payments President Eisenhower ordered (16 Nov. 1960) substantial reduction in total number of dependents of military personnel abroad, to go into effect 1 Jan. 1961, as well as cuts in staffs of civilian agencies abroad and purchases of foreign goods.

1959. Ranking Exports: Finished manufactures, 60.33%; grains and preparations the major foodstuff, $1,414.2 million; followed by fats, oil, and oil seeds, $717.1 million; cotton, unmanufactured, $452.1 million (as against $1,024 million, 1950); tobacco and manufactures, $440.6 million. Ranking imports (millions): petroleum and products, $1,520.6; nonferrous metals and ferroalloys, $1,311.5; coffee, $1,093 (ranked 1st in 1950); paper and paper products, $1,089.4.

1862–1960. CHANGING RETAIL PATTERNS. (1) A one-price policy, following a practice instituted by New York merchants in the 1840's, was adhered to by R. H. Macy from its founding in New York, 1858. (2) The department store was developed by Alexander Turney Stewart (1807–76) in New York (1862), and in succeeding years by John Wanamaker (1838–1922) in Philadelphia (1876) and in New York (1896), and by Marshall Field (1834–1906) in Chicago (1865–81). (3) Mail order houses: Montgomery Ward & Co., opened in Chicago, 1872, to sell to the Grangers, and Sears Roebuck (1895) revolutionized rural retailing. (4) Chain stores: Great Atlantic & Pacific Tea Co. (1859); Frank Winfield Woolworth (1852–1919), who opened his first "5-and-10-cent" store in Utica, N.Y., 1879; United Cigar Stores (1892). Chain store percentage of total retail sales: 21.5 (1929), 27 (1933), 20.7 (1950). (5) Advertising: Participation of nationally advertised brands began with patent medicines on eve of the Civil War, but business consolidations in the postwar period promoted large-scale advertising which was greatly expanded after World War I. Brand names came to dominate many branches of retailing. Index of national advertising expenditures (1947–49=100): 41 (1940), 230 (1959 prel.); by media: magazines, 40 (1940), 180 (1959 prel.): network radio, 96 (1950), 25 (1959 prel.); network TV, 49 (1950), 487 (1959 prel.); newspapers, 41 (1940), 206 (1959 prel.); outdoor, 39 (1940), 121 (1959 prel.). (6) Discount houses, (7) Supermarkets, (8) Suburban shopping centers, and (9) the expanded use of trading stamps were the chief retailing trends of the 1950's. Total retail sales continued to soar in this period: 1951, $156.548 million; 1959, $215,413 million.

THE TARIFF

1789–1816. EARLY TARIFFS. Tariff of 1789 (4 July), designed chiefly for revenue, with moderately protectionist features, provided for (1) specific duties on 30 commodities including molasses, hemp, steel, and nails; (2) ad valorem rates (from 7½% to 15%, averaging 8½%) on listed articles; (3) 5% duty on all other goods (increased, 1792, to 7½%). A 10% reduction in duties was permitted on articles imported in U.S.-built or owned shipping. Ad valorem duties rose to c.12½% (by 1812) and later (during War of 1812) to c.25%. Tonnage Act (20 July 1789) taxed U.S.-built and owned vessels 6 cents per ton; U.S.-built but foreign-owned shipping, 30 cts.; foreign-built and owned shipping, 50 cts.

1816–28. RISE OF PROTECTION. Tariff of 1816 (27 Apr.) placed a duty of 25% on most woolen, cotton, and iron manufactures (reduced, 1819, to 20%). Cheap cottons were virtually excluded by setting a minimum valuation on cotton cloth of 25 cts. a sq. yd. Ad valorem rate of 30% on certain goods including paper, leather, and hats; 15% on all other commodities. Chief opposition came from New England shipping interests. Tariff of 1818 (20 Apr.) increased rates on iron manufactures; 25% duty on cotton and woolens was extended to 1826 instead of being reduced to 20% in 1819, as provided in Act of 1816. Tariff of 1824 (22 May) increased protection for iron, lead, glass, hemp, and cotton bagging. The 25% minimum duty on cotton and woolens was increased to 33⅓%, but rates for raw wool advanced 15%. New England commercial and shipping interests joined with the South in opposition. In the "Tariff

of Abominations" (19 May 1828) protection reached its highest point before the Civil War. An ad valorem duty of 50% as well as a specific duty of 4 cts. per lb. were imposed on raw wool; 45% ad valorem on most woolens; duties on pig and bar iron and hemp sharply increased.

1832–60. LOWERING OF DUTIES. The Tariff of 1832 (14 July) eliminated the features of the Tariff of 1828 objectionable to the manufacturers and commercial East; increased the duty on woolens, but admitted cheap raw wool and flax free. Hence, it was viewed in the South as a sectional measure. The Compromise Tariff (2 Mar. 1833) expanded the free list (including worsted goods and linens), and provided for a gradual reduction of all duties above 20% by removing, at 2-yr. intervals (from 1834 to 1842), one tenth from each impost in excess of that level. Chief opposition came from New England and the Middle States. The Tariff of 1842 (30 Mar.), a Whig measure, returned the tariff to the level of 1832 with duties averaging (1842–45) between 23% and 35%. The Walker Tariff (30 July 1846), a Democratic measure, essentially for revenue, reversed the trend (since 1816) of substituting specific for ad valorem duties and dropped the minimum valuation principle. A few commodities were duty free. The Tariff of 1857 (3 Mar.), another Democratic measure, reduced the tariff to a general level of 20%, the lowest rate since 1850, and enlarged the free list.

1861–97. TRIUMPH OF PROTECTION. The Morrill Tariff (2 Mar. 1861) once more substituted specific for ad valorem duties and raised duties generally (from 5% to 10%). Subsequent revisions (16 July 1862, 30 June 1864, 2 Mar. 1867, 24 Feb. 1869) increased duties to an average rate of 47%. The Tariff of 1870 (14 July) reversed the trend, placing 130 articles, mostly raw materials, on the free list and provided for some small reductions in rates on other commodities. The Tariff of 1872 (6 June) continued this trend, reducing by 10% the rates on all manufactured goods. Most of these reductions, however, were restored by the Act of 1875 (3 Mar.). The Tariff of 1883 (3 Mar.), lowered schedules 5% but retained the protectionist principle. The McKinley Tariff (1 Oct. 1890) raised the average level to 49.5% and provided for reciprocal raising of duties to meet discrimination by foreign nations. Its successor, the Wilson-Gorman Tariff (28 Aug. 1894), which became law without President Cleveland's signature, put wool, copper, and lumber on the free list and lowered duties to the average level of 39.9%. The Dingley Tariff (7 July 1897) raised rates to a new high (average level 57%), imposed high duties on raw and manufactured wool, and restored hides to the dutiable list.

1909–21. PERIOD OF MODERATION. The Payne-Aldrich Tariff (9 Apr. 1909) lowered duties to c.38%. Its successor, the Underwood Tariff (3 Oct. 1913) lowered duties yet further to c.30% and put iron, steel, raw wool, and sugar (the latter in 1916) on the free list.

1921–34. RETURN TO PROTECTION. The Emergency Tariff (27 May 1921) reversed the downward trend of the Wilson administration by raising rates on most agricultural products. Its successor, the Fordney-McCumber Tariff (21 Sept. 1922) exceeded the rates of 1909 up to 25% on manufactured goods, with high duties imposed on farm products. The Smoot-Hawley Tariff (17 June 1931) raised rates upon agricultural raw materials from 38% to 49% and on other commodities from 31% to 34%, with special protection given to sugar and textile interests. Under the Fordney-McCumber Act the President was authorized to change individual tariff rates on recommendation of the Tariff Commission (est. 1916), but such changes were limited to 50% of the Congressional rates.

1934–60. RECENT TARIFF DEVELOPMENTS. The Trade Agreements Act (12 June 1934) authorized the President to enter into agreements with other governments for the reduction of specific duties by as much as 50%. Such agreements (1) did not require Congressional ratification; (2) were to be based on the unconditional most-favored-nation principle. By 1951 agreements had been

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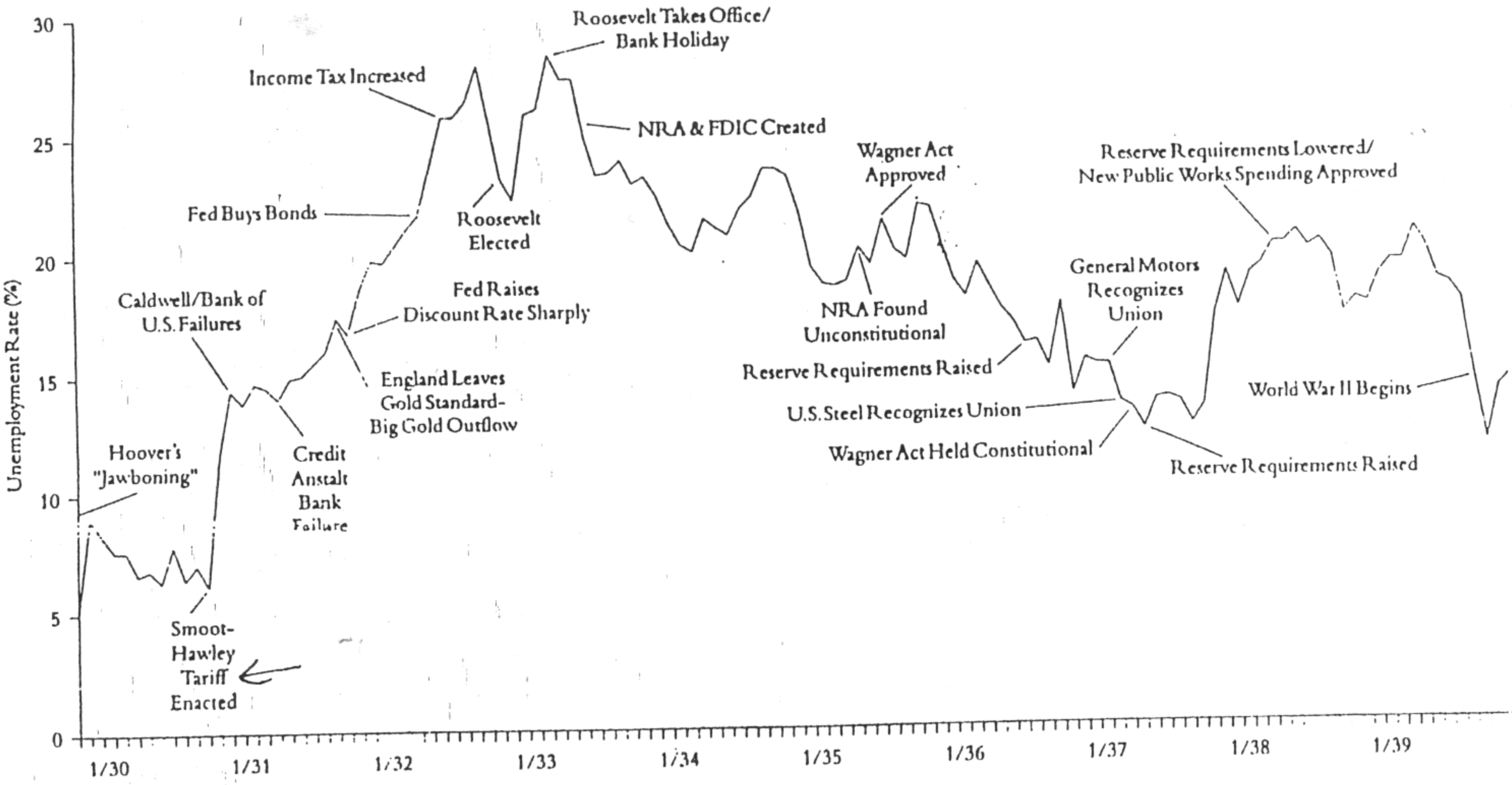
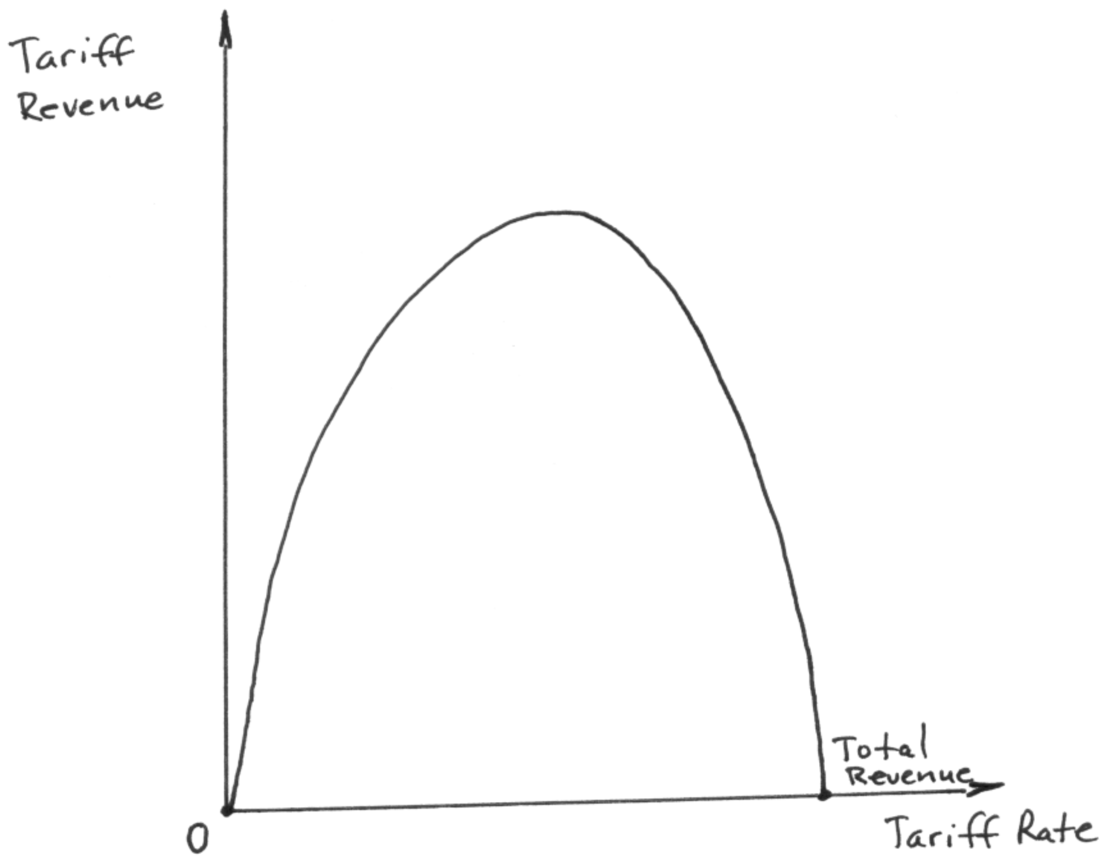
FIGURE 5.1

UNEMPLOYMENT AND MAJOR EVENTS DURING THE GREAT DEPRESSION

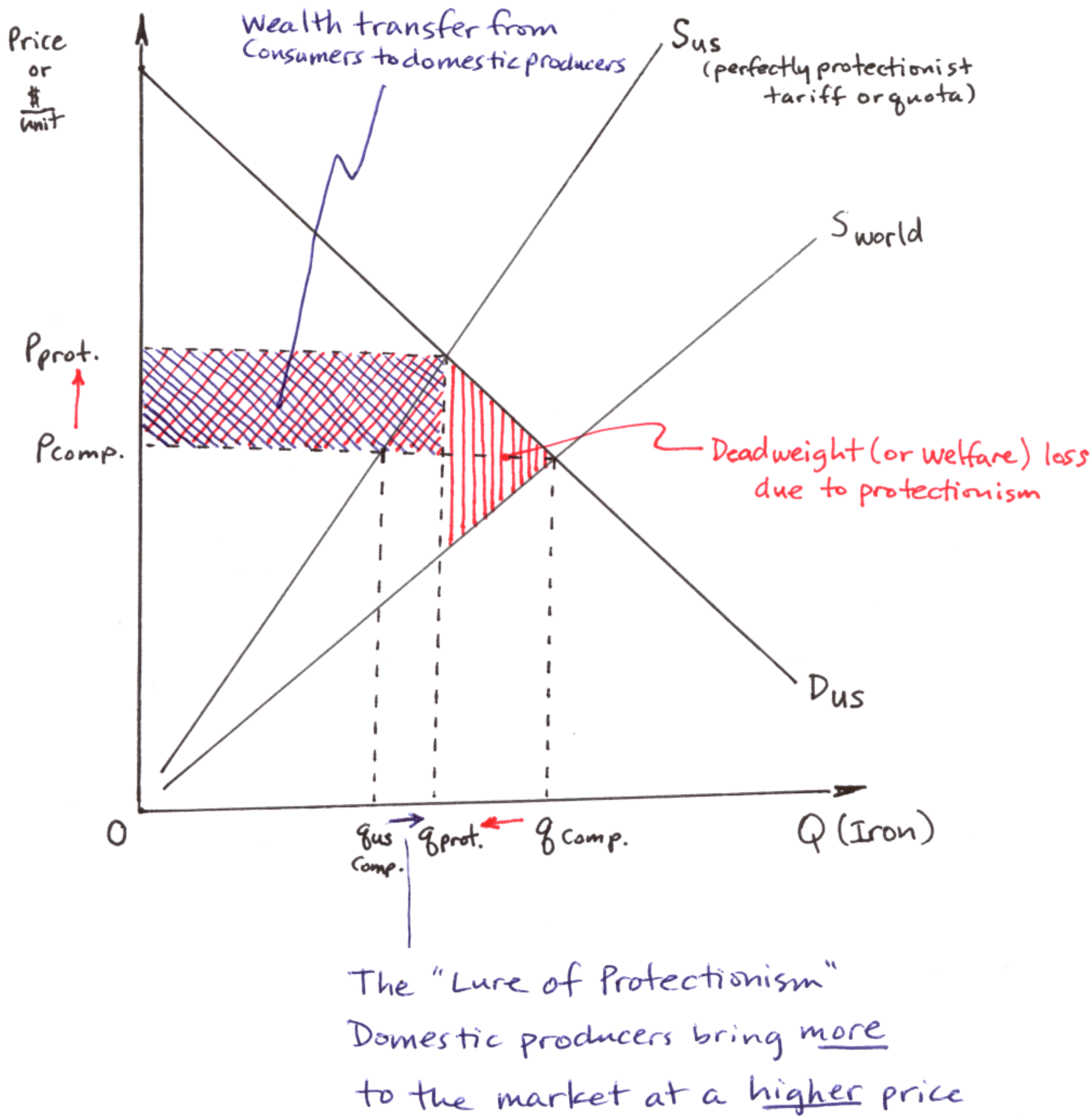


P. 78 of Richard K. Vedder & Lowell E. Gallaway, "Out of Work: Unemployment & Government in Twentieth Century America," (updated version) 1997, NYU Press.



Most often called the "Laffer Curve."

see p. 533 Figure 5(b) in Ekelund & Tollison's
Economics (3rd Edition) Harper Collins 1991.



Similar discussion & diagram, Figure 8 on p. 925 in Ekelund & Tollison's Economics (3rd Edition) Harper Collins 1991.