Postbellum Protection and Commissioner Wells's Conversion to Free Trade

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A moment of consequence to the postbellum U.S. tariff controversy was the conversion of David Ames Wells (1828-1898), Commissioner of the Revenue from 1865-1870, to free trade. When he began his work Wells was a disciple of the eminent American protectionist Henry C. Carey (1793-1879). Within five years, by the time of his commission's termination, Wells strove and was encouraged by notable others to be an American Richard Cobden: the standard-bearer for free trade in both the intellectual and political arenas of the United States, as Cobden had been in Britain.¹

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¹ Edward Atkinson to Wells, Atkinson Papers, carton 16; Elihu Burritt to Wells, 14 May 1869, Wells Papers, reel 1, cited by Howe (2000, 146); see also Atkinson to Wells, 8 Nov. 1884, cited by Sproat (1968, 179), and Joyner (1939, 203).

Wells's is not the only conversion story coloring nineteenth-century tariff history. Nor is it the most colorful one, much less the most celebrated. Before he inspired Wells's original embrace of protection, Henry Carey was a free trader. But in 1847, distressed by the Walker tariff reduction passed in Congress the previous year, Carey "jumped out of bed, and dressing [him]self, was a protectionist from that hour" (Dorfman 1946, 799). Better known and still provocative of debate is the conversion of Sir Robert Peel, at nearly the same time, to free trade. As Britain's Prime Minister at the apogee of agitation for repeal of the Corn Laws, Peel faced the task of balancing the claims of agriculturalists against those of manufacturers, the hungry, and the Anti-Corn Law League under the leadership of Cobden. From his elevation to Prime Minister in 1841 through 1844, Peel declared his support for the agricultural body and rallied his fellow Conservatives against repeal (Irwin 1989, 43-50). In 1845, when Cobden made his most forceful argument in Parliament against the Corn Laws and the moment came for Peel to reply, he crumpled his notes instead and said to the ally at his side, "You must answer this, for I cannot" (Morley 1881, 213). In 1846 Peel called for repeal – and with the votes of one third of his fellow Conservatives in the House of Commons, and a larger fraction in the House of Lords, he achieved it (McLean 2001, 115-117).

To what force can such a momentous turn be attributed? Many authors have traced the intellectual and political trajectory of the Conservatives under Peel and debated the causes of the policy change.² Some (e.g. Grampp 1960) point to the role of

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² Irwin (1989) reviews the literature through the 1980s, emphasizing work at the disciplinary intersection of history and economics. Political scientists have devoted more attention to the episode from the 1990s to the present: Schonhardt-Bailey (2003) offers an updated survey.

politicians, most notably Peel, who promoted the common good as perceived through ideas like Cobden's. Others (e.g. Stigler 1976) suggest that such explanations flatter the politicos and polemicists while neglecting the role of the increasingly industrial and exporting, not agricultural and importing-competing, interests they served. Yet others (e.g. McLean 2001) tread somewhere in between these poles. The debate partakes of a larger one. Can one presume that great policy changes are effected, either directly or indirectly, by ideas — a path that Goldstein and Keohane (1993) identify as the "reflectivist" approach? Or is the more tenable presumption, or at least the more fruitful, that policy changes are driven by agents' rational responses to their constraints and interests — the "rationalist" approach?

However useful the foregoing questions have been to frame studies of the Corn Laws controversy and Peel's conversion, they are posed here not as a model, but rather as a foil, for a study of America's postebellum tariff controversy and David Wells's conversion to free trade. Laying aside the questions about preeminence of ideas or interests clears the table for another one that is fitter for Wells: how did ideas and interests interrelate to effect his conversion?

Here an objection may arise: it concerns less the formulation of the question than the importance of an answer in the case of Wells. His conversion to free trade was not so clearly consequential after all, for two reasons. First, unlike the British movement for free trade in the mid-nineteenth century, the American one of the postbellum period celebrated few distinct victories and no lasting ones. Second, quite apart from the fortunes of the movement, Wells himself was no Sir Robert Peel. He never held elected office – and not for lack of trying. On the occasions that he ran for U.S. Congress, he lost. Even if Wells had been appointed Secretary of the Treasury – as he twice

anticipated (Joyner 1939, 89; Terrill 1969, 549) and was twice disappointed – he still would have exercised less political power than Peel. That the powers granted to him as Special Commissioner of the Revenue were considerably less goes without saying.

Nor was Wells a creative theorist in the mold of Henry Carey. Although he displayed flashes of originality (Perelman 1995), most of the few authors who have devoted pages rather than sentences to him emphasize the past salience and influence of his ideas, not their inventiveness (Stanwood 1903; Tarbell 1911; Dorfman 1949; Sproat 1968; Terrill 1969; Cohen 2002). This is true even of his biographers (Joyner 1939; Ferleger 1942).

But even in losing their battles America's postbellum tariff reformers left an imprint on nineteenth-century American thought and politics worth studying in its own right. They also contributed to an ideological legacy that ultimately (if posthumously) paid dividends: the 1913 Underwood tariff reduction, and later and more enduringly the 1941 Atlantic Charter, prefigured a world commercial order manifesting their vision (Howe 2000, 152, 156-157). As for Wells in particular, the onetime salience and sway of his ideas bears out his historical importance, and so too the importance of his conversion. Cohen (2002, 88) describes Wells as "the leading economic writer" among latenineteenth century liberal reformers. Dorfman (1946, 969-970; 1949, 134-135) corroborates the enormous currency of some of his published writings. Sproat (1968, 179), amplifying Stanwood's (1903, 158) judgment, writes that Wells "exerted more 'potent influence' on American tariff thought in the late nineteenth century than any politician or academic economist of his time." Tarbell (1911, 29), an early twentieth century free-trade partisan, upholds him as one "to whom we owe more credit than he has ever received" for his "big influence on the country" during his tenure as Special

Commissioner. And in the decades after the termination of his office, Terrill (1969, 548, 552-544, 549-550, 550) documents his prominence among the Mugwumps; his leverage inside the first Cleveland administration through Secretary of State Thomas Bayard and Treasury Secretary Daniel Manning; his close alliances with congressional leaders including William R. Morrison of Illinois, Chairman of the House Ways and Means Committee from 1875 to 1887, whom he fed ideas and helped to devise plans for tariff reform; and his potency even as late as 1890, when he may have written, and certainly shaped, the minority report in opposition the McKinley tariff bill. Wells was the man most crucial to the rhetoric, popular understanding, and political strategy of the free trade position from the late 1860s to the 1890s.

How he came to that position is the subject of this essay. The subject is of historiographical in addition to historical interest. Wells's conversion offers an uncommonly clear window into the interrelation of ideas and interests. It shows all at once, and in an episode lasting but years, not decades, how a practitioner's allegiance to certain interests stimulates his acceptance of economic ideas, how a proselytizer adapts the ideas for interested ends, and how the ideas modify perceptions of the interests that gave rise to them. Ideas and interests are seen to be among the dichotomies of which Warren Samuels (2005, 404) reproves that "neither component ... is self-subsistent and independent of the other. They not only interact; they help to change each other." They are related circularly.

In Wells's case the circle is closed with a peculiar twist. His conversion was secured by an agent whose importance prior authors (e.g. Dorfman 1949, 9; Ferleger 1942, 195 and *passim*) have noted but not probed. The agent is Edward Atkinson (1827-1905), a Massachusetts cotton textile manufacturer, pamphleteer, and reform advocate.

Under Atkinson's influence, Wells perceived his own interests and the nation's to be promoted by effective protection for cotton textiles. Under Atkinson's influence, too, Wells came to believe that the industry's effective protection would be more likely with free trade than with nominal protection. Although the belief turned out to be wrong, it was not obviously so when he accepted it; and if at last it became obviously wrong, by that time its wrongness ceased to matter. In numerous reports, articles, and books in which Atkinson and Wells articulated the case for free trade, they altered peoples' perceptions of their interests – including each other's perception of his own interests. In the service of new interests, they developed a new idea of effective protection.

What follows, then, is the story of David Wells's adoption of an economic theory supportive of tariff reform. But it is also the story of how the theoretical case for free trade in the United States transformed the interests, allegiances, and yet again the ideas of its masters.

Wells as Scientist, Protectionist, and Public Servant

As a young man David Wells was precocious, but not in political economy. At Williams College, where he graduated in 1847 one year early and first in his class, his aptitude was for the sciences, especially chemistry. At the Springfield *Daily Republican*, where he worked for a short time afterwards, he distinguished himself mainly in the mechanics of newspaper production. Wells invented a device for folding newspapers that was attached to the press, improving the firm's efficiency. When he quit the paper in 1848, he sold his rights to the invention and enrolled in the new Lawrence Scientific School of Harvard College. The school was endowed by Boston cotton textile magnate Abbot Lawrence for the purpose of providing scientific knowledge for practical ends (Joyner 1939, 13-17).

Wells earned a bachelor of science degree *summa cum laude* in 1851 and began a career as a lecturer in physics and chemistry at the Groton Academy and an assistant professor at the Lawrence School. He fused his scientific interests with his publishing acuity in the *Annual of Scientific Discovery*, a yearly volume detailing the progress of the sciences and new inventions for a general audience. As the *Annual* attracted attention and became more lucrative, he dropped his teaching to devote himself exclusively to it and other publishing enterprises. In 1855, with the expectation of buying a partnership in the publishing house of G. P. Putnam Sons, he moved first to New York and then to Philadelphia to edit Putnam's *Pennsylvania Farm Journal*.

He discovered at last that the publishing side of the business was less suited to his taste and talents than investigation and writing (Ferleger 1942, 2; Joyner 1939, 23). But his years with Putnam, particularly in Philadelphia, were not wasted. There he met the prominent economist and committed protectionist Henry C. Carey and was admitted as a junior member to his intellectual entourage. Wells's career as a political economist was not born at that moment, but it gestated in his association with Carey. He had met a man of ideas and influence. Carey's ideas would soon be much in demand in Washington, and his influence would carry Wells's talents farther than would the endeavors in scientific editing, publishing, and (of course) the academy.

By 1858 Wells was living in Troy and still at work with scientific writing. He was eager to make himself known and spread word of his two recent textbooks, *The Science of Common Things* (1857) and *Principles and Applications of Chemistry* (1858). His famous acquaintance from Philadelphia was a possible means. The texts related tangentially to Carey's interests – at least in parts – so Wells composed a letter. If he were permitted to forward the texts, Wells wrote to Carey, he would not presume that

they had anything to teach the great man. Wells wished only to demonstrate that "in writing them I have kept steadily in view the principles of political economy as I have learned them from you and have endeavored to shape my teachings into consonance with them" (Wells to Carey, 1 May 1858, Carey Papers).

The impression one gets from Wells's correspondence during this time is of a young man eager to make a name for himself by hard work, pluck and solicitation. To curry attention from Carey by presenting him with the fruit of Wells's work, even if that work could not have been of any great interest to him, and by adding a touch of flattery ("I hope you will find your reward in the adoption and practical application of your views by the masses of our people" (ibid., 8 April 1858)) was to make at once a courteous gesture and an investment.

His investments yielded returns in the final year of the Civil War. Wells had established a reputation as an author who excelled in presenting scientific argument to nonscientists; the Union was in need of exactly that skill in 1864. The year before had seen draft riots in New York City amidst a climate of heated criticism, in the public and the press, of the war effort. Copperhead organs like the *World*, the *Express*, and the *Journal of Commerce* sought an armistice with the South in the face of mounting deaths and commercial losses. Their opponents in the Loyal Publication Society enlisted Wells to confront conclusively – at best, scientifically – the allegation that the Union could not long bear the costs of war. Taking up the task in a pamphlet titled "Our Burden and Our Strength," Wells demonstrated that if the national debt reached three billion dollars by 1865, an estimate that raised alarm among Copperheads, the country's circumstances would still be far from dire. The per capita wealth of the restored Union would be \$634.52; the per capita debt, \$82. That a tract of dry facts and figures warranted the

printing of a quarter of a million copies in six months is a testament at once to how much was at stake and to Wells's power to make them palatable. Large as the debt might appear, he assured, "we should not consider the case of an individual as particularly one for commiseration, whose debts and liabilities were less than *one seventh* of his available assets"; and if not the individual, then neither the reunited and reinvigorated states (Wells 1864, 6-7).

Still less should a rapidly growing population, including immigrants attracted by the bounty of a "permanent protective tariff" and the resulting prosperity of the manufacturing industries, panic over such a manageable debt (Wells 1864, 13, 36). Following thirty-eight pages of detailed proof, Wells summed up,

Enough of statistics (which no partisan zeal can wrest from their true meaning) have been given, to satisfy our readers that the country cannot be destroyed, or even crippled, by any probable future debt; and to induce every loyal man, as he reflects upon our resources as a nation, to '*Thank God and take courage*' (Wells 1864, 38).

In retrospect one error in Wells's pamphlet stands out, and it is the parenthetical remark above. Within five years Wells would be at the center of controversy that is an exemplary case study of how partisanship, and corresponding differences in theoretical affinities, can bring the meaning of statistical evidence into dispute. But in 1864 the only partisanship that mattered concerned the war. With Republicans mostly united on the war and unopposed in government, Wells's pamphlet in support of the war effort was not

only uncontroversial in Washington. It was widely applauded, and Wells universally appreciated.

By spring of the next year Wells was made chairman of the newly-constituted United States Revenue Commission, appointed to inquire into the best method "of raising by taxation such revenue as may be necessary to supply the wants of the Government" (U.S. Revenue Commission 1866a, 2). As the war drew to a close the immediate wants of the government diminished and the entire system of internal taxes and customs duties required revisiting. With respect to customs, however, revisiting the duties did not imply dismantling them, or even necessarily adjusting them downward. From 1861 to 1865 the average tariff, measured in Figure 1 as the ratio of duties to all imports (or the ratio of duties to dutiable imports), rose sharply from 14% to 38% (or from 19% to 48%). One purpose of the rise was war finance, but another was protection for domestic manufactures (Taussig 1892, 162). Notwithstanding the war's end, therefore, adjustment of the tariff would be bitterly controversial. Wells's charge, Secretary of the Treasury Hugh McCulloch asserted, was "of more important character than those which have been devolved upon any commission ever enacted by this Government" (McCulloch to Wells, 24 March 1865, Wells Papers).

[INSERT FIGURE 1]

Wells's Commission

Wells's first task was to find two fellow commissioners. He turned to Carey for advice. The commission would generate a wealth of statistics and testimony to benefit the country, he expected, but it would also "furnish arguments in favor of our views, which it

would be impossible to set aside by any mere declamation" (Wells to Carey, 8 April 1865, Carey Papers). Wells wrote to Carey seven more times in the spring and summer of 1865 as he prepared for the commission's work. The communications brought about the appointment as Wells's associate of Stephen Colwell, another member of Carey's Philadelphia intellectual circle, a recognized author on political economy, and an even more devoted adherent to Carey's doctrine than was Wells. Thus as Wells began his work in 1865, his commitment to protection was firm and Carey's influence to the commission was secure.

Wells and Colwell were joined by Samuel S. Hayes, Comptroller of the city of Chicago. Hayes was intended to balance regional interests: because he was an acknowledged copperhead, he would represent both the West and the South. Wells expected him "to be of no account anyway" (Wells to Carey, 27 May 1865, Carey Papers) – an expectation that was also the fervent hope of committed protectionists. Their hope was mostly realized. The Commission solicited testimony, gathered data, and wrote through the summer and fall of 1865. In January of 1866 the commissioners produced a report with specific recommendations for reform of the revenue system, accompanied by "special reports" on the needs of particular sectors: cotton, sugar, distilled spirits, and so on. Wells was responsible for the overall report and at least seven of the thirteen special reports. Colwell authored four of the special reports, including, most notably, those of wool and woolens, iron and steel, and foreign trade. Hayes produced just one, on petroleum. In consequence the report came to protectionist conclusions, albeit moderately so.

Colwell's contributions were the most unmistakably protectionist. In his Special Report No. 10, "Upon the Relations of Foreign Trade to Domestic Industry and Internal

Revenue," Colwell emphasized the necessity of sustaining manufacturing industry, promoting the diversification of all industry, and achieving the attendant technological externalities and productivity growth. "If diversity of production adds so much to the productive power of a people," he wrote, "and, by consequence, so much more to their purchasing power, ... it is proper to consider what policy, on the part of the government, will most promote diversified industry, and secure its activity and continuance" (U.S. Revenue Commission 1866a, 279). Colwell's reasoning was an unmistakable echo of Carey's, and so was his prescription: heightened tariff protection for manufacturers.

Wells agreed entirely with Colwell's ends; he agreed, too, with the privileged place reserved by Colwell for manufacturing industry; and he agreed with Colwell's protectionist principles. But he argued that protection could be achieved by different means. He made the point by way of a brief review of the revenue system of Great Britain. Wells acknowledged that the repeal of the Corn Laws had contributed to British well-being. In his view, though, such acknowledgment upheld rather than undermined protectionist principles. The Corn Laws contributed to the high price of raw materials and of food, and so increased the cost of production of manufactured goods, benefiting foreign competitors. When the Laws were repealed, manufacturers were able to combine domestic labor with cheap foreign raw materials, and thereby produce and export goods at lower cost than could their foreign competitors. "This principle is the key to British free trade ... but it may be gravely questioned whether it is not protection in a more subtle form" (U.S. Revenue Commission 1866a, 7).

Wells recommended that protection should be enhanced similarly in the United States by reducing costs of domestic manufacturers. That goal, he argued, could be achieved best not by raising import tariffs but by eliminating the labyrinthine system

domestic excise taxes (U.S. Revenue Commission 1866a, 17). He and his fellow commissioners did recommend some changes to the tariff schedule – for instance an increase in the tariff on cotton fabrics (83). But in general they favored little revision of tariff rates. Instead they directed most of their recommendations towards repeal of several excise taxes and a reduction by fifty per cent of all others (37-41).

Two bills were drawn up in Congress in the Spring of 1866 based on the Commission's report: first, a revision of internal revenue, and second, a tariff bill (Stanwood 1903, 146). The internal revenue bill was signed into law on July 13. The tariff was the subject of greater controversy. Once tariffs entered the debate in Congress, congressmen brought to the floor petitions "praying for an increase of the tariff" on imports in general, and several goods in particular, from wool to wine and from cigars to steel (House Journal, 39th Cong., 1st sess., *passim*). The resulting bill, H. R. 718, was titled "An Act to Provide Increased Revenue from Imports, and Other Purposes." Most germane among the "other purposes" was protection for the distressed petitioners.

In the midst of the debate over H.R. 718 Wells was caught in the horns of a dilemma. He was, ostensibly, a protectionist, and must have been loath to alienate himself from his allies in Pennsylvania and the administration that had appointed him. Moreover his own report was the impetus for the bill. Yet in its specifics the bill departed substantially from his recommendations. In his next report Wells would have to comment, favorably or not, on the pending legislation: Secretary McCulloch instructed him to make the tariff the principal subject of his report to be submitted in December of 1866. Nor could he delegate responsibility for the tariff work to another commissioner, as he had done before. By another act of Congress, the other commissioners had been

removed and Wells was appointed sole "Special Commissioner of the Revenue" (Wells 1867, 1).

Wells responded in a manner that would become characteristic of him over the next two years. He stated as diplomatically as possible his disagreement with his erstwhile allies over certain practical details, while avowing unflagging allegiance to their principles. H.R. 718, Wells wrote, was exorbitant in its tariff rates, conducive of price inflation, and detrimental to the scant remaining foreign commerce. It was contrary to the common good – but more to the political point, it was unnecessary for the good of the "producing interests" whom it purported to protect (Wells 1867, 42). He reiterated that "the relief now unquestionably needed and sought for" by such interests should be obtained by a reduction of direct taxes on their inputs, not by extensive increases of tariff rates (41). But "the question at issue," he insisted, "is not one legitimately involving any discussion of the principles of either protection or free trade. On these points the policy of the nation may be considered, for the present at least, as definitely settled" (40).

In the event, Wells's wish for the tariff bill's failure was granted, due not to his persuasiveness but rather to a blunder by its proponents. The bill had been passed by the House in late June of 1866, and passed by the Senate, with amendments, in early February of 1867. In both instances large majorities favored it. By February, however, only one month remained in the 39th Congress, and the necessary two-thirds majority could not be mustered in the House to cease the lengthy discussion of each separate amendment. The bill was dropped and a less sweeping one, concerning tariffs only on wool and woolens, was passed in its place (Stanwood 1903, 151-158).

At least two contrary notions of Wells's position on free trade versus protection circulated in the spring and summer of 1867 – and Wells was responsible for both of

them. His reaffirmation of protection in general, while he urged reconsideration of its particular manifestation in H.R. 718, came in late December, 1866. One month later, at a special meeting of the American Social Science Association in Boston, Wells was cited approvingly by the meeting's two featured speakers, both of whom spoke out for free trade: Williams College's Arthur Latham Perry, the postbellum generation's foremost academic exponent of laissez-faire, and Edward Atkinson, a Boston cotton goods manufacturer whose responses to Wells's queries of the "producing interests" had been invaluable and voluminous (New York Evening Post, Jan. 31, 1867). Atkinson presented a paper in which he reported of Wells, "his convictions are evidently changing somewhat, and I believe that a man of his ability, and with the opportunity which he has for observing the evils of legislation for special interests, cannot long avoid being a convert to the doctrine that free trade and not protection is the proper basis from which to enact a tariff law for the collection of revenue" (Atkinson 1867, 13). Privately corroborating Atkinson's observation, Wells wrote to Perry in March to say that "I have been intending to write you for some time past and tell you confidentially of the change which my recent intimate connection with tariff legislation has produced in my opinions, in respect to freetrade and protection. Frankly, I have become thoroughly disgusted with the extreme views, which I once, and as you know quite recently, thought it heresy to disbelieve" (Wells to Perry, 11 March 1867, cited by Ferleger 1942, 178).

In late April, on the other hand, Wells complained to Carey about "a most persistent and determined effort on the part of some to draw me in with the ranks of the free traders," and expressed his resolve "not to be read out of the ranks of my old friends and supporters" (Wells to Carey, 26 April 1867, Carey Papers). One day later his rather different resolve was to plot with Atkinson the dissemination of free-trade literature on

Carey's home turf (Wells to Atkinson, 27 April 1867, Atkinson Papers). Yet again, the following September he declared to Carey that, notwithstanding a recent trip to England (the citadel of "British free trade," as Carey put it disdainfully), "you may be assured however that I have not turned free trader" (Wells to Carey, 17 Sept. 1867, Carey Papers).

Wells prepared Perry, at least, for his singular duplicity. His heresy was genuine, Wells disclosed in confidence, but the time had not come to avow it openly. He was "accumulating a store of facts" that would put commercial policy at last on the right course. All could be lost if he spoke out candidly. "To provoke opposition now, would probably close the door to some important investigations; so for the present I must work on silently" (Wells to Perry, March 11, 1867, cited by Ferleger 1942, 178).

What facts were Wells expecting to collect, and how long would he wait to come out with them? His letter to Perry might be interpreted to mean that he intended his report for 1867 to contrast the information on high prices and exorbitant profits that he would gather from protectionists, who still confided in him, with data describing more favorable economic conditions that he would observe during his fact-finding mission to free-trade England. With that possibility in mind, it is instructive to read the Report for 1867.

In the Report, Wells avoided the tariff question – even obfuscated it – as never before. The tariff was the central question of the report for 1866; in the Report for 1867 it is hardly mentioned in forty-nine pages of text. It appears, and is perfunctorily dismissed, in two sentences in which Wells argues that it is of no practical significance anyway: "with all its objectionable features, we have as yet devised no system, as a

whole, which operates with so much of certainty and equality as the system of taxation levied through the tariff' (Wells 1868, 11).

In the context of the emerging tariff debate Wells's comment was a mere platitude. Neither free traders, led be Perry and Atkinson among others, nor protectionists, led by Carey, disputed that the tariff was, for the moment, the most expedient means of raising revenue. The tariff question was two-fold. Should tariff rates be set above the minimum required for the revenue needs of the government? Should they be set above the rate that would maximize revenue? Protectionists answered "yes" to at least one of those questions, and more commonly both; free traders answered "no" to at least one, and more commonly both. Wells's foregoing comment in the report for 1867 answered neither. Returning to the topic in the report's final paragraphs, he remarked only that he had originally intended to address the tariff, but begged leave to set the matter aside and consider it in a later report (Wells 1868, 48-49).

When at last he did so in 1868 and 1869 the results read differently. In the Report for 1868, Wells argued that free trade was, *a priori*, salutary. "In fact," he wrote, "our present tariff is in many particulars apparently based upon the old fallacy that, in the exchange of commodities between nations, which constitute commerce, what one gains the other loses. It needs but a moment's thought to be convinced that there can be no permanent trade or commerce unless it is for the gain of both nations" (Wells 1869a, 80). In the report for 1869 he found that the prevailing tariff, which reflected "the will of highly organized and aggressive associations of capitalists," was "excessive and unnecessary, and opposed alike to the highest interests of civilization and humanity" (Wells 1869b, 72).

Wells had come out unambiguously for free trade. Perry wrote him a congratulatory letter assuring that the report of 1869 "will be our Bible in our future onslaughts on the monopolists" (Wells Papers, 31 Dec. 1869). Carey published a scathing rebuttal of the report, impugning Wells as a betrayer of American interests (and protectionist principles, and Carey himself) for "British gold." He opened with a Biblical reference of a different kind, an epigraph taken from the New Testament.

Then one of the twelve, called Judas Iscariot, went unto the chief priests, and said unto them, 'What will ye give me, and I will deliver him unto you?' And they covenanted with him for thirty pieces of silver. And from that time he sought opportunity to betray him. ... And forthwith he came to Jesus and said 'Hail, Master,' and kissed him. – St. Matthew, chap. xxvi. (Carey 1870, 1)

Like Carey, the protectionist majority in Congress felt double-crossed. After the Report for 1869 Wells's position was not renewed.

Wells's Conversion

What caused Wells's conversion to free trade? The question was discussed widely at the time. His conversion became part of a story that Wells himself told, beginning in 1870 and continuing until his death in 1898, as he proselytized for tariff reform. In an 1882 speech Wells recalled the "knock-down blow, planted right between the eyes," that rendered senseless his protectionist convictions. It struck him in the summer of 1867, he said, as he went "note-book in hand – straight from the factories and machine shops of England to the factories and machine shops of the continent" and determined by induction that the "pauper labor" argument for protection did not cohere. Tariffs were

unnecessary to protect high-wage British workers from low-wage workers on the continent, he found, because high wages were evidence of high productivity, not high production costs (Wells 1882, 20). Why then should the still-higher wage Americans require protection from the British?

Because this was Wells's own explanation of his conversion it warrants attention. But it also warrants skepticism. For Wells to claim that he was converted to free trade by "just the facts" was to project exactly the image of himself that had established his reputation for rectitude. Wells's professional success – and his ambitions – depended on his being viewed as a meticulous chronicler and impartial analyst of statistical evidence.

An alternative explanation supported by Wells's private correspondence is that he was indeed converted by facts, only different ones. Regarding the political backdrop of Washington, D.C. during Wells's service, Ida Tarbell (1911, 52) remarked that the city "had come to be filled with as fine a band of plunderers as ever besieged a National Congress: tax swindlers, smugglers, speculators in land grants, railroad lobbyists, agents of ship companies, mingled with the representatives of industries seeking protection, until it seemed as if Congress was little more than a Relief Bureau." Wells complained similarly to Atkinson as early as July, 1866, that he was "utterly disgusted with the rapacity and selfishness" of the special interests impeding his task (especially those from Pennsylvania) and that he was changing his ideas and coming over to Atkinson's ground (Wells to Atkinson, 17 July 1866, Atkinson papers).

Other explanations are of less credit to Wells. When William D. Kelley, chairman of the House Ways and Means Committee, denounced the report of 1868 as "the vain imaginings of a dreamy and indolent theorist" (Cong. Globe, 40th Cong., 3rd sess., 118-120) he implied that Wells had been converted not by facts but by theory – a

term of special opprobrium in nineteenth-century American political discourse. The charge was already anticipated by Wells's allies as well as his opponents during his trip abroad in the summer of 1867. Treasury Secretary McCulloch relayed to Wells the high protectionists' apprehensions that in England he would be "too much indoctrinated with free trade notions" (Wells Papers, 12 July 1867), succumbing promiscuously to Richard Cobden's legacy and John Bright's influence.

Henry Carey was convinced that British influence was exercised by more nefarious means. He likened Wells to Judas not only because he felt betrayed: he believed the betrayal was bought. In an open letter to Wells in the *New York Tribune*, Carey asked, "Why is it that your report is so precisely in accordance with the views and wishes of those great British 'capitalists,' who are accustomed, 'in their efforts to gain and keep foreign markets,' to distribute money so very freely among those of our people who are supposed to be possessed of power to influence public opinion?" (Carey 1869, 55).

History has not supported Carey's accusation: even Stanwood (1903, 160-161), a protectionist who considered it "not altogether inexcusable," ultimately dismissed it. British conspiracy was a common nineteenth-century trope, fed by the memory of antebellum conflicts between the United States and its former colonizer, by the Civil War disputes over the *Alabama* and the *Trent*, and increasingly by competition for commercial supremacy in foreign markets. It was employed not only by Carey (although he was the master of it), and not only against Wells (Crapol 1973, 22). More difficult to dismiss is the possibility that Wells was bought neither by thirty pieces of silver nor by "British Gold," as Carey believed, but instead by a different currency.

I have in mind Paul Samuelson's (1962, 18) aphorism that "the economic scholar works for the only coin worth having – our own applause." Wells's correspondence bears evidence of his studied dissemination of his reports: W. E. Gladstone's secretary acknowledged the gesture with an expression of the Prime Minister's appreciation, as did the Cobden Club's honorary secretary, Thomas Bayley Potter, on behalf of his associates. If Wells had once been eager to please Henry Carey, it is plausible that he became at least as eager to earn the appreciation of the more cosmopolitan company of free traders. He was invited during his 1867 tour to a dinner of the Political Economy Club, whose august membership comprised mainly ardent free traders (Wells Papers, undated, reel 8; Howe 1997, 115). After his conversion Wells was encouraged by his election in 1870 to the Cobden Club; by the Club's publication of several of his works; by his being lauded before its members as "the leader of American Free Traders"; and by his appearance as the guest of honor at the Club's dinner of 1873, where, according to the minutes, he was "greeted with loud cheers" (Cobden Club 1873, 40; 1874, 16; 1875, 126-129). Could Wells have been converted to free trade by his appetite for esteem, social ambition, or even flattery?

Most the preceding explanations of Wells's conversion are longstanding. All are true to some degree. Wells was indeed convinced by empirical observation, as his own conversion story held. He was also persuaded by theory, repelled by the interested appeals of some parties, flattered by others, and even bribed (albeit trivially) by yet another. But the purpose here is not to adjudicate among past explanations. It is to advance an alternative one, with two advantages. The alternative casts light on the others and shows where each is lacking. It also illustrates how political interests may influence the acceptance of economic theory, and how, in turn, theory shapes the interpretation of

evidence and thereby the perception of interests. It centers on Wells's relationship with Edward Atkinson.

Edward Atkinson and the Cotton Textile Interest

Atkinson was Wells's senior by only one year, but by 1865 was already well established in Massachusetts business and state and national politics. In 1851, at the age of twenty-four, he was appointed treasurer of Ogden Mills, a cotton goods manufacturer. He worked his way up to part-ownership in several mills, and parlayed his position into political influence through printed pamphlets (e.g. Atkinson 1861), reports (e.g. Atkinson 1863), and recommendations for the appointment of favored associates to positions in Washington.

In early 1865 Atkinson's special concern was to ensure appointments for Lincoln's second term that would best serve the interests of cotton manufacturers and the nation. Positions in the Treasury were crucial: Atkinson wished its officials would be averse to some, if not all, tariff barriers. The war had interrupted the manufacturers' supply of Southern cotton, increasing their reliance on imported varieties (Atkinson 1863, 5; U.S. Revenue Commission 1866b, 20, 23). Iron and steel for construction of mills, and machinery for the mills, were also commonly imported from England and bore high tariffs. Yet at this moment Atkinson was hardly a free trader: he wanted no more, but also no less, than the "incidental protection" obtained from a revenue-maximizing tariff on cotton manufactures (Atkinson 1863, 21). His interest in installing tariff skeptics in the Treasury was to ensure that, by way of low tariffs levied on the inputs to cotton manufactures, incidental protection would amount to effective protection.

One year later, in a letter to the Hon. James G. Blaine of Maine, Atkinson stated his position in more detail. Because tariffs that were much more than "incidentally" protective had already forced industry out of its natural channels, even his proposed movement towards a revenue tariff should be gradual. Meanwhile, a reduction of tariffs on inputs was essential if cotton manufacturers were to compete against imported output paying lower tariffs. On the other hand, if manufacturers were expected to compete without any reduction of tariffs on inputs, there could be no reduction of tariffs on imported output. "We cannot make cotton goods with machinery, in the manufacture of which the iron master and the machinist have been protected, unless the cotton fabric be also protected," Atkinson insisted. Furthermore, all raw material should be free of duty – and all excise taxes matched by corresponding tariffs – "before the duty [on fabric] begins to be effective even to the point of the incidental protection offered by a revenue tariff" (Atkinson to Blaine, 30 May 1866, in Williamson 1934, 64-65).

Given Atkinson's purpose, Treasury Secretary McCulloch and Commissioner Wells were not his preferred candidates for their positions. But Wells turned out to be a particularly congenial appointee. From April 6, 1865 until the publication of Wells's final report as Special Commissioner in December 1869, Wells sent Atkinson no fewer than one hundred letters. From the end of 1869 until the end of his life in 1898, the letters numbered an additional two hundred and ninety-one. Wells became Atkinson's constant correspondent and intimate Washington contact.

At the same time Atkinson became Wells's chief source of information and adviser on cotton and cotton manufactures. In October 1865, under the auspices of the Commission, Wells took testimony from Atkinson and fifteen other cotton manufacturers, traders, and planters, and compiled the transcripts in a fifty-page appendix

to his "Special Report on Cotton" – one of the thirteen specific reports accompanying the Commission's general one. Atkinson's testimony is by far the longest and most detailed. Wells borrowed directly from it to compose his report.³ He also extrapolated favorably from it: he mused about the desirability, notwithstanding its unconstitutionality, of an export tax on raw cotton. Considering the United States' pre-war and post-war potential market power in the commodity, such a tax could be expected to decrease the price of raw cotton paid by domestic manufacturers and garner revenue for the Treasury. But that went even farther than Atkinson counseled. Less imaginatively, but more realistically and to the letter of Atkinson's recommendations, Wells suggested that the excise tax on raw cotton should be compensated by an increase in the tariff on cotton manufactures.

In short, relying on Atkinson's expertise, Wells attended assiduously to cotton manufacturers in the Report for 1865. With the tariff bill stalled in the summer of 1866, however, and with Wells's mandate from McCulloch to study the tariff schedule and the pending tariff bill for the report for 1866, his efforts could not cease there. He exerted them more urgently and directly.

A new contact in the summer of 1866 was Amos A. Lawrence, another cotton manufacturer and a scion of the family from which the scientific school of Wells's early career attained its name and endowment. Wells's handful of letters to Lawrence in 1866 sought advice for a tariff on cotton manufactures that would be acceptable to the industry. On June 20, Wells wrote that the tariffs then under consideration for knit cotton hosiery

<sup>Wells's debt to Atkinson is seen concretely by comparing, for example, the data on p.
of the U.S. Revenue Commission's report (1866a) with those on p. 21 of the testimony (1866b).</sup>

were a specific duty of 30 cents per pound and 35 percent ad valorem, and added, "If this is not satisfactory, write to me ..." (Wells to Lawrence, 20 June 1866, Lawrence Papers).

An even more direct solicitation for tariff rates, dated a few months later, is found among Atkinson's collected papers. It is in the form of a printed but unsigned six-page document titled "Manufacture of Cotton." To a reader of Wells's Report for 1866 the document is recognizable as a pre-print of the section concerning cotton goods. What is notable in it is what is missing. Wells left a few blanks in the pre-print that, in the Report, are filled in with suggested tariffs. Specifically, the second paragraph reads in part,

In view of these facts, after providing for the imposition of specific duties upon all woven cotton goods, a clause has been added providing that these specific duties shall amount to at least ___ per cent upon brown, ___ per cent on bleached, and ___ per cent on printed cottons ...

The pre-print bears at top a handwritten date (1866, Sept.) and a message: "Will Mr. Lawrence please make any comments or suggestions and return to [signed] Edward Atkinson" (Atkinson Papers, carton 14, folder "n.d. - Oct. 12, 1866"). The blanks are pencilled in with "30," "33 1/3," and "25," respectively.

It is impossible to tell whether Atkinson or Lawrence made the pencil marks. But it hardly matters: what is at issue is the importance of cotton manufacturing interests to Wells's thinking about the tariff. Whether Wells's close confidant or his less intimate one made the marks, he must have been entirely satisfied three months later with the final form of the Report, which suggested that "these duties shall amount to at least thirty per

cent. upon brown, thirty-three and a third per cent. on bleached, and thirty-five per cent. on printed cottons" (Wells 1867, 46). We may assume that Lawrence, whom Wells had asked particularly about hosiery (and received a free sample for his inquiry), was especially pleased. Justifying his recommendation by the relative infancy of the cotton hosiery industry, its nonetheless sizeable employment and capital stock that would suffer without protection, and its reliance "upon machinery mostly imported at very high cost," Wells singled out Lawrence's product for a higher tariff (ibid., 49).

Thus Wells proposed some tariff increases in the context of a report arguing that, overall, the rates under consideration of Congress in H.R. 718 were "exorbitant ..., destructive of revenue and of what little or foreign commerce yet remains, and prejudicial to the general interests of the country" (Wells 1867, 42). The gravest problems were the duties on raw materials and machinery. Wells's report included the form of a bill that the Senate Finance Committee took immediately under consideration in early January, 1867, towards revision of the House legislation. Upon the substitute bill, and the possibility of the Finance Committee's wholesale adoption of it, hung the hopes of his supporters.

Table 1 presents the tariffs on unbleached cotton fabrics (which Wells took to exemplify cottons in general) and machinery in years of significant tariff revision prior to 1867. It also includes the tariffs proposed in H.R. 718 as passed by the House of Representatives in 1866; the tariffs of Wells's counterproposal to H.R. 718 as detailed in his report for 1866; those of the amended version of the bill passed by the Senate on February 1, 1867; and those of the House Ways and Means Committee's proposed changes to the Senate version. Juxtaposing Wells's bill with the tariff law then in existence, and with the version of H.R. 718 that he had before him, reveals how modest

were his aims and how consistent they were with the protective system as it had evolved to 1866.

[INSERT TABLE 1]

Wells mostly agreed with H.R. 718 concerning the nominal protection for unbleached cotton goods. A lower duty of four cents rather than five should be levied on fabrics of fewer than 100 threads per square inch, he determined – but the difference was unimportant. Coarse fabrics did not constitute the bulk of cottons consumed domestically (Wells 1867, 47), and they had long been an even smaller share of imports (Irwin and Temin 2001, 791). Where Wells disagreed importantly with the House bill was in protection for machinery. In 1866 the rate applying to most machinery was 35%. H.R. 718 would have raised it to 45%; Wells wanted it to remain at 35%. On January 3, 1867, Wells's report was referred to the Finance Committee, which began to rework the legislation based on his design.

We can pinpoint the moment when Edward Atkinson became a committed free trader. On January 15, Wells reported to Atkinson on how the Finance Committee was getting along with his bill.

Dear Atkinson,

Things do not look very satisfactory here. I am afraid the extremists & inflationists will have it pretty much their own way. The machinery people are here asking 80 p.c. duties on machinery. The Com. have raised from 35 to 45. The bill will probably come up in the Senate on Thursday. With the best part of

Congress my views find great favor, but special interests over ride all other considerations. ... (Wells to Atkinson, 15 Jan. 1867, in Ferleger 1942, 168)

Two weeks after receiving the letter Atkinson was in the company of Arthur Latham Perry in Boston, at the special meeting of the American Social Science Association mentioned previously, firing his first salvo unmistakably in favor of free trade. He read a paper titled "On the Collection of Revenue" that he must have begun writing immediately upon hearing the news from Wells. On January 25, anticipating what he would say in Boston, he reported to Wells, "I have finally planted myself on British Free Trade" (Atkinson to Wells, 25 Jan. 1867, in Ferleger 1942, 181).

Effective Protection

Atkinson was convinced that effective protection for cotton manufacturers could not be obtained through a nominally protectionist policy. So long as the protectionist principle underlay the tariff schedule, cotton manufacturers would have to battle for their protection along with every other industry – and there would never be assurance of getting enough of it to offset the higher cost of inputs after the suppliers got theirs. Thus Atkinson reported to the Boston conferees that in recent attempts to build a new tariff law, "each man put in his brick, until the whole structure became absurd and ridiculous" (Atkinson 1867, 46). The muddle proved that the nation needed a tariff founded upon a "fixed principle." Atkinson favored a gradual approach. The principle to be applied immediately was merely that the tariff should promote revenue, not protection; in this respect the difference between his former position and his new one was more rhetorical than substantial. The greater difference was in the principle to be applied ultimately –

free trade – and the firmness of his commitment to it. "Free Trade increases the abundance of commodities, gives to each the relative share which his education, skill or capital entitle him to, and leads to the harmonious development of the powers of all" (50), even the powers of New England manufacturers.

In hindsight Atkinson's conviction was probably wrong: effective protection could have been, and was, obtained by means of nominal protection. Just how wrong he was depends on what effective protection is understood to mean, and what Atkinson meant. Determining Atkinson's meaning requires some care: he did not use the term "effective protection," did not define fully the terms he did use, and his measurements of them were back-of-the-envelope. We have seen him refer to the conditions in which "the duty begins to be effective" (Atkinson to Blaine, 30 May 1866, op. cit.), but they are not exactly equivalent to effective protection as defined and measured in the present.

The "effective protection rate," with no modifying prefix, has been understood in roughly the past half century to mean the increase in the value added per unit output of an import-competing activity as a percentage of the value added per unit under free trade.⁴ A tariff on the activity's output raises the effective protection rate, so defined; tariffs on intermediate inputs diminish it. G. R. Hawke (1975) has estimated effective rates of protection for several U.S. industries in 1879, 1889, 1899, and 1904. The average nominal tariff rate on cotton goods in those years was first 39%, then 46%, 43%, and

⁴ Max Corden (1971, 246) has traced the idea thus defined to James Meade (1955), among economists working in English, and at least one earlier author in German. Corden (2005) gives additional credit to Clarence L. Barber (1955) for associating the idea with the name "effective protection" and giving it emphasis. Corden himself (1966) has contributed much to the idea's development and dissemination.

37%; the effective rates, according to Hawke's calculations, were 125%, 286%, 165%, and 238%. Although data from the 1860s are lacking, and "cotton goods" is a large aggregate that includes manufactures beyond Atkinson's immediate concern, it is reasonable to infer that the effective protection rate for cotton textiles in the last few decades of the nineteenth century was positive, substantially higher than the nominal rate, and generally rising. If Atkinson's understanding of the "effective" duty resembled the foregoing definition of effective protection, he need not have worried.

The foregoing definition, however, has a shortcoming. One should expect a movement of productive resources from industries afforded the least effective protection to those afforded the most. Non-traded goods, in particular, will have low rates of effective protection and should be expected to contract. As they do so their prices will rise. Effective protection is requested and granted, presumably, for the benefit of capital owners and workers in the protected industries — but those benefits are fewer when non-tradables are more costly. Mill shareholders' dividends and weavers' wages buy less when the prices of school lessons, circuses, telegraph transmissions and train tickets rise. An alternative to effective protection, which Corden (1966, 225-226) has named "net" effective protection, compensates for the shortcoming: it measures an industry's protection relative to non-traded goods.

Douglas Irwin (2005, 13-14) finds that when the average nominal tariff was 45 percent (a good approximation for the late 1860s as well as the period of his concern, 1879-1913), the implicit tax on exportables was 21 percent, the price of non-tradables was up 27 percent relative to free trade, and the net effective protection rate for importables was a modest 14 percent. If Atkinson's understanding resembled more closely the net rate, then he was still wrong, but less certainly so.

What was Atkinson's understanding? His favored terms, the "real duty" and the "net duty," resemble, more than either of the preceding definitions of protection, what Max Corden (1971, 33-34, 80) has called the "adjusted nominal rate." To obtain it, the difference between an activity's value added under protection and its value added under free trade is divided by the free-trade price of its output, not (as with the effective rate) the free-trade value added. In the extreme case in which the intermediate good's share of the final output's cost is 100%, the adjusted nominal rate is obtained simply by subtracting the duty on the intermediate good from the duty on final output. Thus Atkinson wrote to Blaine, "if the present duty is 28 percent, and I am correct in claiming that we must deduct double the rate of internal tax, or at present 12 per cent, and under the new law ten per cent, it follows that the real duty is only 16 to 18 percent ..." (Atkinson to Blaine, May 30, 1866, op. cit.). As long as the effects of the reallocation of resources among sectors on input and output prices are neglected – as long as only the partial-equilibrium effects of tariffs are considered – the difference between the adjusted nominal rate and the effective rate of protection is immaterial (Corden 1971, 80-81). Prior to 1867, Atkinson's attention was devoted to the direct repercussions of excises and tariffs on his inputs and output, not to the indirect effects, by way of resource reallocation, on their prices. Until that year, then, his understanding of the "effective duty" was roughly similar if not identical to effective protection as defined today and measured by Hawke (1975).

In 1867 Atkinson intimated broader meaning. In "On the Collection of Revenue" he insisted that protection increases costs not only to buyers of the protected products, but also economy-wide: "if perfect and equal protection were practicable, it would simply result in a general rise in prices and wages" (Atkinson 1867, 49). Rising costs were cause

and paralyzing consequence of the diversion of resources from their "natural channels" (41). The industries that were hobbled by the diversion included exportables and even non-tradables. The affliction was pervasive: the quintessential case was just outside the window. Boston was suited naturally for maritime pursuits, Atkinson reminded, and its men were engaged mainly in them until a protective tariff diverted resources to textiles. The result was "that a large amount of the capital, and a large amount of the business capacity of Boston which should have been applied to railroads, steamships and commerce has gone into manufactures; consequently, Boston commerce declines, and young men emigrate" (37). Atkinson's preoccupation had changed: it had become net protection.

The timing of the change is telling. Just weeks before, frustrated by poor prospects for effective protection, he had "planted [him]self on British Free Trade." Having committed himself to free trade, his idea of protection – not just its desirability, but its mechanics – was transformed. Notably, the new idea was one that fosters skepticism of the ability of nominal protection to afford relevant protection. It was an idea that served his commitment.

Wells's Conversion Redux

Wells's avowed privately his allegiance to Atkinson's commitment in the spring and summer of 1867. Through February and even early March, however, he directed his efforts to improving the legislation under debate, not denouncing it as Atkinson had done and plumping for an entirely new policy. When H.R. 718 passed the Senate with amendments on February 1, Wells forwarded the bill to Atkinson soliciting once again suggestions for revisions. The need to reconcile the House and Senate versions meant

another opportunity to tune the bill. Atkinson, who had just condemned it in Boston as an "absurd and ridiculous" attempt at protection that failed to protect, declined the opportunity testily: "I don't need to examine this abortion as I have followed it closely in the Congressional Globe. I think you have but one thing to do. Defeat it if you can" (Atkinson to Wells, 6 Feb. 1867, Atkinson Papers). More than advice, Atkinson included a template, complete with salutation and signature, for the admonishment that he proposed Wells should deliver to the Senate and the change of policy he should herald. He advised Wells to say that his attempt "to meet exceptional difficulty by specific legislation" had failed, and henceforth, heedless of the injury to special interests, he would "treat the subject upon broad principles." The principles were, of course, those that Atkinson had endorsed in Boston the week before.

Wells agreed that the legislation was bad, but not that it was hopeless. The bill would go through a final revision. Perhaps some cobbling would make it, if not conducive to the common good, at least not damaging to New England manufacturers. "I think as long as we are giving it, we may as well give everybody all they want," Wells replied to Atkinson. The duties on hosiery were obviously insufficient to compensate for rising costs, for example, so Wells would recommend they be doubled. He pressed Atkinson once again to look over the bill, at least the part pertaining to cottons. "Tear out the leaves of the bill write your corrections on them and send to me by return mail," Wells entreated. "If the tariff bill fails," he granted, "I should have no objection to put forth the programme indicated in your note of Friday. Indeed I have had nearly the same idea in my mind for some time" (Wells to Atkinson, 10 Feb. 1867, Atkinson Papers).

That the tariff bill did fail, and that it was followed quickly by narrower legislation to protect wool and woolens, has already been recounted. Still Wells hesitated

to follow through with Atkinson's proposal. To the contrary he redirected his efforts towards passage of the wool and woolens bill, considered by posterity "a great triumph for the protective principle" (Stanwood 1903, 145). Wells's intervention earned him the gratitude of the wool manufacturers (ibid., 149) and the task of justifying his behavior to Atkinson. He confessed that President Johnson probably would not have signed the bill had he not talked him into it. On one day he explained his reason: fear of an even worse bill (Wells to Atkinson, 5 March 1867, Atkinson Papers). On the next he expressed his remorse: "The wool bill is about as bad as it well can be ... I feel more despondency for the future than any time since I have been in the work" (Wells to Atkinson, 6 March).

This was the moment of Wells's conversion to free trade. It involved no epiphany, nor did it occasion changes in the policies Wells advocated overtly. Rather than a shift of his ideas the moment marked an inflection of their course. The change of direction was hardly discernible except to Wells's closest confidants: it altered his ideological position and his future policy objectives, not his present ones.

Atkinson's statement in "On the Collection of Revenue" of the difference between a protectionist and a free trader casts light on the change in Wells:

The protectionist would say, twenty-five to thirty per cent net duty gives us all we want; and the free trader would say, We advocate for the present twenty-five to thirty per cent net duty for the purpose of obtaining revenue. The result is the same, but it is of the utmost importance that we start from the free trade rather than the protective point of view. The free trader cannot be swerved from a uniform system, because he looks upon the whole thing as a necessary evil; but

the protectionist is constantly in danger, because he thinks he can confer a benefit and is therefore at the mercy of each special interest. (Atkinson 1867, 45-46)

A tellingly understated phrase is "We advocate for the present." A free trader could concede, temporarily, plenty of ground for political expediency, but important differences still remained between him and a protectionist. The differences consisted not in where he stood, but in his destination and compass.

So they did for Wells in March, 1867. The change is evident nonetheless in his correspondence. Wells was "thoroughly worn out" from the trials of winter and early spring and set his hopes for recuperation on a trip to Britain and Europe. What began as a planned convalescence, however, soon took an altogether different shape. A letter from the Chancellor of the Exchequer invited "acquaintance and conversation" (Wells to Atkinson, 16 March). Wells's energies rebounded as a new purpose emerged. He would travel not as a tourist, but as an emissary of the United States government. He would visit, besides cathedrals and U.S. consuls, manufacturing districts and members of Parliament. In Wells's letters from this period his excitement is palpable, and so are his intentions.

Wells solicited William D. Allison of Iowa, a Republican known for bucking his party and becoming its most ardent tariff reformer, to join him for the junket (Wells to Atkinson, 16, 18, 22 March). He implored Atkinson to do the same: "my whole scheme is based on your participation in it – a councellor & friend" (Wells to Atkinson, 21 March). Although Atkinson could not break away from Boston for the summer he encouraged the scheme, which he expected would yield "ammunition" for the "big fight" they would face together after Wells returned (Atkinson to Wells, 23 July). Wells helped

to prepare the battleground by saturating certain areas, including Philadelphia, with Atkinson's pamphlet ("Carey says tis all <u>twaddel!!"</u> he reported mirthfully (Wells to Atkinson, 2 May)).

Wells's choice of a new lodestar in the spring of 1867 was one decision. To acknowledge it openly was quite another, and through all of 1867 and even most of 1868 he was unwilling to make it. In December of 1867 he asked Atkinson not to commit him publicly to free trade or a revenue tariff. "I may agree entirely with you in opinion," Wells explained, "and yet not think it advisable to provoke opposition & thus weaken my influence for good in other matters" (Wells to Atkinson, 24 Dec. 1867). Thus Amos A. Lawrence, who resisted Atkinson's agitation for free trade, offered Wells as late as June, 1868, a lucrative position as secretary of a newly-formed trade association of cotton manufacturers and planters (Lawrence to Wells, 13 June 1868, Wells Papers). Had he known Wells's determination he would not likely have made the offer.

The "good in other matters" that Wells hoped to do, and that explained his outward reticence, was less likely the collection of any more information than what he might accomplish as Secretary of the Treasury. November 1868 held the prospect of General Grant's election to the Presidency, and his inauguration the following March would bring a new cabinet. As of early November, Wells counted among his supporters for the top Treasury position not only tariff reformers like Atkinson and moderates like James Garfield, but even James G. Blaine, a stalwart protectionist. "The Treasury is drifting to me inevitably," he determined (Ferleger 1942, 221-222). But the coalition that Wells had assembled was fragile. None of his good deeds for the party during the fall campaign would prevent its disintegration if he were associated unambiguously with Atkinson's view, which was clearly a minority one within the party.

At the same time Wells had another report to write. To elide the tariff question for the second year in a row would be hard to reconcile with the expectations of the free traders, including Arthur Latham Perry and John Bright but above all Atkinson, whom he had persuaded to consider him an ally in their cause. His own conscience too may have nagged him. Atkinson had urged him at last "to speak out and tell the whole truth" (Atkinson to Wells, 20 June 1868, Wells Papers). An apology for doing any less, like the one he proffered in early 1867 for the wool and woolens bill, would be vastly harder to make in late 1868 and harder for Atkinson to swallow. As the report took shape in mid November, Wells lamented to Garfield of how "vexatious of spirit" his position had become.

At last Wells set his mind to write decisively. Having done so he took pride in the report's boldness, and pledged not to change a line of it "even if I knew it would make me gain or lose the Treasury" (Ferleger 1942, 223-224).

The notion that the document might gain him the Treasury could not seriously have been entertained. There was ample material in it to bring about the opposite result, however. The existing tariff, Wells wrote, "while professing to protect American industry, really, in many cases, discriminates against it" (Wells 1869a, 34). It attempted "indiscriminate or universal protection" – an impossibility that, in the effort to achieve it, rendered "all protection a nullity" because every industry's output was another's raw material (34-35). The consequences were felt beyond the import-competing sector. Domestic goods were more costly across the board, and exports were stifled: "We have so raised the cost of all domestic products that exchange in kind with all foreign nationals is almost impossible" (49). Shipbuilding was a case in point; certain exportable cotton manufactures were another. Before the war, production of American coarse cotton goods

was thriving and they were even exported to the East and South America. All that was wanted to revive the industry was a reduction of tariffs and excises. Such a reduction, Wells averred, could double the size of the cotton goods industry, stimulate its exports, increase the demand for domestic agriculture, and "bring back four-fold that commerce of the ocean which now wanes almost to annihilation, in great part through want of legitimate occupation in effecting exchanges (78).

The report amounted to a restatement, with statistical and anecdotal elaboration, of the core of Atkinson's "On the Collection of Revenue." In the connection he drew between protective tariffs and generally rising costs (which in turn, he argued, were detrimental at once to exports, agriculture, and even the ostensibly protected industries) is the substance of the net protection idea. In his occasional doctrinaire interjections – e.g., "Government can add nothing to the capital of the country by legislation. It can only prescribe the channels into which capital already created shall flow" (77) – is evidence belying his disavowal of "any particular theory" (1) and manifesting his adoption of Atkinson's. In his statement that moderate protection was "certainly, for the present, the policy best suited to subserve the industrial interests of the country" (66) is the same concession to the opposition that Atkinson was willing to make, and the same strategically understated qualification.

The dominance of the qualification over the concession is discernible in Wells's concluding recommendations. In addition to the replacement of *ad valorem* with specific duties he proposed the enlargement of the duty-free list, the reduction of some rates (and, in exceptional cases, the raising of a few) in order to garner revenue, and the reduction of yet more "with a view to an absolute abatement, on the simple ground that the reduction of a duty is the reduction of a tax, and that the most efficient method of protecting home

Atkinson had called for a tariff based upon a "fixed principle," or a "broad principle"; in the same fashion Wells deplored the United States' establishment of "a tariff based upon small issues rather than upon any great national principle" (34).

Republicans in Congress were decidedly unwilling to replace protection with the great national principle that Atkinson and Wells had in mind. House Ways and Means Committee chairman William D. Kelley did more than denounce Wells's report as the work of an indolent theorist, and worse, the perpetrator of a fraud (Cong. Globe, Feb. 4, 1869, Appendix, 117). He tried to suppress its printing (ibid., 116) and then to withhold Wells's salary (Garfield to Wells, 24 Feb. 1869, Wells Papers). Wells's aspirations to the Treasury would not be realized, and even his tenure as Special Commissioner would extend only one more year. In his final report, having nothing to lose, Wells propounded "the true principles of tariff reform." The existing tariff was utterly destructive of commerce and industry (Wells 1869b, 72); specifically, "whatever advantage is temporarily gained by stimulating industries into an unnatural growth and development, is subsequently more than compensated for by a resulting waste and misapplication of both capital and labor" (Wells 1869b, 107).

Wells and Atkinson remained dedicated to the interests of cotton manufacturers, but the free trade doctrine that they endorsed yielded a new perception of those interests. Their perception differed from that of others in the industry: the same trade association that had offered Wells its secretaryship now lashed out publicly against him. Wells complained privately to Amos Lawrence that the animus of certain cotton manufacturers was unfair, for he had "resisted, and successfully, every proposal to cut down unfairly the duties of cotton goods of every description" (Wells to Lawrence, 29 April 1870,

Lawrence Papers). He responded publicly in the *Boston Advertiser* that all manufacturers should have a fair opportunity to develop, "but when three or four branches of manufactures out of many hundreds arrogate to themselves the exclusive title of 'manufactures' I deny their right" (Wells 1870). Clothing makers had no more claim to the title and its trappings than did the makers of cloth. Nor had steel users any more (or less) claim than did steel makers, nor railroads any more than furnace producers, nor cotton mill owners more than the mechanics they employed.

At the end of his commission Wells was convinced, as he had been at the start, that the interests of cotton manufactures were aligned with the national interest. The difference was that he had once believed both sets of interests to be served by discriminatory duties; now he believed they were served by the principle of non-discrimination. Depending on his audience he would sometimes associate that principle with "protection," as he did in his letter to the *Advertiser* (op. cit.). The association had a calculated rhetorical effect, no doubt, but it was not contrived. Wells, following Atkinson, had developed an idea of protection close to the present-day one of net effective protection. It was an idea that underscored the virtues of the non-discrimination principle to which he was now wed, and the liabilities of the one he abandoned.

Neither protectionists nor free traders mistook Wells's meaning. As he announced in his toast as honored guest of the Cobden Club (1873, 71), Wells proposed Free Trade.

Conclusion

In a study of ideas and interests in the history of U.S. trade policy, Judith Goldstein (1993, 3) rejects an understanding of ideas as "mere 'hooks'" for interested political

entrepreneurs to lure support from constituents for policy change. She prefers to consider ideas as akin to roadmaps: they serve as guides for, and constraints upon, interested action. They determine which means and ends are imaginable, and therefore possible, and which are not. For illustration Goldstein quotes approvingly Alfred Weber: "ideas act as 'switchmen' determining the 'tracks along which action has been pushed by the dynamic of interest'" (Goldstein 1993, 12). The metaphor is suppler than the one she intends it to replace. Nevertheless David Wells's conversion to free trade reveals its limitations and points to an alternative.

When resort to protectionist principles for the purpose of securing effective protection for cotton goods failed in early 1867, first Edward Atkinson, and then Wells, adopted free trade ideas as another means to the same end. A schism emerged between Wells and Atkinson, on one side, and other cotton manufacturers on the other. As the two men established themselves more firmly among the United States' chief advocates of free trade, they began to perceive differently the interests they believed they served.

Wells did not just switch from one track of ideas to another, propelled by the same interested motive. Ideas altered his perceptions of his interests: his motive was transformed in transit. The new motive, non-discrimination, engendered a new idea. It was a variation of effective protection more complicated than his earlier understanding, more akin to what is known today as net effective protection. It was also more apt to point up the virtues of the motive that gave rise to it.

In this account of Wells's conversion, ideas and interests are related circularly, one changing the other and being changed in consequence. Attending to the interrelations of ideas and interests spotlights details of Wells's conversion, and nineteenth-century American trade policy, that past accounts have obscured. The most

unexpected is the positive contribution of import-competing cotton textile manufacturing interests to the postbellum case for free trade.

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Figure 1

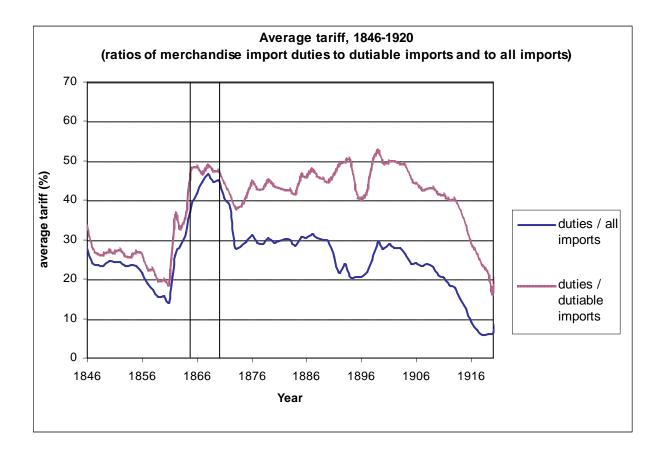


Table 1: Tariffs, actual and proposed, on standard cotton manufactures and on machinery, 1846-1867								
	1846	1857	1861	1866	H.R. 718 (a)	Wells's bill	H.R. 718 (b)	H.R. 718 (c)
Cotton fabrics, unbleached								
not exceeding 100 threads per sq. inch	25% [30%]		1 ¢/yd or 25% ^d	5 ¢/yd [6 ¢/yd] or 35% ^f	5 ¢/yd [6 ¢/yd]			5 ¢/yd or 30% ^g
not exceeding 200 threads per sq. inch	25% [30%]	19% [24%]	1 1	5 ¢/yd [6 ¢/yd] or 35% ^f	5 ¢/yd [6 ¢/yd]		_	5 ¢/yd or 30% ^g
over 200 threads per sq. inch	25% [30%]	19% [24%]		5 ¢/yd [7 ¢/yd] or 35% ^f	5 ¢/yd & 10% [7 ¢/yd]		7 ¢/yd or 30% ^g	7 ¢/yd or 30% ^g
Iron & steel machinery & manufactures								
machinery of iron, steel, or other metal	30%	24%	30%	35%	45%	35%	55%	55%
other manufactures of steel	30%	24%	30%	45%	50%	45%	50%	60%

Notes:

In 1846 and 1857, bracketed tariffs are those levied on unbleached cotton clothing and embroidered fabrics; unbracketed tariffs are those on other cotton fabrics, unembroidered and not fashioned into clothing. In 1866 and in H.R. 718 (a), bracketed tariffs are those levied on unbleached cotton jeans, denims, drillings, bedtickings, ginghams, plaids, cottonades, pantaloon stuff, and goods of like description; unbracketed rates are those levied on all other unbleached cotton fabrics. In 1861, in Wells's bill, and in H.R. 718 (b) and (c), such distinctions are not made.

H.R. 718(a) is "An Act to Provide Increased Revenue from Imports, and for Other Purposes," passed by the House of Representatives on July 10, 1866 and referred to the Senate Finance Committee on July 12.

H.R. 718(b) is the same bill, as amended and passed by the Senate on January 31, 1867.

H.R. 718(c) is the same bill, as amended by the House Committee on Ways and Means and ordered to be printed on February 18, 1867.

Sources:

The tariffs of 1846, 1857, 1861, and 1866 can be found conveniently in Northrup and Turney (2003, v. III). Wells's bill was submitted as an attachment to his "Report of the Special Commissioner of the Revenue [for 1866]" (Wells 1867). Wells also constructs, in Appendix C of his report, a useful table of comparative U.S. tariffs from 1842 to 1866. The duties in the table presented here are taken from Wells's Appendix C, corroborated by the original texts of the tariff bills from 1846 to 1866 in Northrup and Turney, and supplemented by the tariff rates in H.R. 718(b) and (c), which were not yet written at the time of Wells's report, and which do not appear in Northrup and Turney because the bill was never passed. H.R. 718 in all its permutations can be found in the *Congressional Globe*.

^d A duty of 25% ad valorem is substituted for the specific duty if the item's value is above 16 cents per yard.

^e The specific duty is 2 cents if the thread count does not exceed 140 per sq. inch, and 3 cents if over 140 threads per sq. inch but not exceeding 200.

f A duty of 35% *ad valorem* is substituted for the specific duty if the item's value is above 16 cents per yard and the item is standard unbleached cotton fabric. The 35% *ad valorem* duty is substituted for the specific duty if the item's value is above 20 cents per yard and the item is unbleached cotton denim or drillings.

^g If the specific duty amounts to less than 30% ad valorem, then 30% ad valorem will be levied.