The 1916 Tariff Commission: Democrats' Use Of Expert Information to Constrain Republican Tariff Protection

Karen E. Schnietz¹
Carnegie Mellon University

In 1916, Congress created the Tariff Commission to collect expert information on the "administrative, fiscal and industrial effects of U.S. customs laws" for the Executive and Congress [45]. The Commission was a significant innovation in the regulation of tariff policy. For the first time in U.S. trade history, Congress established an administratively separate institution to supplement its own tariff information-gathering. Moreover, the creation of the Tariff Commission marks the beginning of ever-greater delegations of congressional authority of trade policymaking authority to other political actors and institutions.² Today the Tariff Commission is the International Trade Commission, primarily responsible for technical determinations in trade-injury claims

This paper asks the following: Why, after more than a century of gathering tariff-related information during legislative committee hearings on proposed tariff acts, did Congress decide to supplement its data gathering with the Tariff Commission? Moreover, why not undertake this function "in-house" or delegate it to an established agency such as the Commerce Department? What was the advantage to legislators of delegating this task to an independent, fact-finding commission?

I interpret the Tariff Commission as an institution designed by Democrats to settle the long-standing partisan debate on the economic effects of protectionism. Republicans historically argued that tariff protection stimulated industrial growth, promoted employment and was costless to consumers;

¹Financial support for this paper came from a Bradley post-doctoral fellowship at Carnegie Mellon University's Graduate School of Industrial Administration. I would like to thank Allan Meltzer, David Mowery, Joanne Oxley, Keith Poole, Emerson Tiller, Werner Troesken, Oliver Williamson and Larry Zacharias for their helpful comments on earlier drafts of this paper. All errors are my own.

²The Commission's mandate was expanded by the flexible tariff provisions of the 1922 Fordney-McCumber Tariff. In 1934, Congress delegated tariff-setting authority to the President through the Reciprocal Trade Agreements Act, the institutional foundation of current Executive-led, bureaucratically-administered policy.

BUSINESS AND ECONOMIC HISTORY, Volume Twenty-three, no. 1, Fall 1994. Copyright © 1994 by the Business History Conference. ISSN 0849-6825.

Democrats argued the opposite. Between 1861 and 1912, Republicans were the winners of this debate. During this half century, Democrats set tariff rates only once and those rates were overturned within three years when Republicans regained political control. When Democrats returned to power in 1913, they sought a mechanism to give their preferred lower tariffs durability, even during future Republican control of the federal government. The Tariff Commission was this extra-legislative attempt to institutionalize lower tariffs. Democrats expected the Commission's studies to identify and advertise the welfare costs of tariff protection and thereby lower the tariff preferences of the electorate. Only information released by an independent institution might be considered politically unbiased and thus influence voters' perceptions of the tariff's welfare costs.

This paper is organized as follows. Section 1 summarizes existing explanations for the Commission. Section 2 reviews U.S. tariff history and the partisan debate over the tariff. Section 3 advances the thesis of this paper that information released by the Tariff Commission was expected to credibly communicate the consumer costs of tariffs and thereby lessen electoral support for protectionism. Section 4 provides support for this thesis by reviewing early Commission studies, and debate and tariffs under the Republicans' 1922 Tariff. Section 5 concludes.

Explanations for the 1916 Tariff Commission

Scholars claim that the Tariff Commission was established to "take the tariff out of politics" by generating unbiased analyses of the economic effects of tariffs [11; 22; 42; 56]. Although they note that the impartiality of Commission analyses needed to be guaranteed, they do not explain why this was particularly important to Democrats. In short, this explanation overlooks partisanship.

The political economy literature largely overlooks the 1916 Tariff Commission despite numerous studies of its descendant, the International Trade Commission [17; 19; 30]. Many histories of the early U.S. administrative state do not mention the Commission, although they examine other early regulatory agencies, such as the Federal Reserve and the Interstate Commerce Commission [2; 16; 37]. Economic and business histories of this period also often do not account for the Commission [6; 38]. This is a shortcoming because the Tariff Commission is one of the earliest examples of a fact-finding institution³ and a milestone in U.S. trade regulation.

³I define fact-finding institutions as agencies mandated only to gather information and conduct analysis; they have no policymaking authority. Moreover, I refer strictly to agencies that are administratively separate from Congress and Executive branch agencies. Other examples include the General Accounting Office, the Office of Technology Assessment, and the National Bureau of Standards [35].

Tariff History and Partisan Debate on the Tariff

Throughout the nineteenth century, tariff policy was one of the most contentious issues in U.S. national politics. Republicans, the party of protectionist tariffs, primarily represented northeastern manufacturers. Democrats, the party of low tariffs, primarily represented lower-income agricultural southern and midwestern states. Until the Civil War, tariff rates see-sawed as control of the federal government regularly alternated between parties. When Republicans controlled the government, tariff rates were relatively high; when Democrats controlled the government, tariffs were relatively low (Figure 1).

After the Civil War, Republicans entered the long period of political dominance that continued until the election of Woodrow Wilson in 1912. Between 1867 and 1912, Democrats wielded unified political control over the federal government (controlling both houses of Congress and the Presidency) in only one of twenty-three Congresses; Republicans, in contrast, wielded unified political control thirteen times [44]. Since tariff policy depended on unified political control of the federal government, Democrats controlled tariff policy during just three of fifty-two years between the onset of the Civil War and 1912: from 1894-96 under the Wilson-Gorman Tariff. Thus, Democrats were highly unsuccessful in prevailing on tariff policy, one of the most important political issues of the day.⁴

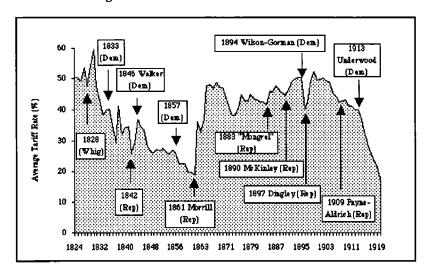


Figure 1: Tariff Rates from 1824 to 1920

Source: [44]

⁴Tariffs were the principal revenue source for the federal government at this time.

After winning the 1912 election, Democrats cut tariffs to their lowest levels since the Civil War through the 1913 Underwood Tariff (Figure 1).⁵ However, Democrats could guarantee these low rates only as long as they retained political power and no "coalitional drift" occurred [28]. The threat of future Republican unified political control and its inevitable tariff increases was the motivation behind the Commission.

The Tariff Commission was established by the 1916 Revenue Act. Earlier in 1916, Congress authorized appropriations to ensure the U.S. military's preparedness in light of the European War, soon to be World War I. Although the appropriations passed with a bipartisan majority, voting on the Revenue Act continued the long tradition of partisan voting on tariff matters, with Democrats unanimously supporting the bill and Republicans opposing the measure by 82% in the House and 81% in the Senate. Republicans opposed the Revenue Act because it raised most of the required revenue with income tax increases, rather than with tariff increases.

During the nineteenth century tariff incidence was hotly contested. Congressional debate on the Revenue Act echoed that of previous revenue legislation. Republicans maintained that tariffs were paid by foreigners [1; 54; 29; 10; 7, pp. 10604, 10618, 10659, A1475, A1496, A1499, A1501, 12972, 13044, 13063]. They claimed protectionist tariffs "compel the foreigner to pay for the privilege of entering our markets, sustain our manufacturers, broaden the opportunity for labor, and maintain a high standard of wages for the workingman" [7, p. 10586]. On the other hand, Democrats attacked protective tariffs as an indirect tax, paid for by consumers of dutied products in the form of higher prices and borne disproportionately by the working poor [7, pp. 10525, 10532, 10582, 10595, 10613-5, A1536, A1771, A1869, A2025, 12957, 13045]. The following exchange was typical:

MR. GOODWIN (D-AK): Does the gentleman prefer a [tariff] tax upon the necessities of life rather than upon the great wealth of this country [through an increase in income taxes]?

MR. CAMPBELL (R-KS): I prefer to make foreign nations pay for the privilege of selling their products in our market than to let them sell their products here free of [tariff] tax, and then [income] tax our own people to make up the necessary revenue to pay the expenses of the government. [7, p. 10510].

Also contested was the relationship between the tariff and economic prosperity. Democrats claimed low tariffs lowered the cost-of-living because prices on dutiable products declined and helped labor because efficiency increases by

⁵The magnitude of the cut was made possible partly by the federal income tax.

⁶Even if all Republicans voted against the bill it would have passed in the Senate by 42-32 and in the House by 210-188 [7, pp. 10768-9, 13872-3].

domestic firms ensured that jobs remained in the U.S. In contrast, Republicans predicted U.S. industry and labor would collapse against cheap-labor imports [7, pp. 10604, 10619, 10647, 10659, A1450, A1472, 13116-22, 13834-42]. The media did not clarify the debate. Some publications claimed that Democratic tariff policy was responsible for economic prosperity [32; 50]. Others supported Republican tariffs and urged that protection be restored to guard U.S. labor and industry against the day when the European war ended [40; 33]. The average voter could not help but be confused.

Economists offered little help. Although they had reached general consensus that protectionist tariffs were not responsible for U.S. economic prosperity [5; 41] and were highly regressive, especially compared to an income tax [3; 4], economists disagreed about tariff incidence. Some said tariffs were paid by consumers [27; 34; 41], while others argued that protection was not borne by consumers and was associated with greater welfare gains than losses [13; 52]. Also, some economists argued that tariff-associated price increases were so small as to have almost no effect on consumer prices [12; 15], while others maintained that high tariffs had been a primary cause of the rising cost-of-living [36; 55]. And many economics texts, while discussing the arguments for and against protection, did not specifically say where tariff incidence lay [9; 14]. In general, turn-of-the-century economists devoted relatively little attention to international trade and tariff analysis. Many influential economics texts of the era ignored the economics of foreign trade [20], or paid scant attention to it [27].

Credible Communication of Protectionism's Welfare Costs

It has been argued that "legislation is so often drafted with a public-regarding gloss because this gloss raises the costs to the public and to rival groups of discovering the true effect of the legislation" [25]. Tariff Commission analyses were intended to remove Republican "gloss" from the tariff debate by revealing consumer costs of protection. I develop this thesis in two ways. First, I examine Republican claims about the tariff's economic benefits in light of contemporary knowledge about the welfare costs of protectionism. Second, I explain why the fact-finding institutional form of the Tariff Commission was expected to better accomplish the goal of credibly communicating the costs of protectionism than other institutional alternatives.

Tariff Protection's Welfare Costs

Recall that in 1916 there was no broad consensus on the net benefit of tariff protection. However, consider the tariff's net benefit according to Republican assertions: (1) increased jobs and wages for labor, denoted by L; (2) increased survival rates and profits for American firms, denoted by K; and

⁷Notice how similar these arguments are to those recently heard on the North American Free Trade Agreement.

(3) tariff revenues paid for by foreign exporters, denoted by T. Republicans' claims thus can be represented by the following equation: Republican B(t) = L + K + T. Note that according to Republicans, there were no cost components in the tariff's net benefit equation, only benefits.

Price Domestic Supply World Supply P + twith Tariff i m n r World Supply P without Tariff Domestic Demand **Y2 Y4 Y3** Y1 Consumption + Production

Figure 2: Partial Equilibrium Welfare Effects of a Tariff

Source: [57, p. 188]

In reality, however, the net national benefit of a tariff, B(t), is the tariffs' benefits, b(t) minus its costs, c(t), and can be expressed as: B(t) = b(t) - c(t). The actual welfare effects of a tariff are divided into transfers and deadweight losses. Figure 2 illustrates. Two kinds of transfers are associated with a tariff. Area j represents the redistribution effect, or transfer of consumer surplus to protected domestic producers, in the form of the higher price, P+t, paid by consumers to domestic producers in the presence of the tariff. Area n represents the revenue effect, or transfer of consumer surplus to the domestic government in the form of the tariff duty. Additionally, two deadweight losses are associated with a tariff. Area m represents the production effect, or consumer surplus lost through inefficient domestic production. After the imposition of the tariff, units Y2 through Y4 of the good are produced domestically rather than imported. Area r represents the consumption effect, or consumer loss associated with having a lower supply of the dutied product at a higher price than existed

⁸Area n also represents the focus of rent-seeking and redistributive behavior. Politicians compete to redistribute a larger share of this revenue back to their district than was paid in by it. Redistributive behavior can be considered a "second order" effect of a tariff, after the "first order" equilibrium welfare effects.

under free trade. Under the tariff, consumers can no longer obtain units Y3 through Y1 of the good at the free trade price of P.9

Consider again Republicans' net benefit equation for the tariff in light of this discussion: Republican B(t) = L + K + T. Area j in Figure 2 is roughly analogous to the benefits to industry, K, and labor, L, implied by Republicans' net benefit equation. Indeed, the tariff did provide protected industry and labor with a surplus, but at the expense of consumers, something that Republicans failed to acknowledge. Moreover, the tariff revenue T that Republicans' claimed was paid by foreign exporters is actually area n, the transfer from consumers to the domestic government. Lastly, the tariff's deadweight costs, represented by areas m and r, were ignored by Republicans.

Democrats hoped Tariff Commission information would convince voters to subtract a cost component, X, from the Republicans' benefit equation to reflect consumer price increases associated with a tariff's transfers and allocation distortions: 10 "For years I have wondered how it was possible for the Republican party to make the masses believe that [its protective tariff] was being paid by the foreign producers. That this [Tariff Commission] legislation will put an end to such foolish contentions is my wish" [7, p. A1873]. Democrats hoped voters' net benefit equation would eventually resemble equation (1), where X denotes the consumer prices increases associated with tariff protection. Notice how different this equation is from Republicans' costless net benefit equation (2).

Democratic B(t) =
$$(L + K)^{12^*}$$
 - X (1)
Republican B(t) = $L + K + T$ (2)

Under restrictive assumptions, owners and intense users of relatively scarce factors of production are net beneficiaries of tariff protection; owners and intense users of relatively abundant factors are net payers [39]. Under less restrictive assumptions, capital owners and workers in import-competitive industries are net beneficiaries; capital owners and workers in export-dependent industries and intense consumers of dutiable goods are net payers [26,48].

¹⁰Tariff Commission analyses were not intended to illuminate the shapes of these distortions (areas i, n, m, and r); that was still beyond the technical ability of economics. However, many economists believed tariffs were responsible for resource allocation distortions, even though they were unable to formally articulate these hunches. Widespread consensus on the precise welfare costs of protection was reached with the Stolper-Samuelson theorem [39].

¹¹Rep. Sabath, D-IL

¹²Assume voters continue to believe claims that protection increases returns to all labor and capital, not just that employed in protected industries. Their preference is still likely to shift toward at least slightly lower tariffs because of the addition of consumer costs to the Republicans' previously costless net benefit equation.

Because the tariff was an indirect tax, paid for through nonobvious higher prices on protected products and through the entirely invisible efficiency losses associated with tariff distortions, it was easy for Republicans to disguise tariff incidence.¹³ Democratic legislators knew this but many voters did not: "A tariff is a tax on consumption ... and would never have been tolerated *if the American people could have seen it when they paid it*" (emphasis added) [7, p. 10525]. House Ways and Means Committee Chair Underwood said the Tariff Commission "tested accurately the degree of protection afforded by a tariff tax in a way that the consuming public can both understand and fully realize" [43, p. 230].

Democratic legislators potentially could benefit from Tariff Commission analyses in three ways. First, "proof" that tariffs are paid for by consumers, not foreigners, could remove one of the Republicans' most effective arguments for protectionism from future tariff debate. Second, Democrats could benefit electorally by winning the upcoming 1918 elections. Or, lower tariff preferences might erode longer-term political support for Republicans. Third, Democrats could benefit by having future Republican tariff increases constrained by the lowered tariff preferences of the "reeducated" electorate.

Institutional Form and Alternatives

The form chosen for the Tariff Commission--a legislatively separate fact-finding institution--is explained by the extreme politicization of the tariff debate. Democrats faced the political hazard that information regarding the tariff's welfare costs would be considered unreliable if coming from either party or government agencies seen as influenced by partisan politics. The "correct" answer to the tariff's costs would be accepted by the electorate only if it were made by persons considered unswayed by partisan ideology on tariff matters. Congressional Democrats thought an expert Commission would be sufficiently elevated above tariff politics to influence the debate:

... most Senators are able to get statistics to prove anything they want, on any side of a question. I believe that if we have a permanent board composed of men who will use discretion, talent and experience in the investigation of these subjects, they will be able to furnish data which will receive more credit than any that we have heretofore had (emphasis added) [7, p. 13804].¹⁴

In short, Democrats created the Tariff Commission as a way to credibly communicate the costs of high tariffs to voters.

¹³A contemporary analog is found in voluntary restraint agreements. They appear to be "paid" by foreign producers who limit exports to the U.S., but are actually paid for by U.S. consumers through higher prices [21].

¹⁴Rep. Pomerene, D-OH.

Structural features of the Tariff Commission were intended to neutralize the influence of politics. Most important was the requirement of equal partisan representation: three commissioners from each party were appointed by the President. Democrats expected this "nonpartisanship" to give the Commission a reputation for impartiality. No active businessperson could serve. Quasi-judicial powers were conferred upon the Commission, allowing it to conduct hearings, summon witnesses and require production of relevant documents to carry out its investigations. Salaries of \$7,500 (the same as federal judges and members of Congress were paid at the time) were expected to insulate commissioners from outside financial influences. Overlapping 12-year terms were intended to ensure that no one President would ever appoint all commissioners (after the initial appointments), and thus keep the Commission from becoming associated with one administration or political party.¹⁵

Congressional Democrats chose the independent, fact-finding institution for the Tariff Commission because it was best suited to producing seemingly unbiased tariff analyses. Significantly, three institutional alternatives were rejected. Democrats could have had legislative staff prepare studies, but such information probably would not have been regarded as credible because of its intimate connection to Congress. Democrats also did not pursue a second alternative to broaden the Federal Trade Commission's mandate to include tariff analyses. The FTC was empowered to investigate trade conditions with foreign countries, but its primary focus was domestic anticompetitive industrial behavior. Requiring it to explore the tariff issue would dilute the FTC's attention to anticompetitive industrial practices and likely would not provide the in-depth scrutiny of the tariff's welfare costs that Democrats desired.

A third institutional alternative, expanding the mandate of the Bureau of Foreign and Domestic Commerce in the Commerce Department, was rejected for the same reason as expanding the FTC's mandate. The Bureau was charged with a wide array of information gathering and analysis, some of which was pertinent to the tariff issue but much of which was not. Congress transferred the portions of the Bureau's employees and records pertaining to tariff analysis to the Tariff Commission. If Congress had expanded the Bureau's mandate, tariff analysis would have been but one of many functions the agency performed. Several legislators noted, "... [the tariff] subject is of such very grave importance that there ought to be a special commission whose sole duty it would be to study and investigate this subject" [7, pp. 13804, 13820]. Moreover, since Republican Presidents were the norm in the post-Civil War era, Democrats avoided lodging the tariff analysis function in an agency answerable to the White House.

Finally, tariff studies needed to be "advertised" to alter the tariff preferences of the electorate. Indeed, Congress mandated that the Commission supply annual

¹⁵Other institutions have been structured similarly to minimize politicization. The General Accounting Office comptroller general is appointed for a 15-year term. An equal number of the members of the governing board of the Office of Technology Assessment are nominated by the Congressional party leadership to ensure equal partisan representation on OTA studies. Both institutions have reputations for neutrality and credibility [31,49]. The Federal Reserve is perhaps the most celebrated institution in which political neutrality has been "hard-wired" [28].

summaries of its studies and publish all studies. Legislators noted that studies of a separate Tariff Commission would likely receive broader publicity than those undertaken by congressional staff, an expanded Bureau of Foreign and Domestic Commerce, or the Federal Trade Commission [7, pp. 10611, 13820].¹⁶

Tariff Commission Work and Effects, 1917-1923

Woodrow Wilson appointed three Democrats and three Progressive Republicans to the first Tariff Commission. Compilation of the Tariff Information Catalogue was the early Commission's most important function [46, p. 5]. This catalogue eventually contained studies of each product (dutiable and on the free list) in the 1913 Tariff Act. By 1918, the Tariff Commission had completed 158 studies, more than half of consumer products, a focus consistent with the thesis that Commission studies were intended to illustrate consumer costs of tariff protection [46].

These product studies contained the information on protectionism's effects that Democrats had hoped the Tariff Commission would disseminate. example, the cotton glove study's price data strongly suggested tariff increases were entirely passed through to consumers. Before the Republicans' 1909 Payne-Aldrich Tariff, the average retail price of a pair of gloves was 10¢; after a 5¢ per pair duty was imposed, the average price rose to 15¢. When the duty was eliminated by the Democrats' 1913 Underwood Tariff, the price fell back to 10¢ [46, p. 65]. Similarly, the study on bleaching powder (which had both consumer and industrial uses) noted that a pound cost \$1.50 in 1912 under the Payne-Aldrich Tariff but only \$1.20 in 1914 after the Underwood Tariff cut the duty in half [46, p. 54]. Also included in this report were predictions made by protectionists during congressional hearings on the proposed tariff reduction: "A reduction in the duty...would arrest the progress made in cheapening the price to the consumer" [46, p. 58]. Juxtaposing such predictions against actual retail prices under various tariff acts was clearly a political act that discredited Republican claims about tariff incidence being borne by foreign producers.

During its first two years, the Commission also published Extended Industry Reports, primarily of consumer goods such as books, silk, buttons, sugar and cotton (the exceptions were industries heavily relied upon during the war). General reports focusing on topics associated with trade liberalization, such as reciprocity and free zones, were also released by the Commission [46]. The Tariff Commission operated for only two years under Democratic control. When Republicans regained control of Congress in May 1919, they crippled the Commission by slashing appropriations and rendering it incapable of completing most of the reports in progress. Republicans clearly did not want Wilson's low-tariff oriented Commission to undertake studies that would further undermine protectionist principles. Disciplining an agency by cutting its funding

¹⁶Information dissemination is also an important feature of other fact-finding institutions. For example, GAO reports reach the media regularly and influence policy debate [31]. The most common use of OTA reports is illustrating costs of unwanted policy options and providing justification for desired policy during congressional hearings [49,51,53].

is a common tool of congressional oversight [28]. Financial constraints also prevented the Commission from automatically publishing its studies that year; instead, manuscripts were transmitted to the House Ways and Means committee which decided whether to print the study. The only report cleared by the Republican Ways and Means committee and disseminated to the general public in 1919 concerned dumping and unfair competition, a report that could be used to bolster the case for increasing tariff protection [47].

Personnel changes further altered the Tariff Commission. When Republican President Harding took office in 1921, he replaced two vacancies with active protectionists. The Tariff Commission studies undertaken in 1921 and 1922 reflect Republican oversight in their focus on industrial goods, such as acids and chemicals rather than consumer products, unfair trade practices, and domestic versus foreign costs of production in specific industries. The shift from Democratic to Republican oversight of the Tariff Commission demonstrates that the information released was influenced by the tariff ideologies of the President, Congress, and the tariff commissioners. Clearly, the Commission was not elevated above partisan politics.

Democrats hoped to gain the political upper hand in the tariff debate by educating voters about the costs of protection. "Taking the tariff out of politics" by delegating analysis to the Tariff Commission facilitated this goal; it was not the primary reason for the delegation, however, as the existing explanation for the Tariff Commission claims. Tariff politics informed by a public consensus that consumers paid tariffs was likely to result in lower tariffs. Democratic legislators expected the Tariff Commission's analyses to have such electoral influence, in part, because of the Progressive era's faith in expert analysis [18; 23; 24].

Support

Did the Tariff Commission lower voters' tariff preferences as this paper argues it was intended to? A comparison of Republican tariff rates before and after the creation of the Tariff Commission suggests that the information released by the Commission may have modestly constrained the 1922 Republican tariff increases. The average tariff rate under Republicans in the five years after passage of their 1909 Payne-Aldrich Tariff was 41.3 percent; in the five years following passage of the 1922 Fordney-McCumber Tariff the average was 35.6 percent, or almost 14 percent lower than before the Tariff Commission was created [44].

The Tariff Commission appears to have been successful in stopping most Republican false claims about tariff incidence. When Republicans debated their 1922 Fordney-McCumber Tariff, they rarely claimed that tariff protection was paid for by foreign exporters, unlike debate six years earlier on the Revenue Act. Indeed, in 1922, Republicans regularly conceded that "the tariff is an imposition upon the public, who have to pay the tariff in some form" [8, pp. 11110, 11078, 11125]. Additionally, although Republicans opposed the Tariff Commission,

¹⁷Rep. McCumber, R-ND.

they referred to its studies dozens of times during debate on their 1922 Tariff, albeit typically to provide "scientific" justification for specific tariff rates [8, pp. 5879, 5987, 5999, 6188, 6250, 6311, 6438, 6476, 6513, 6559, 6642, 11062, 11133]. 18

Conclusion

During the long period of Republican political hegemony that followed the Civil War, Democrats were unable to gain and maintain control of tariff-setting via standard tariff legislation. Democrats set tariff rates only once under the 1894 Wilson-Gorman Tariff Act, and those rates were promptly overturned by Republicans just three years later. When Democrats finally regained political control in 1913, they sought a mechanism to give their preferred lower tariffs durability, even during future periods of Republican political control. The Tariff Commission is an extra-legislative attempt to institutionalize lower tariffs by credibly communicating the welfare costs of protectionism. Democrats expected the Commission's studies to illustrate the consumer costs of tariff protection, thereby lowering the tariff preferences of the electorate.

The 1916 Tariff Commission failed to spark a groundswell of electoral support for lower tariffs. But it also encountered the "worst case" scenario of Republican unified political control less than three years after its creation. Moreover, the Tariff Commission did not fail entirely. First, Republicans did not raise tariffs to pre-1913 levels under the 1922 Fordney-McCumber Tariff, suggesting that Tariff Commission information may have modestly constrained Republican tariff increases. Second, Republicans rarely argued during congressional debate on the 1922 Fordney-McCumber Act that the tariff was paid for by foreign producers; increasingly, even the staunchest protectionists publicly admitted that tariffs were borne by consumers. This suggests that Tariff Commission information largely curtailed Republicans' false claims about tariff incidence.

References

- 1. Alrich Report, Senate No. 2332 (50th Congress, 1st Session, 1888).
- 2. Marver Bernstein, Regulating Business by Independent Commission (Princeton, 1975).
- 3. Roy Blakey, "The New Income Tax," American Economic Review, 4 (1914).
- 4. Ernest Bogart, Business Economics (Chicago, 1915).
- 5. Guy Callender, Economic History of the United States, 1765-1860 (Boston, 1909).
- 6. Thomas Cochran, The American Business System: A Historical Perspective, 1900-55 (Cambridge, 1957).
- 7. Congressional Record, 53 (64th Congress, 1st Session, 1916).
- 8. Congressional Record, 62 (67th Congress, 2d Session, 1922).
- 9. Davis Dewey, Financial History of the United States (New York, 1915).

¹⁸Not surprisingly, most Commission studies referred to were ones undertaken under Republican oversight. Expert analysis is most often used strategically by legislators to support previously formed policy positions [51,53].

- 10. Dingley Report, House Report No. 1 (55th Congress, 1st Session, 1897).
- 11. John Dobson, Two Centuries of Tariffs: The Background and Emergence of the U.S. International Trade Commission (Washington, D.C., 1976).
- 12. Henry Emery, "Democrats and the Tariff," Yale Review, 2 (1913).
- 13. _____, "The Tariff and the Ultimate Consumer," American Economic Review, 5 (1915).
- 14. Frank Fetter, Principles of Economics (New York, 1904).
- 15. Fabian Franklin, Cost of Living (New York, 1915).
- 16. Henry Friendly, The Federal Administrative Agencies (Cambridge, 1962).
- 17. Judith Goldstein and Stefanie Lenway, "Interests or Institutions: An Inquiry into Congressional-ITC Relations," *International Studies Quarterly, 43* (1989).
- 18. Frank Goodnow, Politics and Administration (New York, 1900).
- Wendy Hansen, "International Trade Commission: The Politics of Protectionism," American Political Science Review, 84 (1990).
- 20. Stanley Jevons, Theory of Political Economy (1911).
- Kent Jones, "The Political Economy of Voluntary Export Restraint Agreements," Kyklos, 34 (1984).
- 22. Morton Keller, Regulating a New Economy: Public Policy and Economic Change in America, 1900-1933 (Cambridge, 1990).
- 23. Walter Lippmann, A Preface to Politics (New York, 1913).
- Lawrence Lowell, "Expert Administrators in Popular Government," American Political Science Review, 7 (1913).
- 25. Jonathan Macey, "Promoting Public-Regarding Legislation Through Statutory Interpretation: An Interest-Group Model," *Columbia Law Review*, 86 (1986), 251.
- Stephen Magee, "Three Simple Tests of the Stolper-Samuelson Theorem," Issues in International Economics, ed. Peter Oppenheimer (United Kingdom, 1978).
- 27. Alfred Marshall, Principles of Economics (London, 1890).
- 28. Mathew McCubbins, Roger Noll and Barry Weingast, "Administrative Procedures as Instruments of Political Control," *Journal of Law, Economics and Organization, 3* (1987).
- 29. McKinley Report, House No. 1466 (51st Congress, 1st Session, 1890).
- Michael Moore, "Politics or Rules?: An Empirical Analysis of ITC Anti-dumping Decisions," *Economic Inquiry*, 30 (1992).
- 31. Frederick Mosher, A Tale of Two Agencies: A Comparative Analysis of the General Accounting Office and the Office of Management and Budget (Baton Rouge, 1984).
- 32. New York Times (19 November 1915), 10.
- 33. New York Tribune (4 January 1915), 8.
- 34. Carl Plehn, Introduction to Public Finance (New York, 1916).
- Karen Schnietz, To Delegate or Not to Delegate: Congressional Institutional Choices in the Regulation of Foreign Trade, Unpublished Ph.D dissertation (U. C. Berkeley, 1994).
- 36. Edwin Seligman, The Shift and Incidence of Taxation (London, 1902).
- Stephen Skowronek, Building a New American State: The Expansion of National Administrative Capacities, 1877-1920 (Cambridge, 1982).
- 38. Robert Sobel, The Age of Giant Corporations: A Microeconomic History of American Business, 1914-1984 (Connecticut, 1984).
- 39. Wolfgang Stolper and Paul Samuelson, "Protection and Real Wages," *Review of Economic Studies*, 9 (1941).
- 40. St. Louis Globe Democrat (17 August 1916).
- 41. Frank Taussig, Principles of Economics (New York, 1911).

- 42. _____, "The U.S. Tariff Commission and the Tariff," American Economic Review Supplement, 16 (1926).
- 43. Oscar Underwood, Drifting Sands of Party Politics (New York, 1928).
- 44. U. S. Commerce Department, Historical Statistics of the United States (1975).
- 45. United States Statutes at Large, 64th Congress, Sess. I, CH. 463.
- 46. U. S. Tariff Commission, First Annual Report (Washington, D.C., 1918).
- U. S. Tariff Commission, Dumping and Unfair Competition in the U.S. (Washington, D.C., 1919).
- Michael Wallerstein, "Unemployment, Collective Bargaining, and the Demand for Protection," *American Journal of Political Science*, 31 (1987).
- 49. Rhondri Walters, "The OTA of the U.S. Congress: A Model for the Future?" Government and Opposition, 27 (1992).
- 50. Washington Post (23 August 1916).
- Carol Weiss, "Congressional Committees as Users of Analysis," Journal of Policy Analysis and Management, 8 (1989).
- 52 James Whelpley, The Trade of the World (New York, 1913).
- 53. David Whiteman, "The Fate of Policy Analysis in Congressional Decision Making: Three Types of Use in Committees," Western Political Quarterly, 38 (1985).
- 54. Wilson Report, House No. 234 (53d Congress, 2d Session, 1893).
- 55. Harvey Wooster, "The Tariff and the Ultimate Consumer," American Economic Review, 6 (1916).
- 56. Phillip Wright, Tariff-Making By Commission (Washington, D.C., 1930).
- 57. Beth and Robert Yarbrough, The World Economy: Trade and Finance (New York, 1986).