



Free Trade and Protectionism in a French Region at the End of the Nineteenth Century

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I examine the effects of free trade and the return of protectionism at the end of the nineteenth century in Brie, a small French region close to Paris. The study is based on the Industrial Statistics, an administrative source comprising data on all of the companies in the region, particularly items pertaining to the firms' economic situation. Careful analysis demonstrates the pertinence of this source without overlooking its limitations. Using Industrial Statistics, I identified factors promoting and hindering the growth of companies in the region and assessed the relative importance of international trade in the regional economy. I consider the diverse situations in each branch to determine the importance of international trade in export markets and foreign competition in a mainly free-trade context. In general, the global effects of free trade established in 1860 do not seem to be as negative as the return to protectionism in 1892 (the end of the period examined) would suggest. In addition, it is interesting that the competitive strategies observed were often very modern, similar to those observed today.

Free trade has always had its advocates and its opponents, because of the economic interests and the benefits and risks involved. Concretely, free trade can result in the opening of new markets for exports that can make up for declining local or national demand. However, the opening of borders fosters the arrival of competitors and may threaten companies' very existence if the competitors have decisive comparative advantages in terms of the cost of raw materials or labor, or more efficient production techniques.

Economists have extensively debated this question from two perspectives: the microeconomics of the company and the competition, and the macroeconomics of the national economic unit. I believe the question also needs to be raised on a regional level.

Regional economies are generally less diversified than national economies. A large part of their needs is satisfied by the production from other regions in the national economic unit. Therefore, the positive and negative effects of free trade will be highly amplified. Because, by definition, branches of production of significant importance are less

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numerous on the regional scale, a crisis with a strong impact on one of these branches will quickly have repercussions on other sectors through a decrease in consumption and investment and, in turn, will have a major impact on regional activity in terms of production and employment.

My purpose was to study the effects of a free trade policy in the Brie, a French region close to Paris, between 1872 and 1894. Free trade was initiated in 1860 and called into question with the closing of French borders under the Méline act of 1892.

The Purpose of the Study and Its Limitations

The Brie is a small natural region east of Paris, a plateau between the Seine River on the south and the Marne River on the north. The region was a battle site during the 1870 Franco-Prussian war, particularly during the siege of Paris by the German army.

Farming is the main economic activity on the plateau. There are several sub-regions; some, on the fertile alluvium, specialized in large-scale farming, producing cereals and sugar-beets; others specialized in animal husbandry, producing the famous Brie cheese as well as other dairy products and meat for the Paris market.

Different industries were established in the Seine-et-Marne valleys as well as in several secondary tributary valleys. Hydraulic energy initially attracted industry, first used alone, then in association with coal. A second factor attracting industry was the transportation network, especially the railroads providing easy access to the large Paris market and beyond, to national and international markets.

To study these phenomena, I chose the end of the nineteenth century, between 1872 and 1894; a period when international competition was at its height and the debate about protectionism was animated. This period begins with the end of reconstruction and the difficult revival of the regional economy. It ends with the establishment of the Méline protectionist tariff, which did not still the voices in favor of reinforced protectionism. France turned to liberalism by signing the Cobden-Chevalier free trade treaty with Great Britain in 1860.¹ Over the next few years, France and its neighbors and main trading partners signed free trade treaties, beginning with Belgium in May 1861.

Free trade was imposed in France in spite of the unfavorable opinion voiced in both the agricultural and industrial economic spheres. However, companies adapted to the new situation established by the opening of borders, in particular by turning to the export trade. By 1875, declining growth reinforced protectionist feelings, at least in a significant part of the economic environment. The first protectionist measures were taken in 1882, leading to the very protectionist Méline act.

¹ Treaty signed on 23 Jan. 1860 for 10 years; see Paul Bairoch, *Mythes et paradoxes de l'histoire économique* (Paris, 1999), 40.

I used Industrial Statistics to study local companies because it provides an abundance of data. It consists of monthly and quarterly reports sent by the prefects and sub-prefects of the Seine-et-Marne and Seine-et-Oise departments to the Department of Industry and Trade.² These reports are based on questionnaires submitted by the directors of the companies. They include the activity of the company, the commune it is established in, the number of employees, data on the level of production and sales, as well as comments concerning variations in production and sales.

Using these files, it is easy to monitor the evolution of the companies both qualitatively, through comments concerning the increase or decrease in sales, and quantitatively through the number of employees, a significant indicator of companies' health.³ Without losing sight of the quantitative data, I emphasize the comments and the explanations provided in the surveys concerning the fluctuations in the companies' activity.

Using Industrial Statistics has a number of drawbacks and limitations, however. First, the quality of the data varies greatly over time and place. During certain periods, the data are laconic. The author was satisfied to note: "easy sale," "good," "overdue, no orders." Obviously, such comments provide data about the level of activity, but do not really account for it. Comments providing a real explanation for fluctuations in the economic situation occur only during certain periods, and in certain sub-prefectures. The types of themes mentioned often include foreign competition, and the possibilities or obstacles to export, although only during specific periods. These comments are absent from other periods, for example during 1875-76.

Whether or not there are references to foreign trade is significant. Such references are doubly significant when they indicate the periods when specific problems arise (such as the closing of outlets or more foreign competition) and the moments when public debate about protectionism was especially vigorous. For this reason, references to foreign trade are necessarily interpreted as a means of exerting pressure on the government, by emphasizing the importance of the problems both for the company and for the region.

² France is a centralized country, divided into departments, which in turn are divided into arrondissements. The prefects (in the departments) and the sub-prefects (in the arrondissements) are representatives of the State. They apply the laws and direct the local administration. The elected representatives for the department (*Conseil Général*) did not have very much power until decentralization reform in 1982.

³ These files are in the departmental archives for Seine-et-Marne, in Melun, and the department of Yvelines (formerly Seine-et-Oise) in Versailles (refer to the bibliography).

Sub-prefects' indications provided to the Industrial Statistics are based on information from company directors. We can distinguish two levels: the heads of companies and the administration. Does the data source express the opinion of the directors of the local companies or the administration? This is especially crucial when considering whether or not this source can answer our questions concerning attitudes towards free trade and protectionism.

We can first assume that the data provided can only come from the industrialists. This is obvious when considering the precision of certain answers, in particular about the state of the market, foreign competition, or customs legislation. It seems highly unlikely that a prefect, and even less likely a subordinate at the sub-prefecture, had sufficient knowledge to provide such answers. Thus, it is possible that the difficulties indicated in the survey really reflect the concerns of the company directors. However, comments by the company directors may provide only one view of reality. Knowing that data about foreign trade were provided only periodically, it is legitimate to connect such data to public debate about the return to protectionism. The mention of foreign competition seems to be a plea in favor of a return to protectionism by industrialists directly threatened by the competition.

In addition, the comments in certain sub-prefectures are minimal, while elsewhere there are extensive explanations. Of course, we need to consider the reliability and interest of the civil servants involved in drawing up these industrial statistics. The explanations are especially detailed in the Coulommiers arrondissement, copious and specific in Melun and Provins, while they are much more succinct in Meaux, Fontainebleau, and Corbeil. One explanation for these differences is the respective importance of industry in these arrondissements: the former are the least industrialized while the arrondissement of Meaux is highly industrialized.

In short, we conclude that the comments in the Industrial Statistics come from the companies. With different degrees of precision (and good will), they express the prevailing conditions concerning their activity. However, the quality of the final data depends to a great extent on the administrative efforts to transcribe these data in order to forward them to the government in Paris.

The last and most important issue concerns the limitations of the survey, which involves two different problems. The first is whether or not the survey covers all regional economic activities. Obviously, farming is one major pursuit that is not directly represented. However, farming is never really absent. It is indirectly represented by a great many industries dependent on farming. For example, up the line, we can mention workshops for the production and repair of farm equipment.⁴ Down the

⁴ At the time, a great many shops carried both major international brands, small manufacturers of specialized instruments, and employed repair people. There

line, we encounter the agro-food industries, particularly those related to sugar production in the region. For example, the chocolate manufacturer Menier in Noisiel is the second largest company in the region with over 1000 employees in 1893.⁵

Representation of farming is also supported by the fact that of 133 companies mentioned in the last quarter of 1877 employing 6977 workers, 5 companies dealt with farm equipment, employing 102 people, and 17 agro-food companies, employing 3150 people, including 2041 (temporarily) working in the sugar mills.⁶ As expected, agro-food is an essential aspect of the regional industrial activity.

The second limitation of the survey is the exhaustiveness of the comments. As mentioned, they are dispersed, vary from one arrondissement to the next, from one period to the next, and the economic situation alone cannot for everything. In particular, the company directors tend to emphasize the negative more than the positive aspects. They also accent certain elements more than others, depending on current events and debates. In other words, our source emphasizes company problems and difficulties and tends to ignore the positive aspects. For this reason, we often only know that a company exports when its outlets have been eliminated and it complained about this. Using this source therefore involves reading between the lines, determining the general rule from the exceptional situation.

In short, the Industrial Statistics cannot be used to assess in an exhaustive or “statistical” manner the extent of foreign trade or its impact on regional economic activity. However, they do provide fairly precise information about foreign trade’s influence on companies and the constraints or opportunities that it represents for companies.

Analysis of the Industrial Statistics

With these precautions in mind, we examine the number, type, and date of the comments in the Industrial Statistics. The quarterly (or monthly in certain cases) industrial statistics are examined over the period ranging from 1872-1878 and 1885-1894 for the Seine-et-Marne department and 1874-1885 for the Corbeil arrondissement in the Seine-et-Oise department.

There are a total of 462 specific comments, consisting of explanations for the growth or the decrease in the activity of the companies in the survey. This does not include general remarks about the “economic crisis” or “industrial crisis” that are abundant during periods of economic

was only one relatively important manufacturer of farm equipment at that time, in Montereau, with 30 employees during the second quarter of 1874, 85 in 1891, and only 49 in 1893.

⁵ There were only 370 employees in 1872, about 900 employees during the 1880s, and 1,071 employees in the second quarter of 1893.

⁶ The sugar works, after the sugar beet harvest, only operated for 4 to 5 months.

recession. In this study, we center on only the specific microeconomic accounts, indicating the difficulties or advantages directly affecting the company.

It is possible to define several response categories. There are 26 references to raw materials or coal, indicating difficulties in supply, or simply high prices, that adversely affect the production cost of the final product. There are also 9 references to excessively high taxes adversely affecting sales.

There are also 37 references to technical progress, either new production techniques rendering those of the company obsolete or new products dating the ones manufactured by the company in question. In this way, technical progress may have the same effect as the arrival of a foreign competitor: it threatens the existence of the company, obliging it to find appropriate solutions.

Another issue involves the expansion of French markets, mainly via railroads providing access to more distant sales outlets. There are 68 references of this type. The main outlet is obviously the neighboring Paris region. Paris absorbs the farm and agro-food production as well as a great many, often very specialized, consumer goods, such as optical lenses, sealing wax, piano keyboards, as well as building materials (lime, shingles, brick, woodwork) or paper. Fluctuations in Paris activity directly affected the local companies. Beyond Paris, the Industrial Statistics also include several outlets in eastern France accessible by the main railway lines. An extreme case was reported in 1884 of the cholera epidemic in the south of France paralyzing the Essonnes linen and grass cloth mills by temporarily closing their outlets.

Another category, logically arising from market expansion, involves exports. There are 20 positive references to exports and 51 negative ones, with the vast majority (40) in 1877-78. There are slightly more references to exports than there are to the French national market.

The remaining two categories involve foreign competition or imports (219 references) and customs duties (32 references, often complementary to the former). Most of them criticize low French customs duties. Several refer to excessively high foreign duties.

As we see, foreign competition is by far the factor most often mentioned in the industrial statistics. However, other factors should not be neglected because they often help account for aspects of the foreign competition.

For example, the problem of raw materials was discussed almost exclusively during the 1870s, in particular 1872 to 1873. The explanation is simple. At that time, France was still partially occupied by the German army, reparations were a heavy burden on French finances, and the reconstruction was not finished. As a result, certain companies had difficulty finding raw materials, resulting in the high cost of supplies and, finally, non-competitive sales prices. In particular, this was the case of

textile companies in Essonnes, a city with both a shortage of raw materials and a high cost of coal.

Coal was of utmost importance because it was used by almost all industries at that time and was not produced in the region. Local consumption, as in Paris, relied on supplies from the Nord-Pas-de-Calais coalmines, as well as imports (mainly British), shipped up the Seine River.

In certain cases, the cost of coal may have directly penalized the company. In 1872, a pottery manufacturer in Saint Germain Laval complained about difficulties obtaining coal. In the previous quarter, his colleague in Le Mée complained about the Belgian and English competition. The link between them is clear. With very expensive raw materials, local producers were no longer able to compete in costs with foreign competitors with cheap, abundant supplies of coal.

The problem seems to disappear over the next few years even though these producers could not necessarily compete with foreigners who improved their production techniques while benefiting from abundant resources. Attesting to this, we cite the Montereau porcelain works, the third largest company in the region. It stagnated during the entire period, finding it difficult to deal with foreign competition.

Technical progress is another frequently mentioned explanation. Two informative cases are of special interest: millstones and porcelain pipes. In the nineteenth century, the La Ferté-sous-Jouarre region specialized in the manufacture of millstones, using the stone obtained from the quarries in the region. A modern technique was used to assemble large millstones from a great many small stones held together by iron rings. In the middle of the century, millstones from La Ferté sous Jouarre dominated the national as well as the European markets. This became a major local activity. In 1878, there were 200 employees in the quarries and 430 employees in the millstone companies.

However, a new technique was developed in the 1880s using metal cylinders that could grind grain much finer and the new technology took over. Towards 1885, the La Ferté millstone industry started to decline and was destined to disappear before very long. In the Industrial Statistics this is called the “millstone crisis,” and in 1885 had repercussions for all building activities in the city and canton. The adjustment involved the departure of some of carpenters, masons, woodworkers, and others to neighboring cities (Meaux, Lagny). The prosperity was over.

However, in spite of the recession, this industry was able to survive until World War I. How? Even though the French and Western European outlets almost totally disappeared, the La Ferté manufacturers prospected distant markets not yet affected by the industrial revolution. These consisted of French colonies conquered at that time (North Africa, Sub-Saharan Africa, Indochina), Eastern European and Mediterranean countries, as well as countries in the Americas (the United States and Argentina). In this way, an industry that was irremediably outdated

survived for another 30 years by resorting to systematic export to new markets that were technologically behind.

Another example of change related to technical progress is the Montereau porcelain pipe manufacture. In 1873, when Montereau had 70 employees, the reason given for stagnation was “the spread of the use of wood pipes.” However, in 1877, the reason was “the expansion of the use of the cigarette”! At the same time, the Industrial Statistics notes the low level of exports. There was a general change in consumer habits in this case; exports could not save the company and there were only 30 employees left in 1893.

Few companies directly complained to the administration about excessive taxation in the Industrial Statistics. The most perseverant are logically those subject to a specific tax. This was the case for the sugar industry (and by-products such as sweets) as well as the paper industry. The criticism about sugar taxes cannot be dissociated from foreign competition. Fluctuations in the taxes on sugar were all the more resented because the foreign competition seems to have been more vigorous in the 1890s. After the Méline act, colonial sugar, including that from non-French colonies, could still enter duty-free, much to the consternation of the Seine-et-Marne sugar mills. They considered it unfair competition.

By taking the lead on the national market, Brie companies multiplied their risk of coming up against foreign competition. Naturally, this particularly concerned the Paris market, which was easily supplied with imports.

However, at that time conquest of the national market often opened up the road to exports. This is suggested by the fact that comments in the Industrial Statistics often associated the national and foreign markets in the same evaluation. In 1877, the Montereau pipe manufacture’s comment on the crisis was “Sales difficult, not much foreign demand,” while in 1893, the Saint Siméon crystal works reported “quick sales in France and abroad.” It seems that within the context of free trade, export to neighboring countries was not more difficult than selling in the South of France.

A Cyclical Analysis: The Crisis Periods

We can distinguish several especially significant periods: Reconstruction, the Russian-Ottoman War (1877), and the period from 1885-1891 when there was a move towards Protectionism.

I have mentioned the special situation during the 1872-73 post-war reconstruction period. At that time, the only foreign competition mentioned concerned pottery works. Exports could increase only a little at a time because companies were mainly concerned with gaining a foothold in the national market.

Of particular interest is the year 1877 and the war between Russia and the Ottoman Empire.⁷ The episode is revealing because the conflict blocked a great many companies in the region from exporting to central Europe for several quarters. Seventeen different and varied activities were directly penalized, sometimes to a great extent, by this international conflict.

The appearance of major, although temporary, difficulties gives us an idea of the importance of international trade for all of these companies. The opening of local companies to foreign markets is remarkable. Some of these companies were very small. The Lagny suspenders manufacture employed 16 workers, but nevertheless suffered from the war. From the Montereau tannery (35 employees) came the following comment: “the war put an end to the boom.”

In addition, we should note that the war not only deeply affected exports to Russia and the Ottoman Empire. That these eastern European countries were not the most essential partners for the French economy reinforces the importance of exports for Brie industry. These poorly industrialized markets were an interesting alternative for not very efficient companies. Whatever the case, we need to revise the traditional French idea that small and medium-size companies were hesitant to aim for the export market.

There was a new outlook during 1885 to 1887. Foreign competition was now at the forefront. In 1885 alone, twenty-two different domains are presented as suffering from foreign competition while three others refer to their difficulties with exports. The situation remains similar although less distinct from 1890 to 1892, when the Chamber of Deputies adopted the Méline law. The same industries were still penalized by foreign competition. During this period, references to imports increased. There are 202 references to the competition during 30 quarters or months examined. If the 31 references to customs duties are added, this totals 72 percent of the 325 comments during the 1885-1892 period, becoming the number one problem in the Statistics.

In view of the variety of branches and companies concerned, we must conclude that foreign competition was a real threat to regional industry. Not only traditional activities such as agro-food production (sugar mills), the transformation of raw materials (tiles, pottery) but also modern activities such as the manufacture of chemical products in Coulommiers were involved. The competition seems to have been many-sided and threatening.

However, it is also necessary to note that companies successful with exports were not very vocal in the survey. In fact, the only positive report during this final period concerned the crystal works. After being hard hit

⁷ The war began on 13 April 1877. It ended with the San Stefano Treaty of 5 March 1878. This treaty was revised during the International Congress in Berlin, in June 1878.

by the crisis and foreign competition, it was able to rebound in 1893. It is well known that many other companies continued to export a great deal. This was, for example, the case for the Menier chocolate factory in Noisiel and the paper mills in the region, in particular those of the Petit-Morin valley that specialized in printing bank notes. They supplied a great many foreign central banks (Italy, Belgium, Romania, Portugal, Serbia, Brazil).⁸ The Decauville works in Evry also deserves mention; this company produced a “portable railroad” by 1876 that was exported all over the world during the next few years.⁹

Faced with the foreign competition, many local companies including the most important ones, were fully capable of standing up to the competition and kept their export markets.

The political situation must be considered to fully understand this split between reality in the field and the references in the Industrial Statistics. Although the references to foreign competition multiply until they become omnipresent by 1885, this is due to the final launching of the debate about protectionism in France at that time.

Germany opened the return of continental Europe to protectionism with its 1879 law. In France, the first sporadic measures were taken in 1882. The debate spread rapidly in French public opinion as well as in neighboring countries at the end of the 1880s. As mentioned, it resulted in the Méline law, an important moment in the return to protectionism.

Without a doubt, within this context the company directors as well as the top civil servants tried to use the Industrial Statistics as a way to exert pressure on the government for a return to protectionism. This may account for the multiplication of references to foreign competition in certain arrondissements such as Coulommiers and Provins. We can assume that it reveals collusion between industrialists mobilized against free trade, systematically pointing to foreign competition as a basic factor in the stagnation of business, and the sub-prefects attempting to foster good relations with the leading economic figures in the region.

The years 1885 to 1893 corresponded with a very special period in the evolution of regional industry, which saw the development of foreign competition within a context of persistent economic stagnation.

To better understand the extent of this stagnation and the problems facing the companies in the region, I have adopted a sectoral approach while looking for the specific branches of activity most affected and those that were able to satisfactorily develop.

⁸ Alain Dailly, *La Seine et Marne, berceau du papier-monnaie* (Amatteis, Le Mée, 1996), 155-56.

⁹ An 1884 advertising brochure provides the distribution, by country, of the 3,410 client buyers during the first 8 years of this portable railway: France, 2,669; Austria, 113; Italy, 77; Puerto Rico, 70; Brazil, 47; Algeria, 42; Belgium, 42; Spain, 31; Dutch East India, 30, as well as over 50 other countries and territories. 1 J 132, Archives Départementales de l'Essonne.

Sectoral Analysis: A Picture of Brie Industry and Its Relations with the Exterior

A sectoral approach is required to fully understand the extent of foreign trade in the local economy. This alone will allow us to exactly assess how foreign competition or export opportunities affected the local economy. I focus on agriculture, traditional industries (in particular the fashion industry), and the new industries.

Agriculture was directly affected by the opening of borders as of 1860. However, it was not until 1870 that cheap imports, especially from the Americas, deeply affected French farming. In fact, it was not sufficient to drop barriers. A substantial reduction in the cost of transport was also required for foreign competition to take root in the French market. Due to the development of freezing techniques, this first affected cereals as well as meat.¹⁰ This situation severely penalized French farmers by reducing farm prices.¹¹

What was the situation in the Brie region? The question is important because the region is characterized by its specialization in farming. It is also incontestably one of the most modern farming areas in France, because it is near Paris. For example, at the heart of the Brie, in Mormant, the first reaper-binder in France was introduced in 1878 at the time of the first World Fair in Paris. For this reason, farming in this region seemed better armed to resist foreign competition.

The Industrial Statistics indirectly but distinctly refer to the competition and its effects. A “farm crisis” is mentioned often, in particular in 1885. Its effects were felt through an almost total halt in farm investment. As a result, up-stream agriculture suppliers directly suffered. This was also true of the manufacturers of building materials who were very well-represented in the region (in particular, tile and brick works) and building companies. The farm crisis had a general impact on the entire economy of this region because it was highly dependent on agriculture. It even affected consumer goods industries, at least those relying on the local market. Consumption by farmers and laborers greatly declined.

Transformation activities were also affected. We have noted that the sugar works faced both penalizing competition and the import of tropical sugar cane.

This was also the case for wheat mills. As of 1885, they bitterly complained about competition from imported flours severely affecting their sales prices. The consequences accelerated with the disappearance of the small mills on Brie rivers, which were replaced by large flour mills, in

¹⁰ The first cargo of frozen Argentinean meat arrived in 1877 in Rouen. Cf. Alain Beltran and Pascal Griset, *Histoire des techniques aux XIXe et XXe siècles* (Paris, 1990).

¹¹ In the summer of 1861, a hundredweight of wheat cost about 34 Francs-or on the Brie market. In the summer of 1889, it was only worth 22 Francs-or. The prices increased as of 1891 (25 Francs in December).

particular Moulins de Corbeil on the Seine and Moulins de Verneuil. The latter, founded in 1881, is an example of a modern company. When established, it used only steam engines.¹² They systematically shipped their production by rail because the company was located on the main Paris-Mulhouse line.

At the same time, the region was also affected by the *phylloxera* crisis that resulted in the almost total disappearance of the region's vineyards (although they survived further east, in the Marne valley, for the production of champagne). This marginal, although ancient activity, once present everywhere, disappeared. However, orchards supplying the Paris market largely replaced the vineyards. This activity turned out to be more lucrative although it also fluctuated more.

Animal husbandry is the final major regional farm activity. It was varied (sheep, cattle, pigs) although cattle farming was the most important. Meat and cheese production were of almost equal importance. An 1872 report specified that the producers equally produced meat and cheese, "the cost price of milk, compared with that of cheese, was the only guide for the producers."¹³ Brie cheese played a key role in regional farming. In 1873, half of the Brie production was exported, in particular to England, Italy, and Germany. It is a product with a high added value that found its way even to the Tsar's table. Wholesalers, all established in Paris, handled exports. Free trade gave exports a huge boost. Protectionism could only harm local cheese-makers. Moreover, at the end of the century, for different reasons, milk production declined in the region and was replaced by meat.

These industries were hardest hit by outside shocks: export difficulties in 1877, and competition from imports in the 1880s. The industries exploiting underground resources were the most plentiful and the oldest in the region: pottery, porcelain, tiles, bricks, and millstones. Like the latter, all of these industries encountered major difficulties during this period. The stagnation or decrease in the number of jobs attests to this. Foreign competition, often favored by cheaper coal and lower salaries was difficult to bear.

A significant example is that of the Melun basket works. The sources indicate that sales were very low in 1884 due to an "invasion of the French market by German or Belgian products. Even though of much lower quality, the products are preferred by the clients since they are cheaper." This comment is remarkable. It calls to mind today's competition from emerging countries compared with developed countries. The advantage of the competition is clear: lower salaries, a lower cost price, standardized production of inferior quality that still conquers consumers. The problem of the cost of labor is crucial. Moreover, in 1891,

¹² The Verneuil mills adopted metal cylinders to replace millstones in 1889.

¹³ Dossier Fromage de Brie, M 9328, Archives Départementales de Seine-et-Marne, Melun.

the same very small company (with 6 employees) also complained about competition from products manufactured in prisons in addition to those from abroad. It is also interesting to note the competition at that time between French industry and of its German and Belgian neighbors.

In Melun, a sawmill specialized in the production of wood chairs. At the beginning of the 1890s, this company's complaints multiplied. It complained on a great many occasions of the very strong foreign competition (in particular, from Austria) that forced it to produce at low prices. In 1892, they presented a new argument; the jump in customs duties for foreign wood increased the price of French wood, forcing the company to raise its prices, resulting in fewer outlets. This is a classic case of a perverse effect. By increasing the cost of raw materials, the 1891 protectionist tariffs penalized transformation activities. At the same time, the company also complained about provincial competition. This allows us to identify the primary explanatory factor: higher wages than that of the competition due to the proximity of Paris. The company subsisted by satisfying local demand, in particular crates for fresh grapes produced in the region (Thomery grapes). It presented its own solution at the end of 1893. Faced with foreign competition (this time Belgian and German), it demanded very high customs duties of 100 francs to block imports. This demand was justified by the argument that "the seven French companies produce more than the national consumption."

In general, we note that these traditional industries were directly threatened by competition from other industrial countries. Their problems with competitiveness were based on the cost of energy, high wages due to the proximity of Paris, and certainly insufficient product innovation.

The fashion and clothing industries represent a special case. In fact, it almost always involved shops employing women and filling orders from Paris, based on a widespread nineteenth-century model. In certain cases, the development was recent, and resulted in the delocalization of Parisian production to the neighboring countryside where rural female labor was cheaper. Because there was no textile tradition in the region, (except in Essonnes, near Paris, although the cotton industry went bankrupt in 1881), the manufactured products were highly varied and often consisted of fashion accessories. Two concomitant phenomena can be observed in the 1880-1890 period. One was the continued development of these activities in the region with new companies created. The manufacture of canes (1878), needles (1880), trimmings (1882), umbrellas (1885), buttons (mother-of-pearl, 1885), corsets (1885), gloves (1891), knitted goods (1893), and flannel (1891) cropped up. The Paris market was the natural outlet for this production. However, as part of the fashion industry, these products were often exported, directly or indirectly from the Paris workshops. At the same time, some of these activities began to suffer from foreign competition that benefited from cheap labor. This was the case for the corset industry, for example, the most important industry for fashion accessories in the region (269 employees in the second quarter of 1885).

Thus, we see a two-step process based on the search for lower wages. Delocalization from Paris to the surrounding countryside occurred first, followed by the substitution of still cheaper foreign competition. The resemblance to the processes at the end of the twentieth century is obvious. The difference is that the foreigners controlled the competition. There were no direct foreign investments organizing a second delocalization abroad, in contrast with current practices by textile-clothing companies. In any case, the Paris decision-makers did not have sufficient financial backing.

In addition to these “ancient” industries, whatever the date the companies were established, we also note the development of modern industries resulting from the technological changes at the end of the nineteenth century, often called the second industrial revolution. These new activities most often included metallurgy, mechanics, and chemistry. However, there were not more than a dozen companies related to these new activities, which developed slowly in this region. In spite of its proximity to Paris, the region does not seem to be a pole of innovation. The new activities were mainly concentrated in the Paris region, as defined at that time (formerly the Seine department). We find the really dynamic new companies in the cities closest to Paris, in particular in the Seine valley at Evry or Athis-Mons.

However, the Decauville constructions at Evry and Essonnes provide a counter-example. Decauville diversified its activities throughout the nineteenth century. The portable railroad invented in 1876 was very successful in France and abroad. Begun with 150 employees in 1876, the number of employees had more than quadrupled (to 615 employees) by 1885.

Besides Decauville, only the Athis-Mons ironworks, a copper-smelting works, and a metal tube factory represent metallurgy. The distance from raw materials and the main consumer markets inhibited the development of very specialized activities.

There was also very little development of chemistry-pharmaceuticals in the region. Two chemical companies were founded, one in Ponthierry in 1875, the other in Coulommiers at the beginning of the 1880s. They only had 12 and 15 employees, respectively, in 1885. The economic crisis further reduced the number of employees over the following years. These were very marginal activities for the region, linked to the Paris market.

However, paper manufacturing was a very important local activity. It was not a new industry although there were major technological changes during the second half of the century with the establishment of continuous production paper machines. The Essonnes paper manufacture had 1000 employees in 1874, and increased to 1500 by 1883. The Petit Morin paper manufacture, which specialized in the manufacture of paper money, was also large, as bank notes were sold to many foreign countries. Paper manufacture was subject to two contradictory trends: the increasing,

punishing foreign competition noted in the Industrial Statistics, and the general growth in the home market due mainly to the establishment of compulsory public education (Ferry laws of 1881-1883) and the development of the press.

In general, during the period examined, few activities using new technologies developed in the region. As a result, the growth of new activities did not compensate for the decline of some traditional activities. In addition, these new activities faced foreign competition and only the biggest companies exported a great deal. It was necessary to wait until the end of the century for the establishment of many new industries in the region. Thus, the effects of free trade were specific to each branch, with each trying to adapt more or less appropriately.

Conclusion: Overall View of the General Economy as Related to the International Economy

In drawing conclusions about the Brie, it is important to emphasize the extent to which the economy opened in the region and how free trade directly influenced this regional economy. The region was already open to an astonishing extent: to different imported colonial products, to the import of cereals and other food products at low prices from new countries (Canada, Argentina, and above all, the United States), and to a great many industrial products often cheaply manufactured in other industrial countries benefiting from cheap labor, raw materials, or energy. However, it was also open to export: for the production from large industries, transport equipment, paper, porcelain, chocolate, or the multiple accessories used by the Paris fashion industries before export throughout the world.

Consequently, regional companies, including the smallest, depended on foreign trade. Our source is explicit on this point, even if we must conclude it tended to exaggerate the facts. The 1877 crisis is a blatant example. The war abroad depressed the entire regional economy, proving that it was already very open. The multiplication of references to foreign competition in the mid-1880s also attests to the pressure that regional industries were subject to.

As for the effects of foreign competition, there was declining demand from a highly distressed agriculture. The traditional industries, based on the use of raw materials, suffered from the high cost of coal, an indispensable raw material. Certain agro-food industries also suffered from foreign competition and the resulting drop in farm prices. Sales were more difficult.

The extent of foreign competition reveals the deficiencies of the regional industrial companies: inadequate investment, overly static and traditional techniques, insufficiently modernized and standardized products to face foreign competition. The regional companies often remain attached to quality artisanship that was not adapted to the timid

but unavoidable emergence of a mass consumer market satisfied by low-cost standardized production.

Nevertheless, foreign competition did not really halt regional economic growth, which was carried along by Parisian growth. The region supplied the neighboring metropolitan region with farm products and products from traditional industries, leisure and tourist areas, varied consumer goods, as well as opportunities for the establishment of industrial activities. We note a shift in industry from Paris and its outskirts to the region, attracted by cheap land, lower wages, natural resources, and, of course, good access by road, railway, or water.

In general, industry continued to develop greatly during these years in spite of the economic crisis that certainly hindered growth. Looking at only the Seine-et-Marne department, there were 5103 employees in industry in the fourth quarter of 1873 (including workers in the sugar mills) and 7907 workers 20 years later in the fourth quarter of 1893, a 64.5 percent increase. This clearly contradicts a conclusion that foreign competition had a recessive effect on the regional economy.

In fact, a certain dualism was established. On the one hand, we note the persistence of very traditional activities, especially on the Brie plateau, that satisfied rural needs. On the other hand, active companies developed, aimed at satisfying the nearby urban Paris market. This turning towards Paris seems to be a necessary opening to the whole world, or at least to other industrializing countries. In fact, these companies were inevitably threatened by numerous competitors, whether Parisian, national, or foreign. However, they were in many ways predisposed to export, including export to distant countries such as Russia.

Examination of the foreign competition is also very interesting. Belgium and Germany are often mentioned, as are Austria and the United States. However, Great Britain is curiously absent. Does this mean that it was not considered an important competitor, at least as far as production from the regional industry was concerned? There may be another explanation. It was more difficult for the company directors to harbor negative feelings about Great Britain, as it was indefectibly attached to free trade. Resentment is easier to express with respect to countries with a trade policy considered unfair because it is protectionist. This was particularly true of Germany, but also of the United States. This is not surprising because in the past, as now, countries attached to free trade readily attacked those that protected their home markets.

It is remarkable to note that at this point in history the processes were much like those of modern globalization. Let us consider production factors: the development of consumer goods industries satisfying the huge Paris market; the raw materials, which could be a favorable factor (for example, local underground deposits of coal) or a negative factor (coal available cheaply to the foreign competition); the search for the cheapest labor, which led away from Paris to the countryside, then to the assertion of foreign competitors; the migration of activities way from Paris for many

reasons (wages, property prices, need for room); a proto-industrial system spreading the shops across the Brie countryside, satisfying the Paris fashion industries, prior to worldwide distribution. None of these phenomena differ greatly from those observed today in the Paris region, and more generally in other developed countries.

In spite of the diverse situations with respect to foreign competition, the voices multiplied during the 1880s against free trade, demanding the return to protectionism. Faced with the recriminations of certain company directors, echoed by some local civil servants, the voices in favor of free trade seemed very weak. The protectionist interests of industrialists coincided with those of farmers, who were highly penalized at the time by the import of cheap cereals. Moreover, it is revealing that the local press was not very involved in the debate about protectionism at during the passage of the Méline law in 1891. The Meniers, owners of the chocolate factory bearing their name, alone remained in favor of free trade.

What were the consequences of the return to protectionism legislated in France in 1892? Without a doubt, protectionism gave a stimulus to certain industries in crisis. It certainly came to the aid of regional (and national) farming, without favoring modernization. The move to animal husbandry slowed down because large-scale farming was better protected. However, protectionism had a lasting effect on the activity of many regional companies. The largest ones had to turn to the national market; others successfully turned to the colonial markets.

Protectionism undeniably positively affected global demand by fostering a progressive increase in farm consumption. Indirectly, it thereby improved the outlets of all of the industries involved in the rural world. In this way, it appears to have prefaced the revival of economic growth in France at the end of the nineteenth century, a country that remained profoundly rural, even a few dozen kilometers outside of Paris.

The choice of protectionism amounted to arbitration between the losers and winners of free trade, by trying to protect the most fragile, those most threatened by foreign competition. In this way, it started France down the road to the planned restriction of production decisively established in the 1930s after the disaster of the Great War.