff came from Republicans, while very few of the votes for the RTAA were from Republicans. Indeed, almost all members eligible to vote on both the Smoot-Hawley Tariff and the RTAA consistently voted along partisan lines: Republicans supporting the protectionist Smoot-Hawley Tariff and opposing the trade-liberalizing RTAA, and Democrats opposing the Smoot-Hawley Tariff and supporting the RTAA. Indeed, this voting simply extended the almost-century-long pattern of Republicans favoring high tariffs to protect their largely industrial constituents from foreign competition, and Democrats favoring low tariffs to help their largely southern, agriculture constituents acquire manufactured goods cheaply.¹⁰ Thus, the protectionist Smoot-Hawley Tariff was predictably supported by Republicans: 92 percent of Representatives and 78 percent of Senators supported it. Conversely, 91 percent of House Democrats and 86 percent of Senate Democrats opposed the tariff. Partisanship was even more pronounced in voting on the RTAA. Fully 98 percent of House Republicans voted against the trade-expanding RTAA, while 96 percent of House Democrats voted for the Act. In the Senate, 93 percent of Democrats supported the RTAA, while 85 percent of Republicans opposed it.¹¹

There were ninety-five legislators who were theoretically capable of demonstrating the learning implied by the lesson hypothesis. These were the legislators who voted ye on the 1930 Smoot-Hawley Tariff and who were also continuing members of Congress in 1934. Of these ninety-five legislators, only nine "learned" in the manner suggested by the lesson hypothesis by voting ye on the RTAA. Moreover, Democratic legislators exhibited considerably greater learning ability than their Republican counterparts: seven of the nine Democrats in a position to learn did so, in contrast to only two of the eighty-six Republicans (Table 1). Republicans' failure to demonstrate learning is particularly puzzling since it was the Republican Party that was identified with the Smoot-Hawley Tariff and that suffered the severe electoral defeat in 1932. Of course, the true learners may have been the Republican legislators defeated in the 1932 elections. Alternatively, the continuing Republican legislators of 1934 may have learned that their seats were unequivocally safe, since they had survived the 1932 election and thus had no reason to alter their tariff preferences. However, the lesson hypothesis attributes learning to continuing members of the 1934 Congress to describe

support for the RTAA and the voting record clearly undermines the lesson hypothesis. Moreover, any explanation of the RTAA must account for why congressional Democrats in particular were willing to delegate tariff-setting authority to the President, since Democrats alone supported the legislation, a fact not made clear by the lesson hypothesis' treatment of Congress as a unitary actor.

Table 1. Congressional "Learning" from the Smoot-Hawley Tariff

	Yes Votes on Smoot-Hawley			Yes Votes on the 1934 RTAA		
	Republican	Democrat	Total	Republican	Democrat	Total
Senate	18	1	19	2	1	3
House	68	8	76	0	6	6
Total	86	9	95	2 (2%)	7 (78%)	9 (9%)

Sources: *Congressional Record* 72: 10635 and 10789; *Congressional Record* 78: 10395 and 5808.

The "crisis" explanation sheds some light on Democratic legislators' incentive to delegate trade policymaking authority to the President, but it, too, is incomplete. The crisis theory explains the RTAA as an extraordinary response to the grave economic crisis posed by the Great Depression—one part of Roosevelt's economic recovery program.¹² Specifically, the reciprocity requirement of the RTAA was intended to open foreign markets to U.S. products and thus help America export its way out of the Depression. The RTAA expanded export markets by shifting U.S. tariff-setting from a unilateral system, in which American tariff reductions did not have to be met by reductions on the part of its trading partners, to a bilateral system, in which U.S. tariff reductions had to be matched by its trading partners. Moreover, crisis-theory proponents point to Roosevelt's landslide electoral victory as evidence

that any legislation Roosevelt sought, particularly early in his administration, he obtained from a complacent Congress. While the crisis of the Depression and Roosevelt's strong leadership of the party no doubt contributed to Democrats' willingness to pass the RTAA, solving the economic crisis of the Depression was not the sole reason for legislative support of the RTAA. Moreover, the crisis explanation overlooks the conflict over trade policy within the Roosevelt administration between economic nationalists such as Assistant Secretary of State Raymond Moley and Foreign Trade Adviser George Peek and internationalists such as Secretary of State Hull. Indeed, Roosevelt was initially opposed to the RTAA. What the crisis explanation also fails to recognize is that the RTAA was good political strategy for Democrats in that it helped provide durability to their preferred low tariffs, *in addition* to being good economic policy in that it did significantly expand export markets for U.S. products. Last, the crisis theory raises a final question: Why hadn't earlier Congresses responded to prior economic depressions by making as sweeping a delegation of tariff-setting authority as the 73d Congress did with the RTAA?¹³

Related to the crisis theory in its focus on Executive-branch initiative and congressional passivity is the international system explanation for the RTAA. This theory maintains that Roosevelt and Hull persuaded Congress to relinquish tariff-setting authority because Executive branch control of foreign economic policy could be used to pursue U.S. international political goals.¹⁴ While the United States did pursue broad geopolitical goals with the RTAA during the 1930s, the RTAA was more heavily used in this manner after 1947, when Congress broadened Presidential authority under the RTAA to allow negotiation of multilateral trade agreements and U.S. participation in and leadership of the GATT began.¹⁵ Moreover, by focusing exclusively on the international policy benefits of the RTAA, the international system explanation fails to recognize that the RTAA simultaneously advanced both an international political goal of the Executive branch and a domestic policy goal of congressional Democrats. This is partly the result of focusing solely on Hull's role as Secretary of State, thus overlooking how his lengthy tenure as a Democratic member of Congress influenced his trade policy preferences. I bring this more sharply into focus below.

Expanding the Explanation for Congressional Democrats' Support of the RTAA

Two interrelated features of tariff-setting became deeply problematic for Democrats during the post-Civil War period. First, under the system of

legislative tariff-setting, the ability to set rates, or to alter rates set by political opponents, depended on unified political control of the federal government. However, between 1867 and 1932, Democrats wielded unified political control for only four of thirty-three Congresses. Second, since the post-Civil War period was one of Republican political hegemony, in the rare instances when Democrats were politically able to enact tariff legislation (the 1894 Wilson-Gorman Tariff and the 1913 Underwood Tariff), their low rates were swiftly overturned when Republicans reclaimed power (Fig. 1). Due to Republican political dominance during this period, the overall average tariff rate between 1867 and 1932 was 41.9 percent, or almost 50 percent higher than the 28.4 percent average rate set by Democrats when they had the political power to do so (Table 2). The disparity in the level of tariff protection enacted by Democrats versus Republicans occurred despite occasional Republican administrations, such as McKinley's, that understood the need for a slightly more liberalized tariff policy. In short, Democrats were highly unsuccessful in implementing and maintaining low tariffs, and thus in serving their constituents' interests. The problem of not being able to enact a durable low tariff became particularly acute for Democrats in 1930, when the average tariff rate shot up to 59 percent, or twice the Democrats' preference, under the Smoot-Hawley Tariff. A news article summarized the Democrats' dilemma: "Time and again, when Democratic political doctors have come to power and reduced the tariff, it was only to find themselves swept out of office shortly thereafter, and to witness . . . the triumphant Republicans put the tariff higher than ever. A realist in politics recognizes this tendency. The Democratic Party, under President Roosevelt, is not going to tempt Providence by repeating the mistakes of the past."¹⁶

In not proposing a tariff bill to lower the rates set under the Smoot-Hawley Tariff, the newly elected Democratic Congress of the 73d Congress broke a long tradition of introducing tariff legislation as one of the first acts of business whenever partisan legislative control switched. The author and main advocate of the RTAA both within the Roosevelt administration and publicly was Cordell Hull. Before becoming Secretary of State, Hull served Tennessee as a member of the House from 1906 to 1930 and as a Senator from 1930 to 1932. In both houses Hull served on committees with tariff policy oversight: on the House Ways and Means Committee from 1910 to 1930 and on the Senate Finance Committee from 1930 to 1932.¹⁷ During his years in Congress, Hull was one of the Democratic Party's most articulate opponents of Republican tariffs, and one of its strongest advocates for low tariffs. By the time Hull wrote the RTAA, he was one of the most knowledgeable legislators on tariff and revenue matters, having participated in the drafting of the 1913 and 1930 Tariff Acts and the 1916 and 1917 Revenue

Table 2. Partisan Tariff Averages, 1867–1932

Period	Partisan Political Dominance	Average Tariff Rate for Period
1867-1894	Republican	44.8%
1895-1896	Democratic	41.6
1897-1912	Republican	46.0
1913-1920	Democratic	23.4
1921-1932	Republican	41.0
1867-1932	Period Average	41.9%
	Under Republicans	44.3
	Under Democrats	28.4

Source: *Historical Statistics of the U.S.* (1975), Tables U207-212 and Y204-210.

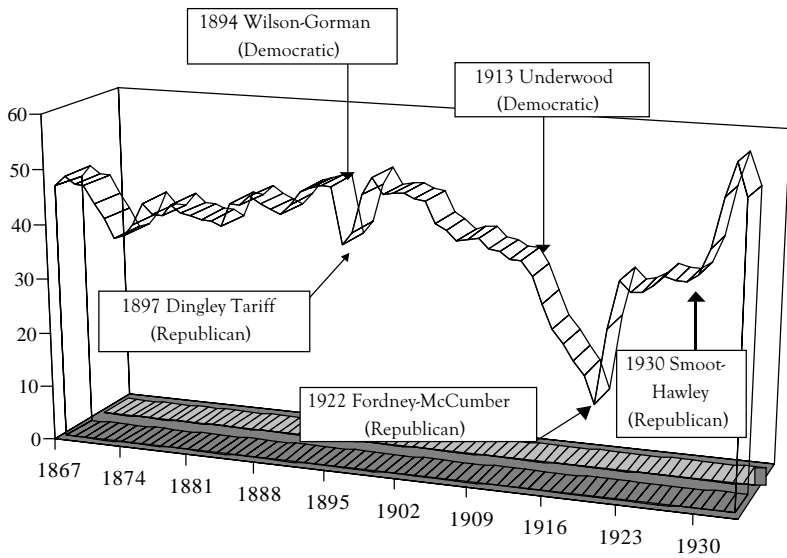


Figure 1. Major U.S. Tariff Acts and Average Tariff Rates, 1867–1932

Acts. In his first months as Secretary of State, Hull focused disproportionate attention on trade matters, perhaps even inappropriately so, given the U.S. diplomatic tensions with Russia, Japan, and Cuba in 1933.¹⁸ Thus, although the RTAA originated in the Executive branch, it was the work of this longtime Democratic legislator, who was deeply familiar with the tariff-setting process and uniquely positioned in 1934 to make significant tariff change a reality.

As a Congressman and Senator, Hull had made two major efforts to permanently lower tariffs. First, he was an architect of the Democrats' 1913 federal income tax, intended to reduce government reliance on tariff duties as the main source of revenue and thereby remove one of the main political justifications for protectionism. Second, Hull also sat on the 1916 Ways and Means Committee that created the Tariff Commission, intended to lower voters' tariff preferences with credible, expert information on the consumer welfare costs of protectionism.¹⁹ When both the income tax and the Tariff Commission failed to constrain Republican protectionism in the 1920s and 1930s, Hull pressed ahead with the RTAA in his new role as Secretary of State.

Hull was not acting alone in 1934, however; nor was he the only veteran of the earlier Democratic attempts to permanently lower tariffs. Indeed, many congressional Democratic supporters of the federal income tax and the Tariff Commission held powerful positions in the 73d Congress. Speaker of the House Henry Rainey (D-Ill.) had sponsored the 1916 Tariff Commission bill. Senator William McAdoo (D-Calif.) had authored much of the Tariff Commission bill as Treasury Secretary in 1916. Ways and Means Committee chair Robert Doughton (D-N.C.) and Finance Committee chair Pat Harrison (D-Miss.) were both twenty-year veterans of Congress. And second-ranking Senate Finance Committee member Champ Clark (D-Mo.) had been Speaker of the House during the Wilson administration. Five other Representatives who had voted for both the 1913 federal income tax and the 1916 Tariff Commission sat on Ways and Means in 1934 and supported the RTAA: Clement Dickinson (D-Mo.), David Lewis (D-Mo.), James McClintic (D-Okla.), Carl Vinson (D-Ga.), and Ashton Shallenberger (D-Neb.).²⁰ All had previously tried and failed to constrain Republican protectionism, and all had another opportunity to do so during the 73d Congress.

Hull drafted the first version of the RTAA in early 1933, and Roosevelt announced on April 2 that he would pursue tariff legislation during the first session of the 73d Congress, but Roosevelt ultimately refused to send the bill to Congress. Roosevelt's priority during his first year as President was the National Recovery Act, and he feared that introducing tariff legislation would jeopardize its passage. Roosevelt's legislative priorities were influenced by economic nationalists within his cabinet, such as Assistant Secretary of

State Raymond Moley and Foreign Trade Adviser George Peek, who strongly opposed Hull's internationalism and reciprocal trade program, thus contributing to Roosevelt's initial opposition to the RTAA. However, even internationalists in the administration recommended postponement of tariff legislation in 1933. Herbert Feis, Economic Adviser to Hull in the State Department, cautioned: "Since the fate of much other legislation is undetermined, I believe it unwise to hazard the whole relationship between the President and Congress on this [RTAA] bill."²¹ When Roosevelt removed the RTAA from the 1933 legislative agenda, just as Hull was sailing for the World Economic Conference in London that June, Hull felt deeply betrayed, having been assured by Roosevelt prior to his departure that the reciprocal trade program would be pursued in Hull's absence. Roosevelt explained his reversal: "Domestic problems made general tariff debate dangerous to our whole program. I am squarely behind you and nothing said or done here will hamper your efforts. There is no alteration of your policy or mine."²²

In late December 1933, Roosevelt announced he would submit the RTAA during the second session of the 73d Congress.²³ Roosevelt's decision to pursue the RTAA occurred just two weeks after Hull's widely publicized resolutions at the Pan American Conference in Montevideo, Uruguay, were unanimously adopted by the twenty-one participating nations, and just days after the highly praised conference ended.²⁴ Indeed, the favorable publicity the Montevideo conference and Hull received was in stark contrast to the negative press received by Moley at June's London World Economic Conference.²⁵ Moley was one of the RTAA's most vocal critics within Roosevelt's cabinet, and Moley's unsuccessful handling of the London Conference and Hull's successful performance at Montevideo no doubt helped change Roosevelt's mind on the RTAA. Notably, during the same radio address in which Roosevelt announced his intention to seek trade legislation, he also praised Hull's leadership at Montevideo. Hull's star was clearly rising within the Roosevelt cabinet. Upon Hull's return in January 1934, he immediately set to work on a draft of the RTAA.²⁶ In early February, Hull summarized the accomplishments of the Montevideo conference at a well-publicized National Press Club address and laid out the RTAA.²⁷ At the end of the month, Roosevelt brought congressional leaders to the White House to hammer out the final form of the bill and on 2 March he submitted the RTAA, together with a message written by Hull, to Congress.

In Congress, the RTAA was an unusual tariff bill, not only in its content but also in the speed with which it moved through Congress. Within two weeks, the bill had successfully passed through the Ways and Means Committee and the full House—an extraordinarily fast pace for tariff legislation. The RTAA was reported out of committee without amendments. The full

House debated the bill for just five days before passing it. Republican amendments to the bill concerned (1) exemptions of specific, historically protected commodities from trade agreements, (2) limiting tariff reductions to levels equalizing “production costs” between U.S. and foreign producers, (3) requiring congressional ratification of all proposed trade agreements, and (4) allowing congressional rejection of any reciprocal trade agreements after a year. These amendments to dilute or restrict Presidential authority were easily defeated.²⁸ The only significant House floor amendment to the bill was proposed by Robert Doughton, chair of Ways and Means: the three-year renewal fuse of the RTAA was inserted to placate some legislators who were afraid Roosevelt would abuse the authority the RTAA conferred on him.²⁹

Democrats argued during congressional debate on the bill that reciprocity would encourage lower foreign tariffs and thereby stimulate an increase in U.S. exports, especially in agricultural goods.³⁰ Democrats also argued that the potential for successfully concluding trade agreements would be vastly improved by doing away with Senate ratification of trade treaties and pointed to the authority to negotiate trade agreements that was granted to government ministers in most other industrialized countries as rationales for the RTAA delegation.³¹ And, as in all prior tariff debates, Democrats lashed out at Republican protective tariffs on the grounds that they were unjust privileges for the wealthy. As Senator Thomas Gore (D-Okla.) noted, tariffs are “paid for by the working poor, especially farmers, who [are] compelled to buy everything . . . on a protective market, and to sell everything . . . in a free market, at prices regulated by world conditions.”³²

Republicans’ primary argument against the RTAA was that the delegation of legislative authority it embodied was unconstitutional, specifically reasoning that the bill delegated to the Executive treaty-making and taxing powers that the Constitution specified as the sole domain of Congress.³³ Democrats argued in response that there were precedents for delegation of tariff-setting authority, particularly in the flexible tariff provisions of the 1922 and 1930 Tariff Acts, both of which had been upheld in legal challenges.³⁴ Republicans also argued that U.S. industry and labor would be pauperized by competing directly against goods and labor from low-wage countries and that there was no evidence that entering into reciprocal trade agreements would expand trade.³⁵

Although the Senate took two months to pass the bill, it, too, moved with unusual speed. The Finance Committee added to the bill the requirement that the President provide public notice of intent to negotiate reciprocal trade agreements, to hold hearings on such proposed agreements, and to utilize the information and advice of the Tariff Commission and the State, Agriculture, and Commerce Departments in negotiating reciprocal trade

agreements.³⁶ This was partly in response to Republican criticism that trade agreements would be negotiated behind closed doors. Senator Pat Harrison (D-Miss.) proposed the public notice amendment because he thought it would quell any remaining opposition and enable the bill to pass by “almost unanimous consent.”³⁷

Full Senate debate lasted three weeks (longer than in the House) because of the discovery that a trade agreement negotiated between Colombia and the U.S. State Department in December 1933 was actually a prototype reciprocal trade agreement. Republican efforts to force the publication of this proposed treaty delayed Senate action on the RTAA. Republicans hoped to show that the Roosevelt administration planned to “sacrifice” certain U.S. industries to expand foreign trade. The media picked up on the story and the Colombia treaty became a hot editorial topic. However, the State Department never released the Colombia treaty prior to the RTAA vote. In the end, Republican-sponsored amendments to the bill made on the Senate floor largely echoed the House amendments, although the Senate made greater attempts to require congressional approval of all trade agreements.³⁸ All proposed amendments were again easily defeated.³⁹

Predictably, industry support and opposition to the RTAA tended to be a function of the level of existing protection afforded an industry. Heavily protected industries opposed the RTAA, reasoning that their tariff protection would be lessened. Industries that were export-oriented, had minor tariff protection, or relied on heavily-dutied component parts supported the RTAA, reasoning that tariff reductions would expand their export potential or decrease their component parts costs.⁴⁰ The Ways and Means Committee received sixty-three pieces of RTAA-related correspondence from producers; fifty-nine were opposed to the bill. The industries most frequently represented included millers, textile producers, scientific instrument manufacturers, and toy makers. Cotton and wheat farmers wrote in support of the RTAA.⁴¹ The Senate Finance Committee received seventy-four pieces of RTAA-related correspondence from producers; seventy-two were in opposition. The industries most frequently represented included the lace, wool, glass, textile, paper, and chemical industries. Export associations supported the RTAA.⁴² Producer interests also wrote their individual legislators. Wool and mining interests were particularly hostile to the RTAA, while the auto industry and many agricultural segments were strong supporters.⁴³

The pattern of industry opposition to and support of the RTAA was consistent with the economic welfare effects of tariff protection. Protection provides protected industries and labor within those industries with an economic surplus in the form of higher profits and wages than would prevail under full competition. However, this surplus accrues at the expense of con-

sumers, an issue rarely addressed by Republicans because protective tariffs transferred income from consumers and farmers (primarily Democratic constituents) to industries and workers in protected industries (primarily Republican constituents).⁴⁴ In short, Republican arguments about the economic effects of tariff protection discussed only the benefits of the policy because they accrued primarily to their constituents, while the costs were borne primarily by Democrats' constituents. Democrats confronted another problem. The broadly distributed nature of protectionism's costs and the highly concentrated distribution of its pecuniary benefits made mobilization of a low-tariff political coalition difficult. The RTAA would partially unravel this dynamic, as the next section describes.

On June 12, Roosevelt signed the bill into law. A comparison of the committee hearings for the major tariff bills preceding the RTAA illustrates how fundamentally the legislative process leading to passage of the RTAA differed from the process of writing previous tariff acts (Table 3). Hull's and other Democrats' vision became reality as the RTAA contributed to the swift and seemingly permanent decline in tariff rates illustrated in Figure 2. By 1947, the average tariff had decreased by more than half from pre-RTAA levels, from 46.7 percent in 1934 to 19.3 percent.⁴⁵ The next section focuses on the specific features of the RTAA that ensured lower tariffs, even during a future period of unified Republican political control.

Institutionalizing Low Tariffs with the RTAA

In the short run, it was widely expected that the RTAA would lead to lower tariffs because it was known that Roosevelt favored at least some tariff liberalization, and the Democratic-controlled Congress would not reject tariff cuts. After all, the 1932 Democratic party platform "advocate[d] reciprocal tariff agreements with other nations [as a way to lower tariffs and expand trade]."⁴⁶ The RTAA was primarily designed to protect against a return to high tariffs under the next period of Republican unified political control of the federal government. Three features in particular contributed to the institutionalization of low tariffs under the RTAA.

Presidential Tariffsetting. The first structural feature contributing to the durability of trade liberalization under the RTAA was the congressional delegation of trade policymaking authority to the President. Although Republican Presidents historically had favored higher tariffs than Democratic Presidents or Congresses, they had also favored lower tariffs than Republican Congresses.⁴⁷ This difference stems from the fact that the President's constituency is national, in contrast to the local or regional constituency served

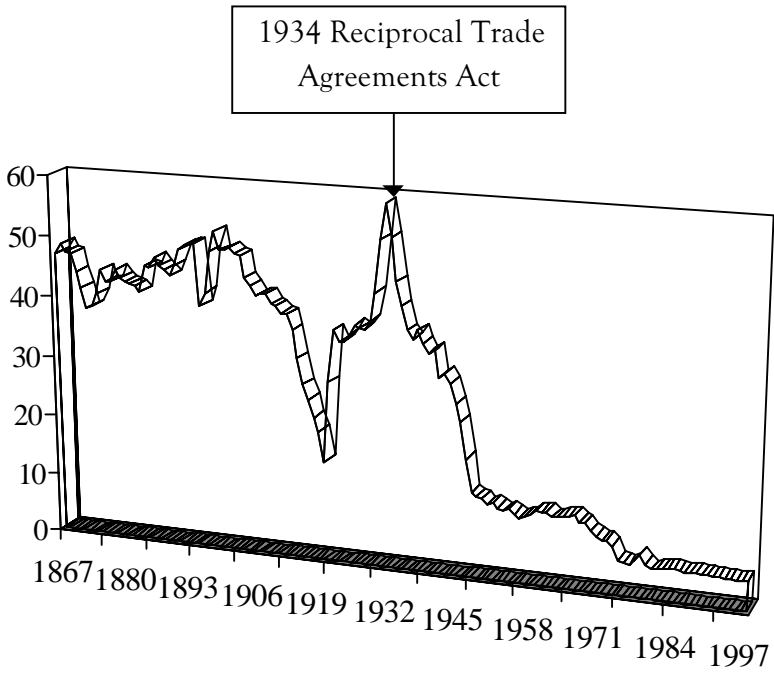


Figure 2. U.S. Average Tariff Rates, 1867-1998

Table 3. Comparative overview of Congressional Committee Hearings on Major Tarriff Legislation, 1913–1934

	House Ways & Means	Senate Finance
1913 Underwood Tariff Act		
No. of days of committee hearings	23 days	Not Available
No. of pages of hearing transcript	6,355 (9 vols.)	Not Available
No. of pages of legislation	88 pages	
1922 Fordney-McCumber Tariff Act		
No. of days of committee hearings	36 days	12 days
No. of pages of hearing transcript	4,466 (7 vols.)	5,420 (8 vols.)
No. of pages of legislation	132 pages	
1930 Smoot-Hawley Tariff Act		
No. of days of committee hearings	43 days	26 days
No. of pages of hearing transcript	10,684 (18 vols.)	8,578 (18 vols.)
No. of pages of legislation	173 pages	
1934 Reciprocal Trade Agreements Act		
No. of days of committee hearings	5 days	4 days
No. of pages of hearing transcript	479 (1 vol.)	415 (1 vol.)
No. of pages of legislation	3 pages	

by a legislator.⁴⁸ A member of Congress is often rewarded for a tariff that protects an important industry in her district because the benefits of tariff protection, such as higher employment and economic rents in the protected industry, are concentrated in that district. The costs of protection, such as higher consumer prices and resource allocation distortions, are distributed nationally, making constituent blame for the costs of protectionism much more diffuse and politically ineffective. Delegation to the President removed agenda-setting power on tariff and trade matters from members of Congress, who are responsible only for protecting local interests, and transferred it to the one political actor responsible for national welfare, including the consumer welfare losses associated with tariff protection. As one publication observed: "There is only one authority in the country that represents the transcendent public interest against a host of lesser interests—and that is the Presidency."⁴⁹ The RTAA thus established a ceiling on future tariff increases, since tariff-setting controlled by a Republican President would result in lower rates than tariff-setting controlled by a Republican Congress.

Supporters of the RTAA recognized and applauded the likely results of the congressional delegation of tariff-setting authority to the President. Hull's economic adviser, Herbert Feis, advocated Presidential tariff-making as early as 1930 because "the Executive alone [can] develop a plan which represents a national outlook."⁵⁰ Many voters and industrial interests also believed Presidential tariff-setting would lead to lower tariffs. A manager at the Omaha Flour Mills opined: "We all know the great difficulty of securing, through Congress, the enactment of a tariff low enough to benefit the whole nation. Only by empowering the President, unbiased by local interest, can tariffs be made for the nation's good."⁵¹ A representative of the General Steamship Corporation felt "the 1934 RTAA removed [the American tariff problem] from political abuse and [promoted the] national economy and welfare."⁵² And a representative of the Committee on Commercial Policy, a group of private citizens interested in international policy, noted: "Individual Congressmen are subject to great pressure from local economic interests desiring protection, and the tendency has been to trade votes, thus bringing about a general increase in duties with little or no attention to the interests of the country as a whole. In the future [tariff legislation] should be based upon a carefully formulated determination of the interests of the nation as a whole."⁵³

Republican opponents of the RTAA also were astute observers of the intended effects of the congressional delegation of tariff-setting authority to the President. Senator Warren Austin (R-Vt.) predicted: "This measure is to be so effective in time and scope and objective as to bind the Congress . . . so that it may not . . . change the rate of duty that is established by the Chief Executive under his authority and power." Senator Frederick Steiwer (R-

Ore.) correctly observed: "This bill was not drawn by novices. Its very structure indicates that it was carefully formulated by someone who knew what he was doing, and it is difficult to attribute to the authors of this bill anything other than the deliberate design to accomplish [the abolition of protective tariffs]." Representative Thomas Jenkins (R-Ohio) opined that "when the tariff needs to be changed, it should be changed by its friends and not by its enemies." The Roosevelt administration, congressional Democrats, and the RTAA were clearly regarded by Republicans as enemies of the protective tariff. Austin summarized the overall impact of the RTAA: "Never before . . . has the President [been given the power] to create the duty, to create the form of the duty, to write the classification of the article, to fix the charges, and to apply the rates determined upon to articles produced in all foreign countries."⁵⁴

Elimination of Senate Approval of Trade Agreements. The second structural mechanism by which the RTAA institutionalized lower tariffs was the elimination of Senate approval of trade agreements. Prior to the RTAA, a trade treaty had to be preferred to the status quo trade policy by both the President and two-thirds of Senators to be ratified. After the RTAA, Congress no longer voted directly to approve trade agreements but rather took a simple majority vote every three years on whether to renew the Presidential authority conferred by the RTAA. The RTAA thus greatly reduced the political transaction costs associated with Senate ratification, as Democrats' predicted during legislative debate.

Unsurprisingly, eighteen of the twenty-one trade agreements proposed during the nineteenth century failed, either because the Senate outright rejected them or because Senate amendments made the agreement unacceptable to the other country (Table 4).⁵⁵ A 1933 Tariff Commission study of the causes for the paucity of successfully concluded trade agreements prior to the RTAA summarized: "The greatest single obstacle to the completion of reciprocity arrangements appears to be the difficulty in securing the assent of two-thirds of the Senators to such arrangements." Feis also noted the difficulty of obtaining Senate ratification of trade agreements under the system of omnibus tariff-setting. Hull despised this approval process since "no American Senate has ever approved a trade treaty negotiated by the Executive which materially reduced tariffs." And Senator Harry Byrd (D-Va.) expressed concern during RTAA debate that it might be amended to include Senate approval of treaties, thereby eradicating one of the main features of the bill that would result in permanent liberalization.⁵⁶ In sharp contrast to the three trade agreements ratified in the one hundred years prior to the RTAA, twenty-seven bilateral trade agreements were successfully negotiated and concluded under the RTAA in just the first twelve years from 1934 and 1947 (Table 5).

Table 4. Outcome of Trade Agreements Negotiated Prior to 1934 RTAA

Year	Country	Cause of Treaty Failure	Success
1844	Germany	Senate rejects	
1854	Canada		1855-64
1855	Hawaii	Senate rejects	
1856	Mexico	Senate rejects	
1867	Hawaii	Senate rejects	
1871	Canada	Senate rejects	
1875	Hawaii		1876-1900
1883	Mexico	Senate ratifies treaty but rejects authorizing legislation	
1884	Spain	Negotiated by Arthur, withdrawn by Cleveland	
1884	Dominican Republic	Negotiated by Arthur, withdrawn by Cleveland	
1888	Canada	Senate rejects	
1890	Great Britain	Great Britain rejects	
1899	France	Senate withholds vote	
1899	Argentina	Senate withholds vote	
1899	Ecuador	Senate withholds vote	
1899	Nicaragua	Senate withholds vote	
1899	Great Britain	Senate withholds vote	
1901	Russia	Senate rejects	
1902	Great Britain	Senate amendments unacceptable to Great Britain	
1902	Cuba		1902-34
1909	Canada	U.S. approves; Canada refuses to ratify in 1911	

Source: U. S. Tariff Commission, *Reciprocity and Commercial Treaties* (Washington, D.C., Government Printing Office, 1919).

Table 5. Trade Agreements Entered Into By the U.S., 1844–1946

Period	Number of Agreements	Average Number of Agreements per Year
1844 to 1933 (pre-RTAA)	3	0.03*
1934 to 1946 (bilateral agreements)	27	2.10
1947 to 1948 (1st year of GATT, multilateral agreements)	24	24.00

* At the pre-RTAA rate of trade agreement completion, it would have taken 810 years to negotiate the 27 agreements concluded in the first 13 years under the RTAA.

Sources: "Tariff Report No. 228," in the *Tom Connally Papers*, Library of Congress, Manuscript Division, container 129; Henry Tasca, *The Reciprocal Trade Policy of the United States* (Philadel-

In addition to lowering the hurdle to the successful completion trade agreements, the elimination of Senate approval of trade agreements also greatly diminished the veto power and thus the political voice of protectionists. Senate opponents were keenly aware that the RTAA would reduce their political power. In response to a pro-RTAA letter he received, Senator William Borah (R-Idaho) explained: "Upon matters so vital to the interests of that part of the country in which I live, I am anxious to be heard before any [trade agreement] is consummated." In another letter, Borah demanded to know: "What kind of a miserable politician would I be, having been selected by my people to represent them here, to barter away my power and surrender my influence in such matters?" Indeed, Borah even attempted to organize opposition to the RTAA among his own constituents, independently writing to more than a dozen local industry leaders and urging them to organize a grassroots campaign. He suggested that they publicly frame their opposition to the RTAA by claiming that the elimination of Senate ratification was unconstitutional, although

he privately conceded that the constitutionality argument was simply an elegant disguise to conceal obvious self-interest.⁵⁷

Borah was not alone among protectionist Republicans in recognizing that the RTAA would curtail protectionists' political influence on tariff matters. Numerous kindred legislators bemoaned their diminished political voice under the RTAA.⁵⁸ It was also clear to Roosevelt cabinet members that the RTAA would shift the focus of lobbying on tariff matters from Congress to the Executive branch, specifically to the State Department.⁵⁹ Unsurprisingly, Republicans actively sought the repeal of RTAA in the years following its enactment. During debate on the RTA Extension Act of 1940, Senate Minority Leader Charles McNary (R-Ore.) supported repeal of the RTAA so that "the question of protection and tariff-making [would be thrown] back to the representatives of the people." In the years after the RTAA's passage, McNary and other protectionist Republicans were reduced to mere lobbyists on tariff issues, rather than powerful political actors. When the Secretary of the Oregon Wool Growers Association requested McNary's aid in opposing the proposed Australian wool tariff reduction in 1939, McNary's only recourse was to write Hull and urge that the tariff not be lowered. Similarly, McNary's response to a 1938 plea from the protectionist Cattle & Horse Raisers' Association of Oregon was to appear in front of the Tariff Commission, which was holding flexible tariff hearings on livestock duties, and voice his protest.⁶⁰ Legislators could also petition the Committee for Reciprocity Information, established by the Executive Order when Roosevelt signed the RTAA, that considered the arguments of interested parties to proposed trade agreements, but they were reduced to the same petitioner status as their constituents under this system.⁶¹ The RTAA thus fundamentally altered the balance of power between protectionist and liberalizing interest groups and ensured that protectionists' political voice would be reduced and free traders' political voice amplified on future trade matters.

Protectionist interest groups also understood that their political voice, as exercised through their elected legislators, would be reduced under the RTAA. Of the fifty-nine letters opposing the RTAA that the Ways and Means committee received, twenty-five specifically mentioned the harm to protectionist interests that would result from the elimination of Senate ratification of trade agreements.⁶² The Velvet Association protested to the Finance Committee: "Under the [RTAA], no industry now protected by a tariff is afforded the opportunity to be heard [by Congress] in its own defense. The most fundamental principle of democratic government is thereby completely destroyed." Many industries expressed dismay that the RTAA would "place in the hands of one man [Roosevelt] the power to remove tariff protection at will" and "take away from citizens their property without any right to be heard . . . and without compensation."⁶³ Indeed, industries and legislators

favoring protectionism regularly invoked in their arguments against the RTAA themes of unconstitutionality and despotism. Senator Borah called the RTAA a fascist bill in a speech that brought him a flood of congratulatory notes.⁶⁴ And one RTAA opponent was forced to concede: "One might even admit that an impartial Executive could make a better tariff law than the Ways and Means Committee of Congress, but when you admit that . . . then you accept a dictatorship formula of government."⁶⁵

Reciprocity. The third structural feature of the RTAA contributing to durable trade liberalization was the reciprocity of tariff reductions under the RTAA. Prior to the RTAA, U.S. tariffs were set unilaterally where tariff reductions by the U.S. did not have to be met by reciprocal reductions on the part of her trading partner. Under this system, protectionist interests had powerful, rent-seeking incentives to lobby for high rates because the benefits of tariff protection were lucrative and concentrated, while the welfare losses were broadly distributed. Conversely, export-oriented interest groups had little incentive to lobby for trade liberalization because foreign markets were not opened as a condition of U.S. tariff reductions. The reciprocal lowering of foreign trade barriers ushered in with the RTAA, however, provided a concentrated benefit to exporters from trade liberalization in the form of reduced tariff barriers in export markets. This benefit, in turn, finally gave exporters an incentive to exercise their political voice and lobby their legislators for freer trade. Over time, the lobbying by proliberalization interests would shift legislative preferences in favor of freer trade, thus ensuring the repeated extension of the RTAA and resulting in seemingly institutionalized low tariffs.⁶⁶

In presenting the RTAA to Congress, Roosevelt predicted that "important branches of agriculture, such as cotton, tobacco, hogs and rice, and those branches of American industry whose mass production methods have led the world, will find expanded opportunities and productive capacity in foreign markets." Many legislators agreed. Senator Arthur Capper, a progressive Kansas Republican, supported the RTAA because he believed it would open up export markets to U.S. agricultural products. Representative Henry Rainey (D-Ill.) was similarly supportive. And Representative Thomas Ford (D-Calif.) was jubilant about the RTAA's reciprocity feature and the proliberalization lobby that it might create.⁶⁷ Export-oriented interest groups also understood how vital the RTAA and its reciprocity feature were to opening up foreign markets. A representative of the National Automobile Chamber of Commerce displayed a sophisticated understanding of trade economics when he argued the RTAA would "restore many of the jobs destroyed by trade strangulation in the past, and through revival of the purchasing power of our workingmen, will help to reestablish a larger domestic demand for goods of all kinds."⁶⁸

Overall Liberalizing Impact of RTAA. Significantly, Hull considered the RTAA his greatest political achievement among a long list of notable politi-

cal victories. In his memoirs, Hull indicates his belief that the RTAA was the solution to the problem of Republican high tariffs:

The life of a man in politics is a series of conflicts. I have had my full share, but none was . . . more successful and important than the fight for the Trade Agreements. I was 36 years old when in my maiden address in Congress I pleaded for lower tariffs and fewer trade restrictions. I was 62 years old when in 1934 we *finally won the fight to reduce them*, after our temporary victory with the Underwood Act of 1913 which . . . the Republicans promptly tore to pieces when they came to power in 1921.

Similarly, Representative John Rankin (D-Miss.) felt the RTAA provided “a splendid opportunity to *permanently* readjust [the United State’s] international trade, which [had] been destroyed by the short-sighted [protectionist] policies of former administrations.” In 1940, Hull predicted that, if the RTAA were not renewed that year, there would be “a return to the embargo tariffs of the Hawley-Smoot regime or their equivalent, and to a process of iniquitous logrolling on tariff adjustments.”⁶⁹ The RTAA was clearly regarded as the permanent solution to protectionism—by both Democrats and Republicans—or else the battles over the RTA Extension Acts would not have been so hotly fought.⁷⁰

In conclusion, existing explanations for the RTAA are necessary but not entirely sufficient to explain this remarkable congressional delegation of policymaking authority to the President. While it is true that Democrats hoped to stimulate the economy with the RTAA, as the lesson hypothesis asserts, and that Roosevelt provided strong policy leadership which congressional Democrats often followed, as the crisis explanation posits, these explanations for the RTAA are incomplete. And, although Hull’s passionate advocacy of the RTAA was critical to its passage, Hull’s tenacity alone does not explain congressional support of such a broad delegation of power. What did Democratic legislators gain by giving away tariff-setting and trade agreement approval powers? This article argues that the RTAA was an attempt to finally provide durability to Democrat’s preferred low-tariff policy after seven decades of Republican tariff policy dominance. Moreover, this attempt has been highly successful, as the seemingly permanent trade liberalization since the RTAA demonstrates. Finally, the most remarkable feature of the RTAA is that it simultaneously advanced so many different political goals: the Executive branch’s desire for foreign economic policymaking power, industry’s demand for expanded export markets, and Democratic legislators’ desire to end seven decades of failing to deliver consistent, low tariffs to their constituents.

Notes

1. The RTAA gave the President authority to alter tariff duties up to 50 percent of rates set under the 1930 Smoot-Hawley Tariff Act (*United States Statutes at Large*, 73d Congress, Sess. II, CH. 474: 943–46). It was renewed thirteen times between 1934 and 1962. The 1962 Trade Act altered the mechanism of the delegation so that it more closely resembled fast-track negotiating authority (officially adopted in 1974) in which Congress grants the authority for a President to commence negotiation of a trade agreement, and then Congress takes a simple yea/nay vote when the negotiation is concluded. In November 1997, Congress denied President Bill Clinton fast-track negotiating authority—the first time this authority has been denied to a President requesting it since Roosevelt. Karen Schnietz and Timothy Nieman, “Politics Matter: The 1997 Derailment of Fast-Track Trade Authority,” *Business and Politics* 1 (1999): 233–51.

2. *Congressional Record* 78 (Washington, D.C., 73d Cong., 2d sess., 1934): 5614. *New York Times*, 1 March 1934, 1.

3. Other explanations are not addressed in this article. First, the “deflection” thesis maintains that Congress wanted to divert protectionist pressure from itself because interest-group lobbying had become intolerable. Raymond Bauer, Ithiel de Sola Pool, and Lewis Dexter, *American Business and Public Policy: The Politics of Foreign Trade* (New York, 1963); I. M. Destler, *American Trade Politics: System Under Stress* (New York, 1986); and Douglas Nelson, “Domestic Political Preconditions of U.S. Trade Policy,” *Journal of Public Policy* 9 (1986): 83–108. However, Republicans, as the party of high tariffs, were exposed to the greatest political pressure in this area, but they were not the party that proposed or supported the delegation. Moreover, this explanation implies that Congress should delegate all but the most trivial policy obligations, which it clearly has not. Second, the “ideological” explanation maintains that Secretary of State Hull influenced political institutions and the political elite with his trade liberalism. Judith Goldstein, “The Impact of Ideas on Trade Policy: The Origins of U.S. Agricultural and Manufacturing Policies,” *International Organization* 43 (1989): 31–72. However, Hull’s free-trade bias was at least partially shaped by his experience as a Democratic congressman, and many legislators shared it. Relatedly, the “Hull did it” explanation focuses on Hull’s pivotal role in persuading Roosevelt to submit the RTAA to Congress. Michael Butler, *Cautious Visionary: Cordell Hull and Trade Reform, 1933–1937* (Kent, Ohio, 1998); Wayne Cole, *Roosevelt and the Isolationists, 1932–45* (Nebraska, 1983); Alfred Eckes, *Opening America’s Market: U.S. Foreign Trade Policy Since 1776* (Chapel Hill, 1995); Irwin Gellman, *Secret Affairs: Franklin Roosevelt, Cordell Hull, and Sumner Welles* (Baltimore, 1995); William Leuchtenburg, *Franklin D. Roosevelt and the New Deal, 1932–40* (New York, 1963); Dexter Perkins, *The New Age of Roosevelt, 1932–45* (Chicago, 1958); and Arthur Schlesinger Jr., *The Coming of the New Deal* (Boston, 1957). Although Hull exercised critical influence on Roosevelt, this thesis fails to describe why congressional Democrats supported such a large delegation of policymaking authority to the President.

4. Under the 1828 Tariff of Abominations, the average tariff rate on dutiable goods rose to 61.7 percent. U.S. Census Bureau, *Historical Statistics of the United States* 78 (Washington, D.C., 73d Cong., 2d sess., 1934), 888. See the following challenges to the prevailing wisdom that the Smoot-Hawley Tariff was the highest U.S. tariff ever: Alfred Eckes, “Revisiting Smoot-Hawley,” *Journal of Policy History* 7 (1995): 295–310, and Marc Hayford and Carl Pasurka Jr., “Effective Rates of Protection and the Fordney-McCumber and Smoot-Hawley Tariff Acts,” *Applied Economics* 23 (1991): 1385–92.

5. League of Nations, *World Economic Survey* (1932–33), and Joseph Jones, *Tariff Retaliation Repercussions of the Hawley-Smoot Bill* (Philadelphia, 1934).

6. Douglas Irwin estimates that a quarter of the 40 percent decline in imports following the Smoot-Hawley Tariff can be attributed to the combination of the Smoot-Hawley Tariff rates and deflation. “The Smoot-Hawley Tariff: A Quantitative Assessment,” *Review of Economics and Statistics* 80 (1998): 326–34.

7. Allan Meltzer, "Monetary and Other Explanations of the Start of the Great Depression," *Journal of Monetary Economics* 2 (1976): 455–71. However, there is disagreement over the "true" economic consequences of the Smoot-Hawley Tariff. See Rudiger Dornbusch and Stanley Fisher, "The Open Economy: Implications for Monetary and Fiscal Policy," in *The American Business Cycle: Continuity and Change*, ed. Robert Gordon (Chicago, 1986), and Barry Eichengreen, "The Political Economy of the Smoot-Hawley Tariff," in *Research in Economic History*, vol. 12, ed. Roger Ransom (Connecticut, 1989): 1–43.

8. E. E. Schattschneider, *Politics, Pressures, and the Tariff* (Englewood Cliffs, N.J., 1963).

9. Robert Baldwin, *The Political Economy of U.S. Import Policy* (Cambridge, Mass., 1985); Grace Beckett, *The Reciprocal Trade Agreements Program* (New York, 1941); Judith Goldstein and Stefanie Lenway, "Interests or Institutions: An Inquiry into Congressional-ITC Relations," *International Studies Quarterly* 33 (1989): 303–27; Helen Milner and B. Peter Rosendorff, "Trade Negotiations, Information, and Domestic Politics: The Role of Domestic Groups," *Economics and Politics* 8 (1996): 145–89; Robert Pastor, *Congress and the Politics of U.S. Foreign Economic Policy, 1929–1976* (Berkeley and Los Angeles, 1980); Nivola Pietro, "Trade Policy: Refereeing the Playing Field," in *A Question of Balance: The President, the Congress, and Foreign Policy*, ed. Thomas Mann (Washington, D.C., 1990); and James Sundquist, *The Decline and Resurgence of Congress* (Washington, D.C., 1981).

10. On the intense partisanship of tariff politics, see Charles Calhoun, "Political Economy in the Gilded Age: The Republican Party's Industrial Policy," *Journal of Policy History* 8 (1996): 291–309; David Epstein and Sharyn O'Halloran, "The Partisan Paradox and the U.S. Tariff, 1877–1934," *International Organization* 50 (1996): 301–24; and Douglas Irwin, *Against the Tide: An Intellectual History of Free Trade* (Princeton, 1996).

11. In the House, the Smoot-Hawley Tariff passed by 223 to 153 votes, and in the Senate by 44 to 42. In the Senate, the Smoot-Hawley Tariff was supported by thirty-nine Republicans and five Democrats. If three Senate Democrats had not crossed partisan lines to vote in favor of the Smoot-Hawley Tariff, then it would not have passed. *Congressional Record* 72: 10789–90 and 10635. In the House, the RTAA was passed by 274 to 111 votes, and in the Senate by 57 to 33. *Congressional Record* 78: 5808 and 10395.

12. Robert Baldwin, "The Changing Nature of U.S. Trade Policy since WWII," in *Structure and Evolution of Recent U.S. Trade Policy*, ed. Robert Baldwin and Anne Krueger (Chicago, 1984); John Cuddington and Ronald McKinnon, "Free Trade versus Protectionism: A Perspective," in *Tariffs, Quotas, and Trade: The Politics of Protectionism* (San Francisco, 1979); Richard Gardner, *Sterling Dollar Diplomacy*, 3d ed. (New York, 1980); Stephan Haggard, "The Institutional Foundations of Hegemony: Explaining the Reciprocal Trade Agreements Act of 1934," *International Organization* 42 (1988): 91–119; and Stefanie Lenway, *The Politics of U.S. International Trade: Protection, Expansion, and Escape* (Boston, 1985).

13. Secretary of State Blaine's 1890 quest for reciprocity is not comparable to the RTAA because it was not supported by Congress, was not a response to a depression, and was limited to agreements within the Western Hemisphere. The unsuccessful Kasson treaties negotiated under the 1897 Dingley Tariff also are not comparable to the RTAA because they required Senate approval and were not intended to be a depression remedy, as crisis theorists argue the RTAA was.

14. Richard Cooper, "Trade Policy as Foreign Policy," in *U.S. Trade Policies in a Changing World Economy*, ed. Robert Stern (Cambridge, Mass., 1987) and Stephen Krasner, "State Power and the Structure of International Trade," *World Politics* 28 (1976): 317–47.

15. Thomas Zeiler, *Free Trade, Free World: America and the Advent of GATT* (Chapel Hill, 1999).

16. Undated article, "Toward a Democratic Tariff Policy," *Today* (independent national weekly published in New York by Vincent Astor), in the *Herbert Feis Papers*, Library of Congress, Manuscript Division, container 21 (with documents primarily from 1934). Hereafter *Feis Papers*.

17. Hull did not serve in the 67th Congress, having been narrowly defeated by his Republican opponent in the 1920 election. Hull served on the Pensions and Civil Service Reform Committees during his first two terms as congressman, but thereafter served only on Ways

and Means, indicating how salient tariff issues were to him. As Hull noted in his *Memoirs* (New York, 1948): 89: "I [have] devoted my life to a close study of tariffs, revenue, finance and economics." See also William Allen, "The International Trade Philosophy of Cordell Hull, 1907-1933," *American Economic Review* 43 (1953): 107.

18. See the large proportion of correspondence in Hull's files that focus on trade matters, such as *The Futility of General Increases in the Tariff* by Professor C. Blackey and *Analysis of U.S. Trade* by J. Schwartzmann, in the *Cordell Hull Papers*, Library of Congress, Manuscript Division, container 33. Hereafter *Hull Papers*.

19. For accounts of the 1913 federal income tax and the 1916 Tariff Commission, see Hull, *Memoirs* (1948); Morton Keller, *Regulating a New Economy: Public Policy and Economic Change in America, 1900-1933* (Cambridge, Mass., 1990); Joseph Kenkel, *Progressives and Protection: The Search for a Tariff Policy, 1866-1936* (Lanham, Md., 1983); Karen Schnietz, "Democrats' 1916 Tariff Commission: Responding to Dumping Fears and Illustrating the Consumer Costs of Protectionism," *Business History Review* 72 (1998): 1-46; and Stephen Skowronek, *Building a New American State: The Expansion of National Administrative Capacities, 1877-1920* (New York, 1982).

20. In total, thirty-eight Democratic legislators who had supported both the income tax and Tariff Commission were still in Congress in 1934; all but one, Carter Glass (D-Va.), supported the RTAA.

21. 3 March 1933 letter from Feis to Hull, *Feis Papers*, container 123.

22. 11 June 1933 telegram to Hull and 5 June 1933 letter from H. McBride to Hull, *Hull Papers*, container 34. For detailed accounts of the fight between Hull and economic nationalists over the RTAA, see Butler, *Cautious Visionary*; Cole, *Roosevelt and the Isolationists*; and Frank Freidel, *Franklin D. Roosevelt: Launching the New Deal* (Boston, 1973).

23. *New York Times*, 30 December 1933, 3. Few historians have sought to explain the cause of Roosevelt's transformation on the RTAA; indeed, in many accounts, the first attempt at passing the RTAA is more extensively discussed than the second, successful attempt. For instance, Kenneth Davis, *FDR: The New Deal Years, 1933-37* (New York, 1986); John Flynn, *The Roosevelt Myth* (New York, 1948); Basil Rauch, *A History of the New Deal, 1933-38* (New York, 1944); and Schlesinger, *The Coming of the New Deal*.

24. Among the resolutions Hull obtained was an Argentinean peace declaration and an agreement to lower tariffs via reciprocal trade agreements. For favorable publicity, see 20 December 1933 letter from Rep. T. Ford (D-Calif.) to Hull, and 26 December 1933 telegram from R. Patchin to Hull, *Hull Papers*, container 36. For press accounts, see the *New York Times*, 16 December 1933, 11; 29 December 1933, 18; and 31 December 1933, IV, 8. Butler, *Cautious Visionary*, 85-93, and Gellman, *Secret Affair*, 51-55, provide extensive accounts of the conference.

25. For an account of the London World Economic Conference and Moley's infamous "bombshell" message, see Butler, *Cautious Visionary*, 46-81.

26. 31 January 1934 letter from Hull to J. Jones; 1 February 1934 letter from D. Roper to Hull; and February 1934 "Report on Quota System," *Hull Papers*, containers 35 and 36. Hull, *Memoirs*, 355-57.

27. 10 February 1934 National Press Club Address, *Hull Papers*, container 36. For publicity, see *New York Times*, 11 February 1934, 26 and VI, 4.

28. *Congressional Record* 78: 5792; 5794; 5796; 5799-802; 5807; 5808.

29. *Congressional Record* 78: 5799. Note that the renewal provision gave Congress a powerful oversight tool to use against an erring President, an important feature in such an innovative delegation, by even a heavily Democratic Congress to a Democratic President.

30. *Congressional Record* 78: 3697; 5450; 5546; 5609; 5614; 5618; 5643; 5646-47; 5649; 5652-57; 5670; 5778; 5788; 8987; 8989; 8994; 10072; 10074; 10077; 10079; 10187; 10192-93; 10354-56; 10358; 10360; 10378; and 10711. *U.S. House of Representatives, Report No. 1000 on the Reciprocal Trade Agreements Act 78* (Washington, D.C., 73d Cong., 2d sess., 1934), 2-4. Hereafter *House Report*. *Report of the House Ways and Means Committee, Hearings on the Reciprocal Trade Agreements Act 78* (Washington, D.C., 73d Cong., 2d sess., 1934): 1: 3-4; 62-64. Hereafter *Ways & Means Hearings*. *Report of the U.S. Senate Finance Committee, Hearings on the Recipro-*

cal Trade Agreements Act 78 (Washington, D.C., 73d Cong., 2d sess., 1934): 26–27; 37–48; 120–22. Hereafter *Finance Hearings*.

31. *Congressional Record* 78: 3698; 5450; 5650; 5653; 5778; 8988; 8990; 9129; 9145; 9613; 10080; 10195; 10361. *House Report*, 5–7. *Ways & Means Hearings* 1: 3–4; 2: 13; 3: 85–86; 5: 24–28. *Finance Hearings*, 49–56.

32. *Finance Hearings*, 34. See also *Congressional Record* 78: 3698; 5651; 5655–56; 9346; 9814; 9817. For partisan tariff claims made during earlier legislative debates, see Schnietz (1998).

33. *Congressional Record* 78: 5448; 5458; 5546; 5613; 9135; 9255; 9559–60; 9568; 9584; 9590; 9597; 9699; 10189; 10197; 10202; 10212; 10215. *House Report*, 23–28. *Ways & Means Hearings* 1: 15–18. Article II, section 2, paragraph 2 of the U.S. Constitution gives the President the “power by and with the advice of the Senate to make treaties, providing two-thirds of the Senators present concur.”

34. *Ways & Means Hearings*, 4: 24–34. Legal challenges to the flexible tariff provisions were made on two bases. First, the limited Executive authority to adjust tariff rates under section 315 of the 1922 Tariff Act and section 336 of the 1930 Tariff Act violated Congress’ constitutional power to lay and collect taxes. Second, the flexible tariff was adopted for the express purpose of protecting U.S. industries, not for revenue purposes. The delegation embodied in the flexible tariff was upheld in *Hampton & Co. v. U.S.* (1928), (276 U.S. 394) by the Supreme Court on the precedent of power conferred by Congress on the ICC. Other cases upholding the flexible tariff delegation include *Frisher & Co., Inc. et al. v. Bakelite Corporation et al.*, 39 F.2d 247 (1930); *U.S. v. Fox River Butter Co.*, 20 CCPA (1932); and *U.S. v. Sears, Roebuck & Co.*, 63 Treasury Decisions 47 (1933).

35. *Congressional Record* 78: 5609; 5625; 9130; 10394 and *House Report*: 28–29.

36. *U.S. Senate, Report No. 871 on the Reciprocal Trade Agreements Act* (Washington, D.C., 73d Cong., 2d sess., 1934). Hereafter *Senate Report*.

37. *Congressional Record* 78: 8990 and 8996. Roosevelt established the notice procedures through Executive Order No. 6750 of 27 June 1934.

38. Department of State, *Treaty Information*, no. 51, December 1933, 6. *New York Times*, 18 January 1934, 41, and 22 May 1934, 5. *Congressional Record* 78: 9590.

39. *Congressional Record* 78: 10363–95.

40. *Finance Hearing*, 157–390.

41. *U.S. House of Representatives, Ways and Means Committee Papers*, National Archives, Record Group 233, container 185. Hereafter *Ways & Means Papers*.

42. *Senate Finance Committee Papers*, National Archives, Record Group 46, containers 60 and 131. Hereafter *Senate Finance Papers*.

43. In opposition, see 1 September 1940 letter from Sen. K. Pittman (R-Nev.) to L. Ellsworth, in the *Key Pittman Papers*, Library of Congress, Manuscript Division, container 157. Hereafter *Pittman Papers*. In support, see 4 April 1934 letter G. Bauer (National Automobile Chamber of Commerce) to Sen. W. Borah (R-Idaho), in the *William Borah Papers*, Library of Congress, Manuscript Division, container 402. Hereafter *Borah Papers*.

44. There are four welfare effects associated with a tariff: (1) the transfer of consumer surplus to protected domestic producers in the form of higher prices; (2) the transfer of consumer and foreign producer surpluses to the government in the form of the tariff duty; (3) the consumer surplus lost through inefficient domestic production; and (4) the consumer loss associated with having less supply of the dutied product than would exist under free trade. Wolfgang Stolper and Paul Samuelson, “Protection and Real Wages,” *Review of Economic Studies* 9 (1941): 58.

45. Some of this decrease is attributable to the effect of inflation on a system comprised largely of specific tariff rates.

46. During House hearings on the RTAA, Tariff Commission Chair O’Brien also noted: “Since there seems to be no worry about the President’s use of power in raising tariffs, I will address my remarks to the President’s possible use of power in lowering tariffs” (*Ways & Means Hearings*, 2: 1).

47. Nelson, “Domestic Political Preconditions of U.S. Trade Policy”; Schattschneider, *Politics, Pressures, and the Tariff*; F. W. Taussig, *The Tariff History of the United States* (New York, 1931); and U.S. Tariff Commission, *The Tariff and Its History* (Washington, D.C., 1934).

48. The difference in electoral constituencies for the President and members of Congress yields systematic differences in their policy preferences. James Burns, *The Deadlock of Democracy* (Englewood Cliffs, N.J., 1963); Terry Moe, "Political Institutions: The Neglected Side of the Story," *Journal of Law, Economics and Organization* 6 (1990): 213–53; and Barry Weingast, Kenneth Shepsle, and Christopher Johnson, "The Political Economy of Benefits and Costs: A Neoclassical Approach to Distributive Politics," *Journal of Political Economy* 89 (1981): 642–64. For a formal demonstration of how Presidentially-led tariff-setting resulted in lower tariffs, see Karen Schnietz, "To Delegate or Not to Delegate: Institutional Choices in the Regulation of Foreign Trade, 1916–1934," Ph.D. dissertation (University of California Berkeley, 1994).

49. *Today* article, "Toward a Democratic Tariff Policy," *Feis Papers*, container 21.

50. 20 November 1930 Feis memorandum, *Feis Papers*, container 123.

51. 3 September 1934 letter from W. Coad to Sen. G. Norris (R-Neb.), in the *George Norris Papers*, Library of Congress, Manuscript Division, container 59. Hereafter *Norris Papers*.

52. 19 February 1940 letter from V. Driscoll to Sen. C. McNary (R-Ore.), in the *Charles McNary Papers*, Library of Congress, Manuscript Division, container 44. Hereafter *McNary Papers*.

53. William Stone in *Finance Hearings*, 285 and 283. Similarly, see 6 March 1934 letter from J. Belger to Rep. R. Doughton (D-N.C.), *Ways & Means Papers*, container 185. For a formal articulation of how the RTAA eliminated logrolling, see Sharyn O'Halloran, *Politics, Process, and American Trade Policy* (Ann Arbor, 1994).

54. Quotes in *Congressional Record* 78: 10214; 10202; 5448; and 10212, respectively.

55. Between 1890 and 1909, the U.S. entered into nineteen so-called reciprocal trade agreements. Ten were entered into under section 3 of the Republican 1890 McKinley Tariff Act, which authorized the President to impose penalty duties on five commodities when imported from countries whose duties on U.S. products were "unequal and unreasonable." Despite the reciprocity provision's name, it was based on a principle of penalizing, rather than inviting, tariff reductions by offering corresponding reductions; it was abolished by the Democratic 1894 Wilson-Gorman Tariff. Nine agreements were negotiated under section 3 of the Republican 1897 Dingley Tariff, which authorized the President to adjust tariffs on items when imported from countries that granted reciprocal concessions. This provision was abolished by the Republican 1909 Payne-Aldrich Tariff. These nineteen "reciprocal trade agreements" differed from the RTAA in that Presidential authorization was highly limited, and they raised most tariffs.

56. Report "Reciprocity under Conditional and Unconditional Most-Favored-Nation Treaties," 19, forwarded to Hull with a 2 March 1933 cover letter from T. Page (Vice-Chair Tariff Commission), *Hull Papers*, container 33; 17 February 1934 Feis Notes, "Some Observations," *Feis Papers*, container 124; Hull, *Memoirs*, 252; 26 April 1934 letter from Byrd to Hull, *Hull Papers*, container 36.

57. 1 May 1934 letter to G. Bauer, 4 March 1934 letter to C. Curtis, and Borah's appeals to business leaders, in the *Borah Papers*, container 402.

58. March 1934 speech to Maine State Republican Convention by Sen. W. White (R-Me.), in the *Wallace White Papers*, Library of Congress, Manuscript Division, container 67; 3 August 1934 letter from Borah to W. Weisenberger (National Association of Manufacturers), *Borah Papers*, container 402.

59. 23 March 1934 letter from Moley to Feis, *Feis Papers*, container 21.

60. 17 February 1939 letter from McNary to L. Nichols (Secretary Pacific Grange); 17 December 1939 letter from McNary to W. Holt; and 4 April 1938 telegram from McNary to H. Oliver, all in *McNary Papers*, container 44. Similarly, see 5 August 1935 letter from Norris to B. Berkheimer, *Norris Papers*, container 59.

61. 16 December 1934 letter from Hull to McNary, *McNary Papers*, container 44. See also Borah's replies to constituent appeals on the 1935 proposed pulp wool tariff reduction, *Borah Papers*, container 433.

62. *Ways & Means Papers*, container 185.

63. 26 March 1934 telegram from Turner and Seymour Manufacturing Company to House Ways and Means Committee; and 28 March 1934 letter from W. Coleman (American Flyer Toy Company) to Rep. Doughton, *Ways & Means Papers*, container 185.

64. *Borah Papers*, container 400; 2 January 1940 letter from F. Ransom (Eastern & Western Lumber) to McNary, *McNary Papers*, container 45.

65. 1 April 1934 article, "Dangerous Tariff Experiment," by Henry Fletcher, *The Awakener: A National Organ of Uncensored Opinion* (published in New York City), *Borah Papers*, container 811.

66. Empirical support has been offered for this analysis. Although legislators did not take into account the export dependence of their districts in votes on tariff-policy prior to the RTAA, they did do so after the RTAA. Michael Gilligan, *Empowering Exporters: Reciprocity, Delegation, and Collective Action in American Trade Policy* (Ann Arbor, 1997). Similarly, district-level export-dependence, more than partisanship, affected voting behavior on several trade bills in 1953 and 1962. Michael Bailey, Barry Weingast, and Judy Goldstein, "The Institutional Roots of American Trade Policy: Politics, Coalitions and International Trade," *World Politics* 49 (1998): 309–38. In addition, empirical evidence has been offered to show that private interests understood how fundamentally the RTAA would alter trade policy outcomes; investors in firms heavily dependent on export sales in 1934 bid up the stock prices of those firms significantly following news of the RTAA's likely passage. Karen Schnietz, "Investor Response to Trade Regulatory Change: The 1934 Reciprocal Trade Agreements Act," Working Paper, Rice University.

67. *Washington Post*, 3 March 1934, 2; 1 June 1934 letter from Capper to W. White, in the *William Allen White Papers*, Library of Congress, Manuscript Division, container 214; 8 March 1934 telegram from G. Bauer to Rep. H. Rainey (D-Ill.), *Ways & Means Papers*, container 404; 20 December 1933 letter from Ford to Hull, *Hull Papers*, container 35.

68. 30 April 1934 letter from G. Bauer to Borah, *Borah Papers*, container 402.

69. *Hull Memoirs*, 352 (emphasis added); 30 June 1934 letter from Rankin to Hull, *Hull Papers*, container 36 (emphasis added); 16 December 1939 letter from Hull to McNary, *McNary Papers*, container 44.

70. See the large volume of correspondence relating to the 1937 or 1940 RTA Extension Acts (sometimes more voluminous than correspondence relating to the 1934 RTAA) in the following collections: *Pittman Papers*, containers 157–58; *Borah Papers*, container 484; *McNary Papers*, container 45; and the *Robert M. La Follette Papers*, Library of Congress, Manuscript Division, containers 315 and 346.

The evidence left by Democratic members of the 73d Congress is not as voluminous as historians might like. This is partly because only a few manuscript collections exist and, when they do, few contain much material from 1934. For example, the papers of Representative Emanuel Celler (D-N.Y.) contain no documents on trade issues prior to 1935. The manuscript collection of Congressman Ross Collins (D-Miss.) has no documents relating to the RTAA and little political correspondence at all. Tom Connally's (D-Tex.) papers are extremely sparse in 1933–34, with no documents on the Senator's feelings about the RTAA. The William McAdoo Papers (D-Calif.) are extensive, but, unfortunately, McAdoo was gravely ill during the period the RTAA was debated and there is no evidence about his feelings on the RTAA or most other legislative matters from late 1933 to mid-1934. The manuscript collection of Senator Key Pittman (D-Nev.) is extensive, but nonetheless contains no materials relating to the RTAA. And, finally, the papers of Representative Henry Rainey (D-Ill.) contain no correspondence whatsoever for 1934.

There are two additional possibilities for the dearth of evidence left by Democratic legislators. First, recall that the RTAA moved with extraordinary speed through Congress. There was little time for legislators to ponder the measure, let alone accumulate or send much correspondence regarding the RTAA to constituents and confidants. Moreover, the second session of the 73d Congress, like the first, considered and passed a large volume of major legislation. The burden of attending simultaneously to many bills is likely to have contributed to the relatively few letters left by Democratic legislators on the RTAA. Fortunately, Hull, a few Democratic legislators, some prominent Republican opponents, and many interest groups left sufficient evidence of how the RTAA's specific structural features were expected to alter future trade policy outcomes.