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Free trade and the New Deal: The United States and the international economy of the 1930s

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**Free trade and the New Deal: The United States and the international economy of
the 1930s**

By

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A thesis submitted to the graduate faculty

In partial fulfillment of the requirements for the degree of

MASTER OF ARTS

Major: History

Program of Study Committee:
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Ames, Iowa

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CHAPTER 1: INTRODUCTION

“I ask you if you have lost faith in our Yankee tradition of good old-fashioned trading. Do you believe that our early instincts for successful barter have atrophied or degenerated? I do not think so.”

~President Franklin Delano Roosevelt (1934)¹

Tariffs and international trade were a hot, contentious question in the Democratic Party’s presidential primaries of 2008. On August 6, 2007, the presumptive frontrunner, Senator Hillary Clinton (D-NY), and other candidates were in a forum in Chicago where Clinton stated, “Well, I had said that for many years that, you know, NAFTA and the way it’s been implemented have hurt a lot of American workers.”² She referred to the North American Free Trade Agreement that her husband, former President Bill Clinton, signed into law in 1993. NAFTA eliminated all legal restrictions on the movement of goods and services between Canada, Mexico, and the United States’ economies. Yet, despite her husband’s signature on the bill, she said this about NAFTA: “I’m tired of being played for a patsy [...] It’s time we said to the rest of the world, ‘If you want to have anything to do with our market, you have to play by our rules.’”³ She was not the only Democrat to criticize NAFTA or demand regulatory consideration from countries. Governor Bill Richardson (D-NM), who ran but received no convention delegates, said that, “We should never have another trade agreement unless it enforces labor protection,

¹ Franklin Roosevelt quoted in “Address by Charles William Taussig at the 12th Annual Dinner of The Propeller Club of the United States at the Downtown Athletic Club, New York City, on National Maritime Day,” May 22, 1934, Economics – General, Box #65, Subject File, *Cordell Hull Papers*, Library of Congress (Washington, DC).

² Helene Cooper, “Democrats’ Third Rail: Free Trade,” *New York Times*, August 12, 2008, Week in Review.

³ David Weigel, “Free Market Clintonism, R.I.P.,” *Reason*, <http://www.reason.com/news/show/125402.html> (all citations to websites henceforth reference them as they were on November 11, 2010).

environmental standards, and job safety.”⁴ Ironically, Richardson had helped NAFTA through Congress as House majority whip in 1993. Richardson was vital in the original passage of NAFTA, but now he worked the other way on trade. Clinton and Richardson were not the only Democrats in resistance to free trade, and the rest of the party joined in the chorus throughout the autumn.

Senator Barack Obama (D-IL), the eventual party nominee and winner in the general election, also spoke about trade. David Weigel, a contributor for *Reason*, wrote that, “Barack Obama, meanwhile, matched her [Clinton] stride for stride towards the old economic left. Before the January 3 Iowa caucus, the Iowa Fair Trade Campaign, a union-backed group that describes NAFTA and the World Trade Organization as ‘a proven failure for working people’ asked the candidates to explain their trade stances. Obama promises that revising NAFTA was ‘one of the first things I’ll do as president,’ language in line with what he’s said to other audiences but a lot tougher.”⁵ International trade and NAFTA remained in Obama’s sights. He said in Chicago that, “I would immediately call the president of Mexico, the president of Canada, to try to amend NAFTA because I think that we can get labor agreements in that agreement right now.”⁶ Obama made it clear his opposition to free trade agreements. Upon taking office, his administration stalled proposed agreements with Columbia, Panama, and South Korea.⁷ An outside candidate, Dennis Kucinich (D-OH), went so far as to advocate the United States’ unilateral withdrawal from NAFTA, the World Trade Organization (WTO), and

⁴ Cooper, “Democrats’ Third Rail: Free Trade.”

⁵ Weigel, “Free Market Clintonism, R.I.P.”

⁶ Cooper, “Democrats’ Third Rail: Free Trade.”

⁷ Office of the United States Trade Representative, “Free Trade Agreements,” *Executive Office of the President*, <http://www.ustr.gov/trade-agreements/free-trade-agreements>.

treaty commitments involving trade and the United States.⁸ Therefore, the Democratic Party of 2008 was clearly in a protectionist mood. Nonetheless, this flies right in the face of the stance of the party throughout most of its most crucial history in the early part of the twentieth-century.

The American story of the economics, implications, policy, and politics of trade is long and complicated. Yet, a few patterns emerge. Trading with foreign lands and the rhetoric of free trade have been stalwarts in Washington from the beginning, “Presidents—from the founding fathers to contemporary executives—have uniformly espoused adherence to the principle of free trade.”⁹ The United States absorbed the libertarian ideal of free exchange in its founding, and its history reflects this. Modern Democrats do not ascribe to this principle. The largest divergence from the contemporary Democratic Party came in the person of Cordell Hull (D-TN). Hull, the Secretary of State for President Franklin D. Roosevelt (D-NY) from 1933 to 1944, was the most ardent free trader of his era. Hull often spoke of his views on the trade question: “I have never faltered, and I will never falter, in my belief that enduring peace and the welfare of nations are indissolubly connected with friendliness, fairness, equality, and the maximum practical degree of freedom in international trade.”¹⁰ Moreover, “A revival of world trade [is] an essential element in the maintenance of world peace. By this, I do not mean, of course, that flourishing international commerce is of itself a guarantee of peaceful international relations. But I do not mean without prosperous trade among nations any

⁸ Cooper, “Democrats’ Third Rail: Free Trade.”

⁹ Debra B. Conti, *Reconciling Free Trade, Fair Trade, and Interdependence: The Rhetoric of Presidential Economic Leadership* (Westport, CT: Praeger Publishers, 1998), xiii.

¹⁰ Cordell Hull quoted in Jack Irwin, “The WTO’s Failure in Light of the GATT’s History,” *Real Clear Markets*, http://www.realclearmarkets.com/articles/2008/07/the_wtos_failure_in_light_of_t.html.

foundation for enduring peace becomes precarious and is ultimately destroyed.”¹¹ Yet, as the Democrats of 2008 abundantly demonstrated, many of Hull’s ideals and lessons are lost. This is true, in particular, regarding the crown jewel of America in the 1930s and the Roosevelt administration—the New Deal.

Both academic and popular knowledge of American policies on international trade and tariffs in the 1930s is divided, slapdash, or inconsistent. Countless authors, articles, and even monographs have compared the contemporary economy to the Great Depression since the end of the Second World War. For instance, *International Business Daily* ran an editorial on June 29, 2010 and faulted the Obama administration for pursuing economic policies similar to Roosevelt during the New Deal. To quote *IBD*, “spend wildly, raise taxes on all Americans, *erect trade barriers*, and protect unions, to boost wages at others’ expense” [emphasis added].¹² The editors seemed to state that Roosevelt and his administration wanted a higher tariff. In 2003, on the other hand, Jim Powell wrote in *FDR’s Folly*, “FDR didn’t do much about a contributing factor in the Great Depression, the Smoot-Hawley tariff, which throttled trade. Instead, he raised some tariffs, while Secretary of State Hull negotiated reciprocal trade agreements which cut tariffs only about 4 percent.”¹³ Here, Roosevelt sought some trade restrictions, but the story is more complicated. In 2008, political columnist Michael Barone wrote, “Moves towards protectionism like Hoover’s (*Roosevelt had the good sense to promote free*

¹¹ Ibid.

¹² *International Business Daily* editors, “Krugman’s Depression,” *International Business Daily*, <http://www.investors.com/NewsAndAnalysis/Article/538727/201006281830/Krugmans-Depression.aspx>.

¹³ Jim Powell, *FDR’s Folly: How Roosevelt and His New Deal Prolonged the Great Depression* (New York, NY: The Crown Forum Publishing Group, 2003), ix.

trade)” [emphasis added].¹⁴ Now, conversely, Roosevelt and the New Deal were favorable to lower tariffs. These sources disagree about the basics on international trade in the 1930s. To boot, even *Wikipedia*—the ultimate bastion of all popular knowledge—includes nothing about trade in its pages on the New Deal and the United States from 1918 to 1945.¹⁵ Something is missing on this subject.

Different commentators alternatively praise or condemn Roosevelt and his New Deal, but they contradict each other on trade policy. Critics usually focus on the economic effects of the New Deal. For instance, *IBD* commented: “interventionist policies and draconian tax increases delayed full recovery by several years by intensifying a climate of pessimistic expectations that drove down private capital formation and household consumption to unprecedented lows.”¹⁶ Milton Friedman and Anna Jacobson Schwartz in *A Monetary History of the United States, 1867-1960* took time out from their heady, monetary analysis to comment on the effects of fiscal policy on American businesses in the 1930s. The political and social message of the New Deal favored “great change”—experimentation, unionization, strikes, federal subsidies, and outright nationalization of industries.¹⁷ Thus, corporate leaders were left in the dark and unsure about their future costs.¹⁸ Business investment was chronically low during the 1930s due to a reduced return on investment and the increased risk of government

¹⁴ Michael Barone, “New New Deal No Better than the Old One,” *National Review*, <http://www.nationalreview.com/articles/226129/new-new-deal-no-better-old-one/michael-barone>.

¹⁵ Wikipedia contributors, “New Deal,” *Wikipedia*, http://en.wikipedia.org/wiki/New_deal; Wikipedia contributors, “History of the United States (1918-1945),” *Wikipedia*, [http://en.wikipedia.org/wiki/History_of_the_United_States_\(1918%E2%80%931945\)](http://en.wikipedia.org/wiki/History_of_the_United_States_(1918%E2%80%931945)).

¹⁶ *International Business Daily* editors, “Krugman’s Depression.”

¹⁷ Milton Friedman and Anna Jacobson Schwartz, *A Monetary History of the United States, 1867-1960* (Princeton, NJ: Princeton University Press, 1963), 495-96.

¹⁸ *Ibid.*, 495-96.

intrusions on economic activity.¹⁹ Federal demands for more labor unions, higher wages, social insurance programs, the heavy regulation of certain sectors of the economy, and the nationalization of some industries (like power generation through the Tennessee Valley Authority) scared investors away.²⁰ Assertions here are illustrative of the thorny nature of this history. The debate about the worth of the New Deal is intricate, and it easily enflames modern partisan passions. Yet, either way, Freidman and Schwartz neglect trade policy in *A Monetary History*. There is more to the 1930s than domestic, insular economics, as this study of the New Deal shows.

International commerce and trade liberalization in the United States during the 1930s is an underappreciated part of the diplomacy, economics, politics, and popularity of the Roosevelt administration's New Deal. Furthermore, modern scholars typically separate trade policy from the rest of the New Deal (and specifically the Reciprocal Trade Agreements Act of 1934), while the people of the life and times of the 1930s considered them together. The 1930s began with an economic crisis, and President Herbert Hoover (R-CA) and his administration responded with the Smoot-Hawley tariff of 1930. Smoot-Hawley raised tariffs, provoked retaliation from the rest of the world, and exacerbated the Great Depression from 1930 to 1933. Here, however, is where the story typically stops. Nonetheless, in 1933, Franklin Roosevelt entered the presidency and selected Cordell Hull for Secretary of State. The World Economic Conference that summer, held in London, failed to liberalize trade or address global economic woes. Yet, as the vast majority of historians hitherto have missed, Hull did not stop there. He came back the

¹⁹ Ibid., 495.

²⁰ Ibid., 495.

next year, and the Roosevelt administration eventually passed the Reciprocal Trade Agreements Act of 1934. The process of reciprocal trade (the joint lowering of tariffs through mutual concessions) became the rule of the Roosevelt administration. Hull and the Department of State concluded trade deals with nearly two-dozen other nations in the ensuing decade. The New Deal, as shocking as it may seem from a contemporary political vantage point, was a deal for freer trade. This investigation seeks to address this disconnect in the historical literature.

My attempt in *Free Trade and the New Deal* is to understand trade and tariff policy in the 1930s in terms of the people who lived through the times of the Great Depression. This process was involved yet rewarding, and it includes a number of different perspectives along the path. The notions of elected and appointed leaders weigh heavily: Hoover, Hull, Roosevelt, and others. These men (and they were without exception men) made trade policies for the United States in the 1930s, and they influenced the public's opinion through speeches and contact with regular people. I have tried, wherever possible, to include articles and letters from officials down lower in the Hoover and Roosevelt administration along with private citizens from the differing strata of American society. These people not only voted, but also lived in the economy of the era, and international trade affected their lives. Yet, to quote Commander Norton from Arthur C. Clarke's *Rendezvous with Rama*, "Two examples are damned poor statistics."²¹ The narrative of trade in the 1930s was an economic one; therefore, I have used a magnitude of aggregate and statistical evidence about the commercial, industrial, and

²¹ Arthur C. Clarke, *Rendezvous with Rama* (Orlando, FL: Bantam Spectra Books, 1990), 58.

rural economy of the New Deal. American trade policy needs assessment in diplomatic, economic, political, and social terms. Previous scholars, as I will demonstrate, have neglected it. International trade and the Reciprocal Trade Agreements Act of 1934 were a part of the Great Depression and the New Deal, and each of them is vital to understanding American history comprehensively.

The experience of the United States in the 1930s is one of the most important chapters in American history. The New Deal—the American response to the Great Depression—is the most enduring element of the decade. It has penetrated deeply into American iconography and politics. Rexford Tugwell (an economist who held various posts in the Roosevelt administration) coined the term in a *New Republic* article in 1932.²² Tugwell intended the “New Deal” as a break from the policies of the Republican majority of the 1920s, a nod towards Franklin Roosevelt’s cousin Theodore Roosevelt’s Square Deal, and a propaganda coup in the spirit of the Soviet Union’s first Five-Year Plan.²³ Americans who grew up during the Great Depression, the Second World War, and the Baby Boom considered it an accomplishment, “Something akin to establishing the Republic or abolishing slavery.”²⁴ Tributes to the New Deal pervade American culture. In sports, the National Recovery Administration’s blue eagle is the source for the name of the Philadelphia Eagles of the National Football League.²⁵ In music, the rock ‘n’ roll band Creedence Clearwater Revival referenced the New Deal in “Who’ll Stop the Rain”

²² Amity Shlaes, *The Forgotten Man: A New History of the Great Depression* (New York, NY: Harper Collins Publishers, 2007), 126.

²³ *Ibid.*, 126.

²⁴ Ronald Edsforth, *The New Deal: America's Response to the Great Depression* (Malden, MA: Blackwell Publishers, 2000), 2.

²⁵ “Franchise Nicknames,” *Pro Football Hall of Fame*, <http://www.profootballhof.com/history/nicknames.aspx>.

in 1970: “Five-year plans and New Deals, wrapped in golden chains.”²⁶ In film, *The Emperor of the North Pole* (a 1973 adaptation of *The Road* by Jack London) featured 1930s hobo Lee Marvin battling railroad conductor Ernest Borgnine. Marvin “greased the rails” at one point to stop the Prairie Special in order to catch up to Borgnine. The conductor of the train exclaims, “I don’t give a damn if they’re Democrats; get this moving!”²⁷ The New Deal is a behemoth in American cultural identity, and it is a leviathan when it comes to the American electorate and polity.



*Figure 1.1 – The logo of the National Recovery Administration (NRA) is on the left, and the logo used by the Philadelphia Eagles from 1948 to 1968 is on the right.*²⁸ Bert Bell bought the remnants of the Frankfurt Yellow Jackets in 1932 and moved them to downtown Philadelphia. Frankfurt was a small, suburban district to the northeast of the city. Once in Philadelphia itself, Bell the renamed the football team. According to the Pro Football Hall of Fame, “Since Bell hoped his franchise also was headed for a New Deal, he picked the Eagles as the team name.”²⁹

²⁶ John Fogerty, “Who’ll Stop the Rain,” Creedence Clearwater Revival, *Chronicle, Vol. 1: The 20 Greatest Hits*, Fantasy Compact Disc B000000XB9, 1990.

²⁷ Christopher Knopf and Jack London, *The Emperor of the North Pole*, directed by Robert Aldrich, produced by Stanley Hough and Kenneth Hyman, shot in Cottage Grove, OR, distributed by Twentieth-Century Fox, 1973.

²⁸ Wikipedia contributors, “New Deal NRA,” *Wikipedia*, <http://en.wikipedia.org/wiki/File:NewDealNRA.jpg> (this image does not have a copyright); “Philadelphia Eagles Primary Logo 1948-1968,” *Chris Creamer*, <http://www.sportslogos.net/logo.php?id=uzhay2wfh9tu4gkdlrq1> (this image does not have a copyright).

²⁹ “Franchise Nicknames.”

The New Deal retained a hold over many segments of American society, and it served as a model for the Democratic Party throughout the rest of the twentieth-century. In addition, the New Deal helps define American political identities. The New Deal changed the meaning of “liberal” in the lexicon. After the 1930s, “liberal” came to symbolize an advocacy for “group” rights instead of the primacy of “individual” liberties.³⁰ The New Deal brought Keynesian theories into the American mainstream, which entailed positive beliefs on progressive taxation, government guarantees of security, and federal power having a role in controlling the economy.³¹ Long after Roosevelt’s death, Democrats continued to “borrow” from the New Deal to increase support for their initiatives. In light of the popularity of the Tennessee Valley Authority (TVA), leaders in the 1950s planned a “CVA” (on the Columbia River) and a “MVA” (on the Missouri River).³² Later, President Lyndon B. Johnson (D-TX) envisioned a “Mekong Delta Authority” and a “Red River Authority”—developmental plans for North and South Vietnam intended as the “carrot” to bait Hanoi and Saigon out of the Vietnam War. Roosevelt’s legacy afflicted recent figures, as well: “the electorate’s favorable view of President Bill Clinton, *the standard-bearer of FDR’s party*” [emphasis added].³³ President Obama fit this trend. For instance, *The Nation* ran an article on November 4, 2008: “Such rhetoric allowed him [Obama] to claim the legacy of the most popular and

³⁰ Shlaes, *The Forgotten Man*, 11.

³¹ Edsforth, *The New Deal*, 3.

³² Marion Clawson, *New Deal Planning: The National Resources Planning Board* (Washington, DC: Resources for the Future Press, 1981), 167.

³³ Robert Himmelberg, *The Great Depression and the New Deal* (Westport, CT: Greenwood Press, 2000), 79.

successful government programs in American history [the New Deal].”³⁴ The New Deal influences practically anything done in Washington, and politicians drew lessons from Roosevelt’s brand of running campaigns and administrations.

Roosevelt was one of the most successful politicians in American history through his tenure in the White House. Subsequent leaders have emulated his stratagems.

Roosevelt brought a gaggle of “Beltway outsiders” to Washington. This set an example for leaders after the Second World War, such as Eugene McCarthy (D-MN), George McGovern (D-SD), President James E. Carter (D-GA), and Obama.³⁵ Roosevelt had few ideological convictions about the proper way to run a government or mitigate an economic crisis, and he was willing to let conflicting advisors hash out policy in conflict. For instance, Raymond Moley (at the time Undersecretary of State) once gave Roosevelt two proposed public statements.³⁶ One advocated a higher tariff; the other advocated a lower tariff.³⁷ Roosevelt, seeing no conflict, ordered a speechwriter to “weave the two together,” even though they were entirely incompatible stances.³⁸ Roosevelt was adept at this kind of political maneuvering, and commentators still list the Democratic Party as, “the guardian of the New Deal legacy.”³⁹ Nevertheless, a somewhat conflicting legacy on the New Deal and international trade policies remains. Ronald Edsforth described the Democratic Party of the 1990s joining with the Republican majority after 1994 to

³⁴ William P. Jones, “Obama’s New Deal,” *The Nation*, <http://www.thenation.com/article/obamas-new-deal>.

³⁵ Robert Eden, “The Democratic Party: Honoring and Dishonoring the New Deal” in *The New Deal and Its Legacy: Critique and Reappraisal*, ed. Robert Eden, 215-240 (New York, NY: Greenwood Press, 1989), 218.

³⁶ William E. Leuchtenburg, *Franklin D. Roosevelt and the New Deal* (New York, NY: Harper and Row Publishers, 1969), 33.

³⁷ *Ibid.*, 33.

³⁸ *Ibid.*, 33.

³⁹ Eden, “The Democratic Party,” 215.

“dismantle” the New Deal with welfare reform and NAFTA.⁴⁰ This conceptualization is quite ironic in the face of historical fact. In the 1930s, the Democratic Party helped put the United States on the road to free trade in with the Reciprocal Trade Agreements Act of 1934 after decades of protectionism under Republican presidencies and Congresses. Hull, Roosevelt, and his administration sang a different tune, and the trade history of this era needs some cleaning and expansion.

However, before advancing further, a full explanation of the terms and concepts involved with international trade needs mentioning. The idea of “free trade” is vital. In short, free trade is the unhindered allowance of commercial relations and the ensuing exchange of products across political boundaries sans interference from law, regulation, or taxation.⁴¹ There is a continuum of terminology betwixt free trade and “autarky,” its opposite. Autarky is complete disconnection from the world economy.⁴² Autarky is an economically unnatural state. Autarkies are virtually impossible in the modern world; only pariahs like North Korea approach the condition. Even then, at least 5% of Pyongyang’s economy derives from exports of raw materials, minerals, and seafood to East Asian countries.⁴³ “Protectionism” is the condition amid free trade and autarky. Protectionism uses taxes on imports (tariffs), quotas on imports, and subsidies to “shield” parts of an economy from overseas competition.⁴⁴ “Protectionist” is the adjectival form. Reciprocal trade lowers tariffs and eliminates quotas as both sides negotiate reciprocated

⁴⁰ Edsforth, *The New Deal*, 5.

⁴¹ Paul Krugman and Maurice Obstfeld, *International Economics: Theory And Policy*, 7th edition (Toronto, ON: Addison Wesley, 2005), 5.

⁴² *Ibid.*, 4.

⁴³ World Fact Book, “Korea, North,” *Central Intelligence Agency*, <https://www.cia.gov/library/publications/the-world-factbook/geos/kn.html>.

⁴⁴ Krugman and Obstfeld, *International Economics*, 4.

concessions. This, in turn, moves both economies further from autarky or protectionism and towards free trade in a process called “trade liberalization.” Economists since the eighteenth-century have recognized the economic benefits of free trade in increasing real income.⁴⁵ In fact, free trade is so popular in academic circles that, in the *New York Times*, Gregory Mankiw described embracing free trade as the first position political candidates should adopt if they wished to attract the “voting bloc” of professional economists.⁴⁶ This lesson is not absolute; there are winners and losers from trade, and abstract theory does not always function in complicated reality. Nonetheless, these terms and techniques have value for assessing American trade policy in the 1930s.

International trade is a neglected aspect of economic policymaking, and commentators generally consider it a parched and unexciting topic. However, trade policy offers a fascinating glimpse at the interactions between diplomacy, economics, identity, and politics in a government or society. At once, trade policy is both foreign and domestic policy. This was the case in the 1930s. The New Deal period was vibrant for American diplomats despite the Great Depression. Diplomatic traditions from the nineteenth-century, such as internationalism, matured. President Woodrow Wilson (D-NJ) and his followers, the “Wilsonians,” developed a view of international peace and order during the Great War.⁴⁷ After the Second World War, Dean Rusk (Secretary of

⁴⁵ Ibid., 4.

⁴⁶ Gregory N. Mankiw, “What if the Candidates Pandered to Economists,” *New York Times*, July 13, 2008, <http://www.nytimes.com/2008/07/13/business/13view.html?ex=1373601600&en=d29d44dcc70127bf&ei=5124&partner=permalink&expprod=permalink>.

⁴⁷ Robert J. Bresler, “The Ideology of the Executive State: Legacy of Liberal Internationalism” in *Watershed of Empire: Essays on New Deal Foreign Policy*, eds. Leonard P. Liggio and James J. Martin, 1-18 (Colorado Springs, CO: Ralph Myles, 1976), 3.

State from 1961 to 1969) preserved Wilsonian ideals.⁴⁸ “Internationalism” involved collective security, organizations, stable governments, and removing trade barriers to promote prosperity and interdependence.⁴⁹ Hull was the foremost “liberal internationalist” in the United States in the 1920s, 1930s, and 1940s. He received praise for the promotion of such policies after the end of the Second World War. For instance, President Dwight D. Eisenhower (R-NY), Johnson, and Sam Rayburn (D-TX, episodically Speaker of the House from 1940 until 1961) thought highly of Hull and his diplomacy.⁵⁰ Internationalists always believed that trade wars eventually snowball into shooting wars, and the 1930s offered hard evidence of this process—the Smoot-Hawley tariff renewed protectionism, begat xenophobia, nationalism, and even the Second World War.⁵¹ International and domestic economics are interrelated, and borders never separate them. Indeed, political boundaries are entirely an arbitrary division from an economic viewpoint. A line on a map has zero input in determining the efficient operation of the world economy, as economists and moral philosophers (such as Adam Smith and David Ricardo) argued in the late eighteenth-century. The New Deal must include its international components, for it is impossible to remove such a part as large as reciprocal trade from the rest of the whole.

I have organized *Free Trade and the New Deal* somewhat chronologically, but mostly analytically. There are seven sections: this introduction, the historiography of trade in the 1930s, Smoot-Hawley, Hull’s political career (with the World Economic

⁴⁸ Ibid., 3.

⁴⁹ Ibid., 3.

⁵⁰ Michael Barone, *Our Country* (New York, NY: Free Press, 1992), 267.

⁵¹ Powell, *FDR’s Folly*, 45.

Conference), the Reciprocal Trade Agreements of 1934 regarding the Roosevelt administration and the New Deal, a section of analysis of New Deal trade economics and diplomacy, and a conclusion. My literature survey shows how international trade in the 1930s is a neglected aspect of the period. Smoot-Hawley includes background information on trade before 1900, the Great War, the Roaring Twenties, and the calamity of 1929. This part also describes Hoover's response to the Great Depression, how Hoover thought about tariffs, and examination of Smoot-Hawley's economics. Next, the spotlight shifts to Hull, his work before 1932, and his "fit" inside the New Deal. In addition, this section outlines the total collapse of the World Economic Conference in summer 1933. Lastly, I consider the Reciprocal Trade Agreements Act of 1934 in details. Free trade was an ingredient of the New Deal's response to the Great Depression for economic reasons. Reciprocal trade had a profound influence on the American economy and its diplomacy in the 1930s, and I explore this in analytical passages. There are more debates on the New Deal in the broader historiography than what I present here. Many of these are politically contentious, to say the least. Explaining the exact politics of the New Deal's legacy so far after the fact is not my objective here. Instead, I focus on one of the most underutilized topics of the history of the 1930s.

CHAPTER 2: HISTORIOGRAPHY ESSAY

There are several problems in the historiography of the New Deal, and the most crucial is the lack of treatment for trade policy. Writing a history about the 1930s, the Great Depression, and the New Deal is difficult in the first place, since the popular American mythos internalized the New Deal in the 1930s and the decades thereafter. It can be hard to separate the New Deal itself from its legacy. International trade normally lends itself more easily to diplomatic history; on the other hand, trade involves economic history. Yet, historians of diplomacy and historians of economic and social relations integrate poorly, and trade can “slip between the cracks.” There are diverse ways of approaching the New Deal in the historiography, and while tariff policy is not required of all of them, it would help with most. Critics of the New Deal (usually with a “conservative” bent in the political sense) neglect trade, though their ideology makes trade an oasis in the desert. In addition, what typically happens in New Deal histories is that the trade story focuses on Smoot-Hawley, maybe the World Economic Conference, and then falls silent. Lists, overall, are not friendly to the Reciprocal Trade Agreements Act of 1934. Relative depth of analysis can be a problem, even when texts mention reciprocal trade. Political history tends to dominate the academic conception of the New Deal, and diplomacy or economics goes on the backburner. Most critically, some texts only note Hull and tariffs once or, sometimes, not at all. There are several loci of study about the New Deal, and trade in the 1930s stands astride many of them. It is curious, then, that trade does not receive more attention.

The New Deal has taken on a life of its own, far beyond the actual content of the events in the 1930s. Liberals (in the modern, political sense) and the Democratic Party after the Second World War considered the New Deal an idyllic way to govern.⁵² For instance, liberal historian Arthur M. Schlesinger, Jr. documented the New Deal. He hoped a positive look at the New Deal could influence the John F. Kennedy (D-MA) and Johnson administrations to behave more like Roosevelt in using the “positive hand” of government to control the economy, reform society, and redress various social ills.⁵³ Liberal, political historians (such as James MacGregor Burns, Frank Freidel, William E. Leuchtenburg, Kenneth S. Davis, and the aforementioned Schlesinger) considered the New Deal a success.⁵⁴ Therefore, the heritage of the New Deal has a history of its own. It is difficult to delineate clearly amid political afterthoughts and the events of the 1930s in this environment. For focus, Ronald Edsforth defined the New Deal as, “the new President, the press, and everyone else in the country called the laws Congress began enacting just days after FDR took office [...] This New Deal [...] was America’s response to the Great Depression.”⁵⁵ Hence, the New Deal was principally legislation. As well, it was both a recovery and a reform effort. For example, the Glass-Steagall bill was unmistakably about reform, while things like the National Recovery Administration (NRA) were recovery instruments.⁵⁶ Tariffs and the 1934 bill definitely fit within this archetype for New Deal legislation.

⁵² Anthony J. Badger, *The New Deal: The Depression Years, 1933-1940* (Chicago, IL: Ivan R. Dee, 2002), 2-3.

⁵³ *Ibid.*, 2-3.

⁵⁴ Powell, *FDR’s Folly*, xv-xvi.

⁵⁵ Edsforth, *The New Deal*, 1.

⁵⁶ Clawson, *New Deal Planning*, 28.

In general, there is not synthetic material between diplomatic historians and economic historians in the historiography of the twentieth-century. Regrettably, one of the worst tendencies of American history is to imagine the United States in an international “vacuum”—in particular before heavy American involvement with the remainder of the planet after 1941.⁵⁷ Nonetheless, isolationist groups (despite their best efforts) did not disengage the United States’ economy from the global economy after the Great War, and the American economy grew in combination with a host of trading partners. Trade policy is in a naturally precarious position. Trade teeters between business history, diplomatic history, economic history, economic theory, and other viewpoints, as well. These diverse fields do not often interact; international trade suffers. Robert P. Murphy described it the most harshly: “But most historians know nothing about economics, and most economists know little about history.”⁵⁸ Trade liberalization sometimes bears mentioning in the historiography. However, even then, sometimes historians described it in bizarre or confusing terms (such as “purely permissive”).⁵⁹ Essentially, in the end, the history field sequestered trade policy to the diplomatic realm. To demonstrate, Robert Dalleck’s *Franklin D. Roosevelt and American Foreign Policy, 1932-1945* noted international trade in the 1930s over a dozen times, while the typical New Deal history is unusual if it brings it up once.⁶⁰ Irwin Gellman went into some detail

⁵⁷ Kenneth C. Davis, *Don’t Know Much about the Civil War: Everything You Need to Know About America’s Greatest Conflict but Never Learned* (New York, NY: William Morrow and Company, 1996), 196.

⁵⁸ Ronald P. Murphy, *The Politically Incorrect Guide to the Great Depression and the New Deal* (Washington, DC: Regnery Publishing, 2009), 1.

⁵⁹ Powell, *FDR’s Folly*, 126.

⁶⁰ Robert Dalleck, *Franklin D. Roosevelt and American Foreign Policy, 1932-1945* (New York, NY: Oxford University Press, 1981), 648.

about trade during the 1930s in *Secret Affairs*.⁶¹ Yet, the international market was still a part of the American domestic economy. If the New Deal was an economic program, then trade must fit into it to finalize the historical picture.

Academics use countless approaches to appraise and analyze the New Deal. Additionally, different books have different perspectives and objectives. International trade could be involved with many of them for economic reasons, but it still falls out. There are economic histories, like Jim Potter's *The American Economy between the World Wars*, which quantitatively analyzes the American economy from 1918 to 1941.⁶² There are political histories, too. For example, William J. Barber wrote *Designs within Disorder* on the politics of the "pseudoscience" of policymaking inside of the Roosevelt administration.⁶³ Elliot Rosen and *Roosevelt, the Great Depression, and the Economics of Recovery* (an important book for comprehending the historiography of the New Deal) concentrated on where the economic ideas of the Roosevelt administration came from—how Roosevelt "untangled it all and made policy decisions."⁶⁴ Yet, none of these texts included much of anything about trade in diplomatic or economic terms. Rosen wrote a chapter named "Trade Reciprocity," save for it is about the politics of trade, debates inside of the Roosevelt administration, and bureaucratic competitions.⁶⁵ This is not a pedantic attack on their entire approach, but rather something they missed. The tertiary

⁶¹ Irwin Gellman, *Secret Affairs: FDR, Cordell Hull, and Sumner Welles* (New York, NY: Enigma, 2003), 1-2.

⁶² Jim Potter, *The American Economy Between the World Wars* (New York, NY: John Wiley & Sons, 1974), 9.

⁶³ William J. Barber, *Designs within Disorder: Franklin D. Roosevelt, the Economists, and the Shaping of American Economic Policy, 1933-1945* (New York, NY: Cambridge University Press, 2006), 172.

⁶⁴ Elliot Rosen, *Roosevelt, the Great Depression, and the Economics of Recovery* (Charlottesville, VA: University of Virginia Press, 2007), 1.

⁶⁵ *Ibid.*, 132-50.

sources lack trade policy, too. For instance, Anthony Badger and his *The New Deal, the Depression Years, 1931-1940* attempted to whittle down the bulk of the New Deal historiography to a single survey.⁶⁶ Interestingly, though, Badger's text (which he gleaned from the rest of the historiography) had a characteristic lack of trade policy. There are still many serious, unresolved questions about the Great Depression and its era.⁶⁷ Free trade and the New Deal in the 1930s is one of them.

Evaluating the New Deal, either negatively or positively, is a titanic undertaking. There are many ways to do it, though. On the left of the spectrum, communists, nationalists, socialists, and New Left historians faulted the New Deal for not "going far enough" to punish business for the Great Depression.⁶⁸ They wanted a nationalization of private finance, reformed social castes, a banishment of income inequity, and economic collectivism.⁶⁹ These are extreme examples, and there are many other outlooks. D. H. Watkins described the Great Depression and the New Deal as a part of the American "story," as much as the Revolutionary War and the customary "shot heard 'round the world."⁷⁰ Watkins argued for social history and micro-history by telling the tales of individual families and people in the face of economic catastrophe. The New Deal was typically about economic recovery, but Edsforth occasionally brought other political triumphs of the New Deal to the forefront (such as improved Indian affairs, legal equity,

⁶⁶ Badger, *The New Deal*, ix.

⁶⁷ Frederick Marks, *Wind Over Sand: The Diplomacy of Franklin Roosevelt* (Athens, GA: University of Georgia Press, 1990), 3.

⁶⁸ Badger, *The New Deal*, 3.

⁶⁹ *Ibid.*, 3.

⁷⁰ D. H. Watkins, *Great Depression: America in the 1930s* (Boston, MA: Little, Brown and Company, 1993), 5.

and civil rights for African Americans).⁷¹ Enormous personalities color the history of the New Deal. Roosevelt, his advisors, cabinet, and the Brain Trust were vibrant, and they produced many “big names” in their own right. The challenges of the Great Depression never dimmed the enthusiasm of reformers, and they earned a nickname: “the New Dealers.”⁷² This produced autobiographies, biographies, bureaucratic history, institutional history, and intellectual history. Any of these methodologies have their place, but they cannot avoid the fact that the Great Depression and the New Deal were fundamentally economic developments. Under such circumstances, the omission of trade policy in the general historiography becomes a glaring issue.

Recent scholarship highlights the limitations of the New Deal purely in terms of fostering an economic recovery. Nevertheless, such commentary lacked a consistent message about trade policies. For example, Jim Powell in *FDR's Folly* berated the Smoot-Hawley tariff, but then he proposed that the Roosevelt administration raised tariffs (albeit slightly) and reduced them later with only minor economic consequences.⁷³ Powell did not present a singular message about trade and the New Deal here. Finis Farr in *FDR* criticized Roosevelt for supposed hypocrisy on war neutralities, Manchuria, China, and the burgeoning war in Europe.⁷⁴ Farr even conspiratorially accuses Roosevelt of foreknowledge of the attack on Pearl Harbor.⁷⁵ Therefore, Farr disliked the foreign policy of the Roosevelt administration—but he does not complain about its trade policy. Murphy's *The Politically Incorrect Guide to the Great Depression and the New Deal*

⁷¹ Edsforth, *The New Deal*, 286.

⁷² Watkins, *Great Depression*, 119.

⁷³ Powell, *FDR's Folly*, ix.

⁷⁴ Finis Farr, *FDR* (New Rochelle, NY: Arlington House, 1972), 374.

⁷⁵ *Ibid.*, 374.

strenuously undermines the “standard” story of the New Deal saving the United States from ruin. However, Murphy never mentioned Hull,⁷⁶ Japan (before the postwar occupation),⁷⁷ international trade in the 1930s,⁷⁸ or tariffs (outside of Smoot-Hawley).⁷⁹ A tariff bill emerged from the Congressional pipeline in 1934, and Murphy entirely neglected it. Other commentators left trade out of focus. For instance, the United States and Canada signed a trade deal in 1935, but Rosen did not delve into what it meant economically.⁸⁰ Rosen, instead, drove at non-economic concerns—the fights amid executive agencies, the Democratic Party, and Roosevelt himself.⁸¹ Roosevelt and the New Deal are more assailable in current historiography than they were in the past, but coverage of the international trade market has not expanded as a result.

Outside of the natural admonishments for Smoot-Hawley, derisive accounts of the New Deal lacked specifics on trade policy. Typically, the story of trade in the 1930s does not extend beyond the Smoot-Hawley tariff of 1930, or scholars omitted details. Returning to Powell, he discussed how the Revenue Act of 1934 raises a surcharge on oils, vegetables, and foods from the Philippines.⁸² Powell was obviously a free trader. Yet, without developing his point about trade policy, the passage about the Philippines seemed out of context and nitpicky for the sake of political gain (which were self-evident in the title of *FDR's Folly*). On Smoot-Hawley, Potter wrote, “By 1932 two dozen foreign governments had retaliated with tariffs of their own, with quotas and specifically

⁷⁶ Murphy, *The Politically Incorrect Guide to the Great Depression and the New Deal*, 196.

⁷⁷ *Ibid.*, 196.

⁷⁸ *Ibid.*, 196.

⁷⁹ *Ibid.*, 198.

⁸⁰ Rosen, *Roosevelt, the Great Depression, and the Economics of Recovery*, 136-37.

⁸¹ *Ibid.*, 136-37.

⁸² Powell, *FDR's Folly*, 79.

anti-American embargoes and, for these and other reasons, American exports fell by half.”⁸³ Potter was critical of Smoot-Hawley—but he stops. There was no point on the Reciprocal Trade Agreements Act of 1934. Amity Shlaes and *The Forgotten Man* had a strong thesis on tariffs: “Roosevelt’s desire to control tariff law worked to the benefit of the economy, for, through Cordell Hull, he undid some of the damage of the Smoot-Hawley tariff.”⁸⁴ Her argument, despite its firmness, had no evidence thereafter to back it up. John T. Flynn (a political pundit in the 1930s) wrote Hull stayed in office in 1933 to further his “febrile crusade for commercial reciprocity.”⁸⁵ These writers seemed aware of 1930s trade liberalization, but they never made a true argument about its nature with data.

Lists of New Deal programs were extremely unfriendly to Hull and the Reciprocal Trade Agreements Act of 1934. In addition, the former usually neglected to mention either of the latter. The New Deal had a persistent and long-lasting influence on the function and role of the United States’ federal government. The Hundred Days set the stage for Roosevelt’s whole presidency in a series of legislative breakthroughs.⁸⁶ Byron W. Daynes listed the Glass-Steagall Act (a bank reform law), the National Recovery Administration (or the NRA), the Security and Exchange Commission (SEC), a development of the Federal Trade Commission (FTC), the Agricultural Adjustment Administration (AAA), TVA, and Civilian Conservation Corps (CCC) as the main pillars

⁸³ Ibid., 98.

⁸⁴ Shlaes, *The Forgotten Man*, 8.

⁸⁵ John T. Flynn, *The Roosevelt Myth: A criticism of the New Deal and its creator* (Garden City, NJ: Garden City Publishing Company, 1948), 148.

⁸⁶ Byron W. Daynes, “Introduction” in *The New Deal and Public Policy*, eds. Byron W. Daynes, William D. Pederson, and Michael P. Riccards, 1-14 (New York, NY: St. Martin’s Press, 1998), 3.

of the New Deal in 1933 and 1934.⁸⁷ He did not have the Reciprocal Trade Agreements Act of 1934. Randall E. Parker noticed the “alphabet soup” of agencies: CCC, TVA, the Public Works Administration (PWA), the Federal Emergency Relief Administration (FERA), the Civil Works Administration (CWA), the Works Progress Administration (WPA), Social Security, the National Labor Relations Act (NLRA, or the Wagner Act)—nothing on trade.⁸⁸ Parker named everything else, but there is no “RT,” “RTTA,” or “TTA.” Kenneth S. Davis and *FDR: The New Deal Years 1933-1937* mentioned Hull regarding arms, the Italian invasion of Abyssinia, the World Economic Conference, and the Import-Export Bank—still nothing on trade.⁸⁹ The New Deal has the same problem in postsecondary education. For instance, a lecture from an online American history survey at the University of Wisconsin described the “radicalization” of the New Deal in 1934, but it has nothing on Hull or the Reciprocal Trade Agreements Act of 1934.⁹⁰ There was, also, a dearth of scrutiny when it comes to reciprocal trade.

There is not much depth to the analysis of American trade policy in the 1930s, and the standard version of the story concentrates on the early 1930s too much. An overreliance on the importance of the Smoot-Hawley tariff of 1930s is much of the problem. Take one example of this phenomenon. Murphy and *The Politically Incorrect Guide to the Great Depression and the New Deal* detailed that, “Total U.S. exports dropped from \$7 billion in 1929 to \$2.5 billion in 1932 though this fall was partially due

⁸⁷ Ibid., 3.

⁸⁸ Randall E. Parker, “Overview” in *The Economics of the Great Depression: A Twenty-first Century Look Back at the Economics of the Interwar Era*, ed. Randall E. Parker, 1-28 (London, UK: Edward Elgar, 2008), 25.

⁸⁹ Kenneth S. Davis, *FDR: The New Deal Years 1933-1937* (New York, NY: Random House, 1995), 744.

⁹⁰ Stanley K. Schultz and William P. Tishler, “‘Dr. New Deal’ Becomes ‘Dr. Win-the-War,’” *University of Wisconsin*, <http://us.history.wisc.edu/hist102/lectures/lecture20.html>.

to the general economic decline and to price deflation.”⁹¹ This was critical data, but Murphy’s notion is incomplete. He stopped at 1932. He never waded into trade policy under Hull and the Roosevelt administration. Barber offered broad coverage to economic policy under Hoover: the “high wage” doctrine,⁹² the Smoot-Hawley tariff,⁹³ monetary policy,⁹⁴ and farm policy,⁹⁵ with no benefit afforded tariffs under Roosevelt (even in his later books).⁹⁶ Yes, Smoot-Hawley was a monumental policy decision and a major tenet of the way Hoover failed to comprehend the scale and urgency of the Great Depression. Yet, it was not the conclusion of trade policy in the 1930s. To demonstrate, Rosen mentioned the Reciprocal Trade Agreements Act of 1934, but he does not go into its economics.⁹⁷ Another big problem in the historiography is how politics tended to overshadow any discussion of the New Deal. Political historians, in particular, hold the Roosevelt and the New Deal in high repute.⁹⁸ Politics sometimes forced the economics and trade policy into the backseat.

Political history generally dominates scholarly and popular conceptions of the New Deal and the Great Depression. The same is true with trade policy. For instance, the critical scholars of the New Deal—who are either conservatives or libertarians—have little incentive to look for trade liberalization during the New Deal, as it would undermine their criticisms of Roosevelt to a political audience. Rosen’s “Trade

⁹¹ Murphy, *The Politically Incorrect Guide to the Great Depression and the New Deal*, 45.

⁹² William J. Barber, *From New Era to New Deal: Herbert Hoover, the Economists, and American Economic Policy, 1921-1933* (New York, NY: Cambridge University Press, 1985), 88-91.

⁹³ *Ibid.*, 99.

⁹⁴ *Ibid.*, 115.

⁹⁵ *Ibid.*, 146.

⁹⁶ *Ibid.*, 213.

⁹⁷ Rosen, *Roosevelt, the Great Depression, and the Economics of Recovery*, 136.

⁹⁸ Powell, *FDR’s Folly*, xv-xvi.

Reciprocity” was a rich source: “In due course the debate over trade policy became enmeshed with the issue of potential U.S. involvement in what many sensed was an inevitable replay of the Great War.”⁹⁹ Hence, reciprocal trade was an issue of politics to Rosen and not economics. He described the situation as zero-sum. That is, groups fought for Roosevelt’s ear: “These developments served as background to a debate on the best route to agricultural recovery, with internationalists pitted against corporatists bent on autarky.”¹⁰⁰ Political and various other types of historians typically did not prefer to dig into the realm of economics. Hull receives attention from political historians but not much. Jordan A. Schwarz in *The New Dealers* included nothing on international markets, tariffs, and nothing on Hull outside of Democratic Party politics.¹⁰¹ The solitary reference to Hull in Joseph P. Lash’s *Dealers and Dreamers* was Hull as a successor to Roosevelt in 1940.¹⁰² Historians did not go far enough with trade, and they misinterpreted its significance to the era.

Scholars sometimes miss the importance of reciprocal trade to the New Deal and the lives of the 1930s or mischaracterize it in hostility to domestic programs. Rosen was a fruitful source, but here he has a primary citation. Newton D. Baker (Secretary of War under Wilson) wrote a letter to the *New York Times* on June 2, 1936 and stated Hull and freer trade programs were the most redeeming features of Roosevelt and the New Deal.¹⁰³ Yet, and quite curiously, Rosen then portrayed free trade as the antithesis of the New

⁹⁹ Rosen, *Roosevelt, the Great Depression, and the Economics of Recovery*, 134.

¹⁰⁰ *Ibid.*, 133.

¹⁰¹ Jordan A. Schwartz, *The New Dealers: Power Politics in the Age of Roosevelt* (New York, NY: Alfred A. Knopf, Inc., 1993), 399-411.

¹⁰² Joseph P. Lash, *Dealers and Dreamers* (New York, NY: Doubleday, 1988), 502.

¹⁰³ Newton D. Baker quoted in Rosen, *Roosevelt, the Great Depression, and the Economics of Recovery*, 141.

Deal: “[Internationalists like Hull] offered a coherent alternative to the New Deal’s insular program.”¹⁰⁴ This passage implied the New Deal was solely “insular” (isolated, like an island, even autarkic). Basic appraisal of the interrelation amid the world and domestic economies and the New Deal’s nature as a recovery program shows the “insular” hypothesis cannot be true. In other contexts, the lack of trade policy was strange. In an otherwise detailed economic history, Potter included twenty-eight charts and graphs over 155 pages of body text (an approximate ratio of two visual displays per eleven pages).¹⁰⁵ Yet, besides a table to show the United States’ change in status from net debtor to net creditor nation between 1908 and 1918, Potter gave no attention to trade past Smoot-Hawley.¹⁰⁶ Roosevelt went from “Dr. New Deal” to “Dr. Win-the-War” in the 1930s,¹⁰⁷ but Roosevelt was “Dr. Trade,” as well. Liberal internationalism is a forgotten element of the recovery plan.

Seminal works on the New Deal and the Great Depression give Hull and tariffs only a single mention. Davis called on international trade during the New Deal only once, and he did it in the context of the World Economic Conference.¹⁰⁸ He had nothing on trade after 1933. Badger named Hull once in his entire volume (despite the influence Hull had on agriculture and other export-oriented industries) and, again, in the context of the London conference.¹⁰⁹ Carl H. Mote and *The New Deal Goose Step*, an obviously reproachful work, sneered once at free traders as an “elitist” product of New England’s

¹⁰⁴ Ibid., 141.

¹⁰⁵ Potter, *The American Economy Between the World Wars*, 7.

¹⁰⁶ Ibid., 25.

¹⁰⁷ Schultz and Tishler, “‘Dr. New Deal’ Becomes ‘Dr. Win-the-War.’”

¹⁰⁸ Davis, *FDR*, 131.

¹⁰⁹ Badger, *The New Deal*, 62.

posh universities.¹¹⁰ After that, Mote included no more for trade. Frederick W. Marks criticized reciprocal trade in the 1930s for precisely one paragraph in *Wind over Sand: the Diplomacy of Franklin Roosevelt*.¹¹¹ The topic faded from view and long before important deals with allies, such as Britain and Canada, happened.¹¹² *The Presidency of Franklin Delano Roosevelt* by George McJimsey was a massive work on the life and political career of Roosevelt. McJimsey included only two sentences on Hull, and both of these were in a political context.¹¹³ Barber's *Designs within Disorder* included Smoot-Hawley just once, and he then skips to Lend-Lease before trade bears mentioning again.¹¹⁴ In total, Barber's 171 pages of body text mentioned Hull only once—paradoxically, as well, in the exact same paragraph as the Smoot-Hawley tariff.¹¹⁵ Hull's career made this quite an irony.

Troublingly, major works with the New Deal as their central focus have nothing at all on liberalization, Hull, and the Reciprocal Trade Agreements Act of 1934. Academic histories and popular accounts both have this problem. Peter Fearon biased *War, Prosperity, and Depression: The U.S. Economy, 1917-45* towards economic topics; Fearon mentions the Smoot-Hawley tariff eight times.¹¹⁶ However, Fearon offered no converge of tariffs after 1933—including the New Deal, Hull's career, the Reciprocal Trade Agreements Act of 1934, or anything. To Flynn, minus the one critical sentence in

¹¹⁰ Carl H. Mote, *The New Deal Goose Step* (New York, NY: Daniel Ryerson, Inc., 1939), 232.

¹¹¹ Marks, *Wind Over Sand*, 242.

¹¹² *Ibid.*, 242.

¹¹³ George McJimsey, *The Presidency of Franklin Delano Roosevelt* (Lawrence, KS: University Press of Kansas, 2000), 350.

¹¹⁴ Barber, *Designs within Disorder*, 154.

¹¹⁵ *Ibid.*, 176-77.

¹¹⁶ Peter Fearon, *War, Prosperity and Depression: The U.S. Economy, 1917-45* (Lawrence, KS: University Press of Kansas, 1987), 292-293.

a previous paragraph, free trade did not come into analysis until after the conclusion of the Second World War.¹¹⁷ Flynn glossed the Roosevelt administration's trade policy in the New Deal era. Farr brought Hull up, but mostly in 1939 and 1940 when Roosevelt sought a potential successor before running for his third term in the White House.¹¹⁸ To reiterate, Roosevelt put Hull on a short list of candidates to become the thirty-third president long before Harry S. Truman (D-MO).¹¹⁹ Nonetheless, this was not the full extent of Hull's time as Secretary of State. Popular histories were similar. For instance, Michael Barone and *Our Country* played up Hull's wherewithal in Congress and in the presidential election of 1940, but there is nothing about his initiatives on tariffs while in the executive branch.¹²⁰ Trade policy just does not attract much attention from many authors in the historiography.

International trade relationships during the 1930s are a low priority in other books. For illustration, Roger Biles' *A New Deal for the American People* had 233 pages of body text on the New Deal, yet nothing on Hull or trade after the Smoot-Hawley tariff or the World Economic Conference.¹²¹ *The New Deal and its Legacy*, edited by Robert Eden, was a collection of twelve essays, the cream of over a hundred submissions on the heritage the United States owes to the New Deal.¹²² None of its articles put the economy

¹¹⁷ Flynn, *The Roosevelt Myth*, 167.

¹¹⁸ Farr, *FDR*, 324.

¹¹⁹ *Ibid.*, 324.

¹²⁰ Barone, *Our Country*, 780.

¹²¹ Roger Biles, *A New Deal for the American People* (DeKalb, IL: Northern Illinois University, 1991), 266-68.

¹²² Robert Eden, "Preface" in *The New Deal and Its Legacy: Critique and Reappraisal*, ed. Robert Eden, iv-xi (New York, NY: Greenwood Press, 1989), vii-viii.

or trade under the microscope.¹²³ In *New Deal and Public Policy*, Daynes argued the Second New Deal (the New Deal from 1934 to 1936) was the truly important and enduring part of the Roosevelt program.¹²⁴ The Second New Deal had a role in expanding unionization, welfare, and creating Social Security.¹²⁵ The Reciprocal Trade Agreements Act of 1934 fits this timeline, but Daynes did not include it. Social histories of the New Deal, for all their other merits and objectives, were the most egregious when it comes to the neglect of trade policy. Watkins did not mention trade,¹²⁶ or tariffs,¹²⁷ but he did find the time for nine references to Father Coughlin,¹²⁸ four of Woody Guthrie,¹²⁹ and four on the Federal Arts Project.¹³⁰ Robert Himmelberg and *The Great Depression and the New Deal*, in spite of all the economic history implied in its title, had no discussion of Hull. In contrast, it has four mentions of Roosevelt's packing scheme for the Supreme Court.¹³¹ Political and social history does not mesh well with trade. Moreover, at times, some historical events of the 1930s and their seeming totality cloud historians' conclusions about trade.

The World Economic Conference was a huge part of international trade's narrative in the 1930s. The conference focused, in part, on repairing the channels and volumes of international commerce lost in the early Great Depression. However, the conference exploded and failed late in the summer of 1933, and its implosion left

¹²³ Ibid., vii-viii.

¹²⁴ Daynes, "Introduction," 3-4.

¹²⁵ Ibid., 3.

¹²⁶ Watkins, *Great Depression*, 368.

¹²⁷ Ibid., 374.

¹²⁸ Ibid., 365.

¹²⁹ Ibid., 367.

¹³⁰ Ibid., 366.

¹³¹ Himmelberg, *The Great Depression and the New Deal*, 180-81.

historians prone to forgetting about trade policy afterwards. Hull traveled to London to lower tariffs in order to increase American commercial relationships abroad. In the end, Hull accomplished next to nothing in Britain. There was a spat between Hull and protectionist-minded Raymond Moley, and Roosevelt eventually soured on the conference's monetary goals. Moley objected to reciprocal trade because he believed it would cost the United States jobs and entangle the nation in another European war.¹³² The supposed finality of London's failure makes the New Deal appear more "domestic," but it was only a temporary setback. The situation changed in 1934, but most scholars missed it. Powell refers to Hull kicking Moley out of the Department of State in 1933, but there is nothing on Hull and reciprocal trade further down the road.¹³³ Potter listed Hull as the head American envoy to the meeting in Britain, but he includes no information beyond this, such as Hull backing the United States away from Smoot-Hawley protectionism after 1934.¹³⁴ These examples are a part of a trend. Hull did hate Moley for supporting autarky and lobbying Roosevelt to the point that the president opposed trade liberalization through much of 1933.¹³⁵ Nonetheless, this does not give historians a "free pass" to neglect tariffs and trade policy. The New Deal was not exclusively an insular program, and Hull did not quit going into 1934.

Historians typically subsume tariff policy underneath the paradigm of Roosevelt's "Good Neighbor" policy of non-interventionism in Latin America. This is an important connection, but trade was a broader theme in the era. To demonstrate, Edsforth wrote,

¹³² Rosen, *Roosevelt, the Great Depression, and the Economics of Recovery*, 137.

¹³³ Powell, *FDR's Folly*, 12.

¹³⁴ Potter, *The American Economy Between the World Wars*, 161.

¹³⁵ Rosen, *Roosevelt, the Great Depression, and the Economics of Recovery*, 31.

“His [Roosevelt’s] ‘Good Neighbor’ renunciation of the use of force in the Caribbean and Latin American countries, and Secretary of State Cordell Hull’s pursuit of more liberal trading arrangements with ‘most favored nations’ were significant international initiatives.”¹³⁶ The full title of Edsforth’s book was *The New Deal: America’s Response to the Great Depression*, yet he blazed through Hull’s programs and did not notice the importance of international trade, exports, and imports to the domestic economy. Trade was being a Good Neighbor, but it was more than that—it was a critical factor in the ordering of the United States’ “house,” as well. Robert F. Smith, in “The Good Neighbor Policy,” emphasized reciprocal trade in the 1930s as an issue in Latin America—unrelated to the New Deal or economic recovery.¹³⁷ Smith said, “The Reciprocal Trade Agreement of 1934 lowered the U.S. duty on Cuban raw sugar, and gave U.S. goods various concessions in the Cuban market.”¹³⁸ Hence, Hull and his programs enjoyed progress in Cuba. Yet, Smith placed this under the heading of the Good Neighbor policy, and he did not attach valuations about the trade deal for the embryonic American recovery. Historical scholarship, overall, blithers past tariffs and international trade policy in the 1930s. This is fascinating considering the focus on the topic after 1945 and the Second World War.

Numerous commentators perplexingly recall trade after 1945 but forget it beforehand. There was a large quantity of important developments in the international economy immediately after the cession of hostilities in 1945. The Allies created the

¹³⁶ Edsforth, *The New Deal*, 282.

¹³⁷ Robert F. Smith, “Good Neighbor Policy” in *Watershed of Empire: Essays on New Deal Foreign Policy*, eds. Leonard P. Liggio and James J. Martin, 65-94 (Colorado Springs, CO: Ralph Myles, 1976), 89.

¹³⁸ *Ibid.*, 78.

United Nations (UN), the Bretton Woods system, the General Agreement on Tariffs and Trade (GATT), the International Monetary Fund (IMF), and the World Bank to enforce security and enable freer trade through monetary stability and tariff reductions. Edsforth was a palpable example of this trend; he made a note of every one of the above organizations, but he did not have much of anything on trade during the 1930s.¹³⁹ Ironically, Edsforth wrote, “In the 1940s, *the New Dealers enshrined* international collaboration in economic development, currency stabilization, *and tariff reduction* as the guiding principles of the foreign economic policy of the United States” [emphasis added].¹⁴⁰ Edsforth was astute in his assessment of the postwar victory of liberal internationalism; however, he somehow missed an entire decade of diplomatic and economic initiatives. The New Dealers of the 1930s attempted to codify internationalism and reciprocal trade as the foreign policy of the United States, though they did not have tremendous success until after 1945. Yet, they did try. Similarly, Rosen noted, “Though the anti-statist, open-market globalists made scant headway in these years; they had overcome Peek’s approach to agricultural recovery based on autarky and a corporatist economy.”¹⁴¹ The reciprocal trade of the Roosevelt administration might have been “scant” in a relative sense, but it still merits inclusion. Trade policy is economic policy. Hull and the free traders had their day in the 1930s, and trade fits into the New Deal. It deserves some sort of analysis on the level of its economics, as well.

¹³⁹ Edsforth, *The New Deal*, 32-33.

¹⁴⁰ *Ibid.*, 32.

¹⁴¹ Rosen, *Roosevelt, the Great Depression, and the Economics of Recovery*, 150.

Quite paradoxically, the scholars closer in actual memory to the 1930s do the best job in describing reciprocal trade's role in the period. Sometimes it can be difficult to separate history from journalism given the timeframes involved and the availability of sources. Conversely, and incongruously, older historians—with the least access to archival records on the Hoover and the Roosevelt administrations—pay the most attention to international trade. For instance, Basil Rauch and *History of the New Deal 1933-1938*, which first saw press in 1944, had thirteen mentions of Hull and nine of the Reciprocal Trade Agreements Act of 1934.¹⁴² Evidently, the memory of reciprocal trade was fresher in the 1940s and 1950s, and it dimmed with time. To demonstrate this point, take the career of William E. Leuchtenburg. He won a Bancroft Prize for his classic *Franklin D. Roosevelt and the New Deal* in 1963. That book recorded the significance of reciprocal trade to the Roosevelt administration.¹⁴³ Leuchtenburg included a relatively copious amount on tariffs and trade, and he managed to do it without admission to the personal papers of Hull, Roosevelt, and other major figures from the Great Depression.¹⁴⁴ Later, Leuchtenburg returned to the New Deal in *The FDR Years* of 1995. However, somewhere between 1963 and 1995, Leuchtenburg forgot about trade policy. *The FDR Years* made no references to reciprocal trade, the Smoot-Hawley tariff, the World Economic Conference of 1933, or the international economy of the 1930s.¹⁴⁵ The historiography grows and changes over time, but this course is not always automatic an improvement. Historical conceptions of the 1930s in terms of cultural and social history

¹⁴² Basil Rauch, *History of the New Deal 1933-1938* (New York, NY: Octagon Books, 1975), 359-64.

¹⁴³ Leuchtenburg, *Franklin D. Roosevelt and the New Deal*, 200, 203, 204-05, 208.

¹⁴⁴ *Ibid.*, 352.

¹⁴⁵ William E. Leuchtenburg, *The FDR Years* (Columbia, NY: Columbia University Press, 1995), 370-73.

expanded, but the idea of the New Deal itself shrunk and desiccated itself of trade policy in the process. This change needs some redressing.

There is an opening in the historiography of the New Deal, the Great Depression, and America in the 1930s on the subject of trade policy. The New Deal is a complicated subject in itself, as so many have already said so much about it, and Roosevelt's time in the White House has a mythology of its own. Trade policy does not naturally have a "home" subfield: business history, economy history, diplomatic history, and other modes of analysis tend to concentrate on different subjects and do not integrate with each other. There are divergent means for appraising the New Deal, in good or bad terms, and trade skirts between them. Economic historians do not approve of the New Deal to the same degree as political historians, but ideological views of the New Deal and the Great Depression perhaps keep some "conservative" critics of the Roosevelt administration from realizing trade's role in the decade. The designers of the New Deal trusted the government to ensure economic stability and performance, but free trade implicitly relies on the natural flow of commerce, free markets, and capitalism. Thus, Hull and reciprocal trade cut across the modern political spectrum in interesting, complicated ways. Furthermore, narrative histories tend to dance around reciprocal trade in the 1930s, as well. They hit popular topics: the Smoot-Hawley tariff, the World Economic Conference, the United Nations, the Bretton Woods system, but not the Reciprocal Trade Agreements Act of 1934. The evidence clearly suggests there was an underrepresentation of reciprocal trade in the general histories of the New Deal and the Great Depression, and there is a fissure worth explanation.

CHAPTER 3: THE SMOOT-HAWLEY TARIFF

The trade story of the 1930s properly began in 1929 with the stock market crashes, an economic apocalypse, and the early Great Depression. Tariffs were a heated issue through most of the course of early American history. The Great War and the Roaring Twenties were a bit of a respite, but problems in the international economy never went away. In 1929, the stock market cratered after a strong decade in the 1920s, and the Hoover administration responded by passing the Smoot-Hawley tariff in the middle of 1930. High tariffs, an ensuing trade war, stagnation in the rural economy, atrocious monetary policy, and other factors quickly combined to produce the early onset of the Great Depression. President Herbert Hoover, on the other hand, clung to the Smoot-Hawley tariff, and a reversal in American trade policy was not possible until Franklin D. Roosevelt came into the White House. The Smoot-Hawley tariff had its adherents, and it might have even been a political success for Hoover and the Republican Party through 1930 and 1931. Yet, the American economy failed to improve in the early 1930s. Things were worse after a few years of Smoot-Hawley protectionism. In 1933, as much as 30% of the American labor pool was out of a job, and total economic output probably shrunk a very similar proportion over the same phase. Economic analysis shows that Smoot-Hawley damaged American exporters in the world economy. Hoover and the Republican majority of the 1920s had their way with a higher tariff in 1930, which produced disastrous results. It took a Democratic administration and its iconic New Deal to engender a new change after 1934.

The Background of Foreign Trade

Tariffs were possibly the most significant diplomatic, economic, and political question in the United States in the nineteenth-century (outside of, of course, slavery). Washington primarily financed itself from the revenue of a high tariff before the daybreak of the twentieth-century and involvement in world politics.¹⁴⁶ Sectional differences developed over trade. The agricultural South and, prior to the 1870s industrialization, the Midwest desired lower tariffs to made trade easier with Europe. Nevertheless, Northeastern industry wanted a breather from competition with European firms and sole access to Midwestern food. Tariffs were a sore issue in the South, which depended on cotton exports.¹⁴⁷ A lower tariff was part of the rationale for the Confederate States of America.¹⁴⁸ Washington gradually raised tariffs through the closing years of the nineteenth-century; this consistently sent the message that the United States was not interested in joining an international community of nations or solving global economic problems.¹⁴⁹ Then, in 1898, the Spanish-American War greatly helped in forging the modern, nationalized political system of two major parties.¹⁵⁰ Republicans rallied around the Northeast and the high tariff policies of President William McKinley, and Democrats and southerners coalesced in favor of a lower tariff, if only in antagonism.¹⁵¹ Even at this relatively early stage of American economy history, the United States' tariff could acutely pressure foreign economies. In 1911, for instance, when Washington raised tariffs

¹⁴⁶ Schwartz, *The New Dealers*, 14.

¹⁴⁷ *Ibid.*, 14.

¹⁴⁸ *Ibid.*, 14.

¹⁴⁹ Potter, *The American Economy Between the World Wars*, 81.

¹⁵⁰ Harold B. Hinton, *Cordell Hull* (Garden City, NJ: Doubleday, Doran & Company, Inc., 1942), 66.

¹⁵¹ *Ibid.*, 66.

against Canada, the Liberal government of Wilfrid Laurier fell after it was unable to contain the nationalistic outburst of the Conservative opposition against the high American tariff.¹⁵² Trade mattered more and more with industrialization, the necessity of markets to absorb increased production, economic expansion, American involvement overseas (including a modest empire), and the coming of the Great War.

Industrialization and expansion in the early twentieth-century radically altered the United States' economy. High tariffs were somewhat divorced from reality by this point, as it protected supposedly "infant" industries while the American economy grew to be the largest on the globe. Tariffs protected select industries from foreign competition.¹⁵³ The result was a high amount of growth in concentrated industries, like automobiles and construction.¹⁵⁴ This limited the overall level of economic diversification in the American economy, and made the country extremely vulnerable to recession in the case of a significant downturn in an overdeveloped industry. The tariff did not change, though: "It was not until Woodrow Wilson's election to the presidency in 1912 that any major reduction was made to the tariff."¹⁵⁵ In the 1910s, the liberal ideology on trade policy finally came to the forefront, and Wilson's free trade philosophy influenced a young Democratic Congressman from Tennessee named Cordell Hull. International trade could benefit industries, but other groups gained, as well. For example, American farmers enjoyed the biggest boom period in their entire history during the Great War. Battles in Europe destroyed European capital and land, and virtually all able-bodied men entered

¹⁵² Richard N. Kottman, "Herbert Hoover and the Smoot-Hawley Tariff: Canada, a Case Study," *The Journal of American History* 62:3 (Dec. 1975), 612.

¹⁵³ Biles, *A New Deal for the American People*, 9.

¹⁵⁴ *Ibid.*, 9.

¹⁵⁵ Potter, *The American Economy Between the World Wars*, 80.

military service. Europe paid farmers in the United States to take up the slack. In 1910, wheat sold at \$0.91 per bushel in Chicago and Americans grew 625 million bushels on 45.8 million acres.¹⁵⁶ Prices surged after the start of the war to \$2.00 per bushel, and production expanded to a billion bushels per year on 60.3 million acres of land.¹⁵⁷ This boom provided a benefit for agriculture, but it risked overextension and overplanting in the 1920s and the 1930s. In addition, a high volume of international trade meant the United States was involved in repairing the world economy from the ruin of the Great War. It was not an easy process, and it created imbalances.

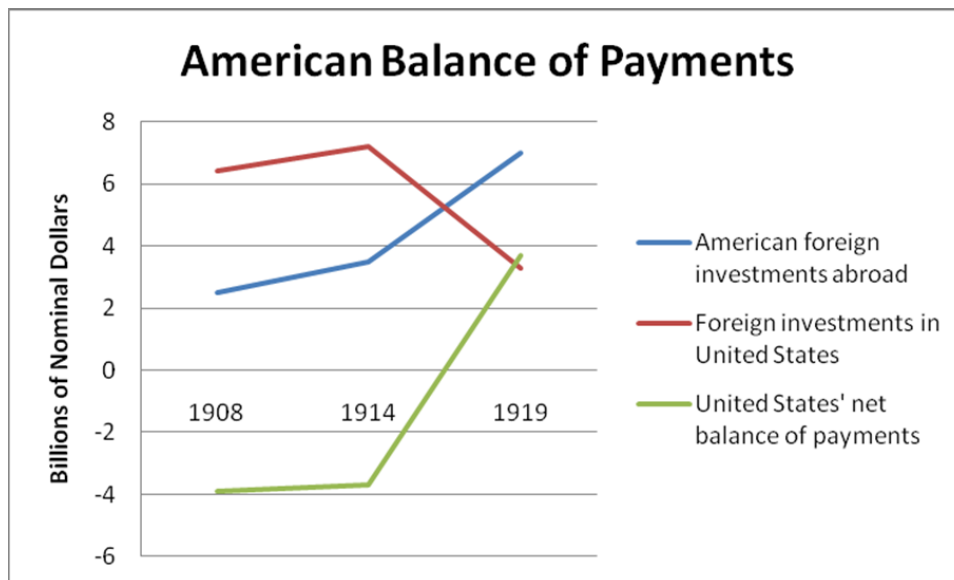


Figure 3.1 - The above chart shows the transformation of the United States from a “net debtor nation” where foreigners invest more in the United States than American do abroad into a “net creditor nation” where the opposite is true.¹⁵⁸ The vital transition took place during the Great War, where European governments direly needed American capital to finance their huge war.

¹⁵⁶ Watkins, *Great Depression*, 44.

¹⁵⁷ *Ibid.*, 44.

¹⁵⁸ Potter, *The American Economy Between the World Wars*, 25.

The Roaring Twenties

The “Roaring Twenties” followed a sharp but succinct recession immediately after the Great War. Historians long argued whether the Roaring Twenties was a boom or a bust period. Either way, the 1920s produced a vigorous economy. Naturally, the sobriquet of the “Roaring” Twenties covered undesirable social developments outside of the realm of economics. Jim Potter listed apathy, corruption, hedonism, hypocrisy, intolerance, radicalism, smugness, violence, and xenophobia.¹⁵⁹ He also mentioned lower voter participation levels, the Teapot Dome scandal, modernist authors like F. Scott Fitzgerald, Bruce Fairchild Barton (who quipped Jesus Christ was “the founder of modern business”), Red Scares and Palmer Raids, the Immigration Act of 1924, jingoism, the Klu Klux Klan, and isolationism.¹⁶⁰ The Roaring Twenties were a dynamic time, which entailed change, upset, and inequalities in the daily lives of Americans.¹⁶¹ In particular, some industries expanded quickly. Subsequent job losses and displacements troubled workers and families. A dynamic economy is always reallocating resources and labor from unproductive industries to new, growing parts of the economy. Regular people face a high level of uncertainty and temporary unemployment in such a situation. Hence, popular anxiety in such a condition was a perfectly reasonable approach to the Roaring Twenties. Nevertheless, the American economy grew fast: industrial activity expanded

¹⁵⁹ Ibid., 42-43.

¹⁶⁰ Ibid., 42.

¹⁶¹ Ibid., 42.

from index 85 in 1933 to index 118 by 1929 (a 38.82% increase in seven years, or 5.54% on average per year).¹⁶²

Such growth benefited the American worker in the 1930s despite the high rank of prices in the United States. High productivity supported high wages. For instance, in 1925, for each dollar of wage the average American factory worker produced \$2.50 worth of production, while the average British factory employee produced only \$2.14.¹⁶³ This translated into higher salaries in the end. In nominal dollars, American factory laborers averaged \$1,280 in salaries a year and produced \$3,194 worth of output.¹⁶⁴ In contrast, wages were only \$513 in Britain and output a mere \$1,096.¹⁶⁵ However, Americans workers faced some of the highest prices in the world during the Roaring Twenties. A price index from 1928 found a basket of consumer goods cost \$2.20 in Philadelphia, \$1.90 in Ottawa, \$1.76 in Berlin, \$1.64 in London, with the whole of Europe ranging between \$1.83 (in Copenhagen) and \$1.22 (in Brussels).¹⁶⁶ Despite this, real wages were still highest in the United States. In 1928, if real wages in Philadelphia were set at 100, then wages in Ottawa were 80, London was 53, Berlin was 35, and Europe distributed itself from 64 in Copenhagen to 27 in Rome.¹⁶⁷ In sum, American workers labored hard and did the best job combining their efforts with modern technology and capital. Therefore, they were able to overcome high domestic prices and

¹⁶² "Memorandum for the Secretary," January 14, 1930, Economic Statistics (1930-1933), Box #11, Cabinet Office Series, Presidential Papers, *Herbert C. Hoover Papers*, Hoover Presidential Library (West Branch, IA).

¹⁶³ Hinton, *Cordell Hull*, 190.

¹⁶⁴ *Ibid.*, 190.

¹⁶⁵ *Ibid.*, 190.

¹⁶⁶ "Real Wages," March 18, 1929, Undated, Tariff, Box #88, Subject File, *Cordell Hull Papers*, Library of Congress (Washington, DC).

¹⁶⁷ *Ibid.*

take home a higher real wage. Yet, for the enlargement in the commercial and industrial economies, there was a downside.

The “dark side” of the Roaring Twenties came in the form of an agricultural depression. The price of agricultural products plummeted after European farming recovered from the Great War. To put it bluntly, farm prices collapsed after 1920. In 1919, wheat sold at \$2.19 per bushel in Chicago, but in 1929, a bushel garnered only \$1.05.¹⁶⁸ Farmers had to borrow more money to purchase equipment against falling prices and then more land to amortize the cost of that newer machinery.¹⁶⁹ American farmers needed higher prices to meet loan payments on land and capital. The Great War gave the United States an incentive to expand food production, but the boom turned into overproduction and a glut.¹⁷⁰ The *laissez-faire* solution would call on low prices to force inefficient acres and farms out of production, thereby reducing the quantity produced, and therefore driving prices up to a sustainable level. Conversely, this outcome was politically and socially unworkable—it was far too difficult to ask millions of people to leave their farms and their traditional way of life. Farmers, desperate to stay ahead of their neighbors, planted more and more acres each year in an attempt to exploit economies of scale and generate more cash. Tragically, big harvests only drove prices down more. Agriculture never approached industry in terms of economic parity or expansion during the Roaring Twenties.¹⁷¹ There was this problem at home, and there were economic problems abroad, as well.

¹⁶⁸ Watkins, *Great Depression*, 44-45.

¹⁶⁹ *Ibid.*, 44-45.

¹⁷⁰ *Ibid.*, 44-45.

¹⁷¹ Clawson, *New Deal Planning*, 34.

American foreign and trade policy made several mistakes in the process of emerging out of the Great War in the Roaring Twenties. The reestablishment of the balance of exchanges in capital and goods between North America and Europe was a principal misfortune. The United States' new status as a net creditor nation compounded the problem, as most European nations were unable to repay war debts. High tariffs in the 1920s kept European and other foreign goods relatively uncompetitive in the United States.¹⁷² Consequently, Europeans could only pay off old loans with new loans, the liquidation of assets in the United States, or in precious metals.¹⁷³ To quote Anthony Badger, "It would be difficult for European nations to sell enough goods on the American market to repay their war loans."¹⁷⁴ This created imbalance, insolvency throughout the American financial system, and weakness in the European economy. Indeed, only repayment or a complete write-off can erase the memory of a bad loan from a balance sheet. In 1941, a message inside the Department of State listed the foremost failures of the 1920s: protectionism (as lower tariffs would have allowed Europe to pay back loans), missed opportunities for expanded foreign trade, slow international redistribution of capital, and unstable currencies.¹⁷⁵ Structural problems in the aftermath of the Great War needed addressing, but the Republican majority of the 1920s maintained a high tariff schedule. There was little impetus to change to the ruling party while the American economy appeared substantial and muscular.

¹⁷² Rosen, *Roosevelt, the Great Depression, and the Economics of Recovery*, 46.

¹⁷³ *Ibid.*, 46.

¹⁷⁴ Badger, *The New Deal*, 30-31.

¹⁷⁵ Department of State Memorandum, December 12, 1941, Postwar Planning, Box #85, Subject File, *Cordell Hull Papers*, Library of Congress (Washington, DC).

Economic diplomacy and tariffs were not controversial subjects in the Roaring Twenties. The Democratic Party lowered tariffs under the Wilson administration in the 1910s. In 1920, the Republican Party swept back into power in one of the greatest electoral triumphs in American history. Republicans reinstalled a high level of protectionism with the Emergency Tariff of 1921 and the Fordney-McCumber tariff of 1922. The federal government essentially left tariffs alone after that, until 1930, due to the veneer of a strong industrial economy. Primary producers were at a natural disadvantage in terms of relative prices in the period between the Great War and the Second World War.¹⁷⁶ Input prices, relative development in different sectors of the economy, and land availability all favored manufacturing over agriculture and resource extraction.¹⁷⁷ As well, Northeastern industry traditionally benefitted the most from the protective tariff. However, in the Roaring Twenties, tariffs shielded agriculturalists, too. In 1924, consumers paid a tariff on over \$780 million worth of materials entering to the United States in competition with farms.¹⁷⁸ Protectionism existed, but a fair amount of imports still came into the United States without a duty. In nominal dollars, 1924's imports totaled \$3.61 billion—\$2.08 billion, or 57.62%, was duty-free.¹⁷⁹ Politicians did not make tariffs much of an issue for society; voters did not demand it. The Democratic Party's platform in 1928 was virtually the same as the Republican one on trade policy;

¹⁷⁶ Potter, *The American Economy Between the World Wars*, 26.

¹⁷⁷ *Ibid.*, 26.

¹⁷⁸ "Value of Imports on Which There is a Duty for the Protection of Farmers: Fiscal Year 1924," *Reed Smoot Papers*, Library of Congress (Washington, DC).

¹⁷⁹ *Ibid.*

both sides called for tariffs “to equalize the cost of production” between competing states.¹⁸⁰ This situation changed drastically in 1929.

Duty classification of 1924's imports	Volume	Percent
Imports <i>without</i> any tax on the import	2,080,000,000	57.62%
Imports <i>in competition</i> with farms with duty	780,000,000	21.60%
Imports <i>in non-farm industry</i> with duty	750,000,000	20.78%
Total imports for fiscal year 1924	3,610,000,000	100.00%

Figure 3.2 – The above chart shows imports into the United States in 1924 by tariff duties, destined industry, and all in 1924 dollars.¹⁸¹ Agriculture had many disadvantages during the Roaring Twenties, but the sum amount of import taxes actually collected was higher on farm production than on non-farm output. On the other hand, the duty-free imports were usually more agricultural than otherwise, and they put the besieged American farmer into a worse spot.

The Economic Crisis of 1929

The American economy teetered off a precipice in 1929. Eventually, it crashed into the Great Depression the next year. The Great Depression was a cataclysm. Employment, economic growth, prices, and gross domestic product (from the peak in 1929) did not completely recover until 1942. Modern explanations considered the Great Depression as a monetary phenomenon.¹⁸² The fundamental, human error of the Great Depression was confusion and poor leadership within the young Federal Reserve System.¹⁸³ Notably, the Federal Reserve learned an incorrect lesson in the petite recession immediately after the Great War. The Fed raised short-term interest rates to maintain price stability in the face of a recession—normally a deflationary event—from 1918 to

¹⁸⁰ Cordell Hull, *The Memoirs of Cordell Hull* (New York, NY: The Macmillan Company, 1948), 1:130-31.

¹⁸¹ “Value of Imports on Which There is a Duty for the Protection of Farmers: Fiscal Year 1924,” *Reed Smoot Papers*, Library of Congress (Washington, DC).

¹⁸² Parker, “Overview,” 12.

¹⁸³ Shlaes, *The Forgotten Man*, 7.

1921 without adverse effects.¹⁸⁴ The Federal Reserve System was two decades old by the late 1920s, but central bank officials did not clearly understand how to adjust monetary policy, and their actions deepened an economic downturn. In hindsight, the Fed's actions ran counter to the recommendations of economists and the decisive *The General Theory of Employment, Interest, and Money*, which John Maynard Keynes published in 1936. The Fed essentially thought it could “tighten” monetary spigots to guard against inflation even during a slump. The Fed lacked any commanding leadership in the late 1920s. Benjamin Strong, the governor of the New York Fed from 1914 to 1928, retired due to ill health.¹⁸⁵ His successor, George L. Harrison, was a lawyer and did not possess the commercial acumen, economic background, or leadership skills to unify the Federal Reserve System around monetary decisions made in New York.¹⁸⁶ The result was a deflationary tailspin. Decreasing prices led to lower production, then to lower employment, then to lower wages, then to lower demand, and then to even lower production. Hence, the Fed was now impotent to stop it. The overconcentration of industrial growth in particular sectors of the economy and the strained agricultural economy exacerbated the crisis. Nonetheless, monetary policy was at the very heart of the Great Depression.

The Fed tried to “cool” the hot economy in the late 1920s to circumvent inflation, but it tightened too much. First, central bankers encouraged a system of “real bills”—that is, the Fed wanted to stop investors from taking out unsecured loans from banks in order

¹⁸⁴ Parker, “Overview,” 3.

¹⁸⁵ Friedman and Schwartz, *Monetary History of the United States, 1867-1960*, 411-14.

¹⁸⁶ *Ibid.*, 419.

to pursue other investment opportunities.¹⁸⁷ This reeked of speculation, and it risked inflation.¹⁸⁸ The Fed's new policy of tighter financial resources and higher interest rates shocked the stock market, and the price of stocks declined greatly. The Wall Street stock market crash of 1929 and the dramatic declines of Black Thursday (October 24, 1929) and Black Tuesday (October 29, 1929) had little initial effect on the physical economy—the middle class was not large in the 1920s, and very few individuals had the surplus capital to invest in stocks.¹⁸⁹ Nevertheless, the stock market crash was a catalyst. Turmoil in New York increased the uncertainty in the economy for managers, lowered future expectations, dampened business plans, and slowed investment.¹⁹⁰ The Fed, always worried about inflation and the dollar's link to the value of gold, raised short-term rates from 2.5% to 3.5% on October 16, 1930.¹⁹¹ This move was deflationary to an upsetting degree, and the economy started to spiral downwards. Historically, though, the monetarist reading of the Great Depression (as popularized by Milton Friedman) was hindsight. The finishing point of his theories about monetary policy came after the Second World War. In the 1920s and 1930s, other economic theories were in vogue for governmental policymakers.

Economists and politicians had their own ideas about the cause of the crisis in the 1920s. Moreover, Friedman and Schwartz admittedly identified only a “secondary” effect—the Fed and monetary policy worsened things, but a recession started before the full Great Depression, and there were notable economic problems besides money in the

¹⁸⁷ Parker, “Overview,” 5.

¹⁸⁸ *Ibid.*, 5.

¹⁸⁹ Friedman and Schwartz, *Monetary History of the United States, 1867-1960*, 306.

¹⁹⁰ *Ibid.*, 306.

¹⁹¹ *Ibid.*, 699.

1920s.¹⁹² Indeed, monetary policy is not a separate entity, and it related intimately to fiscal policy.¹⁹³ Economists in the 1930s had two major explanations for the Great Depression: (1) belief that high prices kept demand too low to realize supply, and that once prices adjusted the economy would fix itself (otherwise known as Say's Law); (2) loose Fed policy in the late 1920s created a bubble of "mal-investment," and its "pop" brought down the stock market.¹⁹⁴ Hence, either way, much of the growth of the Roaring Twenties was illusionary, and the economy needed to fall back to Earth. Firms with bad assets needed liquidation, holdings needed revaluation, and then growth would return. Both sides had their relative analytical merits in going forward through the rest of the Great Depression; yet, neither school addressed the depth, immediacy, or ruthlessness of the crisis. For instance, on the aggregate, the United States' gross domestic product fell from \$103.6 billion in 1929 to \$74.19 billion in 1933 (in 1929 dollars), a decline of 28.39% in just three years.¹⁹⁵ Every metric of note went with it: consumer confidence, employment, growth, stability, wealth, and others, too. The numbers appeared worse under closer assessment.

From 1929 to 1933, the early part of the Great Depression put the American economy in a dire position. Deflation caused the worst of the damage. During that timeframe, net currency prices fell by half, net gross national product fell by a third,

¹⁹² Ben Bernanke, "Money, Gold, and the Great Depression," *The Federal Reserve Board*, <http://www.federalreserve.gov/boarddocs/speeches/2004/200403022/default.htm>.

¹⁹³ Fearon, *War, Prosperity and Depression*, 158.

¹⁹⁴ Parker, "Overview," 9-10.

¹⁹⁵ Bureau of Economic Analysis, "National Income and Product Accounts Table," Department of Commerce, <http://www.bea.gov/national/nipaweb/TableView.asp?SelectedTable=5&ViewSeries=NO&Java=no&Request3Place=N&3Place=N&FromView=YES&Freq=Year&FirstYear=1929&LastYear=1946&3Place=N&Uppdate=Update&JavaBox=no>.

implicit prices fell by a third, and monthly wholesale prices (which involved large manufacturers and agriculture) fell by nearly a third.¹⁹⁶ Farmers had already planted too much and gone too far into debt, and now the value of their crops in the field nosedived.¹⁹⁷ In addition, the burden of loans increased with the strength of the dollar. Deflation makes the weight of a loan heavier in the exact reverse of the process that makes inflation lighten the loan. Creditors favor deflation, for the price tag on a loan increases in real terms as currency increases in value. In the United States, farm income in 1929 was \$11.9 billion, and it declined to \$5.3 billion in 1933.¹⁹⁸ Farmers had to pay off the same loans, only now with a reduced income. Firms and households were in bad shape, too. Real income fell 36% from 1929 to 1933, and the decrease in demand and purchasing power caused businesses to idle capital and workers in massive quantities.¹⁹⁹ The Department of Labor did not keep detailed unemployment statistics before the Second World War, but estimates put a third of the labor force out of work and looking for a job by 1933.²⁰⁰ These ominous developments, for all their terror, did not spare the health of international trade, either.

The Great Depression stunted the volume of international trade. Imbalances in the latter helped ferment the former, as well. Globally, the total quantity of trade declined

¹⁹⁶ Friedman and Schwartz, *Monetary History of the United States, 1867-1960*, 299.

¹⁹⁷ *Ibid.*, 299.

¹⁹⁸ "Secretary Hull's Address at Minneapolis," October 7, 1936, 1933-1937, State, Cordell Hull, Box #73, President's Secretary's Files, *Franklin Delano Roosevelt Papers*, Roosevelt Presidential Library (Hyde Park, NY).

¹⁹⁹ Friedman and Schwartz, *Monetary History of the United States, 1867-1960*, 301.

²⁰⁰ *Ibid.*, 301.

30% during the early Great Depression.²⁰¹ Tariffs, war debts, and the Great War engendered unevenness in the world economy. This exacerbated economic decline. The challenges of reconstruction, replacing millions of its most youthful and productive men, honoring loans, and making good on war debts overwhelmed the relatively small tax bases of European countries during the 1920s.²⁰² Europe suffered high taxation, unemployment, and low growth as a result.²⁰³ Europe, as a continent, was extremely vulnerable to economic upset or higher tariffs. This affected the United States, despite the isolationist pretensions of the age. The United States ran a trade surplus of \$25 billion in the period between 1914 and 1929.²⁰⁴ Yet, if foreign governments decided to respond in kind with tariffs of their own, aimed at the United States, or if the European economy weakened, and the volume of international trade collapsed then all the workers and businesses relying on that \$25 billion would suddenly lack customers.²⁰⁵ Theoretically, American consumption could expand to take up the slack, but that required American consumers to want the same goods as Europeans or, at least, time for production to adjust to new tastes and markets. This could not happen in the Great Depression's era, since falling real incomes left diminutive excess purchasing power on the domestic market. The period of 1929 to 1933 did not offer the time and the patience for a lessening dependence on international trade and a move towards domestic consumption. Yet, the Hoover administration responded via modified trade policies.

²⁰¹ Jakob B. Madsen, "Trade Barriers and the Collapse of World Trade during the Great Depression," *Southern Economic Journal* 67:4 (Apr. 2001), <http://www.allbusiness.com/government/782284-1.html>.

²⁰² Himmelberg, *The Great Depression and the New Deal*, 23.

²⁰³ *Ibid.*, 23.

²⁰⁴ Shlaes, *The Forgotten Man*, 95.

²⁰⁵ *Ibid.*, 95.

Fiscal Year	Exports	Agricultural Exports	Percent Agricultural
1919-1920	7949	3862	48.6
1920-1921	6386	2608	40.8
1921-1922	3700	1916	51.8
1922-1923	3887	1799	46.3
1923-1924	4224	1867	44.2
1924-1925	4778	2281	47.7
1925-1926	4653	1892	40.7
1926-1927	4867	1908	39.2
1927-1928	4773	1815	38.0
1928-1929	5284	1847	35.0
1929-1930	4618	1496	32.4
1930-1931	3032	1038	34.2
1931-1932	1909	752	39.4

Figure 3.3 – The above table enumerates exports by fiscal year (July 1 of first year to June 30 of second year) in millions of nominal dollars.²⁰⁶ The United States' exports peaked immediately after the Great War, declined during the ensuing recession, recovered throughout the rest of the Roaring Twenties, and crashed in 1929. In comparison, agriculture was especially hard hit by the collapse in international trade when viewed against non-farm economic activity. The smaller percentage of exports ascribed to agriculture each year illustrates how the international market's strains disproportionately harmed farmers during the 1920s and the early 1930s.

Why a Smoot-Hawley Tariff?

The Republican Party's lifejacket to the faltering economy in 1930 consisted of, in part, the Smoot-Hawley tariff. Historians typically describe the bill as infamous, and it raised tariff rates to their highest levels in American history. Unemployment skyrocketed from 3% in the fall of 1929 to approximately 9% in the spring of 1930.²⁰⁷ Washington had to move in response for the sake of political reality. There were a number of economic worries at the time, but the self-evident disintegration of the international trade market was a concern for both political parties. Hoover and Democratic leaders, such as

²⁰⁶ "Foreign Crops and Markets," October 3, 1932, Agricultural Exports (1932), Box #3, Cabinet Offices Series, Presidential Papers, *Herbert C. Hoover Papers*, Hoover Presidential Library (West Branch, IA).

²⁰⁷ Shlaes, *The Forgotten Man*, 95-96.

Governor Franklin Roosevelt of New York, concurred, “The loss of international trade played an enormous role” in the downturn.²⁰⁸ On the other hand, Republicans were still in control of policy after 1928 and before the midterm elections of 1930. They turned to higher tariffs to redress the crisis. The result was the Tariff Act of 1930, which posterity named the Smoot-Hawley tariff after its cosponsors Senator Reed Smoot (R-UT) and Congressman Willis C. Hawley (R-OR). Smoot-Hawley raised tariffs on a wide range of goods: chemicals, clay, glass, stone, metal, wood, sugar, tobacco, agricultural products, cotton, alcohol, textiles, flax, hemp, wool, silk, and a myriad of others.²⁰⁹ Rand McNally, the educational and household map publisher, even jumped on the bandwagon, protesting to Smoot for protection of the American cartographical industry.²¹⁰ Rand McNally used inferior map designs to European competitors; the American company did not want to face the costs of the modernization needed to stay in the race with European firms.²¹¹ Smoot-Hawley gave farmers and rural workers new import protections in comparison to the old Fordney-McCumber law. Smoot-Hawley raised the average rate of duty on farm products from 19.9% to 34.0%.²¹² Passing the bill had more to do with politics than with rigorous economic policymaking.

Foremost, Smoot-Hawley was about preserving the Republican Party’s identity, tradition, and unity in the face of an economic slowdown. Hoover helped to pass the

²⁰⁸ Ibid., 7.

²⁰⁹ “Memoranda of U.S. Tariff Bill of 1930,” Smoot-Hawley Bill (1930), Trade Agreements, Box #3, Professional Series, *Edward Dana Durand Papers*, Hoover Presidential Library (West Branch, IA).

²¹⁰ Susan Schulten, *The Geographical Imagination in America, 1880-1950* (Chicago, IL: University of Chicago Press, 2001), 198.

²¹¹ Schulten, *The Geographical Imagination in America, 1880-1950*, 197.

²¹² “Memoranda of U.S. Tariff Bill of 1930,” Smoot-Hawley Bill (1930), Trade Agreements, Box #3, Professional Series, *Edward Dana Durand Papers*, Hoover Presidential Library (West Branch, IA).

Smoot-Hawley bill as a Republican president.²¹³ The Republicans, as a party, favored high tariffs in the 1920s. Given the strong economy from 1921 to 1929 under Republican hegemony and high tariffs, the party took the next logical step and concluded higher tariffs would help the economy after the stock market crash.²¹⁴ It was an aspect of the party. A protective or a “restrictive” tariff (a tariff that eliminates foreign competition) was a Republican tradition; Hoover ran for president on a high tariff plank in 1928.²¹⁵ From this perspective, Smoot-Hawley made political sense, since as it unified Hoover’s party behind him, despite the weakening economy, going into a tough midterm election. Tariffs served a similar function for Republicans before. Tariffs unified the Republican Party since William McKinley (R-OH) first ran on them in 1896 as a cure for the doldrums of the 1890s. Political commentators named the general tariff law of 1890 the “McKinley tariff” after Congressman McKinley. Presidents William H. Taft (R-OH), Warren G. Harding (R-OH), and Calvin Coolidge (R-MA) used tariffs in a similar fashion to foster Republican unanimity.²¹⁶ The high tariffs pandered to the party’s base in the Northeast, protected industries, and isolationists who disliked international trade for its supposed entangling effects. Thus, Smoot-Hawley was a popular enough measure to push forward. Furthermore, Hoover had other reasons to support the Smoot-Hawley bill besides politics. Hoover hoped to use tariffs to address his personal diagnosis for the economic crunch in the first place.

²¹³ Conti, *Reconciling Free Trade, Fair Trade, and Interdependence*, 17.

²¹⁴ *Ibid.*, 17.

²¹⁵ Shlaes, *The Forgotten Man*, 95.

²¹⁶ Barone, *Our Country*, 39-40.

Hoover applied the “high wage” doctrine to the problem of the stock market crash and the downturn of the late 1920s. The “high wage” notion was an economic and industrial theory popular in the early twentieth-century. It said that employers needed to pay workers high wages to keep the purchasing power and the productivity of an economy up. Ideally, high purchasing power in the hands of labor would stimulate demand, economic growth, and give workers an incentive to work harder. The high wage policy gave the United States’ government and some industrialists a justification for intervention in the labor market and the international economy.²¹⁷ The government used trade barriers, immigration caps, and domestic subsidies to keep American wages high at any cost.²¹⁸ Henry Ford of Ford Motor Company was the most famous propagator of the high wage doctrine, and Hoover ascribed to it, as well. Hoover believed the crisis of 1929 was the result of falling wages, which implied that consumers’ purchasing power fell with their salaries.²¹⁹ Hoover supported a higher tariff in response to the slowdown in order to keep farm and industrial wages high by excluding overseas competition.²²⁰ Hoover’s idea was less foreign competition meant American firms could sell at a higher price domestically, American workers would be able to demand higher wages, and overall purchasing power would expand as a result. Unfortunately, two problems doomed high wages: (1) higher prices under protectionism negated, in real terms, whatever gains made to nominal wages; (2) scorned foreign governments shot back with their own tariffs and hurt American exporters. If anything, in the face of a recession, wages needed to fall

²¹⁷ Shlaes, *The Forgotten Man*, 7.

²¹⁸ *Ibid.*, 7.

²¹⁹ Murphy, *The Politically Incorrect Guide to the Great Depression and the New Deal*, 34.

²²⁰ Barber, *From New Era to New Deal*, 30.

and labor needed to be cheaper to induce firms to hire the unemployed.²²¹ More mainstream economic theories offered support for Smoot-Hawley, too.

Domestic economic and monetary policy offered their views on trade policy in 1929 and 1930. Supporters of Smoot-Hawley argued that the exclusion of foreign competition would keep the American market for American farmers and American manufacturers.²²² They could easily shroud these points in nationalistic garb. Thus, Smoot-Hawley would be an attempt to maintain domestic demand in the face of the constricting economic crisis. In theory, this might work. Yet, it still forced American consumers to pay higher prices for less output, and it risked retaliation from foreign governments with their tariffs. Hoover, born in Iowa, always feared for American agriculture. He was wary of foreigners flooding the domestic market with cheap food; hence, he wanted to keep tariffs elevated.²²³ Executive power was at issue with tariffs, too. Hoover thought of himself as a progressive, an engineer, a merchant, and an internationalist. He felt that these experiences, as well as his charitable work during the Great War, gave him a special insight on world economic problems.²²⁴ In practice, he wanted more power for the White House in terms of controlling the tariff.²²⁵ Hoover desired a “flexible tariff” (that the president could adjust without Congressional approval), a nonpartisan tariff commission, and monetary controls to fight off frightening

²²¹ Shlaes, *The Forgotten Man*, 7.

²²² Dennis Merrill and Thomas G. Patterson, *Major Problems in American Foreign Relations: Documents and Essays* (Boston, MA: Houghton Mifflin Company, 2005), 112.

²²³ Rauch, *History of the New Deal 1933-1938*, 16.

²²⁴ Hoover Speech in St. Paul, MN, November 5, 1932, St. Paul Speech, Folder 712, Box #1187, White House Press Release Series, Presidential Papers, *Herbert C. Hoover Papers*, Hoover Presidential Library (West Branch, IA).

²²⁵ Shlaes, *The Forgotten Man*, 98-99.

deflation.²²⁶ Hoover hoped his expertise could use tariffs to work the United States back to prosperity. In particular, he defended the monetary controls all the way up to the election of 1932 in a speech in Salt Lake City.²²⁷ He cited that combating depreciated foreign currencies required a much higher tariff schedule.²²⁸ Industry usually enjoyed the most protectionism from tariffs in the United States' history, but Smoot-Hawley changed this.

Agriculturalists thought their segment of the economy stood the most to gain from the passage of Smoot-Hawley. For example, Arthur M. Hyde (Hoover's Secretary of Agriculture) gave a radio talk on July 2, 1930 in defense of the benefits that tariffs offered for farmers and ranchers: "For agriculture, the Tariff Act of 1930 will be a distinct gain."²²⁹ Congress filled Hoover's ears with protectionist orations. Senator Smoot, the bill's eventual namesake, was the most notable tariff advocate. Smoot served in the Senate from 1903 to 1933; he was one of the first members of the Church of Jesus Christ of Latter Day Saints in Congress; he was a senior apostle of the church and third in its line of succession before his death in 1941. Smoot had a close relationship with agricultural interests. For instance, he maintained a correspondence and exchanged seasonal greetings with Harry S. Austin of the United States Sugar Manufacturers

²²⁶ Ibid., 98-99.

²²⁷ Hoover Speech in Salt Lake City, UT, November 6, 1932, Salt Lake City Speech, Folder 715, Box #1187, White House Press Release Series, Presidential Papers, *Herbert C. Hoover Papers*, Hoover Presidential Library (West Branch, IA).

²²⁸ Ibid.

²²⁹ Hyde Radio Address, June 2, 1930, "Agriculture and the Tariff," 1930-1931, Printed Materials, Box #8, Cabinet Office Series, Presidential Papers, *Herbert C. Hoover Papers*, Hoover Presidential Library (West Branch, IA).

Association through the 1920s.²³⁰ Smoot kept up on the data by periodically requesting it from the Department of Agriculture and the Department of Commerce.²³¹ He was particular interested in the effect of international trade and tariffs on farmers and the rural economy.²³² Agriculture's support for Smoot-Hawley was an important factor in the law's passage. Originally, farmers opposed the bill on the suspicion it was just another giveaway to Northeastern big industry, but agriculturalists eventually climbed on board for novel tariffs.²³³ The Smoot-Hawley tariff was popular enough, but there was hostility to higher tariffs, too.

Divergent parts of American society sternly opposed Smoot-Hawley. Business leaders outside of the farm lobby argued hard against higher tariffs. Thomas W. Lamont (a banker and the head of J.P. Morgan & Co.) personally begged Hoover to veto Smoot-Hawley in order to keep the law from further depressing expectations and trapping businesses in wallow to the point they could no longer expand.²³⁴ Graeme K. Howard (vice president of General Motors, later a Nazi sympathizer) sent a telegram to Hoover in early 1930; he predicted international depression once Smoot-Hawley closed the international market.²³⁵ The American consumer had the most to lose from protectionism. After a tariff hike, foreign goods would be more expensive, or domestic production—that was more expensive to begin with—would see consumption. Either way, high prices sapped household income. Additionally, businesses and farmers are consumers, too.

²³⁰ Austin Letter to Smoot, January 2, 1926, *Reed Smoot Papers*, Library of Congress (Washington, DC).

²³¹ "Approximate Average Farm Expenditures," *Reed Smoot Papers*, Library of Congress (Washington, DC).

²³² *Ibid.*

²³³ Biles, *A New Deal for the American People*, 18.

²³⁴ Shlaes, *The Forgotten Man*, 97.

²³⁵ *Ibid.*, 97.

Firms have to buy labor, raw materials, and supplies on the market before combing them together to create their own production to sell. Consequently, some trade unions objected to higher tariffs. Hoover received letters from the Buffalo Chamber of Commerce,²³⁶ the Central Co-Operative Association,²³⁷ the Iowa Farm Bureau Federation,²³⁸ the Minnesota Farm Bureau Federation,²³⁹ and the Wisconsin Farm Bureau Federation²⁴⁰ in opposition to Smoot-Hawley. These were all very close to the Canadian border. Principally, they worried about higher prices for Canadian lumber and retaliation against farm exports. Nonetheless, Senators Robert LaFollette, Jr. (R-WI) and John Blaine (R-WI) broke in favor of Smoot-Hawley in June 1930. Smoot-Hawley passed Congress, and Hoover signed the bill on June 17, 1930. The stock market nosedived, again, the next day, in reaction to the Smoot-Hawley tariff becoming official.²⁴¹

President Hoover and the Smoot-Hawley Tariff

Hoover's decision to sign the tariff bill was curious. His past beliefs and documents from his administration did not support protectionism. Hoover was one of the

²³⁶ Buffalo Chamber of Commerce Letter to Hoover, February 18, 1929, "Action of the Board of Directors," 1929, Printed Materials and Clippings, Box #309, Subject File, Post-Presidential Papers, *Herbert C. Hoover Papers*, Hoover Presidential Library (West Branch, IA).

²³⁷ Central Co-Operative Association Letter to Hoover, "Resolution Adopted by the Delegates at the Eighth Annual Stockholders Meeting of the Central Livestock Co-Operative Association at St. Paul, Minnesota," February 13, 1939, 1929, Printed Materials and Clippings, Box #309, Subject File, Post-Presidential Papers, *Herbert C. Hoover Papers*, Hoover Presidential Library (West Branch, IA).

²³⁸ Iowa Farm Bureau Federation Letter to Hoover, February 7, 1929, "Resolution Adopted by Executive Committee," 1929, Printed Materials and Clippings, Box #309, Subject File, Post-Presidential Papers, *Herbert C. Hoover Papers*, Hoover Presidential Library (West Branch, IA).

²³⁹ Minnesota Farm Bureau Federation Letter to Hoover, February 19, 1929, "Resolution Adopted by the Delegates at the Tenth Annual Meeting of the Minnesota Farm Bureau Federation," 1929, Printed Materials and Clippings, Box #309, Subject File, Post-Presidential Papers, *Herbert C. Hoover Papers*, Hoover Presidential Library (West Branch, IA).

²⁴⁰ Wisconsin Farm Bureau Federation Letter to Hoover, February 15, 1929, "Resolution," 1929, Printed Materials and Clippings, Box #309, Subject File, Post-Presidential Papers, *Herbert C. Hoover Papers*, Hoover Presidential Library (West Branch, IA).

²⁴¹ Barone, *Our Country*, 41.

most respected leaders, diplomats, internationalists, and humanitarians of the early twentieth-century. He earned an AB in geology from Stanford, but honorary degrees poured in for his charity work during the Great War—from places such as Brown, Penn, Alabama, Rutgers, Oxford, the University of Warsaw, and numerous others.²⁴² Hoover knew about the interconnectivity of the world economy and the precariousness of international trade. Hoover was working as a mining engineer in China at the outbreak of the Boxer Rebellion in 1900. Before the Great War, Hoover directed a firm under contract in Russia to develop copper in the Kyshtym Estates near Chelyabinsk.²⁴³ Chelyabinsk and the Kyshtym Estates were eventually the home of Chelyabinsk-40 (the Soviet Union's first complete nuclear reactor), a plutonium/uranium production plant, and the site of a radiation leak in 1957.²⁴⁴ Thus, Hoover knew about trade. He had to work directly with it. He hated economic nationalism and despised agricultural dumping because it tended to ruin a small nation's base for food production.²⁴⁵ Hoover tolerated higher tariffs for farms for the sake of protection, but he disliked protection for mature American industry and the logrolling amid interest groups when it came to tariffs in Congress.²⁴⁶ Political advice from within his administration argued against higher tariffs, as well. A report on the political fallout from tariffs out of the office of Edward Dana Durand (an economist and eventually member of the United States Tariff Commission) concluded that the White House had more to lose than gain by supporting Smoot-

²⁴² "Degrees," College and University Degrees, 1895-1931, Herbert Hoover, Box #8, *Theodore G. Joslin Papers*, Hoover Presidential Library (West Branch, IA).

²⁴³ David Holloway, *Stalin and the Bomb: The Soviet Union and Atomic Energy, 1939-1956* (New Haven, CT: Yale University Press, 1994), 185.

²⁴⁴ *Ibid.*, 185.

²⁴⁵ Schwartz, *The New Dealers*, 47.

²⁴⁶ Powell, *FDR's Folly*, 42.

Hawley.²⁴⁷ Durand's staff predicted Hoover would benefit politically by opposing the bill, by standing up to special interests, and by showing the vision to keep foreign markets open.²⁴⁸ There were some indications such was the case in the early 1930s.

Opposition to Smoot-Hawley was intense on both the economic and the political front. The Democratic Party, long the opposition party to the high tariff policies of the Republican majority of the Roaring Twenties, opposed any escalation of tariffs. Both their 1928 presidential nominee, Al Smith (D-NY), and his successor in Albany as governor of New York, Franklin D. Roosevelt, were critical of Hoover on the tariff.²⁴⁹ Lindsey Rogers, an economist from Columbia University, fed Roosevelt, Smith, and other Democrats information and speech lines on tariffs, which they used to assail Hoover.²⁵⁰ They pilfered Professor Rogers' letters in such a similar manner media outlets accused the Democrats of parroting.²⁵¹ Tariffs' contentiousness did not vaporize quickly. The next year, on May 29, 1931, Roosevelt said, "I continue to be convinced that the Hawley-Smoot tariff law is one of the most important factors in the present world-wide depression."²⁵² Newspaper editors outside of New England, executives, industrialists, export-dependent agriculturalists, internationalists, libertarians, and economists continued to gripe at the Hoover administration after the passage of Smoot-Hawley.²⁵³ In May 1930, 1,028 economists signed an open letter to Hoover in the *New York Times* pleading

²⁴⁷ "Political Considerations Regarding the Tariff Bill," Smoot-Hawley Bill, 1930, Trade Agreements, Box #3, Professional Series, *Edward Dana Durand Papers*, Hoover Presidential Library (West Branch, IA).

²⁴⁸ *Ibid.*

²⁴⁹ Shlaes, *The Forgotten Man*, 127.

²⁵⁰ *Ibid.*, 127.

²⁵¹ *Ibid.*, 127.

²⁵² Roosevelt Speech in Albany, NY, May 29, 1931, James J. Mahoney, Box #508, President's Personal File, *Franklin Delano Roosevelt Papers*, Roosevelt Presidential Library (Hyde Park, NY).

²⁵³ "Reflections of Popular Sentiment on the Tariff Bill," *Edward Dana Durand Papers*, Hoover Presidential Library (West Branch, IA).

with the president to veto the tariff bill.²⁵⁴ The academic regard for Smoot-Hawley did not improve with time. Yet, Hoover joined his wagon to the tariff train, and he guarded Smoot-Hawley.

Hoover protected protectionism. He stubbornly clung to Smoot-Hawley, and he kept it from modification for almost the next three years. After the 1930 midterms, Democrats narrowly controlled the House of Representatives and nearly had the Senate, mostly because of frustration over the weak economy. Consequently, Congress sent Hoover a handful of bills with the goal of liberating international trade by lowering American tariffs. Hoover vetoed a bill in 1932 from the Democratic Congress to lower tariffs 35% overall (HR 6662), and the White House continued to deem high tariffs a necessary policy to impel economic recovery.²⁵⁵ Hoover was not interested in any bill that was more internationalist, reciprocal, open, or liberal than Smoot-Hawley in some way on the tariff question.²⁵⁶ The pattern held until 1932 and the next election. Hoover warned a Democratic president and Congress would pass a trade agreements bill to overturn the protection of Fordney-McCumber and Smoot-Hawley.²⁵⁷ By extension, Hoover argued everyone should be scared of American goods in competition with cheap foreign products on the domestic market.²⁵⁸ The United States faced grave economic issues in 1932, and the economy dominated the political discourse. Tariffs never left the

²⁵⁴ Barber, *From New Era to New Deal*, 146.

²⁵⁵ Conti, *Reconciling Free Trade, Fair Trade, and Interdependence*, 18-19.

²⁵⁶ Richard Snyder, "Hoover and the Hawley-Smoot Tariff: A View of Executive Leadership," *Annals of Iowa* 41:7 (Winter 1973), 1188.

²⁵⁷ Hoover Speech in St. Paul, MN, November 5, 1932, St. Paul Speech, Folder 712, Box #1187, White House Press Release Series, Presidential Papers, *Herbert C. Hoover Papers*, Hoover Presidential Library (West Branch, IA).

²⁵⁸ *Ibid.*

picture, and Hoover constantly had to justify the Smoot-Hawley tariff and its effects on the economy. He had little chance for reelection in 1932, which made his choice to focus on tariff policy an interesting one.

The election of 1932 brought no reprieve for Smoot-Hawley. Hoover defended it to the last on the campaign trail. Tariffs were the theme of Hoover's final push for reelection in early November 1932, as distant such a possibility might have been. Hoover listed the revision of the tariff law as one of the first and best accomplishments of the Republican Party to fight the Great Depression in a speech in St. Paul days before the election.²⁵⁹ On November 6, or the Sunday before electoral Tuesday, the White House used its tariff policies as a final effort in Hoover's speech in Salt Lake City.²⁶⁰ Hoover tried to find disunity and hypocrisy from the Democrats on tariffs, and he tried to minimize the difference between the two parties in terms of their actual stances on the issue. Moreover, Hoover did not quit on Sunday. On the Monday before the 1932 election, the Hoover administration issued a last minute press release detailing how Argentinean diplomats and industrialists were chomping at the bit in anticipation of a Democratic sweep.²⁶¹ Buenos Aires expected lower tariffs from Washington with Roosevelt and the Democratic Party in power and, consequently, more opportunities for the Argentinean beef industry for markets in the United States.²⁶² Hoover pointed this

²⁵⁹ Ibid.

²⁶⁰ Hoover Speech in Salt Lake City, UT, November 6, 1932, Salt Lake City Speech, Folder 715, Box #1187, White House Press Release Series, Presidential Papers, *Herbert C. Hoover Papers*, Hoover Presidential Library (West Branch, IA).

²⁶¹ Republican National Committee Statement, November 7, 1932, Buenos Aires Statement, Folder 716A, Box #1187, White House Press Release Series, Presidential Papers, *Herbert C. Hoover Papers*, Hoover Presidential Library (West Branch, IA).

²⁶² Ibid.

out; yet, he played an economical uninformed zero-sum game of international relations and economic gain in the first place. Ranchers might suffer in the face of foreign competitors, but consumers would benefit from low meat prices. Economics said that the benefits to the latter outweigh the costs to the former. Hoover lost the 1932 election, and he never let the tariff question go for the rest of his life.

Hoover returned to trade policy, and he even debated the relative merits of tariffs all the way through the 1950s. Hoover was relatively young when he left the White House and, after Harry Truman became president, he once again had a long and productive public career. He gave tariffs special attention. Hoover never left trade policy behind, and he still held meetings with business leaders, economists, and statisticians about international trade deals to 1954.²⁶³ Hoover still showed strong interest in doing whatever he could to protect the American farmer in the liberalized trade of the post-Second World War era.²⁶⁴ The former president even wrote a long, unpublished essay in his own hand called “Some Facts about the Tariff” in 1953, which had a lengthy discussion of the history and the economic theory involved in international economics.²⁶⁵ Hoover was unable to let go of tariffs, and explicit or implied defenses of Smoot-Hawley imbued in many of his texts. However, and importantly, Hoover considered what came after him under Roosevelt and Cordell Hull a clean break from the tariff policies of the

²⁶³ Coulter Letter to Hoover, October 17, 1953, Correspondence, 1933-53, Tariff, Box #308, Subject File, Post-Presidential Papers, *Herbert C. Hoover Papers*, Hoover Presidential Library (West Branch, IA); Selva Letter to Hoover, March 13, 1954, 1953-1954 and undated, Printed Materials and Clippings, Box #309, Subject File, Post-Presidential Papers, *Herbert C. Hoover Papers*, Hoover Presidential Library (West Branch, IA).

²⁶⁴ Coulter Letter to Hoover, October 17, 1953, Correspondence, 1933-53, Tariff, Box #308, Subject File, Post-Presidential Papers, *Herbert C. Hoover Papers*, Hoover Presidential Library (West Branch, IA).

²⁶⁵ “Some Facts About the Tariff,” October 23, 1953, Correspondence, 1933-53, Tariff, Box #308, Subject File, Post-Presidential Papers, *Herbert C. Hoover Papers*, Hoover Presidential Library (West Branch, IA).

Republican Party of the 1920s.²⁶⁶ Even twenty years later, Hoover received letters and copies of speeches that demonized the Reciprocal Trade Agreements Act of 1934 for being anything but “reciprocal” and “costing” American jobs.²⁶⁷ Hoover’s assertions are understandable, as he disliked Roosevelt and the New Deal and did not want to have anything to do with it. However, Hoover’s beliefs only show the newfangled course American trade policy took in the 1930s after 1934. Roosevelt and Hull came to office, and Smoot-Hawley was a part of the problem in their eyes.

Economic Analysis of Smoot-Hawley

The Smoot-Hawley tariff, its new import taxes, and its justifications did economic harm to the United States in the early 1930s. The high wage doctrine, Smoot-Hawley, and policies of the Hoover administration designed to ensure high wages did the most mischief. The economists Richard Vedder and Lowell Gallaway concluded that high wages were, “the root cause for the extraordinary increase in unemployment in the years following the stock market crash.”²⁶⁸ The conceptualization of this notion is intuitive. Hoover attempted to keep wages elevated with the Smoot-Hawley tariff and other measures; labor became artificially expensive on the market, and therefore firms accelerated layoffs and retarded hiring. Additionally, Smoot-Hawley forced the American consumer to buy comparatively expensive domestic goods instead of cheap foreign products—as the 1930 law was drastically high enough to restrict the entry of foreign

²⁶⁶ Rosen, *Roosevelt, the Great Depression, and the Economics of Recovery*, 225.

²⁶⁷ Selva Letter to Hoover, March 13, 1954, 1953-1954 and undated, Printed Materials and Clippings, Box #309, Subject File, Post-Presidential Papers, *Herbert C. Hoover Papers*, Hoover Presidential Library (West Branch, IA).

²⁶⁸ Richard Vedder and Lowell Gallaway quoted in Murphy, *The Politically Incorrect Guide to the Great Depression and the New Deal*, 41.

goods to the domestic market.²⁶⁹ Before Smoot-Hawley, the average import duty was 13.8%, but it rose to 17.75% in 1931 and 20.0% in 1932.²⁷⁰ Amity Shlaes stated: “Each day proved the Cassandra economists right anew: in the two years following Hoover’s Smoot-Hawley legislation, U.S. imports dropped more than 40 percent.”²⁷¹ Shockingly, in light of Hoover’s signature on the bill, the administration anticipated these effects. The Department of Commerce—Hoover served as Secretary of Commerce for Harding and Coolidge from 1921 to 1928—reported in 1930 that the Fordney-McCumber tariff was adequate.²⁷² Furthermore, higher input prices would hurt farmers more than higher prices helped them, and the report recommended smaller tariff changes than the proposed Smoot-Hawley.²⁷³ The problem with protectionism has always been that it inevitably invites retaliatory tariffs from foreign governments. Exporters suffer as a result. Smoot-Hawley was no exception to this tenet in the early 1930s.

World governments swiftly retaliated to Smoot-Hawley. European capitals, in particular, raised tariffs in counter to Smoot-Hawley and worsened the Great Depression in the process.²⁷⁴ Paris threw up an automobile tariff against the United States, and Rome did, too; Canberra raised total import duties, New Delhi did, as well; Ottawa raised tariffs against the United States thrice; Swiss consumers wholesale boycotted American-made products.²⁷⁵ Switzerland was a notable, devastating case. Bern raised tariffs against

²⁶⁹ Merrill and Patterson, *Major Problems in American Foreign Relations*, 112.

²⁷⁰ Barber, *From New Era to New Deal*, 213.

²⁷¹ Shlaes, *The Forgotten Man*, 112.

²⁷² “Memoranda of U.S. Tariff Bill of 1930,” Smoot-Hawley Bill (1930), Trade Agreements, Box #3, Professional Series, *Edward Dana Durand Papers*, Hoover Presidential Library (West Branch, IA).

²⁷³ *Ibid.*

²⁷⁴ Himmelberg, *The Great Depression and the New Deal*, 8.

²⁷⁵ Hull, *The Memoirs*, 1:355.

American automobiles, tires, gasoline, appliances, electronics, household equipment, office supplies, and meat in retaliation for Smoot-Hawley—and all of these industries were important American export and growth sectors in the Roaring Twenties.²⁷⁶ A complete list of retaliators is overwhelming, and it includes most of the world. In 1930, recall, there were fewer independent nation-states on the globe with the prevalence of colonial empires and commonwealths. Afghanistan, Argentina, Austria, Bolivia, Brazil, Chile, Colombia, Costa Rica, Cuba, Czechoslovakia, Danzig, Ecuador, El Salvador, Finland, Germany, Greece, Hong Kong, Holland, Hungary, Iceland, Japan, Latvia, Lithuania, Luxembourg, Mexico, New Zealand, Nicaragua, Paraguay, Poland, Romania, Uruguay, Venezuela, Yugoslavia, and others raised tariffs because of Smoot-Hawley.²⁷⁷ The world erupted in an orgy of protectionism after June 1930. Conversely, the Smoot-Hawley law was a part of a general trend towards higher tariffs in the late 1920s, but it greatly swelled this pattern.

Swiss Trade (1930 to 1931)	United States	Entire World	Difference
Change in Imports (from)	Down 29.6%	Down 5.4%	24.2%
Change in Exports (to)	Down 30.5%	Down 11.0%	19.5%

Figure 3.4 – This table illustrates how the Smoot-Hawley tariff and Swiss retaliation (via tariffs and consumer boycotts) affected American-Swiss trade.²⁷⁸ Trade between these two nations declined at a higher rate from 1930 to 1931 than it did for the “baseline” of the entire planet. Deflation and overall economic stagnation damaged the volume of international trade during the early Great Depression, granted. However, the above definitely demonstrates that policy changes (such as quotas and tariffs) had a considerable influence on trade’s health, as well.

²⁷⁶ Himmelberg, *The Great Depression and the New Deal*, 8.

²⁷⁶ Hull, *The Memoirs*, 1:355.

²⁷⁷ Powell, *FDR’s Folly*, 45.

²⁷⁸ Hull, *The Memoirs*, 1:355.

The world was a much more protected, autarkic place in 1929 through 1933 even without Smoot-Hawley. European governments gently inched their tariffs higher in the late 1920s in an effort to protect growth industries. Austria and Norway did in 1926; the Belgian Congo (now the Democratic Republic of the Congo) did in 1927; Latvia, Palestine, Portugal, and the Portuguese West Africa (now Angola) did in 1928; Italy, Romania, Spain, and Turkey did so in 1929; the Soviet Union did in early 1930.²⁷⁹ On the other hand, increasing tariffs was not the absolute trend before Smoot-Hawley. France, Germany, and Switzerland revised their tariffs downwards in the same timeframe.²⁸⁰ However, the Smoot-Hawley tariff kicked the protectionist bender into an overdrive, particularly in the British Empire. Australia (June 1930), India (March 1931), Canada (September 1930), the Gold Coast colony (now Ghana, June 1930), Iraq (November 1930), New Zealand (July 1930), Southern Rhodesia (now Zimbabwe, July 1930), and the British sections of China (January 1931) raised tariffs in reply to Smoot-Hawley.²⁸¹ Latin America was comparable. Argentina, Chile, Columbia, Cuba, and Mexico retaliated in the early 1931.²⁸² The closing of the American market contributed to the economic slowdown in numerous countries, since it cost the world a key export market and access to cheap, plentiful raw materials and food.²⁸³ International trade helped turn national problems into a worldwide economic catastrophe. The most important trading partners of

²⁷⁹ Department of Commerce Memorandum, May 15, 1931, Foreign Tariff, 1931, Box #13, Cabinet Office Series, Papers, *Herbert C. Hoover Papers*, Hoover Presidential Library (West Branch, IA).

²⁸⁰ *Ibid.*

²⁸¹ "British Empire and Orient: Substantial Tariff Revisions from June 18, 1930, to May 15, 1931," Foreign Tariff, 1931, Box #13, Cabinet Office Series, Papers, *Herbert C. Hoover Papers*, Hoover Presidential Library (West Branch, IA).

²⁸² Department of Commerce Memorandum, May 16, 1931, Foreign Tariff, 1931, Box #13, Cabinet Office Series, Papers, *Herbert C. Hoover Papers*, Hoover Presidential Library (West Branch, IA).

²⁸³ Watkins, *Great Depression*, 44.

the United States typically suffered the worse. Canada, especially, could not escape in terms of straightforward geography.

Canada was advertently a target of Smoot-Hawley. The Canadian economy struggled to a disproportionate degree under higher American tariffs. The Liberal Party maintained a low tariff regime in the 1920s to incentivize economic development and encourage the export of Canadian agricultural products and raw materials—mostly to the United States.²⁸⁴ Hoover’s approval of the Smoot-Hawley tariff startled Prime Minister William Lyon Mackenzie King and his Ottawa government.²⁸⁵ American foreign trade with Canada virtually evaporated after Smoot-Hawley. Certain industries and protectionist elements in Congress envied the power of Canadian farmers and miners on the American market, and they specifically used Smoot-Hawley to reclaim a share of that exchange.²⁸⁶ High tariffs affected diplomats, too. Smoot-Hawley pushed Canada closer to Britain and away from the United States in the short-term.²⁸⁷ Popular sentiments in Canada were predisposed to a high tariff for the sake of budding Canadian nationalism, independence from American culture, and an innate distrust of a combined “North American” economy.²⁸⁸ As well, Smoot-Hawley annoyed the British Empire to the point it ultimately returned to a system of “Imperial Preference”—British colonies, dominions, and commonwealths allowed each other low tariffs and special trading relationships,

²⁸⁴ Richard N. Kottman, “Herbert Hoover and the Smoot-Hawley Tariff,” 610.

²⁸⁵ *Ibid.*, 610.

²⁸⁶ Michael A. Butler, *Cautious Visionary: Cordell Hull and Trade Reform, 1933-1937* (Kent, OH: Kent State University Press, 1998), 24.

²⁸⁷ Rosen, *Roosevelt, the Great Depression, and the Economics of Recovery*, 17.

²⁸⁸ *Ibid.*, 17.

while commerce from outside of the British Empire faced high tariffs.²⁸⁹ Britain and its colonies adopted the Import Duties Act of 1932 to codify the system of Imperial Preference.²⁹⁰ London wanted to keep the empire together by keeping it as economically interdependent and autarkic to the rest of the world as possible.²⁹¹ Europe, South America, and the United States lost major customers when tariffs congested the British Empire's markets. Understandably, Smoot-Hawley and retaliation thereafter (such as Imperial Preference) put American exporters in a tenuous position.

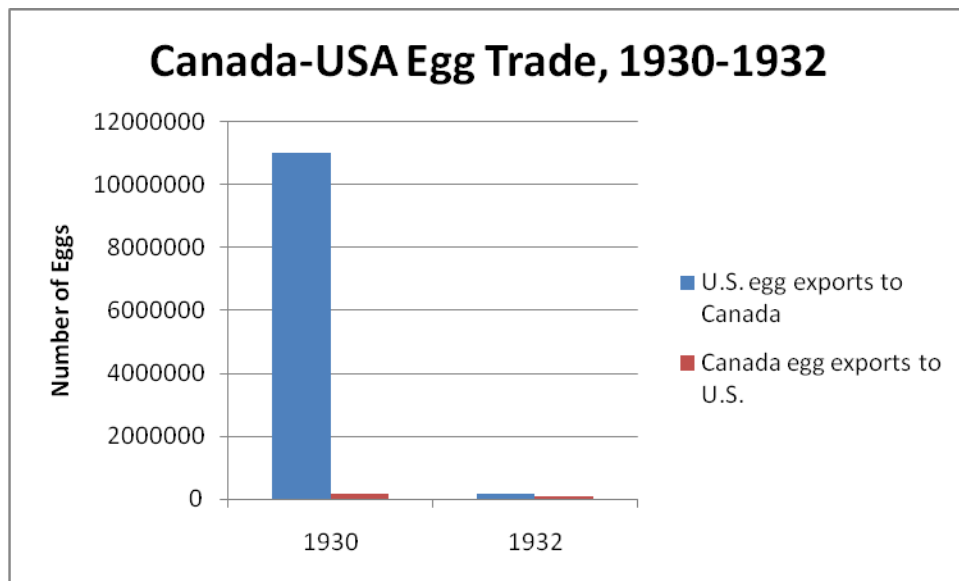


Figure 3.5 – This figure shows the volume of eggs traded between the United States and Canada; it also shows the changes from 1930 to 1932, after Smoot-Hawley.²⁹² Washington increased the tariff on eggs from \$0.08 to \$0.10 per dozen in 1930, and then Britain and Canada raised tariffs from \$0.03 to \$0.10.²⁹³ Consequently, the American farmers who exported eggs to Canada were shutout of the Canadian market. In theory, American consumption could increase to consume the production formerly sold to Canadians. On the other hand, with no similar decline in Canadian egg exports and the

²⁸⁹ Powell, *FDR's Folly*, 43.

²⁹⁰ *Ibid.*, 43.

²⁹¹ *Ibid.*, 43.

²⁹² Hull, *The Memoirs*, 1:355.

²⁹³ *Ibid.*, 1:355.

massive recession in the early Great Depression from 1929 to 1933, there was no way that export-oriented egg producers found themselves new American customers.

Economic data reveals that Smoot-Hawley greatly damaged American export industries. To give the bottom line, 3.34% of the American economy depended on foreign trade in 1929.²⁹⁴ This was less than the world average; yet, given the United States' remoteness from European economies across the Atlantic, it is understandable. However, it was still a substantial quantity towards explaining the Great Depression and high unemployment. In concentrated industries, the numbers were worse. In automobile parts, exports declined from \$541.4 million in 1929 to \$90.6 million in 1933 (83.26% decrease); and for iron and steel production exports fell from \$200.1 million down to \$45.5 million (77.26% decrease).²⁹⁵ The collapse of trade hit heavy industries hard. Nonetheless, agriculture and extraction industries did not escape. Copper exported \$183.4 million in 1929, but by 1933 only \$24.9 million (down 86.42%).²⁹⁶ Wheat farmers watched their exports tumble from \$192.3 million in 1929 to \$18.6 million in 1933 (down 86.42%), and rubber exports fell from \$77.0 million to \$17.8 million (down 76.88%).²⁹⁷ In addition, as eggs show, domestic markets were in no shape from 1929 to 1933 to make up the difference. Tariffs kept Americans from being able to buy foreign luxury goods. Luxury imports declined from \$322.7 million to \$207.5 million (July through December

²⁹⁴ A. M. Fox, "Quantitative and Qualitative Changes in International Trade During the Depression," *The American Economic Review* 27:1 (1937): 13.

²⁹⁵ Hull, *The Memoirs*, 1:354.

²⁹⁶ *Ibid.*, 1:354.

²⁹⁷ *Ibid.*, 1:354.

1928 and 1930, respectively).²⁹⁸ Tariffs failed at protecting farmers, keeping domestic prices high, and could not overcome deflation. Corn sold at \$0.10 to \$0.20 per bushel in 1932 despite a \$0.25 per bushel tariff.²⁹⁹ Wheat sold at \$0.30 per bushel even with a \$0.42 per bushel import tax.³⁰⁰ The American farmer was increasingly barred from overseas markets, and agriculturalists struggled accordingly.

Ironically, agriculture—the segment of the American economy the Smoot-Hawley tariff was intended to protect—suffered the greatest injury. Much of the original intent of the bill was to balance costs and growth amid the agricultural and industrial sector. Protectionists thought that Smoot-Hawley would increase farm prices and increase input costs for urban corporations and enterprises.³⁰¹ In an ideal world, the two sectors would grow together afterwards, at a measured pace. Unfortunately, this plan backfired and businesses had to pay higher prices and cut back on their own consumption.³⁰² In effect, firms decreased their aggregate level of economic activity. Agricultural laborers, farmers, hired hands, and ranchers were all in the same boat in having to shoulder higher production costs, as well. In sum, the Smoot-Hawley tariff bill and the Great Depression-era collapse of the international market harmed farmers. Agricultural exports totaled \$1.8 billion in 1929, but by 1933, they were down to \$590 million, or a decline of 67.22% in just three years.³⁰³ Low prices, closing foreign markets, and a wrecked economy gave

²⁹⁸ Department of Commerce Memorandum, April 21, 1931, 1931, Effect of Tariff, Box #292, Duties, Tariff Commission, Subject File Series, *Herbert C. Hoover Papers*, Hoover Presidential Library (West Branch, IA).

²⁹⁹ Rosen, *Roosevelt, the Great Depression, and the Economics of Recovery*, 139.

³⁰⁰ *Ibid.*, 139.

³⁰¹ Murphy, *The Politically Incorrect Guide to the Great Depression and the New Deal*, 42-43.

³⁰² *Ibid.*, 42-43.

³⁰³ Powell, *FDR's Folly*, 45.

farmers few places to turn. Farmers lost customers for their production due to protectionism.³⁰⁴ Peter Fearon noted that, “The general view was, however, that Hawley-Smoot did very little, if anything, to help the US farmer.”³⁰⁵ Smoot-Hawley did the most to help its benefactors in New England and industrial plants in competition with Europe. Nonetheless, high tariffs on the international market harmed businesses across the whole of the United States.

The question remains: was the decline in international trade from 1929 to 1933 due to trade policy or general economic stagnation? Defenders of protectionism and Smoot-Hawley, including Hoover, charged that the sheer size of the Great Depression hurt American exports far more than retaliatory tariffs. However, empirical data and economic statistics can resolve this issue by decomposing the role played by the cyclical, monetary, and trade policy factors (like tariffs and quotas) involved with the decline of the volume of international trade from 1928 to 1933. Econometric research with full, panel data isolates these inputs and shows the exact level of responsibility due to tariffs. For context, the worst year for trade was 1931, and world exports declined 21% from 1930 to 1931.³⁰⁶ The total fall from the high point of 1928 totaled 32% in 1931, and there were still declines in 1932 and 1933.³⁰⁷ The feeble economy played a role in creating this situation, but policymaking and tariffs were vital, too. The decline in world trade from 1929 to 1933 totaled 33%.³⁰⁸ Of that, 14% of the decline was due to reduced real

³⁰⁴ Ibid., 45.

³⁰⁵ Fearon, *War, Prosperity and Depression*, 105-06.

³⁰⁶ “Our Competitors’ Trade Losses for 1932 Equal to Our Own, Says National Foreign Trade Council,” 1916-1940, Tariff, Box #88, Subject File, *Cordell Hull Papers*, Library of Congress (Washington, DC).

³⁰⁷ Ibid.

³⁰⁸ Madsen, “Trade Barriers and the Collapse of World Trade during the Great Depression,” 1.

incomes, 8% due to tariffs, 5% due to deflationary pressures, and 6% due to quotas.³⁰⁹ Essentially, 41% of the decline in trade volume in the Great Depression was due to voluntary, human policy actions and the other 59% was due to general economic conditions, deflation, and stagnation.³¹⁰ Granted, most of the Great Depression came outside of the realm of trade economics, but higher tariffs still hobbled a struggling economy all over the planet.

	July-December 1928	July-December 1930	Percentage
Total Imports	2005.5	1325.1	-34.0%
Free Imports	1262.0	897.0	-29.0%
Dutiable Imports	743.0	428.0	-42.0%

Figure 3.6 – The above shows the total value of imports into the United States for the second half of 1928 (before Smoot-Hawley) and the second half of 1930 (after Smoot-Hawley).³¹¹ The figures are in millions of nominal dollars. The economic decline sapped American's ability and desire to buy imported goods, but higher tariffs on dutiable goods meant goods affected by Smoot-Hawley saw their export numbers disproportionately fall. Therefore, tariffs had an appreciable influence.

* * *

The Smoot-Hawley tariff exacerbated the Great Depression, created a trade war, and left the international market in shambles throughout the world in the early 1930s. Trade policy was always an important issue in early American history, and it continued to be a controversial and vital subject through the Great War and the Roaring Twenties. Herbert Hoover came to the office of the presidency to find an economic crisis on his hands, and a part of his response was the Smoot-Hawley tariff of 1930. Smoot-Hawley made American tariffs the highest in their history, and went far beyond even the

³⁰⁹ Ibid., 1.

³¹⁰ Ibid., 2.

³¹¹ Department of Commerce Memorandum, April 22, 1931, 1931, Effect of Tariff, Box #292, Duties, Tariff Commission, Subject File Series, *Herbert C. Hoover Papers*, Hoover Presidential Library (West Branch, IA).

protectionism of the older Fordney-McCumber tariff. Nonetheless, the monetary policy and the trade war after the passage of the Smoot-Hawley kept the economy from recovering. From 1929 to 1933, economic output and employment numbers declined by a third as a part of the Great Depression. There were many economic crises in the United States in the early 1930s, but economic data shows that international trade suffered more than its “fair share” due to high tariffs and protectionism. Hoover went down in disgrace and defeat in the election of 1932, though he still considered tariffs crucial decades later. Roosevelt entered the White House, and American history took a distinct turn. Importantly, however, Smoot-Hawley marked a clear and distinct contrast with the policy of the new Roosevelt administration and the approaching Reciprocal Trade Agreements Act of 1934.

CHAPTER 4: CORDELL HULL

Cordell Hull, originally a Congressman and Senator from Tennessee, came to the helm of American foreign and trade policy in 1933. President Franklin Roosevelt selected Hull to the post of Secretary of State for a number of reasons, not the least of which was Hull's established record on free trade. Unfortunately, for Hull, significant elements of the White House did not accept the free trade position in 1933 and 1934. Through these years, Hull had to battle against "economic nationalists"—fellow New Dealers who favored control of the domestic economy through Washington and not the economic freedom of open commercial relations over national boundaries. The nationalists wanted tariffs and quotas; Hull did not. Hull came to office with the Great Depression on his hands, but the Hoover administration handed him an opportunity in the form of the World Economic Conference in London in summer 1933. Nevertheless, a frightened world was not interested in trade liberalization in the early Great Depression, and protectionist interests undermined Hull in Washington and with Roosevelt. Hull was one of the significant members of Roosevelt's cabinet and himself a New Dealer, though scholars do not usually count him as such. Considering Hull's life and political career from the beginning maximizes the total understanding of the role he played in the 1930s, the Great Depression, and the New Deal. He was a free trader, to his absolute intellectual and political core, in ways few politicians were. Roosevelt's choice for Hull as Secretary of State showed the role free trade played in the New Deal. Yet, the academic profession somehow neglected him. There needs to be a redressing of this problem for the history of the New Deal and the 1930s.

Hull's Early Career

Hull was the world's utmost champion of a free international economy in the early part of the twentieth-century. He enjoyed a long, prosperous public career in law and legislation before 1933 and the Roosevelt administration. He gave his first political speech in 1888, at the age of eighteen, on the tariff.³¹² He supported Grover Cleveland (D-NY) over Benjamin Harrison (R-IN) because of Cleveland's support for a lower tariff.³¹³ Originally, Hull's buttressing of free trade in his youth was a product of regional identity. The South opposed tariffs essentially since the American Revolutionary War. Harold Hinton wrote, "Tariff and treason were still practically synonymous in the vocabulary of Southern Democracy."³¹⁴ Trade policy regionalized American politics. Agriculture, extraction-based, and export-driven areas in the Midwestern plains, the South, and the Mountain West favored international trade.³¹⁵ On the other hand, the Northeast and the basin around the Great Lakes (which had a greater concentration of industrial activity) wanted protectionism to limit foreign competition.³¹⁶ In his personal life, Hull was very austere, conservative, serious, and traditional. This colored his view of politics and American society. For example, in a campaign speech for Senate in 1930, he lambasted, "joy riders, jazz seekers, and pleasure and amusement lovers" amid the other epicurean, hedonistic excesses of the Roaring Twenties.³¹⁷ His advancement of the free trade agenda fulfilled a critical role in the Democratic Party from the 1910s to the 1940s.

³¹² Hull, *The Memoirs*, 1:21-22.

³¹³ *Ibid.*, 1:21-22.

³¹⁴ Hinton, *Cordell Hull*, 42.

³¹⁵ Butler, *Cautious Visionary*, 7.

³¹⁶ *Ibid.*, 7.

³¹⁷ "Campaign Speech Draft," Senate Campaign of 1930, Box #86, Subject File, *Cordell Hull Papers*, Library of Congress (Washington, DC).

Hull's vision could be potent, and he had a number of reasons for favoring liberalized trade relationships past regionalism.

Hull had a practical understanding of what international trade meant to the United States and the rest of the world in economic and diplomatic terms. His viewpoint on the empirical and theoretical arguments for free trade matured by the time he entered Congress after the election of 1906. Initially, he opposed higher tariffs to encourage lower domestic prices for consumers and competition against monopolies.³¹⁸ In Hull's mind, a trust only existed when a high, protective tariff shielded it from overseas competitors. Hull, as well, felt tariffs were a tax on consumers, as they forced them to pay higher prices for the benefit of connected, protected industries—hence, Hull's belief system dovetailed nicely with Progressivism and Progressive advocates in the New Deal coalition.³¹⁹ As years passed in Congress, Hull added to his liberal orthodoxy on free trade. He developed arguments for trade based on a forthright diplomacy, global prosperity, and the prevention of war through economic interdependence.³²⁰ On top, Hull saw American foreign trade as “entangling,” but in a good way. Trade gave businesses all over the world a stake in the peaceful flow of commerce. In addition, free trade helped to eliminate diversified, self-contained national economies, which aggressors needed to fight an industrial war. Conversely, purely on economics, Hull was not flawless. He always stressed the marketability of American goods in foreign markets and the necessity

³¹⁸ Hull, *The Memoirs*, 1:81.

³¹⁹ William R. Allen, “The International Trade Philosophy of Cordell Hull, 1907-1933,” *The American Economic Review* 43:1 (Mar. 1953), 108.

³²⁰ Hull, *The Memoirs*, 1:81.

of cheap raw materials for industry.³²¹ He idealized trade at times and never seriously considered the threat it posed to established industries and American employment (at least in the short-term). Moving from autarky to free trade required adjustment, and Hull never included that in his established paradigm.

Hull's beliefs about international trade could be incomplete or intransigent, at times, in a diplomatic sense. The future Secretary of State held deep precepts, and these determined many of his decisions. One particular contention was the most-favored nation (MFN) principle.³²² MFN is a standard of international trade law and theory. In definition, MFN works such that if one nation gives a "most-favored nation" (that is, a trading partner of MFN status) a concession on a tariff, then it must extend the concession to all countries on its MFN list. There are several benefits to the MFN principle from an economic standpoint. Foremost, it fosters an "equality of treatment" between different nations. This means that firms and consumers are able to make decisions on purchases in efficient terms, as MFN means no potential suppliers appear artificially cheap or expensive due to quotas or tariffs. Additionally, MFN expands the access of smaller countries to the international market; otherwise, they lack the bargaining power with larger nations to lower their tariffs. Hull, via MFN, hoped to spread liberalization and to place pressure on protectionist governments. Namely, he utilized MFN to combat, "exchange and quota controls, preferential tariffs, stand-still agreements, direct barter, and complete embargoes, to mention only a few."³²³ Imperial

³²¹ Allen, "The International Trade Philosophy of Cordell Hull, 1907-1933," 104.

³²² Barber, *Designs within Disorder*, 154.

³²³ "Trade Restrictions in Foreign Countries," Economics – General, Box #65, Subject File, *Cordell Hull Papers*, Library of Congress (Washington, DC).

Preference was the biggest contrast to MFN in the 1930s, and Hull hated the idea of “special relationships” in the global economy. He fumed against the British effort to cordon the empire off from the rest of the world. Later, he used Lend-Lease as an incentive for London, Ottawa, Canberra, and the other capitals of the empire to leave Imperial Preference.³²⁴ This kind of rigidity could cause some problems in the diplomatic amphitheater.

Hull had an active legislative record in the House of Representatives from 1907 to 1931 and the Senate from 1931 to 1933. He was routinely on the leading edge of economics, tariffs, and trade-related issues. Hull and the Democratic Party of the 1910s came into the sun after the election of 1912 and Woodrow Wilson’s ascension to the presidency (the first Democrat in the White House since Cleveland in 1897, and only the second since President Andrew Johnson in the 1860s). He admired Wilson professionally and personally, owing to Wilson’s support for a low tariff.³²⁵ Beyond tariffs, Hull had something to offer to the Wilson administration. Hull was a chief proponent of replacing tariff revenues with an income tax in the federal budget.³²⁶ He designed a structure to lower tariffs *sine qua non*, but also for the case of a national, wartime emergency. The volume of international commerce always declined severely whenever a war erupted. Up to the 1910s, the United States avoided disruptions, but a massive portion of the federal budget (before the passage of the 16th Amendment in 1913) drew from tariff revenues. Therefore, in the event of a major war, trade would vanish, and Washington’s source of

³²⁴ Barber, *Designs within Disorder*, 154.

³²⁵ Hinton, *Cordell Hull*, 130-31.

³²⁶ *Ibid.*, 143.

money with it. Hull wished to avoid such a nasty eventuality by shifting the tax burden onto the stability of incomes. He was an architect of the income tax system and, by extension, its use in the 1930s to further social outcomes.³²⁷ Hull was active on trade in the 1910s. He argued for trade in 1916 and stood by the side of Wilsonian internationalists.³²⁸ After 1916, he started to help to steer the decisions out of the Wilson administration itself.

He was a nexus of American trade policy between Congress and the White House after 1916. He helped the Red Cross and similar charitable organizations receive an exemption from paying import duties during the Great War in July 1918.³²⁹ The terrible war in Europe and the American entry to the conflict as an associated power in April 1917 put a lot on the negotiating table regarding international trade. In 1916, for example, Hull submitted a proposal to Wilson and the Department of State for a world conference after the war to fasten an agreement and an international clearinghouse to foster trade liberalization in the 1920s.³³⁰ Unhappily, for Hull, nothing came of this arrangement in the quarrelsome negotiations at Versailles in 1919. Yet, his conception tracks similarly to the modern WTO and, its antecedent, the GATT. Later in life, he believed that he influenced Wilson's famous Fourteen Points—predominantly the third one. To iterate three, “(1) Open covenants of peace, no private/national understandings, (2) Freedom of navigation in peace and war outside territorial waters, (3) The removal, so far as possible, of all economic barriers and the establishment of equality of trade conditions among all

³²⁷ Ibid., 143.

³²⁸ Conti, *Reconciling Free Trade, Fair Trade, and Interdependence*, 20.

³²⁹ Wolf Letter to Hull, July 12, 1918, 1918, Jan. 12-1920, Dec. 30, Box #2, Correspondence, *Cordell Hull Papers*, Library of Congress (Washington, DC).

³³⁰ Hull, *The Memoirs*, 1:82.

the nations consenting to the peace and associating themselves for its maintenance.”³³¹

Free trade and liberal internationalism imbued the first two points. Wilson’s third point is a powerful endorsement of Hull’s free trade ideology and the MFN principle. The Democratic Party’s mantle on free trade fell to him in the 1920s after Wilson suffered an incapacitating stroke in 1919.

Hull became a power player in Democratic politics in the 1920s. Wilson was out of the picture, and much of the party leadership fell in the electoral debacle of 1920. Thus, Hull and his younger cohorts moved up. He chaired the Democratic National Committee from 1921 to 1924. He was a potential presidential nominee in 1928 and 1932, but Al Smith’s machinations and the political success of Franklin Roosevelt put an end to those possibilities.³³² Hull bitterly despised the Republican Party on the tariff question in the 1920s. He accused the majority party of trading tariff protections for campaign contributions, and he detested how Republicans made any attempt at trade liberalization impossible.³³³ He was 100% a Democrat, for all the party did. In the 1920s and 1930s, the Democratic Party and Democrats in Congress drew most of their ideas about trade policy from him: “Thus, the ideas on trade and international relations generally which we have reviewed [Hull’s] furnished the philosophy of much of America’s foreign policy during the New Deal period.”³³⁴ He was a kingmaker in 1932. After Hull was out of the race for the Democratic presidential nomination, he threw his

³³¹ World War I Document Archive, “President Wilson’s Fourteen Points,” *Brigham Young University Harold B. Lee Library*, http://wwi.lib.byu.edu/index.php/President_Wilson's_Fourteen_Points.

³³² Farr, *FDR*, 23.

³³³ Allen, “The International Trade Philosophy of Cordell Hull, 1907-1933,” 115.

³³⁴ *Ibid.*, 116.

support behind Governor Roosevelt.³³⁵ The South and agriculturalists (favorable to Hull) backed Roosevelt, and he garnered the Democratic Party's nomination with their sustenance.³³⁶ Hoover offered little resistance in 1932, so Hull essentially helped make Roosevelt the next president. This was not the last time the two dealt with one and other, but it was far from the first time for Hull and Roosevelt, as well.

Roosevelt and Hull were both the intellectual and political children of Wilson, and their experiences with the Wilson administration in the 1910s tied them together. Roosevelt supported Wilson for the Democratic nomination in 1912. He supported him again in the general election over William H. Taft and Theodore Roosevelt (NY-Progressive)—part of his own family.³³⁷ Wilson rewarded the young Franklin Roosevelt with the post of Assistant Secretary of the Navy from 1913 to 1920. Roosevelt served through the Great War, and he found the Fourteen Points brilliant.³³⁸ Roosevelt and Hull became familiar with each other during the 1910s, and Hull shared Roosevelt's assessment of Wilson. They both believed that Versailles failed to create a permanent, visible "community of nations" and anticipated the potential for another big war.³³⁹ Additionally, they wanted a stronger League of Nations and open trade relationships to foster a lasting peace.³⁴⁰ Roosevelt was the unsuccessful Democratic nominee for Vice President in 1920 against Senator Warren G. Harding. Nonetheless, he maintained ambitions for national office, despite his defeat. Hull, still in Congress throughout the

³³⁵ Rosen, *Roosevelt, the Great Depression, and the Economics of Recovery*, 29.

³³⁶ *Ibid.*, 29.

³³⁷ McJimsey, *The Presidency of Franklin Delano Roosevelt*, 12.

³³⁸ *Ibid.*, 12.

³³⁹ Thomas M. Campbell, "Nationalism in America's UN Policy, 1944-1945," *International Organization* 27:1 (Winter 1973), 25-26.

³⁴⁰ *Ibid.*, 25-26.

1920s, became a “watchdog” for the New York governor in Washington.³⁴¹ He met with Roosevelt from 1928 to 1933 and helped Roosevelt forge alliances amongst Senator Thomas J. Walsh (D-MT, future Attorney General-designate) and Congressman Henry T. Rainey (D-IL, future Speaker of the House) in preparation for a run in 1932.³⁴² Roosevelt’s ideological infrastructure on economic policy, as much as he had any, frequently changed. Yet, during this time, Hull believed Roosevelt shared his beliefs about liberal internationalism and trade.³⁴³

Hull was a leader in Congress on the tariff in the 1920s. The Republican majority of the decade kept him from making much progress on trade liberalization, on the other hand. To put it in Hull’s words: “I was to plead again and again for these principles of freer trade throughout the 1920s and into the 1930s, and then in my years as Secretary of State.”³⁴⁴ He parlayed his tenure in the House into a Senate seat in 1930, mostly owing to strong support from agriculturalists in eastern Tennessee. Farmers supported him for his record: he voted for the rural credits system, agricultural relief, discounted wholesaling, discounted warehousing, federal marketing of farm products abroad, the Federal Farm Board, and other pieces of farm legislation.³⁴⁵ Free trade drew support from agricultural elements, as well. Farmers realized that the United States was one of the world’s foremost food producers; hence, the country needed foreign markets to avoid a glut in the rural economy. Hull fought back against the Smoot-Hawley tariff. He introduced a clause

³⁴¹ Hull, *The Memoirs*, 1:31-32.

³⁴² *Ibid.*, 1:31-32.

³⁴³ *Ibid.*, 1:31-32.

³⁴⁴ *Ibid.*, 1:101.

³⁴⁵ “Vote for Cordell Hull: Here is His Record,” Senate Campaign of 1930, Box #86, Subject File, *Cordell Hull Papers*, Library of Congress (Washington, DC).

into the revenue bill of 1932 that prohibited any further tariff increases in Washington for the next two years.³⁴⁶ Two years were (hopefully) long enough to force Hoover out of office and Congress into Democratic hands. The idea of a tariff “truce” enjoyed some popularity in summer 1932, and he returned to the idea in the autumn when he became Secretary of State-designate. Conversely, Hull’s amendment went down 42-35 in the Senate on straight party lines (outside of two Democratic defectors).³⁴⁷ He was unable to push tariffs lower in the early 1930s. Of course, Smoot-Hawley was the obvious target of Hull’s exasperations.

The Smoot-Hawley law was a proximate impetus for the Great Depression in libertarian, Wilsonian, internationalist, and 1930s liberal thinking. Ironically, with Smoot-Hawley, Hull had a front row seat to proceedings. He first entered the Senate, already with sterling credentials as a free trader, in 1933. His committees included the Senate Committee on Finance—with Senator Reed Smoot as chair.³⁴⁸ Luckily, Hull missed the actual drafting, editing, debating, committee work, approval, and passage of the Smoot-Hawley bill by a year. Nevertheless, he worked in the immediate aftermath of Smoot-Hawley in the committee and within the context of the general economic crisis. He believed that the stock market crash of 1929 and the economic crunch of 1932 were trade-related; “international trade withered” after Smoot-Hawley, which caused a collapse in domestic prices as exporters lost their customers and flooded the American

³⁴⁶ Snyder, “Hoover and the Hawley-Smoot Tariff,” 1189.

³⁴⁷ *Ibid.*, 1189.

³⁴⁸ Hull Letter to Pell, February 29, 1932, Tariff, St-Ta, Box #26, General Correspondence, *Herbert C. Pell Papers*, Roosevelt Presidential Library (Hyde Park, NY).

market with goods.³⁴⁹ Overall, he thought the cataclysm happened because of bad policymaking—in other words, high tariffs.³⁵⁰ Wilsonian internationalists considered Smoot-Hawley “onerous” or “repugnant.”³⁵¹ These charges contain more than a kernel of truth, as per economic analysis. On the other hand, the Great Depression involved a colossal world economy and not just the trade market. He neglected important bellwethers outside of trade policy. For instance, in 1929, he blamed the Wilson administration and the Republican majority’s inability to lead the world away from protectionism for the stock market crash.³⁵² Here, he tried to fix a rivet on a sinking ship. He made a salient point, but it was narrow. He ignored the vital cyclical, monetary, and secular factors influencing the economy. Hull was never perfect in his economic theory, but he was in a position to make things happen after 1933.

Hull and the New Deal

Roosevelt campaigned hard against Hoover on trade policy in 1932. Roosevelt found an opening with Smoot-Hawley, and he exploited it. In the end, essentially, the American people picked a promised trade liberalizer over a known protectionist. The ticket of Roosevelt and John Nance Garner (also known as “Cactus Jack,” D-TX, Speaker of the House from 1931 until 1933) ran on a platform of balanced budgets, reciprocal trade, and currency stability—these were clean breaks from the Hoover administration, and they brought internationalists like Hull and Newton D. Baker on board. Wilsonians

³⁴⁹ “Secretary Hull’s Address at Minneapolis,” October 7, 1936, 1933-1937, State, Cordell Hull, Box #73, President’s Secretary’s Files, *Franklin Delano Roosevelt Papers*, Roosevelt Presidential Library (Hyde Park, NY).

³⁵⁰ Barber, *Designs within Disorder*, 154.

³⁵¹ *Ibid.*, 154.

³⁵² Hull, *The Memoirs*, 1:126.

and internationalists influenced the Roosevelt campaign in two ways: they prompted Roosevelt to attack Smoot-Hawley, and they led him to call for a plan of reciprocal trade agreements to replace Smoot-Hawley's protectionism.³⁵³ Roosevelt agreed with this assessment. To let the mouse roar for himself, he said in a speech that, "Furthermore, when our Smoot-Hawley Tariff Law went into effect three years ago, over the protest of thousands of our own [executives] and farmers, the foreign nations, by way of retaliation, raised high tariff fences of their own."³⁵⁴ As an economic policymaker, Roosevelt was protean. However, in the statement, Roosevelt was against Smoot-Hawley in the heart of an industrialized, protectionist state in the Northeast. New York was his home, but the political economy of trade still had an influence. To demonstrate, Secretary of Commerce Hoover won New York in the election of 1928 over Al Smith—its own governor. Hoover came from the protectionist administrations of Harding and Coolidge, and he claimed their mantle. Roosevelt demonized Hoover on the Smoot-Hawley tariff, but he was not always consistent on the issue.³⁵⁵ Roosevelt's choice of Hull for Secretary of State removed much of his new administration's ambiguity when it came to their forthcoming reciprocal trade policy and the New Deal.

There was a mixed reply to Roosevelt's selection of Hull for Secretary of State in 1932. The Roaring Twenties, the "Panic of 1929," the Smoot-Hawley tariff, and the splendid election of 1932 launched a tariff debate inside of the Democratic Party in the

³⁵³ Rosen, *Roosevelt, the Great Depression, and the Economics of Recovery*, 76.

³⁵⁴ Franklin Roosevelt quoted in "Address of Governor Franklin D. Roosevelt before the members of the New York State Grange, State Armory, Albany," February 2, 1932, Tariff to Wilson, M. L., Subject File, pre-1933, Correspondence, *Henry J. Morgenthau, Jr. Papers*, Roosevelt Presidential Library (Hyde Park, NY).

³⁵⁵ Leuchtenburg, *Franklin D. Roosevelt and the New Deal*, 10.

early 1930s. Regionalism dominated the discussion. The South and Midwest wanted lower tariffs in order to expand their farm exports, while the Northeast and heavy industries wished for high tariffs (Smoot-Hawley) to exclude foreign competition.³⁵⁶ The New Deal political coalition drew support from all over the country; Roosevelt won all but six states in 1932. Roosevelt's selection of Hull was, initially, a forceful endorsement of trade on the part of president-elect and the New Deal. Republicans, protectionist Democrats, and economic nationalists recognized that. Rauch wrote, "It was not expected that Secretary Hull, the country's outstanding advocate of low tariffs for a generation, would allow the opportunity to achieve his lifetime purpose go to waste."³⁵⁷ These oppositional groups knew Hull's principles on trade policy, and they objected to his new, powerful pulpit at the Department of State. From there, Hull could turn free trading ideology into defined goals of trade liberalization for the United States. He was the first internationalists in such a high office since 1921. Hull and the opposition alike knew tariffs had a profound influence on the American economy and foreign policy. For measure, Hull considered trade an issue of both diplomacy and domestic policymaking.³⁵⁸ This "lack of distinction" on his part was critical, as later scholars of the New Deal tended to unwisely consider them separately.

Hull, once entrenched in the Department of State in 1933, believed that the expansion of international commerce would do well for the American economy and diplomacy. He thought not only of vague notions of "prosperity," as he provided hard

³⁵⁶ Rauch, *History of the New Deal 1933-1938*, 40.

³⁵⁷ *Ibid.*, 116.

³⁵⁸ Hull, *The Memoirs*, 1:167.

numbers (of whatever accuracy) on recoverable growth and potential employment. He led the Department of State in the 1930s in the conviction that there was room for a \$20 billion expansion of international trade—plenty of space for new business ventures, commercial opportunities, and employment for 12 million to 14 million people worldwide.³⁵⁹ In 1930, gross world product totaled \$287.98 billion in nominal dollars.³⁶⁰ With \$20 billion, he believed that a 6.945% expansion in the total world economy was possible alone from trade liberalization. This figure is impressive, even in the context of the total decline of the Great Depression. Such hopes were at least optimistic, if not wildly fanciful, and he was vague about where the jobs would come from.³⁶¹ However, the accuracy of the figures was immaterial—he believed them, and he utilized them to manage the Department of State and the United States’ economic diplomacy in the 1930s. To quote Murray N. Rothbard here, Hull believed that, “The political lineup follows the economic lineup.”³⁶² He firmly believed lower tariffs and open trade relationships begat prosperity and peace.³⁶³ He was a partisan of Wilson and the Fourteen Points to the end. Moreover, beyond his influence on trade policy, he was an important figure in the politics and policy of the New Deal.

Hull was nationally popular by 1932, and Roosevelt harnessed his reputation by inviting him into the cabinet. Foremost, he simply looked the part of an “elder

³⁵⁹ Ibid., 1:521.

³⁶⁰ J. Bradford DeLong, ““Estimating World GDP, One Million B.C. – Present,” *University of California-Berkeley*, http://econ161.berkeley.edu/TCEH/1998_Draft/World_GDP/Estimating_World_GDP.html.

³⁶¹ Hull, *The Memoirs*, 1:521.

³⁶² Murray N. Rothbard, “The New Deal and the International Monetary System” in *Watershed of Empire: Essays on New Deal Foreign Policy* eds. Leonard P. Liggio and James J. Martin, 19-64 (Colorado Springs, CO: Ralph Myles, 1976), 47.

³⁶³ Rosen, *Roosevelt, the Great Depression, and the Economics of Recovery*, 30.

statesman,” and Hull’s countenance upheld it well.³⁶⁴ Voters enjoyed Hull’s subdued and sage personality in contrast to the suave Roosevelt and the younger, fresher, newer members of the Roosevelt administration—many of which looked too “ethnic” or Jewish for national comfort.³⁶⁵ Hull’s name carried some weight in Congress when it came to legislation.³⁶⁶ Hence, Roosevelt hoped Hull’s connections and network in Congress would help pass contentious bills in 1933. As a longtime Congressman and Senator, Hull’s presence in the cabinet would be homage to the authority of the legislative branch. Additionally, his position in the Department of State would deflect criticisms of the New Deal on its concentration of power in the executive branch. Most of the Roosevelt administration focused on domestic economics, so Hull was free to lead on the tariff question.³⁶⁷ His popularity grew in time with success at the Montevideo Conference, with the Reciprocal Trade Agreements Act of 1934, and the signing of trade deals throughout the 1930s and 1940s.³⁶⁸ Secretary of State Hull made a statement on the part of the Roosevelt administration in support of freer trade under the New Deal, and it harkened to the Wilson administration of the 1910s before the Great War. The White House’s image was essential, but Hull offered other benefits, too.

³⁶⁴ Gellman, *Secret Affairs*, 207.

³⁶⁵ *Ibid.*, 207.

³⁶⁶ Simon J. Rofo, *Roosevelt’s Foreign Policy and the Welles Mission* (New York: Palgrave Macmillan, 2007), 20.

³⁶⁷ *Ibid.*, 20.

³⁶⁸ Butler, *Cautious Visionary*, 167.

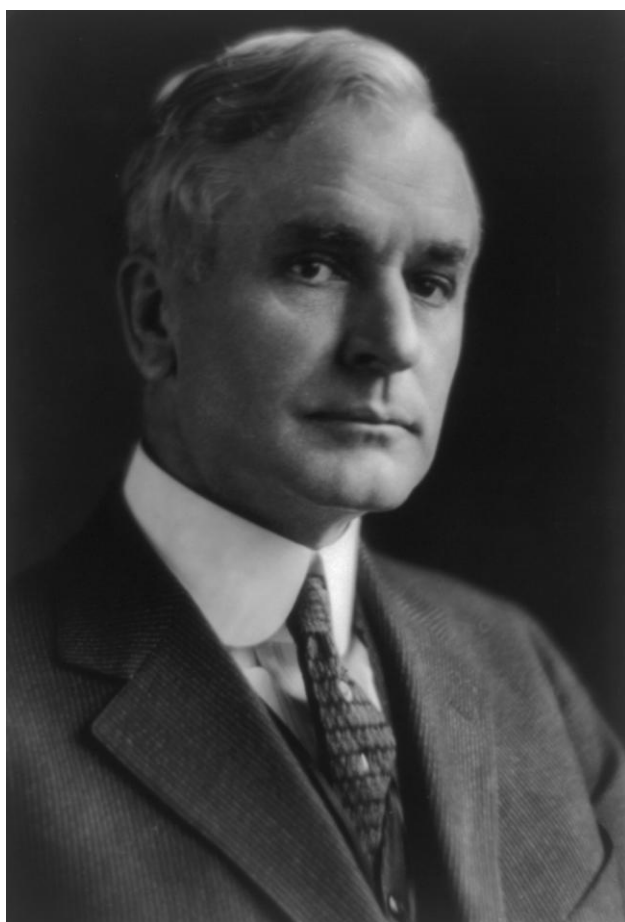


Figure 4.1 – This photograph of Hull, taken sometime in the 1930s, is from his tenure as the Secretary of State.³⁶⁹ Most of the New Dealers were new to government and rather youthful. The experienced Hull provided a counterweight to accusations of amateurism in the administration. Moreover, he looked the part of a “southern gentleman,” which helped with that constituency.

Hull enhanced the Roosevelt administration’s regional balance. Roosevelt wanted his new government to reflect representative sections of American religions, ideologies, academic disciplines, geographical arenas, and subject expertise.³⁷⁰ Geography was an important element. Roosevelt hailed from the Northeast, and much of the remainder of the administration came from somewhere in New England, or perhaps they had passed

³⁶⁹ Wikipedia contributors, “Hull-Cordell-LOC,” *Wikipedia*, <http://en.wikipedia.org/wiki/File:Hull-Cordell-LOC.jpg> (this image does not have a copyright).

³⁷⁰ McJimsey, *The Presidency of Franklin Delano Roosevelt*, 29.

through prominent universities on the eastern seaboard. Hull, however, was a confirmed southerner and earned his degrees at a regional institution. Hull, Claude Swanson of Virginia (Secretary of the Navy, 1933 to 1939), and Daniel Roper of South Carolina (Secretary of Commerce, 1933 to 1938) offered regional balance with the otherwise severely Northeastern administration.³⁷¹ Hull was a protagonist in this approach.

Roosevelt planned for the Secretary of State-designate to create support from the older wing of the Democratic Party in the South, as well as from Wilsonian Democrats who wanted free trade and an internationalist foreign policy.³⁷² In a world of interest groups, Hull and his seat in the cabinet formed the cornerstone of the New Deal's appeal to these factions. Trade was not the only issue in this situation, but tariffs still played a part in the politics of export-oriented states and in the South. Hull's policies added to the totality of the New Deal, and his experience and responsibilities merged with the national politics of the 1930s.

The World Economic Conference

The first predicament in Hull's inbox as the Secretary of State-designate was the World Economic Conference of 1933. The World Economic Conference, henceforth called the London Conference, was a major opportunity for trade liberalization at the nadir of the Great Depression. Conversely, it was a product of the Hoover administration, and it was something of a headache from the start. Hoover called for an international conference to address the effects of the Great Depression. The meeting, eventually held under President Roosevelt, acutely failed for many reasons. The summit took place from

³⁷¹ Edsforth, *The New Deal*, 128.

³⁷² Flynn, *The Roosevelt Myth*, 54.

June 12, 1933 to July 27, 1933 at the Geological Museum in London. The London Conference had three objectives: (1) addressing the imbalances created by the Great War and war debts; (2) stabilizing currencies; (3) reducing tariffs and restrictions on the flow of international trade.³⁷³ In particular, Hull highlighted the third point, and he yearned for an international agreement on trade liberalization during the economic crisis. No substantial agreement or work came to fulfillment on any of these issues, and historians universally agree the London Conference abjectly failed. Foremost, it was too late to save the world economy from the worst of the crisis by summer 1933. Roosevelt disliked the idea of the conference in private as a “relic” of Hoover, and he did not want to deal with its high expectations so early in his first term. Conversely, Roosevelt publically supported the restoration of the international market in April 1933, before the symposium, plus “practical reciprocal tariff agreements [...] to break through trade barriers and establish foreign markets for farm and industrial products.”³⁷⁴ Smoot-Hawley induced autarky, and the letdown at the London Conference made the New Deal look increasingly domestic to commentators in analysis. Nonetheless, Hull’s failure in London was the exception in the 1930s, and not the typical rule.

Hull engendered several developments on trade before the London Conference. Notably, he called for a tariff “armistice” after the elections in November, and he then asked for a 10% reduction in all tariffs by governments as a mark of good faith before London.³⁷⁵ The former held well; the latter never materialized. Nonetheless, he had a

³⁷³ Hull, *The Memoirs*, 1:250-51.

³⁷⁴ Franklin Roosevelt quoted in *Ibid.*, 1:249.

³⁷⁵ *Ibid.*, 1:155.

small cache of goodwill before the London Conference the next year. To quote Hull about the suggestion of a tariff truce, which he tendered on December 4, 1932, “One was a truce on further increases in tariffs and similar trade obstructions; the second was a horizontal reduction of 10 per cent in all permanent tariff rates of all countries—both proposals to be made by our Government.”³⁷⁶ Furthermore, he then brought Roosevelt a draft version of a reciprocal trade bill during the Hundred Days. He intended that a “Reciprocal Trade Agreements Act of 1933” should pass Congress before or during the London Conference.³⁷⁷ He wanted to evacuate from Smoot-Hawley protectionism, and he wanted the ability to reduce American tariffs in reciprocation to similar liberalizations from the remainder of the world. Hull hoped to show leadership on the part of the United States through the “ceasefire” and trade legislation in 1933.³⁷⁸ While solid, in theory, this design ran into immediate problems. The First New Deal (of 1933 and early 1934) sought domestic recovery primarily through the “reflation” of prices—in other words, inflation via currency controls, cartelization (the NRA), and government price guarantees (the AAA).³⁷⁹ Ergo, certain elements around Roosevelt in the White House believed cheap foreign imports decreased domestic prices and ruined the efforts at reflation. Roosevelt’s lack of resoluteness did not assist.

Roosevelt left the London Conference drifting in the tide and marooned on a sandbar. His method of governance preferred the delegation of responsibility to subordinates and, oftentimes, in contradictory ways. Additionally, Roosevelt lacked clear,

³⁷⁶ Ibid., 1:155.

³⁷⁷ Rosen, *Roosevelt, the Great Depression, and the Economics of Recovery*, 30.

³⁷⁸ Ibid., 30.

³⁷⁹ Butler, *Cautious Visionary*, 28.

deep, defining convictions about the economy and policy. Roosevelt had limited experience and familiarity with economists' dogma; therefore, access to the president was always vital.³⁸⁰ Roosevelt frequently mirrored what those around him said about economics—while they were in the room—and then changed when the next advisor met with him, and he reverted back to *tabula rasa* afterwards.³⁸¹ He liked to rely on intuition when making decisions, despite the unsystematic results, and he disliked the research necessary to gain much knowledge on a subject.³⁸² Economic nationalists favored the NRA, the AAA, and they were lukewarm on reciprocal trade. Yet, they controlled access to the president in 1933, and thus they proscribed most of his economic thoughts.³⁸³ Hull was busy with his job as Secretary of State, and he left the country to lead the American delegation to the conference in the summer of 1933. He only had a telegraph thereafter, which was a disadvantage compared to real contact with a gregarious person like Roosevelt. As well, Roosevelt sometimes distrusted famous and independent political figures, like Hull, since they did not depend on him for their notoriety.³⁸⁴ It seems Roosevelt never felt “right” about the London Conference, which was good enough for him. James E. Sargent comments, “Roosevelt’s thinking about methods of making foreign policy during the Hundred Days was informal, improvised, and even

³⁸⁰ Ibid., 15.

³⁸¹ Ibid., 15.

³⁸² James E. Sargent, *Roosevelt and the Hundred Days: Struggle for the Early New Deal* (New York, NY: Garland Publishing, 1981), 82.

³⁸³ Butler, *Cautious Visionary*, 15.

³⁸⁴ Sargent, *Roosevelt and the Hundred Days*, 82.

haphazard.”³⁸⁵ He was not alone, and other parts of the Roosevelt administration shared his overall distrust of the world economic gathering in England in 1933.

The early Roosevelt administration of 1933 and 1934 was a divided place, in spite of its reputation for legislative success in the Hundred Days. Since he did not have policy expertise himself, Roosevelt preferred it that way. He wanted the interest groups of the Democratic Party to come together, argue their points before him, and (in the manner of George Washington amid Alexander Hamilton and Thomas Jefferson) he would make the final decision.³⁸⁶ As a result, the First New Deal was confused and inefficient before the kinks in the system worked out. This was true with trade and the London Conference.³⁸⁷ Roosevelt and his administration were popular, though, since they were at least “doing something” to address the calamity.³⁸⁸ To quote Arthur Schlesinger, “Even conservatives joined the applause.”³⁸⁹ The White House divided into two camps over the London Conference. Hull and the internationalists imagined that London could resuscitate the international market, rebuild trade in North America and the North Atlantic, and reconnect the economy to the rest of the world.³⁹⁰ Economic nationalists (led by Undersecretary of State Raymond Moley, placed tenuously as Hull’s immediate subordinate) did not reject free trade out of hand, but they wished to develop an “internal economy” before branching out into the remainder of the globe.³⁹¹ In the end, under the sway of the economic nationalists, Roosevelt rejected the London Conference because he

³⁸⁵ Ibid., 149.

³⁸⁶ Clawson, *New Deal Planning*, 27.

³⁸⁷ Ibid., 27.

³⁸⁸ Ibid., 27.

³⁸⁹ Arthur Schlesinger quoted in Ibid., 27.

³⁹⁰ Rosen, *Roosevelt, the Great Depression, and the Economics of Recovery*, 23.

³⁹¹ Ibid., 23.

felt inflation at home—and not trade abroad—was the path to economic recovery in 1933.³⁹² Hence, the nationalists won in 1933, but Hull was not alone with his push for reciprocal trade in the Democratic Party.

Hull was far from the last liberal internationalist, Wilsonian, or free trader in the 1930s. For instance, Congressman Sam D. McReynolds (D-TN), the chair of the House Foreign Affairs Committee from 1931 to 1941, accompanied Hull to London. McReynolds believed roughly the same things as Hull about trade policy. He articulated the American objectives for the meeting under Hull: “We went there hopeful that we might put an end to disastrous nationalism which is hampering the movement of world trade, and the speeches made at the opening session added confidence to this belief.”³⁹³ Hull and McReynolds were natural political allies—they were both from Tennessee, had rural backgrounds, attended Cumberland University to study law, and rose to national prominence. McReynolds was an obvious one, but Hull had other allies. The appeal of liberal internationalism, Wilson’s heritage, Hull’s vocation in Congress, and his identity as a southerner added to the appeal of the London Conference for Americans. They added to the New Deal, as well. Illustratively, McReynolds eventually blamed the failure of the conference on the obstructionism from countries on the gold standard—not on Roosevelt, which would have been a criticism of the head of the New Deal coalition.³⁹⁴ Gold is deflationary as a currency; American and British inflationary policies snagged

³⁹² Sumner Welles quoted in “The Roosevelt Administration and the London Conference of 1933,” September 30, 1944, London Economic Conference, Box #79, Subject File, *Cordell Hull Papers*, Library of Congress (Washington, DC).

³⁹³ McReynolds Statement, August 5, 1933, London Economic Conference, Box #79, Subject File, *Cordell Hull Papers*, Library of Congress (Washington, DC).

³⁹⁴ *Ibid.*

negotiations. Sans consensus on monetary policy, no breakthroughs were possible on tariffs, despite a level of receptiveness to liberalization around the world after Smoot-Hawley's trade war.³⁹⁵ There were conflicts and disagreement within the Democratic Party over the conference, but the globe itself had irresolvable differences about the question of metallic currencies, exchanges, and inflation.

Diplomatic, economic, political, and social forces in the world harmed the prospects for a meaningful trade deal in London before Hull even left for the conference. In the United States, the AAA raised a small tariff on foreign fiber production imported into the country in early 1933, which embarrassed Hull and the American position as hypocritical.³⁹⁶ Washington's stance was bad after Smoot-Hawley, but Hull could claim he represented the wishes of a new government. However, minor tariff increases from executive agencies undermined his claim in negotiations. The AAA wanted high domestic prices, and cheap foreign imports could easily flood the market and drive prices downwards. Yet, by its actions, the AAA broke the tariff truce, and countries threatened more retaliation against American corn and wheat exports.³⁹⁷ Britain, with a higher level of government intervention in the economy and a more active central bank, had a similar plan to spur recovery through "reflation." London and capitals throughout the empire preferred to keep domestic prices high and to preserve solidarity via Imperial Preference, and they were not too keen on reciprocal trade.³⁹⁸ The British Empire feared that

³⁹⁵ Ibid.

³⁹⁶ Butler, *Cautious Visionary*, 76.

³⁹⁷ Ibid., 76.

³⁹⁸ "London Conference: from Headache to Hysterics" from Charles Michelson's *The Ghost Talks*, London Economic Conference, Box #79, Subject File, *Cordell Hull Papers*, Library of Congress (Washington, DC).

liberalization would create further deflation and uncouple its political dominion. In particular, Roosevelt was jealous of the British for being the first to leave the gold standard and supposedly “reflating” their depressed prices back to a prosperous level.³⁹⁹ Roosevelt wanted to do it, as well. Regarding trade, many countries preferred bilateral or regional trade deals (which involved two or a similarly small number of nations) instead of the one “fell swoop” envisioned by Hull.⁴⁰⁰ Hull’s ambition for worldwide reductions in tariffs and quotas had to wait because he made little progress once he arrived to the London Conference itself.

The London Conference came to naught. Hull could not make it work. Some scholars, like Amity Shlaes, described Hull’s effort there as Herculean: Roosevelt sent him to work on trade liberalization—the exertion of Hull’s life—and to “undo the damage of Smoot-Hawley.”⁴⁰¹ In reality, circumstances probably set him up to fail, and his level of effort was rather irrelevant. Economist nationalists and a lukewarm Roosevelt harassed Hull from behind, the flanks caved as the currency debate stalled, and virtually nobody wanted to talk about trade liberalization while monetary policy went nowhere. The deflation/inflation battle raged, and Hull was stuck. Potter summarized, “In June the American delegation led by Cordell Hull arrived in London for the negotiations, but early in July Roosevelt sent a message which amount to American repudiation of the conference.”⁴⁰² However, the point remains the United States, with the largest economy in the world in the 1930s, needed to demonstrate leadership in a crisis for the sake of

³⁹⁹ Ibid.

⁴⁰⁰ Ibid.

⁴⁰¹ Shlaes, *The Forgotten Man*, 160.

⁴⁰² Potter, *The American Economy Between the World Wars*, 115.

international trade and the global economy.⁴⁰³ The emergence of the veneer of autarky in New Deal policy after the London Conference helped to cause the neglect of the trade story in the historiography of the 1930s. The year 1933 was a low water mark but only the start. Hull returned to tariffs and trade at places like the Montevideo Conference—where tariffs and international trade were the first issues on the table.⁴⁰⁴ An intramural fight inside of the American delegation terminated the chances Hull had in London for headway on tariffs.

Roosevelt sent both Hull and Raymond Moley to London—a recipe for disagreement, at least, and probable disaster. In theory, the conference was Hull’s prerogative. He should have had the solitary duty to pick the members of his delegation and their respective responsibilities, and Roosevelt should have allowed him to manage things. On the other hand, it was typical Roosevelt to infringe on the powers of his subordinates.⁴⁰⁵ He created a governing mess in the process, but it kept Roosevelt at the center of his government and the Democratic Party by making him the arbiter of disputes. He did not want agreement, he wanted opposition, and from there the president decided. This philosophy cracked in London. Hull left for England, and Roosevelt sent Moley to London thereafter. Moley was an economic nationalist, and he was critical of Hull’s methodology on diplomacy and international economics.⁴⁰⁶ Later, Moley was a scintillating critic of the New Deal once he was out of the Department of State, due in

⁴⁰³ Shlaes, *The Forgotten Man*, 160.

⁴⁰⁴ Department of State Press Release, December 12, 1933, Montevideo Conference, Box #81, Subject File, *Cordell Hull Papers*, Library of Congress (Washington, DC).

⁴⁰⁵ Julius W. Pratt, “The Ordeal of Cordell Hull,” *The Review of Politics* 28:1 (Jan. 1966), 76.

⁴⁰⁶ Hinton, *Cordell Hull*, 253.

large part to Hull's progression on the reciprocal trade programs.⁴⁰⁷ Once in London, Moley stole a lot of Hull's thunder among the media and between diplomats. Hull and Moley did not agree whether to address the currency issue first, at the expense of tariffs, and Moley did not want to deal with tariffs at all. In the end, Hull played second fiddle. He swallowed his pride, and he did not resign for the sake of the rest of the Roosevelt administration. He even approved a message, drafted by Moley, which defended the New Deal and put the fall of the London Conference in positive light for the United States.⁴⁰⁸ Meanwhile, back in Washington, Roosevelt continued to harm Hull's chances beyond sending Moley over in the first place.

The death of a reciprocal trade bill in 1933 was the ultimate betrayal of Hull's work in London. Hull nearly had his way in 1933. Indeed, he packed a copy of the draft legislation in his briefcase before leaving for London, confident it would be law when he showed it to the entire conference at its opening as a profound announcement of American seriousness and leadership on trade liberalization.⁴⁰⁹ Hull thought Roosevelt intended to send a "Trade Agreements Act of 1933" to Congress for approval in the summer.⁴¹⁰ Unfortunately, for Hull, he was unaware of Roosevelt's misgivings about free trade in contrast to an inflationary NRA and AAA.⁴¹¹ Once Hull left, Roosevelt mainly started to listen to economic nationalists. He cooled on trade enough to lose the belief that it was worth it to force a bill through Congress. He eventually told Hull it was politically

⁴⁰⁷ Ibid., 253.

⁴⁰⁸ Butler, *Cautious Visionary*, 65.

⁴⁰⁹ Flynn, *The Roosevelt Myth*, 51.

⁴¹⁰ Hull, *The Memoirs*, 1:248.

⁴¹¹ Ibid., 1:248.

impossible, but there was some indication that was not the case.⁴¹² In just a few months, the Democrats in Congress and the White House passed the first and second parts of the Glass-Steagall bank reform bill, the Federal Deposit Insurance Corporation (FDIC), NRA, and a veteran's benefits bill.⁴¹³ Roosevelt feared more legislation might be too much for a New Deal-fatigued Congress.⁴¹⁴ Conversely, the president pushed through everything else he wanted with little difficulty, and there was no compelling reason he could not have a trade bill if he wished, as well.⁴¹⁵ Roosevelt always had his finger in the political breeze, and London was not very popular with an isolationist and depression-shocked American populace.⁴¹⁶ Hence, Roosevelt seized on a political opportunity, but he set Hull back by about a year.

Roosevelt pulled the plug on the London Conference on July 3, 1933 with the infamous "bombshell message." The bomb detonated when Roosevelt telegraphed a message to London that accused the conference of appeasing and furthering the interests of only countries on the gold standard.⁴¹⁷ Without a doubt, Roosevelt was on the side of the economic nationalist, the inflation advocates, the NRA, and the AAA at this point. In this mindset, the negotiations in London began to look like a proxy restoration of the gold standard—which mean deflation, an anathema to the First New Deal. Roosevelt's decision not to submit a trade bill to Congress weakened Hull in London, but it was the

⁴¹² Dallek, *Franklin D. Roosevelt and American Foreign Policy, 1932-1945*, 49.

⁴¹³ Sargent, *Roosevelt and the Hundred Days*, 248.

⁴¹⁴ *Ibid.*, 248.

⁴¹⁵ *Ibid.*, 248.

⁴¹⁶ "Goodbye to Gold" from Ernst K. Lindley's *The Roosevelt Revolution*, London Economic Conference, Box #79, Subject File, *Cordell Hull Papers*, Library of Congress (Washington, DC).

⁴¹⁷ Steve Schifferes, "Lesson for G20 from 1933 London summit," *BBC News*, <http://news.bbc.co.uk/2/hi/business/7954532.stm>.

impasse over currency that sunk the ship.⁴¹⁸ In any case, the London Conference was not going anywhere by July 3, 1933. Britain was uninterested in abandoning Imperial Preference, and France stubbornly clung to the gold standard and fought for the same from everybody else.⁴¹⁹ Loss of the 1933 bill and the torpedoing of the conference had an immediate effect on international trade. The bombshell message negated pending trade agreements between the United States and Argentina, Columbia, Portugal, and Sweden with the anticipation of a 1933 law.⁴²⁰ Moreover, the reciprocal deal with Columbia was completed and awaiting signature, but then Hull had to throw it in the dustbin.⁴²¹ Roosevelt did not declare this the end of trade liberalization for the New Deal, though. He left the option for trade negotiations later.⁴²² Nevertheless, Hull had to recover from London.

President Roosevelt and Secretary of State Hull

One of the best ways to illustrate how reciprocal trade policies influenced the Roosevelt administration and the New Deal after 1933 is to show how Hull was a crucial lynchpin of the whole New Deal agenda. There were benefits to having him in the White House to Roosevelt, but Hull's position and his stance on trade policy went beyond that. He garnered support from a myriad of groups, ranging from labor unions, to southerners, to exporters, to internationalists, to pacifists, and others. This continued through the election of 1936, and Roosevelt had to consider Hull a potential successor in 1940 before he decided to run for a third term himself. Hull was one of Roosevelt's most trusted

⁴¹⁸ Fearon, *War, Prosperity and Depression*, 280-81.

⁴¹⁹ Leuchtenburg, *Franklin D. Roosevelt and the New Deal*, 202.

⁴²⁰ Hull, *The Memoirs*, 1:354.

⁴²¹ *Ibid.*, 1:354.

⁴²² Sargent, *Roosevelt and the Hundred Days*, 248.

advisors on foreign policy and trade policy, and the two developed a close friendship in the late 1930s and early 1940s as the “sole survivors” of the long and hard length of the Great Depression and the Second World War in the White House. Roosevelt left Hull as “the one in charge” in Washington on several occasions. However, and the most vitally, Roosevelt converted to Hull’s position on reciprocal trade in 1934—the London Conference and 1933 were aberrations. Roosevelt gave him the Reciprocal Trade Agreements Act of 1934, and he supported his Secretary of State while he liberalized American trade through the decade. The historical scholarship of the period simply missed this transformation of the New Deal’s foreign and trade policy after 1933 and after 1934.

Hull and the Reciprocal Trade Agreements Act of 1934 fit into the New Deal in personal, economic, and political terms. However, there were some problematic tensions between Hull’s economic views and Roosevelt’s political outlook. Roosevelt tended to view the world through the lens of a lawyer, a politician, or an admiral.⁴²³ He never had much of a mind for economic theory or statistics. He cared about environmentalism, like his conservationist cousin Theodore, but that was about it.⁴²⁴ He depended on his advisors when it came to economics, and this was understandable in light of Roosevelt’s upbringing and education. He went to Harvard for his undergraduate and Columbia to study law, though he never technically finished his degree, and then he spent the rest of his life in government. The academy taught Roosevelt to think legally, and his time in Albany gave him practical lessons about American politics. His effort as the Assistant

⁴²³ Shlaes, *The Forgotten Man*, 27.

⁴²⁴ Shlaes, *The Forgotten Man*, 126-27.

Secretary of the Navy for Wilson was crucial, for it made Roosevelt think in naval, strategic terminology. On the other hand, there was little chance for him to learn much about business, economics, or management on his *résumé*. Similarly, lawyers from Columbia and Harvard—not economists or figures with a background in corporate leadership—dominated the Roosevelt administration.⁴²⁵ The political Roosevelt constantly frustrated Hull on trade policy. Nevertheless, such feelings were natural, given the differing missions of the White House and the Secretary of State. At times, Hull had to struggle in order to fit trade liberalization into the rest of the administration's agenda in the 1930s.

The conceptualization of the “New Deal” in American society and politics changed in the 1930s. Thus, freer trade had to fit itself under the “big umbrella” in differing ways. The largest question for Roosevelt, the Democratic Party, and the United States as a whole in the 1930s was “reform” or “recovery.” Much of the New Deal, and chiefly after 1934 during the “Second New Deal,” did not intend only to foster economic recovery.⁴²⁶ The New Deal became the origin of a host of government initiatives that meant to connect “positive economic and social change.”⁴²⁷ Free trade could work either way: liberalization expanded overseas markets (recovery) and undid the Republican protectionism of the 1920s (reform). Additionally, New Deal programs routinely conflicted with each other. To return to a previous example, in 1933, Roosevelt felt the NRA and the AAA were obligatory to stabilize the macroeconomic picture after the

⁴²⁵ Powell, *FDR's Folly*, xv.

⁴²⁶ Himmelberg, *The Great Depression and the New Deal*, 4.

⁴²⁷ *Ibid.*, 4.

tragedy of the early 1930s.⁴²⁸ The First New Deal implied government control, slightly higher tariffs at times, and foreign retaliation to the same. However, at the same time, Roosevelt knew at least the basics of the theoretical arguments for free trade.⁴²⁹ Therefore, Roosevelt must have found reflation and free trade miscible within the exigencies of the Great Depression. Tariffs were not the only issue lost in the legislative bacchanalia of 1933, and Roosevelt returned to trade policy the next year on Hull's side.⁴³⁰ Trade liberalization and liberal internationalism gelled with the basic facts of the Great Depression and the New Deal. There was a clear difference in approach to that of the Hoover administration, and Hull was one of the most important of the New Dealers to serve in the Roosevelt administration from 1933 to 1945.

Labor unions were possibly the New Deal's most important constituency in the 1930s. Fortunately, for Roosevelt, Hull and labor had a long and positive history together in the 1910s and 1920s. Hull grew up in eastern Tennessee, and he represented the Appalachian foothills in Congress. Eastern Tennessee, so far from Memphis and Nashville, was an agrarian place with little industry (besides distilleries, legal or otherwise) and not much of a footprint of organized labor. Nonetheless, despite this lack of incentive, Hull and labor were warm to each other. For instance, the Tennessee Federation of Labor and Railroad Brotherhoods endorsed Hull's Senate campaign in 1930 over other Democrats and any Republican.⁴³¹ In the process, they exonerated him

⁴²⁸ Dallek, *Franklin D. Roosevelt and American Foreign Policy, 1932-1945*, 38.

⁴²⁹ *Ibid.*, 38.

⁴³⁰ Sargent, *Roosevelt and the Hundred Days*, 248-49.

⁴³¹ Non-Partisan Political Campaign Committee of the Tennessee Federation of Labor and Railroad Brotherhoods Press Release, June 9, 1930, Senate Campaign of 1930, Box #86, Subject File, *Cordell Hull Papers*, Library of Congress (Washington, DC).

for his agricultural background. According to documents from the National Legislation Headquarters, Hull voted only twice against labor's interests on significant legislation between 1908 and 1926.⁴³² This period included thirty-six important bills. Thus, he opposed unionized labor only 5.556% of the time.⁴³³ He opposed an expansion of workers' compensation in 1913 and the Esch-Cummins railroad regulation in 1920.⁴³⁴ He voted with unions for anti-child labor laws, antitrust exemptions for syndicates, and the popular election of senators, immigration laws, liability reform, overtime compensation, and transportation regulation.⁴³⁵ History remembered Hull the best, and with good cause, for being a free trader. Yet, from a political vista and within the context of the New Deal, there was much more to his career in the 1920s, 1930s, and 1940s than tariffs, quotas, and the international economy.

The New Dealers were the people of the Roosevelt administration, anterior to the “big names” and the “alphabet soup” of federal agencies. Hull interacted with them extensively. The New Deal was fundamentally about economics, and the international market always influenced the domestic economy. Commentators did not normally list Hull as a New Dealer, but he should have such status—as trade policy and tariffs were not only a diplomatic matter, but an economic issue, as well. Hull could be uncompromising regarding trade liberalization, and he tussled with other administration officials. Hull had a flaw in expecting disproportionate apology and some deference for

⁴³² “Labor Record of Congressman Cordell Hull,” Senate Campaign of 1930, Box #86, Subject File, *Cordell Hull Papers*, Library of Congress (Washington, DC).

⁴³³ *Ibid.*

⁴³⁴ *Ibid.*

⁴³⁵ *Ibid.*

petty insults that accrue in the process of governing.⁴³⁶ For instance, Hull never forgave Moley for the subsidence of the London Conference, and he ranted against his new Undersecretary of State Sumner Welles in radio addresses in the 1940s.⁴³⁷ In spite of this, he worked with New Dealers in an effective manner. Francis Perkins (Secretary of Labor, 1933 to 1945, and the first woman in the cabinet) and Hull helped the United States join the International Association for Labor Legislation (ILO).⁴³⁸ The ILO tried to bring higher wages, benefits, and greater workplace safety regulations to the industrialized world.⁴³⁹ Originally, it was a body of the League of Nations, and now it is a United Nations organ. Perkins thought these measures would benefit labor by lessening foreign advantages in wages, benefits, and overhead.⁴⁴⁰ Hull agreed with her, as he advocated American participation in the ILO as far back as the 1910s. Therefore, Perkins and Hull worked together well, but there were always at least some conflicts inside of the unabridged Roosevelt administration.

The Department of State and the Department of the Treasury batted horns over monetary and trade policy in the 1930s. This was typical: the two sides have fought since the Washington administration. However, the pressures of the Great Depression did not help. Roosevelt's friend from New York, Henry J. Morgenthau, Jr., was the Secretary of the Treasury through most of the 1930s. Morgenthau later originated the iniquitous "Morgenthau plan" to divide Germany into several states, absolve it of all industry, and

⁴³⁶ Butler, *Cautious Visionary*, 41.

⁴³⁷ *Ibid.*, 41.

⁴³⁸ John W. Roberts, *Putting Foreign Policy to Work: The Role of Organized Labor in American Foreign Relations, 1932-1941* (New York, NY: Garland Publishing, Inc., 1995), 59-60.

⁴³⁹ *Ibid.*, 59-60.

⁴⁴⁰ *Ibid.*, 59-60.

leave it as farmland after the Second World War. Hull and Morgenthau each wanted control of international currency stabilization. Hull desired stability for the sake of international commerce. In April 1935, he wrote Morgenthau to assert trade policy was intimately associated with central banking.⁴⁴¹ He argued that the Department of State and the tariff should have a voice in Morgenthau's handling of the dollar.⁴⁴² Morgenthau kept control of the greenback but kept trade in mind. Roosevelt's plans in 1933 and 1934 were very inflationary, and the Department of the Treasury factored into implementing this policy. Monetary policy and trade policy intersect in calculating the value of international commerce in real terms using different currencies. Thus, New Deal economics and monetary policy needed to have a small reminder of Hull. Regular people in the 1930s knew this. For example, Morgenthau, ostensibly just a central banker, faced lobbying—the World Trade League of the United States sent him the piece “34 Plain Reasons for a Reciprocal Tariff Policy.”⁴⁴³ Morgenthau and Hull were not enemies, but the latter did have a palpable nemesis.

George N. Peek represented a different attitude to trade in the New Deal than Hull. Peek nearly won the day; they clashed from 1933 to 1935, though Hull eventually forced Peek out of the government. Peek was an agricultural economist, an official in the AAA, and the head of the Import-Export Bank for a short time. Peek advocated a “barter system” of international trade.⁴⁴⁴ Barter worked such that the government bought goods

⁴⁴¹ Hull Letter to Morgenthau, April 20, 1935, 1935, Department of State, Subject File, 1933-1945, Correspondence, *Henry J. Morgenthau, Jr. Papers*, Roosevelt Presidential Library (Hyde Park, NY).

⁴⁴² *Ibid.*

⁴⁴³ “34 Plain Reasons for a Reciprocal Tariff Policy,” Tariff to Wilson, M. L., Subject File, pre-1933, Correspondence, *Henry J. Morgenthau, Jr. Papers*, Roosevelt Presidential Library (Hyde Park, NY).

⁴⁴⁴ Butler, *Cautious Visionary*, 101.

from American firms and farmers and then negotiated directly with foreign governments for a literal “trade” of goods back and forth.⁴⁴⁵ The parties do not need to use any paper currency or gold, but only bilateral deals were possible; additionally, barter kept the United States’ home market closed to foreign competition and lower prices for consumers.⁴⁴⁶ Peek’s conception was a cautious approach in the milieu of the Great Depression, but it would not have opened up the international economy to the prosperous levels of the Roaring Twenties for a long time. Hull firmly opposed Peek. He “won” the Democratic Party on trade when he became the Secretary of State in 1933, and he was not going to lose it. To quote Elliot Rosen, “He [Hull] had bested the high-tariff Democrats, the Du Pont-Smith-Raskob group, in 1931-32, when he helped wrest control of the party away from their embrace.”⁴⁴⁷ Peek had a coarse disposition, and he fought with Roosevelt and Secretary of Agriculture Henry A. Wallace over the barter system. Peek left the Roosevelt administration after the majority of the government broke in Hull’s direction.⁴⁴⁸ Moley and Peek rapidly lost positions of power, which gave Hull control of trade policy. Furthermore, in actuality, economic nationalists were rather the exceptions, since most of the New Dealers supported reciprocal trade.

Henry A. Wallace (the Secretary of Agriculture from 1933 to 1940, the Vice President from 1941 to 1945) supported Hull and trade liberalization. Wallace grew up in Iowa, attended Iowa State College, and founded the precursor to Pioneer Hi-Bred in 1926. Roosevelt selected Wallace for Secretary of Agriculture because it increased

⁴⁴⁵ Ibid., 101.

⁴⁴⁶ Ibid., 101.

⁴⁴⁷ Rosen, *Roosevelt, the Great Depression, and the Economics of Recovery*, 136.

⁴⁴⁸ Butler, *Cautious Visionary*, 181.

support for the New Deal in the farm states of the Midwest.⁴⁴⁹ Wallace opposed Smoot-Hawley in 1930, and he wanted a low tariff, though he was complimentary of government intervention in the economy to help farmers.⁴⁵⁰ As the imbroglio at the London Conference demonstrated, Roosevelt waffled on tariffs all the way through 1933. Wallace was a major reason that Roosevelt reaffirmed reciprocal trade in 1934. Beyond opposition to Smoot-Hawley, Wallace was initially agnostic on the trade question, but he grew to see things Hull's way.⁴⁵¹ He wished to see a development of foreign markets so the American farmer could export excess production. He wrote the influential pamphlet *America Must Choose* in 1934, which advocated an increased level of American immersion in the global economy.⁴⁵² Roosevelt enjoyed the pamphlet, its arguments, and its popularity in farm regions. *America Must Choose* helped secure support for the passage of the Reciprocal Trade Agreements Act of 1934. Hull and Wallace worked closely on the trade question throughout the remainder of the 1930s. For example, Wallace sent Hull packets of notes and statistics from the Department of Agriculture on overseas trade and the rural economy as late as 1939.⁴⁵³ Wallace was perhaps the most vigorous New Dealer in support of the reciprocal trade agreements. Conversely, he was not the only one. Others came into Hull's redoubt, too.

Many administration officials and members of the New Deal coalition believed in freer trade. Foremost, Hull and other free traders forced economic nationalists and

⁴⁴⁹ Powell, *FDR's Folly*, 16.

⁴⁵⁰ *Ibid.*, 16.

⁴⁵¹ Leuchtenburg, *Franklin D. Roosevelt and the New Deal*, 204.

⁴⁵² *Ibid.*, 204.

⁴⁵³ "The Wheat Plan and Reciprocal Trade Agreements," 1939, Trade Agreements, Box #88, Subject File, *Cordell Hull Papers*, Library of Congress (Washington, DC).

malcontents out of office early in Roosevelt's first term. Henceforth, Hull was free to remake American diplomacy internationally. Support came from the rest of the government. Harold L. Ickes (Secretary of the Interior) praised Hull on tariff reduction.⁴⁵⁴ To quote him, "His idea [Hull's] of reciprocal trade agreements and his persistence in having it adopted as a national policy will be recorded in history as a notable achievement."⁴⁵⁵ Harold L. was the father of Harold M. Ickes, the Deputy Chief of Staff in the Clinton administration when NAFTA passed through Congress. Charles William Taussig was a law professor at Columbia and a part of the "Brain Trust" of informal and customarily pedagogical advisors to Roosevelt. Taussig supported freer trade, as well. In 1934, Taussig told the New York Propeller Club (a trade union of maritime workers) that he looked forward to a "substantial" increase in foreign commerce under Hull's guidance.⁴⁵⁶ Then, Taussig complimented Hull and Roosevelt for showing leadership and resuscitating the economy with foreign trade.⁴⁵⁷ Rexford Tugwell considered international trade carefully. He wrote the article "The Tariff and International Relations" in 1930, which said revisions downwards from Smoot-Hawley were advisable.⁴⁵⁸ Such a course was precisely the method of Hull and the reciprocal trade agreements program. Moreover, to go beyond the concurrence of fellow New Dealers, Hull believed in the

⁴⁵⁴ Pratt, "The Ordeal of Cordell Hull," 79.

⁴⁵⁵ Harold L. Ickes quoted in *Ibid.*, 79.

⁴⁵⁶ "Address by Charles William Taussig at the 12th Annual Dinner of The Propeller Club of the United States at the Downtown Athletic Club, New York City, on National Maritime Day," May 22, 1934, Economics – General, Box #65, Subject File, *Cordell Hull Papers*, Library of Congress (Washington, DC).

⁴⁵⁷ *Ibid.*

⁴⁵⁸ "The Tariff and International Relations," Box #53, Speech and Writing File, 1928-1931, *Rexford G. Tugwell Papers*, Roosevelt Presidential Library (Hyde Park, NY).

New Deal's mission. The Great Depression was truly a time of extreme privation, and Hull understood this fact well in designing a response.

The traditional southerner and Democrat in Hull had some reservations about the exact methods of the New Deal. Nevertheless, he went along with it for the sake of his country, his party, and his president. The First New Deal (which included the NRA, AAA, and regulation of businesses) divided Hull.⁴⁵⁹ Namely, he respected the American entrepreneurial spirit, though not all the surfeits of the capitalist system. Yet, he accepted the New Deal's necessity during an emergency, and he believed many economic and social problems were beyond his expertise and the latitude of his job as Secretary of State.⁴⁶⁰ In fact, he could be more radical than the other New Dealers on some matters. Hull advocated the direct application of federal aid to the destitute in 1933, which Roosevelt reneged on; he feared such programs would become a dole.⁴⁶¹ Hull wholly praised the New Deal in rhetoric. When taking his honorary diploma from William and Mary, he said that the New Deal "represents championship of human liberty, human rights, and humanity itself."⁴⁶² He told the World Economic Conference on June 14, 1933 that, "Thus, the administration of President Roosevelt has within three months adopted an effective domestic program to promote business improvement in the fullest possible

⁴⁵⁹ Butler, *Cautious Visionary*, 166.

⁴⁶⁰ *Ibid.*, 166.

⁴⁶¹ June Hopkins, "The American Way to Welfare: Harry Hopkins and New Deal Work Relief" in *The New Deal and Public Policy*, eds. Byron W. Daynes, William D. Pederson, and Michael P. Riccards, 215-244 (New York, NY: St. Martin's Press, 1998), 222.

⁴⁶² Cordell Hull quoted in Hinton, *Cordell Hull*, 271-72.

measure.”⁴⁶³ Hull always lent his full effort to the New Deal, despite of whatever misgivings. Critically, Hull saw no apparent conflict between the domestic New Deal and reciprocal trade. In a 1935 memorandum, Hull wrote: “*This program [reciprocal trade], therefore, rests upon the broad economic policy of gradually combining with the existing domestic programs of at least the important nations of the world a suitable program of economic cooperation as they emerge from serious depression conditions*” [emphasis added].⁴⁶⁴ He saw reciprocal trade as a promising escape from the Great Depression. Hull wanted to bring back the international market with the New Deal and combine it with similar efforts around the world to fix the planetary economy. To him, trade was always a vital aspect of the New Deal in the United States of the 1930s.



⁴⁶³ Cordell Hull quoted in “Goodbye to Gold” from Ernst K. Lindley’s *The Roosevelt Revolution*, London Economic Conference, Box #79, Subject File, *Cordell Hull Papers*, Library of Congress (Washington, DC).

⁴⁶⁴ Department of State Memorandum, 1935, 1933-1935, Trade Agreements, Box #88, Subject File, *Cordell Hull Papers*, Library of Congress (Washington, DC).

Figure 4.2 - Hull supported the New Deal out of fidelity to the Democratic Party. This included the aquatic engineering projects of the Tennessee Valley Authority (TVA). The dam above was a TVA construction, and it holds back the Dale Hollow Reservoir on the Obey River by Celina, TN on the Kentucky-Tennessee border.⁴⁶⁵ Ironically, the dam sunk Olympus, TN (Hull's birthplace) and Willow Grove, TN (where he went to elementary school) under the murky waters forever.

Roosevelt left Hull in charge in Washington several times, and Hull was nearly the thirty-third president long before Harry S. Truman in 1945. The Presidential Succession Act of 1886 determined the order of executive officers before the passage of the Presidential Succession Act of 1947 and the 25th Amendment in 1967. The 1886 law removed the Speaker of the House and the president *pro tempore* of the Senate from the list of succession. Therefore, in the 1930s, after the president came the vice president, Secretary of State, Secretary of the Treasury, Secretary of War, and the leftovers of the cabinet. Thus, Hull spent 1933 to 1944 only two hearts away from the presidency. Roosevelt was never in good health after an affliction of poliomyelitis paralyzed him from the waist down in 1921. He could have died or been assassinated. Five bullets from the Italian anarchist Giuseppe Zangara missed Roosevelt by a foot in Miami, Florida on February 15, 1933.⁴⁶⁶ Hull sent Roosevelt a telegram the next day and offered his gratitude for the safety of the president-elect.⁴⁶⁷ The Great Depression was dire, which invited assassination attempts from extremist groups and believers. Given his health, Roosevelt lived on the edge. John Garner was never popular in the New Deal coalition; hence, Hull (the next in formal succession and a more popular politician) was a logical

⁴⁶⁵ Wikipedia contributors, "USAEC Dale Hollow Dam," *Wikipedia*, http://en.wikipedia.org/wiki/File:USACE_Dale_Hollow_Dam.jpg (this image does not have a copyright).

⁴⁶⁶ McJimsey, *The Presidency of Franklin Delano Roosevelt*, 28.

⁴⁶⁷ Hull telegram to Roosevelt, February 16, 1933, Cordell Hull, 1932-1942, PPF 335, President's Personal File, *Franklin Delano Roosevelt Papers*, Roosevelt Presidential Library (Hyde Park, NY).

choice for 1936 or 1940. Roosevelt and Garner vacationed away from the muggy Washington in the summer.⁴⁶⁸ The 1930s predated air conditioning. In these instances, they left Hull as the “acting president.”⁴⁶⁹ Hull presided over Washington’s response to some significant events, such as the San Francisco labor strike and riot of 1934.⁴⁷⁰ In essence, Roosevelt trusted Hull enough to leave him to “watch the shop.”

The turning point on international trade in the 1930s was the Montevideo Conference of late 1933. Hull did not abandon the trade issue after the London Conference. Later in the year, he traveled to Uruguay, and he tried again on trade through a smaller collection of American states with fewer disagreements about currencies. Montevideo was renowned for the issuance of the “Good Neighbor” policy—specifically, nonintervention in the affairs of Latin American nations by the United States. However, Hull also engineered a vague, yet promising, trade agreement from nineteen different nations to liberalize trade in North and South America. The American media and public received the Good Neighbor policy and Hull’s trade settlement positively.⁴⁷¹ Roosevelt noticed the good press and the diplomatic *élan* of the Montevideo Conference and reconsidered his trade policy.⁴⁷² The “Good Neighbor” idea was important, but Roosevelt saw the political benefit to sustaining free trade in 1934. Roosevelt’s reversal and his enthusiastic support for trade liberalization surprised Hull, in fact, upon his return back to

⁴⁶⁸ Watkins, *Great Depression*, 177; *El Universal* Interview with Hull, “In the Department of State of Washington,” December 7, 1935, 1930-1939, Biographical Materials, Cordell Hull, Box #66, Subject File, *Cordell Hull Papers*, Library of Congress (Washington, DC).

⁴⁶⁹ *Ibid.*

⁴⁷⁰ Watkins, *Great Depression*, 177.

⁴⁷¹ Hull, *The Memoirs*, 1:353.

⁴⁷² *Ibid.*, 1:353.

Washington from Montevideo.⁴⁷³ Suddenly, Roosevelt was personally and 100% behind lowering the tariff. The revolving door of advisors around him helped explain the quick change. The “stabilizers,” the experimenters, idealists, and economic nationalists of the First New Deal lost a lot of favor by 1934.⁴⁷⁴ For instance, Hugh Johnson (the head of the NRA and the inventor of the Blue Eagle), Tugwell, Moley, and Peek were gone or shrinking in stature by the epoch of the Montevideo Conference.⁴⁷⁵ Consequently, the internationalist vanguard triumphed. Hull persisted through London, Montevideo, and the First New Deal. He eventually convinced Roosevelt to send the Reciprocal Trade Agreements Act of 1934 to Congress as a part of the Second New Deal.⁴⁷⁶ At this moment, Roosevelt adopted reciprocal trade into his economic programs. Nonetheless, they had to defend the new legislation and shepherd its path through Congress.

Despite some haziness in 1933, Roosevelt was firmly a free trader in 1934 and thereafter. Henceforth, the New Deal was a social agreement and an initiative that included reciprocal trade programs and Roosevelt himself was the head of and the main symbol of the New Deal. In early 1934, after the Montevideo Conference, Roosevelt started to argue for a reciprocal trade bill in Congress: “I have none of the fear that possesses some timorous minds that we should get the worst of it in such reciprocal agreements. I ask you if you have lost faith in our Yankee tradition of good old-fashioned trading. Do you believe that our early instincts for successful barter have atrophied or

⁴⁷³ Ibid., 1:353.

⁴⁷⁴ Schwartz, *The New Dealers*, 114.

⁴⁷⁵ Ibid., 399-411.

⁴⁷⁶ Gellman, *Secret Affairs*, 94.

degenerated? I do not think so.”⁴⁷⁷ Roosevelt told a press conference on February 28, 1934 that, “a full and permanent *domestic recovery depends in part upon a revived and strengthened international trade*” [emphasis added] as well as, “American exports cannot be permanently increased without a corresponding increase to imports.”⁴⁷⁸ Roosevelt was first a politician, and his view on tariffs simply evolved in 1934 with the political situation. He was generally for the reduction of tariffs, but he still held some reservations about the full scope of Hull’s liberalizing ambitions.⁴⁷⁹ Hull dreamed of a multilateral breakthrough, which failed badly in London. Roosevelt preferred the safer avenue of smaller, bilateral trade agreements.⁴⁸⁰ Yet, Roosevelt pushed for part of his vision in 1934 by requesting a Reciprocal Trade Agreements Act of 1934 from Congress. Roosevelt “went to bat” for the bill in front of the legislative branch, and thereafter answered for it in elections and with the voting cohorts. Reciprocal trade was a part of the New Deal, for Roosevelt defended it on New Deal terms.

Roosevelt signed the Reciprocal Trade Agreements Act of 1934 into law on June 12, 1934. Reciprocal trade, such agreements, and the most-favored nation principle were now the policy of the United States in the 1930s. However, this signature was not a whim on the part of the impulsive Roosevelt. He campaigned for a trade bill during the early months of 1934 up to the midyear. Naturally, he took stock of the potential political implications for Congress and the midterm elections of 1934. For instance, he wrote

⁴⁷⁷ Franklin Roosevelt quoted in “Address by Charles William Taussig at the 12th Annual Dinner of The Propeller Club of the United States at the Downtown Athletic Club, New York City, on National Maritime Day,” May 22, 1934, Economics – General, Box #65, Subject File, *Cordell Hull Papers*, Library of Congress (Washington, DC).

⁴⁷⁸ Franklin Roosevelt quoted in Hull, *The Memoirs*, 1:357.

⁴⁷⁹ Franklin Roosevelt quoted in *Ibid.*, 1:331-32.

⁴⁸⁰ Franklin Roosevelt quoted in *Ibid.*, 1:331-32.

Senator Morris Sheppard (D-TX) before the passage of the Reciprocal Trade Agreements Act of 1934 to reassure Sheppard of any political concern.⁴⁸¹ Roosevelt told Sheppard reciprocal trade would not hurt Texas farmers: “I do not think that the tariff-protected agricultural interests need worry in the slightest about the proposed tariff legislation. You are right in taking that position.”⁴⁸² Sheppard sat in the Senate from 1913 to 1941; therefore, Texas elected him in 1912 for the first time, and he was up for reelection in 1936. Apparently, Sheppard must have had some worries about reciprocal trade, but Roosevelt stood by the tariff bill, and he told him not to fret about it. Roosevelt even involved himself in the problem of implementing the exact letter of the new tariff law to a small degree. He cared sufficiently about tariff administration to sign the Reciprocal Trade Agreements Act of 1934 at 8:30 p.m. because the Treasury’s customs houses requested it.⁴⁸³ June 12, 1934 was a Tuesday. Thus, having the new tariff bill become law between two business days made keeping accounts much easier.⁴⁸⁴ It allowed actuaries and statisticians to start with fresh, updated ledgers on the Wednesday morning. The Reciprocal Trade Agreements Act of 1934 was a classic piece of New Deal legislation, as it centralized power in the White House and executive agencies. Roosevelt must have noticed this, and he had to have liked it, too. Reciprocal trade still invited criticism, but it could no longer halt Hull and trade in the New Deal.

⁴⁸¹ Roosevelt Letter to Sheppard, April 18, 1934, Tariff Matters, PPF 1486, President’s Personal File, *Franklin Delano Roosevelt Papers*, Roosevelt Presidential Library (Hyde Park, NY).

⁴⁸² *Ibid.*

⁴⁸³ White House Memorandum, June 11, 1934, US Tariff Commission, 1933-1935, Box #1, 60, President’s Official File, *Franklin Delano Roosevelt Papers*, Roosevelt Presidential Library (Hyde Park, NY).

⁴⁸⁴ *Ibid.*

Hull, Roosevelt, and the Reciprocal Trade Agreements Act of 1934 symbolized the defeat of an autarkic, isolationist, and economically nationalist tradition by liberal internationalism in the United States. The happenstance of 1933 and in London left the outcome undecided, and it clouded the legacy of the First New Deal on trade. Now, however, the free traders—Roosevelt included—were in control. Hull overcame an isolationist tendency in American politics and society in the 1930s.⁴⁸⁵ The country still had a bad taste in its mouth about involvement in the rest of the world after the Great War, Versailles, and the debate over the League of Nations.⁴⁸⁶ Additionally, if trade failed to guarantee the peace, then liberalization chanced an accusation of the “Merchants of Death”—that is, the military-industrial complex forcing the country into a new war.⁴⁸⁷ The Republican Party generally opposed the Reciprocal Trade Agreements Act of 1934 on the grounds of economic nationalism, implied defense of Smoot-Hawley, and their traditional protectionism.⁴⁸⁸ On the other hand, Republican dissent on reciprocal trade split.⁴⁸⁹ Geography was the factor. Republicans in export-driven states recognized the potential benefits of Hull’s reciprocal trade policy, and the other half of the party (usually in states closer to Canada and Mexico and the threat of a flood of foreign goods on the domestic market) opposed freer trade.⁴⁹⁰ Conservative Democrats opposed Hull, as well as Democrats from the Northeast, protectionists, and anti-New Dealers.⁴⁹¹ Senator Key

⁴⁸⁵ Susan Aaronson, “How Cordell Hull and the Postwar Planners Designed a New Trade Policy,”

<http://www.h-net.org/~business/bhcweb/publications/BEHprint/v020/p0171-p0179.pdf>

⁴⁸⁶ Ibid.

⁴⁸⁷ Gellman, *Secret Affairs*, 94.

⁴⁸⁸ Ibid., 94.

⁴⁸⁹ Rosen, *Roosevelt, the Great Depression, and the Economics of Recovery*, 143.

⁴⁹⁰ Ibid., 143.

⁴⁹¹ Hull, *The Memoirs*, 1:215.

Pittman (D-NV) was particularly irksome. He was the chair of the Senate Committee on Foreign Relations from 1933 to 1940, and he wished to keep Smoot-Hawley in order to protect Nevadan cattle and sheep baronies from market competition with Mexican ranchers.⁴⁹² Nevertheless, Roosevelt pushed the bill through Congress and signed it. He stayed at Hull's side on the issue in the remainder of the decade.

Roosevelt defended reciprocal trade in 1934, 1935, and in the election of 1936. Crucially, he intentionally designated Hull and the Department of State to implement the actual contents of the Reciprocal Trade Agreements Act of 1934 into real policy.⁴⁹³ He knew of Hull's past record and thoughts on economic diplomacy. Therefore, Roosevelt's decision clearly delineates he had come around to the viewpoint of Wilsonian internationalists. There were alternatives to Hull. He could have given the responsibility of executing the Reciprocal Trade Agreements Act of 1934 to Henry Morgenthau, Jr. at the Department of the Treasury or to Daniel Roper at the Department of Commerce (which, in a similar situation, Hoover probably would have done). Conversely, this was not the case, and Roosevelt selected Hull's office. He wanted a free trader. Roosevelt did not hide from his support for commercial reciprocity in 1936. He argued free trade helped American farmers and factory employees find outlets for their production.⁴⁹⁴ He said that reciprocal trade helped to eliminate embargoes, quotas, "special relationships" (or nascent alliances in the event of armed conflict), and it reduced the risk of war by fostering prosperity and interconnectivity.⁴⁹⁵ He did not "fire and forget" on trade, and

⁴⁹² Ibid., 215.

⁴⁹³ Butler, *Cautious Visionary*, 104.

⁴⁹⁴ Ibid., 171.

⁴⁹⁵ Ibid., 171.

his support of reciprocal trade was more than a matter of political inertia. Hull kept Roosevelt in on the loop on trade programs. In 1938, for example, Hull wrote Roosevelt to tell him about the developing trade deal with Canada.⁴⁹⁶ Hull posited Roosevelt or the Department of State should invite Prime Minister Mackenzie King from Ottawa to sign the deal and to give Roosevelt a chance at some “informal diplomacy” with the Canadian leader.⁴⁹⁷ Roosevelt paid close attention to the progress of reciprocal trade, and it fit in with other New Deal legislation with newer executive authorities.

Roosevelt and Hull enjoyed a cozy relationship in the late 1930s. Decades of historical events drew them together. They went through a fiery baptism in power from 1933 to 1936; they were both of the same generation; they were both Wilsonians; they both had debilitating health problems (sarcoidosis, a respiratory infection similar to tuberculosis, for Hull; paralysis with a probable cause of polio for Roosevelt); they were the “aged men” of the government by 1940. Hull held esteem for Roosevelt as a domestic president and as a commander-in-chief, “All in all, he was a truly great president.”⁴⁹⁸ Their correspondence reflects this closeness. Roosevelt, his wife Eleanor, Hull, and his wife Frances often exchanged gifts, seasonal greetings, and thank you cards. For example, in 1934 and right after the Montevideo Conference, Frances gave Franklin and Eleanor a pack of *mate* from Argentina.⁴⁹⁹ Roosevelt later thanked Hull for the gift of

⁴⁹⁶ Cordell Hull Letter to Franklin Roosevelt, August 12, 1938, 1938, State, Cordell Hull, Box #74, President’s Secretary’s File, *Franklin Delano Roosevelt Papers*, Roosevelt Presidential Library (Hyde Park, NY).

⁴⁹⁷ Ibid.

⁴⁹⁸ Hull, *The Memoirs*, 1:191.

⁴⁹⁹ Franklin Roosevelt Letter to Frances Hull, February 28, 1934, Cordell Hull, 1932-1942, PPF 335, President’s Personal File, *Franklin Delano Roosevelt Papers*, Roosevelt Presidential Library (Hyde Park, NY).

“that most lovely throw”⁵⁰⁰ for Christmas of 1938 and “my new pencil—especially with the colored leads”⁵⁰¹ for Christmas of 1941. Roosevelt wrote Frances Hull on August 11, 1937 to thank her for giving him a game of bingo, and he promised to play it with his entourage while traveling the Hudson River between New York and Hyde Park.⁵⁰² Hull wrote Roosevelt a birthday letter on January 30, 1942,⁵⁰³ Roosevelt responded with gratitude on February 3.⁵⁰⁴ Roosevelt wrote Hull on September 15, 1941 to thank him for his condolences over the passing of his mother Sara.⁵⁰⁵ Roosevelt favored Hull in humor, too. He joked to William O. Douglas, an aspiring nominee for the Supreme Court in 1939 who eventually served until 1975, that the showdown between the White House and the judicial branch over the NRA and the court-packing scheme should come down to a baseball game.⁵⁰⁶ Moreover, he wanted the steady Hull on the pitching mound for the White House.⁵⁰⁷ It is difficult to imagine such a warm and friendly relationship if Roosevelt was dissatisfied with Hull’s work as Secretary of State or his showcase

⁵⁰⁰ Franklin Roosevelt Letter to Cordell Hull, January 1, 1938, Cordell Hull, 1932-1942, PPF 335, President’s Personal File, *Franklin Delano Roosevelt Papers*, Roosevelt Presidential Library (Hyde Park, NY).

⁵⁰¹ Franklin Roosevelt Letter to Cordell Hull, January 2, 1941, Cordell Hull, 1932-1942, PPF 335, President’s Personal File, *Franklin Delano Roosevelt Papers*, Roosevelt Presidential Library (Hyde Park, NY).

⁵⁰² Franklin Roosevelt Letter to Frances Hull, August 11, 1937, Cordell Hull, 1932-1942, PPF 335, President’s Personal File, *Franklin Delano Roosevelt Papers*, Roosevelt Presidential Library (Hyde Park, NY).

⁵⁰³ Cordell Hull Letter to Franklin Roosevelt, January 30, 1942, Cordell Hull, 1932-1942, PPF 335, President’s Personal File, *Franklin Delano Roosevelt Papers*, Roosevelt Presidential Library (Hyde Park, NY).

⁵⁰⁴ Franklin Roosevelt Letter to Cordell Hull, February 3, 1943, Cordell Hull, 1932-1942, PPF 335, President’s Personal File, *Franklin Delano Roosevelt Papers*, Roosevelt Presidential Library (Hyde Park, NY).

⁵⁰⁵ Franklin Roosevelt Letter to Cordell Hull, September 15, 1941, Cordell Hull, 1932-1942, PPF 335, President’s Personal File, *Franklin Delano Roosevelt Papers*, Roosevelt Presidential Library (Hyde Park, NY).

⁵⁰⁶ Schwartz, *The New Dealers*, 172.

⁵⁰⁷ *Ibid.*, 172.

initiative in reciprocal trade. Their relationship grew with Hull's achievements, and Hull's influence over the New Deal and its coalition only increased with the passage of time.

Hull was not a "one-trick pony" with the Reciprocal Trade Agreements Act of 1934 in the New Deal. In fact, his star peaked in 1940. Upon serving two full terms in office, Roosevelt intended to respect the customary, standard precedent of "two only" set by George Washington and followed by every president thereafter. Hull was an obvious successor. McJimsey notes, "The one candidate whom Roosevelt could accept, and behind whom the others could rally, was Hull. But Hull would do nothing without Roosevelt's blessing."⁵⁰⁸ John Nance Garner was too conservative to unify the Democrats, and other hopefuls (such as Postmaster General James A. Farley, D-NY) lacked broad appeal or foreign policy qualifications.⁵⁰⁹ Hence, Roosevelt set his mind on Hull. Hull wanted to run for the presidency, but he did not want to usurp his boss and his friend. Furthermore, he had several major political liabilities. He was pushing 70, his health was bad, he spoke with a lisp, and he worried about revelations of his wife's Jewish heritage.⁵¹⁰ Roosevelt consulted with Harry Hopkins, his political confidant, and they concluded that he was "too old."⁵¹¹ In the end, with everyone eliminated, Roosevelt ran for a third term himself. Done with the New Deal and Washington, "Cactus Jack" Garner retired in 1940. Roosevelt asked Hull to replace him as vice president because of

⁵⁰⁸ McJimsey, *The Presidency of Franklin Delano Roosevelt*, 196.

⁵⁰⁹ Ibid., 196.

⁵¹⁰ Barone, *Our Country*, 132.

⁵¹¹ Lash, *Dealers and Dreamers*, 365.

their friendship and his political popularity.⁵¹² Hull declined the suggestion, preferring to stay the Secretary of State, and not wanting to incite the nationalists again.⁵¹³ Henry A. Wallace, another free trader, eventually replaced Garner. Hull campaigned strenuously in 1940, and he helped Democrats and New Dealers in the South win Congressional seats.⁵¹⁴ Hull had ascended to the top of the New Deal ziggurat, and he brought trade liberalization with him along the highway.

Frances Hull and her mixed background are worth exploring regarding her husband's career. Scholars generally recorded her as being Jewish, "without exception."⁵¹⁵ Conversely, the archived correspondence of the historian Irwin Gellman told a different story, though Gellman never published any of his findings himself. Frances' brother married into a prominent family of Jews from Baltimore, but this did not make her Jewish.⁵¹⁶ On the other hand, her family had deeper connections than that to Judaism. Her father, Isaac Witz, was born Jewish but converted later to something "non-Jewish" early in his adult life.⁵¹⁷ It is probable that he married a non-Jew, lived the rest of his life away from the synagogue, and raised children (including Frances) as Christians. There is no evidence presented of Frances' personal beliefs, but she did spend her youth away from Judaism. Nonetheless, her ancestry was Jewish, which spelt trouble for her husband if it became common knowledge. Hull was always strongest as a public official

⁵¹² Hull, *The Memoirs*, 1:860.

⁵¹³ *Ibid.*, 1:860.

⁵¹⁴ Schwartz, *The New Dealers*, 284.

⁵¹⁵ Irwin Gellman Letter to Evarts Opie, February 25, 1991, Frances Hull, Box #1, *Barbara L. Gellman Papers*, Roosevelt Presidential Library (Hyde Park, NY).

⁵¹⁶ *Ibid.*

⁵¹⁷ Richard Young Letter to Irwin Gellman, undated, Frances Hull, Box #1, *Barbara L. Gellman Papers*, Roosevelt Presidential Library (Hyde Park, NY).

in the South, and his relationship with his “Jewish” wife would hurt him in his strongest region. It took until 1928 for a major party to nominate a Catholic, and until 1961 for a Catholic to garner the presidency (Al Smith and John F. Kennedy, respectively). Only in 2000 did a party put a Jew on the presidential ticket, as the Democratic Party nominated Senator Joseph Lieberman (D-CT) for vice president. There was doubtless no way the United States was ready for a president with an (externally) Jewish wife over sixty years previously. Thus, her Jewish lineage could have sunk Cordell’s political career at every turn. They buried her descent as deeply as possible in 1940 to protect whatever chance he had at the White House.⁵¹⁸ He eventually served as Secretary of State until 1944, but Roosevelt did not want to see him leave.

Hull wanted to retire in late 1944, but Roosevelt tried to keep him on board for just a little bit longer. This showed how much Roosevelt valued Hull, and how much the free trader from Tennessee mattered for the New Deal, the Roosevelt administration, the 1930s, and the 1940s. Hull sent Roosevelt a formal letter of resignation on November 21, 1944; he cited poor health.⁵¹⁹ He reminisced positively about his time as Secretary of State, and he regretted leaving the design of the postwar world and the United Nations unfinished.⁵²⁰ By November 1944, the Allies were manifestly on the path to victory. The invasion of the Philippines started in October 1944; the Battle of Leyte Gulf smashed the remnants of the Imperial Japanese Navy; Axis forces surrendered in Greece on November

⁵¹⁸ Irwin Gellman Letter to Richard Young, May 15, 1991, Frances Hull, Box #1, *Barbara L. Gellman Papers*, Roosevelt Presidential Library (Hyde Park, NY).

⁵¹⁹ Cordell Hull Letter to Franklin Roosevelt, November 21, 1944, Cordell Hull, 1943-1945, PPF 335, President’s Personal File, *Franklin Delano Roosevelt Papers*, Roosevelt Presidential Library (Hyde Park, NY).

⁵²⁰ *Ibid.*

4; on the Mariana Islands, B-29s were set to start bombing Honshu. Hull felt the need and the chance to leave with the war won. Roosevelt reacted to his resignation, “Your letter of this afternoon has hit me between wind and water. It has been very sad for me even to contemplate the ending of our close relationship during all these twelve years.”⁵²¹

Roosevelt’s own health was failing in 1944, and he was close to Hull. He asked one last favor of his old friend, “But I wish you would, as an alternative, allow me to accept it [Hull’s letter] as of January twentieth, which is the end of our Third Term. Perhaps sentiment enters into this suggestion a bit, but it would give me great satisfaction if we should round out the three terms.”⁵²² Hull, at 73, did not have the strength to take Roosevelt’s request to serve for another two months.⁵²³ Edward R. Stettinius, Jr. (a longtime official in the administration) would replace him as the first new Secretary of State since 1933. Roosevelt only had two Secretaries of State—he died himself soon thereafter on April 15, 1945. With Hull and Roosevelt out of the capital, the New Deal and its era came to its conclusion.

* * *

Hull was an important factor in the Roosevelt administration and the New Deal, and his political weight and policy influence demonstrated how reciprocal trade was an element of the Roosevelt program. Roosevelt picked him for his experience and a sense of regional balance in the cabinet and the administration as a group. The early Roosevelt administration was a confused place in terms of policy, and Hull had to fight it out for the

⁵²¹ Ibid.

⁵²² Ibid.

⁵²³ Farr, *FDR*, 413.

first year with economic nationalists, like Raymond Moley and George Peek, for control of trade policy. In 1933, the World Economic Conference did not go well for Hull, but the economic nationalists slowly worked their way out of office after Hull made progress with American states at the Montevideo Conference in 1933. Roosevelt came over to Hull's side and helped to pass the Reciprocal Trade Agreements Act of 1934, and Roosevelt safeguarded the bill in the election of 1936 and increased Hull's stature in the New Deal coalition. Hull and Roosevelt became closer on personal terms in the latter parts of the decade, and Hull's reciprocal trade programs continued to win Roosevelt over. They were on extremely good terms, and Roosevelt did not want to see Hull retire in the end. Hull was a locus of trade in the 1930s, and the Reciprocal Trade Agreements Act of 1934 and its trade programs served as the basis for American trade policy for years thereafter. Cordell Hull was at the center of the 1930s, the New Deal, and the American response to the Great Depression through liberal internationalism and reciprocal trade programs.

CHAPTER 5: THE RECIPROCAL TRADE AGREEMENTS ACT OF 1934

There are two reasons to comprehend reciprocal trade in the 1930s as a facet of the New Deal and an important ingredient in the economic, political, and social history of the 1930s. The New Deal was (for all its other promises) essentially economic. Thus, economy theory teaches that trade policy is a type of economic policy and that the domestic and world economies were impossible to disassociate from each other. Critically, the American people of the 1930s thought of reciprocal trade as a part of the New Deal. History, while it is by necessity hindsight, is an attempt to understand the past through the eyes of the past. History involves going “inside,” in the metaphorical sense, and chronicling people’s identities, politics, and the economy. With this in mind, it is clear from letters, newspapers, and other evidence that the people of the 1930s had no problem thinking about reciprocal trade as the international component of the New Deal. At times, indeed, they explicitly combined the two. Later, the division came in the historiography. The Roosevelt administration considered reciprocal trade in regards to the rest of the New Deal, as well. Administration officials and economists knew how deeply they related together. The Reciprocal Trade Agreements Act of 1934 was also a positive for the American economy. Free trade lowered real prices for consumers and aided exporters. Furthermore, in contrast to nations without trade deals and Smoot-Hawley, reciprocal trade generated disproportionate gain for the United States and its trading partners. In the diplomatic realm, reciprocal trade tied the world and American economies together. Freer trade was American leadership as the dangers of the Second World War rose on the horizon. Overall, the changes in trade policy were one of the

Roosevelt administration's successes in the 1930s. Reciprocal trade deals affected the United States, and beyond the political into the economic realm.

The Economic Theory of Reciprocal Trade

The Reciprocal Trade Agreements Act of 1934 grew out of a political condition, but it existed in a policy context. Namely, economic circumstances were dire when Roosevelt assumed power in early 1933. The United States gross domestic product declined almost 30% in just three years, and a similar proportion of the labor force was out of a job.⁵²⁴ In 1929 dollars, the level of private investment plummeted from \$16.5 billion in 1929 to \$1.62 billion in 1932, and exports shrank from \$5.9 billion in 1929 to \$2.5 billion in 1932.⁵²⁵ On the other hand, spending by the government (local, state, and federal) in the same timeframe increased: \$9.4 billion in 1929 to \$10.86 billion in 1932.⁵²⁶ This spending was necessary to maintain amassed demand in the face of a crashing economy, but it threatened a fiscal meltdown. Less economic activity meant less taxable income from a smaller tax base. Ergo, Washington and the states could not afford to keep the spigots open. Fiscal calamity and the omnipresent financial and monetary crisis after 1929 would have been too much for any government to handle. Time was tight for Roosevelt, despite his munificent personal charms. High financial instability and devastated levels of investment (a 90.182% decrease from 1929 to 1932) were particularly troubling, since economic growth and job creation correlated snugly with

⁵²⁴ Bureau of Economic Analysis, "National Income and Product Accounts Table," Department of Commerce, <http://www.bea.gov/national/nipaweb/TableView.asp?SelectedTable=5&ViewSeries=NO&Java=no&Request3Place=N&3Place=N&FromView=YES&Freq=Year&FirstYear=1929&LastYear=1946&3Place=N&Update=Update&JavaBox=no>.

⁵²⁵ Ibid.

⁵²⁶ Ibid.

business investment. Roosevelt managed to hold things, but this was never an assured outcome in the 1930s. His methods divided commentators at the time and scholars afterwards in exceedingly weighty ways.

The New Deal is best understood in the milieu of its times; yet, it still inflames partisan tensions. In general, the New Deal carries positive connotations in both academic and popular accounts of the 1930s. Leading political historians, such as Arthur Schlesinger and William E. Leuchtenburg, had high praise for Roosevelt and his New Deal.⁵²⁷ Indeed, Schlesinger was the namesake of the research room at the Franklin Delano Roosevelt Presidential Library. Yet, not every historian agreed with the benefit or the benevolence of Roosevelt's policies. Scholars have deeply questioned the New Deal's virtues for either delaying or fostering economic recovery. Some works in this vein included Amity Shlaes' *The Forgotten Man* and Jim Powell's *FDR's Folly*. Ronald Murphy summarized, "The failure of the New Deal and the government to prevent and avert the Great Depression is one of the great myths of American history, and a naked grab for power from the government, the media, and academia."⁵²⁸ Both sides have their points, and the entire economic and political history of the New Deal is an epic subject. My examination of Smoot-Hawley, Cordell Hull, and reciprocal trade in relation to the New Deal in the 1930s does not try to settle this question. If anything, despite my reliance on revisionist sources, I argue that reciprocal trade was a success for the New Deal. The point here is the context—the New Deal and the Roosevelt administration confronted a nightmare. Recovery or not, the very concept of a "New Deal" settled

⁵²⁷ Powell, *FDR's Folly*, xv-xvi.

⁵²⁸ Murphy, *The Politically Incorrect Guide to the Great Depression and the New Deal*, 2.

financial markets and soothed minds.⁵²⁹ Roosevelt looked like he was “doing something” compared to Hoover, which was adequate. Roosevelt’s ability to unify much of the country into a New Deal coalition was a political miracle. The New Deal included a Democratic Party of (usually racist) southerners, minorities (of every race and creed), unions, immigrants, second-generation Americans, conservatives, and urban political machines.⁵³⁰ The consequences of the New Deal’s failure were portentous, no matter what good or bad reciprocal trade did for the American economy or its diplomatic efforts.

The United States desperately needed a “New Deal,” or something like it, to weather the storm of 1932 and 1933. Roosevelt and his administration mishandled trade policy in 1933 and through the London Conference, but they had larger things on their agendas. Americans were scared in 1932 and 1933, and the New Deal restored some faith in capitalism and democracy.⁵³¹ High unemployment, declining prices, social unrest, and a breakdown in services meant there might not have been much of a United States without a “New Deal.” The nation faced hunger, homelessness, hopelessness, powerless local authorities, collapsing courts of law, threatened property rights, looting, strikes, farm crisis, a Dust Bowl, foreclosures, anti-foreclosure riots, and general social disorder.⁵³² Yet, the United States emerged from the Great Depression with its borders intact and most of its basic economic, political, and social institutions only modified to a small degree. This did not have to be the case. Leftists, reactionaries, industrialists, and

⁵²⁹ Hinton, *Cordell Hull*, 220.

⁵³⁰ Clawson, *New Deal Planning*, 27.

⁵³¹ Edsforth, *The New Deal*, 7.

⁵³² *Ibid.*, 8-9.

militarist around the world contemplated *coup d'état* in the Great Depression.⁵³³ Japan succumbed to its imperialist/militarist wing and invaded Manchuria. In Germany, Adolf Hitler and the Nazi Party seized power in 1933. Anarchy, revolution, or a race war was not hard to see in the United States between 1929 and 1933.⁵³⁴ Modernist intellectuals expected such an outcome in North America and Western Europe. Thus, the Roosevelt administration's New Deal was a "six-month" answer to a "six-month crisis."⁵³⁵ From a world perspective, the New Deal was actually haphazard, but (even then) it still met with "visceral" opposition from conservatives and Republicans.⁵³⁶ The New Deal did not hold all the answers or all the proper ideals, but it kept the country from falling apart or resorting to fascism, civil war, dictatorship, or communism.⁵³⁷ The country did survive. Yet, the New Deal forever changed American politics and society in the 1930s and the primary philosophical underpinnings of the Washington government.

The New Deal changed forever how the American people viewed the government, and it altered the relationship between the individual and the state. For example, a farmer from Kansas at the zenith of the Dust Bowl told to an interviewer that he had "faith in our *good government*" [emphasis added].⁵³⁸ The New Deal helped make the federal government into a savior in tough economic times, but there was more to it than simple relief efforts. The New Deal animated the thought that Washington should intervene in

⁵³³ Ibid., 7.

⁵³⁴ Ibid., 9.

⁵³⁵ George Wolfskill, "New Deal Critics: Did They Miss the Point?" in *Essays on the New Deal*, edited by Harold M. Hollingsworth and William F. Holmes (Austin, TX: University of Texas Press, 1969), 68.

⁵³⁶ Stephen Kotkin, *Magnetic Mountain: Stalinism as a Civilization* (Berkeley, CA: University of California Press, 1995), 52.

⁵³⁷ George Wolfskill, "New Deal Critics," 68.

⁵³⁸ Nunnally Johnson and John Steinbeck, *The Grapes of Wrath*, directed by John Ford, produced by Darryl F. Zanuck and Nunnally Johnson, shot in McAlester, OK, distributed by Twentieth-Century Fox, 1940.

the economy on a consistent basis. For instance, in a column, Michael Barone quipped, laconically and sardonically, some New Deal social ideals: “Property rights should be subordinate to human rights” along with “government should regulate economic activity.”⁵³⁹ Additionally, the federal government should freely use the tax code and other methods to redistribute income and wealth.⁵⁴⁰ Barone is a pundit with a conservative bent; yet, his analysis accurately described a few ways the New Deal modified the American polity. Indeed, most liberals and modern Democrats favor such interventions. Besides economics, the New Deal changed the Democratic Party. The 1930s transferred the Democratic foundation to the metropolises of the Northeast, the working class, unionized labor, the children of immigrants, and African Americans.⁵⁴¹ There have been political realignments since 1932, but the New Deal caused the Democrats to leave the South.⁵⁴² The context of the 1930s for reciprocal trade was contentious, and there were numerous problems sparring back and forth in the early New Deal. Hull’s trade policies had to emerge out of such a situation.

Elected leaders and politicians, in addition, are not naturally thinkers on tariffs and trade. Generally, political leadership tends to think about trade policy incorrectly or in non-economic terms. Much of the issue is the typical education of a normal member of the political class in the United States. Most diplomats, executives, and legislators study the law and work as attorneys before political life. Hence, government leaders tend to

⁵³⁹ Michael Barone, “Americans Relate to Founders, Not Progressives,” *Real Clear Politics* (Jun. 28, 2010), http://www.realclearpolitics.com/articles/2010/06/28/americans_relate_to_founders_not_progressives_106117.html.

⁵⁴⁰ Ibid.

⁵⁴¹ Himmelberg, *The Great Depression and the New Deal*, 78.

⁵⁴² Ibid., 78.

overstate the adversarial nature of trade and economic interrelationships.⁵⁴³ This is a natural consequence of the legal worldview. In a courtroom, only one side can win. Law is a zero-sum game—one side is diametrically opposed to the other side, and somebody has to lose so somebody else can win. Economists, on the other hand, stress the mutual benefits of voluntary exchange and specialization. Specialization allows countries to concentrate on what they are best at (in a relative sense), expand productivity, and accrue benefits on the market. To an attorney, one side must always lose. For economic theory, both parties can win at the same time. Politicians are rarely experts on tariff matters, and they are usually disinclined towards asking experts in the field or economists for help.⁵⁴⁴ Consequently, tariffs and trade policy are a misunderstood and an understudied area of American governance, legislation, and overall history.⁵⁴⁵ The same was true in the 1930s. Roosevelt was not “literate” in the economic sense; Harvard and Columbia never formally trained him on the subject, and he did not have a huge interest in it.⁵⁴⁶ Instead, Roosevelt embraced “experimentalism,” rather than a rational or a critical approach to solving the Great Depression. He liked the fact that the New Deal was inconsistent at times.⁵⁴⁷ In some senses, it was no wonder the spontaneous Roosevelt did not warm to reciprocal trade until 1934. As well, it took Roosevelt time to come around to trade policy as a topic after the black stretches of 1932 and 1933.

⁵⁴³ U. Grant-Smith Article, “Suggested New Deal in Diplomacy,” Montevideo Conference, Box #81, Subject File, *Cordell Hull Papers*, Library of Congress (Washington, DC).

⁵⁴⁴ Allen, “The International Trade Philosophy of Cordell Hull, 1907-1933,” 101.

⁵⁴⁵ *Ibid.*, 101.

⁵⁴⁶ Badger, *The New Deal*, 6.

⁵⁴⁷ *Ibid.*, 6.

The sheer scale of the upheaval of the Great Depression distracted much of the White House away from trade policy in the early Roosevelt administration. Initially, the government focused on other problems (like monetary policy). Trade was not decisive to the economy of the 1930s, but it was significant. Lewis W. Douglas, a Congressman from Arizona and Roosevelt's budget director from 1933 to 1934, summarized trade's status in the early administration: "I find frequently in conferences at the White House the following statement made. We only export five percent of our production: Why, then, should we be worried about foreign markets."⁵⁴⁸ A good sense of extent was important. However, approximately 5% of an economy of \$73.3 billion in 1935 is not without consequences. Free trade was a screen against monopolistic practices on the part of domestic businesses, too.⁵⁴⁹ Foreign competition made it harder to form trusts in a single jurisdiction. The New Dealers grew up in the Progressive Era and watched trust busting, so they must have known that. Moreover, some members of the administration knew the theory involved with trade. For example, Mordecai Ezekiel (an agricultural economist and advisor to the office of the Secretary of Agriculture from 1933 to 1944) wrote, "Trade barriers have contributed to the presence and the prolongation of the depression; - Free trade would improve the situation in the long run, after the necessary readjustments had been worked through."⁵⁵⁰ Ezekiel offers all the orthodox economic rejoinders: there were benefits to trade, but there were painful allocations of resources, and there was a

⁵⁴⁸ Lewis W. Douglas quoted in Rosen, *Roosevelt, the Great Depression, and the Economics of Recovery*, 30.

⁵⁴⁹ Powell, *FDR's Folly*, 274.

⁵⁵⁰ Mordecai Ezekiel Article, "Would Reciprocal Reductions in Tariffs Affect the General Price Level," 'Economic Systems in Chrysalis' to 'Would Reciprocal Reductions in Tariffs Affect the General Price Level,' Box #29, Speech and Article File, *Mordecai Ezekiel Papers*, Franklin Roosevelt Presidential Library (Hyde Park, NY).

need for time, patience, and relief. Despite the attention on the Great Depression, the administration gave tariffs a good amount of reflection.

The Roosevelt administration considered reciprocal trade in relationship to the rest of the economy closely through the work of Mordecai Ezekiel. Ezekiel earned a doctorate in economics from the Robert Brookings Graduate School in Washington, and he helped formulate the AAA more than any other thinker did in 1933.⁵⁵¹ He was an advisor to Roosevelt, Rexford G. Tugwell, M. L. Wilson (a graduate of Iowa State College and the Undersecretary of Agriculture in the late 1930s), and Henry J. Morgenthau.⁵⁵² Inside of the Roosevelt administration, Ezekiel was very “conventional” in the sense he agreed with nearly all of the New Deal’s programs. For instance, Ezekiel advocated the “joint planning” of the national economy between business, corporations, and the government to ensure full employment, price stability, overall economic health, and a moderation in politics.⁵⁵³ As a chief designer of the AAA, Ezekiel wondered if reciprocal trade would upset the Roosevelt administration’s plans for reflation. He wrote an article called “Would Reciprocal Reductions in Tariffs Affect the General Price Level” to ponder the issue.⁵⁵⁴ In the article, Ezekiel considered the potential macroeconomic implications of reciprocal trade, and he gave a long explanation of

⁵⁵¹ “Biographical Note,” *Mordecai Ezekiel Papers*, Franklin Roosevelt Presidential Library (Hyde Park, NY).

⁵⁵² *Ibid.*

⁵⁵³ Clawson, *New Deal Planning*, 34.

⁵⁵⁴ Mordecai Ezekiel Article, “Would Reciprocal Reductions in Tariffs Affect the General Price Level,” ‘Economic Systems in Chrysalis’ to ‘Would Reciprocal Reductions in Tariffs Affect the General Price Level,’ Box #29, Speech and Article File, *Mordecai Ezekiel Papers*, Franklin Roosevelt Presidential Library (Hyde Park, NY).

deflation's negative effects for an economy.⁵⁵⁵ He came, however, to inconclusive results.⁵⁵⁶ Yet, he did not give up on the issue after one article. Elsewhere, Ezekiel concluded that reciprocal trade deals would help American workers find jobs, lower prices for consumers, and foster recovery under the New Deal.⁵⁵⁷ He shaded his conclusions, however. He admitted that workers in protected or uncompetitive industries (under the protection of Smoot-Hawley) stood to potentially lose their employment through trade liberalization.⁵⁵⁸ The economy, already under intense strain during the Great Depression, might not have survived much more disruption or resource reallocation in a world of freer trade.⁵⁵⁹ Ezekiel advised a high level of caution, and gradual liberalization, in combination with the rest of the administration's program. This was accurately what Roosevelt actually did, and this was how trade fit into the remainder of the New Deal in economic and political vocabulary.

Roosevelt perceived economic benefits to bringing trade liberalization to the forefront in 1934. Domestic prices, as always with the First New Deal, were still the key factor. High prices, while the objective of the Roosevelt administration, could have a negative influence. High prices meant reduced turmoil in rural areas and less insurrection in farm states, but they made the New Deal look superfluous.⁵⁶⁰ Furthermore, higher prices incentivized farmers to overplant, which risked another devastating glut in the

⁵⁵⁵ Ibid.

⁵⁵⁶ Ibid.

⁵⁵⁷ Mordecai Ezekiel Article, "Who Benefits from High Tariffs," 'Economic Basis for the AAA' to 'Population Redistribution,' Box #30, Speech and Article File, *Mordecai Ezekiel Papers*, Franklin Roosevelt Presidential Library (Hyde Park, NY).

⁵⁵⁸ Ibid.

⁵⁵⁹ Ibid.

⁵⁶⁰ "Goodbye to Gold" from Ernst K. Lindley's *The Roosevelt Revolution*, London Economic Conference, Box #79, Subject File, *Cordell Hull Papers*, Library of Congress (Washington, DC).

rural economy.⁵⁶¹ The watchful application of reciprocal trade could help keep prices down—but not too low—and allow farmers a channel for excess production that would not depress American prices. Free trade offered comparative advantages, too. In London, Sam D. McReynolds outlined the problem: “Today, tariff barriers, quotas on imports, exchange embargoes and the general desires of all countries to manufacture everything, whether it is economically sound or not, are hampering the efforts of each government to achieve recovery.”⁵⁶² McReynolds, again, touched on the thoughts of specialization. Specialization of production between countries allowed them to concentrate on strengths, exchange surpluses, and grow richer (in real terms) in the process. Thus, McReynolds disparaged self-sufficiency on a national scale for its implied inefficiencies, bottlenecks, and its barriers to economic recovery.⁵⁶³ Nationwide self-sufficiency had always been impossible in an industrialized age of hydrocarbons and rare metals; therefore, it was better to embrace free trade and reap its benefits than to fight it. Lastly, Roosevelt knew the centralization of power in the executive during the New Deal looked outwardly, at least, tyrannical. Sometimes, he dealt with this problem with humor. In 1935, for example, he wrote Frederic R. Coudert (a New York attorney), “I suppose, however, that some of your New York friends and mine will set this down as another communistic decree of a Brain Trust-ruled dictator!”⁵⁶⁴ Roosevelt was ironic, but he was clearly aware of the criticisms. Yet, trade liberalization was capitalistic—it opened up

⁵⁶¹ Ibid.

⁵⁶² McReynolds Statement, August 5, 1933, London Economic Conference, Box #79, Subject File, *Cordell Hull Papers*, Library of Congress (Washington, DC).

⁵⁶³ Ibid.

⁵⁶⁴ Roosevelt Letter to Coudert, November 23, 1935, James J. Mahoney, PPF 508, President’s Personal File, *Franklin Delano Roosevelt Papers*, Roosevelt Presidential Library (Hyde Park, NY).

markets, put decisions back in the hands of individuals, and made Roosevelt appear less autocratic.

The Reciprocal Trade Agreements Act of 1934 gave Hull and Roosevelt some leeway in reducing tariffs. Ironically, the 1934 bill was technically only an amendment to Smoot-Hawley for the sake of legislative reality.⁵⁶⁵ Hull wanted a new bill with radically lower tariffs, but the opposition in Congress forced the Department of State to accept only a limited amendment to the rates of Smoot-Hawley.⁵⁶⁶ On the bright side, however, there was modest functional difference either diplomatically or economically between the legal niceties of an amendment versus a new tariff bill. The Reciprocal Trade Agreements Act of 1934 did three things: (1) the United States could negotiate reciprocal reductions in tariffs up to 50% reductions from Smoot-Hawley; (2) Senate ramifications of such deals were unnecessary; (3) the most-favored nation principle was now unequivocal American policy.⁵⁶⁷ The law was a victory for Hull, the Department of State, liberal internationalism, Wilsonians, and exporters. Hull and his office received precisely the authority that they (realistically) requested to start.⁵⁶⁸ Working around the Senate's constitutional power to ratify treaties in Article II Section II of the Constitution was crucial. The Reciprocal Trade Agreements Act of 1934, like other New Deal legislation, expanded the authority of the executive branch. Yet, Hull needed the second point. Congressional logrolling and a minority of protected industries and interest groups

⁵⁶⁵ Hull, *The Memoirs*, 1:358.

⁵⁶⁶ *Ibid.*, 1:358.

⁵⁶⁷ Rauch, *History of the New Deal 1933-1938*, 116.

⁵⁶⁸ Hull, *The Memoirs*, 1:359.

retarded any chance at liberalization before the 1930s.⁵⁶⁹ Hinton described it, “Hull had impressed on the New Deal draftsmen the importance of avoiding President Taft’s pitfall in attempting reciprocal tariff reduction through treaty methods.”⁵⁷⁰ In the past, trade deals stalled in the Senate, where protectionists congregated and blocked the passage of commercial treaties with any sense of reciprocity. Hull, on the other hand, would not have that problem after 1934 with reciprocal trade agreements.

Reciprocal trade programs conflicted with some parts of the rest of the New Deal but not in any inexorable way. Unfortunately, Hull’s method of “recovery through exports” damaged the pillars of the First New Deal—the NRA and AAA.⁵⁷¹ Roosevelt wanted to control the domestic price with cartelization and currency manipulation.⁵⁷² Randall E. Parker describes how the NRA and the AAA were “designed to *reduce* output and raise prices in the farming sector” [emphasis original].⁵⁷³ At first impression, if Hull had his way with trade in 1933, then a potential increase in imports threatened to lower domestic prices. Conversely, higher foreign demand for American exports could counteract downward pressure on prices at home. That quarrel hung in the New Deal until the Supreme Court forced the administration to abandon reflation. In 1935, the court ruled in *A.L.A. Schechter Poultry Corporation v. United States* that the NRA was a designation of legislative authority to the presidency and misuse of the interstate commerce power (Article I Section VIII). Thus, the Supreme Court undid the First New

⁵⁶⁹ Hinton, *Cordell Hull*, 269.

⁵⁷⁰ *Ibid.*, 269.

⁵⁷¹ “Goodbye to Gold” from Ernst K. Lindley’s *The Roosevelt Revolution*, London Economic Conference, Box #79, Subject File, *Cordell Hull Papers*, Library of Congress (Washington, DC).

⁵⁷² *Ibid.*

⁵⁷³ Parker, “Overview,” 25.

Deal, and the NRA and AAA were unconstitutional. Inadvertently, though, *Schechter Poultry* resolved reciprocal trade's wobbly position in the New Deal. With no more NRA or AAA, there was no more conflict connecting inflation and trade. Debra Conti noticed the mood, "With the election of Roosevelt, the focus of trade policy changed from import politics—restricting imports through tariff legislation—to export politics—focusing on opening up foreign markets."⁵⁷⁴ This did not happen immediately, but Hull pursued more deals. Freer trade fit with the Second New Deal.

The Reciprocal Trade Agreements Act of 1934 was a piece of the "Second New Deal" of 1934 to 1936. The Second New Deal marked a big change from the central planning inherent in the measures of 1933. It included enduring reforms, such as the Wagner Act (which prompted a higher level of labor force unionization), the Works Progress Administration (WPA, an agency that put millions to work on federal projects), and Social Security (with its defined contributions and retirement benefits). In largest senses, with the NRA and AAA out of the picture, the Second New Deal turned away from planning and back towards normalization and capitalism.⁵⁷⁵ Trade liberalization dovetails quite nicely with this conception. The American economy slowly began to heal after the early 1930s, and the Roosevelt administration gradually embraced businesses and ended measure like the NRA and AAA (either intentionally or by legal fiat).⁵⁷⁶ In such a situation, reciprocal trade made sense from a policymaking standpoint to loosen government bounds on the economy. Practically, as well, reciprocal trade had a certain

⁵⁷⁴ Conti, *Reconciling Free Trade, Fair Trade, and Interdependence*, 19-20.

⁵⁷⁵ Fearon, *War, Prosperity and Depression*, 171.

⁵⁷⁶ *Ibid.*, 171.

political appeal after Smoot-Hawley. Trade enlivened Wilsonians, internationalists, Jeffersonian idealists,⁵⁷⁷ pacifists, libertarians, classical liberals, exporters, consumer groups, isolationists, and agriculturalists and industrialists dependent on foreign suppliers for cheap raw materials.⁵⁷⁸ Some of these groups were indignant over the NRA and the AAA, as they wanted economic freedom, competition, and private property rights. Others wished for a low tariff for the sake of friendly foreign relations and the prevention of a future war. In both cases, reciprocal trade was an olive branch. After all, a high level of resentment for the Smoot-Hawley tariff helped in the passage of the Reciprocal Trade Agreements Act of 1934.⁵⁷⁹ In part, in the 1930s, commentators in the 1930s imagined the Great Depression as a symptom of the trade war from 1930 to 1932. The president looked astute in overturning one of the causes of the conflagration in the first place. Thus, simply, historians cannot ignore trade as a factor of New Deal analysis.

Economic theory offered a host of reasons why international trade was an important input in the Great Depression and the New Deal. Trade policy was economic policy, and the overseas market influenced any domestic economy. It was impossible to split a national economy from the rest of the world—even in the most extreme, autarkic situations. Yet, the historical scholarship on the 1930s accurately did this. For context, 5.694% of the American gross domestic product derived from exports in 1929.⁵⁸⁰ This

⁵⁷⁷ Joyce Appleby, *Capitalism and a New Social Order: The Republican Vision of the 1790s* (New York, NY: New York University Press, 1984), 35.

⁵⁷⁸ Shlaes, *The Forgotten Man*, 198-99.

⁵⁷⁹ *Ibid.*, 198-99.

⁵⁸⁰ Bureau of Economic Analysis, “National Income and Product Accounts Table,” Department of Commerce, <http://www.bea.gov/national/nipaweb/TableView.asp?SelectedTable=5&ViewSeries=NO&Java=no&Requ>

was before the crash, and international trade's volume sunk in the Great Depression. The above percentage slipped to 3.546% by 1933 and then recovered to 4.832% by 1940—it was steady from 3.5% to 4.5% during the rest of the 1930s.⁵⁸¹ Noticeably, this fall in the relative portion of exports in comparison to the rest of the economy showed that trade suffered more than its “fair share” in the early Great Depression. The malefic of Smoot-Hawley was much the problem; however, there were other issues worth exploring and especially in light of Hull's reciprocal program. Hence, international trade deserved at least a mention in a monograph over 200 to 300 pages long on the New Deal. Moreover, histories of the 1930s as a whole are likely to have either “the New Deal” or “the Great Depression” in their title, since the economic doldrums from 1929 to 1942 was the seminal topic of the period. Any suggestion that historians divide their content in a fixed ratio equal to that of exports' portion of the economy would be inflexibly pedantic. However, given trade's hold on the economy, a dozen or so pages or a diminutive chapter of investigation is not too much to ask.

Year	Gross World Product (GWP)	Volume of International Trade	International Trade as a Percentage of GWP
1930	\$3.537 trillion ⁵⁸²	\$353 billion ⁵⁸³	9.9802%
2007	\$67.2 trillion ⁵⁸⁴	\$13.212 trillion ⁵⁸⁵	19.6607%

est3Place=N&3Place=N&FromView=YES&Freq=Year&FirstYear=1929&LastYear=1946&3Place=N&U
pdate=Update&JavaBox=no

⁵⁸¹ Ibid.

⁵⁸² J. Bradford DeLong, ““Estimating World GDP, One Million B.C. – Present.”

⁵⁸³ Fox, “Quantitative and Qualitative Changes in International Trade During the Depression,” 13.

⁵⁸⁴ “World,” *CIA World Fact Book*, <https://www.cia.gov/library/publications/the-world-factbook/geos/xx.html>.

⁵⁸⁵ Statistics Division, “Total imports and exports by regions and countries or areas,” *United Nations Commodity Trade Statistics Database*,

<http://comtrade.un.org/pb/FileFetch.aspx?docID=2569&type=special%20tables>.

Figure 5.1 – All the figures are in 2007 dollars. As it came before the worldwide recession of 2008, the year 2007 shows trade’s “fullest” extent before the downturn. International trade was nearly a tenth of the world economy in the 1920s and the 1930s and its importance continued to grow after the Second World War. Trade is more important now than it was then, in fact, but no picture of the Great Depression, the New Deal, and the workings of the Roosevelt administration is possible without a consideration of American tariffs and trade policy vis-à-vis Hull’s program.

Critically, international trade would help deal with some of the historical problems of the 1930s. The causes of the early Great Depression, its high level of unemployment, low business investment, and the intractability of the slump were among the deepest historical mysteries of the early twentieth-century.⁵⁸⁶ The international market’s disproportionate suffering helped explain some of the issue. Economists have a concept called Okun’s Law, which postulates an inverse relationship between unemployment and economic growth, as firms need extra labor to produce more.⁵⁸⁷ The implications of Okun’s Law are intuitive: less activity means less production, less production means less labor demanded, and fewer jobs means unemployment. Econometrics estimated that, within the United States, a 1% increase in unemployment correlate with a 2% decrease in output.⁵⁸⁸ The economy was poor in the 1930s, but exports fell past their fair share. This was, potentially, a source of the chronically high unemployment. Additionally, economists notice the gains to real wealth because of liberalization and economic specialization.⁵⁸⁹ On the other hand, an economy needs time to reallocate scarce capital, land, and labor to productive and export-oriented industries

⁵⁸⁶ Barber, *From New Era to New Deal*, 1.

⁵⁸⁷ Edward S. Knotek, “How Useful in Okun’s Law,” *Economic Review* (Q4 2007), Federal Reserve Bank of Kansas City, <http://www.kansascityfed.org/Publicat/ECONREV/PDF/4q07Knotek.pdf>.

⁵⁸⁸ *Ibid.*

⁵⁸⁹ Allen, “The International Trade Philosophy of Cordell Hull, 1907-1933,” 103.

and away from uncompetitive ventures to realize these gains.⁵⁹⁰ The high unemployment of the 1930s shows very little reallocation of inputs took place in the decade. In this situation, Hull perceived that a return to Fordney-McCumber duties from 1928 would be a positive for the global economy.⁵⁹¹ Older tariffs had already done their damage to the flow of commerce, and undoing Smoot-Hawley would allow the world to return to the configuration of 1928 without much reallocation. Henceforth, industries could emerge, harness idle resources, and grow quicker into a world of lower tariffs.⁵⁹² Hull internalized the lessons of the economic theory, and he tried to make them come alive in practice.

The Social Representation of Reciprocal Trade

Of the most crucial importance, the American people understood that the reciprocal trade programs were a part of the New Deal in the 1930s themselves. Roosevelt and the Democrats ran on economic recovery in 1932. This included the restoration of international commerce, and they did not separate reciprocal trade from the rest of their economic curriculum. To demonstrate, the Democratic National Convention Platform of 1932 proclaimed, “We advocate a competitive tariff for revenue, with a fact-finding commission free from executive interference, *reciprocal tariff agreements with other nations, and an international economic conference designed to restore international trade and facilitate exchange*” [emphasis added].⁵⁹³ This statement was somewhat vague, but it promised trade liberalization was the route of the Roosevelt

⁵⁹⁰ Hull Statement, August 1933, London Economic Conference, Box #79, Subject File, *Cordell Hull Papers*, Library of Congress (Washington, DC).

⁵⁹¹ *Ibid.*

⁵⁹² Rosen, *Roosevelt, the Great Depression, and the Economics of Recovery*, 238.

⁵⁹³ “Platform Adopted by the Democratic National Convention: 1932,” Box #1, Democratic National Convention, President’s Official Files, *Franklin Delano Roosevelt Papers*, Roosevelt Presidential Library (Hyde Park, NY).

campaign. Elsewhere, the platform condemned the Republicans on Smoot-Hawley and trade; “They [the Republicans] have ruined our foreign trade.”⁵⁹⁴ Noticeably, however, the quip about reciprocal trade fell right in the middle of a section on economic reforms. The platform listed reciprocal trade after “a sound currency” and before “the extension of federal credit,” and along with such measures as a balanced budget, lower unemployment, social insurance, support for agriculture, and the development of water resources into hydroelectricity.⁵⁹⁵ This was an accurate description of the New Deal as the party conceived it, and reciprocal trade followed and fits in with policy and the remainder of the program. Roosevelt included the international market in his inaugural address of 1933: “Our international trade relations, though vastly important, are in point of time and necessity secondary to the establishment of a sound national economy.”⁵⁹⁶ Commentators took this statement, at times, to be a refutation. Yet, Roosevelt always parsed his statements, and he still stressed the “vastly important” nature of international trade to the United States’ financial system and economy. Later in the speech, he reiterated, “I shall spare no effort to restore world trade by international economic readjustment.”⁵⁹⁷ Despite the indistinctness in 1933, he wanted more and freer trade for the American economy.

Reciprocal trade programs became a popular part of the New Deal, and free trade added to the appeal of the Roosevelt system to sections of the electorate. When first going through Congress, the Reciprocal Trade Agreements Act of 1934 had a difficult

⁵⁹⁴ Ibid.

⁵⁹⁵ Ibid.

⁵⁹⁶ Roosevelt Inaugural Address, Washington, DC, March 4, 1933, London Economic Conference, Box #79, Subject File, *Cordell Hull Papers*, Library of Congress (Washington, DC).

⁵⁹⁷ Ibid.

time. Then, political winds shifted, and the economy began to recover. The original opponents of the bill lost their seats in 1934 and 1936.⁵⁹⁸ Sans demagogue, protectionist Republicans in positions of power, reciprocal trade's popularity increased as its contentiousness decreased.⁵⁹⁹ Republicans and protectionists were out of favor, out of office, and out of the public spotlight. Some organizations developed in support of New Deal diplomacy and trade. The Good Neighbor League reported its tenets in a manifesto: "The President has persistently tried to produce better economic relations by pulling down high trade barriers in order to encourage the establishment of foreign markets. This in its practical operation would produce a more cordial 'good neighbor' relationship."⁶⁰⁰ Here, the Good Neighbor League recognized that Good Neighbor diplomacy was free trade in addition to non-interventionism in Latin America. The Fair Trade League sent Morgenthau the essay "The Hawley-Smoot Tariff," which claimed 2.4 million Americans (roughly 10% of all households) derived income from foreign trade.⁶⁰¹ Free trade appealed to labor, as well. The daughter of John L. Lewis, a bigwig in the Congress of Industrial Organizations (CIO), praised Hull for his efforts at international trade reciprocity.⁶⁰² On top of labor unions, agriculture and agrarian interests were a central focal point of the New Deal.

⁵⁹⁸ Rauch, *History of the New Deal 1933-1938*, 292.

⁵⁹⁹ *Ibid.*, 292.

⁶⁰⁰ Good Neighbor League Memorandum, "Prohibition and International Relations," Miscellaneous Manifestoes (1936), Manifestoes and Publicity, Box #9, Correspondence File, *Good Neighbor League Papers*, Roosevelt Presidential Library (Hyde Park, NY).

⁶⁰¹ "The Hawley-Smoot Tariff: And Its Consequences," August 21, 1932, Tariff to Wilson, M. L., Subject File, pre-1933, Correspondence, *Henry J. Morgenthau, Jr. Papers*, Roosevelt Presidential Library (Hyde Park, NY).

⁶⁰² Roberts, *Putting Foreign Policy to Work*, 98-99.

Reciprocal trade attracted agriculturalists to the New Deal, in particular cotton growers. Cotton still ruled southern agriculture in the 1930s, and the region's nineteenth-century posture towards free trade for the sake of cotton exports persisted.⁶⁰³ Hull, while not directly involved in cotton in the agrarian places of eastern Tennessee, still grew up in the free trade milieu of the South. Trade helped garner support for Roosevelt and the New Deal from cotton growers and the region as a whole. Smoot-Hawley and the trade war from 1930 to 1932 with Europe and the rest of the world greatly damaged the interest of cotton producers, and they needed overseas markets by 1933.⁶⁰⁴ Hence, due to regional identity and despite reservations conservative southerners had about the more radical New Deal programs, they supported the White House for a stake in Hull and commercial reciprocity. William L. Clayton, a cotton marketer from Houston and a former official in the War Industries Board, led the charge. He called Hull, "the soundest thinking man in public life today," since Hull championed lower tariffs.⁶⁰⁵ In contrast, he disagreed with the preponderance of the farm policies of the Roosevelt administration and the cartelization of the AAA.⁶⁰⁶ Yet, he still supported Roosevelt for the sake of Hull and trade.⁶⁰⁷ Clayton, who earned the nickname "King Cotton" in the 1910s and 1920s, said before the election of 1936, "A vote for Roosevelt is a vote to keep Secretary Hull in office."⁶⁰⁸ To him, reciprocal trade made the remainder of the New Deal worth tolerating. Cotton's support for free trade was understandable, since cotton always wanted to lower

⁶⁰³ Rosen, *Roosevelt, the Great Depression, and the Economics of Recovery*, 147.

⁶⁰⁴ *Ibid.*, 147.

⁶⁰⁵ *Ibid.*, 147.

⁶⁰⁶ Handbook of Texas Online, "Clayton, William Lockhart (1880-1966)," *Texas State Historical Association*, <http://207.200.58.4/handbook/online/articles/CC/fc123.html>.

⁶⁰⁷ *Ibid.*

⁶⁰⁸ Rosen, *Roosevelt, the Great Depression, and the Economics of Recovery*, 148.

tariffs and expand exports to Britain, France, and Germany. Conversely, the American farm economy of the 1930s was large and diversified, and dissimilar sectors coveted Smoot-Hawley's brawnier protections.

Protectionists and anti-New Dealers seized on the agricultural question in order to assail Hull and Roosevelt on trade. Noticeably, New Deal critics had no trouble thinking about trade in relationship to the whole Roosevelt program, and they tried to use it against the White House. Agriculturalists were at the forefront of the opposition to the Reciprocal Trade Agreements Act of 1934.⁶⁰⁹ Recalcitrant farmers were enamored with the lessening of foreign competition and the perception of higher farm prices because of Smoot-Hawley. Moreover, farmers were unique in their resistance to reciprocal trade. Unions, for example, believed freer trade threatened only a small number of American workers and offered opportunities for commercial expansion, and they consequently aided Hull.⁶¹⁰ Protected industries complained about the prospect of trade liberalization to their delegates in Congress, and Republicans from protectionist districts made the final passage of the Reciprocal Trade Agreements Act of 1934 difficult.⁶¹¹ The bill did pass, 274-111 in the House, but only two Republicans voted in favor of it.⁶¹² In 1936, the resistance came at trade again. Protectionists argued that American wheat imports increased from 1934 to 1936 after reciprocal trade's passage, which must have hurt the

⁶⁰⁹ Roberts, *Putting Foreign Policy to Work*, 52.

⁶¹⁰ *Ibid.*, 52.

⁶¹¹ Leuchtenburg, *Franklin D. Roosevelt and the New Deal*, 204.

⁶¹² *Ibid.*, 204.

average American farmer.⁶¹³ The Republican presidential nominee in 1936, Governor Alf Landon (R-KS), said in Minneapolis that the trade program cost the American farmer the domestic market to foreign competition.⁶¹⁴ In spite of some of the inherent xenophobia, agriculture imports did increase by 84% from 1933 to 1936 while farm exports increased only 24% in the same epoch.⁶¹⁵ Hull countered there was a massive drought and a Dust Bowl in 1934 and 1935, which reduced the United States' capacity for production and necessitated temporary importation.⁶¹⁶ Ordinary people lacked much of an economic context, and there were numbers to back up either side of the contest. Nonetheless, these attacks on trade failed to make much progress.

Republican resistance, despite its best efforts in 1934 and 1936, could not stop the New Deal or reciprocal trade programs. Trade policy was a critical issue for the American economy, but also for American identity, politics, and society. Namely, tariffs were a crucial theoretical and practical cleavage amid internationalists, conservatives, liberals, socialists, statist, farmers, agrarians, pastoralists, and populists.⁶¹⁷ In the 1930s, being for or against tariffs helped compose “who you were” in terms of these ideologies. Additionally, part of how you read your political engagement in the United States of the early twentieth-century was via your trade stance—if you were against trade, you were

⁶¹³ “Secretary Hull’s Address at Minneapolis,” October 7, 1936, 1933-1937, State, Cordell Hull, Box #73, President’s Secretary’s Files, *Franklin Delano Roosevelt Papers*, Roosevelt Presidential Library (Hyde Park, NY).

⁶¹⁴ Butler, *Cautious Visionary*, 171.

⁶¹⁵ *Ibid.*, 171; “Secretary Hull’s Address at Minneapolis,” October 7, 1936, 1933-1937, State, Cordell Hull, Box #73, President’s Secretary’s Files, *Franklin Delano Roosevelt Papers*, Roosevelt Presidential Library (Hyde Park, NY).

⁶¹⁶ “Secretary Hull’s Address at Minneapolis,” October 7, 1936, 1933-1937, State, Cordell Hull, Box #73, President’s Secretary’s Files, *Franklin Delano Roosevelt Papers*, Roosevelt Presidential Library (Hyde Park, NY).

⁶¹⁷ Rosen, *Roosevelt, the Great Depression, and the Economics of Recovery*, 142-43.

rightist and Republican; if you favored trade, you were leftist and a Democrat.⁶¹⁸

Roosevelt's popularity and the New Deal made the nation "drift left" in the 1930s, and the change put the Republicans and protectionists on the wrong side. Perception held that only a few outstanding, and ubiquitously Republican, figures had anything bad to say about free trade.⁶¹⁹ Furthermore, the prominent opponents to Hull's trade initiatives were always anti-New Dealers, including such leaders as Senator Arthur H. Vandenberg (R-MI) and George N. Peek (once he was out of the administration).⁶²⁰ Currents drifted strongly left in 1932, and the pattern continued throughout the rest of the 1930s.

Sardonically, Senator Reed Smoot, the namesake of the Smoot-Hawley tariff, lost his seat in 1932 to Elbert D. Thomas—a former Latter Day Saints missionary to Japan who felt American tariffs hurt the gentle Japanese people.⁶²¹ In the end, a minority of Republicans (described in *The Economist* as "the Eastern or Wall Street species") broke in Hull's direction on trade policy.⁶²² Business leaders recognized the American need for expanded markets to enlarge production back to the levels of the 1920s. As well, protectionists were critical of trade in terms of the New Deal coalition.

People in the 1930s thought of trade and the New Deal together, either in support or in opposition. After all, this was how the Republicans termed them. To quote from the Republican National Committee bulletin "The Farmer Pays" from 1936, "*The New Deal*

⁶¹⁸ Ibid., 142-43.

⁶¹⁹ Dorothy Thompson, "Tariff Plank Hit by G.O.P. Writer," *Washington Star* found in Agricultural Problems, 1924-1940, Box #62, Subject File, *Cordell Hull Papers*, Library of Congress (Washington, DC).

⁶²⁰ Ibid.

⁶²¹ Leuchtenburg, *Franklin D. Roosevelt and the New Deal*, 204; Biographical Directory, "Thomas, Elbert Duncan," *United States Congress Online*, <http://bioguide.congress.gov/scripts/biodisplay.pl?index=T000164>.

⁶²² "Tariffs and Parties," *The Economist*, October 24, 1936, found in 1914-1940, Tariff, Box #88, Subject File, *Cordell Hull Papers*, Library of Congress (Washington, DC).

Reciprocal Trade Agreements have taken the American Farmer out of the Foreign Market and put the Foreign Farmer into the American Market” [emphasis added].⁶²³ Here, trade reform was unambiguously a part of the New Deal. The Republicans had two objections to the Reciprocal Trade Agreements Act of 1934: (1) the potential harm to specific industries currently behind a tariff wall, and (2) the entrustment of the Senate’s treaty-making powers to the executive.⁶²⁴ Hence, these points fit into a pattern of criticizing the New Deal for its trend of centralizing power, growing the duty of the president, and engendering new executive agencies. In 1936, the opposition to Democrats ran against the Reciprocal Trade Agreements Act of 1934 and the New Deal—together.⁶²⁵ However, the New Deal’s trade policies and the observable failure of Smoot-Hawley did not gain them many converts.⁶²⁶ Michael A. Butler in *Cautious Visionary*, the most comprehensive look at trade in the 1930s from a diplomatic perspective, wrote that, “The election of 1936 tested the popularity of Hull’s trade policy as well as other aspects of the New Deal.”⁶²⁷ Butler was close, but he does not go far enough in realizing trade’s task in the New Deal and its significance for the rest of the decade. Hull and reciprocal trade were a part of the New Deal itself in the 1930s, without reservations, as commentators from the epoch made apparent.

Newspaper articles from the 1930s explicitly mentioned the trade programs as an aspect of the overall New Deal. For instance, the Associated Press wire described Hull

⁶²³ “Observations on the Bulletin by the Republican National Committee Entitled ‘The Farmer Pays,’” September 1, 1936, 1936, Trade Agreements, Box #88, Subject File, *Cordell Hull Papers*, Library of Congress (Washington, DC).

⁶²⁴ Hull, *The Memoirs*, 1:486.

⁶²⁵ *Ibid.*, 1:486.

⁶²⁶ *Ibid.*, 1:486.

⁶²⁷ Butler, *Cautious Visionary*, 163.

and reciprocal trade programs: “The Cabinet member, champion, and director of *the New Deal’s trade pact plan*, denounced opponents” [emphasis added].⁶²⁸ Dorothy Thompson, a Republican newspaper broadcaster and columnist (and the most influential woman in the United States in the 1930s behind Eleanor Roosevelt),⁶²⁹ was amenable to Hull’s reciprocal trade programs. She described them: “In contrast it seems to me that the policy which has been pursued by Mr. Cordell Hull as Secretary of State is the least open to criticism of any major program undertaken by the present administration.”⁶³⁰ First, she does not reject reciprocal trade; second, she considers it a “major program” of the Roosevelt administration. Thus, trade had appeal, and it had to be part of the New Deal. Before the rise of radio and television, newspapers were the main means of political and social communication in the United States of the early twentieth-century. Hull interacted with the papers. For example, he wrote a response to a *Baltimore Sun* editorial in 1936, and he defended pending trade deals with Belgium and Cuba.⁶³¹ Other journalists considered trade a part of the New Deal, too. *The Economist* reported in “Republican Support for Mr. Hull” that mixed condemnation and praise for reciprocal trade confused Democratic and Republican identities, but that Hull’s trade programs were still of the New Deal.⁶³² “A Suggested New Deal in Diplomacy” by U. Grant-Smith combined the

⁶²⁸ Associated Press, “Hull Denounces Trade Pact Foes: Declares Critics of Reciprocal Program ‘Maliciously Distorted’ Facts,” *Washington Star* found in Agricultural Problems, 1924-1940, Box #62, Subject File, *Cordell Hull Papers*, Library of Congress (Washington, DC).

⁶²⁹ Jone Johnson Lewis, “Dorothy Thompson Quotes,” *About.com: Women’s History*, http://womenshistory.about.com/od/quotes/a/dorothy_thomps.html.

⁶³⁰ Dorothy Thompson, “Tariff Plank Hit by G.O.P. Writer,” *Washington Star* found in Agricultural Problems, 1924-1940, Box #62, Subject File, *Cordell Hull Papers*, Library of Congress (Washington, DC).

⁶³¹ Hull Letter to the *Baltimore Sun*, Trade Agreements, Box #88, Subject File, *Cordell Hull Papers*, Library of Congress (Washington, DC).

⁶³² “Republican Support for Mr. Hull,” *The Economist*, October 24, 1936, found in 1914-1940, Tariff, Box #88, Subject File, *Cordell Hull Papers*, Library of Congress (Washington, DC).

humanitarianism of the New Deal with liberal internationalism in order to advocate freer trade.⁶³³ *Christian Science Monitor* noted, in “Cordell Hull, Practical Idealist,” that, “New Deal skies [were] laced by the blazing trails of many a dramatic personality and meteoric career.”⁶³⁴ However, the article complimented his dependability and his success with trade—as New Dealers, like Icarus, typically crashed and burned.⁶³⁵ In a bulleted manifesto, the Good Neighbor League asserted, “SIXTH: His administration, by the successful negotiation of reciprocal trade treaties, has delivered a decisive blow.”⁶³⁶ The text listed other major parts of the New Deal and Good Neighbor diplomacy to go along with it.

Newspaper editorials, newspaper editors, and readers understood the magnitude of trade in the New Deal. The *Boston Herald*, for example, published an article called “Is New England Fragile?”⁶³⁷ “Is New England Fragile?” argued that the Roosevelt administration was astute to expand American commerce through reciprocal trade.⁶³⁸ Hull exposed New England’s industry, traditionally under the protection of high tariffs, to competition. Conversely, the *Boston Herald* noted high American productivity could compete with anybody, and something as mundane as shoe factories in Czechoslovakia

⁶³³ U. Grant-Smith Article, “Suggested New Deal in Diplomacy,” Montevideo Conference, Box #81, Subject File, *Cordell Hull Papers*, Library of Congress (Washington, DC).

⁶³⁴ Joseph Harsch, “Cordell Hull, Practical Idealist,” *Christian Science Monitor*, December 21, 1938, found in 1930-1939, Biographical Materials, Cordell Hull, Box #66, Subject File, *Cordell Hull Papers*, Library of Congress (Washington, DC).

⁶³⁵ *Ibid.*

⁶³⁶ “Peace Manifesto,” Miscellaneous Manifestoes (1936), Manifestoes and Publicity, Box #9, Correspondence File, *Good Neighbor League Papers*, Roosevelt Presidential Library (Hyde Park, NY).

⁶³⁷ *Boston Herald* editors, “Is New England Fragile,” *Boston Herald*, March 15, 1938, found in Department of State Memorandum, March 15, 1938, 1938, State, Cordell Hull, Box #74, President’s Secretary’s File, *Franklin Delano Roosevelt Papers*, Roosevelt Presidential Library (Hyde Park, NY).

⁶³⁸ *Ibid.*

did not threaten jobs.⁶³⁹ The *Wall Street Journal* approved of internationalism; hence, it esteemed Hull for reducing tariffs and helping farmers find markets, export, and pay their bills.⁶⁴⁰ *The Economist* commended Hull for attacking the tariff-clogged market of the 1930s and recommended him for a Nobel Peace Prize.⁶⁴¹ Trade mattered not only to national papers, but also to small, local papers for specific social groups. To demonstrate, *The Collegian* (a student weekly from Yale University) ran an article titled “Where Will I Find My Job?”⁶⁴² Under the heading “Independence,” Yale’s student editor wrote, “Like it or not, we are all being compelled to recognize that such things as war debts and tariffs do touch our material welfare within our borders.”⁶⁴³ These people knew trade mattered for the national economy. The New Deal was fundamentally economic; it required trade’s inception.

Speeches by members of the Roosevelt administration demonstrated how the 1930s thought of trade and the New Deal. To quote from Charles Taussig’s speech to the New York Propeller Club: “Men of ships and shipping occupy an enviable position in the forwarding of the New Deal. For the first time in many years, an administration in Washington has stressed the importance of foreign trade.”⁶⁴⁴ He gave his speech on May 22, 1934 as the Reciprocal Trade Agreements Act of 1934 made its way through Congress. Obviously, he supported Hull and free trade liberalization—yet, this statement

⁶³⁹ Ibid.

⁶⁴⁰ Sargent, *Roosevelt and the Hundred Days*, 166.

⁶⁴¹ Shlaes, *The Forgotten Man*, 315.

⁶⁴² William E. Kroll, “Where Will I Find My Job,” *The Collegian* (January 1933) found in Miscellaneous Reference Materials, Box #79, *Joseph P. Lash Papers*, Roosevelt Presidential Library (Hyde Park, NY).

⁶⁴³ Ibid.

⁶⁴⁴ “Address by Charles William Taussig at the 12th Annual Dinner of The Propeller Club of the United States at the Downtown Athletic Club, New York City, on National Maritime Day,” May 22, 1934, Economics – General, Box #65, Subject File, *Cordell Hull Papers*, Library of Congress (Washington, DC).

showed Taussig thought of reciprocal trade under the nexus of the Second New Deal in 1934. He conflated them in language; therefore, he conflated them in thought. Figures from within the Roosevelt administration outside of Taussig followed the pattern. Mordecai Ezekiel, for example, gave a talk to the Land Grant College Association on November 21, 1934.⁶⁴⁵ His address was technical, and he compared the economic and lawful conflicts between the AAA and reciprocal trade.⁶⁴⁶ In 1933, the AAA raised a few tariffs, which complicated but did not end the story of trade under the New Deal, and Ezekiel was a principle proponent of the AAA.⁶⁴⁷ Conversely, he found no apparent or inescapable conflict between the AAA and reciprocal trade deals.⁶⁴⁸ Indeed, he believed that increased American agricultural exports would make the AAA's mission to support farm prices easier, and that it would allow farmers to expand acreage under plow to meet foreign demand.⁶⁴⁹ The Secretary of State, as a member of the administration, considered the issue, too.

Hull indicated he considered the reciprocal trade program and the New Deal as a part of one and other. Foremost, he described liberalization as an aspect of the economic initiatives of the administration: "Second, the combination of a suitable international economic program with a like domestic program, with a view to world economic

⁶⁴⁵ Ezekiel Speech to the Land Grant College Association in Washington, DC, "The Interests of Agriculture in Reciprocal Trade Agreements," 'Economic Basis for the AAA' to 'Population Redistribution,' Box #30, Speech and Article File, *Mordecai Ezekiel Papers*, Franklin Roosevelt Presidential Library (Hyde Park, NY).

⁶⁴⁶ *Ibid.*

⁶⁴⁷ *Ibid.*

⁶⁴⁸ *Ibid.*

⁶⁴⁹ *Ibid.*

rehabilitation.”⁶⁵⁰ As well, he spoke in favor of trade for the sake of the administration and Roosevelt’s reelection. He gave an address in Minneapolis on October 7, 1936 to highlight New Deal liberalization, and the *New York Times* reprinted the full text of the speech the next day.⁶⁵¹ Picking Minneapolis was strategic. Landon campaigned there; Minnesota’s economy was heavily agricultural in the 1930s; Minnesota’s farmers faced the phantoms and opportunities of competition with Canada; Minnesota was the only state with the individualistic quirk of having a Democratic-Farm-Labor Party instead of a Democratic Party. Undeterred, Hull said reciprocal trade was, “an instrument for the furthering of not only prosperity but also of peace.”⁶⁵² He became the White House’s spokesperson on the issue. He won over Roosevelt, too. To quote Dr. New Deal himself on Hull’s work, “[He is] doing a magnificent job and I am delighted at the way the country is beginning to see and give him proper credit for it.”⁶⁵³ Even the critics considered him one of the New Dealers: “In their place came the procession of the *righteous captains of the New Deal—Frankfurter, and Hull and Henry Wallace*” [emphasis added].⁶⁵⁴ By extension, consequently, with Hull as a New Dealer, reciprocal trade programs had to be themselves a “new deal.”

New forms of mass media, while still in their infancy in the 1930s, helped disseminate information about trade policy to the public. Crucially, radio addresses by

⁶⁵⁰ Hull Memorandum, February 10, 1936, Economics – General, Box #65, Subject File, *Cordell Hull Papers*, Library of Congress (Washington, DC).

⁶⁵¹ “Secretary Hull’s Address at Minneapolis,” October 7, 1936, 1933-1937, State, Cordell Hull, Box #73, President’s Secretary’s Files, *Franklin Delano Roosevelt Papers*, Roosevelt Presidential Library (Hyde Park, NY).

⁶⁵² *Ibid.*

⁶⁵³ Franklin Roosevelt quoted in Butler, *Cautious Visionary*, 166.

⁶⁵⁴ Flynn, *The Roosevelt Myth*, 5.

figures outside of the Roosevelt administration frequently spoke of free trade both positively and as a part of the New Deal. The first commercial American radio station, KDKA of Pittsburgh, came online in 1920. By 1930, about 50% of American households owned a radio, and that number matured to 80% by the end of the decade.⁶⁵⁵ Radio became the way the masses learned about their government, and here freer trade and the New Deal came together. For instance, *Harry W. Flannery Views the News* featured the talk “Trade Treaties” on November 17, 1938 on the subject of the Roosevelt administration’s trade policies.⁶⁵⁶ Harry W. Flannery himself was a correspondent for CBS and wrote the monograph *Assignment to Berlin* in 1941.⁶⁵⁷ He commented, “Advancing to nineteen the total of *trade agreements concluded in the New Deal’s ‘Yankee trading’ policy*, the treaties signed today [with Britain and Canada] are considered by far the most important yet completed” [emphasis added].⁶⁵⁸ Moreover, “He’s [Hull] a New Dealer with old ideas --- ideas that he’s had for a quarter of a century and is just now able to put into effect.”⁶⁵⁹ Thus, Flannery considered the reciprocal program part of the New Deal, and he supported them. He was not the only one. Frederic R. Coudert (an attorney and friend to Roosevelt from New York) gave a radio speech in 1936 to support Roosevelt’s lower tariff and compliment Hull for fostering economic

⁶⁵⁵ W. Michael Cox, “Opinion: The Middle Class Still Has It Pretty Good,” *AOL News* (February 3, 2009), <http://www.aolnews.com/opinion/article/opinion-the-middle-class-still-has-it-pretty-good/19343882>.

⁶⁵⁶ Harry W. Flannery, “Trade Treaties,” *Harry W. Flannery Views the News*, November 17, 1938, 1930-1939, Biographical Materials, Cordell Hull, Box #66, Subject File, *Cordell Hull Papers*, Library of Congress (Washington, DC).

⁶⁵⁷ Georgina Pell Curtis and Benedict Elder, *The American Catholic Who’s Who: 1960 and 1961 (Two Years)*, vol. 14 (Grosse Point, MI: Walter Romig Publisher, 1931), 149.

⁶⁵⁸ Harry W. Flannery, “Trade Treaties,” *Harry W. Flannery Views the News*, November 17, 1938, 1930-1939, Biographical Materials, Cordell Hull, Box #66, Subject File, *Cordell Hull Papers*, Library of Congress (Washington, DC).

⁶⁵⁹ *Ibid.*

recovery through trade.⁶⁶⁰ Dr. Paul V. Horn, an economist from New York University, described over the radio how the foodstuffs, luxury goods, and products in a family kitchen and pantry depended on overseas suppliers before urging support for reciprocal trade.⁶⁶¹ Other social leaders utilized this type of mass media to disseminate information on economics.

Motivational speakers and clergy used the radio in communication with their flocks on tariffs and trade. Two figures exemplify this: Major Jealous Divine and Dr. Charles Copeland Smith. Father Divine was an African American spiritual revivalist, and he was similar to Father Charles Edward Coughlin in his populist leanings.⁶⁶² For his sake, Coughlin supported the New Deal and advocated radical, socialist measures like the nationalization of industrial production and universal guarantees of economic outcomes. His theories garnered millions of followers in the 1930s.⁶⁶³ Later, on the other hand, Coughlin fell from favor when he turned on the supposed “conservatism” of the New Deal and began to sympathize with the fascist movements of Europe for their anti-Semitism and economic collectivism. Father Divine focused on popular morality: temperance, chastity, gambling, and squelching vices. In addition, he was an internationalist and a pacifist just like Hull.⁶⁶⁴ In an address in 1936, Divine advocated a 100% moratorium on all tariffs and a global cession of war for an audience of supports

⁶⁶⁰ Coudert Radio Address, “Roosevelt Administration and International Relations,” Frederic R. Coudert, PPF 269, President’s Personal File, *Franklin Delano Roosevelt Papers*, Roosevelt Presidential Library (Washington, DC).

⁶⁶¹ Horn Radio Address, “Foreign Trade and Sunday Dinner: Our Dependence on Foreign Trade,” May 19, 1935, 1933-1935, Trade Agreements, Box #88, Subject File, *Cordell Hull Papers*, Library of Congress (Washington, DC).

⁶⁶² Shlaes, *The Forgotten Man*, 263.

⁶⁶³ David M. Kennedy, *Freedom from Fear: The American People in Depression and War, 1929-1945* (New York City, NY: Oxford University Press, 1999), 232.

⁶⁶⁴ Shlaes, *The Forgotten Man*, 263.

from all the parties—Democrats, Republicans, and even Communists.⁶⁶⁵ Dr. Charles Copeland Smith was an English-born but American-raised humanitarian and motivational speaker.⁶⁶⁶ He received the King’s Medal from the British Parliament after the Great War for his charitable work, and he worked on improving labor relations with management in Chicago in the Roaring Twenties.⁶⁶⁷ On the radio, on March 27, 1938, Smith called Hull an emblem of a world based on non-intervention, treaties, law, order, conferences, disarmament, reciprocal trade, prosperity, equality of treatment (MFN), and open opportunity.⁶⁶⁸ These channels brought Americans information “from above” on free trade and the New Deal. They responded, “from below,” with their letters.

Roosevelt received letters from ordinary Americans in support of reciprocal trade deals. The awesome preponderance of these communiqués was supportive; hence, freer trade added to support for Roosevelt and the New Deal. Capitalism as an economic system, in comparison to central planning, puts economic decisions about the allocation and use of resources in the hands of consumers, firms, and individual workers. Thus, it was imperative to hear some of their voices when discussing the effects of governmental policies on a market-based economy. For instance, D. S. Iglehart, president of W.R. Grace & Co. (a chemical and prescription drug manufacturer) messaged Roosevelt in June 1933 to support reciprocal trade, the proposed “Reciprocal Trade Agreements Act of

⁶⁶⁵ Ibid., 263.

⁶⁶⁶ “Dr. Charles Copeland Smith,” *University of Iowa Library Online*, <http://sdrc.lib.uiowa.edu/traveling-culture/chau1/pdf/smithcharles/1/brochure.pdf>.

⁶⁶⁷ Ibid.

⁶⁶⁸ Smith Radio Address, “Can We Afford Not to Admit Refugees,” March 27, 1938, Economics – General, Box #65, Subject File, *Cordell Hull Papers*, Library of Congress (Washington, DC).

1933,” and Hull’s London caper.⁶⁶⁹ Iglehart claimed that he took a poll of 150 “important manufacturers” on trade, and “this elicited expression of opinion favorable to your [the Roosevelt administration’s] policy.”⁶⁷⁰ Businesses wanted more markets, according to Iglehart. In 1933, Howard S. Cullman (the commissioner of the New York Port Authority) wrote Roosevelt about the decline in activity for shippers, warehouses, dockworkers, and customs after the passage of Smoot-Hawley.⁶⁷¹ As well, he supported “reciprocal tariff readjustments.”⁶⁷² Not everybody who wrote Roosevelt was in large-scale commerce. A little girl in fifth grade, Anne Carter, wrote Roosevelt and told the president that the delicate balancing involved in the tariff issue worried her.⁶⁷³ She was serious: “but I meann bussiness” [spelling original].⁶⁷⁴ Roosevelt eventually took this kind of advice, and he came over to the stance of the free traders. In 1935, Roosevelt approved a 50% reduction (from \$1 to \$0.50 per gallon) of the duty on imports of foreign alcohol.⁶⁷⁵ The president, therefore, brought cheaper alcohol and more selection to the American consumer with one swift stroke on tariffs. Letters continued to pour in after 1933 and through the remnant of the decade on American foreign trade.

⁶⁶⁹ Iglehart Telegram to Roosevelt, June 8, 1933, Box #4, Tariff Matters, 61, President’s Official File, *Franklin Delano Roosevelt Papers*, Roosevelt Presidential Library (Hyde Park, NY).

⁶⁷⁰ Ibid.

⁶⁷¹ Cullman Letter to Roosevelt, March 20, 1933, US Tariff Commission, 1933-1935, Box #1, 60, President’s Official File, *Franklin Delano Roosevelt Papers*, Roosevelt Presidential Library (Hyde Park, NY).

⁶⁷² Ibid.

⁶⁷³ Carter Letter to Roosevelt, May 7, 1933, US Tariff Commission, 1933-1935, Box #1, 60, President’s Official File, *Franklin Delano Roosevelt Papers*, Roosevelt Presidential Library (Hyde Park, NY).

⁶⁷⁴ Ibid.

⁶⁷⁵ United States Tariff Commission Press Release, “Beer,” January 17, 1935, US Tariff Commission, Miscellaneous Reports, 1933-1942, Box #3, 60, President’s Official File, *Franklin Delano Roosevelt Papers*, Roosevelt Presidential Library (Hyde Park, NY).

Roosevelt responded to a few of the key letters on trade. The correspondence between F. Edward O’Neil and the president was a case in point. Officially, O’Neil was the Missouri state chair of the National Committee for Reciprocal Trade.⁶⁷⁶ On November 18, 1935, O’Neil wrote Roosevelt that over 100 firms in St. Louis alone would benefit from lower prices on materials from Canada upon the wrapping up of a reciprocal tariff agreement with Ottawa.⁶⁷⁷ Canadian exporters offered lower prices for grain, lumber, and minerals; moreover, selling finished goods in Canada was (potentially) lucrative. Notably, Roosevelt responded to O’Neil, concurring on the wisdom of reciprocal trade and in particular on a trade deal with Canada.⁶⁷⁸ To quote, “It is indeed reassuring to learn that more than one hundred concerns in St. Louis will derive benefits by resumption in the near future of trade with Canada hitherto hampered by tariff barriers which the new agreement is calculated to overcome.”⁶⁷⁹ Old friends and allies refined this sentiment. Coudert wrote Roosevelt in 1935 and after reciprocal trade began to take affect: “Surely this is one of the best things effected [sic] by American policy in years.”⁶⁸⁰ Gardner Harding, the head of publicity for George Peek, converted to Hull’s views on tariffs: “I am offering you my own testimony in support of your foreign policy and your election campaign.”⁶⁸¹ Harding also wrote the article “Foreign Trade in the

⁶⁷⁶ O’Neil Telegram to Roosevelt, November 18, 1935, PPF 3101, President’s Personal File, *Franklin Delano Roosevelt Papers*, Library of Congress (Washington, DC).

⁶⁷⁷ Ibid.

⁶⁷⁸ Roosevelt Letter to O’Neil, November 23, 1935, PPF 3101, President’s Personal File, *Franklin Delano Roosevelt Papers*, Library of Congress (Washington, DC).

⁶⁷⁹ Ibid.

⁶⁸⁰ Coudert Letter to Roosevelt, November 21, 1935, Frederic R. Coudert, PPF 269, President’s Personal File, *Franklin Delano Roosevelt Papers*, Roosevelt Presidential Library (Washington, DC).

⁶⁸¹ Harding Letter to Roosevelt, October 29, 1936, Foreign Trade, 1936-1937, Box #2, Trade, 614A, President’s Official File, *Franklin Delano Roosevelt Papers*, Roosevelt Presidential Library (Washington, DC).

Public Interest” in support of trade, which appeared in *Atlantic Monthly*.⁶⁸² Put simply, the 1930s embraced foreign trade as a part of the economics of the time, as the surviving and archived records demonstrated.

* * *

There are two main reasons to think about the reciprocal trade program as a part of the total package of the New Deal. Notably, trade policy was economic policy, and there is no such thing as a complete picture of a domestic economy without considering the international market in the same breaths. Policymakers in the Roosevelt administration like Cordell Hull and their economic advisors, such as Ezekiel Mordecai, understood these facts in designing a response to the Great Depression and the economic crisis of the early 1930s. Additionally, the actual people of the 1930s knew that reciprocal trade was, in fact, “New Deal trade.” The division between the two came later, in the historiography, as the historical conception of the 1930s and the New Deal developed with a distinct lack of attention paid to trade policy. Americans in the 1930s thought about reciprocal trade in terms of the New Deal and about the New Deal having an international constituent. They expressed these conceptions in archived, recoverable sources: speeches from members of the Roosevelt administration, radio addresses, newspaper articles, editorials, and letters to the editor, and protests to politicians, letters to Hull, and messages to Roosevelt and a small quantity of responses back. International trade was a comprehensive issue in the 1930s in all economic, diplomatic, political, and social terms. Hull and the Department of State have not received their credit for engaging

⁶⁸² “Foreign Trade and the Public Interest,” Foreign Trade, 1936-1937, Box #2, Trade, 614A, President’s Official File, *Franklin Delano Roosevelt Papers*, Roosevelt Presidential Library (Washington, DC).

with the United States and the rest of the world in the 1930s, and freer, reciprocal trade was much the issue that pushed it forward.

CHAPTER 6: NEW DEAL TRADE RECIPROCITY

The American people in the 1930s were wise to support reciprocal trade, as Hull's trade programs brought numerous benefits. Freer trade meant a disproportionate recovery within the international market relative to the American economy overall. The trade connecting the United States and countries with a reciprocal deal and MFN status grew much faster than the trade with nations not involved in the program. Thus, trade helped American exporters, factories, farms, and workers find customers and jobs in a time of economic difficulties for nearly all individuals and households. Not all sectors of the economy grew equally, as agriculture continued to lag behind industry throughout the 1930s. Yet, there were still gains, and there were no great threats to the total employment numbers or real price levels of the American economy from expanded international trade. Reciprocal trade had positive diplomatic effects in the dangerous, brooding world of the 1930s, as well. Hull attracted immediate attention from foreign nations in 1933 and 1934—foreign governments sought the new Secretary of State out to discuss the chances of a reciprocal trade deal, eager to enhance their economies through lower tariffs and access to the American market. Trade helped Hull in dealing with difficult problems in Latin America and helped prepare the United States and the Allies (if only inadvertently) for the Second World War in economic terms and by limited Axis access to South America. Trade continued through the war, and the program of reciprocal trade in the 1930s served as a model for the world after the war based on liberal internationalism, equality of treatment, and free trade. The reciprocal trade program was an

underappreciated aspect of American history, and one of the successful parts of the exigent, taxing diplomacy and economics of the 1930s.

Economic Analysis of Reciprocal Trade

Cordell Hull and the Reciprocal Trade Agreements Act of 1934 succeeded in expanding the United States' economy in a time of troubles. In the deepest of senses, to paraphrase from the French economist Claude Frédéric Bastiat, Hull “saw the unseen”—the hidden, yet potential jobs and growth of a world of lower tariffs, increased exports, and lower consumer prices.⁶⁸³ In the 1930s, the Department of State considered the lowering of European tariffs on American farm products and American tariffs on European manufactured goods an indispensable policy.⁶⁸⁴ Such a design would help exporters, give farmers somewhere to empty their excess production, restore the prosperous economic balance of the 1920s, and foster closer diplomatic relations. As well, Hull wanted to help consumers. Roger Biles documented that the higher prices for commodities (in real terms) in the 1930s exacerbated the Great Depression and the economic ills of the era.⁶⁸⁵ Higher consumer prices increased income inequality and burdened household incomes in a time of high unemployment, so Hull took the step of reducing tariffs to help consumers, too.⁶⁸⁶ He and the Department of State had a lot to reverse to resuscitate the international trade back to the opulence of the Roaring Twenties. Mordecai Ezekiel provided a catalog: production subsidies, excess capacity,

⁶⁸³ Rob Norton, “Unintended Consequences,” *The Concise Encyclopedia of Economics*, <http://www.econlib.org/library/Enc/UnintendedConsequences.html>.

⁶⁸⁴ State Department Memorandum, “General Factors in Grading Agricultural Industries,” Agricultural Problems, 1924-1940, Box #62, Subject File, *Cordell Hull Papers*, Library of Congress (Washington, DC).

⁶⁸⁵ Biles, *A New Deal for the American People*, 10.

⁶⁸⁶ *Ibid.*, 10.

warehoused surpluses, and depreciated currencies, nationalistic calls for “self-sufficiency,” and tariffs or quotas.⁶⁸⁷ It was a lot to tackle and maybe too much.

Leuchtenburg described, somewhat sarcastically, “Internationalists rejoiced in the triumph of their principles, and, throughout the decade, the public was given the image of Hull working miracles in breaking the fetters of international commerce.”⁶⁸⁸ Results did not reflect this high billing. Nonetheless, Hull advanced the economy and the New Deal. Reciprocal trade did not produce recovery alone, but it helped, as the aggregate statistics involved showed.

Reciprocal trade engendered disproportionate benefits to the international trade economy in comparison to the domestic economy. These gains to exporters and consumers overshadowed losses of protected groups, as the theory involved said the sum of the first two was greater than the latter. By 1939, the United States had signed twenty trade deals with other nations.⁶⁸⁹ This did not encompass the whole world economy, but it did include a significant portion of it. When Washington did sign a trade deal, the average reduction in tariff rates under the Reciprocal Trade Agreements Act of 1934 was 43%.⁶⁹⁰ The reduction in tariffs on agricultural goods averaged 44%; manufactured goods averaged 41%, raw materials 38%, foodstuffs 45%, processed foods 49%, light industry

⁶⁸⁷ Mordecai Ezekiel, “Barriers to Foreign Trade,” *The American Cotton Grower* 1.1 (June 1935), 11-15 found in ‘Economic Basis for the AAA’ to ‘Population Redistribution,’ Box #30, Speech and Article File, *Mordecai Ezekiel Papers*, Franklin Roosevelt Presidential Library (Hyde Park, NY).

⁶⁸⁸ Leuchtenburg, *Franklin D. Roosevelt and the New Deal*, 205.

⁶⁸⁹ Butler, *Cautious Visionary*, 183.

⁶⁹⁰ United States Tariff Commission Report, “Tariff Reductions, Under Trade Agreements, By Economic Classes,” 1936-1944, U.S. Tariff Commission, Box #3, Professional Series, *Edward Dana Durand Papers*, Hoover Presidential Library (West Branch, IA).

and some semi-manufacturers 34%, and luxury manufacturers 33%.⁶⁹¹ Thus, liberalization included all different types of industries, and consumers benefited from cheaper imports in the marketplace. Conversely, export industries grew under reciprocal trade and at a faster clip than the total economy. In 1933, in the dungeon of the Great Depression, the gross domestic product was \$56.4 billion (1933 dollars) and American exports summed up to the total of \$2 billion.⁶⁹² By 1940, the gross domestic product grew to \$85.61 billion (in 1933 dollars, which was an increase of 51.791%) and exports waxed to \$4.55 billion in 1933 prices.⁶⁹³ Hence, the value of American exports more than doubled in seven years with a total change of 127.5%. Reciprocal and free trade programs help put the American and the world economy back on the right track, since these trade policies fostered more business with countries on a reciprocal plan in comparison to those who kept their higher tariffs.

Year	Gross Domestic Product (GDP)	Percentage Change from Previous Year	American Exports	Percentage Change from Previous Year
1929	103.60	-	5.90	-
1930	93.38	-9.865%	4.51	-23.559%
1931	86.06	-7.839%	3.26	-27.716%
1932	73.27	-14.862%	2.50	-23.313%
1933	74.19	1.256%	2.63	5.20%
1934	84.22	13.519%	3.32	26.236%
1935	91.49	8.632%	3.49	5.12%
1936	103.09	12.679%	3.69	5.731%
1937	109.13	5.859%	4.75	29.428%

⁶⁹¹ Ibid.

⁶⁹² Bureau of Economic Analysis, "National Income and Product Accounts Table," Department of Commerce, <http://www.bea.gov/national/nipaweb/TableView.asp?SelectedTable=5&ViewSeries=NO&Java=no&Request3Place=N&3Place=N&FromView=YES&Freq=Year&FirstYear=1929&LastYear=1946&3Place=N&Update=Update&JavaBox=no>.

⁶⁹³ Ibid.

Figure 6.1 – All the figures are in billions of 1929 dollars for the sake of the price stability in the Roaring Twenties.⁶⁹⁴ Trade suffered in the tariff war of 1930 to 1932 (after Smoot-Hawley), and Hull stabilized the situation with the tariff truce of 1932 and 1933. Interestingly, trade’s recovery does not track closely with the revival of the economy. Noticeably, exports exploded from 1936 to 1937—the year after ten reciprocal trade deals became legally effective.⁶⁹⁵ While this data is not conclusive, it was indicative that trade launched (in an outsized proportion) resurgence in American exporters and related industries, mostly by itself, outside of the growth of the rest of the economy. The reciprocal program came to life in 1936 with the involvement of many Latin American countries and the French Empire, so this makes sense from inside the numbers.

International trade recovered much faster between the United States and countries with a reciprocal trade agreement than amid the United States and countries without a deal. According to Basil Rauch, the Reciprocal Trade Agreements Act of 1934 brought economic growth in the international trade sector at triple the pace (or 200%) for countries with commercial reciprocity compared to those without a trade deal.⁶⁹⁶ Rauch was not the most accurate or precise with the 200% figure, but the available data backed the gist of his conclusion. In 1934, there was only one reciprocal trade deal, and it was with Cuba; by 1938, there were seventeen on the books.⁶⁹⁷ There were significantly large differences in the trajectory of trade relationships with the United States between the countries with deals and without deals from 1934 to 1938. In that period, exports to the “yes-RTA” countries increased 62.8%, and imports from them increased 21.6%.⁶⁹⁸ At the same period, exports to “no-RTA” nations increased only 31.2% and imports from the no-RTA countries increased just 11.1%.⁶⁹⁹ The differences in the percentages were 41.2% for exports and 20.1% for imports. However, there was a chance that the United

⁶⁹⁴ Ibid.

⁶⁹⁵ Butler, *Cautious Visionary*, 183.

⁶⁹⁶ Rauch, *History of the New Deal 1933-1938*, 118.

⁶⁹⁷ Hull, *The Memoirs*, 1:746.

⁶⁹⁸ Ibid., 1:746.

⁶⁹⁹ Ibid., 1:746.

States' economy was naturally predisposed, through a combination of economic and secular forces, to grow in tune with certain nations. These might have been the countries, mostly coincidentally, involved in the trade deals program. Yet, these differences were too big to ascribe to "natural predisposition," and such a case ignores the new incentives created for individuals and firms in the face of lower tariffs. In addition, there was no set pattern to the nations involved in the trade program—it included five continents, most of Latin America, Canada, the British Empire, large countries in Europe, and minor European states. Thus, predilection had no apparent "blueprint." The program worked to reopen markets, especially in comparison to other methods.

Exports	1934-1935	1937-1938	Growth	Percentage Change
Yes-RTA countries	759.8	1224.8	+465.0	+61.2%
No-RTA countries	1448.0	1996.8	+548.8	+37.9%

Figure 6.2 – All figures are in millions of nominal dollars.⁷⁰⁰ This information came from a Department of State report on the trade agreements program in 1939, which makes it all the more useful, as it revealed what policymakers like Hull actually knew at the time.

Reciprocal trade only involved roughly a third of American exports, but it opened channels of commerce. This led to superior economic performance in comparison to the trade relationships with nations still struggling under Smoot-Hawley's high tariff schedule in the assorted customs houses.

Imports	1934-1935	1937-1938	Growth	Percentage Change
Yes-RTA countries	793.9	1073.6	+297.7	+35.2%
No-RTA countries	1057.4	1448.5	+391.1	+37.0%

Figure 6.3 – All figures are in millions of nominal dollars.⁷⁰¹ Contrary to the charges of Hoover, protectionists, and Governor Alf Landon, trade did not cost American producers much of a stake in the American market. In fact, imports from countries without a trade agreement and under Smoot-Hawley actually grew relatively quicker than imports from Yes-RTA nations. Therefore, Americans benefited more from lower foreign tariffs than from the high ones back at home.

⁷⁰⁰ State Department Memorandum, "Status of the Trade Agreements Program," December 1, 1939, 1939, Trade Agreements, Box #88, Subject File, *Cordell Hull Papers*, Library of Congress (Washington, DC).

⁷⁰¹ Ibid.

Reciprocal trade paid healthy dividends for specific countries and industry. Critically, as well, Hull-style commercial reciprocity, MFN, and lower tariffs did much better in terms of pure economic performance when compared to other algorithms for liberalization. For example, in 1934, the volume of international trade involving the United States grew faster than it did for the entire European continent.⁷⁰² Overall, European economies were in much better shape than the American one in the middle 1930s. The Great Depression was not as bad in Europe, as the slump started in the United States through poor monetary policy. Europe was more proactive about the crisis while the Hoover and Roosevelt administrations offered only confusion or protectionism until 1934. Europe was in a position to grow by 1934, and especially internationally—European nations were small and adjacent to each other, and they had to trade together in order to survive. Yet, the United States beat Europe on growth in the international market. Hull had steered the United States to reciprocal trade, while Imperial Preference and bilateral barter agreements (the sort advocated by George N. Peek) were the rule in Europe.⁷⁰³ Hull put bilateral deals to shame. For instance, imports from Belgium increased a whopping 92.7% in the first year of a deal with Washington, while American exports to Belgium increased 66.6%.⁷⁰⁴ Steel, in particular, gained from reciprocal trade. American steel exports to Cuba increased 208.5% in the first year after a trade deal (while, in the same frame, the “normal” growth rate for steel exports was 68.6%).⁷⁰⁵ Steel

⁷⁰² Hull, *The Memoirs*, 1:374.

⁷⁰³ *Ibid.*, 1:374.

⁷⁰⁴ Hull Letter to the *Baltimore Sun*, Trade Agreements, Box #88, Subject File, *Cordell Hull Papers*, Library of Congress (Washington, DC).

⁷⁰⁵ Hull Memorandum, February 10, 1936, Economics – General, Box #65, Subject File, *Cordell Hull Papers*, Library of Congress (Washington, DC).

meant power in the 1930s—steel symbolized the capacity to produce modern aircraft, guns, tanks, and warships in the event of armed conflict. Every world leader knew this, from Roosevelt to Joseph Stalin.⁷⁰⁶ Beyond steel, lower tariffs helped to invigorate certain industries out of the melancholy times of the Great Depression.

Country	Months (Number)	Change in Exports	Change in Imports	Export per Month	Import per Month
Cuba	Jan-Aug (8)	59%	228%	7.375%	28.5%
Cuba	Sep-Nov (3)	22%	-73%	7.333%	-24.333%
Belgium	May-Nov (7)	26%	56%	3.714%	8.0%
Haiti	Jun-Nov (6)	30%	-10%	5.0%	-1.667%
Sweden	Aug-Nov (4)	18%	25%	4.5%	6.25%

Figure 6.4 – This shows the development of trade between the United States and a few other nations between 1934 and 1935 over a period of months, early in the life of the Reciprocal Trade Agreements Act of 1934. A Department of State office memorandum from 1936 collected the data itself.⁷⁰⁷ Trade agreements had to have some effect on trade relationships beyond the general economic recovery, since these stunning growth rates—over a period of just months and not years—indicate a positive “shock” to economy recovery through freer trade in the 1930s.

While they did not benefit as much as industry, farmers saw gains from reciprocal trade. Under the leadership of such traders as Henry A. Wallace and Ezekiel Mordecai, the Department of Agricultural and the AAA utilized the Reciprocal Trade Agreements Act of 1934 to expand farmers’ customer bases for apples, lard, flour, cotton, and whatever commodities in surplus.⁷⁰⁸ International trade helped support sagging farm incomes.⁷⁰⁹ After all, despite its contributions and its system of price guarantees, the AAA did not and could not cultivate a comeback in the rural economy to the profitable

⁷⁰⁶ Kotkin, *Magnetic Mountain*, 29-31.

⁷⁰⁷ Department of State Memorandum, “Increased Trade Under Trade Agreements,” January 25, 1936, 1936, Trade Agreements, Box #88, Subject File, *Cordell Hull Papers*, Library of Congress (Washington, DC).

⁷⁰⁸ Hinton, *Cordell Hull*, 284-85.

⁷⁰⁹ *Ibid.*, 284-85.

levels of the early 1920s.⁷¹⁰ American farmers needed buyers, and government guarantees only took them so far. Total farm revenue was \$4.7 billion nominal in 1932, rose to about \$8.7 billion nominal in 1936, and then \$9.2 nominal billion in 1937—still lower than the pinnacle of nearly \$12 billion in 1929.⁷¹¹ Agriculturalist saw a way to combine the AAA with Hull’s aspiration for commercial reciprocity. As an example, the AAA attempted a scheme where ranchers in the Southwest received lower prices for livestock feed via government guarantees.⁷¹² In exchange, Midwestern feed producers received compensation in lower tariffs from food-importing nations in reciprocation.⁷¹³ Therefore, ranchers had lower prices for inputs, farmers had exports, and foreign markets had lower prices—everybody gained and the efficiency of the economy increased by the resulting specialization from integrating trade. The stake of the rural economy in reciprocity never matched that of the consumer or industrial economies. Yet, there were some partial gains. Washington had to do something about the emergency in the rural economy, as farmers struggled in the 1920s and 1930s.

⁷¹⁰ Rosen, *Roosevelt, the Great Depression, and the Economics of Recovery*, 149.

⁷¹¹ *Ibid.*, 149.

⁷¹² *Ibid.*, 139.

⁷¹³ *Ibid.*, 139.

Year	Farm Income ⁷¹⁴	Agricultural Exports ⁷¹⁵	Proportion Exports
1929	11941	1692.9	14.177%
1930	9454	1200.7	12.701%
1931	6968	821.4	11.789%
1932	5337	662.4	12.411%
1933	6128	694.4	11.332%
1934	6681	733.6	10.980%
1935	8018	747.7	9.325%

Figure 6.5 – Each of the numbers above is in millions of nominal dollars. Smoot-Hawley harmed the farmer, as farm exports struggled and declined through the early 1930s. Seeing this, from the actual archived documents that provided these numbers, economic policymakers like Hull and Wallace took the step of reducing tariffs and expanding American farm and food exports abroad to support farm incomes and increase the proportion of exports. Note these numbers only include market sales and not the government transfer payments from the AAA or other hefty agencies.

Popular conceptions of the Great Depression usually remember the period for its high unemployment—and not for bad reason. Fully one-third of Americans were unemployed at the height of the Great Depression.⁷¹⁶ Free trade risked some job losses in reallocation, but it also held the possibility of job and productivity gains. Some numbers here were useful. According to Mordecai Ezekiel in the 1930s, the American labor force totaled 48.8 million in 1934.⁷¹⁷ He figured 25.4 million people worked in industries unaffected by trade policy.⁷¹⁸ He calculated 7.2 million workers would benefit from trade

⁷¹⁴ “Observations on the Bulletin by the Republican National Committee Entitled ‘The Farmer Pays,’” September 1, 1936, 1936, Trade Agreements, Box #88, Subject File, *Cordell Hull Papers*, Library of Congress (Washington, DC).

⁷¹⁵ “Gross Income from Farm Production and Cash Income from Farm Marketing,” Agricultural Problems, 1924-1940, Box #62, Subject File, *Cordell Hull Papers*, Library of Congress (Washington, DC).

⁷¹⁶ Friedman and Schwartz, *Monetary History of the United States, 1867-1960*, 301.

⁷¹⁷ Mordecai Ezekiel Article, “Who Benefits from High Tariffs,” ‘Economic Basis for the AAA’ to ‘Population Redistribution,’ Box #30, Speech and Article File, *Mordecai Ezekiel Papers*, Franklin Roosevelt Presidential Library (Hyde Park, NY).

⁷¹⁸ *Ibid.*

liberalization while 16.2 million could lose from free trade.⁷¹⁹ Here, on the surface, it appeared that trade was a “bad deal” for the American worker. Yet, he maintained that the benefits to the smaller group of workers and to consumers (in the form of lower prices) would eclipse the losses for the threatened 16.2 million.⁷²⁰ There would be reallocations, readjustments, and unemployment; however, the free movement of capital and labor to productive and export-oriented industries would leave the national economy in better shape. Therefore, the brand of protectionism exemplified by Smoot-Hawley stunted the rise of potential growth fields by locking resources in ossified ventures. Likewise, protectionism failed to protect high wages. For instance, in 1935, 7.3 million Americans worked in industry.⁷²¹ From that, 570 thousand made products for export and 412 thousand were under tariff protections.⁷²² Average wages for “export workers” was \$1,364 per year, but “protected workers” averaged a mere \$827 per year.⁷²³ As such, tariffs tended to defend unproductive enterprises, and they failed to produce higher wages. Productivity was the key with the labor market. In the late 1920s, for example, American textile workers were just as productive as European ones. It took \$0.045 of wages in the United States to make a yard of cloth, \$0.0433 in Britain, \$0.044067 in Germany, and \$0.0535 in France.⁷²⁴ American wages were competitive in real terms, and workers in the United States were more prone to embrace mechanization or work

⁷¹⁹ Ibid.

⁷²⁰ Ibid.

⁷²¹ Henry F. Grady Radio Address, “Have the Reciprocal Trade Agreements Helped American Industry, Agriculture, and Labor,” February 19, 1939, 1937-1938, Trade Agreements, Box #88, Subject File, *Cordell Hull Papers*, Library of Congress (Washington, DC).

⁷²² Ibid.

⁷²³ Ibid.

⁷²⁴ “Woolen & Worsted Goods,” Tariff, St-Ta, Box #26, General Correspondence, *Herbert C. Pell Papers*, Roosevelt Presidential Library (Hyde Park, NY).

multiple looms at the same time.⁷²⁵ Trade liberalization helped the United States' economy stand up in the late 1930s, and it provided leadership in a darkening geopolitical world in the decade.

Diplomatic Analysis of Reciprocal Trade

The diplomacy of the Reciprocal Trade Agreements Act of 1934 and Hull's program was one of the underrated but qualified successes of Roosevelt's foreign policy. Obviously, on some fundamental level, world diplomacy failed in the 1930s. Leaders failed to address the underlying problems of the Great War's repercussion, to stop totalitarianism, and to prevent the coming of the Second World War. There were chances to do so—Japan's invasion of Manchuria in 1931, Italy and Abyssinia in 1935, and Germany with Czechoslovakia in 1938. Reciprocal trade and the New Deal confronted such a world, but war in the 1940s was not a foregone conclusion in the 1930s. Arthur W. Schatz described Hull's view, "Although the Trade Agreements Act was passed as an emergency measure to aid domestic recovery, Hull insisted from the outset that the program was an important diplomatic tool."⁷²⁶ Ironically, this diplomatic historian tried to claim reciprocal trade away from economic history, which had neglected it in the first place.⁷²⁷ On the other hand, Schatz's notion hits accurately on the "other side" of the program besides recovery under the New Deal—the restoration of normal, peaceful commercial relations amid nations after Smoot-Hawley to develop economic interdependence, peace, and prosperity. Tariff reductions were economic leadership and

⁷²⁵ Ibid.

⁷²⁶ Arthur W. Schatz, "The Anglo-American Trade Agreement and Cordell Hull's Search for Peace 1936-1938," *The Journal of American History* 57:1 (Jun. 1970), 86.

⁷²⁷ Ibid., 86.

diplomatic genius in a time of crisis.⁷²⁸ In addition, besides the liberalization, Hull had other internationalist designs. He hoped the gains from reciprocal trade would increase the nostalgia for Wilsonian foreign policy and allow the United States finally to join the League of Nations.⁷²⁹ From there, he wanted Washington and the rest of the Roosevelt administration to lead the globe to a final, lasting peace.

In addition to the economic ones, the leaders of the 1930s knew the diplomatic goals of the Reciprocal Trade Agreements Act of 1934. There were some disagreements inside of the Roosevelt administration over Hull's agenda for diplomatic engagement through trade deals.⁷³⁰ However, there was not that much, in particular, after the economic nationalists like Raymond Moley and George N. Peek returned to private life.⁷³¹ Roosevelt and officials in the Department of State (such as Sumner Welles, Undersecretary of State from 1937 to 1943) agreed with Hull that freer trade helped improve international relations, and they shared a similar ideological view on the issue.⁷³² Their disagreements tended to be about conflicting personalities and immediate politics, rather than solid policy.⁷³³ Economic nationalists saw what Hull was trying to achieve diplomatically and objected to it. They believed reciprocal trade would drag the United States out of isolationism and into world affairs.⁷³⁴ Logically, to the approach of Moley and Peek, a repeat of the Merchants of Death and the Great War followed. Hull's policies were necessarily incompatible with this view; yet, he had won the government and

⁷²⁸ Butler, *Cautious Visionary*, 179.

⁷²⁹ Gellman, *Secret Affairs*, 207.

⁷³⁰ Rofe, *Roosevelt's Foreign Policy and the Welles Mission*, 20.

⁷³¹ *Ibid.*, 20.

⁷³² *Ibid.*, 20.

⁷³³ *Ibid.*, 20.

⁷³⁴ Roberts, *Putting Foreign Policy to Work*, 46-47.

Roosevelt's judgment over to reciprocal trade by 1934.⁷³⁵ Hull dreamed of prosperity and peace through trade: "I repeated with emphasis the economic program of this Government and pointed out that it was much broader in its objectives than mere dollars and cents [...] it contemplated normal restoration of international trade and the consequent removal of a large range of both *economic and political difficulties and controversies*" [emphasis added].⁷³⁶ Thus, he wanted it all, and other countries reacted favorably to the possibility of trade liberalization throughout the 1930s.

Crucially, reciprocal trade was the United States showing headship after the disasters of the Smoot-Hawley tariff and the World Economic Conference. The most notable feature of the correspondence between Hull as Secretary of State and the ambassadors of foreign lands in the 1930s was the number of diplomats who—without prompting—approached Hull on the chances of a trade deal with the United States. That is, they came to Hull to make a deal, and not the other way around. There was a litany of examples of this phenomenon. The French specifically came to Hull to ask for a reciprocal trade treaty; Washington and Paris concluded one in 1936.⁷³⁷ The trade deal with France proceeded despite the longstanding debate between the two governments over the repayment of war debts, the subjugation of Germany, and the gold standard. The Greek government agreed to the tariff truce, but as tax revenue declined with economic activity in the early 1930s, Greece could not adhere to it.⁷³⁸ Athens was almost insolvent;

⁷³⁵ Ibid., 46-47.

⁷³⁶ Department of State Memorandum, July 6, 1936, Yugoslavia, 1933-1944, Box #61, Memoranda of Conversations, *Cordell Hull Papers*, Library of Congress (Washington, DC).

⁷³⁷ Hull, *The Memoirs*, 1:385.

⁷³⁸ Department of State Memorandum, May 25, 1933, 1933-1934, Greece, Box #59, Memoranda of Conversations, *Cordell Hull Papers*, Library of Congress (Washington, DC).

thus, the League of Nations enforced a high tariff regime around Greece for emergency income.⁷³⁹ Haiti approached the United States in hope of a reciprocal tariff agreement in 1934 in order to sell excess coffee, bananas, and sugar production on the American market.⁷⁴⁰ Port-au-Prince imagined that lower Haitian tariffs would attract American investors to their half of Hispaniola and stimulate overall growth.⁷⁴¹ The Japanese ambassador in Washington, Katsuji Debuchi, called up Hull after the London Conference to inquire still about “reciprocity negotiations” between Washington and Tokyo.⁷⁴² The Portuguese ambassador visited Hull on November 3, 1933 to express interest in a reciprocal trade agreement.⁷⁴³ That is, Lisbon (and not Hull) asked for inclusion. Uruguay asked Hull about the possibilities of a trade agreement.⁷⁴⁴ As late as 1936, Yugoslavia contacted him for the chances of a trade deal.⁷⁴⁵ There were others involved, too.

The possibilities of trade liberalization and lower American tariffs in the 1930s allowed Hull and the Department of State many opportunities for engagement. Furthermore, successful trade negotiations generated goodwill, which could “spill over” into all areas of foreign policy. Some of the foreign ambassadors, diplomats, and governments were more adamant about free trade and MFN than Hull himself. For example, the Belgian Trade Commissioner to the United States, M. Forthomme, visited

⁷³⁹ Ibid.

⁷⁴⁰ Department of State Memorandum, April 3, 1934, 1934-1944, Haiti, Box #59, Memoranda of Conversations, *Cordell Hull Papers*, Library of Congress (Washington, DC).

⁷⁴¹ Ibid.

⁷⁴² Department of State Memorandum, August 11, 1933, 1933-1935, Japan, Box #59, Memoranda of Conversations, *Cordell Hull Papers*, Library of Congress (Washington, DC).

⁷⁴³ Department of State Memorandum, November 2, 1933, 1933-1944, Portugal, Box #61, Memoranda of Conversations, *Cordell Hull Papers*, Library of Congress (Washington, DC).

⁷⁴⁴ Department of State Memorandum, July 20, 1934, 1933-1944, Uruguay, Box #61, Memoranda of Conversations, *Cordell Hull Papers*, Library of Congress (Washington, DC).

⁷⁴⁵ Department of State Memorandum, July 6, 1936, 1933-1944, Yugoslavia, Box #61, Memoranda of Conversations, *Cordell Hull Papers*, Library of Congress (Washington, DC).

him in Washington in 1935.⁷⁴⁶ Afterwards, he reported that, “The Trade Commissioner was very cordial and even profuse in his greetings and comment on the benefits of a trade agreement and of the initiative on the part of this government in favor of more liberal commercial policy.”⁷⁴⁷ Two years previously, a similar incident occurred between the Argentine ambassador and Hull: “The Argentine Ambassador came in and indicated a special interest in the matter of reciprocal commercial agreements based on tariff concessions.”⁷⁴⁸ He asked the ambassador, Felipe A. Espil, for more patience. He told Espil to support the World Economic Conference and to wait for the American tariff law in summer 1933.⁷⁴⁹ This was not their first meeting either, as he told Espil something very similar just a week before.⁷⁵⁰ Some countries wanted to participate in the trade program, but they could not for various diplomatic or economic reasons in the exigencies of the 1930s. For example, the Hungarian ambassador, John Pelenyi, congratulated Hull on the success of trade.⁷⁵¹ However, Pelenyi expressed his lament that Budapest could not participate, as Hungary’s landlocked geography forced it to engage in barter agreements primarily with Germany, Balkan nations, and along the Danube River.⁷⁵² The mistakes of 1933 in London and Washington fumbled some of Hull’s chances for breakthroughs on trade liberalization. Then, they dimmed part of the enthusiasm for

⁷⁴⁶ Department of State Memorandum, January 18, 1935, 1933-1934, Belgium, Box #57, Memoranda of Conversations, *Cordell Hull Papers*, Library of Congress (Washington, DC).

⁷⁴⁷ Ibid.

⁷⁴⁸ Department of State Memorandum, March 23, 1933, 1933-1944, Argentina, Box #57, Memoranda of Conversations, *Cordell Hull Papers*, Library of Congress (Washington, DC).

⁷⁴⁹ Ibid.

⁷⁵⁰ Department of State Memorandum, March 16, 1933, 1933-1944, Argentina, Box #57, Memoranda of Conversations, *Cordell Hull Papers*, Library of Congress (Washington, DC).

⁷⁵¹ Department of State Memorandum, July 14, 1936, 1933-1941, Hungary, Box #59, Memoranda of Conversations, *Cordell Hull Papers*, Library of Congress (Washington, DC).

⁷⁵² Ibid.

economic recovery through freer trade in the 1930s. Hull still had to answer for the Smoot-Hawley tariff and the mistakes of the London Conference to foreign diplomats.

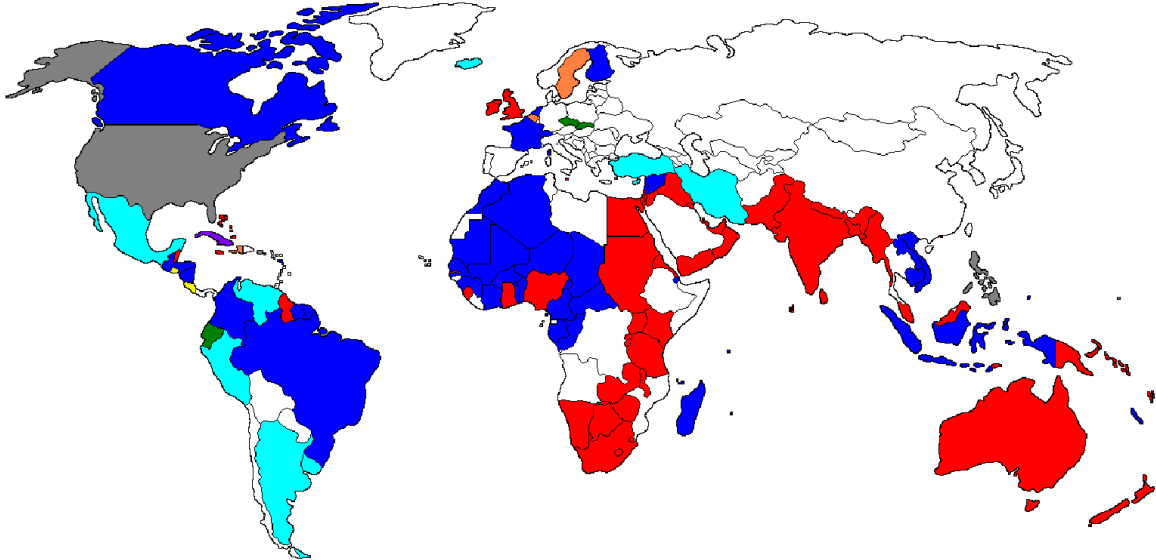


Figure 6.6 – This map shows the nations involved in the Hull program.⁷⁵³ Michael A. Butler provided the list—but through only 1939.⁷⁵⁴ The United States and its possessions are in gray. Violet represents the 1934 deal with Cuba. Deals from 1935 (Belgium, Haiti, and Sweden) are orange. Deals from 1936 (Brazil, Colombia, Canada, Honduras, the Netherlands, Switzerland, Nicaragua, Guatemala, France, and Finland) are blue. Deals from 1937 (Costa Rica and El Salvador) are gold. Deals from 1938 (Czechoslovakia and Ecuador) are green. The 1939 deal with Britain is red. The coloration includes the British, Dutch, and French Empires. However, archived documents revealed there were eight trade deals in the 1940s (with Turkey, Venezuela, Argentina, Peru, Uruguay, Mexico, Iceland, and Iran); they are in cyan.⁷⁵⁵ Butler failed to note these, and—as far as I can see—no historian hitherto has ever mentioned specifics on them. This discovery, while quite accidental on my part, warrants further research on reciprocal trade, especially regarding foreign affairs and strategic resources during the Second World War.

⁷⁵³ Wikipedia contributors, “Blank Maps,” *Wikipedia*, http://en.wikipedia.org/wiki/Wikipedia:Blank_maps (the original image does not have a copyright, and the colorations are by the author).

⁷⁵⁴ Butler, *Cautious Visionary*, 183.

⁷⁵⁵ Department of State Memorandum, “Trade Agreements During the War,” Undated, Trade Agreements, Box #88, Subject File, *Cordell Hull Papers*, Library of Congress (Washington, DC); United States Tariff Commission Report, “Tariff Reductions, Under Trade Agreements, By Economic Classes,” 1936-1944, U.S. Tariff Commission, Box #3, Professional Series, *Edward Dana Durand Papers*, Hoover Presidential Library (West Branch, IA).

Resentment of the Smoot-Hawley tariff and the debacle in London handcuffed Hull's diplomacy. This was not completely the case, as reciprocal trade was still able to engross much of the globe, but there were frictions. In 1935, Prime Minister Joseph Lyons from Australia (in office from 1932 to 1939) visited Hull.⁷⁵⁶ Hull kept things diplomatic and jovial, but Lyon spent the meeting complaining about Washington's tariffs on Australian meat and wine.⁷⁵⁷ Hull tried to express a desire for lessened tariffs, but he had little room to stand on in the debate.⁷⁵⁸ American legislative history (the Fordney-McCumber tariff of 1922, the Smoot-Hawley tariff of 1930, and the minor tariff hikes of the AAA in 1933) made him look like a hypocrite. Specific provisions in the Smoot-Hawley law haunted him.⁷⁵⁹ As late as 1939, Smoot-Hawley adjusted for the "unfair advantages" posed by subsidies for companies competing with American firms.⁷⁶⁰ For example, Hull was powerless to halt tariff hikes against Italy when the Department of the Treasury found Rome had riddled Italy with subsidies.⁷⁶¹ This made the American position appear duplicitous. While there was a deal with Argentina in 1941, the mistakes of 1933 cost Hull a shot at a pact with Argentina in 1934.⁷⁶² Espil contacted Hull's office in October 1933 to articulate concerns about the Department of Agriculture's plan to add surcharges to Argentina exports to the United States; Espil claimed it would be harmful

⁷⁵⁶ Department of State Memorandum, July 9, 1935, 1935-1944, Australia, Box #57, Memoranda of Conversations, *Cordell Hull Papers*, Library of Congress (Washington, DC).

⁷⁵⁷ Ibid.

⁷⁵⁸ Ibid.

⁷⁵⁹ Ibid.

⁷⁶⁰ Department of State Memorandum, May 5, 1939, 1933-1943, Italy, Box #59, Memoranda of Conversations, *Cordell Hull Papers*, Library of Congress (Washington, DC).

⁷⁶¹ Ibid.

⁷⁶² Department of State Memorandum, "Trade Agreements During the War," Undated, Trade Agreements, Box #88, Subject File, *Cordell Hull Papers*, Library of Congress (Washington, DC).

to “trade prospects.”⁷⁶³ Washington and Buenos Aires conducted negotiations through late 1933.⁷⁶⁴ Prior to Montevideo, however, Hull worried about going too far with Argentina. He did not want to attract the fire of economic nationalists, and (since Roosevelt shelved the trade bill in 1933) he lacked the legal basis for any reciprocal trade deals. Argentina refused to yield, and Espil contacted him about the chances of an Argentina-United States trade deal in February 1934.⁷⁶⁵ Hull had to turn him back without a “Reciprocal Trade Agreements Act of 1933” to sanction a path forward.⁷⁶⁶ The Department of Agriculture’s small tariffs made him look bad, and the lack of a novel trade bill forced him to postpone the Argentineans to the point that Buenos Aires lost all interest. The year 1933 was a washout for trade, and the two countries did not return to the table until 1940.

Sweden was another exciting case of international enthusiasm for Hull’s program for lower tariffs. The Swedish ambassador, W. Bostrom, called Hull in February 1934 to talk about the possibilities for a reciprocal bill from Congress in 1934 and Sweden’s wish to be included in any American trade liberalization.⁷⁶⁷ Again, Stockholm came looking to negotiate with him, and not the other way around. After the passage of the reciprocal law, Bostrom returned to Sweden on official business and for a short vacation before the

⁷⁶³ Department of State Memorandum, October 5, 1933, 1933-1944, Argentina, Box #57, Memoranda of Conversations, *Cordell Hull Papers*, Library of Congress (Washington, DC).

⁷⁶⁴ Department of State Memorandum, August 10, 1933, 1933-1944, Argentina, Box #57, Memoranda of Conversations, *Cordell Hull Papers*, Library of Congress (Washington, DC).

⁷⁶⁵ Department of State Memorandum, February 8, 1934, 1933-1944, Argentina, Box #57, Memoranda of Conversations, *Cordell Hull Papers*, Library of Congress (Washington, DC).

⁷⁶⁶ Department of State Memorandum, August 10, 1933, 1933-1944, Argentina, Box #57, Memoranda of Conversations, *Cordell Hull Papers*, Library of Congress (Washington, DC).

⁷⁶⁷ Department of State Memorandum, February 8, 1934, 1933-1944, Sweden, Box #61, Memoranda of Conversations, *Cordell Hull Papers*, Library of Congress (Washington, DC).

winter in September 1934.⁷⁶⁸ He gave a summary of the new American position on tariffs while there in order to “push the ball rolling” back in Sweden.⁷⁶⁹ Negotiations began and continued throughout the winter of 1934 and 1935, but what was notable about Sweden was its impatience. In February 1935, Bostrom called Hull again to complain about the slow pace of negotiations between trade representatives of the two nations.⁷⁷⁰ Hull had to explain carefully his prudence on the issue in light of the protectionist lobby in Washington, the necessity of the MFN principle to expand the program, and the fragile nature of the reciprocal trade program before it took off in 1936.⁷⁷¹ Swedish fortitude paid off, however, as the Sweden-United States trade pact of 1936 was one of the first half-dozen of the system.⁷⁷² Bostrom told Hull that he was, “gratified with the conclusion of the trade agreement between our two countries.”⁷⁷³ Moreover, trade made Hull somewhat popular inside of Sweden itself. For example, a release by the Swedish People’s Party (a group of social liberals) included this blurb: “He [Hull] is at the moment America’s outstanding free trader, and [he] has done a great deal to lower tariff walls.”⁷⁷⁴ Hence, some of the Swedish press liked him, and reciprocal trade continued to earn the United States increased respect.

⁷⁶⁸ Department of State Memorandum, October 4, 1934, 1933-1944, Sweden, Box #61, Memoranda of Conversations, *Cordell Hull Papers*, Library of Congress (Washington, DC).

⁷⁶⁹ *Ibid.*

⁷⁷⁰ Department of State Memorandum, February 7, 1935, 1933-1944, Sweden, Box #61, Memoranda of Conversations, *Cordell Hull Papers*, Library of Congress (Washington, DC).

⁷⁷¹ *Ibid.*

⁷⁷² Butler, *Cautious Visionary*, 183.

⁷⁷³ Department of State Memorandum, June 18, 1935, 1933-1944, Sweden, Box #61, Memoranda of Conversations, *Cordell Hull Papers*, Library of Congress (Washington, DC).

⁷⁷⁴ Swedish People’s Party Press Release, “The Man Nearest Roosevelt,” November 6, 1936, 1930-1939, Biographical Materials, Cordell Hull, Box #66, Subject File, *Cordell Hull Papers*, Library of Congress (Washington, DC).

Spain and Reciprocal Trade

The economics and diplomacy between Spain, the United States, and their economies in the early 1930s is a fascinating case study of the full impact of reciprocal trade programs. Madrid and Washington, after the Spanish-American War, fought a low intensity trade war from 1898 to 1930.⁷⁷⁵ Fordney-McCumber raised tariffs against Spanish exports in 1922, sanitary relations at American ports in 1923 increased costs for Spanish firms, Smoot-Hawley raised anti-Spanish tariffs, and Madrid retaliated by increasing its tariffs on American automobiles and manufactured goods.⁷⁷⁶ These new Spanish tariffs were particular harmful to the United States, as the majority of Spanish imports came from the United States, while the majority of Spanish exports went to the rest of Europe. For instance, in 1935, the United States exported 147.6 million worth of gold pesetas to Spain; Germany was the next biggest competitor, near 130.3 million, Britain third at 91.5 million, and France a distant fourth at 48.8 million.⁷⁷⁷ Conversely, Spain itself exported the most to Britain at approximately 137.4 million gold pesetas; Germany second at 74.8 million, France third at 68.9 million, and the United States fourth at 55.9 million.⁷⁷⁸ Thus, the trade war from 1930 to 1932 threatened American commerce more than Spanish—the United States had more to lose. By the early 1930s, Spain wanted to restore its balance of trade by exporting its Mediterranean staples, such as onions, almonds, wine, cork, and silver, to the United States in exchange for American

⁷⁷⁵ Department of the Treasury Memorandum, November 19, 1935, Spain, 1933-1945, Subject File, Correspondence, *Henry J. Morgenthau, Jr. Papers*, Roosevelt Presidential Library (Hyde Park, NY).

⁷⁷⁶ *Ibid.*

⁷⁷⁷ Department of State Memorandum, May 11, 1936, 1933-1943, Spain, Box #61, Memoranda of Conversations, *Cordell Hull Papers*, Library of Congress (Washington, DC).

⁷⁷⁸ *Ibid.*

goods like cars, trucks, tires, cotton, tobacco, and farm products.⁷⁷⁹ In 1929, the volume of international commerce amid the United States and Spain was \$45 million nominal, which slipped to \$19 million nominal by 1933 (down 57.78%).⁷⁸⁰ Both sides could gain inexpensively through the restoration of this quantity.

Spanish diplomats were particularly unrelenting about reciprocal trade with Hull. They were more demanding than even the Swedes or any other nation recorded in the correspondence. The Spanish ambassador, Juan Francisco de Cardenas, called Hull at the behest of Madrid to ask about the American proclivity for (or lack thereof) for a Spanish-United States reciprocal deal in 1933.⁷⁸¹ To boot, Cardenas demanded a specific date for the beginning of the negotiations and a target for the completion of the final accord.⁷⁸² Hull pushed Cardenas off; he lacked much of a legal grounding for such negotiations without a reciprocal trade law. Cardenas, however, did not give up. The Spanish contacted the Secretary of State at least six times over the next eighteen months, and each time to ask about the possibilities of a trade treaty between Washington and Madrid.⁷⁸³ Spain needed a deal with the United States, as Spain needed help on the international

⁷⁷⁹ Hull Memorandum, "Comment on Proposed Trade Agreement with Spain," 1933-1935, Trade Agreements, Box #88, Subject File, *Cordell Hull Papers*, Library of Congress (Washington, DC).

⁷⁸⁰ *Ibid.*

⁷⁸¹ Department of State Memorandum, September 14, 1933, 1933-1943, Spain, Box #61, Memoranda of Conversations, *Cordell Hull Papers*, Library of Congress (Washington, DC).

⁷⁸² *Ibid.*

⁷⁸³ *Ibid.*; Department of State Memorandum, September 28, 1933, 1933-1943, Spain, Box #61, Memoranda of Conversations, *Cordell Hull Papers*, Library of Congress (Washington, DC); Department of State Memorandum, March 1, 1934, 1933-1943, Spain, Box #61, Memoranda of Conversations, *Cordell Hull Papers*, Library of Congress (Washington, DC); Department of State Memorandum, March 15, 1934, 1933-1943, Spain, Box #61, Memoranda of Conversations, *Cordell Hull Papers*, Library of Congress (Washington, DC); Department of State Memorandum, January 1, 1935, 1933-1943, Spain, Box #61, Memoranda of Conversations, *Cordell Hull Papers*, Library of Congress (Washington, DC); Department of State Memorandum, March 25, 1936, 1933-1943, Spain, Box #61, Memoranda of Conversations, *Cordell Hull Papers*, Library of Congress (Washington, DC).

market. In 1934, Spain's total imports were \$38 million and total exports were \$19 million.⁷⁸⁴ Hence, Spain ran a negative balance of trade in the 1930s, and the Madrid government struggled to finance its activities. Spanish firms and households had to borrow abroad against their future earnings, or they had to sell foreign assets to make up the difference. This situation depressed Spanish wages and reduced the tax base of the government. Tragically, Hull delayed Cardenas and the Spanish for too long. It was too late come 1936. The Spanish Civil War erupted in July 1936, and American foreign policy shifted to military concerns.⁷⁸⁵ The new Spanish ambassador, Fernando de los Rios, visited Hull to request arms and support for the Royalist government, but American neutrality and the end of major commercial relations between Spain and the United States meant that Hull had to turn him down.⁷⁸⁶ Amongst warring nations, the chance for freer trade was gone. Hull did not move fast enough with Spain, but he did work rapidly in other parts of the planet in building a "Yankee trade" superstructure.

⁷⁸⁴ Hull Memorandum, "Comment on Proposed Trade Agreement with Spain," 1933-1935, Trade Agreements, Box #88, Subject File, *Cordell Hull Papers*, Library of Congress (Washington, DC).

⁷⁸⁵ Department of State Memorandum, January 27, 1937, 1933-1943, Spain, Box #61, Memoranda of Conversations, *Cordell Hull Papers*, Library of Congress (Washington, DC).

⁷⁸⁶ *Ibid.*

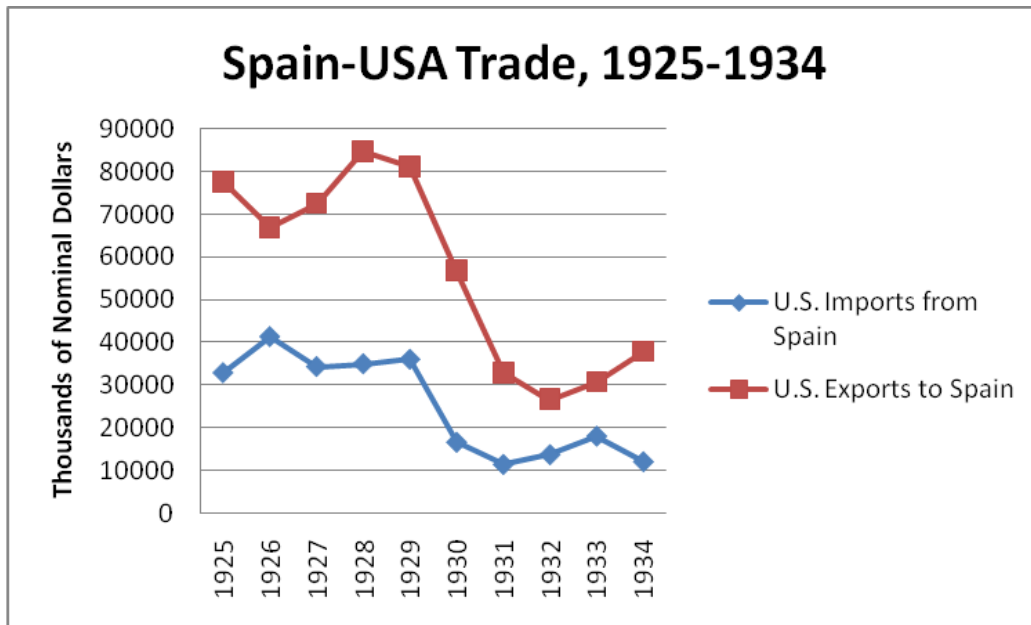


Figure 6.7 – The above shows the volume of Spanish-American trade from 1925 to 1934.⁷⁸⁷ The chief drop happened from 1929 to 1931, which included the apex of the Great Depression and the implementation of the Smoot-Hawley tariff. Notably, Spanish-American trade declined more than the standard “one-third” fall of the early 1930s in metrics. This indicated that tariff policy had an effect on the economy beyond deflation and stagnation (even when accounting for the monetary challenges of the early 1930s). Smoot-Hawley’s trade war hurt both these economies.

Latin America and Reciprocal Trade

Reciprocal trade, a cornerstone of the Good Neighbor and New Deal diplomacy, was a great success in Latin America. Hull and the Reciprocal Trade Agreements Act of 1934 helped Latin American economies expand, fostered interconnectivity with the United States, and kept South American nations from tending towards the Axis in the late 1930s. Part of the idea of the Good Neighbor in Latin America was repairing the damage the early Great Depression and the Smoot-Hawley tariff. In 1929, American exports to

⁷⁸⁷ Department of the Treasury Memorandum, November 19, 1935, Spain, 1933-1945, Subject File, Correspondence, *Henry J. Morgenthau, Jr. Papers*, Roosevelt Presidential Library (Hyde Park, NY).

Latin America totaled over \$1 billion, but this number shrunk to \$291 million by 1933.⁷⁸⁸ There was a huge decline in the overall volume of trade, and the balance swung more in the United States' direction, which peeved governments from Mexico City to Buenos Aires.⁷⁸⁹ Roosevelt and Hull wanted to overturn this state back to "the glory days" of the late 1920s. To quote Robert F. Smith again, "Hull and Roosevelt hoped that the stimulation of liberal economic policies would lead to an integrated hemisphere, open to the trade and investment expansion of the United States."⁷⁹⁰ Thus, Hull had Roosevelt's ear on the issue. Conversely, he had to worry about protectionist criticisms about Latin America. For instance, after the deal with Brazil, American manganese producers, Tugwell, and protectionist members of Congress threatened to undo the valuable 1934 law.⁷⁹¹ Trade deals in Latin America closely integrated the economies of Central and South America with that of the United States; therefore, if only incidentally, trade helped prepare the Western Hemisphere for war or common self-defense.⁷⁹² The trade pacts kept a bad economic situation from becoming worse, and they served as a weapon of economic diplomacy in the struggle between the nascent Axis and Allies in Latin America in the 1930s.⁷⁹³ It all started at the Montevideo Conference, where Hull had his original conquest to bring Roosevelt into his trading camp.

⁷⁸⁸ Hull, *The Memoirs*, 1:308.

⁷⁸⁹ *Ibid.*, 1:308.

⁷⁹⁰ Smith, "Good Neighbor Policy," 82.

⁷⁹¹ Butler, *Cautious Visionary*, 122.

⁷⁹² Marks, *Wind Over Sand*, 242.

⁷⁹³ Leuchtenburg, *Franklin D. Roosevelt and the New Deal*, 205.

The Montevideo Conference of 1933 first enshrined Hull's effectiveness as a diplomat in Latin America.⁷⁹⁴ He had learned plentiful tough lessons about conference diplomacy and the complex interactions between national delegations (and even within the delegations of a single country, including the American one) at the London Conference.⁷⁹⁵ He put these lessons to work in Montevideo: he engaged with as many different delegations as possible, brokered some deals, maintained the solidarity of the American group, made concessions by allowing non-American chairs of conference subcommittees, and avoided the thorny monetary policy.⁷⁹⁶ Moreover, in a stroke of fortune, his office booked his stateroom to Montevideo on the same liner, *SS American Legion*, as many of the foreign delegations.⁷⁹⁷ Upon realizing this, Hull did not waste time, and he conducted unofficial diplomacy for a week before reaching Uruguay.⁷⁹⁸ The declaration of the Good Neighbor policy made Hull appear magnanimous in Latin American. To demonstrate, *La Razón*, a newsweekly in Spanish from Uruguay, described Hull in glowing terms as a diplomat, plus a leader, a liberal, and global champion of freer trade:

Es a caso el único gobernante en el mundo que ha unido la práctica a la prédica en la necesidad de restablecer la cooperación económica internacional quebraba en mil pedazos por el desastre de los cambios y la política nacionalista à outrance.

He is perhaps the only world leader who has united practice to preaching on the necessity of reestablishing international economic cooperation,

⁷⁹⁴ Butler, *Cautious Visionary*, 88.

⁷⁹⁵ *Ibid.*, 88.

⁷⁹⁶ *Ibid.*, 88.

⁷⁹⁷ *Ibid.*, 88.

⁷⁹⁸ *Ibid.*, 88.

which was broken into a thousand pieces by the disasters of exchanges and the policy of nationalism *à outrance*.⁷⁹⁹

The Montevideo Conference produced a dialogue amid the United States and Latin American on trade policy. It also generated goodwill and popularity towards Hull and a few solid gains on the actual trade policies of governments. For example, Mexico, Uruguay, Peru, Ecuador, Venezuela, and Panama were not on the United States' list of most-favored nations prior to the Montevideo Conference.⁸⁰⁰ Argentina, Paraguay, Bolivia, and Costa Rica had a conditional MFN status.⁸⁰¹ Reciprocal trade extended MFN status to all. Thus, all but three of these nations (which were only a section of those at Montevideo) joined the Hull program, modified their tariffs, adopted MFN, and came closer to the United States as a matter of course.⁸⁰²

After Montevideo, the Good Neighbor policy and reciprocal trade combined to enhance the American position with Latin American governments. To quote from Roosevelt's declaration of the Good Neighbor policy from his first inaugural address, "I would dedicate this Nation to the policy of the good neighbor—the neighbor who resolutely respects himself and, because he does so, respects the rights of others—the neighbor who respects his obligations and respects the sanctity of his agreements."⁸⁰³ In his fashion, he had rhetorical flamboyance in issuing the Good Neighbor policy, but he

⁷⁹⁹ "Personajes de Actualidad: Cordell Hull, Secretario de Estado," *La Razón*, April 27, 1936 found in 1930-1939, Biographical Materials, Cordell Hull, Box #66, Subject File, *Cordell Hull Papers*, Library of Congress (Washington, DC); translation by the author with assistance from Dr. Brian Behnken and Jennifer Loftus.

⁸⁰⁰ Department of State Memorandum, 1936, Buenos Aires Conference, Box #62, Subject File, *Cordell Hull Papers*, Library of Congress (Washington, DC).

⁸⁰¹ *Ibid.*

⁸⁰² Butler, *Cautious Visionary*, 183.

⁸⁰³ Roosevelt Inaugural Address, Washington, DC, March 4, 1933, London Economic Conference, Box #79, Subject File, *Cordell Hull Papers*, Library of Congress (Washington, DC).

lacked on some details. Hence, it was up to Hull and the Department of State to turn the “Good Neighbor” platitude into solid diplomacy in Latin America and around the world. The true viscera of the approach for American diplomacy in the 1930s consisted of the reciprocal trade agreements.⁸⁰⁴ Butler explained the promise of non-interventionism on the part of Washington was popular in the New World.⁸⁰⁵ On the other hand, non-interventionism was more about bandaging ills in the region in relation to American militarism, and it was not about making policy for the future.⁸⁰⁶ This is where Hull’s prospectus entered. The two prongs of the Good Neighbor policy “offensive” (non-interventionism and freer trade) combined to improve American standing in the Latin America in the late 1930s.⁸⁰⁷ The two approaches mixed and complimented each other: Panama, for example, appreciated non-interventionism; Cuba and Haiti valued liberalization more.⁸⁰⁸ Hull considered the Good Neighbor policy of trade and non-interventionism a decisive factor in keeping Latin American countries out of the Second World War and the Axis.⁸⁰⁹ For example, after Pearl Harbor, nearly all Latin American governments sent condolences to Washington and did not apply their neutrality acts against the United States as a “belligerent” like the Axis.⁸¹⁰ Overall, Latin America was a success for Hull and reciprocal trade, but the 1930s did not become a peaceful decade.

There was trouble in Latin America in the 1930s, and Hull and the Department of State addressed it via reciprocal trade. European movements in the region, and in

⁸⁰⁴ Butler, *Cautious Visionary*, 175.

⁸⁰⁵ *Ibid.*, 175.

⁸⁰⁶ *Ibid.*, 175.

⁸⁰⁷ Dallek, *Franklin D. Roosevelt and American Foreign Policy, 1932-1945*, 87.

⁸⁰⁸ *Ibid.*, 87.

⁸⁰⁹ Hull, *The Memoirs*, 2:1139.

⁸¹⁰ *Ibid.*, 2:1139.

particular the designs of Germany and Italy, were of the most concern. For instance, Laurence Duggan (the head of the South American desk at the Department of State in the 1930s and 1940s) wrote Undersecretary Welles that there might be attempts to “re-colonize” Latin America and the New World through a number of different means.⁸¹¹ Duggan feared that certain European governments (and without a shadow of a doubt the Axis ones) would use diplomatic coercion, outright military aggression, offers of alliances, promises of expanded territory or economic benefits, or other means to bring Latin American countries into their sphere of influence or into the Axis.⁸¹² There was a trend to protectionism before Hull entered office, as well. Guatemala and Peru raised their general tariff rates in 1929.⁸¹³ Cuba and Mexico did the same in 1930.⁸¹⁴ Hence, American diplomats had to worry about foreign aggression as well as increased protectionism in the 1930s.⁸¹⁵ Reciprocal trade addressed both these concerns. It bucked the protectionism by lowering tariffs, and it drew countries together into an economic network of cooperation and interdependence with the United States. Trade was very successful in creating such a hemisphere. To demonstrate, in 1939, Hull almost managed to bring all twenty-one independent nations of the New World into a defensive alliance.⁸¹⁶ However, Argentina refused, and Hull nixed the agreement without the

⁸¹¹ Duggan Letters to Welles, June 25, 1940, 1940, Havana Conference, Box #66, Subject File, *Cordell Hull Papers*, Library of Congress (Washington, DC).

⁸¹² *Ibid.*

⁸¹³ “Latin American Countries: Substantial Tariff Revisions from July 1, 1928 to June 17, 1930,” Foreign Tariff, 1931, Box #13, Cabinet Office Series, Papers, *Herbert C. Hoover Papers*, Hoover Presidential Library (West Branch, IA).

⁸¹⁴ *Ibid.*

⁸¹⁵ *Ibid.*

⁸¹⁶ Rauch, *History of the New Deal 1933-1938*, 336-37.

approval of all parties.⁸¹⁷ This established a pattern; Latin Americans had to keep their eyes on Argentina in the 1930s and especially in the 1940s after the coup of 1943.

Relations amid Argentina and the United States from 1933 to 1945 were a prime example of international trade's influence on "traditional" diplomacy. Economically, the two sides needed each other. For example, Argentina was a source of a number of products on the domestic market for American consumers.⁸¹⁸ This included flaxseeds, leather, hides, wool, and other commodities to diversify the animal-based wares available to American purchasers.⁸¹⁹ Hull even commented in a report on a conversation with Felipe A. Espil, "Our country would, at least for some years, need a substantial amount of flaxseed, hides, and possibly wool [...] produced by his country, to supply the deficiency of our domestic production."⁸²⁰ Besides the American need for a number of Argentinean products, Buenos Aires desired of the United States a place to sell surplus farm production. To quote again from the report, "The Ambassador then offered the suggestion that if by some arrangement the Argentine could export 2% of its meat production to the United States that would solve their domestic meat problem."⁸²¹ Thus, Argentina needed the United States—and more than the reverse. Buenos Aires faced overproduction in the rural economy, glut, and failures. Argentinean ranchers needed exports to keep prices higher. Argentina and the United States (on literal opposite ends of the globe) were natural trading partners on agriculture. Both occupied fecund lands, the Atlantic made

⁸¹⁷ Ibid., 336-37.

⁸¹⁸ Department of State Memorandum, March 16, 1933, 1933-1944, Argentina, Box #57, Memoranda of Conversations, *Cordell Hull Papers*, Library of Congress (Washington, DC).

⁸¹⁹ Ibid.

⁸²⁰ Ibid.

⁸²¹ Department of State Memorandum, March 23, 1933, 1933-1944, Argentina, Box #57, Memoranda of Conversations, *Cordell Hull Papers*, Library of Congress (Washington, DC).

exchanging surpluses cheap, and the summers in the Northern Hemisphere corresponded to winters in the Southern Hemisphere (and the opposite). Each side could help cover spring shortages with fall harvests. On the other hand, Argentinean politics drifted rightwards in the late 1930s, which culminated in the military takeover of 1943 and the ascendancy of Juan Perón in 1945—however, the trade issue kept the United States and Argentina linked. They had signed a reciprocal trade deal in 1941.⁸²² Despite fascist proclivities and a large Italian Argentinean population, Buenos Aires was in Hull’s network. In the end, they needed the prosperity of the American market more than a war.

Germany and Reciprocal Trade

The Department of State’s trade policy, under Hull’s tutelage, intended free trade to serve as an aegis against the growing militarism of the 1930s. Hull wanted reciprocal trade to promote recovery, prosperity, interdependence, interconnectivity, efficiency, engagement, alliances, and collective security amongst liberal nations. He understood the threat posed by militarism; trade was a part of the necessary response. To quote from his report on a dialogue with the Belgian ambassador, “I [...] emphasized the broad objective and the extreme necessity for the success of the economic program this country is supporting, as well as how vital I consider it that important countries, especially in Europe, do likewise; and that this offers the only alternative to a purely militaristic course.”⁸²³ Yet, the totality of the situation goes further. He believed that expanded international trade could prevent military conflict or shape a war’s outcomes. Groups of

⁸²² Department of State Memorandum, “Trade Agreements During the War,” Undated, Trade Agreements, Box #88, Subject File, *Cordell Hull Papers*, Library of Congress (Washington, DC).

⁸²³ Department of State Memorandum, October 14, 1936, 1933-1934, Belgium, Box #57, Memoranda of Conversations, *Cordell Hull Papers*, Library of Congress (Washington, DC).

trade agreements, economic strength, and interdependence could serve as deterrents plus sprouting alliances against totalitarian rulers. Indeed, Hull succeeded, as the map of the participants in the reciprocal program includes no future Axis Powers and the vast majority of the Allied Powers in the 1940s.⁸²⁴ Serendipitously, he even marked Germany, Italy, and Japan for being impudent on trade policy—in 1936: “It must be patent that such countries and Japan, Italy, and Germany, with either actual or implied force behind their movements, would be dominating virtually all phases of international finance and commerce.”⁸²⁵ Hull recorded this troika as being headstrong on trade three years before the Pact of Steel and four years prior to the Tripartite Act.⁸²⁶ He tried to use trade to strengthen the position of nations in the path of the budding Axis’ advance, even if he could not describe them in such terms. To demonstrate, Austria was in a dreadful economic and strategic position, stuck between Germany and Italy. Hull told Vienna the United States was eager to help dispose of Austrian production on the American market.⁸²⁷ In the end, however, reciprocal trade did not prevent another war. Conversely, it did assemble much of the diplomatic lineup, and trade relationships influenced the outcome of the war by bringing more countries into the American encampment and economic “ring” of relationships.

Reciprocal trade helped hem the growing Axis into less significant spheres of influence in the late 1930s and 1940s. Hull disliked the autocratic governments of the

⁸²⁴ Butler, *Cautious Visionary*, 183.

⁸²⁵ Department of State Memorandum, November 3, 1936, 1933-1944, Canada, Box #57, Memoranda of Conversations, *Cordell Hull Papers*, Library of Congress (Washington, DC).

⁸²⁶ *Ibid.*

⁸²⁷ Department of State Memorandum, May 16, 1934, 1934-1936, Austria, Box #57, Memoranda of Conversations, *Cordell Hull Papers*, Library of Congress (Washington, DC).

future Axis, and he detested them for being particularly recalcitrant about the restoration of an international economy after the Great Depression.⁸²⁸ Resistances to the trade liberalization program was “strike one” to him, and this colored his view of Berlin and Rome. He was the first executive in the Roosevelt administration to recognize and detest the autarkic, anti-democratic policies of the German and Italian regimes.⁸²⁹ The internationalists in him distrusted their hyper-nationalist nature, and their opposition to free trade confirmed his and Roosevelt’s fears.⁸³⁰ In broadest terms, the autocratic states of Europe were not interested in reciprocal trade—they needed to prepare their economies for wartime autarky via peacetime isolation. Specialism and interconnectivity would only have weakened the aggressors once the fighting started; thus, they avoided trade. After attempts at a barter system, Hull blacklisted Germany from the trade agreements program for discriminating against American production on the German home market.⁸³¹ In addition, Berlin had a habit of delaying American feelers about expanded trade relations, which only made the White House think about German autarky in terms of German militarism.⁸³² Competition between the United States and Germany on the international market was critical, and trade greatly helped Hull’s maneuvering. For example, American imports from the sixteen nations agreeing to a trade deal with Washington by 1938 increased 39.8% from period 1934-1935 to 1936-1938.⁸³³ Conversely, German imports over the same timeframe and with the same countries

⁸²⁸ Department of State Memorandum, November 3, 1936, 1933-1944, Canada, Box #57, Memoranda of Conversations, *Cordell Hull Papers*, Library of Congress (Washington, DC).

⁸²⁹ Butler, *Cautious Visionary*, 155-56.

⁸³⁰ *Ibid.*, 155-56.

⁸³¹ Rauch, *History of the New Deal 1933-1938*, 118.

⁸³² *Ibid.*, 118.

⁸³³ Hull, *The Memoirs*, 1:375.

increased 1.8% (a twenty-fold difference).⁸³⁴ The American economy geared itself for prosperity and trade throughout the world, while Germany retooled for autarky and a new war. There were some specific points of departure in this diplomatic and economic competition, as well.

Brazil had a choice between the United States and Germany in the middle of the 1930s, and Rio de Janeiro selected the former when it joined the reciprocal trade initiative. The level of Axis involvement in South America during the 1930s and 1940s, its strategic implications, and its trueness are matters of conjecture. Nevertheless, in the case of Brazil, it was apparent that the international trade question marked a clear point of divergence in Rio de Janeiro amid the Axis and Allies. German diplomacy and espionage was active in Brazil in the 1930s for the sake of the large German Brazilian population, Brazil's place as the "leading nation" of Latin America, its mineral wealth, and the potential for naval and U-Boat bases on the South Atlantic coastline.⁸³⁵ In the 1940s, Nazi agitators were present in Brazil during the Rio de Janeiro Conference of New World states.⁸³⁶ Yet, despite this, Latin American countries agreed to the American demand to sever diplomatic relations (though not to declare war) with the Axis after the conference.⁸³⁷ Hull approached Brazil about commerce reciprocity in 1935, hoping to bring them into the agenda.⁸³⁸ Like Germany, Hull believed that the rest of Latin America would jump the way Brazil went. The negotiations between the United States and Brazil

⁸³⁴ Ibid., 1:375.

⁸³⁵ Ibid., 1:601.

⁸³⁶ Edward Tomlinson, "Confusion Among Neighbors," found in 1933-1945, General, Latin America, Box #79, Subject File, *Cordell Hull Papers*, Library of Congress (Washington, DC).

⁸³⁷ Ibid.

⁸³⁸ Department of State Memorandum, August 27, 1935, 1933-1944, Brazil, Box #57, Memoranda of Conversations, *Cordell Hull Papers*, Library of Congress (Washington, DC).

were tense from a geopolitical viewpoint. Furthermore, Brazil delayed a German delegation through 1934 in hope of a trade deal with the United States.⁸³⁹ With these stakes, Hull easily became impatient with Brazil. For example, he called the Brazilian ambassador to his office in Washington several times in order to lecture him on the slowness of the agreement's final approval in Rio de Janeiro.⁸⁴⁰ He did not want to lose his "gateway" to the rest of Latin America, and he seriously feared the Brazilians would turn to the Germans. However, Brazil did not, and it attached Hull's program. Conjecturally, it is not difficult to imagine American relations with Brazil and the rest of Latin America taking a very different path without reciprocal trade. The circumstances presented a distinct choice for Brazil between the Axis and Allies. If Hull had not been there with free trade, then Germany was ready to step into the breach. Thankfully, he was there, and he never gave Hitler and the Germans the opportunity at a strong foothold in South America.

Japan and Reciprocal Trade

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⁸³⁹ Butler, *Cautious Visionary*, 116.

⁸⁴⁰ Department of State Memorandum, August 27, 1935, 1933-1944, Brazil, Box #57, Memoranda of Conversations, *Cordell Hull Papers*, Library of Congress (Washington, DC).

was active in Brazil in the 1930s for the sake of the large German Brazilian population, Brazil's place as the "leading nation" of Latin America, its mineral wealth, and the potential for naval and U-Boat bases on the South Atlantic coastline.⁸⁴¹ In the 1940s, Nazi agitators were present in Brazil during the Rio de Janeiro Conference of New World states.⁸⁴² Yet, despite this, Latin American countries agreed to the American demand to sever diplomatic relations (though not to declare war) with the Axis after the conference.⁸⁴³ Hull approached Brazil about commerce reciprocity in 1935, hoping to bring them into the agenda.⁸⁴⁴ Like Germany, Hull believed that the rest of Latin America would jump the way Brazil went. The negotiations between the United States and Brazil were tense from a geopolitical viewpoint. Furthermore, Brazil delayed a German delegation through 1934 in hope of a trade deal with the United States.⁸⁴⁵ With these stakes, Hull easily became impatient with Brazil. For example, he called the Brazilian ambassador to his office in Washington several times in order to lecture him on the slowness of the agreement's final approval in Rio de Janeiro.⁸⁴⁶ He did not want to lose his "gateway" to the rest of Latin America, and he seriously feared the Brazilians would turn to the Germans. However, Brazil did not, and it attached Hull's program.

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⁸⁴¹ Hull, *The Memoirs*, 1:601.

⁸⁴² Edward Tomlinson, "Confusion Among Neighbors," found in 1933-1945, General, Latin America, Box #79, Subject File, *Cordell Hull Papers*, Library of Congress (Washington, DC).

⁸⁴³ *Ibid.*

⁸⁴⁴ Department of State Memorandum, August 27, 1935, 1933-1944, Brazil, Box #57, Memoranda of Conversations, *Cordell Hull Papers*, Library of Congress (Washington, DC).

⁸⁴⁵ Butler, *Cautious Visionary*, 116.

⁸⁴⁶ Department of State Memorandum, August 27, 1935, 1933-1944, Brazil, Box #57, Memoranda of Conversations, *Cordell Hull Papers*, Library of Congress (Washington, DC).

presented a distinct choice for Brazil between the Axis and Allies. If Hull had not been there with free trade, then Germany was ready to step into the breach. Thankfully, he was there, and he never gave Hitler and the Germans the opportunity at a strong foothold in South America.

The international market affected the relationship between the United States and Japan in the 1930s. Souring trade relationships throughout the world in the early 1930s helped to spoil the diplomacy betwixt Washington and Tokyo in the same period. The Smoot-Hawley tariff and the trade war of 1930 to 1932 trapped the Japanese economy.⁸⁴⁷ Most of Japan's foreign trade in the 1920s went to the United States or the British Empire; therefore, when Washington passed the Smoot-Hawley bill and London adopted Imperial Preference, Japanese exporters had nowhere else to go.⁸⁴⁸ The trade war predicated an outburst of xenophobia in Japan in the early 1930s, and it made Communist and Marxist agitations (with a Soviet origin or not) look like a severe threat to the government in Tokyo.⁸⁴⁹ To boot, the Smoot-Hawley tariff specifically targeted Japanese exports on the United States' domestic market in key industries such as textiles.⁸⁵⁰ Protectionists in Washington, like Senator Smoot and Congressman Hawley, wanted to "save" Americans from competition and the worst of the Great Depression. In effect, however, they helped turn Japan down an increasingly anti-Western, anti-American, anti-

⁸⁴⁷ Lloyd C. Gardner, "New Deal Diplomacy: A View from the Seventies" in *Watershed of Empire: Essays on New Deal Foreign Policy*, eds. Leonard P. Liggio and James J. Martin, 95-13 (Colorado Springs, CO: Ralph Myles, 1976), 102.

⁸⁴⁸ *Ibid.*, 102.

⁸⁴⁹ *Ibid.*, 102.

⁸⁵⁰ Davis, *FDR*, 7.

Communist, anti-Soviet, traditionalistic, and militaristic path.⁸⁵¹ Obviously, this thoroughfare eventually ruined Japan with its crushing defeat in the Second World War. The numbers reveal that American trade policy put Tokyo in a difficult spot in the early 1930s. For example, Japanese exports of cotton to the United States fell from 1.2 million yards in 1929 to 0.8 million yards in 1932 (which was an approximate decline of 33.33%).⁸⁵² On the other hand, these figures recovered through the 1930s, which gave Hull a chance at reconciliation with Japanese foreign policy.

Japan-United States Trade, 1929-1933		1929	1930	1931	1932	1933
Exports to Japan	Crude Materials	133.4	83.9	93.0	94.7	97.2
	Semi-Finished Goods	46.9	29.3	22.7	16.7	26.2
	Finished Goods	78.3	50.8	39.1	22.4	19.4
	Total Exports	258.5	164.0	154.8	133.8	143.0
Imports from Japan	Silk	356.1	221.5	163.0	106.2	91.7
	Other	65.7	53.1	39.1	25.9	34.4
	Total Imports	431.9	279.0	206.3	134.0	128.4

Figure 6.8 – The above table shows the extent and the composition of the international trade between the United States and Japan between 1929 and 1933.⁸⁵³ All figures are in millions of nominal dollars. As the above shows, the Smoot-Hawley tariff and secular economic changes in the early 1930s hammered the Japanese silk and textiles industries. It was only the beginning too, as Wallace Carothers of DuPont invented the synthetic fiber nylon in 1935. Nylon flattened the worldwide silk industry soon thereafter. Without silk, Japan lost its major export industry, and its weak economy helped engender an opening for radicals and militarists to influence the government to a policy of expansionism in Manchuria and an alliance with Germany and Italy.

International trade policy offered Hull several opportunities for rapprochement with the Japanese in the early 1930s. However, Tokyo's penchant for the bilateral barter

⁸⁵¹ Ibid., 7.

⁸⁵² A. F. Hinrichs Memorandum, "Imports and Exports," 1933-1935, Trade Agreements, Box #88, Subject File, *Cordell Hull Papers*, Library of Congress (Washington, DC).

⁸⁵³ "Exports of Domestic Merchandise from the United States, 1929-1933," Japanese Trade, Subject File, 1933-1945, Correspondence, *Henry J. Morgenthau, Jr. Papers*, Roosevelt Presidential Library (Hyde Park, NY); "United States Imports from Japan, 1929 to 1933," Japanese Trade, Subject File, 1933-1945, Correspondence, *Henry J. Morgenthau, Jr. Papers*, Roosevelt Presidential Library (Hyde Park, NY).

agreement and Hull's relative inflexibility with MFN and reciprocal trade doomed any chances at understanding and a trade deal. Japanese diplomats welcomed the prospect of trade liberalization but declined to accomplish it through Hull's means. This stemmed from the poor opinion of the cash economy in Japan after the lessons of the Great Depression. Additionally, the militarists in Japan objected to trade liberalization in the first place—they wanted autarky for the sake of the preparedness of military production. Things with Japan started well for Hull. For instance, upon the retirement of the old Japanese ambassador, Katsuji Debuchi, Hull reported that, "I then expressed gratification that upon his departure there were no sort of strained relations between the United States and Japan."⁸⁵⁴ Debuchi concurred with this view.⁸⁵⁵ There were no hoary commercial or diplomatic disputes amid the United States and Japan before 1930, and Washington still enjoyed an amount of goodwill in Japan for President Theodore Roosevelt's successful brokering of the Treaty of Portsmouth in 1905 to finalize Japan's triumphant effort in the Russo-Japanese War. In 1934, the new Japanese ambassador approached Hull in order to "balance" the Japanese trade deficit with the United States with barter; Japan argued that such was standard practice in Europe between France, Germany, Italy, and smaller nations.⁸⁵⁶ However, Hull rejected the notion out of hand, as he wanted to lower tariffs through reciprocal deals and to spread lower tariff duties through the MFN principle.⁸⁵⁷ He lectured the Japanese diplomats present in June 1934 on the same, and he invited

⁸⁵⁴ Department of State Memorandum, November 6, 1933, 1933-1935, Japan, Box #59, Memoranda of Conversations, *Cordell Hull Papers*, Library of Congress (Washington, DC).

⁸⁵⁵ *Ibid.*

⁸⁵⁶ Hull, *The Memoirs*, 1:286; Department of State Memorandum, June 20, 1934, 1933-1935, Japan, Box #59, Memoranda of Conversations, *Cordell Hull Papers*, Library of Congress (Washington, DC).

⁸⁵⁷ *Ibid.*

them to the program—but on American terms.⁸⁵⁸ Simply, though, Japan wanted barter. Tokyo tried again in 1936, and it offered support for Hull’s idea of liberalization, but it insisted on bilateral or trilateral barter agreements.⁸⁵⁹ This impasse held through the rest of the decade. Other forces kept American relations with Japan from brightening.

Roosevelt’s personal beliefs about the Japanese and economic interest groups inside of the United States prevented relations between Washington and Tokyo from improving through the late 1930s and into the Second World War. Hull and Roosevelt both distrusted the Japanese and their leaders. Hull, for example, disliked Prince Konoye (the Prime Minister of Japan from 1937 to 1939 and 1940 to 1941 before his replacement with the military government of Hideki Tojo) on a personal level, and he did not deal with Konoye’s diplomatic overtures in the 1930s and early 1940s in a frank manner.⁸⁶⁰ Upon entering office, Roosevelt always found Japan the aggressor nation in East Asia. Moreover, according to John Toland in *Rising Sun*, the winner of the 1970 Pulitzer Prize for nonfiction, he believed that the Japanese had a systematic plan for conquest in East Asia and America.⁸⁶¹ At boarding school, a Japanese American classmate of his told him that Japan planned to conquer Manchuria, Mongolia, China, the Pacific, Hawaii, and establish bases in Mexico and Peru.⁸⁶² Thus, Roosevelt always read Japanese actions in Asia in the 1930s through an underhanded lens, and he never gave Tokyo a “fair shot.” The archived records bear this idea out. For instance, in a letter to Hull, Roosevelt

⁸⁵⁸ Department of State Memorandum, June 20, 1934, 1933-1935, Japan, Box #59, Memoranda of Conversations, *Cordell Hull Papers*, Library of Congress (Washington, DC).

⁸⁵⁹ *Ibid.*

⁸⁶⁰ Farr, *FDR*, 362.

⁸⁶¹ John Toland, *Rising Sun: The Decline and Fall of the Japanese Empire, 1936-1945* (New York, NY: Random House, 1970), 1:58.

⁸⁶² *Ibid.*, 1:59.

quipped, “No question of giving Red Cross assistance to Japan arises because no Japanese civilians need medical treatment or relief from destitution.”⁸⁶³ Here, Roosevelt sneeringly noticed it was Japan attacking China, and not the other way around. Strife on international trade was a quick path to confrontation. As early as 1935, the Department of the Treasury prepared a paper called “3 points of attack,” which described ways for American trade policy to undermine the Japanese economy.⁸⁶⁴ Morgenthau’s office recommended high tariffs, excise taxes on silk, and red tape at customs houses to damage Japanese exporters.⁸⁶⁵ Labor unions joined in this effort, too. In 1938, for example, the American Federation of Labor (AFL) pushed for a boycott of Japan because of its aggression in China.⁸⁶⁶ The AFL previously called for an immigration quota against Japan in 1935 to prevent the large number of Japanese Americans in Hawaii, California, and Colorado from swamping the White majorities.⁸⁶⁷ As well, the president of the United Auto Workers (UAW), Homer Martin, said, “A Japanese-made toy for an American child is a bomb for a Chinese child.”⁸⁶⁸ Tokyo had few friends in the actual halls of the Roosevelt administration in the 1930s, and key New Deal groups like labor unions disliked competing with Japanese exports and espoused a racially tinged sort of American nationalism. The relationship between the United States and Japan continued to

⁸⁶³ Roosevelt Memorandum to Hull, January 11, 1938, 1938, State, Cordell Hull, Box #74, President’s Secretary’s Files, *Franklin Delano Roosevelt Papers*, Roosevelt Presidential Library (Hyde Park, NY).

⁸⁶⁴ Department of the Treasury Memorandum, “3 Points of Attack,” Japanese Trade, Subject File, 1933-1945, Correspondence, *Henry J. Morgenthau, Jr. Papers*, Roosevelt Presidential Library (Hyde Park, NY).

⁸⁶⁵ *Ibid.*

⁸⁶⁶ Roberts, *Putting Foreign Policy to Work*, 112.

⁸⁶⁷ *Ibid.*, 69.

⁸⁶⁸ Homer Martin quoted in *Ibid.*, 89.

sink throughout the decade, but one of the first places it worsened was in trade policy. Neither side had the ability to make any mutual concessions.

The United States and Japan battled about trade through the 1930s. The stalemate over the international economy exacerbated the diplomatic situation, and it helped lead to real battles in the 1940s. For instance, the “triangular” trade conflict amid the United States, Japan, and the nations of Latin America was one of Hull’s major failings as the Secretary of State. Besides the want of barter agreements, Japan wished to restore its exports to Latin America lost in the early stages of the Great Depression.⁸⁶⁹ Ironically, Hull’s success in Latin America was his mistake with the Japanese. Lower American tariffs on Latin American goods moved Central and South American commerce more towards the United States, and Japanese exports (of things like silk and cotton) started to become uncompetitive versus higher tariffs.⁸⁷⁰ Tokyo asked him for some sort of consideration or compensation for this situation—yet, the Japanese wanted protectionism, and he offered only participation in reciprocal trade.⁸⁷¹ This partition, while seemingly not bitter, continued to divide the two countries in the late 1930s. For instance, in 1937, a year closer to the outbreak of the Second World War, a Department of State memorandum declared the principal grievance of Tokyo against Washington was American domination of cloth exports around the world.⁸⁷² Hull, conversely, dismissed these concerns and turned the Japanese away with his rigid adherence to reciprocal trade

⁸⁶⁹ Department of State Memorandum, February 19, 1935, 1933-1935, Japan, Box #59, Memoranda of Conversations, *Cordell Hull Papers*, Library of Congress (Washington, DC).

⁸⁷⁰ *Ibid.*

⁸⁷¹ *Ibid.*

⁸⁷² Department of State Memorandum, November 22, 1937, 1933-1937, State, Cordell Hull, Box #74, President’s Secretary’s Files, *Franklin Delano Roosevelt Papers*, Roosevelt Presidential Library (Hyde Park, NY).

and MFN. He was a successful free trader. However, in the case of Japan, a “nimble” type of foreign trade policy would have helped.

American worries over Japan turned purely to military readiness in 1937 and early 1938. In April 1937, Roosevelt wrote Hull to ask about the precise process involved with embargoing American exports of scrap metal to Japan.⁸⁷³ Hokkaido, Honshu, Shikoku, and Kyushu had little in terms of metallic ores, and an embargo would cripple the Japanese industrial base. In January 1938, Roosevelt asked Hull to investigate the rumor of Italian flight firms sending Tokyo plans for airplanes—if not finished ones.⁸⁷⁴ In August 1937, Roosevelt instructed Hull to address the idea of a highway to Alaska with the Canadians.⁸⁷⁵ Roosevelt greatly desired a link between the continental United States and Alaska, and he was willing to give Ottawa good terms on sharing the cost of the construction and establishing “international parks” on the border.⁸⁷⁶ By late 1937 and early 1938, Roosevelt was clearly thinking strategically—and against Japan. In the event of war, American possessions in the Pacific might fall quickly. In such a situation, the “great circle” route (on the sphere of the Earth over Alaska from the United States) was the fastest way back to Japan for the American military. Roosevelt wanted a connection to Alaska to keep it from being isolated, to control the Aleutian Islands, and to have a quicker (albeit much colder) route to Japan if the naval war went poorly for the United States. Additionally, the effective range of the B-29 was approximately 3,500 miles,

⁸⁷³ Hull Letter to Roosevelt, April 23, 1937, 1933-1937, State, Cordell Hull, Box #74, President’s Secretary’s Files, *Franklin Delano Roosevelt Papers*, Roosevelt Presidential Library (Hyde Park, NY).

⁸⁷⁴ Roosevelt Telegram to Hull, 1938, State, Cordell Hull, Box #74, President’s Secretary’s Files, *Franklin Delano Roosevelt Papers*, Roosevelt Presidential Library (Hyde Park, NY).

⁸⁷⁵ Hull Letter to Roosevelt, August 4, 1937, 1933-1937, State, Cordell Hull, Box #74, President’s Secretary’s Files, *Franklin Delano Roosevelt Papers*, Roosevelt Presidential Library (Hyde Park, NY).

⁸⁷⁶ *Ibid.*

which put bases in Alaska and the Aleutians in combat range of the Japanese archipelago.⁸⁷⁷ Reciprocal trade failed with Japan, but this was the exception and not the rule in the years leading to the Second World War.

The British Empire and Reciprocal Trade

New Deal trade helped bring the nascent Allies together in the late 1930s. Free trade was an economic, diplomatic, and military requirement within the policy of the Department of State under Hull's leadership. Policymakers in Washington knew that another war was coming soon after Roosevelt's reelection in 1936.⁸⁷⁸ For example, in 1937, Paul Reynaud (a French politician and Paris' Finance Minister in the late 1930s) told Sumner Welles that Britain and France were hoarding dollars and gold for future emergency purchases in the event of a German invasion and a resumption of the Great War.⁸⁷⁹ However, despite militarism in the Axis, the reciprocal trade program fostered increased political and economic solidarity between the United States and other countries—particularly in Latin America. In fact, to give one anecdote, the relationship between Costa Rica and the United States was so positive that San José actually declared war on Japan before Washington did.⁸⁸⁰ Closeness with Latin America helped American diplomacy in other areas, even if countries like Costa Rica were not formal Allies. Brazil was instrumental in the effort to stop neutral Portugal from shipping wolfram (the element tungsten, a metal needed in the production of engines, steel, and rockets) to

⁸⁷⁷ Laurence K. Loftin, "Examples of WWII Aircraft," *National Aeronautics and Space Administration History Office*, <http://www.hq.nasa.gov/pao/History/SP-468/ch5-3.htm>.

⁸⁷⁸ Rofe, *Roosevelt's Foreign Policy and the Welles Mission*, 126.

⁸⁷⁹ *Ibid.*, 126.

⁸⁸⁰ Edward Tomlinson, "Confusion Among Neighbors," found in 1933-1945, General, Latin America, Box #79, Subject File, *Cordell Hull Papers*, Library of Congress (Washington, DC).

Germany.⁸⁸¹ Hull expanded the reciprocal trade system throughout the Second World War. In the late 1930s and 1940s, Washington inked trade pacts with Venezuela (1939), Argentina (1941), Peru (1942), Uruguay (1942), Mexico (1942), Iran (1943), Turkey, and Iceland.⁸⁸² Conversely, these are smaller examples. Importantly, the program of reciprocal trade deals helped to bring together the grand North Atlantic alliance of Britain and the United States, and it ended Imperial Preference.

The settlement between American foreign policy, trade policy, the British Empire, and Imperial Preference started with Canada. Freer trade produced good feelings in the relations of Washington and Ottawa. The Smoot-Hawley tariff hammered Canada in the early 1930s, and Canadians were glad to see Roosevelt and Hull's rise and the Reciprocal Trade Agreements Act of 1934. Overall, Canadians closely followed the New Deal, and they supported it because of its freer trade policies.⁸⁸³ In addition, Roosevelt's reflation scheme made it easier for Canadians to buy American goods.⁸⁸⁴ Regulatory overhead from the NRA and AAA made Canadian firms more competitive against American businesses, and New Deal public works projects stimulated demand for Canadian lumber and minerals.⁸⁸⁵ Commercial reciprocity was not a new tradition between the United States and Canada. For example, Washington and Ottawa concluded a trade pact in 1911 for lower American tariffs on Canadian lumber and wood pulp and lower Canadian tariffs

⁸⁸¹ Hull, *The Memoirs*, 2:1336-37.

⁸⁸² Department of State Memorandum, "Trade Agreements During the War," Undated, Trade Agreements, Box #88, Subject File, *Cordell Hull Papers*, Library of Congress (Washington, DC); United States Tariff Commission Report, "Tariff Reductions, Under Trade Agreements, By Economic Classes," 1936-1944, U.S. Tariff Commission, Box #3, Professional Series, *Edward Dana Durand Papers*, Hoover Presidential Library (West Branch, IA).

⁸⁸³ Butler, *Cautious Visionary*, 130-31.

⁸⁸⁴ *Ibid.*, 130-31.

⁸⁸⁵ *Ibid.*, 130-31.

on American farm products.⁸⁸⁶ However, without a reciprocal bill on the ledgers during the Taft administration, the covenant had to go through the normal treaty process in Congress.⁸⁸⁷ Protectionists in the Senate blocked it, which incensed young Congressman Hull.⁸⁸⁸ Butler noted Canada desired an agreement with the United States to strengthen their economy from the export of raw materials.⁸⁸⁹ In essence, Canada needed the United States to sell its overload production. Accordingly, Hull utilized economic power for diplomatic gain.

The Canadian government adored the Reciprocal Trade Agreements Act of 1934—and maybe more than Hull himself. Ottawa wanted to be the “first in line,” ahead of Cuba, but Hull’s caution with the protectionist elements in the United States made him wait until 1936 to proceed with the Canadians. There was a danger of backlash from the economic nationalists in dealing so soon with such a large economy right on the northern boundary. Yet, in 1934, William Duncan Herridge (the Canadian ambassador in Washington from 1931 to 1935) called Hull to ask about the Reciprocal Trade Agreements Act of 1934.⁸⁹⁰ Herridge informed him that Canada wished for inclusion.⁸⁹¹ Hence, the Canadians came to him, and not the other way around. Indeed, Herridge contacted him again a month later; he was impatient for a reciprocal reform bill out of Congress and mused about the fate of the Canadian lumber industry.⁸⁹² Canada

⁸⁸⁶ Hull, *The Memoirs*, 1:65.

⁸⁸⁷ *Ibid.*, 1:65.

⁸⁸⁸ *Ibid.*, 1:65.

⁸⁸⁹ Butler, *Cautious Visionary*, 131.

⁸⁹⁰ Department of State Memorandum, February 8, 1934, 1933-1944, Canada, Box #57, Memoranda of Conversations, *Cordell Hull Papers*, Library of Congress (Washington, DC).

⁸⁹¹ *Ibid.*

⁸⁹² *Ibid.*

eventually received a deal with the United States in 1936 and a second one in 1939. The second one was in concert with the huge deal for the whole British Empire. Upon the latter, Prime Minister Mackenzie King stated, “We cannot too earnestly hope that they [trade deals] will provide to other countries an example of the mutual advantages which flow from the broadening of trade relations, not only in the realm of material well-being, but in the wider sphere of human understanding and good will.”⁸⁹³ Canada joined the American league of trade agreements and lower tariffs, and Hull had a coup and a diplomatic breakthrough inside of the British Empire.

Hull desperately wanted a reciprocal trade agreement with London and the rest of the British Empire after the success of freer trade with smaller Latin American nations. He finally achieved an agreement with the British on trade in 1939. Hull imagined an economic concord between the United States and Britain as a profound statement of friendship—or even outright alliance—in the North Atlantic world.⁸⁹⁴ The Britain-United States trade pact of 1938 implied unity between the two “chief democracies” on the globe.⁸⁹⁵ From there, commercial reciprocity would expand to include other nations, strengthen economies, foster interdependence, and form a wall against fascism and militarism. Negotiations between the two sides proceeded throughout the summer of 1938. Representatives from Britain and the United States signed the final deal on November 17, 1938.⁸⁹⁶ Changes in final tariffs took effect in 1939. Basil Rauch described

⁸⁹³ William Lyon Mackenzie King quoted in Harry W. Flannery, “Trade Treaties,” *Harry W. Flannery Views the News*, November 17, 1938, 1930-1939, Biographical Materials, Cordell Hull, Box #66, Subject File, *Cordell Hull Papers*, Library of Congress (Washington, DC).

⁸⁹⁴ Schatz, “The Anglo-American Trade Agreement and Cordell Hull’s Search for Peace 1936-1938,” 86.

⁸⁹⁵ *Ibid.*, 86.

⁸⁹⁶ Rauch, *History of the New Deal 1933-1938*, 337.

the occasion of Hull's final triumph, "The agreement signified a drawing together of the two great democracies."⁸⁹⁷ The pact between Washington and London buried the hatchet on old conflicts such as American nonparticipation in the League of Nations and the settlement of war debts.⁸⁹⁸ The timing of the agreement was interesting, as well. Britain, France, and Germany settled the infamous Munich Agreement on the division of Czechoslovakia in late September 1938.⁸⁹⁹ The trade agreement between the United States and Britain exited the diplomatic pipeline less than two months later. Typically, historians describe the giveaway of the Sudetenland at Munich as the failure of appeasement. While Hitler might have had legitimate protests about the Treaty of Versailles, Munich was a misapprehension of German trustworthiness.⁹⁰⁰ In addition, Munich probably squandered a chance to smash the Nazis on the battlefield. Hitler intended to fight for the Sudetenland—yet, the Wehrmacht was reconstructing itself in 1938, Czechoslovakia had a small but well-equipped army dug into the Bavarian Alps, and Stalin offered the Red Army to guarantee Prague's borders. On the other hand, Britain and France thought their own militaries weak in 1939, and they were frantic to avoid another Great War. The Munich Agreement bought them time, and perhaps it would sate Hitler's desires. Moreover, in the memory that American participation was the tipping point of the Great War, the European Allies needed to grow their entente. Hence, if Munich was a show of weakness, then participation in the trade program was a show of

⁸⁹⁷ *Ibid.*, 337.

⁸⁹⁸ *Ibid.*, 337.

⁸⁹⁹ Rofe, *Roosevelt's Foreign Policy and the Welles Mission*, 35.

⁹⁰⁰ *Ibid.*, 35.

strength with implied American intervention. Trade helped to bring the Allies together and helped the New Deal's economic recovery.

In the late 1930s, treaties with Canada and the British Empire profoundly expanded the impact of the reciprocal trade programs. The British economy was still one of the largest in the world in the 1930s. Therefore, the actual volume of international trade affected by the Reciprocal Trade Agreements Act of 1934 ballooned when Hull endeavored to bring London to the table. The early waves of trade deals benefited American industry more than agriculturalists, but the British Empire could help balance the situation.⁹⁰¹ Britain could no longer feed its large urban population on domestic production, and London needed vast surpluses from somewhere else. Farmers in North America produced the obvious, secure surplus to ship over to Britain. Hull wanted to realize this potential commerce in the North Atlantic economy and break Imperial Preference.⁹⁰² The Canada-United States trade treaty of 1935 lowered Washington's tariffs on Canadian lumber, dairy products, cattle, fish, alcoholic beverages, and potatoes and Ottawa's tariffs on American tools, automobiles, electronics, gasoline, machine tools, and meat.⁹⁰³ Hull negotiated a second deal with Canada in 1938, but with the government in London involved this time. The agreement between Washington, Ottawa, and London involved \$675 million worth of British exports and \$80 million worth of Canadian exports.⁹⁰⁴ Remembering scale, this equated to as much as 1% of the entire American

⁹⁰¹ Butler, *Cautious Visionary*, 154.

⁹⁰² *Ibid.*, 154.

⁹⁰³ *Ibid.*, 135.

⁹⁰⁴ Harry W. Flannery, "Trade Treaties," *Harry W. Flannery Views the News*, November 17, 1938, 1930-1939, Biographical Materials, Cordell Hull, Box #66, Subject File, *Cordell Hull Papers*, Library of Congress (Washington, DC).

economy.⁹⁰⁵ London offered breaks on \$300 million worth of American exports to the British Empire—two-thirds of which were agricultural, and Hull reciprocated with concessions on \$141.5 million of British exports to the United States.⁹⁰⁶ Hence, the United States, and farmers specifically, came away as the beneficiaries of the 1938 agreement. Harry W. Flannery congratulated Hull and noted, “The agreements bring within the scope of the administration’s trade agreements program nations which dominate sixty per cent of United States commerce and which, with the United States, control forty per cent of the world’s trade.”⁹⁰⁷ Thus, by 1938, reciprocal trade involved three-fifths of American trade and two-fifths of the worldwide international economy.⁹⁰⁸ Trade allowed Hull to start building a network, in the ambassadorial sense, which scholars missed previously.

Hull planned to accomplish much through the trade deal with the British. He favored an agreement with the British for the sake of propping up the American and the British economies in the late 1930s.⁹⁰⁹ He also intended it to strengthen the British ability to fight a modern war.⁹¹⁰ Reciprocal trade could offer Britain a stronger industrial economy, higher productivity, cheaper raw materials from the United States, and a larger tax base—all the things a nation needed in the early twentieth-century to fight a modern

⁹⁰⁵ Bureau of Economic Analysis, “National Income and Product Accounts Table,” Department of Commerce, <http://www.bea.gov/national/nipaweb/TableView.asp?SelectedTable=5&ViewSeries=NO&Java=no&Request3Place=N&3Place=N&FromView=YES&Freq=Year&FirstYear=1929&LastYear=1946&3Place=N&Update=Update&JavaBox=no>.

⁹⁰⁶ Harry W. Flannery, “Trade Treaties,” *Harry W. Flannery Views the News*, November 17, 1938, 1930-1939, Biographical Materials, Cordell Hull, Box #66, Subject File, *Cordell Hull Papers*, Library of Congress (Washington, DC).

⁹⁰⁷ *Ibid.*

⁹⁰⁸ *Ibid.*

⁹⁰⁹ Schatz, “The Anglo-American Trade Agreement and Cordell Hull’s Search for Peace 1936-1938,” 85.

⁹¹⁰ *Ibid.*, 85.

war. Additionally, if Britain and France were strong enough to defeat Germany alone, then it would preclude the need for American involvement in another European war. Hull did not wish to ruin the New Deal's domestic and foreign initiatives by dragging the Roosevelt administration through a repeat of the repugnant Great War. Such a course distracted the Wilson administration from its reforms in the 1910s, and he worked to keep this history from repeating. There were economic gains from reciprocal trade with Britain, as well. Britain was the leading export market for the United States in the 1920s.⁹¹¹ In 1929, for instance, 16.2% of all British imports came from American producers.⁹¹² The Smoot-Hawley tariff and Imperial Preference throttled the volume of trade across the North Atlantic. By 1934, only 11.2% (down 5.0%) of British imports came from the United States.⁹¹³ Imperial Preference filled the gap—in 1931, the British Empire furnished 36.9% of British imports, which rose to 39.4% by 1937 (up 2.5%).⁹¹⁴ Hull designed a restitution of North Atlantic trade with the British to improve the economy and increase Anglo-American interdependence in case of a war. The final trade pact was eclectic. London lowered tariffs on American flour, fruit, tobacco, lumber, office supplies, machine tools, automobiles, meat, vegetables, fish, paper, chemicals, iron/steel, textiles, aircraft, clothing, cotton, silk, and rayon.⁹¹⁵ Washington lowered tariffs on the British Empire's exports of textiles, metal, whisky, leather, cheese, eggs, grain, maple syrup, potatoes, acids, brick, nickel, zinc, aluminum, furs, and Christmas

⁹¹¹ Butler, *Cautious Visionary*, 129.

⁹¹² *Ibid.*, 129.

⁹¹³ *Ibid.*, 129.

⁹¹⁴ *Ibid.*, 129.

⁹¹⁵ Harry W. Flannery, "Trade Treaties," *Harry W. Flannery Views the News*, November 17, 1938, 1930-1939, Biographical Materials, Cordell Hull, Box #66, Subject File, *Cordell Hull Papers*, Library of Congress (Washington, DC).

trees.⁹¹⁶ Thus, reciprocal trade brought the two sides together and connected the American and British economies into more of a single economy in the North Atlantic. The reciprocal program, conversely, started to sound the death incantations for the exclusive nature of the British Empire.

Reciprocal trade implied lower tariffs and the most-favored nation principle, but it left no room for Imperial Preference. The British perceived the United States was potentially a powerful ally, but London was reluctant to leave its tradition of preferential treatment for commerce inside of the British Empire compared to the remainder of the globe. Imperial Preference prevented the economies of the colonies and dominions from developing with regional partners, and it kept them dependent on British manufacturing, military protection, and politics. These circumstances would change without Imperial Preference, as they were already in the 1930s between the United States and Canada. The British feared that there might not be much of a British Empire without the jealous safeguarding of their interregional market through Imperial Preference. Hence, at the various meetings and summits of the 1940s, the British opposed American demands for blanket statements in favor of lower tariffs as a foundation for the new global order after the termination of the Second World War.⁹¹⁷ This kind of statement implied the fragmentation of the vaunted British Empire, which was hard for London to swallow.⁹¹⁸ Hull, however, insisted on the end of the reviled Imperial Preference. William J. Barber described, “The Department of State, under the leadership of Secretary Cordell Hull,

⁹¹⁶ Ibid.

⁹¹⁷ Susan Aaronson, “How Cordell Hull and the Postwar Planners Designed a New Trade Policy.”

⁹¹⁸ Ibid.

assigned high importance to one string: a commitment on Britain's part to forswear Imperial Preference in trading arrangements. This condition [...] reflected Hull's diagnosis of the Great Depression."⁹¹⁹ Eventually, the necessity of American alliance overcame the preservation of the British Empire, and he won the day when the British agreed to give up Imperial Preference in exchange for Lend-Lease.⁹²⁰ He had his way again in the summation of the Atlantic Charter, where the United States and Britain codified free trade would be one of the seven fundamental precepts in remaking the world after the Second World War.⁹²¹ Reciprocal trade finalized the association between the United States and Britain into the formal Allies, and it helped win the tempest of the war.

Foreign Trade and the Second World War

Freer trade expanded the collective "Allied economy" in the 1930s, and it secured raw materials for war machines in the 1940s. Take steel production, for example, the quintessential building and structural material of industrial warfare. Before the Great Depression, in 1929, the United States produced 41.01 million long tons of steel.⁹²² Approximately 2.3 million long tons of that were exports (or 5.72% of the total).⁹²³ Steel and iron production declined nearly 75% in the worst of the Great Depression in the United States, but there was a recovery by 1935. That year, the country produced 23.96 million long tons of steel, and exported 955,000 million long tons (or 3.986% of the

⁹¹⁹ Barber, *Designs within Disorder*, 154.

⁹²⁰ Hull, *The Memoirs*, 2:976.

⁹²¹ *Ibid.*, 2:976

⁹²² "Rolled and Finished Steel and Iron Products," Economics – General, Box #65, Subject File, *Cordell Hull Papers*, Library of Congress (Washington, DC).

⁹²³ *Ibid.*

total).⁹²⁴ The United States was capable of producing more in the event of an emergency, but there was not the demand to justify it in the domestic/international economy in the 1930s. Steel firms were unlikely to destroy an iron works in the face of a slowdown, given the massive capital investments involved in their construction. Hence, the steel industry cut back on production, waited for greener pastures, and held excess capacity in reserve. Crucially, on the other hand, this situation was a bad development for the American level of military preparedness. The steel industry needed to expand to increase the United States' ability to produce guns, tanks, ships, and planes. Marking time and holding excess capacity meant the productive capacity of American steel mills was not expanding. On the bright side, reciprocal trade helped steel exports to recover faster than general steel production in the 1930s. In 1932, the United States rolled out 10.45 million long tons of steel and exported 364,000 million long tons (exports were 3.49% of the total).⁹²⁵ Thus, by 1935, steel exports were recovering quicker than the rest of the industry. Hull noticed, "Steel manufacturers have had a share in the larger trade opportunities which the Trade Agreements Program has made possible."⁹²⁶ American steel meant military power in the 1930s and 1940s, and trade helped gear the industry up for total war.

⁹²⁴ Ibid.

⁹²⁵ Ibid.

⁹²⁶ Hull Memorandum, February 10, 1936, Economics – General, Box #65, Subject File, *Cordell Hull Papers*, Library of Congress (Washington, DC).

Year	Steel Production	Steel Exports	Proportion Exports
1929	41069416	2352957	5.729%
1932	10451088	364771	3.490%
1935	23964552	955284	3.986%

Figure 6.9 – The above table shows overall American steel production and steel exports in 1929, 1932, and 1935 in millions of long tons.⁹²⁷ Of the most note, American steel production for the international market recovered quicker from 1932 to 1935 than overall production—129.302% growth for overall production and 161.886% growth for exports in this frame. Hence, freer trade helped the United States prepare for war production by engendering disproportionate economic benefit to export-oriented steel firms compared to the demands of the domestic economy alone.

Mexico was a problem for Hull in the 1930s but a success in the 1940s. Foremost, the Allies needed Mexican oil supplies during the Second World War to fuel thirsty airplanes and vehicles and for production and transportation back home. In opposition to this, Mexico City clung more determinedly to its protectionists tariffs in the 1930s than the rest of Latin America. A certain level of distrust for the United States in Mexico—which went back to the Mexican-American War and the Treaty of Guadalupe Hidalgo in the 1840s, as well as the incursion of General John “Black Jack” Pershing into Mexico in the 1910s—made things complicated for the Department of State. Mexico City raised its general tariff rates in 1937.⁹²⁸ Mexico’s tariff hike frustrated Hull.⁹²⁹ After progress in Latin America, he resented the growing protectionism right in the metaphorical American backyard. To boot, it was poor timing in the international context. Mexico raised its tariff

⁹²⁷ “Rolled and Finished Steel and Iron Products,” Economics – General, Box #65, Subject File, *Cordell Hull Papers*, Library of Congress (Washington, DC).

⁹²⁸ Department of State Memorandum, March 17, 1937, 1933-1944, Mexico, Box #60, Memoranda of Conversations, *Cordell Hull Papers*, Library of Congress (Washington, DC).

⁹²⁹ *Ibid.*

rates right as Hull began the negotiations with Britain about a reciprocal trade deal.⁹³⁰ High Mexican tariffs, while a sovereign and legal action, made it appear as if the Roosevelt administration could not control the United States' sphere in North America through diplomatic means alone. To add insult to injury, he tried to invite Mexico into the program in 1936—only to face stalling and rejection.⁹³¹ The largest expansion of the program happened in 1936 when it spread through Latin America and the French Empire, but Mexico's absence was rather conspicuous. To Hull, a rising tide of protectionism in North America in the late 1930s was an eyesore compared to the successes of the Reciprocal Trade Agreements Act of 1934. Yet, he was unable to progress with Mexico until after 1941. The two sides finally agreed on a trade deal in 1942.⁹³² Thereafter, the Allies gained access to Mexican petroleum, which helped in strengthening their economies in the war. Indeed, Hull wrote Roosevelt at least once to tell the president about the decisive nature of Mexico in terms of securing oil stocks.⁹³³ Dealing with Mexico became a Sisyphean task, but this kind of diplomacy and constant tries at engagement secured the American strategic position before the actual fighting.

Reciprocal trade deals in the 1930s limited the Axis' concluding stratagems in the 1940s. The United States and Czechoslovakia finalized a trade deal in March 1938, for

⁹³⁰ Ibid.

⁹³¹ Department of State Memorandum, April 20, 1937, 1933-1944, Mexico, Box #60, Memoranda of Conversations, *Cordell Hull Papers*, Library of Congress (Washington, DC).

⁹³² Department of State Memorandum, "Trade Agreements During the War," Undated, Trade Agreements, Box #88, Subject File, *Cordell Hull Papers*, Library of Congress (Washington, DC).

⁹³³ Hull Letter to Roosevelt, October 26, 1942, Box #4, Tariff Matters, 61, President's Official File, *Franklin Delano Roosevelt Papers*, Roosevelt Presidential Library (Hyde Park, NY).

example.⁹³⁴ This deal specifically intended to assist American farmers by lowering Czechoslovakian duties facing American farm produce.⁹³⁵ Additionally, at the same time, the agreement had a dual purpose, as Washington's concessions on the duties facing manufactured goods out of Bohemia and Slovakia stimulated Czechoslovakian industry for production aimed at the American domestic market.⁹³⁶ Such a design prepared Prague's economy for war and geared the Škoda Works for greater arms production. The agreement was too little and too late for Czechoslovakia, but it is hard to know what might have transpired without the Munich Agreement. Elsewhere, in Latin America, the goodwill of the Good Neighbor policy and reciprocal trade led to an interesting pronouncement at the Havana Conference of 1940.⁹³⁷ In Cuba, an assembly of North and South American states announced they should request to take over the administration of any European colonies in the New World.⁹³⁸ In theory, the possessions would stay in the name of their European overlords, but practical management would pass to American regimes with the goal of giving the colony its independence.⁹³⁹ The Havana Conference anticipated German conquest in Western Europe and prevented the Nazis from easily absorbing the remnants of the French Empire and Dutch Empire in the Caribbean and South America. The Panama Canal was a particular point of concern, since German air or naval bases in the immediate vicinity could threaten the American lifeline linking the

⁹³⁴ *Boston Herald* editors, "Is New England Fragile," *Boston Herald*, March 15, 1938, found in Department of State Memorandum, March 15, 1938, 1938, State, Cordell Hull, Box #74, President's Secretary's File, *Franklin Delano Roosevelt Papers*, Roosevelt Presidential Library (Hyde Park, NY).

⁹³⁵ *Ibid.*

⁹³⁶ *Ibid.*

⁹³⁷ Duggan Letters to Welles, June 25, 1940, 1940, Havana Conference, Box #66, Subject File, *Cordell Hull Papers*, Library of Congress (Washington, DC).

⁹³⁸ *Ibid.*

⁹³⁹ *Ibid.*

Atlantic and the Pacific.⁹⁴⁰ Trade did not have the impact to determine the conclusion of the Second World War, but it did setup a few things around the edges. Additionally, there were tense moments in 1942 before the Battle of Stalingrad and the Battle of Midway, so the Allies needed every advantage they could find. Yet, with the war eventually won in 1945, Hull could turn his attention to the assembly of the postwar world, and what role his antecedent of reciprocal trade in the 1930s would play in 1945 and thereafter.

Free Trade and the Postwar Order

Roosevelt and Hull believed that the Great War and the Second World War came partly from conflicts in international trade. This outlined their views on the architecture of the postwar world order and the United Nations. Hull thought that the economic rivalries amid the nations of Western Europe and their competition for colonies in the 1910s exacerbated the situation enough to create the conditions for the Great War.⁹⁴¹ Like the British under the arrangement of Imperial Preference, European leaders wanted exclusive access to rare, strategic resources and colonies for exports of manufactured goods. Hence, Hull conceptualized the start of the Great War as a conflict in trade markets. He rejected the Merchants of Death thesis, and he believed that war was never good for business.⁹⁴² To him, war was too dangerous, frightening, and unpredictable for executives to plan to make an assured profit from it. In the 1930s, he thought that the Great Depression led inexorably to the Second World War. Without chaos and poverty, people would not naturally rush to support autocracy and war, as they did in Italy and

⁹⁴⁰ Ibid.

⁹⁴¹ Hull, *The Memoirs*, 1:84.

⁹⁴² Ibid., 1:84.

Germany.⁹⁴³ To quote Hull on the discussion, “When people are employed and they and their families are reasonably comfortable and hence contented, they have no disposition to follow agitators and to enthrone dictators.”⁹⁴⁴ He was paternalistic in his conception of an inert family, but the point holds. As always, he brought prosperity and diplomatic relations back to the tariff controversy: “Healthy international commercial relations are the indispensable foundation of wellbeing and of lasting peace between nations.”⁹⁴⁵ Contextually, this passage comes from February 1937, and he said it with the intention of expressing the American desire for commercial relations with the British and the French.⁹⁴⁶ Roosevelt was on the bandwagon for Hull’s program of international peace from prosperity and free trade, as well. In 1945, for instance, he stated that, “The world will either move towards unity and widely shared prosperity *or it will move apart into necessarily competing economic blocs*” [emphasis added].⁹⁴⁷ Hull’s last manifesto on trade and peace had seven points: (1) economic warfare hurts the economy, (2) privation creates political strife, (3) prosperity helps prevent war, and (4) policymakers should above all ensure the comfort of their constituents.⁹⁴⁸ Furthermore, regarding trade, (5) international trade is always essential, (6) peace and prosperity beget each other, (7) freer trade engenders prosperity—thus, it was a keystone of any peace.⁹⁴⁹ Hull and Roosevelt wrote these beliefs into the blueprint of the postwar world at various conferences and with the association of the United Nations.

⁹⁴³ Ibid., 1:521.

⁹⁴⁴ Ibid., 1:521.

⁹⁴⁵ Cordell Hull quoted in Rofe, *Roosevelt’s Foreign Policy and the Welles Mission*, 126.

⁹⁴⁶ Ibid., 126.

⁹⁴⁷ Franklin Roosevelt quoted in Edsforth, *The New Deal: America’s Response to the Great Depression*, 32.

⁹⁴⁸ Hull, *The Memoirs*, 1:364.

⁹⁴⁹ Ibid., 1:364

Liberal internationalism framed the postwar peace of the Second World War. This was especially true regarding the United Nations, where Hull and other Wilsonian internationalists wished to avoid the mistakes of the early twentieth-century due to the United States' minimal participation in the League of Nations. Additionally, at first, internationalists conceived the UN as a much more powerful, muscular, and militaristic body in comparison to the weak League of Nations. American planners for the Council on Foreign Relations, for instance, originally slated the UN to have control of the world's air forces under a single "International Air Force."⁹⁵⁰ The International Air Force would also fall under the command of the permanent leadership of the General Staff of the United Nations—with officers drawn from member nations in rotation.⁹⁵¹ With this sort of internationalism in mind, Hull started planning for postwar liberalization just days after Pearl Harbor. For instance, he received a Department of State memorandum on the Friday after the Sunday attack in Oahu in 1941 discussing potential Anglo-American differences on the postwar order.⁹⁵² The paper identified free trade as an American aspiration, and it marked British devotion to Imperial Preference as a big postwar problem.⁹⁵³ Conversely, Hull erased that dissimilarity by making London's departure from Imperial Preference a necessary stipulation for sharing Lend-Lease. Indeed, one version of a United Nations charter explicitly mentioned the role of trade: "[T]he Executive Council shall make every effort to bring about a general leveling of tariffs in

⁹⁵⁰ T. P. Wright Memorandum, "Problems of Policing and International Air Force," March 29, 1943, United Nations, 1942-1944, Box #90, Subject File, *Cordell Hull Papers*, Library of Congress (Washington, DC).

⁹⁵¹ *Ibid.*

⁹⁵² Department of State Memorandum, December 12, 1941, Postwar Planning, Box #85, Subject File, *Cordell Hull Papers*, Library of Congress (Washington, DC).

⁹⁵³ *Ibid.*

order to provide for a freer exchange of goods all over the world.”⁹⁵⁴ It was not clear what Hull did with this drafted constitution. However, its placement in the Library of Congress amongst the San Francisco Conference (which determined the organization of the UN in 1945) suggested that it received at least some airtime at the meeting. The Department of State had the theory and the diplomacy, and the postwar peace became one of free trade.

Reciprocal trade in the 1930s set the stage for a world of reciprocity and lower tariffs in the 1940s and beyond. International trade after the Second World War was generally open for the sake of creating, maintaining, and strengthening alliances and prosperity.⁹⁵⁵ From the American perspective, the threat of the Soviet Union developed in the Cold War of the late 1940s. Yet, the United Nations and other organs guarded the “free world” by fostering freer trade, a prosperity, and interdependence. The General Agreement on Tariffs and Trade (GATT) lowered tariffs via “rounds” of negotiations and shared concessions until the 1990s.⁹⁵⁶ The GATT ceased existing in 1993. However, the World Trade Organization (WTO) replaced it as the world “clearinghouse” for tariff policy and trade liberalization in the 1990s and 2000s. The reciprocal trade program of the 1930s formed the basis for the postwar international order about Washington. By 1947, the United States concluded twenty-nine reciprocal trade deals all over the globe.⁹⁵⁷ These deals eventually folded into the GATT and the International Monetary Fund (IMF). Additionally, the trade pacts from the 1930s continued to function smoothly

⁹⁵⁴ R. M. Davis, “Constitution for a United Nations Government,” United Nations Conference, San Francisco, Box #91, Subject File, *Cordell Hull Papers*, Library of Congress (Washington, DC).

⁹⁵⁵ Conti, *Reconciling Free Trade, Fair Trade, and Interdependence*, 31.

⁹⁵⁶ *Ibid.*, 31.

⁹⁵⁷ Marks, *Wind Over Sand*, 242.

through 1940s, and they kept relations positive with most of Latin America.⁹⁵⁸ In the end, Cordell Hull, the New Deal, its diplomatic-economic policies, and more liberal American tariff rates were the rule from 1933 and through the Second World War. The aged Secretary of State ultimately succeeded in putting an end to the protectionism of the 1920s and Smoot-Hawley. Such was the trade story of the New Deal and the 1930s, as I have seen it and recorded it down here.

* * *

The Reciprocal Trade Agreements Act of 1934 was the modest and understated successes of the Roosevelt administration and the New Deal in the 1930s. Reciprocal trade did not prevent the Second World War. Nevertheless, in light of the circumstances and the scales involved, trade probably could not have done so. Conversely, the economic situation influenced the chess match in the diplomatic arena. The reciprocal trade program was a demonstrable example of American leadership on an international issue at the height of the Great Depression. Other countries, from Sweden to Argentina and everywhere in between, came to Hull looking for a trade deal. As well, reciprocal trade aided the American economy, as lower tariffs helped American exports recover faster than the rest of the economy in the late 1930s. As with the Smoot-Hawley tariff, changes in trade policy had a perceptible effect on the trajectory of American foreign trade relationships. The volume of trade with countries in the reciprocal trade program grew at a much quicker pace than the quantity of commerce with nations outside of the plan. Trade helped keep Brazil and Argentina out of a Nazi-led union in the late 1930s and

⁹⁵⁸ Hull, *The Memoirs*, 2:1211.

early 1940s, and Allied war production gained from reciprocal trade's expansion of worldwide demand for materials like steel and from greater access to resource pools. Hull could have done more. He moved too slowly with Spain to help save the Madrid regime's tenuous grip on power in the Great Depression, and he seriously misread Japanese intentions and eagerness for more trade due to his inflexibility on issues like the most-favored nation principle. However, the gains of reciprocal trade outweighed the loss, and the reciprocal trade program was one of the successes of the New Deal.

CHAPTER 7: CONCLUSION

The historical conception of the New Deal in the 1930s was too limited. It needs growth to include its international components, the foremost of which is reciprocal trade. The career of Cordell Hull symbolized the nexus between different types of governmental policies and political and social identities. For example, the United States of the 1930s considered trade as a part of the New Deal, as newspapers, magazines, editorials, plus radio broadcasts, speeches, and letters to government amply demonstrated. The New Deal was classically a system of domestic policies in the historiography, but the era of the New Deal itself did not see it that way. Hull and free trade factored into the Good Neighbor policy, as well. Hence, the New Deal did not limit itself to only the United States in the 1930s, and historians should not conceive of it in similar terms. The New Deal was a comprehensive sort of government policy, and it affected politics, American society, and Washington's foreign policy in substantial ways. There were interesting interactions between different types of policies and scholars have not often studied the Roosevelt administration and the New Deal through this mirror. This sort of synthesis, which I attempted here, can broaden the academic and historical understanding of the crucial time of the New Deal and the 1930s in the United States. There was more to look at, and things to plug back into the narrative, as reciprocal trade somehow left the conversation on the New Deal in the latter half of the twentieth-century. Hoover, Roosevelt, Hull, and the country as a whole did not have it that way in the 1930s, and neither should we in our historical understanding.

International trade needed integration into the fuller narrative of the decade of the 1930s. To start, tariffs marked a clear delineation between Democratic and Republican identities in the early portion of the twentieth-century. President Herbert Hoover and his administration faced a crisis in 1929, and he responded with the Smoot-Hawley tariff of 1930. On the other hand, Hull and Roosevelt were nearly the cardinal opposites with the Reciprocal Trade Agreements Act of 1934. Hull did not bring the United States to free trade in the 1930s, but he did move it away from autarky and protectionism towards trade liberalization in steps. There was Republican folly on trade in the 1920s, but the Democratic Party and remnants of the Wilsonian internationalists turned the course of American trade policy the other way in the 1930s. Trade policy had obvious applications to the field of economic history. Smoot-Hawley damaged the American economy from 1930 to 1933, but Hull and the Reciprocal Trade Agreements Act of 1934 repaired some of the killing for the rest of the decade. Political historians put trade policy on the horizon, but not in the center. However, in light of my attempts to establish reciprocal trade as a part of the total New Deal, trade needed insertion into the political tale of the decade. In the dominion of foreign policy as well, economic diplomacy applied to the construction of alliances and the formation of the Allies before the 1940s. Trade fit into all of these, and it needed registration in the sum of the history of the New Deal, the Roosevelt administration, and the 1930s.

Reciprocal trade showed how economic history and diplomatic history interact with each other in weighty ways. Unfortunately, trade policy occupied an uncomfortable position between the two in the typical historiography. To bring up another example of

this problem, take John E. Wiltz's classical diplomatic textbook *From Isolation to War: 1931-1941*. Written in the 1960s, it is still the regular introductory text to American diplomatic history in the 1930s and the start of the Second World War. Indeed, owing to its continued popularity as the baseline text for the era, Justus D. Doenecke updated *From Isolation to War: 1931-1941* for mass production with some more recent scholarship on Roosevelt in 2003. Wiltz and Doenecke included Hull, but they only mention him in the context of state-to-state diplomacy with no reflection on economic foreign policy.⁹⁵⁹ Furthermore, Wiltz mentioned nothing about reciprocal trade programs, the Reciprocal Trade Agreements Act of 1934, and the international market.⁹⁶⁰ The body of economic history, on the other hand, stuck modestly to the domestic policies of the Roosevelt administration and the New Deal in the 1930s. These views had their places, but they were incomplete. Economics and commercial activity influenced Hull and Roosevelt's diplomacy, and international trade assisted the recovery out of the Great Depression and the New Deal. There was a neat exchange, a dialogue even, between different types of policies, and the general history of the 1930s missed these interactions and functions. Hull's work touched on many aspects in the New Deal, and I have tried to show them here in *Free Trade and the New Deal*. Such was the proper abode for international trade in the major narratives of the 1930s.

The usual story of the United States' place in the world talked about disengagement and isolationism between the Great War and the Second World War. Yet, Hull and the Reciprocal Trade Agreements Act of 1934 flew sternly in the face of this

⁹⁵⁹ John E. Wiltz, *From Isolation to War: 1931-1941* (New York, NY: Thomas Y. Crowell, 1968), 149.

⁹⁶⁰ *Ibid.*, 149.

conception. Washington, in fact, engaged with the rest of the world in the 1930s on economic terms. The reciprocal trade program eventually included over two-dozen nations by the end of the 1940s, and it subsumed over 40% of American-related international commerce and 60% of the international market as a whole. This made sense, too. Many factors made the brewing of the Second World War in the 1930s look inevitable. The inherent militarism of Italian fascism, Nazism, and the imperialists' control of Japan after 1931 argued for a greater confrontation with Western European powers and the United States. Yet, in the 1930s themselves, the world's major problem was economic and not diplomatic or military. The future Axis' wars of aggression in the 1930s stayed in the smaller, colonial areas of the world in Africa and Asia, and the globe had far too much to worry about in the economic crisis of the time. Statistically, the Great Depression was the worst in the United States—thus, Hull understandably oriented American foreign policy to help in the efforts of the Roosevelt administration at economic recovery through the New Deal. Ironically, Hoover did exactly the same thing in the 1930s with the Smoot-Hawley tariff with the exact opposite of means and results. Hull drew the national and the international together, with reciprocal trade, with the Good Neighbor, and with economic interdependence.

The popular conception of the New Deal in the 1930s is incorrect without freer trade. It is not wrong in any titanic sense, but it is unfinished. A search of the policy standings that made the material outcomes of the 1930s (and, from that, much of the political and social history of the decade) required international trade. The Great Depression, for all of its undeniable awfulness, had an origin partly in human affairs and

mortal decisions. It was not a demonic force, and there were reasons that it happened. The Smoot-Hawley tariff was one of them, as Hoover fumbled the international market in the early 1930s and left Hull and Roosevelt to pick up the pieces and start anew. Trade, notably, helps explain the high unemployment of the decade by the damage done to exporters and the unrealized growth potential under Okun's Law. The misunderstanding of trade in the 1930s and its role in the New Deal has implications for the American identity and political decisions in Washington. Cordell Hull was a lifelong champion of both the Democratic Party and the policies of freer trade. Additionally, President Franklin Roosevelt—slowly but still surely—joined Hull in the advocacy of reciprocal trade in the middle of the 1930s. The protectionists of the 1920s and 1930s were the Republicans, but the party identities on trade somehow flipped by the election of 2008. The media, politicians, and voters alike still consider the New Deal a lesson on the proper governance of the United States. At least, if they are going to do this, they should have it right with the New Deal as a free trade deal. Hull and Roosevelt made it that way, as an important part of the 1930s, which cut across many areas.

While supposition, it is interesting to speculate on the importance of reciprocal trade by imagining a world without Hull's programs in the late 1930s. Foremost, the economic recovery of the New Deal was tenuous at best through the 1940s. Accurate statistics were not available at the time, but the Great Depression most likely took the American unemployment number to 30% by 1933, and it probably never fell below 10% before the Second World War. Furthermore, the actual rate of private sector unemployment was higher without counting government assistance programs and

agencies like the CCC and WPA. Smoot-Hawley hurt the international economy, and the reciprocal trade program helped it recover faster with countries involved in the program compared to those out in the cold. Freer trade made the American economy at least a bit more robust in the 1930s, even if it did not have a truly gigantic effect. This secured Democratic rule, Roosevelt's presidency, and national solidarity in confronting the world problems of the 1940s. Besides a slower recovery, a lack of reciprocal trade would have undermined the Good Neighbor in Latin America and the development of the Montevideo Conference. We should not minimize the importance of Hull and Roosevelt's promise of non-interventionism in the affairs of Latin American nations from Washington, but trade was the other side of the policy. Hull concentrated on Latin America with reciprocal trade, drew it (voluntarily) into the American sphere of influence, and prepared the New World for a confrontation with the newly autocratic bend in Europe and Asia. Hence, reciprocal trade made the United States stronger, in both the diplomatic and the economic realms of analysis.

Reciprocal trade influenced the outcome of the most significant historical event of the twentieth-century—the Second World War. Again, the reasoning here is somewhat speculative, but informed. It is doubtful that reciprocal trade determined the outcome of the clash between the Allies and the Axis by itself. However, there were points where Hull's trade work in the 1930s influenced their relative strengths, their alliances, and helped decide the conclusion of the war. Without the strength of the "dual" Good Neighbor policy of non-interventionism and free trade, the United States would have had a much weaker position in Latin America. Historical evidence showed that Brazil

considered joining a German trading network in 1934, but the Brazilians held out for the United States—for Hull and reciprocal trade. Brazil had a large population of people from Germany in the 1930s, and its position on the eastern end of the South American continent offered it as a natural ally for Germany. Argentina, just south of Brazil, was another chance for the Axis. Argentina had a significant populace of Italian immigrants, and the government of Juan Perón maintained fascist pretensions after 1943. Perón liked dressing in military garb and Nazi regalia. The military junta in Buenos Aires brutalized dissenters in a method reminiscent of the totalitarian regimes of Europe. On the other hand, reciprocal trade bound the Argentina economy to the American market. Buenos Aires greatly desired a trade deal with Washington in the early 1930s, and it received a deal in 1941. Nazi success in Europe combined with an absence of freer trade out of the United States would have made Brazilian or Argentinean cooperation with the Axis—or even outright membership—look more attractive. In addition, trade strengthened the British Empire’s economy, and tied the Anglo-Alliance together after 1939. Trade shadowed all these issues, and it aided the American strategic position overall.

There were some ironies with Roosevelt’s selection of Hull to be the Secretary of State in comparison to the typical history of the decade. Paradoxically, Hull intended the 1930s to be a decade of peace and recovery through freer trade, while the era of the deprivations of the Great Depression ultimately resulted in the horrors of the Second World War. Historians tended to focus on the forces creating the conflict, rather than the potential forces working against it. The trade program endangered closer international relations for the United States, which goes against so much else in the decade. For

example, Roosevelt's "Quarantine Speech" of 1937 suggested that the United States and Western Europe should use economic pressure to weaken the aggressive moves of Germany in Europe and Japan in Asia. On the other hand, the Quarantine Speech was deliberately vague under Roosevelt's tact, and Roosevelt did not involve free trade much, "The overwhelming majority of the peoples and nations of the world [...] seek the removal of barriers against trade."⁹⁶¹ This statement showed Roosevelt's support for free trade, but he was fuzzy about its exact diplomatic role besides its popularity and potential for expanding the economy. The United States and Britain inked a reciprocal agreement in 1939, but Prime Ministers Neville Chamberlain and Winston Churchill spent the late 1930s and early 1940s focused on the Nazis. The scope of the trade deal and the weakening of Imperial Preference was a big deal at the time, but it necessarily pales in comparison to the gathering war. Japan approached the United States for trade agreements and economic balancing. Conversely, Manchuria, the Marco Polo Bridge Incident, and the Second Sino-Japanese War ensnared Japanese foreign policy by the end of the 1930s. There were many threads to the diplomatic and economic history of the 1930s leading to the Second World War. On the other hand, reciprocal trade went the other direction. Tariffs set it up in the 1920s and 1930, and Hull turned it the opposite way. The narrative of economic foreign policy and diplomacy was more complicated in broader appraisal.

Hull's efforts in the 1930s foreshadowed the postwar international economic order of the United Nations, the General Agreement on Tariffs and Trade, the Bretton-

⁹⁶¹ Franklin Roosevelt, "Quarantine Speech," *Teaching American History*, <http://teachingamericanhistory.org/library/index.asp?document=956>.

Woods agreement on monetary exchange, the International Monetary Fund, and the World Bank. Such international governmental bodies were an internationalist's dream, but they did not spring out of nowhere at the San Francisco Conference of 1945. They had roots, which actually ran fairly deeply by the time of the 1940s. Hull came out of the free trade tradition of the South. Childhood, education, and tradition in Tennessee left Hull a cotton free trader in a nineteenth-century sense. However, other liberal intellectual and political identities added to the apprehension of free trade with the Reciprocal Trade Agreements Act of 1934 and the GATT. Hull combined southern identity with Wilsonian internationalism and liberalism, and he brought them to the table of the New Deal and the Roosevelt administration. He represented a distinct contrast with the Republican majority of the 1920s, Hoover, and the Smoot-Hawley tariff. He was a Wilsonian who wanted liberalization in the 1930s. Reciprocal trade involved the United States with the remainder of the world, helped to grow the economy out of the Great Depression, and showed a Wilson-style of liberalization in the international market could work. Hull started with the third of Wilson's Fourteen Points, and he realized it as the Secretary of State in the 1930s and 1940s.⁹⁶² Hull marked the maturation of internationalism from regional to national policy. Additionally, the careers of Roosevelt and Hull demonstrated the nationalization of the American trade identity.

Roosevelt and Hull's time together in the White House symbolized the merger of a pair of countervailing American identities and traditions. This included the obvious political ones, but also economic identities on work's place in the American economy,

⁹⁶² World War I Document Archive, "President Wilson's Fourteen Points."

the world, and the issues of social identities and regional development. Hull was a southerner and a free trader. Hull hailed from a land where the high tariff was a stinging point of complaint against federal power since before the Civil War. On the other hand, Hull slowly lowered tariffs and brought Roosevelt on board with his platform after 1933. Roosevelt was from the Northeast, and he was a “Yankee” in the traditional sense. He lived in an industrial state with all the ordinary desires for high levels of protection from European competitors through most of his life. While he had no big convictions on economic policy, he was still naturally cautious and predisposed to a region where the high tariffs of William McKinley were the norm. However, Hull won the new president over in the 1930s, and Roosevelt thereafter voraciously defended the reciprocal trade pacts in the elections of 1936 and in the 1940s. That was, a southern free trader won over a New Englander on the trade question. Reciprocal trade became the policy of the New Deal, and free trade became the United States’ national and world policy towards the international market after the conclusion of the Second World War. Hence, Hull and Roosevelt merged the tariff positions of the different regions of the country together, and they melded them into a homogeneous, national, American stance. In the final tally, Hull won, and Hoover and the Republicans of the 1920s lost on trade. Regional competitions on international trade subsided, and the free trade identity became more of the complete American identity. Naturally, there were some protests. Yet, Hull’s way was the way of the United States and the rest of the postwar world.

La Razón and its profile of Hull in 1933 during the Montevideo Conference described him the best. To quote from “Personajes de Actualidad: Cordell Hull,

Secretario de Estado” in Spanish and English, “*Cordell Hull es idealista y realista a la vez / Cordell Hull is idealistic and realistic at the same time.*”⁹⁶³ Undeniably, Hull was an idealist. He was a pacifist, a Wilsonian internationalist, and a free trader to the bone. He worked tirelessly from the 1900s to the 1940s on the free trade issue, and he brought the United States closer to the condition of free trade in comparison to the protectionism of the Smoot-Hawley tariff. He was never a great economist in the formal, academic sense, but he had a practical understanding of what trade could do for the American economy and foreign policy in the 1930s. He took the economic theory that argued almost exclusively for freer trade relationships since the days of Adam Smith, David Ricardo, and Frédéric Bastiat and made it reality in the 1930s and after the Second World War. Hull’s gains were modest in his era, but he established precedents and paths for the future. In addition, he was a skilled and sage politician in a dangerous era—both national and internationally. He successfully navigated choppy New Deal political waters for over a decade, garnered the close fondness of President Roosevelt, and outlasted his foes in making reciprocal trade the American policy regarding tariffs. He was a popular figure within the New Deal, and he ran the country a few times in Roosevelt’s stead in the summers of the 1930s. Hull was almost himself formally the president in the 1930s and 1940s, and a few other political circumstances would have left the United States with a President Hull after President Roosevelt instead of a President Truman. We have considerably underrated his influence on American history.

⁹⁶³ “Personajes de Actualidad: Cordell Hull, Secretario de Estado,” *La Razón*, April 27, 1936 found in 1930-1939, Biographical Materials, Cordell Hull, Box #66, Subject File, *Cordell Hull Papers*, Library of Congress (Washington, DC); translation by the author with assistance from Dr. Brian Behnken and Jennifer Loftus.

We live in Hull's world. After the lessons of the Smoot-Hawley tariff and the remainder of the Great Depression, the United States of the Cold War moved away from protectionism and towards engagement with global economy. For instance, the GATT involved sixty-two countries in the Kennedy Round of tariff negotiations in 1964. Eleven years later, the GATT included over a hundred nations (102) in the Tokyo Round of tariff reductions. Regional agreements, while a technical violation of the purity of Hull's most-favored nation principle, have grown around the world, as well. The Europe Union reduced tariff rates and established a common currency for the whole continent to facilitate the ease of international exchange. There are barely any duties on the international commerce between Canada, Mexico, and the United States after the NAFTA deal of 1993. There are agreements pending amid the United States and Columbia, Panama, and South Korea on unhindered tariff relationships.⁹⁶⁴ There are still some tariffs left in the world today, but free trade defines economic foreign policy. If anything, the biggest problem now in the international economy is the use of subsidies to support domestic industries. Such subsidies transfer wealth from taxpayers to privileged, underproductive industries, and it gives the latter unfair advantages compared to unsubsidized foreign competition. This is "protection," though through a different way. Nonetheless, despite these problems in the global market, Hull would see the prosperity of the world, the free trade relationships, and the end of industrial warfare and smile about them. He, knowingly, created it with the Reciprocal Trade Agreements Act of

⁹⁶⁴ Office of the United States Trade Representative, "Free Trade Agreements."

1934. Such was the tale of the United States and the international market in the 1930s.

The New Deal stays with us to the present day with it and Hull's efforts at free trade.

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I have included, wherever possible, a diverse set of sources in conceptualizing the impact of international trade in the 1930s. By far the most useful archives and papers were at the Hoover Presidential Library, the Library of Congress, and the Franklin Roosevelt Presidential Library. From these, the preserved papers of Hoover, Hull, and Roosevelt were the most fruitful. These papers were surprisingly diverse, especially in the case of Hull. Some of my best notes came out of newspapers, speeches, and other pieces from the 1930s with Hull as the subject but not with him involved directly in its composition. The accident of my birth in Iowa and the proximity of Iowa State University to the Hoover Presidential Library inflated the length and the importance of the section on the Smoot-Hawley tariff. If I had not been in such immediate nearness, such a trip was probably unwarranted. Yet, with Hoover's resources nearly straight down U.S. Route 30 from my home, it was worth the trip and the information I found to set up a true contrast in the 1930s between Hoover, the Republicans, and the policies of the 1920s with Roosevelt and Hull. Additionally, that section is still one of the longest things I have ever found written on Hoover and Smoot-Hawley. Previous historians have already done much of the writing of political and diplomatic history of the 1930s, and I used them as secondary sources to describe Hull's place in the New Deal. He brought trade to the forefront, which I tried to show here. My grounding in the economic theory led me to approach it the most heavily in analysis and in proving the value of reciprocal trade against the baseline of no developments in trade in the 1930s. Notes from some

varied places finished the rest of my sources, my cultural references, and the legacy of the New Deal in American history. International trade was truly a comprehensive issue in the 1930s, and its role in the New Deal needs this kind of development. I found Hull's career fascinating while I studied it—and it still mystifies me how little attention he receives.

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