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The Imperial Problem in British Political Economy, 1763-1786

by

Blazej Szpakowicz

Thesis submitted to the
Faculty of Graduate and Postdoctoral Studies
in partial fulfilment of the requirements
for the M.A. degree in History

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Abstract

The Imperial Problem in British Political Economy, 1763-1786

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University of Ottawa, 2007

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This thesis engages with two prominent themes in eighteenth-century British historiography, examining Anglo-American relations after the American Revolution and the influence of economic theory on policy during this period. It considers traditional ideas, often labelled ‘mercantilist,’ about the nature of economy and the manner in which free trade theories were related to those beliefs. It argues that free trade was fundamentally influenced by ‘mercantile’ thought even while rejecting it. The influence of both ‘mercantile’ and liberal economic thought on policy is evaluated by examining the commercial negotiations associated with the 1783 Treaty of Paris and Parliamentary investigations into West Indian-United States trade relations in the mid-1780s. It concludes that policymakers subscribed to a mixture of ‘mercantile’ and liberal economic thought; moreover, although their decisions were responses to particular economic circumstances, their frames of reference were coloured both by economic theory and by aspirations for a post-revolutionary British Empire.

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Introduction and Historiographical Context

Although the period of the American Revolutionary crisis (c. 1763-1783) has been widely debated and discussed by historians of Britain, the British Empire, colonial America and most recently by the Atlanticists, certain aspects of the crisis have received scant attention. While both the road to war and the conflict itself have been discussed at length, perhaps the most notable deficiency is its aftermath, and in particular the post-war relationship between Britain, its empire, and the newly independent United States. As the eighteenth-century British Atlantic Empire was predominantly a commercial enterprise, an obvious point of departure for such study is to investigate the political economy of empire. Historians ought to seek to understand how British economic thought on the subject of colonies and empire was affected by the progress of the war and by the loss of the Thirteen Colonies, and how political economic thought then influenced relations with the nascent United States. However, most analyses of British affairs specifically concentrating on the Revolutionary period have focused on political and constitutional matters. Works in such related avenues of discussion as the actual eighteenth-century British Atlantic economy and the economic motives behind empire have also failed to investigate these matters fully. This is also true of the scholarship on the West Indies, the British colonial region most closely associated with the Thirteen Colonies. This thesis offers a preliminary investigation of these lacunae.

This subject came to the attention of scholars such as Sir Lewis Namier decades ago when he sought to come to terms with what he described as the 'Imperial Problem' in English politics. His central question has since dominated the historiography: how and why

did Britain, at the height of its power in the Atlantic and little more than a decade after the successes of the Seven Years War (c. 1756-1763), lose most of its mainland American colonies? Although this Master's thesis is more concerned with the aftermath of the Revolution than with its causes, some features of this historiography must be underlined to help contextualize subsequent decisions and developments. Doron Ben-Atar divides explanations for the American Revolution into three categories: first, 'Atlantic interpretations' that have looked for the origins of the Revolution in the internal and external workings of the empire; second, studies that have sought its origins in colonial socio-economic structures; third, ideological interpretations that emphasize the role of republican thought.¹

The second and third categories concentrate primarily on ideas and structures within the rebellious colonies rather than in Britain. A detailed examination of these themes thus lies beyond the scope of this historiographical survey. However, it is necessary to underline the single-mindedness of their focus on the colonial context. For example, Ben-Atar discusses the work of progressive historians writing in the early decades of the twentieth century who argued that the Revolution arose because northern merchants wanted to escape imperial trade regulations, while southern planters sought to repudiate their large debts to British merchants; neo-progressive scholarship of the 1970s and 1980s that argued that the Revolution was led by planters and merchants who feared the loss of their economic

¹ Doron Ben-Atar, 'The American Revolution,' in *The Oxford History of the British Empire* [hereafter *OHBE*], volume 5, *Historiography*, Robin W. Winks, ed. (Oxford: University Press, 1999), 94. Ben-Atar discusses the work of, among others, progressive historian Arthur Meier Schlesinger's *The Colonial Merchants and the American Revolution* (New York: F. Ungar, 1918; 1957); neo-progressives Marc Egnal, *A Mighty Empire: The Origins of the American Revolution* (Ithaca, NY: Cornell University Press, 1988) and Joseph Ernst, *Money and Politics in America, 1755-1775: A Study in the Currency Act of 1764 and the Political Economy of Revolution* (Chapel Hill: University of North Carolina Press, 1973); and social historians James Henretta, *The Evolution of American Society, 1700-1815: An Interdisciplinary Analysis* (Lexington, Mass: D. C. Heath, 1973) and Jackson Turner Main, *The Social Structure of Revolutionary America* (Princeton, NJ: University Press, 1965).

autonomy and social position; and social historians who sought to demonstrate the agency of ordinary colonists in the revolution, arguing that social and economic developments in the colonies led common men and women to repudiate their loyalty to the Crown.² A recent interpretation along similar lines is that of Tim Breen, who argues that commercial politics served to unify the sundry British American colonies into one nation.³ Meanwhile, from the 1950s onwards, historians of ideas such as Bernard Bailyn and J. G. A. Pocock have extensively discussed the intellectual pedigree of colonial revolutionary thought.⁴ However, few recent works discuss how British and imperial socio-economic structures and ideology influenced the Revolutionary crisis, or how they, in turn, were affected by the progress of the war.⁵

Those works that have concentrated more on events and ideas in Britain tend to stay within an 'Atlantic' interpretation, concentrating on imperial relations and on the transatlantic context in which the American Revolution occurred.⁶ The central question is why Britain chose to follow a programme of reform that in the end served only to alienate the colonies. According to the stance of such anti-ministerial politicians as Edmund Burke

² Ben-Atar, *op. cit.*, 100-111.

³ T. H. Breen, *The Marketplace of Revolution: How Consumer Politics Shaped American Independence* (Oxford: Oxford University Press, 2004).

⁴ Bernard Bailyn, *The Ideological Origins of the American Revolution* (Cambridge, Mass: Harvard University Press, 1967), J. G. A. Pocock, *The Machiavellian Moment: Florentine Political Thought and the Atlantic Republican Tradition* (Princeton, NJ: University Press, 1975).

⁵ Interpretations of British imperial economic thought, and their discussion, or lack thereof, of the Revolutionary crisis, are discussed below. Literature on colonial ideology tends to cover Britain as well, if only as a stepping-stone on the way to American political thought. However, the only recent discussion of specifically *British* political ideology in the American Revolutionary period with which this author is familiar is Eliga H. Gould, *The Persistence of Empire: British Political Culture in the Age of the American Revolution* (Chapel Hill: University of North Carolina Press, 2000).

⁶ This interpretation can be seen as part of the broader field of Atlantic history, fairly recently pioneered by such historians as Bernard Bailyn, which attempts to create a unified history of the British Atlantic world by drawing on the existing historiographical traditions of Britain, America and the West Indies, as well as more specialised subjects such as the maritime history and the history of slavery. For an introduction to the field, see Bernard Bailyn, *Atlantic History: Concepts and Contours* (Cambridge Mass: Harvard University Press, 2005).

and the Rockingham Whigs,⁷ since enshrined in popular consciousness, London foolishly squandered the goodwill of the colonies and forced a confrontation that sacrificed the fruits of victory. Historians have not shied away from this view. Seeing the road to Revolution as paved by ill-judged Imperial legislation, Ian Christie concluded in 1966, ‘the story of the loss of the American colonies is a story of the misjudgments and inadequacy of British politicians.’ A decade later, Christie’s transatlantic collaboration with the American historian Benjamin Larabee reached a similar conclusion.⁸ Some have argued otherwise, however. Sir Lewis Namier was perhaps the most influential twentieth-century British historian to address what he called the ‘imperial problem in English politics.’ Namier believed that, contrary to received wisdom, eighteenth-century politics was not a contest between two permanent parties, but rather consisted of the interplay of factions and fluid local interests. In his two major monographs, *The Structure of Politics at the Accession of George III* (1929) and *England in the Age of the American Revolution* (1930), he sought to locate in this factional strife the broad reasons for the Parliamentary legislation that eventually led to the secession of the Thirteen Colonies.⁹ Beyond some discussion of the influence of American merchants in Parliament, Namier never fully answered the questions he had posed. However, his protégé P. D. G. Thomas has since produced a trilogy, published between 1975 and 1991, providing the definitive exploration of the domestic context of the

⁷ See, for example, Burke’s Observations on a late State of the Nation, and his speeches on American Taxation and on Conciliation with America in Edmund Burke, *The Writings and Speeches of Edmund Burke*, Paul Langford, ed., volume II, *Part, Parliament and the American Crisis, 1766-1774*, Paul Langford, ed. (Oxford: Oxford University Press, 1981), pp. 102-119, 406-463; and volume III, *Party, Parliament and the American War, 1774-1780*, W. M. Elofson and James A. Woods, eds. (Oxford: Oxford University Press, 1996), pp. 102-169, respectively.

⁸ Quote from Ian R. Christie, *Crisis of Empire: Great Britain and the American Colonies, 1754-1783* (London: Edward Arnold, 1966), 111. See also *idem* and Benjamin W. Larabee, *Empire or Independence, 1760-1776: A British-American Dialogue on the Coming of the American Revolution* (New York: Norton, 1976); and Edmund S. Morgan and Helen M. Morgan, *The Stamp Act Crisis: Prologue to Revolution* (Chapel Hill: University of North Carolina Press, 1953).

⁹ Lewis Namier, *England in the Age of the American Revolution* (London: Macmillan, 1930; 1961) and *idem*, *The Structure of Politics at the Accession of George III* (London: Macmillan, 1929; 1957).

legislation that so alienated the American colonists. Thomas concluded that British policy arose from disparate motives and that it was only from the perspective of the colonists that there appeared to be a coherent plan for the subjugation of the colonies.¹⁰ Other historians have similarly delved into political matters. In 1976, John Derry provided an analysis of the British constitution that emerged from the Glorious Revolution and how differences in the British and American interpretations thereof contributed to the imperial crisis.¹¹ In 1982, John Bullion provided a detailed analysis of the background of the Stamp Act (1763), sympathetic to its progenitor George Grenville.¹² In 1989, Philip Lawson examined the domestic Parliamentary background of the Quebec Act (1774) and showed how it contributed to American secession.¹³ These are but three prominent examples of a very common approach.

In addition to putting the American Revolution in the context of imperial politics, historians have also considered its relation to the constitutional framework of the empire. Historians such as Jack P. Greene, Pauline Maier and John Phillip Reid have recently shown that the colonies and the metropolis both based their claims on legitimate but competing constitutional doctrines. Imperial measures followed the doctrine of absolute Parliamentary sovereignty and drew on the concept of 'virtual representation' to argue that Parliament represented all British subjects. The Americans were consequently represented therein alongside those inhabitants of the British Isles that did not actually send representatives to

¹⁰ Peter D.G. Thomas, *British Politics and the Stamp Act Crisis: The first phase of the American Revolution, 1763-1767* (Oxford: Clarendon, 1975), *The Townshend Duties Crisis: The Second Phase of the American Revolution 1767-1773* (Oxford: Clarendon, 1987) and *Tea Party to Independence: The Third Phase of the American Revolution 1773-1776* (Oxford: Clarendon, 1991).

¹¹ John Derry, *English Politics and the American Revolution* (London: Dent, 1976).

¹² John Bullion, *A Great and Necessary Measure: George Grenville and the Genesis of the Stamp Act, 1763-1765* (Columbia: University of Missouri Press, 1982).

¹³ Philip Lawson, *The Imperial Challenge: Quebec and Britain in the Age of the American Revolution* (Montreal: McGill-Queen's University Press, 1989).

Westminster.¹⁴ Conversely, colonial resistance was justified by the seventeenth-century constitutional doctrine of customary powers. Both Parliament and the colonial legislatures saw challenges to their authority as attacks on traditional constitutional liberties. According to Richard R. Johnson, the war arose from ‘the collision of legislative bodies each at the peak of its game and each convinced that it could not—must not—retreat.’¹⁵

All such works, one should note, rarely develop their themes past the first salvos of the war, let alone past its conclusion. They thus obviously fail to shed light on the post-war relationship between Britain, the Empire and the United States. Overall, as noted, the imperial approach tends to concentrate on political and constitutional issues, while those interpretations that do consider socio-economic and ideological factors tend to focus on the colonies. The latter also tend towards parochialism, rarely attempting to explain how these factors interacted with imperial and colonial policy, and rarely bringing ideological questions into the socio-economic interpretation or vice-versa.

Of course, historians of the eighteenth-century British Atlantic Empire have hardly ignored its economy. Such scholars as Patrick O’Brien, John McCusker and Jacob Price have investigated the nature of the eighteenth-century Atlantic economy. They have gauged the numbers and significance of British imports from the empire, underlined the importance of colonial markets for British manufactures, examined lateral trade between different colonies, and reconstructed the organization and financing of trade. However, historians specialising in the imperial economy of the period have rarely discussed in any depth how

¹⁴ On this, see Paul Langford, ‘Property and “Virtual Representation” in Eighteenth-Century England,’ *The Historical Journal* 31: 1 (Mar 1988), 83-115.

¹⁵ Jack P. Greene, *Peripheries and Center: Constitutional Development in the Extended Politics of the British Empire and the United States, 1607-1788* (Athens: University of Georgia Press, 1986); John Phillip Reid, *Constitutional History of the American Revolution*, 4 volumes (Madison: University of Wisconsin Press, 1986-1993); Pauline Maier, ‘Popular Uprisings and Civil Authority in Eighteenth-Century America,’ *William and Mary Quarterly*, 3rd Series, 27: 1 (1970), 3-35; Richard R. Johnson, ‘“Parliamentary Egotism”: The Clash of Legislatures in the Making of the American Revolution,’ *Journal of American History* 74: 2, (1987), 359.

the economic realities they analyse may have influenced political doctrines and policies.¹⁶ Moreover, many economic and political economic studies have often concentrated on specific colonies or on specific types of colonies rather than on a broader analysis of the entire Atlantic system.¹⁷

The same is true of historians of economic thought. There is an extensive literature on eighteenth-century political economy, but the focus is almost exclusively on Adam Smith and the Scottish Enlightenment.¹⁸ There are very few in-depth treatments of the works of such writers as Malachy Postlethwayt, Thomas Pownall, James Anderson and Josiah Tucker.¹⁹ Their influence on economic and commercial policy — or indeed, on policy in any other area of British governance — has yet to be studied in depth. Indeed, the contemporary readership and influence even of Adam Smith himself has received limited attention.²⁰ It is thus not entirely surprising that there has been little research about the influence of political economists on either imperial governance or British-American commercial relations. Donald Winch illuminated the views of the major political economists of the late eighteenth and early nineteenth centuries in *Classical Political Economy and Colonies* (1965), focusing

¹⁶ Patrick K. O'Brien, "Inseparable Connections: Trade, Economy, Fiscal State, and the Expansion of Empire, 1688-1815," in *The Oxford History of the British Empire*, Volume 2: *The Eighteenth Century*, ed. Peter J. Marshall, (Oxford: University Press, 1998), 53-77; Jacob M. Price, *Overseas Trade and Traders: Essays on some commercial, financial, and political challenges facing British Atlantic merchants, 1600-1775* (Aldershot, Great Britain and Brookfield, VT: Variorum, 1996); Jacob M. Price, "The Imperial Economy, 1700-1776," In *The Oxford History of the British Empire*, Volume 2, *op. cit.*, 78-104. John J. McCusker and Kenneth Morgan, eds., *The Early Modern Atlantic Economy* (New York: Cambridge University Press: 2000); John J. McCusker, *Essays in the Economic History of the Atlantic World* (London and New York : Routledge, 1997).

¹⁷ A notable recent example is Arthur L. Stinchcombe, *Sugar Island Slavery in the Age of Enlightenment: the Political Economy of the Caribbean World* (Princeton: Princeton University Press, 1995).

¹⁸ See, for example, Emma Rothschild, *Economic Sentiments: Adam Smith, Condorcet, and the Enlightenment* (Cambridge, Mass: Harvard University Press, 2001) and Patricia Hogue Werhane, *Adam Smith and His Legacy For Modern Capitalism* (Oxford: Oxford University Press, 1991).

¹⁹ A rare exception is W. George Shelton, *Dean Tucker and eighteenth-century economic and political thought* (London: Macmillan, 1981).

²⁰ See Richard F. Teichgraeber III, "'Less Abused Than I Had Reason To Expect': The Reception of the Wealth of Nations in Britain, 1776-90," *The Historical Journal* 30: 2 (Jun 1987), pp. 338; Teichgraeber's article is an exception, as is Donald Winch, *Riches and Poverty: An Intellectual History of Political Economy in Britain, 1750-1834* (Cambridge: Cambridge University Press, 1996).

primarily on the nineteenth century and briefly covering the period of the American Revolution in his first chapter with a discussion of *The Wealth of Nations*. A similar but more detailed analysis of the earlier period is necessary. Moreover, Winch generally concentrates on the intellectual history of political economy and on how economists understood the role of colonies. An analysis of the influence of these beliefs on contemporary imperial policy would also be beneficial.²¹ In general, historians have done surprisingly little to show the impact of theoretical economic thought on imperial and commercial policy during the period of the American Revolution.²²

Of course, there have been interpretations of British imperial policy that have emphasized economic factors in shaping policy. The most prominent recent example is P. J. Cain and A. G. Hopkins' two volume *British Imperialism* (1993). The authors argue that British expansion was driven by 'gentlemanly capitalism,' a quest for an international trading system centred in the City, London's financial heart, led by landed gentlemen with interests in manufacturing and industry. Cain and Hopkins deal primarily with the nineteenth century. One chapter of their hefty work deals with the period 1688-1850, but they explicitly note that they have decided to develop their argument for the overall period 1688-1990 by 'treating the eighteenth century and the period after 1939 in more schematic fashion' in the hope that specialists may 'enlarge the argument should they wish to do so.'²³

Some reviewers have suggested that their treatment of the earlier period is *too* schematic to convince entirely. For example, Michael Edelstein suggests that 'the losses in the American colonies and the Rio de la Plata [must have] had a profound impact on the

²¹ Donald Winch, *Classical Political Economy and Colonies* (Cambridge, Mass: Harvard University Press, 1965).

²² The major exception, Nancy Koehn, is discussed below, p. 16.

²³ P. J. Cain and A. G. Hopkins, *British Imperialism*, volume 1, *Innovation and Expansion, 1688-1914* (London and New York: Longman, 1993).

willingness of the British foreign office and military to engage in grand imperial action abroad.²⁴ David Cannadine similarly argues that ‘their interpretation of the period after 1776 [does not] entirely convince... there was a real change in the nature of the imperial dynamic at this time, partly in response to the loss of the American colonies, partly because of the Industrial Revolution, and partly because of the increased rivalry between the British and the French.’²⁵

Cain and Hopkins are hardly the only historians to emphasize economic factors in British imperial history. They themselves acknowledge their debt to such earlier scholars as Joseph Schumpeter, Thorstein Veblen and J. A. Hobson who realized that ‘imperialism could be understood only by attending, not to modern capitalism itself, but to the fact that capitalism was under the social and political direction of older elites.’²⁶ These three authors were among the earliest and most influential of those who sought to trace the interconnections between economics and political and social development. Hobson, in particular, famously argued in his magnum opus, *Imperialism*, that imperialism had an ‘economic taproot’: expansion was driven by the search for new markets and new investments overseas.²⁷ In general, historians have agreed that prior to the American Revolution, the British Empire was commercially oriented—imperial legislation and governance was dominated by the passage and enforcement of economic regulations, most notably the Navigation Acts. This Atlantic empire is often placed in opposition to an eastern-oriented, more formally governed ‘second’ British empire that came into existence

²⁴ Michael Edelstein, Review of *British Imperialism*, *The Journal of Economic History* 63: 2 (June 2003), p. 589.

²⁵ David Cannadine, ‘Review Article: The Empire Strikes Back,’ *Past and Present* 147 (May 1995), p. 192.

²⁶ Cain and Hopkins, *op. cit.*, p. 14.

²⁷ J. A. Hobson, *Imperialism: a Study* (Ann Arbor: University of Michigan Press, 1965).

at some point in the half-century after 1763 and culminated in the era of utilitarian, free-trade imperialism of the 1830s and onwards.

This view arises directly from the opinions of contemporary thinkers such as Thomas Pownall and Adam Smith. In *The Wealth of Nations* (1776), Smith described how ‘a great empire has been established with the sole purpose of raising up a nation of customers who should be obliged to buy from the shops of our different producers, all the goods with which these could supply them.’ He added that, ‘the maintenance of this monopoly has hitherto been the principal, or more properly the sole end and purpose of the dominion which Great Britain assumes over her colonies.’²⁸ Smith doubted the economic value of this commercial empire, deriding it as merely ‘the project of an empire.’²⁹ Still, this identification of the eighteenth-century British Empire with a set of commercial regulations was common in his lifetime and has proved equally influential thereafter.

Many historians continued this line of thought by investigating the motives behind the Navigation Acts.³⁰ In the nineteenth century and early twentieth centuries, historians generally assumed that the objectives of the first British Empire derived from a slippery doctrine called ‘mercantilism.’ The exact nature of this beast was never precisely defined, but historians largely agreed it was the dominant ideology shaping British imperial policy in

²⁸ Adam Smith, *An Enquiry into the Nature and Causes of the Wealth of Nations*, volume 2, R. H. Campbell, A. S. Skinner and W. B. Todd, eds. (Oxford: Oxford University Press, 1976), 661.

²⁹ *Ibid.*, volume 2, 947.

³⁰ In recent years, there have been a number of revisionist articles but no major monographs on the Navigation Acts. Larry Sawers, ‘The Navigation Acts Revisited,’ *The Economic History Review*, New Series, 45: 2 (May 1992), pp. 262-284 puts forth a revisionist view of their impact on the American colonies, arguing that despite common wisdom, they imposed substantial burdens on the colonies and were a contributing factor to the American Revolution. Thomas Leng, ‘The Commercial Conflict and Regulation in the Discourse of Trade in Seventeenth-Century England,’ *The Historical Journal* 48: 4 (2005), pp. 933-954 examines some of the arguments used to justify the Navigation Acts, arguing that their formulators and defenders had a more nuanced and modern conception of commerce than is generally believed. However, the most recent major full-length monographs dedicated to the subject remain Lawrence A. Harper, *The English Navigation Laws* (New York: Columbia University Press, 1939) and Oliver M. Dickinson, *The Navigation Acts and the American Revolution* (New York: A. S. Barnes, 1951).

the seventeenth and eighteenth centuries. In an article in *The Cambridge History of the British Empire* (1929), J. F. Rees defined mercantilism as the ‘economic expression’ of British ‘nationalism’: ‘Its exponents,’ he argues, ‘assumed that it was the business of the State to promote the economic interests of the country.’³¹ As D. C. Coleman has noted, as late as the 1950s, many historians of economic thought tended to view mercantilism as a theoretical construct almost entirely unrelated to any contemporary economic reality. Unsurprisingly, later generations reacted against this view, attempting to explain mercantilist ideas as reactions to economic depression or to tie them into contemporary political and social ideas.³² In 1980, Coleman urged historians to follow the advice of earlier scholars such as Schumpeter—who described mercantilism as an imaginary entity—and to avoid overemphasizing the role of economic theory in the formulation of national commercial regulations. While acknowledging that contemporary policymakers were ‘not wholly uninfluenced’ by theory, Coleman argued that they were far more often driven by the financial needs of the moment.³³ Later historians have often followed suit, arguing for such limited objectives as the enhancement of the public revenue or the need to respond to particular pressure groups. In such interpretations, the term ‘mercantilism’ was often

³¹ J. F. Rees, ‘Mercantilism and the Colonies,’ in J. Holland Rose, A. P. Newton and E. A. Benians, eds., *The Cambridge History of the British Empire*, volume 1, *The Old Empire from the Beginnings to 1783* (Cambridge: University Press, 1929), 561.

³² D. C. Coleman, ‘Mercantilism Revisited,’ *Historical Journal* 23: 4 (1980), 773-791. Coleman specifically discusses the following examples: Barry Supple, *Commercial Crisis and Change in England, 1603-1763* (Cambridge: Cambridge University Press, 1959); Peter Earle, ‘The Economics of Stability: the Views of Daniel Defoe’ in D. C. Coleman and A. H. John, eds., *Trade, Government and Economy in Pre-Industrial England* (London, 1976); Lars Magnusson, ‘Eli Heckscher, mercantilism, and the Favourable Balance of Trade,’ *Scandinavian Economic History Review* 26: 2 (1978); and Joyce Appleby, *Economic Thought and Ideology in Seventeenth-Century England* (Princeton, NJ: Princeton University Press, 1978).

³³ *Ibid.*, 789-791.

retained as a shorthand for the theoretical economic basis of empire, but in practice, the argument went, it was sufficiently flexible to allow many concessions and exceptions.³⁴

Those who saw the first British Empire as a vehicle for the enforcement of commercial legislation often assumed that the political and constitutional history of the first British Empire was secondary to the economic issues behind it. Extensive study of the British machinery for enforcing the Navigation Acts by the 'Imperial School' of American scholars in the period around World War II, such as Lawrence Henry Gipson and Charles Andrews, led them to the conclusion that there was no single authority with the power to devise and enforce a coherent colonial policy.³⁵

Such scholarship generally further assumed that there was little significant change in British theories of empire between the foundation of the first British Atlantic colonies in the seventeenth century and the 1760s. Many historians, including Gipson, Andrews and, far more recently, Daniel Baugh, have argued that it was only with the Seven Years War that the British understanding of empire changed. There was a new emphasis on expansion, more pronounced attempts to tighten commercial regulation, and a greater willingness to deploy naval and military force to secure economic interests.³⁶ Eliga Gould has argued for a similar shift to the right as a reaction to the loss of the Thirteen Colonies. He suggests that the

³⁴ See Coleman, 'Mercantilism Revisited'; *idem*, ed., *Revisions in Mercantilism* (London: Methuen, 1969), especially essays 4 and 5; Charles Wilson, *Economic History and the Historian* (London: Cox and Wyman, 1969), especially essays 3 and 4; and *idem*, *England's Apprenticeship 1603-1763* (Oxford and London: Longman's, 1965). Mercantilism is discussed in more detail in chapter 1, pp. 21-48.

³⁵ Lawrence Henry Gipson, *The British Empire before the American Revolution*, 15 volumes (Caldwell, Id.: Caxton, 1958-1970); Charles M. Andrews, *The Colonial Background of the American Revolution: Four Essays in American Colonial History* (New Haven: Yale University Press, 1924) and *The Colonial Period of American History*, 4 volumes (New Haven: Yale University Press, 1934-1938). In addition to this lack of centralisation, those who formulated colonial policy were also at the mercy of a variety of domestic and American lobbies. For more on this, see Alison G. Olson, *Making the Empire Work: London and American Interest Groups, 1690-1790* (Cambridge, Mass: Harvard University Press, 1992).

³⁶ Daniel Baugh, 'Maritime Strength and Atlantic Commerce: The Uses of "A Grand Marine Empire"', in *An Imperial State at War: Britain from 1689 to 1815*, Lawrence Stone, ed. (London and New York: Routledge, 1994), 185-223.

spectre of the American Revolution drove the British clergy and patricians to adhere strongly to established hierarchical principles, while British policymakers sought to impose stricter control over their remaining imperial holdings to assure the events of 1775 did not recur.³⁷

The classic case for change in the late eighteenth century remains Vincent Harlow's two volume *The Founding of the Second British Empire* (1952). Harlow argued that the American Revolution convinced Britain to turn away from territorial empire and to embrace an empire of free trade. There was thus a 'swing to the east' in search of new markets for British goods.³⁸ Harlow traced the origins of his second empire to 1763. Historians have since shown that changes in the various features that characterize the late eighteenth-century British Empire did not magically materialize in 1783 upon the loss of the Thirteen Colonies, but rather had emerged over a far longer period. Territorial empire became more acceptable for the state and élites after 1783. The organization of the imperial state became stronger and more integrated. The role of the colonial governor was strengthened in response to fears of Republican France, giving an autocratic tinge to the 'viceregal despotisms' of the following decades.³⁹ Overall, though, much of this recent work either looks back to the Seven Years War for the catalyst for change or concentrates on changes in British theories of empire in response to the threat of Republican France. In general, it does not examine in detail what actually changed (or did not change) in 1783.

³⁷ See Gould, *op. cit.* and *idem*, 'American Independence and Britain's Counter-Revolution,' *Past and Present* 154 (Feb 1997), 107-141.

³⁸ Vincent T. Harlow, *The Founding of the Second British Empire, 1763-1793*, 2 volumes (London: Longmans, 1952).

³⁹ Linda Colley, *Britons: Forging the Nation, 1707-1837* (New Haven: Yale University Press, 1992); C. A. Bayly, *Imperial Meridian: The British Empire and the World* (London: Longman, 1989).

Additionally, there has, perhaps understandably, been little examination of the relationship between the remaining late eighteenth-century British Empire and the newly independent United States. The debate over the periodization, nature and, indeed, existence of the first and second British Empire has usually been rather insular. Philip Lawson noted in 1986 that apart from events in America, eighteenth-century colonial affairs are rarely integrated into discussions of domestic British politics.⁴⁰ One could similarly note that affairs in disparate colonies are rarely integrated with one another. Peter Marshall's *The Making and Unmaking of Empires* is perhaps the most significant recent work on the transition to the 'second' British Empire. It is also one of the first even to consider the Atlantic and Eastern empires together rather than as separate entities. Its coverage ends in 1783, and there is little specific discussion of the independent United States or of the impact the loss of the Thirteen Colonies exerted on the remnants of the empire.⁴¹ Historians have yet truly to investigate how the remaining colonies interacted with their former compatriot.

Where is the economy in this debate on the 'second' British Empire? Prior to Harlow, only orthodox Marxists tended to give pride of place to economic factors in British imperial policy and expansion after 1783. Their arguments were rarely entirely convincing, since the economic effects of the industrial revolution — the search for new markets and raw materials — occurred only after this expansion had started.⁴² Harlow pushed the starting date for economic imperialism back through the concept of free trade imperialism, but by the mid-1960s, historians were generally concentrating on local economic motives for

⁴⁰ Philip Lawson, 'The Missing Link: The Imperial Dimension in Understanding Hanoverian Britain,' *The Historical Journal* 29: 3 (Sept 1986), 747-751.

⁴¹ P. J. Marshall, *The Making and Unmaking of Empires: Britain, India and America, c. 1750-1783* (Oxford: Oxford University Press, 2005).

⁴² C. A. Bayly, 'The Second British Empire,' in *OHBE*, volume 5, *op. cit.*, 65. An example of such literature is Maurice Dobb, *Studies in the Development of Capitalism* (London: Routledge, 1946).

expansion rather than on metropolitan initiatives. Such work focused on 'economic sub-imperialism' driven by such figures as merchants and traders in India, or by West Indian planters. Historians have argued, for example, that the occupation of India in the late eighteenth and early nineteenth centuries resulted from the influence exerted on the East India Company by traders in raw cotton and spices. Similar arguments have been made regarding sugar planters in the West Indies and the fur and timber trades in Canada.⁴³ Since the 1970s, moreover, economics has been downplayed in favour of such factors as indigenous resistance as an impetus for British actions, missionary imperialism and moral imperatives such as the abolition of slavery.⁴⁴

Cain and Hopkins reinvigorated the economic interpretation of British imperialism but, as noted above, they have left the bulk of the work on the possible economic background of eighteenth-century imperial policies to future generations. Other recent work has followed their lead, analyzing the interplay between economic motives and imperial governance and policy. In 1993, John Crowley examined the economic thought of influential British and American politicians of the Revolutionary period and in the decades thereafter. Concentrating primarily on the American context, Crowley examines in depth the thought of conservative British politicians who incorporated the ideas of Adam Smith into traditional mercantile thought and who are often described as 'neomercantilists.' He also argues against the traditional identification as economic liberals of those in British government circles who favoured granting America commercial concessions.⁴⁵ In 1994, Daniel Baugh attempted to integrate the economic, political, and military factors underlying

⁴³ Bayly, 'Second British Empire,' 65.

⁴⁴ *ibid.*, 66; Roger Anstey, *The Atlantic Slave Trade and British Abolition, 1760-1810* (London: Macmillan, 1975).

⁴⁵ John E. Crowley, *The Privileges of Independence: Neomercantilism and the American Revolution* (Baltimore: Johns Hopkins University Press, 1993).

British imperial policy from 1688 to 1815.⁴⁶ The same year, Nancy Koehn began to bridge the chasm between political economic thought and imperial governance by considering the political economic response to the Seven Years War and its effect on political thought and practice. Koehn's work focuses on the Seven Years War, ending in 1773. She argues that the political economic and commercial drives that many scholars have seen as the root of the growing British ascendancy between 1783 and 1813 first started to diffuse into the public consciousness and to influence British conceptions of empire in the aftermath of the Seven Years' War, Britain's most costly and militarily complex war. Koehn suggests that the 1760s saw commercial interests and economic theorists first begin to exert a steady and recognizable influence on policy, as the 'power of commerce' to affect political and military affairs was first recognized.⁴⁷ still, a detailed integration of the economic and political aspects of imperial history in light of the work of Cain and Hopkins has yet to be attempted for the period of the American Revolution itself and its immediate aftermath (c. 1775-1785).

Similarly, there is little literature on the post-war relationship between Britain, the Empire and the United States. Apart from works dealing with Jay's Treaty (1794)⁴⁸, there have been few major recent monographs on Anglo-American foreign relations specifically concentrating on the immediate post-war period. General works on British foreign relations during the period rarely cover relations with the United States in any detail. Hamish Scott's *British Foreign Policy in the Age of the American Revolution*, the most impressive of these, concentrates on the period up to the end of the war in 1783. When briefly discussing its

⁴⁶ Baugh, *op. cit.*

⁴⁷ Nancy F. Koehn, *The Power of Commerce: Economy and Governance in the First British Empire* (Ithaca and London: Cornell University Press, 1994).

⁴⁸ Even so, the most recent work on Jay's Treaty was published several decades ago; See Samuel Flagg Bemis, *Jay's Treaty* (New Haven: Yale University Press, 1923; rev. ed., 1962) and Jerald A. Combs, *Jay's Treaty* (Berkeley: University of California Press, 1970).

aftermath in the conclusion, Scott concentrates on Britain's post-war relations with Europe.⁴⁹ Other monographs on the same subject, such as Jeremy Black's *British Foreign Policy in an Age of Revolution, 1783-1793*, have a similar Eurocentric focus.⁵⁰ The only major monograph of which this author is aware that concerns itself specifically with the British commercial policy of this period, John Ehrman's *The British Government and Commercial Negotiations with Europe*, also explicitly focuses on the European context.⁵¹ This is, of course, understandable. European matters were a far more prominent concern for Britain in this period, especially during the French Revolution. Nevertheless, there is much to learn from an analysis of the influence of political economic thought on policy in the aftermath of the Revolution in the American rather than European context.

This area also remains little explored in the individual historiographical traditions of the West Indies, the remaining part of the British Empire that enjoyed the closest relations with the United States. The Caribbean islands had once been the British colonies most closely tied, commercially and politically, to the Thirteen Colonies. The question of how to manage that relationship, if at all, following American independence was of much concern to the West Indians, a concern that did not go unnoticed in Britain. However, historians have not addressed that concern. Perhaps the most influential West Indian history, Eric Williams' *Capitalism & Slavery*, is concerned with the broader sweep of events from the seventeenth to the nineteenth centuries, and devotes little space to this question.⁵² Most works specifically focusing on relations between the United States and the British West Indies

⁴⁹ H. M. Scott, *British Foreign Policy in the Age of the American Revolution* (Oxford: Clarendon, 1990).

⁵⁰ Jeremy Black, *British Foreign Policy in an Age of Revolutions, 1783-1793* (Cambridge: Cambridge University Press, 1994).

⁵¹ John Ehrman, *The British Government and Commercial Negotiations with Europe, 1783-1793* (Cambridge: Cambridge University Press, 1962).

⁵² Eric Williams, *Capitalism & Slavery* (Raleigh: University of North Carolina Press, 1944; New York: Capricorn, 1966), pp. 120-123.

concentrate on the periods before and during the Revolution. Notable examples include Richard Pares' *Yankees and Creoles*, Selwyn Carrington's *The British West Indies During the American Revolution* and Andrew O'Shaughnessy's *An Empire Divided*.⁵³ These monographs are concerned with describing West Indian politics and economic structures and with the question of why the islands remained loyal. An analysis of the aftermath of the American Revolution is not their intention. Even their most detailed discussion of the subject, in Carrington's final chapter, is understandably short.⁵⁴ This thesis provides a more detailed investigation of these ideas and of the post-war relationship between Britain, the British Empire and the United States.

Overall, as Koehn notes⁵⁵, historiography often tends to ghettoize economic history and political economy from mainstream social and political history. Recent histories of the British experience in the American Revolution rarely discuss how economic ideas and realities influenced British imperial policy and how they were in turn influenced by the progress and outcome of the war. Moreover, while there have been recent interpretations of British imperial history that emphasize economic ideas as a driving force behind empire, they tend not to look in any great depth at the American Revolution. Considering that both contemporaries and earlier generations of historians saw the loss of the Thirteen Colonies as a major blow to the British Empire and a turning point in its history, the recent lack of

⁵³ Richard Pares, *Yankees and Creoles: The trade between North America and the West Indies before the American Revolution* (Cambridge: Harvard University Press, 1956; Hamden, Conn: Archon, 1968); Selwyn H. Carrington, *The British West Indies During the American Revolution* (Dordrecht: Foris, 1988); and Andrew Jackson O'Shaughnessy, *An Empire Divided: The American Revolution and the British Caribbean* (Philadelphia: University of Pennsylvania Press, 2000).

⁵⁴ Carrington argues in his conclusion that the economies of the West Indies became moderately stagnant after the war, despite recovering fairly well to levels near what they had once been, and an inability to supply the islands from within the empire eventually necessitated the opening of direct trade between the West Indies and the United States. See Carrington, *op. cit.*, pp. 162-181. This, however, is the subject of chapter five of this thesis, and is discussed there in far greater depth.

⁵⁵ Koehn, *op. cit.*, xi.

scholarly attention to these issues is somewhat puzzling. Even if many significant changes in British imperial governance and theories of empire either preceded or postdated the Revolution, the defeat nonetheless precipitated a wide-ranging discussion of empire that has in recent years been little studied and the influence of which needs reassessment on its own terms rather than by examining the events around it.

To this end, chapter 1 of this thesis examines the political economic ideas of those writers active before the publication of Adam Smith's *Wealth of Nations* in 1776 who subscribed to 'mercantilist' economic ideas. It demonstrates the prevalence among mid eighteenth-century economic writers of ideas such as the necessity of maintaining a beneficial balance of trade with foreign states, the bullionist belief that gold and silver were the only true standards of wealth, the perception of trade and commerce as a competition over limited resources where the gains of one nation exactly balanced the losses of its trading partner, and a belief in the primacy of navigation. It also discusses the manner in which traditional political economists viewed the nature of colonies and empire. The purpose of colonies was to enhance the wealth and prosperity of the mother country. Many economic writers urged that colonial production be mobilized to meet this goal, and that colonial trade be controlled so as to ensure its benefits accrued to Britain.

Chapter 2 turns to the proponents of *laissez faire* free trade ideas who departed from the standard 'mercantile' ideas of their predecessors. It focuses on three of the major free trade economists, David Hume, Josiah Tucker, and Adam Smith. These men rejected bullionism, argued against the notion that any trade relation involved a winner and a loser, and discarded the belief that the proper goal of commerce was to maintain a beneficial balance of trade. Yet, they also held onto some of the ideas put forth by mercantilists, most

notably the overriding importance of navigation. The chapter concludes with a brief examination of the impact of Smithian thought and other free trade ideas on British policymakers.

Chapter 3 turns from theory to practice. It examines the origins of the Navigation Acts and other commercial legislation, underlining that all such legislation, while predominantly a response to specific circumstances, was also coloured by ideological beliefs about the nature of trade and economy. It then examines the attempts to negotiate a commercial treaty as a component of the 1783 Peace of Paris. It specifically underlines the role of economic literature in the parliamentary debates about whether to grant the newly independent Americans special commercial concessions.

Chapter 4 discusses that geographic region where the nature of Anglo-American commercial relations had the greatest impact, the West Indies. It examines petitions from West Indian interests asking the British ministry to allow American ships to trade with the sugar islands, and then details the proceedings of the Privy Council Committee for Trade and Plantations at which these motions were rejected. Again, the causal role of economic literature is emphasized. The chapter then turns to a discussion of attempts to discourage smuggling and evasion and to enforce British maritime regulations, culminating in the Navigation Act of 1786. It also briefly sketches the following years of Anglo-American commercial relations to the signing of the Jay Treaty in 1794.

Chapter 1

Money and Power: Political Economy and the Imperium

In any discussion of eighteenth-century political economy and commercial policy, one concept is certain to arise: mercantilism. Most modern historians argue against a fixed, unified doctrine underlying British economic policy during this period. Historians generally agree that commercial regulations in Hanoverian Britain were influenced more by a variety of specific individual causes than by broader theories. Nonetheless, most historians would acknowledge that certain common ideas, described in contemporary pamphlets and echoed in the corridors of power, underpinned how the educated Briton of the period understood the British and Imperial economy. This chapter will not suggest that these common principles formed a unified ideology that dictated British policy, or even that they were sufficiently concrete and defined to be classified as an ideology. Nonetheless, there was a broad set of ideas about how the British Empire ‘worked’ and about what its purpose was that could be classified as ‘mercantile.’ These ideas were, moreover, ones with which the majority of educated, politically-interested eighteenth-century Britons of the middling ranks and above, including policymakers, would have agreed. This chapter outlines the orthodox view of the political economy of the British Empire at the outbreak of the American Revolutionary War in 1775. It examines how the majority of educated Britons would have understood the goals and necessities of economic relations both between sovereign states and between an imperial state and its colonies. It concludes with a brief discussion of the impact of these ideas on policy, a subject covered in greater detail in later chapters.

The backbone of eighteenth-century British political economic thought was the near-universal belief that the power of a state was a function of its material wealth in bullion—gold and silver. The accumulation thereof depended on trade, and the purpose of commercial policy was to increase, or at least maintain, national wealth. As William Milward, author of *Laws and Policy of England Relating to Trade* (1765), succinctly put it, ‘a *Nation* cannot be safe without *Power*; *Power* cannot be obtained without *Riches*; nor *Riches* without *Trade*... An increase of *National Wealth* may be procured, by enforcing such laws as are most agreeable to the *Maxims* and *Principles* which govern the true interest of *Trade*....’¹ These maxims were accepted virtually unanimously, as a quick perusal of any eighteenth-century political economic tract makes clear. Such theorists universally saw trade as the basis of British power and wealth. Some virtually deified it as they deified property.² Malachy Postlethwayt, one of the major political economists of the period and the author of *The Universal Dictionary of Trade and Commerce* (1751-5), set forth the following paean in his last major work, *Britain’s Commercial Interest Expanded and Improved* (1757):

Was it not the advancement of the commerce of this nation, that enabled us, in the days of Elizabeth, to oppose the chains of slavery then forged for us in Spain? Is not trade the only means left us, whereby we can protect ourselves from that slavery wherewith we are at present threatened? Where trade is, there will be employment; where employment is, thither will useful people resort; and where property is secured, there the wealthy will settle to enjoy it.³

¹ Quoted in Nancy Koehn, *The Power of Commerce: Economy and Governance in the First British Empire* (Ithaca and London: Cornell University Press, 1994), p. 62.

² On property, see Paul Langford, *Public Life and the Propertied Englishman, 1689-1798* (Oxford: Clarendon, 1991) and *idem*, *A Polite and Commercial People: England 1727 – 1783* (Oxford: Oxford University Press, 1989).

³ Malachy Postlethwayt, *Britain’s Commercial Interest Explained and Improved*... volume 1 of 2 (London: Printed for D. Browne; A. Millar; J. Whiston and B. White, and W. Sandby: 1757), pp. 181-182.

Many of Postlethwayt's contemporaries would have agreed with this description of the economic vitality of the British state and of the manner in which that vitality was rooted in commerce. This was hardly a belief limited to 'mercantile' thinkers, of course, as the next chapter makes clear. Nonetheless, it was a fundamental bulwark of the 'mercantile' understanding of political economy.

Such tracts also generally agreed that the means by which trade served to obtain riches was by maintaining a favourable trading balance, a concept omnipresent in the political economic literature of the period. To maintain its material wealth, and thus its international power, a state needed to ensure that it exported more than it imported, and consequently received more gold and silver from foreign states than it had in turn to pay them. To quote Postlethwayt's *Britain's Commercial Interest*,

The difference that results from the exports and imports during a certain time, compared, is called the *balance of trade*. That is always paid or received in money, because the exchange of commodities, or metals, by which they are represented, is indispensable when one has no other equivalent to give for them.... when the balance of trade is in favour of a nation, it's [sic] capital stock of conventional riches is increased by so much as that balance amounts to: when that balance is against a nation, it's [sic] amount is a diminution of the capital stock.'⁴

Knowing the balance of trade was acknowledged by virtually all writers on economics as the most appropriate method of determining the health of a nation's trade and commerce. This view was most succinctly put by botanist and cartographer John Mitchell in *The Present State of Great Britain and North America* (1767): to thoroughly understand the economic

⁴ Postlethwayt, *op. cit.*, volume 2, p. 382.

relationship between, in his case, the American and West Indian colonies, one had to know ‘what the balance is [and] how it is paid.’⁵

In general, exports counted positively towards the balance of trade, while imports counted negatively, unless they were for the purpose of manufacture and the commodities produced therefrom were then to be exported. The anonymous author of *Considerations on the Policy, Commerce and Circumstances of the Kingdom* (1771) provides a fine summary of the standard interpretation: ‘The exports of a country are all entirely in its favour: and would procure returns to their whole value... either directly or indirectly, in gold and silver....’ Imports, conversely, ‘are against the country that receives them, unless of raw materials for manufactures... in which case, they are beneficial to the importing country to the whole amount of workmanship....’ Overall, the author concludes, ‘If, upon the whole of our traffic, we export to a greater value than we import, the balance will be in our favour, to the amount of the difference. If we import more than we export, the balance will be against us, to the degree that we do so. And such balances must, and will be received, or paid by us, in the precious metals.’⁶ In *Political Essays Concerning the Present State of the British Empire* (1772), agricultural reformer and writer Arthur Young similarly argued, ‘whatever is paid to other countries in bullion, as a balance upon the year’s trade, is just so much loss to any nation that has unemployed poor, or unpurchased commodities.’ A positive trade balance ‘is a proof that foreigners take more products and fabricks from us than we do from them’ and likely ‘employ more of our poor than we do of theirs.’⁷ Few would have

⁵ John Mitchell, *The Present State of Great Britain and North America...* (London: Printed for T. Becket and P. A. De Hondt, 1767), p. 271.

⁶ *Considerations on the Policy, Commerce and Circumstances of the Kingdom* (London: Printed for J. Almon, 1771), pp. 68-71.

⁷ Arthur Young, *Political Essays Concerning the Present State of the British Empire...* (London: Printed for W. Strahan and T. Cadell, 1772; New York: Research Reprints, 1970), pp. 533.

disagreed with such sentiments. A country's commerce, and thus its international power, depended on besting its rivals on the battlefield of international trade.

And a battlefield it was. To most of the economic writers whom modern historians describe as mercantilist, international trade was indeed a war. Economic treaties provided a gain for one party and a loss for the other. There was no such thing as a mutually beneficial commercial arrangement.⁸ In any trade relationship, there was a winner and a loser. The state that bought fewer and sold more manufactured exports to the other, and thus drew in more real wealth in the final reckoning, was the winner. The other state, the assumption ran, was likely importing more than it was exporting, and was thus losing wealth overall. Trade was a zero-sum game, where only one player 'won', and where the gains of one side exactly balanced the losses of the other. This equality was quite natural, since the gains and losses were measured in real numbers—albeit in numbers that no one was entirely certain how to calculate. The total sum of available global material wealth was generally seen as limited. The goal of international trade was to grab as large a portion of it as possible, most likely at the expense of one's commercial rivals. Within this closed and limited system, any gain for one country was inevitably tied to a loss elsewhere. This conception of international trade was the basis for the aggressive tone underlying both much of the period's economic thought and its politics.

A good example is the work of Sir James Steuart, one of Hanoverian Britain's major authorities on commerce and economy and also the main target of Adam Smith. Though Steuart was never mentioned by name in *Wealth of Nations*, Smith wrote before its

⁸ For more on this, see Charles Wilson, *Economic History and the Historian* (London: Cox and Wyman, 1939-1969), especially essays 3-4 and *idem*, *England's Apprenticeship 1603-1763* (Oxford and London: Longman's, 1965).

publication that, 'Without once mentioning it, I flatter myself that any fallacious principle in [Steuart's book] will meet with a clear and distinct confutation in mine.'⁹ Steuart was in some ways a straw man—some of his beliefs were unfashionably extreme even to his contemporaries (see pp. 31-32 below)—but he is in many ways representative of the political economic orthodoxy of his time. In Book II of *An Inquiry into the Principles of Political Oeconomy* (1767), he derisively addressed those supporters of free trade who argued that 'by laying trade open, you are sure that wealth will naturally come to a balance, in all countries.' He argued that for a wealthy country such as Britain, this balance was in fact pernicious, a balance not of wealth but of poverty. Poorer nations may indeed stand to gain from free trade. For richer nations, it was better to 'cut off the communications of hurtful trade, by such impediments as restrictions, duties, and prohibitions, upon importation; in order that, as by dykes, its wealth may be kept above the level of the surrounding element.'¹⁰ This view of international commerce was fairly common, and most often directed against Britain's traditional archenemy, France. The anonymous author of *An Essay on Trade and Commerce* (1770), for example, explicitly argued that Britain should attempt to 'ruin' France's wool trade by preventing the smuggling of English and Irish wool into France for use in their own woollen manufactures.¹¹

Yet the situation was not as quite simple as proclaiming exports good and imports bad. As Arthur Young wrote, 'if our exports are raw unmanufactured products, and our imports those which have received the left hand, a considerable balance may be in our favour, and yet the trade disadvantageous; ... because we employ more of their poor than

⁹ Quoted in Andrew S. Skinner, 'Biographical Sketch: The Life of Sir James Steuart-Denham 1713-1780,' in Sir James Steuart, *An Inquiry into the Principles of Political Oeconomy*, volume 1 of 2 (Edinburgh and London: Oliver & Boyd, 1966), p. lii.

¹⁰ *Ibid*, volume 2, pp. 363-364.

¹¹ *An Essay on Trade and Commerce...* (London: Printed for S. Hooper, 1770), p. 141.

they do of ours.’¹² *An Essay on Trade and Commerce* concurred that the increase of a state’s wealth depended on the export, in particular, of ‘manufactured commodities.’ The author was against imports as a rule, ‘unless it be for materials to carry on our manufactures; such as silk, cotton &c.’¹³ Overall, weighing the benefits and disadvantages of a particular pattern of trade was never clear-cut. This—along with omnipresent, universally acknowledged and, alas, unquantifiable practice of smuggling—was what made the winners and losers in the zero-sum game of mercantile relations rather hard to determine. Mercantile writers consequently expended a good deal of effort on the enumeration of rules for maintaining a beneficial balance.

In *Britain’s Commercial Interest Explained and Improved*, Malachy Postlethwayt recited nine maxims which the makers of ‘English commercial laws [had] adopted....’ They provide a fine summation of mercantile opinion and are quoted here in full:

1. The exportation of superfluities is the clearest profit a nation can make.
2. The superfluous produce of the land is exported to the most advantage after it is worked up or manufactured.
3. The importation of foreign materials for manufacturing, unwrought instead of importing them ready manufactured, saves a great deal of money to the nation.
4. Exchange of merchandise for merchandise is advantageous in general: but not in cases where it is contrary to the foregoing maxims.
5. The importation of foreign commodities, whereby the consumption of national commodities is hurt, or the progress of a nation’s manufactures and the culture of its lands prejudiced, must necessarily bring on the ruin of that nation.

¹² Young, *op. cit.*, p. 538.

¹³ *An Essay on Trade and Commerce*, pp. 109-111.

6. The importation of foreign commodities of mere luxury, in exchange for money, is a real loss to the state.

7. The importation of things absolutely necessary, cannot be thought an evil; but the nation is not less impoverished by it.

8. The importation of foreign goods, to be afterwards re-exported, leaves a real profit behind.

9. To hire out one's ships for freight to other nations is a beneficial commerce.¹⁴

Yet, the situation was rarely so simple. For what was more significant than any individual balances with specific foreign rivals was a country's general trade balance, or the sum of all these individual balances. And as Postlethwayt acknowledged in 1757, even if not all the individual balances were 'immediately advantageous,' they were nonetheless beneficial if 'the general balance be lucrative [for] they are not burdensome to the state, when they are the means of procuring other more useful branches of trade, or lessen the loss on those without which a nation cannot carry on trade.'¹⁵

Somewhat paradoxically, many theorists felt that the commercial system—and consequently, the very wellbeing of the British state—could not be entrusted to the whims and interests of individual merchants. Although the vital importance of commerce was universally recognised, many felt that left to their own devices, as James Steuart argued in 1767, many merchants might 'import the produce, and even the manufactures of rival nations; the inhabitants will buy them preferably to their own; the wealth of the nation will be exported; and her industrious manufacturers will be brought to starve.'¹⁶ Steuart was not alone. Joshua Gee, apparently a merchant himself, argued in *The Trade and Navigation of*

¹⁴ Postlethwayt, *op. cit.*, vol. 2, pp. 370-371.

¹⁵ *Ibid*, vol. 2, p. 526.

¹⁶ Steuart, *op. cit.*, vol. 1, p. 284.

Great-Britain Considered (1729) that the merchant ‘only pursues his own business, and raises an estate by those things which the government permits the subject to trade in; he may get a great deal of riches by importing foreign commodities for luxury and excess, when at the same time the nation is consuming its substance, and running into poverty.’¹⁷ The author of *Considerations on the Policy, Commerce and Circumstances of the Kingdom* (1771) similarly felt that ‘the great interests of a state ought not be suffered to depend on the conduct of interested individuals. A bad man, who can practice frauds long enough to make his own fortune, will care little how much others, or his country, may suffer by them in the issue.’ This ‘narrow principle of self-service’ the author further warned, ‘operates every where in this kingdom.’¹⁸

In the wake of such terrifying possibilities, mercantilists were great supporters of protectionism and consequent opponents of free trade. This, of course, goes virtually without saying. For Adam Smith and his disciples, protectionism was the defining, and most obnoxious, trait of the ‘mercantile system’. Although, as we shall see (pp. 80-82), the British commercial system was highly fluid, and trade was often freer in practice than it was in theory, protectionism, in the form of such regulations as the Navigation Acts and various levies and duties on foreign imports, was undoubtedly a central plank of economic writers’ thought. For example, Joshua Gee warned in 1729 that ‘if due care be not taken to give our poor a full employment, and to stop the inundation of manufactures and unnecessary commodities from being poured in upon us from so many parts of Europe... we may well expect to be much poorer at the end of this century than we were at the beginning.’ To

¹⁷ Joshua Gee, *The Trade and Navigation of Great-Britain Considered...* (London, 1729; London: Printed for J. Almon, 1767), p. 231. It is significant that although first published in 1729, this book was republished in 1767 during the period of the Townshend Duties Crisis.

¹⁸ *Considerations on Policy*, p. 192-193.

counteract this dire threat, he suggested that Britain 'lay such duties on the foreign, as may encourage our people to vye with them' and 'advance the duties' on all foreign manufactures which British manufacturers may be able to produce at a price cheaper than that of importation.¹⁹

The anonymous author of *An Essay on Trade and Commerce* (1770) even drew on the example of Britain's hated archnemesis, France. 'It has been observed,' he told his reader, 'that whenever France has attempted to establish any new manufacture, it has spared no cost to encourage manufacturing hands to come and live there....' Moreover, he warned soberly, even 'the meanest trade in France is under some wise regulation.... The French poor not only live harder, and work cheaper, than the English, but great care is taken to carry their manufactures to the utmost perfection they are capable of....' This tactic, he felt, had successfully increased French trade in every branch of manufacture to which they had turned their attention. 'I would recommend,' he concludes, 'that we discourage French manufactures, as they have done ours....'²⁰

Moreover, this was not only theory. In addition to the effects of the unofficial embargo on Anglo-French trade maintained by both sides until the 1786 Anglo-French Commercial Treaty, there was a variety of more specific restrictions on French goods, such as a prohibition on wearing French cambrics passed in 1748.²¹

While most political economists looked favourably on protectionism, there were nonetheless limits to how far protectionist regulations and legislation ought to go. Sir James Steuart, noted above as one of Adam Smith's main targets, was unusual in advocating an

¹⁹ Gee, *op. cit.*, 259-260.

²⁰ *An Essay on Trade and Commerce*, pp. 127-147.

²¹ Langford, *Polite and Commercial People*, pp. 175-176.

extreme form of interventionism where statesmen steered the British commercial and economic system, correcting its course when it went too far astray. In book II, chapter 15 of *Principles of Political Oeconomy* (1767), Steuart argued that foreign competition should not be allowed to raise prices for necessities, particularly food, above a ‘certain standard.’ Similarly, the government ought to discourage domestic competition for luxuries lest prices rise beyond a ‘certain standard.’ Should maintaining these price levels prove impossible, Steuart continued, ‘public money must be thrown into the scale’ to help control them.²² Later in his text, Steuart similarly argued that ‘when the natural advantages of other nations’ made them an otherwise insurmountable threat to a domestic commodity, ‘the statesman must counterbalance these advantages by the weight and influence of public money.’²³ Yet as noted, Steuart’s strong advocacy of government intervention was something of an aberration, as contemporary reviews indicate. For example, the *Critical Review* sniffed, ‘We have no idea of a statesman having any connection with the affair, and we believe that the superiority which England has at present over all the world, in point of commerce, is owing to her excluding statesmen from the executive part of all commercial concerns.’²⁴ Merchants may not have been entirely trustworthy, but neither, apparently, were ministers. Most Britons certainly felt that protectionism was necessary, but there were clearly limits. It is also worth noting, and perhaps indicative of the rather erratic nature of eighteenth-century British mercantile ‘doctrine,’ that the work of Steuart—often labelled the last of the mercantilists and seen by Smith as a fine example thereof—was in some ways quite at variance with common opinion.

²² Steuart, *op. cit.*, vol. 1, p. 235.

²³ *Ibid*, p. 263.

²⁴ Quoted in Skinner, *op. cit.*, xlvii. Skinner notes that the *Monthly Review* and the *Annual Review* had similar reservations.

Nonetheless, mercantile opinion would likely have agreed with Steuart's dismissal of free trade. The arguments against it were not only economic, but also moral.²⁵ This is hardly surprising; for the eighteenth-century Briton, economics was a branch of moral philosophy. Adam Smith himself was Professor of Moral Philosophy at Glasgow, and economics was seen in the Scottish educational system as a facet of that discipline. Smith himself certainly saw his *Theory of Moral Sentiments*, *Wealth of Nations* and *Lectures on Jurisprudence* as different aspects of one large, interconnected system of thought. As the Introduction to the Glasgow edition of the *Theory of Moral Sentiments* rightly acknowledges, 'In the Advertisement to edition 6 of [*Theory of Moral Sentiments*, Smith] refers to the final paragraph of the book, which promises another one on law and government, and says that he has "partly executed this promise" in [*Wealth of Nations*]. Clearly therefore he regards *WN* as continuing the sequence of thought set out in *TMS*.'²⁶ Smith was hardly alone. Many other writers, including many of the figures discussed in this chapter, showed a concern for the moral and social consequences of economic policy.

It was often argued that one of the main benefits of encouraging the growth of British commerce was the concomitant encouragement of British employment. The sale of

²⁵ The following analysis of the connections between moral philosophy and economics should not be confused with E. P. Thompson's concept of a 'Moral Economy' where the expectations of the market influence prices, particularly in corn. See E. P. Thompson, 'The Moral Economy of the English Crowd in the Eighteenth Century' and 'The Moral Economy Reviewed' in *Customs in Common* (New York: New Press, 1993), pp. 185-351.

²⁶ D. D. Raphael and A. L. Macfie, 'Introduction,' in Adam Smith, *The Theory of Moral Sentiments*, D. D. Raphael and A. L. Macfie, eds. (Oxford: Oxford University Press, 1979), p. 24. There is an extensive literature attempting to reconcile perceived fundamental contradictions within Smith's oeuvre. In particular, the so-called 'Adam Smith Problem,' to which generations of both German and British economists and economic historians have sought an answer, hinges on the question of how to reconcile the *Wealth of Nations* with the *Theory of Moral Sentiments*. A (small) selection of the voluminous literature on the subject includes John Dwyer, 'Ethics and Economic: Bridging Adam Smith's *Theory of Moral Sentiments* and *Wealth of Nations*,' *Journal of British Studies*: 44 (Oct 2005), pp. 662-687; Donald Winch, *Adam Smith's Politics: An Essay in Historiographical Revision* (Cambridge: Cambridge University Press, 1978); and *idem*, 'Adam Smith's "Enduring Particular Result": A Political and Cosmopolitan Perspective,' in *Wealth and Virtue: The Shaping of Political Economy in the Scottish Enlightenment*, Istvan Hont and Michael Ignatieff, eds. (Cambridge: Cambridge University Press, 1983), pp. 253-270.

British-made commodities allowed manufacturers to create more work for Britain's poor, thus helping to combat vagrancy and idleness and perhaps to inculcate proper ethical standards.²⁷ For example, Arthur Young argued in 1772 that one benefit of purchasing commodities from a colony was that they are paid for in manufactures, and thus by 'the labour of our poor, who might otherwise be idle, and consequently a dead weight upon the community.'²⁸ Similarly, Postlethwayt (1757) listed 'employing the poor' among the benefits of increasing traffic in British and Irish manufactures.²⁹ A particularly detailed treatment of the links between commerce, manufacture, and morality can be found in the work of Joshua Gee (1729). In *The Trade and Navigation of Great Britain*, Gee wrote that the 'first and greatest' method of enlarging the 'manufactures, trade and navigation' of Britain 'will be in finding effectual ways for employing our poor, and putting all the hands to work, either at home or in the plantations, who cannot support themselves....' He suggested that 'a good example and perseverance in the rules of industry will change the very inclinations of those idle vagrant persons, who now run about the kingdom, and spend their time, and what money they can any way come at, upon their debauches.' Putting such people to work implied 'also turning their minds and inclinations from lewdness to virtue.'³⁰ Here the link between economics and morality is writ large. Admittedly, for most political economists, the primary reason for employing the poor was likely economic: idle poor needed support and were thus a drain on national wealth and hence also on national

²⁷ On economic theorists' views of poverty, see Thomas A. Horne, *Property Rights and Political Argument in Britain, 1605-1834* (Chapel Hill: University of North Carolina Press, 1990), pp. 123-141, 201-251 and Donald Winch, *Riches and Poverty* (Cambridge: Cambridge University Press, 1996), pp. 198-220 and *passim*.

²⁸ Young, *op. cit.*, p. 329.

²⁹ Postlethwayt, *op. cit.*, vol. 1, p. 482.

³⁰ Gee, *op. cit.*, 71-73.

strength.³¹ Nonetheless, it is hard to imagine that the concerns explicitly stated by Gee were not silently echoed by his compatriots. Indeed, the very fact that they singled out ‘the poor’ among all the sundry British subjects whose employment depended upon the trade in manufactured commodities certainly implies that these writers saw the poor as particularly in need of being kept at work.

There are further hints of such an attitude towards the poor. Young (1772) argued that a trade that turned a profit could still be disadvantageous if it did not help employ the British poor, and apparently felt that the latter was, or could be, the more important consideration. In his view, the importance of trade consisted of ‘first, the employment of our poor; secondly, the acquisition of riches; thirdly, the support of naval power.’ The acquisition of wealth, he further suggested, ‘in some situations, is no farther desirable than as they increase industry: in such case, the principal aim of commerce is the employment of such of the poor as the established agriculture and manufactures will not maintain; for commerce increases both; besides immediately employing great numbers.’ He also clarified the potential moral and social benefits of a strong commerce:

...in a kingdom where the soil is well cultivated, where numerous manufactures are established, and where a large foreign trade is carried on, no one need be idle or unemployed... all will be busy and diligent; all maintain themselves and families; every one will live comfortably, and add to the stock of the public. The good influence of commerce will be sufficiently apparent.³²

³¹ This concept goes back to Gregory King’s political arithmetic. See Geoffrey Holmes, ‘Gregory King and the Social Structure of Pre-Industrial England,’ *Transactions of the Royal Historical Society* 5th series 27 (1977), pp. 41-68 and Keith Wrightson, *Earthly Necessities: Economic Lives in Early Modern Britain* (New Haven and London: Yale University Press, 2000), pp.269-272.

³² All proceeding quotations from Young, *op. cit.*, 545-547.

One also finds Gee discussing the more traditional methods of keeping the poor busy, namely the workhouse, and also pontificating at some length on the problems with vagrancy in London and elsewhere, emphasizing throughout the wasteful and unsavoury nature of the idle poor.³³ In the end, it is rather difficult to avoid invoking the spirit of E. P. Thompson and suggesting that for at least some of the wealthier Britons, one of the benefits of increased trade may well have been increased control over the poor.³⁴ Admittedly, the need to control the poor, in this context, appears to have been primarily to ensure that they were busy working rather than idly wasting what little money they had on unnecessary luxuries, and would hence need support from the higher ranks via the poor rates.³⁵ Nonetheless, one imagines there was likely some small degree of concern about the activities the poor might perhaps indulge in should their employers not keep them sufficiently busy. This was of course, a background concern at best, and the main reason for the promotion of British manufactures was simply the same central impulse that lay behind all commercial regulations: to improve the balance of trade.

Colonies were also a commercial enterprise, of course, and it should come as no surprise that they too were closely related to the concept of the balance of trade. The purpose of a colony, as all mercantile thinkers agreed, was to aid the mother country in achieving a positive trade balance. They did so by providing raw materials that would otherwise need to be purchased from sovereign foreign states and by providing a market for the sale of the metropole's manufactures. This pattern of trade was beneficial because, as Arthur Young

³³ Gee, *op. cit.*, 74-78.

³⁴ See E. P. Thompson, 'Patricians and Plebs,' in *Customs in Common*, *op. cit.*, pp. 16-96.

³⁵ See K. D. M. Snell, *Annals of the Labouring Poor* (Cambridge: Cambridge University Press, 1985) and the essays in Steven King and Alannah Tompkins, eds., *The Poor in England, 1700-1850: An Economy of Makeshifts* (Manchester: Manchester University Press, 2003), especially those by Margaret Hanly (pp. 76-99) and Sarah Lloyd (pp. 100-136).

(1772) argued, ‘The difference between purchasing a commodity from a foreign country, or of a colony, is immense: in the first case, it is paid for probably with cash; but in the latter, manufactures are exchanged for it....’ To acquire raw materials from a foreign state, in other words, a country had to surrender a part of its real wealth of gold and silver—always an eventuality to be avoided.³⁶ These beliefs made the establishment of colonies a beneficial enterprise for any trading power. Yet Britain’s particular situation—an island whose international strength and influence were based primarily on trade and naval power—made colonies not merely beneficial but necessary. As John Mitchell wrote in 1767, ‘Britain is a country of manufacturers without materials—a trading nation without commodities to trade upon—and a maritime power without either naval stores, or materials for ship-building.’³⁷ In such a situation, colonial resources and markets were seen as necessary both to support a wide range of British manufactures and to ensure the maintenance of its naval forces. In addition, as discussed in more detail below (pp. 41-43), the colonies, particularly the Northern Continental American colonies, were seen as a vital market for British manufactures.

Given this importance, most mercantile writers agreed that the mother country had to maintain a monopoly on colonial trade. If British merchants could not necessarily be trusted to act in their country’s best interest, then American merchants were trusted that much less. Thomas Pownall, former governor of Massachusetts ably summarized the common view in *The Administration of the British Colonies* (fifth edition, 1770): ‘So far as our Colony-trade is a *monopoly*, government should precisely direct its care to two essential points: 1st, That all the profits of the culture, produce and trade of these Colonies, center finally in the mother

³⁶ Young, *op. cit.*, 329.

³⁷ John Mitchell, *The Present State of Great Britain and North America with Regard to Agriculture, Population, Trade, and Manufactures...* (London: Printed for T. Becket and P. A. De Hondt, 1767), p. 127.

country. —2ndly, that the Colonies continue to be the customers purchasing of the mother country alone.³⁸ It was generally agreed that the government ought to pass and—more problematically—enforce such commercial regulations as were necessary to meet these two goals. The most notable such legislation was the Navigation Acts, and there were also a variety of temporary but often regularly renewed commercial regulations simplifying the entry of particular materials into British ports. A variety of regulations were proposed to help meet these ends. Pownall, for example, suggested that rather than entirely forbidding colonial trade with foreign states, Americans should be allowed to trade with British trade outposts in foreign ports.³⁹ The final goal was always the same: the promotion of British trade.

However, Pownall was unusual in advocating any sort of colonial trade in foreign parts. Many economic writers agreed that to allow the Americans to trade with foreign states or with their colonies would drain wealth from Britain. For example, Malachy Postlethwayt (1757) strongly denounced the American colonies' ongoing trade with Europe. The colonies, he stated, had been sending ships directly to France and Holland laden with such produce as pitch, tar, timber, furs, and naval stores. The colonies had also been supplying themselves with foreign sugar, rum, and molasses despite legislation to the contrary and without paying the appropriate British duties. These activities, he warned, 'hath tended to enrich and strengthen [foreign] colonies and impoverish ours.' In so doing, he concluded, the Americans 'have robbed this nation, not only of the consumption of so much of its own

³⁸ Thomas Pownall, *The Administration of the British Colonies*, Fifth Edition, volume 1 of 2 (London: Printed for J. Walter, 1774), p. 254. Pownall's controversial successor, Sir Francis Bernard, similarly boiled the matter down to the same two points. See Sir Francis Bernard, *Select Letters on the Trade and Government of America*, Second Edition (London: Printed for T. PAYNE, 1774), p. 20.

³⁹ Pownall, *op. cit.*, vol. 1, pp. 270-277.

commodities, but of so much gold and silver too....'⁴⁰ Therein lay the problem, of course, for gold and silver were the keys to power. By trading with foreigners, colonists were taking material wealth from British manufacturers and planters and giving it instead to European rivals. Such fears were sufficiently widespread that in *Observations of the Merchants at Boston* (1769), colonial merchants felt the need explicitly to deny these 'false and malicious' rumours by which they had been so 'greatly abused' in Britain. They insisted that they 'carry on no trade with any part of France, except to their islands in the West-Indies; and no instance can be produced of any quantity of manufactures being brought from thence. The goods imported from Holland and Hambro' are all enter'd in England, and the duties, to a considerable amount, annually are paid there.'⁴¹ The fact that the merchants felt it necessary to defend themselves in such a manner makes it clear that such fears and accusations were sufficiently common to pose a threat to business. One imagines that the merchants protested rather too much to calm their critics.

Nonetheless, there were some Britons who supported American trade with foreign colonies, though never with the foreign states themselves. Such arguments often came from those with direct experience of the colonies, namely merchants and former colonial officials. For example, the former Governor of Massachusetts, Sir Francis Bernard, noted in a 1764 letter that the American trade with the Spanish West Indies was, in general, tacitly approved and seen as beneficial to British interests. Why not, he asked, extend this approval to the French West Indies? The general opinion, influenced by the legacy of the intermittent wars against France and by recent memories of the negotiation ending the Seven Years' War in 1763, was that the French would allow no trade into their colonies that did not benefit

⁴⁰ Postlethwayt, *op. cit.*, vol. 1, pp. 486-490.

⁴¹ *Observations of the Merchants at Boston in New-England upon Several Acts of Parliament...* (Boston: Edes and Gill, 1769; London: Reprinted for G. Kearsley and J. Almon, 1770), pp. 29-30.

them.⁴² Bernard acknowledged this view but asked, ‘But how come they to have the power of picking and chusing their trade as they please? Must not they submit to wants and necessities as well as the *Spaniards*? Will not present convenience and private profit get the better of national considerations among the one as well as the other?’⁴³

Bernard’s predecessor, Thomas Pownall, was similarly supportive. Unusually, and in a manner well suited to engage the interest of modern Atlanticists, his *Administration of the British Colonies* (fifth edition, 1770) saw the whole Atlantic as an interconnected system. West Indian sugar and molasses were a necessary intermediate branch of North American trade.⁴⁴ They could not, however, fully supply both Britain and the continental colonies, necessitating purchases from the foreign sugar colonies. Spanish silver was also necessary for the continued flow of both internal and external British American trade. Without it, both colonial currency and the ability to purchase British manufactures would be impaired. Without British supplies, the Spanish settlements would be endangered. The use of black slaves in the West Indies, moreover, made a constant supply thereof necessary, thus linking the Atlantic system to the African trade as well.⁴⁵ ‘By the limitation of the capacities, and the extent of the necessities of each,’ he concluded, ‘all are interwoven into a necessary intercourse of supplies; and all indissolubly bound in an union and communion, of one general composite interest, of the whole of the Spanish, French, Dutch, Danish, and British settlements. This is the natural state of the European possessions in the Atlantic and in

⁴² See H. M. Scott, ‘The Second “Hundred Years War”, 1689-1815,’ *The Historical Journal* 35: 2 (1992), pp. 443-469.

⁴³ Bernard, *op. cit.*, 20-22.

⁴⁴ On the sugar trade and its role in the North American trade, see Richard Pares, *Yankees and Creoles: The Trade between North America and the West Indies before the American Revolution* (Cambridge, Mass: Harvard University Press, 1956; Archon, 1968) and S. D. Smith, *Slavery, Family and Gentry Capitalism in the British Atlantic: The World of the Lascelles, 1684-1834* (Cambridge: Cambridge University Press, 2006).

⁴⁵ On the slave trade, see Kenneth Morgan, *Slavery, Atlantic Trade and the British Economy, 1660-1800* (Cambridge: Cambridge University Press, 2000) and Christopher Leslie Brown, *Moral Capital: Foundations of British Abolitionism* (Chapel Hill: University of North Carolina Press, 2006).

America....' Nonetheless, he argued, 'There must be some center of these composite movements; some lead that will predominate and govern, in this general interest....' The centre, of course, ought to be Britain.⁴⁶ Pownall and Bernard's acknowledgement of the usefulness of American trade with the foreign colonies was unusual, as their need to justify and defend their stances makes clear. Also, both were informed as much by the reality of international patterns of trade as by economic theory. Those who stuck strictly to theory generally held that the colonies ought not trade with foreigners, whatever the circumstances.⁴⁷

Another reason for this belief was that colonies were themselves potential commercial rivals. Commerce was, one must remember, a zero-sum game played on a limited board, namely the world's total available material wealth. Colonies were useful because they provided raw materials and resources otherwise unavailable from the territory of the mother country. If they grew no such products or, god forbid, grew the same products as the mother country—meat, grain, lumber, and the like—then they were not only unprofitable but an actual drain on the wealth of the metropole. If the world's material wealth was fixed and limited, then any colonial trade in produce that could also be grown in Britain was obviously drawing real wealth to the colonies that could have instead gone to Britain. Thus, Postlethwayt (1757) pointed out that Scotland, Ireland, and the American colonies all 'more or less interfere with England in her native produce, and in some of her staple manufactures' and also 'interfere in their produce and fabrics with each other....' It would 'prove more for the general interest of the State,' he held, that the constituent parts of

⁴⁶ Pownall, *op. cit.*, vol. 1, pp. 5-10.

⁴⁷ See P. J. Marshall, *The Making and Unmaking of Empires: Britain, India and America c. 1750-1783* (Oxford: Oxford University Press, 2005).

the Empire ‘should interfere in their trade only with foreign rivals....’⁴⁸ Arthur Young (1772) similarly argued, ‘our northern settlements we have found are full of farmers, manufacturers, merchants, fishermen, and seamen; —but not planters. This is precisely the case with Britain herself; consequently a rivalry between them must inevitably take place.... Can any one think from hence, that the *trade* and *navigation* of our colonies are worth one groat to this nation?’⁴⁹ This belief was near universal among British economic writers of the period. Some acknowledged that the colonies used the proceeds from this trade to buy British manufactures, thus in the end bringing wealth, as was proper, to the mother country. Still, the orthodox view was that a colonial trade in any commodities that were also produced in Britain was detrimental.

Of course, many of the main commodities in which Britain traded—particularly with the colonies—were manufactures. Consequently, the most terrifying of bogeymen and ‘the greatest and most general fear’⁵⁰ of British economic writers was the spectre of the Americans taking up manufactures. This would have the twin detrimental effects of damaging the colonial market for British goods and creating a potential rival for foreign sales thereof. Thus, Postlethwayt (1757) warned that for the time being, the colonies were incapable of manufacturing products as cheaply as Great Britain and Ireland, and it was thus in their interest to purchase manufactures of the latter, ‘so soon as they shall be able to furnish themselves equally cheap, we must expect to lose all that exportation....’ He further warned that the northern colonies supplying themselves with clothing and furniture might ‘prove a preparatory step towards their becoming capable of supplying other nations herewith....’ Equally worrying, ‘the habit of manufacturing in a few capital articles, will

⁴⁸ Postlethwayt, *op. cit.*, vol. 1, pp. 56-57.

⁴⁹ Young, *op. cit.*, 346, emphasis in original.

⁵⁰ *An Essay on Trade and Commerce*, 194.

beget that in more; handicraftmen in one branch of manufactural and mechanical business beget others....⁵¹ John Mitchell (1767) similarly warned that the expanding colonial population would require the diversion of colonial production from raw materials for British manufactures to foodstuffs. Consequently, the colonies would have no way to buy necessary commodities other than by their own manufactures, which they would then need to sell, unless they could increase the yield of their own commodities. 'But the supplying of themselves with their own necessities, independant [sic] of *Great Britain*; a trade in their own manufactures; and the relying upon other powers for the vent of their products,' Mitchell feared, 'will occasion a breach between them and their mother country.' For once established, manufactures 'will consume the produce of the lands, and cut off all their return to *Britain*; and the colonies will necessarily be obliged to interfere with her both in agriculture, manufactures, trade and navigation.'⁵²

A fine proof of how significant a threat this was perceived lies in how the pamphlet *Observation of the Merchants at Boston* chose to illustrate the Americans' problems with various British commercial policies: by threatening that the continued pursuit thereof may lead the colonies to take up manufactures. For example, they noted that shipbuilding had been a considerable branch of trade in Massachusetts, 'before the late embarrassments were laid on the trade.' With the current inimical policies in place, however, '*the tradesmen formerly employ'd in this branch of business are now obliged to procure a livelihood in some manufacture, or starve.*'⁵³ The proceeding discussion is about lumber and shipbuilding, and the mention of manufactures is something of a non-sequitur. Admittedly, out-of-work

⁵¹ Postlethwayt, *op. cit.*, vol. 1, pp. 149-150.

⁵² Mitchell, *op. cit.*, 158-161, emphasis in original. For a broadly similar argument, see Pownall, *op. cit.*, vol. 1, 285-287.

⁵³ *Observations of the Merchants at Boston*, p. 5, emphasis added.

shipbuilders would perhaps be more likely to turn to manufacture than to, say, farming. Nonetheless, the explicit reference is highly instructive: the merchants of Boston clearly saw the threat of their fellow colonials turning to manufactures as one of the strongest in their arsenal. Further evidence comes from a 1766 pamphlet by Nicholas Ray, who urges that Britain ought to support the American commercial interest in part to ‘take off their Attention from becoming Manufacturers.’⁵⁴ Apparently, the possibility of the Americans becoming manufacturers was even more fearsome than that of their becoming a trading rival.⁵⁵

Another reason why the latter possibility was a threat was due to concerns that lay at the very heart of eighteenth-century British economic thought: navigation. Britain was, of course, an island nation, and navigation—the strength and tonnage of its merchant and military marine—was central to its power. It was thus necessary to encourage British shipping and thus to employ, train, and expand the ranks of British seamen. This was why the Navigation Acts, first passed in the reign of Charles II and regularly supplemented and reconfigured thereafter, were seen as so vital to Britain’s wellbeing: they ensured that the only ships trading to the colonies were British, and that commercial relations with the colonies were thus an aid to British, rather than to foreign, naval power. Control over navigation to the colonies also had the additional benefits of keeping all the profits of the colonial trade in Britain, and encouraging its shipbuilding and other associated industries, thus employing more of the British poor and increasing overall national wealth. Not to control this navigation was unthinkable. As Malachy Postlethwayt (1757) wrote, ‘Every

⁵⁴ Nicholas Ray, *The Importance of the Colonies of North America...* (London: Printed for T. Peat, 1766), p. 14.

⁵⁵ For more on American lobbyists in eighteenth-century British politics, see the work of Alison G. Olson, including ‘Parliament, the London Lobbies, and Provincial Interests in England and America,’ *Historical Reflections* 6 (Winter 1979), pp. 367-386; *idem*, ‘The London Mercantile Lobby and the Coming of the American Revolution,’ *The Journal of American History* 69: 1 (Jun 1982), pp. 21-41; and *idem*, *Making the Empire Work: London and American Interest Groups, 1690-1790* (Cambridge, Mass: Harvard University Press, 1992).

nation that lets another carry on a navigation which she might do herself, diminishes in proportion her real and relative strength in favour of her rivals.' For, if a nation allows another to handle its shipping, 'the agriculture and manufactures of the latter will be checked or encouraged, according as it suits the interests of the former; that is to say, the labour of the people, and consequently, the populousness and resources of the state that sells, will be in the power of the state that navigates.'⁵⁶

The need to control the shipping of colonial commodities bolstered the belief that it was necessary to discourage colonial shipping. Postlethwayt, for example, felt colonies should only be allowed their coasting trade, trade amongst themselves in such commodities as the mother nation could not supply and trade with foreign colonies in British products or in commodities not needed in Britain.⁵⁷ This was, admittedly, more theory than practice. It was often recognized, particularly by policymakers, that some branches of colonial trade were beneficial. The observations along these lines of former colonial governors Thomas Pownall and Francis Bernard have already been discussed. Moreover, Parliament was aware, particularly from the depositions of merchants during the debate over the repeal of the 1763 Stamp Act, that while the northern American colonies did not themselves produce many commodities for trade to Britain, their shipbuilders and merchants played a significant role in Atlantic trade. Much of the trade in such articles as rice, indigo, and tobacco was carried on by New England merchants who also supplied the British and foreign West Indies with provisions, lumber, and livestock. The proceeds of this trade often went towards the purchase of British manufactures, or towards paying down the debt owed for them.⁵⁸

⁵⁶ Postlethwayt, *op. cit.*, vol. 2, pp. 321-324.

⁵⁷ *Ibid.*, vol. 1, pp. 155-156.

⁵⁸ See *Proceedings and Debates of the British Parliaments Respecting North America 1754-1783*, R. C. Simmons and P. D. G. Thomas, eds., Volume 2 of 6 (Millwood, New York: Kraus, 1983), pp. 185-276.

Historians often argued that the only true example of mercantile opinion—that is, the opinion of merchants—influencing Parliamentary policy towards the American colonies was the repeal of the Stamp Act.⁵⁹ Otherwise, the argument continues, ‘mercantilism’ had little direct influence, and commercial legislation and regulations were more often dictated by the needs and realities of the time than by any theoretical economic considerations.⁶⁰ This is in some ways true, but it needs qualification. As Nancy Koehn has argued,

policy and political economy fed on each other. Government ministers... agreed that Britain’s dominions were to be governed as markets for the mother country’s manufactures. As important, the colonies... were to help maintain... the nation’s military power by providing state revenues. In formulating these objectives and the policies to achieve them, government officials relied heavily on a growing body of economic theory. Political economists, in turn, articulated commercial principles in terms of policymaking as well as the country’s transforming economy. They did so within a geopolitical frame of reference. For economic theorists and ministers, one overarching preconception obtained: power equalled wealth.⁶¹

Political economy was deeply rooted in political issues, thus the very name of the field. Unlike modern economists, eighteenth-century political economists were not concerned with understanding or explaining the industrial and commercial processes involved in the production, distribution, and consumption of goods as an end in itself. They sought to explain economic resources and processes for the purpose of understanding how best to apply them to the achievement of geopolitical goals. They were primarily concerned with

⁵⁹ See Koehn, *op. cit.*, 185-200.

⁶⁰ The finest expression of this line of argument is in the work of P. D. G. Thomas, whose *British Politics and the Stamp Act Crisis* (Oxford: Clarendon, 1975) argues that even in the repeal of the Stamp Act, the activities of the merchants and agents were an excuse for political decisions rather than an influence on them. See also *idem*, *The Townshend Duties Crisis* (Oxford: Clarendon, 1987) and *Tea Party to Independence* (Oxford: Clarendon, 1991).

⁶¹ Koehn, *op. cit.*, 61-62.

increasing and maintaining British power as much as with strictly economic matters. Commerce was closely tied with material wealth and with navigation, both of which were seen as facets of geopolitical strength. The primary aim of political economic writings was to illustrate how to manage a country's economy to bolster this strength.

The influence of these ideas on legislation and political decision-making is dealt with more fully in later chapters. Still, the frames of reference of politicians often overlapped with those of the political economists. Both groups, after all, focused on similar issues—navigation, manufactures, the balance of trade, the need for a British monopoly on colonial resources, and so on. A few instances of this phenomenon are provided here to hint at the pervasiveness of the economic precepts enumerated above. For example, on March 9, 1764, Prime Minister George Grenville echoed the concerns of those who warned of the negative effects of colonial trade with foreign states, arguing in the House of Commons, ‘The great object [is] to reconcile the regulation of commerce with an increase of revenue. With this view [it is] particularly desirable to prevent intercourse of America with foreign nations. And yet many colonies have opened such a trade.’⁶² On April 19, 1769, former colonial Governor Thomas Pownall argued against maintaining the Townshend Duties (American Revenue Act) by raising the sceptre of American manufactures. He suggested ‘That [the Act] hath a direct tendency to obstruct the vent of *British* manufactures and goods in the colonies. That it operates as a bounty to *American* manufactures. That it encourages the contraband trade and supply from foreign markets.’ He then went into specific detail about the consequences of the duty on glass and the ‘strange, unintelligible’ duty upon paper. Large manufactures in both these articles were already ongoing in America, he warned, and

⁶² *Proceedings and Debates*, vol. 1 (1982), p. 488. On Grenville, see Philip Lawson, *George Grenville: A Political Life* (Oxford: Clarendon, 1984) and *idem*, ‘George Grenville and America: The Years of Opposition, 1765-1770 in *A Taste for Empire and Glory* (Aldershot: Variorum, 1997), no. VII, pp. 561-575.

would only be encouraged by the duties imposed on imports from Britain.⁶³ In debate in the House of Commons on 7 December 1768, merchant and politician Barlow Trecothick, then alderman and later mayor of London, drew on the economic theory to argue that ‘[America] amazingly abounds with everything necessary for the great purposes of supporting a commercial nation: manufactures, commerce, navigation’ but that at present, ‘they cannot have money. It is a commercial principle that no country with a general balance, that is her final balance against her, after bringing her imports, and exports to account, can have money.’⁶⁴ The echoes of the political economists who emphasized the importance of just these factors—manufactures, commerce, navigation, trade balances—are clear.

These ideas were common to most educated Britons in the late eighteenth century. The strength of a state depended on its material wealth in gold and silver, and the goal of both commerce and government was to maintain or increase this wealth. To ensure that Britain took as much of the fiscal pie as possible, its government needed to promote domestic manufactures and discourage the import of foreign ones. It also needed to strengthen shipping and navigation and to ensure a trade monopoly with its colonies. The colonies themselves were a tool used to improve Britain’s trade balance and to provide necessary raw materials for British manufactures. For the colonies to serve this function effectively, Britain had to discourage colonial commerce and especially manufacture, lest the colonies become rivals to the mother country. Given these notions, how should an independent America—not something the average Briton wished to contemplate, of course—be treated? One could argue that as an independent, sovereign state, it would be subject to the same restrictions and levies on imports into Britain under which any European

⁶³ *Proceedings and Debates*, vol. 3 (1984), pp. 56-57.

⁶⁴ *Ibid*, vol. 3, pp. 34-35.

power laboured. Otherwise, it might threaten the livelihood of British manufacturers. Imports of raw materials from America might be curtailed, since it was well known that such materials should more readily be imported from colonies than from economic rivals. Moreover, it would have to be barred from direct trade with the remaining British colonies, to ensure that Britain retained its monopoly on the trade thereof and thus maintained its navigation and shipping strength. When, after the American Revolution, the time came to answer the question of how to establish commercial relations with a former colony, one school of thought was to follow the route outlined in this paragraph. Yet everyone involved in the debate about what form British relations with an independent America should take was also influenced by the theories of thinkers who had, since mid-century, been arguing against these 'mercantile' beliefs and proposing instead a liberalization of trade. It is to them that this thesis now turns.

Chapter 2

A New Machine: Economic Theory and Free Trade Ideology

Most politically-aware Britons in the period of the American Revolution would likely have agreed with the spirit, if not necessarily with every letter, of the political economic ideas expressed in the previous chapter. However, the same period saw a rising tide of economic writers with arguments in favour of free trade and against the continued maintenance of the British Empire in North America. Authors such as David Hume, Josiah Tucker and, perhaps most notably, Adam Smith challenged the primacy of the balance of trade, the idea of bullionism, and the very notion that colonies were beneficial appendages of Great Britain. Their arguments had some influential converts, including such major political figures as the Earl of Shelburne and the younger William Pitt. This chapter will outline the arguments of these anti-imperial free trade ideologues and examine their influence on policymakers.

One of the earliest British thinkers to lend his support to free trade was the Scottish philosopher and historian David Hume (1711 – 1776). From an early age, Hume's ambition was to establish a 'science of man', stretching from metaphysics and moral philosophy to politics, political economy and history.¹ Hume had briefly tried to make a living as a merchant, moving to Bristol, one of Britain's major centres of commerce, in March 1734. His sole engagement with political economy was his 1752 treatise *Political Discourses*, later

¹ Recent scholarship on Hume's body of philosophical work includes Antony Flew, *David Hume: Philosopher of Moral Science* (Oxford, NY: Blackwell, 1986); Nicholas Phillipson, *Hume* (London: Weidenfeld & Nicholson, 1989) and Terence Penelhum, *David Hume: An Introduction to his Philosophical System* (West Lafayette, Ind: Purdue University Press, 1992). For a more focused analysis of Hume's economic theories, see Istvan Hont, *Jealousy of Trade* (Cambridge, Mass: Harvard University Press, 2005), pp. 267-353 (chapter 3 and 4).

absorbed into *Essays, Moral and Political*, as a part of which it is usually published. Although his economic writing was not as developed as that of later writers such as Smith, Tucker, and some of the figures discussed in the previous chapter, Hume was nonetheless one of the first major opponents of the political economic orthodoxy. Moreover, there was clearly an interested audience for Hume's political economic ideas. *Political Discourses* enjoyed the greatest immediate success of any of Hume's work, receiving a second edition later in 1752, and was the first of Hume's publications to be translated (French edition, 1754).²

Hume argued against the very idea underlying the standard view of the political economy, the belief in the need to maintain a favourable balance of trade. He saw the 'strong jealousy' with regard to the balance of trade and the fear of many concerned with the balance that 'all their gold and silver may be leaving them' as 'a groundless apprehension.' He pointed out, first, that calculations of the trade balance usually rested on 'very uncertain facts and suppositions' and could rarely be depended upon for accuracy. 'The custom-house books,' he noted, 'are allowed to be an insufficient ground of reasoning; nor is the rate of exchange much better; unless we consider it with all nations, and know also the proportions of the several sums remitted; which one may safely pronounce impossible.' More importantly, though, he argued for what is now called Hume's gold-flow theory: any imbalance in wealth, whether favourable or not, would of necessity be unsustainable. Were the majority of all the material wealth in Britain suddenly 'annihilated' overnight, the prices of labour and commodities would sink as well. 'What nation,' he asked, 'could then dispute with us in any foreign market, or pretend to navigate or sell manufactures at the same price,

² John Robertson, 'Hume, David (1711–1776),' *Oxford Dictionary of National Biography* (Oxford: Oxford University Press, Sept 2004; online ed., May 2006), URL: <http://www.oxforddnb.com/view/article/14141>, date accessed: June 07, 2007.

which to us would afford sufficient profit? In how little time, therefore, must this bring back the money which we had lost, and raise us to the level of the neighbouring nations?' Once this wealth had been regained, he continued, Britain would then lose the advantage of cheap labour and commodities, thus stopping the influx of additional money into the country. Moreover, he argued, were all the money in Britain to multiply suddenly overnight, the opposite effect would follow. Labour and commodities would become so expensive, that foreign commodities, produced and sold much more cheaply than their British equivalents, would become so cheap they would soon flood British markets, and Britain would thus lose its—of necessity temporary—superiority of riches.³

Hume also argued against the idea of commerce as a conflict between neighbouring nations where one's loss was another's gain. He pointed out that 'the encrease of riches and commerce in any one nation, instead of hurting, commonly promotes the riches and commerce of all its neighbours; and that a state can scarcely carry its trade and industry very far, where all the surrounding states are buried in ignorance, sloth, and barbarism.' After all, a nation's domestic industry could obviously not be hurt by the prosperity of its neighbours. In fact, he argued, 'the domestic industry of every one must receive an encrease from the improvements of the others.' Every advance in British manufactures, he argued, had 'arisen from our imitation of foreigners.' He saw this process as ongoing: 'we daily adopt, in every art, the inventions and improvements of our neighbours. The commodity is first imported from abroad, to our great discontent, while we imagine that it drains us of our money: Afterwards, the art itself is gradually imported, to our visible advantage....' If a nation had a natural advantage in a staple commodity and still lost its trade in that commodity, Hume

³ All proceeding quotations from David Hume, *Essays Moral, Political, and Literary*, 2 volumes, T. H. Green and T. H. Grose, eds. (London, 1882), pp. 331-333.

argued, they should blame their own idleness and bad government, not the industry of their neighbours. Moreover, increased industry in a neighbouring nation implied an increased consumption of many different varieties of commodity. Thus, the demand for British products could still continue, or even increase, in spite of foreign competition. Even were demand to decrease, Hume suggested, 'the spirit of industry... may easily be diverted from one branch to another; and the manufacturers of wool, for instance, be employed in linen, silk, iron, or any other commodities, for which there appears to be a demand.' Thus, he concluded, 'we need not apprehend, that all objects of industry will be exhausted, or that our manufacturers, while they remain on an equal footing with those of our neighbours, will be in danger of wanting employment.'⁴

Admittedly, one cannot help but raise a sceptical eyebrow at the notion that those employed in one line of manufacture could, despite the sometimes radically different skills required, so easily switch to another. Hume's work nonetheless provided a strong critique of some of the basic arguments underlying 'mercantilist' thought. One of the first major British opponents of the orthodoxy, he was read by such contemporaries as Josiah Tucker and Adam Smith, Hume's literary executor. These men would further develop Hume's arguments in favour of free trade.

Because of his own reluctance to discuss them, little is known about the background and family of Josiah Tucker (1713-1799).⁵ What is known is that following an excellent education culminating in a BA at St. John's College, Oxford, Tucker took holy orders in

⁴ All proceeding quotations from *Ibid*, pp. 345-347.

⁵ There has been relatively little investigation of Tucker's economic and political thought. The most recent full-length treatment is W. George Shelton, *Dean Tucker and Eighteenth Century Economic and Political Thought* (London: Macmillan, 1981). A notable essay on his political thought by a major historian of political thought is J. G. A. Pocock, 'Josiah Tucker on Burke, Locke, and Price: A study in the varieties of eighteenth-century conservatism,' in *Virtue, Commerce and History: Essays on Political Thought and History, Chiefly in the Eighteenth Century* (Cambridge: Cambridge University Press, 1985), pp. 157-192.

1736. He was appointed curate of St Stephen's in Bristol the next year, and rector of All Saints' two years later. In 1750, he was appointed vicar of the parish of St. Stephen's. He long resided in Bristol, one of Britain's major commercial centres, something vital to the development of his religious, political and economic ideas. His first major work on economics was *A Brief Essay on the Advantages and Disadvantages, which Respectively Attend France and Britain*, published in 1749. During the period leading up to the American Revolution (c. 1763-1776), he wrote a number of short treatises and pamphlets on the subject of the American colonies. Thoroughly antagonistic to such friends of the American revolutionaries as Edmund Burke (who, ironically, was an M.P. for Bristol), Tucker nonetheless conclusively departed from standard views in urging a swift separation from the colonies. Although he was no doctrinaire free trader, Tucker also argued against excessive restrictions on trade and rejected strict bullionism.⁶

Tucker's rejection of bullionism is thoroughly articulated in his *A Brief Essay* (1749). He argued that the important consideration in determining the state of the balance of trade between two nations was which of the two had the greatest number employed in this reciprocal trade. Thus, 'If there are only *ten thousand* Persons employed in *England* in making Goods or raising some kind of Produce for the Market of *France*; and *forty thousand* in *France* for the Market of *England*.—Then we must pay these additional 30,000 *Frenchmen* in Gold and Silver; that is, be at the Charge of maintaining them.' This, he felt, was the 'clearest and justest' method of determining a trade balance: 'Labour (not Money) is the Riches of a People.... the Advantage is on the side of that Nation, which has most hands

⁶ Rory T. Cornish, 'Tucker, Josiah (1713–1799),' *Oxford Dictionary of National Biography* (Oxford: Oxford University Press, Sept 2004; online ed., May 2006), URL: <http://www.oxforddnb.com/view/article/27790>, date accessed: June 07, 2007.

employed in Labour.’⁷ Tucker was hardly the only economic theoretician to depart from strict bullionism, and it must be noted that not all those that followed suit were necessarily free traders. Even Sir James Steuart, a paragon of mercantilist thought, would argue against gold and silver as the sole measure of wealth in his 1767 *Principles of Political Oeconomy*.⁸ Nonetheless, Tucker was one of the first to abandon this particular orthodoxy, and his understanding of commerce and economy varied in other ways from that of many of his peers.

Most notably, the Dean of Bristol departed from the orthodoxy in that he was stridently anti-imperial, or at least anti-colonial. In a line of argument followed by Adam Smith, he argued that the North American colonies were not as beneficial for Britain as was commonly thought and came out in favour of their separation from the metropolis. As he summarized in *The True Interest of Great Britain set forth in Regard to the Colonies* (1776), ‘we neither can govern the *Americans*, nor be governed by them; ... we can neither unite with them, nor ought to subdue them....’ Separation was the only other logical alternative. He disputed the common belief that separation would entail the loss of the American trade. After all, he argued, ‘the Colonies, we know by Experience, will trade with any People, even with their bitterest Enemies, during the hottest of a War, and a War undertaken at their own earnest Request, and for their own Sakes....’ Could the colonies, he asked, ‘trade with any other *European* State to greater advantage than they can do with *Great-Britain*? If they can, they certainly will; but if they cannot, we shall still retain their Custom, notwithstanding we have parted with every Claim of Authority and Jurisdiction over them.’ To support this, he

⁷ Josiah Tucker, *A Brief Essay on the Advantages and Disadvantages Which Respectively Attend France and Great Britain, With Regard to Trade* (London: Printed for T. Trye, 1753), p. iv.

⁸ See Bk III, Chapter III, ‘Incapacities of the Metals to perform the Office of an invariable Measure of Value,’ in James Steuart, *An Inquiry into the Principles of Political Oeconomy*, Andrew S. Skinner, ed. (Oliver & Boyd: Edinburgh and London, 1966), pp. 416-421.

cited a list of commodities that America traded to Europe, including lumber, ships and shipbuilding materials, iron, skins, furs, indigo, tobacco and rice. ‘...[E]xcepting Rice and Tobacco,’ he suggested, ‘there is hardly one of these Articles, for which an *American* could get so good a price any where else, as he can in *Great-Britain* and *Ireland*.’ With this (rather unsupported) assertion, he concluded that Britain was thus clearly the best market for American commodities and would remain so regardless of whether there was a political connection between the two countries. As to imports, he continued, ‘whatever Goods, Merchandize, or Manufactures, the Merchants of *Great-Britain* can sell to the rest of *Europe*, they might sell the same to the Colonies, if wanted: Because it is evident, that the Colonies could not purchase such Goods at a cheaper Rate at any other *European* Market.’ After all, he noted, ‘excepting [a] few Articles, *Great-Britain* is become a Kind of a general Mart for *most other* Commodities....’ Thus, both British imports from and exports to America would continue apace even after a political separation.⁹

He expanded upon this line of thought in *A Series of Answers to Certain Popular Objections, Against Separating from the Rebellious Colonies*, also published in 1776, wherein he explained in more detail why the British economy and commerce would not suffer in the event of a separation. Asking whether the American War would prevent Britain and America from trading with each other following a separation, he argued that ‘trade is not carried on for the Sake of Friendship, but of Interest. If after a Separation, the Colonists shall find, that they can trade to a greater advantage with us, than with others, they certainly

⁹ All proceeding quotations from Josiah Tucker, *The True Interest of great Britain set forth in Regards to the Colonies*, in *Four Tracts on Political and Commercial Subjects*, 3rd edition (London, 1776; Clifton, NJ: A. M. Kelley, 1972), pp. 203-207. For more on the economies, trade and commerce of the British North American colonies, see Edwin J. Perkins, *The Economy of Colonial America* (New York: Columbia University Press, 1980); John J. McCusker and Russell R. Menard, *The Economy of British America, 1607-1789* (Chapel Hill: University of North Carolina Press, 1985); John J. McCusker and Kenneth Morgan, eds., *The Early Modern Atlantic Economy* (New York: Cambridge University Press: 2000) and T. H. Breen, *The Marketplace of Revolution: How Consumer Politics Shaped American Independence* (Oxford: Oxford University Press, 2004).

will, not for our Sakes, but for their own.' Fortunately, he continued, 'the Trade of *Great-Britain* with the Colonies rests on a much firmer Foundation, than that of a *nominal* Subjection,' namely 'the Superiority of the *British* Capitals over those of every other country in the Universe.... The Trade of the World is carried on, in a great Measure, by *British* Capitals.' Because of this, if nothing else, the newly independent Americans would see that it would be in their best interest to return to Britain as customers.¹⁰ Although his statement of his case was perhaps somewhat overblown (unless he was indeed certain of the superiority of British capital to that of other planets!) his belief that America would have no choice but to maintain trading relations with Britain even if it were to achieve independence was, as would become clear after the war, quite accurate.

Tucker also took the opportunity to deflect the suggestion that following American independence, Britain would lose access to those American commodities that were necessary either in the British Isles themselves or in the wider Empire, most notably the West Indies. Of American naval stores, extensively used in British shipbuilding, Tucker rhetorically asked, 'To what market will the Northern Colonies send their Pitch and Tar, their Masts and Naval Stores, if they should refuse to sell them to the *English*? were we to withdraw our Bounties, it would be [sic] an exceeding difficult Matter for the colonies to find any vent at all for these Articles.' Even without access to such commodities from America, he argued, Britain could still acquire them from northern Europe, Germany, Sweden, or Russia. After all, other European states could do at a moderate price and with no bounties, in spite of their lack of North American colonies. Britain, Tucker concluded, could

¹⁰ Josiah Tucker, *A Series of Answers to Certain Popular Objections, Against Separating from the Rebellious Colonies in Four Tracts*, *op. cit.*, pp. 26-31.

do so as well.¹¹ And what of the possibility of the Americans no longer supplying the British West Indian islands with the wide variety of provisions and commodities upon which the islands depended? As Tucker noted,

the *North-Americans* never ceased supplying the *French* and *Spaniards*, not only with Provisions and Lumber, but with every Article whatever, for which there was a Probability of being paid: I say, they supplied them even in Times of War, as well as in Times of Peace. Tell me therefore, [he asked rhetorically,] *why* the *North-Americans*, after a peaceable Separation, will refuse to supply our Sugar Islands (whilst they supply others) if they shall be as well, or *better paid* for what they bring?

And even should the Americans cease supplying the West Indies, he added, Britain could easily pick up the slack.¹²

Though no doctrinaire free trader, Tucker was certainly in favour of *freer* trade – to maintain the existing trade relations between Britain and America would, after all, require that no excessive new duties be imposed on American imports to Britain and to the West Indies. His greatest departure from standard mercantile thought, though, was his anti-colonial stance and his advocating separation from America, an unusual and unpopular position. In his belief that Britain would receive the same benefits in terms of commodities and markets from an independent America as it would from the colonies, he also departed from the standard idea that trade was a zero-sum contest. Certainly, the notion that maintaining the existing trade relations between Britain and America would prove the most beneficial arrangement for both countries ran counter to the standard belief that in any commercial relationship, there was a clear winner and loser. In addition, as already noted,

¹¹ *Ibid*, pp. 32-34.

¹² *Ibid*, pp. 35-37.

his views on what constituted wealth differed from the strict bullionism of many of his fellows. Overall, his views were a distinct departure from the orthodox school of thought, though he was never in favour of a completely *laissez faire* policy and certainly did not differ as strongly from orthodox thought as David Hume or Adam Smith. Nonetheless, the central planks of his arguments on the colonial situation, the ideas that Britain would be stronger if it gave up the North American colonies and that an independent America would still choose to trade with Britain, ran very much against the standard understanding.

Adam Smith (c. 1723-1790) provided the most detailed and systematic opposition to this standard understanding of political economy. Following his education at Balliol College, Oxford, Smith became professor of logic and professor of moral philosophy at Glasgow in 1751. Smith's lectures about what his biographer Dugald Stewart described as 'those political regulations which are founded, not upon the principle of justice, but that of expediency, and which are calculated to increase the riches, the power, and the prosperity of a State',¹³ eventually formed the basis of his major work on political economy, *An Inquiry into the Nature and Causes of the Wealth of Nations*.¹⁴ Although many of the central ideas of the work had already been in place for two decades, the work was written over nearly a decade starting around 1766 and was finally published in 1776.¹⁵

Smith attacked many of the foundations of what he pejoratively named the 'mercantile system.' He denounced the very basis of orthodox economic thought, the

¹³ Dugald Stewart, *Account of the Life and Writings of Adam Smith, LL. D.*, in Adam Smith, *Essays on Political Subjects*, W. P. D. Wightman and J. C. Bryce, eds. (Oxford: Oxford University Press, 1978), pp. 274-275.

¹⁴ For a short bibliography of work exploring the interconnectedness of Smith's oeuvre, refer to chapter 2, fn. 26 on p. 33 above.

¹⁵ Biographical information from Donald Winch, 'Smith, Adam (bap. 1723, d. 1790),' *Oxford Dictionary of National Biography* (Oxford: Oxford University Press, Sept 2004; online ed., May 2006), URL: <http://www.oxforddnb.com/view/article/25767>, date accessed: June 07, 2007.

bullionist idea ‘that wealth consists in money, or in gold and silver.’¹⁶ He noted derisively that as a consequence of this belief, ‘all the different nations of Europe have studied, though to little purpose, every possible means of accumulating gold and silver in their respective countries.’¹⁷ To Smith, these (patently unnecessary) studies of how to maximize a nation’s gold and silver included, of course, many of the works discussed in the previous chapter. To Smith, it was obvious that just as any country that desired wine but had no vineyards would always effectively manage to acquire the wine it needed, so ‘a country that has wherewithal to buy gold and silver, will never be in want of those metals.’¹⁸ Moreover, he noted that the available quantity of any commodity naturally regulated itself according to the demands of that segment of the population who were willing to pay for it. This held true, he argued, for gold and silver just as much as it did for any other commodity: ‘When the quantity of gold and silver imported into any country exceeds the effectual demand, no vigilance of government can prevent their exportation. All the sanguinary laws of Spain and Portugal are not able to keep their gold and silver at home.’¹⁹ After all, the prices of gold and silver fluctuated just the same as the prices of any other commodity, though due to ease of transportation, this variation was usually somewhat less than that in the prices of bulkier articles. In short, Smith held that ‘wealth does not consist in money, or in gold and silver; but in what money purchases, and is valuable only for purchasing.’²⁰

¹⁶ Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*, volume 1, R. H. Campbell, A. S. Skinner and W. B. Todd, eds., (Oxford: Oxford University Press, 1976), p. 429.

¹⁷ *Ibid*, volume 1, p. 431.

¹⁸ *Ibid*, volume 1, p. 435.

¹⁹ *Ibid*, volume 1, p. 436.

²⁰ *Ibid*, volume 1, p. 438. Smith’s economic ideas, including his understanding of wealth, profit and value, have of course been the subject of an extensive literature. For a good encapsulation of this specific element of Smithian economic thought, see Donald Winch, *Riches and Poverty: An Intellectual History of Political Economy in Britain, 1750-1834* (Cambridge: Cambridge University Press, 1996), pp. 109-114; and Emma Rothschild and Amartya Sen, ‘Adam Smith’s Economics,’ in *The Cambridge Companion to Adam Smith*, Knud Haakonssen, ed. (Cambridge: Cambridge University Press, 2006), pp. 327-334, 337-347.

The writers discussed in the previous chapter generally argued that the principal purpose of a nation's foreign trade was to import commodities necessary for domestic industry, allowing the export of the products of that industry and the consequent influx of the gold and silver that would purchase those manufactures. To Smith, however, foreign trade had far greater and more varied benefits. It carried out that produce of the land and labour for which there was no domestic demand and brought back in return something else for which there was a demand. It allowed the exchange of superfluities for imports that might help meet a population's wants. Yet, its greatest benefit was to ensure

the narrowness of the home market does not hinder the division of labour in any particular branch of art or manufacture from being carried to the highest perfection. By opening a more extensive market for whatever part of the produce of their labour may exceed the home consumption, it encourages [the population] to improve its productive powers, and to augment its annual produce to the utmost, and thereby to increase the real revenue and wealth of the society.²¹

It was through this service, not by simply increasing the stores of valuable metals, that foreign trade benefited a nation.²²

Smith also opposed the imposition of customs barriers against the import of foreign raw materials as a means of helping domestic production.²³ 'If a foreign country can supply us with a commodity cheaper than we ourselves can make it,' he argued, 'better buy it of them with some part of the produce of our own industry, employed in a way in which we

²¹ Smith, *Wealth of Nations*, volume 1, pp. 446-447.

²² For more on Smith's theories about the social and political effects of commercial and economic factors, see Donald Winch, *Adam Smith's Politics: An Essay In Historiographical Revision* (Cambridge: Cambridge University Press, 1978), chapter 4 (pp. 70-102); Rothschild and Sen, *op. cit.*, pp. 320-347.

²³ Probably the most detailed and authoritative discussion of Britain's domestic industrial and economic development during this period is M. J. Daunt, *Progress and Poverty: An Economic and Social History of Britain 1700-1850* (Oxford: Oxford University Press, 1995).

have some advantage. The general industry of the country, being always in proportion to the capital which employs it, will not thereby be diminished... but only left to find out the way in which it can be employed with the greatest advantage....' After all, a commodity that was cheaper to buy than to make could have been purchased 'with a part only of the price of the commodities, which the industry employed by an equal capital, would have produced at home.'²⁴ He argued that the only field in which such regulations were in fact beneficial to British industry was manufactures. Manufactures, after all, 'are more easily transported from one country to another than corn or cattle.... In manufactures, a very small advantage will enable foreigners to undersell our own workmen, even in the home market. It will require a very great one to enable them to do so in the rude produce of the soil.'²⁵ Duties on imports of such foreign commodities as salt, corn or cattle were, in short, not only unhelpful but also positively counterproductive.²⁶

Smith admitted that it might not necessarily be worthwhile to keep up free importation of foreign goods from a country that 'restrains by high duties or prohibitions the importation of some of our manufactures into their country.' However, he held that it was only good policy to impose restraints if doing so could convince the rival country to surrender theirs. When such repeal was impossible, adding restrictions could only hurt the domestic economy. 'When our neighbours prohibit some manufacture of ours,' he argued, 'we generally prohibit, not only the same, for that alone would seldom affect them

²⁴ All proceeding quotations from Smith, *Wealth of Nations*, volume 1, p. 457.

²⁵ *Ibid*, volume 1, p. 459.

²⁶ Conversely, the popular conception of a 'moral' economy, as famously described by E. P. Thompson, saw freer trade as a potential danger because of its possible harmful effect on the grain trade and favoured price controls to ensure the maintenance of a fair or 'moral' level of grain prices. See E. P. Thompson, 'The Moral Economy of the English Crowd in the Eighteenth Century' and 'The Moral Economy Reviewed' in *Customs in Common* (New York: New Press, 1993), pp. 185-351. For an analysis of how Smith's ideas were received in light of the concept of the moral economy, see Istvan Hont and Michael Ignatieff, 'Needs and justice in the *Wealth of Nations*: an introductory essay,' in *Wealth and Virtue: The Shaping of Political Economy in the Scottish Enlightenment*, Hont and Ignatieff, eds. (Cambridge: Cambridge University Press, 1983), pp. 13-26.

considerably, but some other manufacture of theirs....' This measure would undoubtedly encourage those members of the population employed in the specific manufactures whose foreign import was now restricted. Those who suffer from the foreign prohibition, however, 'will not be benefited by ours. On the contrary, they and almost all the other classes of our citizens will thereby be obliged to pay dearer than before for certain goods.'²⁷

Smith next attacked the 'absurd' doctrine of the balance of trade, the basis of almost all commercial regulations. 'A trade which is forced by means of bounties and monopolies,' he argued, 'may be, and commonly is disadvantageous to the country in whose favour it is meant to be established.... But that trade which, without force or constraint, is naturally and regularly carried on between any two places, is always advantageous, though not always equally so, to both.' This was a great departure indeed from standard 'mercantile' thought, one Smith expanded upon at length. A trade where one nation exported nothing but native commodities, while the other returned nothing but foreign goods might, according to the orthodox understanding, be considered balanced, as neither state is either gaining or losing bullion. To Smith, however, both gain, albeit not equally. The country that exported nothing but native commodities, he argued, would derive the greatest revenue. Thus, if France only exported native commodities to Britain, and the latter only exported tobacco and East India goods, then the 'whole French capital annually employed in [this trade] would annually be distributed among the people of France. But that part of the English capital only which was employed in producing the English commodities with which those foreign goods were purchased would be annually distributed among the people of England.' The majority of the English capital would instead be distributed among the people of Virginia and the East

²⁷ *Ibid*, volume 1, pp. 467-468.

Indies, where the goods sold were actually produced.²⁸ If, Smith continued, such a trade was paid for not in commodities but in gold and silver, it would generally be considered an uneven balance. In fact, however, it too would provide revenue to the inhabitants of both countries. In Britain, the ‘capital which had been employed in producing the English goods that purchased this gold and silver, the capital which had been distributed among, and given revenue to certain inhabitants of England, would thereby be replaced, and enabled to continue that employment.’²⁹ In short, Smith held that there were no outright losers in commerce, and that a trade that led to an outflow of bullion could nonetheless bring real revenue to a country.³⁰

Smith also opposed the view of trade as a zero-sum game with a finite amount of available global wealth and the attendant notion that a nation’s ‘interest consisted in beggaring all their neighbours.’ This idea, he felt, had been both invented and propagated by ‘the impertinent jealousy... the mean rapacity, the monopolizing spirit of merchants and manufacturers,’ whom he clearly trusted no more than had many of his ‘mercantilist’ predecessors.³¹ He argued that the wealth of a neighbouring nation was certainly advantageous in trade, affording Britain to exchange more and better goods, and affording a

²⁸ *Ibid*, volume 1, pp. 489-490.

²⁹ *Ibid*, volume 1, *loc. cit.*

³⁰ Again, E. P. Thompson’s conception of a moral economy would have implied that, conversely, and regardless of other factors, no trade that drove up the price of basic, necessary foodstuffs could ever be beneficial. See the works cited in fn. 26 on p. 61 above.

³¹ *Ibid*, volume 1, p. 493. It is perhaps somewhat ironic that although Smith argued that mercantile interests took the lead in propagating the beliefs outlined in the previous chapter, the writings in favour of those beliefs were often as highly sceptical of mercantile self-interest as Smith himself and would have likely have been aghast at the notion that their views had been ‘invented and propagated’ by merchants and manufacturers. Smith’s position on free trade and commercial competition between states is, of course, the subject of an extensive literature. For some recent work on the subject, see Keith Tribe, ‘Natural liberty and *laissez faire*: how Adam Smith became a free trade ideologue,’ and Heinz Lubasz, ‘Adam Smith and the “free market,”’ both in *Adam Smith’s Wealth of Nations: New Interdisciplinary Essays*, Stephen Copley and Kathryn Sutherland, eds. (Manchester and New York: Manchester University Press, 1995), pp. 23-44 and 45-69, respectively. The broadest and most authoritative analysis of the evolution of political economic ideas about international commercial competition is Istvan Hont, *Jealousy of Trade: International Competition and the Nation-State in Historical Perspective* (Cambridge, Mass: Belknap/Harvard University Press, 2005).

better market both for British goods and for foreign produce purchased with British goods. As Smith concluded, 'the manufacturers of a rich nation... may no doubt be very dangerous rivals to those of their neighbours. This very competition, however, is advantageous to the great body of the people, who profit greatly besides by the good market which the great expence of such a nation affords them in every other way.'³²

Smith also attacked the belief in the necessity to maintain a monopoly of colonial trade. Smith further argued that any advantage Britain gained by monopolizing trade with the colonies was illusory, an advantage relative to other nations rather than an absolute advantage. Had continental Europe been allowed a free trade with Maryland and Virginia, he suggested, the tobacco thereof might well have come cheaper not only to all those other countries, but likewise to Britain itself. Moreover, with a much more extensive market, the profits of a tobacco plantation might be reduced to their natural level approximating those of a corn plantation. Consequently, the price of tobacco would likely have dropped, and 'an equal quantity of the commodities either of England, or of those other countries, might have purchased in Maryland and Virginia a greater quantity of tobacco than it can do at present, and, consequently, have been sold there for so much a better price.'³³ Moreover, a far more important benefit could arise from the loss of the monopoly on colonial trade. Smith pointed out that colonial trade had experienced greater growth due to the monopoly than had the main part of the British foreign trade. To control all the foreign trade of the colonies despite her own capital not having increased in the same proportion as that colonial trade, Smith argued, Britain continually had to withdraw capital from other branches of trade and also withhold from any additional capital they might have received. He concluded, 'Since the

³² Smith, *Wealth of Nations*, volume 1, p. 494.

³³ *Ibid*, volume 2, p. 595. On the place of these commodities in the American colonial economy, refer to the works cited in fn. 9 on p. 55 above.

establishment of the act of navigation, accordingly, the colony trade has been continually increasing, while many other branches of foreign trade, particularly of that to other parts of Europe, have been continually decaying.’³⁴

The monopoly of colonial trade, Smith felt, had turned the capital of Great Britain ‘from a foreign trade of consumption with a neighboring, into one with a more distant country; in many cases, from a direct foreign trade of consumption, into a round-about one; and in some cases, from all foreign trade of consumption, into a carrying trade.’ In all of these cases, Smith underlined, the change was from a more beneficial trade with greater revenues to a less beneficial one. In addition, ‘By suiting, besides, to one particular market only, so great a part of the industry and commerce of Great Britain, it has rendered the whole state of that industry and commerce more precarious and less secure, than if their produce had been accommodated to a greater variety of markets.’³⁵ The effects of the colonial trade itself, Smith believed, ‘are always and necessarily beneficial,’ but those of the monopoly of that trade are ‘always and necessarily hurtful.’³⁶ To date, fortunately for Britain, the former had been so beneficial that the colonial trade has also overall proved a boon. However this was in spite of the monopoly, not because of it.

Trade with continental Europe, and particularly France, Smith further argued, could be infinitely more advantageous than trade with North America. Due to their geographic proximity, the returns from a trade between Britain and France might be expected several times a year. Even between those parts of the two countries most remote from one another, the returns could still be expected at least once a year. This trade, to Smith, ‘would be, at

³⁴ *Ibid*, volume 2, p. 596.

³⁵ *Ibid*, volume 2, p. 607.

³⁶ *Ibid*, volume 2, p. 607-608.

least, three times more advantageous, than the boasted trade with our North American colonies, in which the returns were seldom made in less than three years, frequently not in less than four or five years.³⁷

Given such arguments, it is hardly surprising that Smith concluded, famously, 'Under the present system of management, therefore, Great Britain derives nothing but loss from the dominion which she assumes over her colonies.' As had Tucker, Smith felt that the best solution to the American issue was simply to surrender the colonies and allow them to separate amicably. He realized, of course, that a voluntary separation was unlikely at best. Yet if it were to occur, he argued presciently, Britain could then make a treaty of commerce with the new independent North America and achieve a free trade between the two countries that would be far more useful to the British people than the monopoly had ever been. Such an arrangement, he continued, would make the colonies and Britain friendlier, and the colonies would soon come to favour Britain in war as well as in trade.³⁸ With the benefit of hindsight, this is obviously a highly accurate prediction. Of course, at the time Smith published *Wealth of Nations*, Britain was entangled in a war to retain the colonies and was hardly about to surrender them voluntarily, not that Smith had expected such an action. By the time that war had been lost, however, Smith's arguments would be valuable ammunition for both sides in the debate about post-war relations with the newly independent United States.

Of course, despite these extensive departures from standard modes of thought, Smith was still a product of his times, with many of the same preoccupations and some of the same views. The most notable example of this is his famous defence of the Navigation Act. He argued that it could be advantageous to lay burdens upon a foreign industry when that

³⁷ *Ibid*, volume 1, p. 495.

³⁸ *Ibid*, volume 2, p. 616.

branch of industry was vital to national defence: ‘The defence of Great Britain, for example, depends very much upon the number of its sailors and shipping. The act of navigation, therefore, very properly endeavours to give the sailors and shipping of Great Britain the monopoly of the trade of their own country....’³⁹ He was well aware that, as with any other trade prohibition, the Navigation Act was not favourable to foreign commerce. Yet in Smith’s words, ‘As defence, however, is of much more importance than opulence, the act of navigation is, perhaps, the wisest of all commercial regulations of England.’⁴⁰ This is perhaps damning with faint praise, as Smith was no great supporter of any of the other British commercial regulations. Nonetheless, he clearly believed that the Navigation Act was necessary in spite of its possible detrimental effects on commerce and in spite of being a barrier to a perfectly free trade. In his concern for navigation and his linking of Britain’s merchant marine with defence, Smith was undoubtedly in line with standard political economic thought.⁴¹

By the onset of the American Revolution, then, a number of thinkers, Adam Smith the most notable and most systematic among them, started to challenge the precepts upon which the traditional understanding of economic and commercial matters was based. David Hume, Josiah Tucker and Smith advocated various degrees of free or freer trade and rejected bullionism, excessive regulations and the trade monopoly with the colonies. In addition, on the specific and topical matter of the American conflict, these men argued that, contrary to popular opinion, even an independent America would remain a captive market for Britain and would be willing to continue supplying both Britain and the West Indies with necessary

³⁹ *Ibid*, volume 1, p. 463.

⁴⁰ *Ibid*, volume 1, pp. 464-465.

⁴¹ The Navigation Acts are discussed in detail in the next chapter, pp. 74-81. For their historiography, see the introduction, fn. 30, on p. 10 above.

commodities. The remainder of this chapter looks briefly at the reception of these ideas, particularly among policymakers.

Adam Smith's correspondents were apparently impressed with *Wealth of Nations*, and many predicted that in time it would come to exert due influence on commercial policy. Thus, Hugh Blair wrote to Smith, 'Your work ought to be, and I am perswaded [sic] will in some degree become, the Commercial Code of Nations.'⁴² Somewhat more conservatively, Joseph Black predicted, 'although it be admired immediately by discerning and impartial Judges[,] It will require some time before others who are not so quick sighted and whose minds are warped by Prejudice or Interest can understand and relish such a comprehensive System composed with such just and liberal Sentiments.'⁴³

Of course, the responses of Smith's correspondents give little impression of how his ideas were received in a wider context. His work, and that of Hume and Tucker, was certainly read, not least by one another and by other writers on political economy. It is unsurprising to find references to the writings of Smith and Tucker in the immediate aftermath of their publication. Even writers who do not appear to have favoured any significant degree of free trade drew on the support of some of their arguments. For example, an anonymous pamphlet by 'a Member of Parliament' (1778) used their work to show why the loss of the trade monopoly over America would not be overtly detrimental to Britain.⁴⁴ The anonymous tract *Essays Commercial and Political on the Real and Relative Interests of the Imperial and Dependent States* (1779) rebutted a critical letter to Smith from

⁴² Hugh Blair to Adam Smith, Apr 3 1776, in *The Correspondence of Adam Smith*, Ernest Campbell Mossner and Ian Simpson Ross, eds. (Oxford: Oxford University Press, 1977), p. 188.

⁴³ Joseph Black to Adam Smith, April 1776, in *Ibid*, p. 190.

⁴⁴ 'A Member of Parliament,' *An Examination into the Conduct of the Present Administration*, (London: Printed for J. Almon, 1778), pp. 61-65.

former colonial governor Thomas Pownall about the *Wealth of Nations*⁴⁵, and appears to have borrowed a number of arguments directly from Smith and Tucker, arguing, for example, that commercial links would remain between an independent New England and Britain, since the former could not acquire commodities cheaper elsewhere.⁴⁶ Despite such scattered references, however, there was no attempt during the period of the American Revolution at a detailed, systematic analysis of the work of Smith, Tucker, and Hume. Nor was there any sudden, dramatic shift in favour of free trade. Most of Smith's successors in the field of political economy came later, in the nineteenth century. Keith Tribe has argued that Smith, in particular, was better received in Germany and America than in Britain. The Germans may have been the first to adapt Smith's principles as an actual commercial system, while the writings of such American statesmen as Thomas Jefferson, Benjamin Franklin, and James Madison drew freely on Smith and Alexander Hamilton's *Report on the Subject of Manufactures* (1791) was an extended critique of *Wealth of Nations*.⁴⁷

As Richard Teichgraeber has emphasized, however, one must remember that the intended audience of Adam Smith were statesmen and legislators. Smith aimed to improve society 'not by delineating plans of new constitution but by enlightening the policy of actual legislators.'⁴⁸ Teichgraeber has convincingly shown that *The Wealth of Nations* certainly became one important source for statesmen after the American Revolution debating

⁴⁵ *Essays Commercial and Political, on the Real and Relative Interests of the Imperial and Dependent States*, Second Edition (Newcastle: Printed for T. Saint, 1779), pp. 2-8.

⁴⁶ *Ibid.*, pp. 69-80.

⁴⁷ Keith Tribe, 'Natural liberty and *laissez faire*: How Adam Smith became a free trade ideologue,' in *Adam Smith's Wealth of Nations: New Interdisciplinary Essays*, Stephen Copley and Kathryn Sutherland, eds., pp. 23-44 (Manchester: Manchester University Press, 1995), pp. 28-31.

⁴⁸ Richard F. Teichgraeber III, 'Adam Smith and tradition: *Wealth of Nations* before Malthus,' in *Economy, Polity and Society: British Intellectual History 1750-1950*, Stefan Collini et al, eds., pp. 85-104, (Cambridge: Cambridge University Press, 2000), p. 96.

economic policy, though it was never a final authority.⁴⁹ Smith himself was recognized as an authority, and government figures are known to have sought his council: he advised policymakers on colonial taxation in the 1760s, advised the North Administration in 1777-9, and was contacted for his ideas as to how to deal with the secession of the American colonies in the 1780s.⁵⁰

Teichgraeber has provided the most in-depth analysis of the reception of *Wealth of Nations* during Smith's lifetime. He argues that the work was not exceptionally influential at that stage, though many important people certainly read it. Teichgraeber suggests the work only truly became especially noted after the commercial treaty with France of 1786 and that a wide interest in Smith first arose because of the treaty rather than inspiring it. Smith was among the economic writers cited during the debate over the treaty, but so too were Hume, Tucker and others. Whether those behind the French treaty, Prime Minister William Pitt the Younger and William Eden, later the first Lord Auckland, former secretary of the Board of Trade and the chief British negotiator in the treaty, took Smith as an inspiration is unclear. It seems, however, that their efforts to liberalize trade in the mid 1780s first brought popular attention to the *Wealth of Nations*.⁵¹ From the 1780s onwards, Smith was certainly seen as an authority by government figures. It is notable in the context of this thesis that Eden contacted Smith on December 15, 1783 for advice as to how Britain ought to establish its commercial relationship with an independent America — a subject discussed in more detail in the next two chapters.⁵² Moreover, many policymakers after the American Revolution

⁴⁹ Richard F. Teichgraeber III, "Less Abused Than I Had Reason To Expect": The Reception of the *Wealth of Nations* in Britain, 1776-90,' *The Historical Journal* 30: 2 (Jun 1987), p. 86.

⁵⁰ Donald Winch, *Riches and Poverty: An Intellectual History of Political Economy in Britain, 1750-1834* (Cambridge: Cambridge University Press, 1996), p. 128.

⁵¹ Teichgraeber, 'Less Abused Than I Had Reason To Expect,' p. 362.

⁵² See below, pp. 89-90, 113.

saw themselves and referred to themselves as ‘liberal’, very likely in part a result of the influence of the *Wealth of Nations*. Yet, however liberal they may have been, these men never sacrificed navigation to free trade — just as Smith himself had not. William Pitt the Younger, their Prime Minister, was quite certainly ‘convinced of value of freer exchange,’ in the words of his greatest modern biographer, John Ehrman, but he realized that it was not always possible, or even preferable to push for it, particularly when navigation might suffer.⁵³ Government figures in the 1780s generally retained many tenets of ‘mercantilist’ thought, particularly when it came to the primacy of navigation. In discussing a suite of failed British commercial negotiations conducted at much the same time as the French treaty, Ehrman argues convincingly that during this period, the goal of achieving a beneficial commercial balance as a means of maintaining geopolitical power remained a major aspect of British commercial policy.⁵⁴

During this same period, meanwhile, Adam Smith’s authority was being cited by both opposing schools of thought on the question of how Britain ought to establish its commercial relationship with its former colonies, the newly independent United States of America. One side of this debate was associated with the Earl of Shelburne, Prime Minister for several months in 1782-1783 and the Younger William Pitt, a member of Shelburne’s cabinet and himself Prime Minister for an impressive two decades from December 1783 onwards. In the public mind, this group is still quite closely associated with Smith. Shelburne, after all, is usually seen as a disciple of Smith and Tucker⁵⁵ and is known to have

⁵³ John Ehrman, *The Younger Pitt*, volume 1, *The Years of Acclaim* (New York: E. P. Dutton, 1969), p. 336.

⁵⁴ John Ehrman, *The British Government and Commercial Negotiations with Europe, 1783-1793* (Cambridge: Cambridge University Press, 1962), pp. 179-180.

⁵⁵ See, for example, Ehrman, *The Younger Pitt*, volume 1, p. 95. Hamish Scott argues that his views were shaped more by the French philosophes than by Smith and Tucker. See H. M. Scott, *British Foreign Policy in the Age of the American Revolution* (Oxford: Clarendon, 1990), pp. 323-329.

once said that he owed his knowledge of ‘the difference between light and darkness’ on commercial matters to a coach trip he had taken with Smith in 1761.⁵⁶ The Younger Pitt, meanwhile, is generally agreed legitimately to have favoured liberalization of trade, where possible, and had on occasion referred to Smith as his ‘master’.⁵⁷ Their goal was to do what Smith had urged in *Wealth of Nations*, to regulate British-American trade on reciprocal basis by signing ‘such a treaty of commerce as would effectually secure to [Britain] a free trade’ and serve to make even an independent America ‘our most faithful, affectionate, and generous allies.’⁵⁸ The other side of the debate consisted of such figures as William Eden, the negotiator of the 1786 Anglo-French commercial treaty, and the economic writer John Baker Holroyd, Lord Sheffield, later the first Earl of Sheffield. This group stood by the Navigation Acts, which Smith had described as the ‘wisest’ of Britain’s commercial regulations,’ and sought to allow British-American trade to be regulated on a non-discriminatory basis and thus find its level. In this, they were influenced by Smith’s belief that the American colonies diverted from possible investments at or nearer home. This debate is discussed in greater depth in the remainder of this thesis.

By the period of the American Revolution, then, economic writers had started to argue against some of the core tenets of standard ‘mercantile’ economic thought.⁵⁹ Such ideas as bullionism, the primacy of balances of trade and the view of commerce as a form of international conflict with definite winners and losers all came under attack from writers favouring free, or at least freer, trade. So too did a variety of specific commercial measures and regulations and, perhaps most radically, the whole concept of overseas colonies. These

⁵⁶ Winch, *op. cit.*, p. 158.

⁵⁷ Ehrman, *British Government and Commercial Negotiations*, pp. 178-179.

⁵⁸ Smith, *Wealth of Nations*, volume 2, p. 617.

⁵⁹ Once again, pace E. P. Thompson, free trade theories would also have come into conflict with the communal perception of a fair or ‘moral’ economy. See fn. 26 on p. 61 above.

writings had some degree of success, and achieved some notable converts in powerful political circles. Yet the beliefs that Smith had described as the ‘mercantile system’ were sufficiently ingrained that the majority of Britons never questioned them. There was some spread of liberal free trade beliefs in mid-1780s — the period has been seen as a sort of ‘free trade summer’ derailed by the French Revolutionary and Napoleonic Wars — but it must be counterbalanced by the undoubted fact that even after the appearance of Adam Smith and his fellows, many of the ideas outlined in the previous chapter remained major influences on policy formation in commercial matters. ‘Mercantilism’ was not replaced by free trade, but was rather both supplemented by and reinterpreted through the addition of more liberal and more nuanced ideas.⁶⁰ A similar pattern would emerge in the debate over the post-war relationship between Britain and the newly independent United States of America.

⁶⁰ See Ehrman, *British Government and Commercial Negotiations*, especially his conclusion, pp. 174-215.

Chapter 3

Us and Them: The Politics of Peace, 1783

The last two chapters examined the theoretical literature that demonstrates how late eighteenth-century Britons understood commerce, trade and the British Atlantic economy. This chapter turns from theory to practice and examines the actual commercial policy of the period, particularly the commercial issues associated with the negotiation of the Treaty of Paris ending the American Revolutionary War. It first briefly discusses the origin of the Navigation Acts, which even in the period of the American Revolution remained central to Britain's approach to regulating commercial and economic matters in the colonies. The conclusions reached about the Navigation Acts' relation to more theoretical economic ideas hold true for much other British commercial legislation. The chapter concludes by examining the background of the Treaty of Paris and the failed negotiations in 1783 for a commercial treaty between Great Britain and the United States to accompany it.

The most famous acts of Parliament legislating commercial matters were, of course, the Navigation Acts. The most important was passed in 1660, and remained enshrined in law for the remainder of the seventeenth century and well into the eighteenth. The Commonwealth Parliament passed the prototype for the 1660 Navigation Act in 1651 during a period of commercial tensions with the United Provinces of the Netherlands that would culminate in the first Anglo-Dutch war (1652-54). Following its repeal after the Restoration, alongside all other Commonwealth legislation, its successors came early in the reign of Charles II, during a similar period of tensions that culminated in the second war between the two countries (1665-67). The Acts are generally seen as being intended primarily to protect

British shipping from Dutch competition, the Netherlands being the pre-eminent commercial power of the period.¹ Even the writers discussed in the previous chapters were aware of the origin of the Navigation Acts. As Adam Smith, wrote in *Wealth of Nations*, ‘When the act of navigation was made, though England and Holland were not actually at war, the most violent animosity subsisted between the two nations... It is not impossible, therefore, that some of the regulations of this famous act may have proceeded from national animosity.’² Most historians have since upgraded the link from ‘not impossible’ to ‘near certain.’ Nonetheless, as Thomas Leng has argued, even if the Navigation Act started as ‘a punitive measure based on jealousy of the Dutch,’ its significance lies in the fact that ‘unlike so many previous measures, future governments sought to uphold, maintain, and strengthen this act: a sign that it carried a greater significance than those which had gone before.’³ This significance lay in the fact that, more than any other British commercial regulations of the ‘mercantile’ period, the Navigation Acts exemplified the manner in which most British policymakers believed their nation’s economy ought to function.

What were the provisions of these Acts? The 1651 Navigation Act — or, more properly, ‘An Act for increase of Shipping, and Encouragement of the Navigation of this Nation’ — enacted a law stipulating that goods and commodities produced in Asia, Africa or America could only be brought into England, Ireland or other English dominions in English ships. European-grown commodities could only be shipped in either English ships or in ships owned by subjects of the state that had produced the goods in question. Moreover,

¹ See, for example, Oliver M. Dickinson, *The Navigation Acts and the American Revolution* (New York: A. S. Barnes, 1951), p. 7, which states this as fact. Thomas Leng, ‘The Commercial Conflict and Regulation in the Discourse of Trade in Seventeenth-Century England,’ *The Historical Journal* 48: 4 (2005), pp. 947-952 examines the background of the original Navigation Act in greater detail, though there are otherwise few thorough recent attempts to analyze the subject.

² Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*, volume 1, R. H. Campbell, A. S. Skinner and W. B. Todd, eds. (Oxford: Oxford University Press, 1976), p. 464.

³ Leng, *op. cit.*, 953.

goods of foreign growth or manufacture could only be brought into the Commonwealth from the place of their growth or manufacture or from the ports from which they were traditionally shipped. There were a number of additional specific regulations and exceptions, but these were the general prohibitions enacted.⁴ This legislation was essentially aimed at giving English ships a monopoly over the carrying trade to England and the English dominions. Its main target was, of course, the Dutch, responsible for much international shipping and seen in the 1650s as England's most dangerous commercial rival. Britons certainly believed they had good reason to fear. A popular pseudonymous pamphlet published in 1651, *The Advocate* by 'Philopatris,' warned that the Dutch were scheming 'to laie a foundation to themselves for ingrossing the Universal Trade, not onely of Christendom, but indeed, of the greater part of the known world.'⁵ Its author was a man who had good reason to know of what he spoke. He was Benjamin Worsley, an expert in the field of colonial and commercial governance who was a member of the council of trade both under the Commonwealth (1650-51) and after the Restoration (1668-72) who had visited Amsterdam in 1648-9 and personally witnessed their extensive re-importation trade.

Although this Act was repealed after the Restoration of Charles II in 1660, along with all other legislation passed under the Commonwealth, the same year saw the passage of 'An Act for the Encourageing and increasing of Shipping and Navigation.' This legislation re-enacted the provisions of the 1651 Act. Additionally, it ruled that no alien could find employment as a merchant or factor in the English plantations, and that goods could not be carried between English ports in foreign vessels. It had two particularly important new provisions, however. First, no goods or commodities were to be imported into or exported

⁴ 'October 1651: An Act for increase of Shipping, and Encouragement of the Navigation of this Nation,' *Acts and Ordinances of the Interregnum, 1642-1660*, C. H. Firth and R. S. Rait, eds. (London, 1911), pp. 559-62.

⁵ Quoted in Leng, *op. cit.*, p. 947.

from any regions under English dominion except in English, Irish or Welsh ships. Second, the major products of England's American, Asian and African plantations—specifically, 'Sugars, Tobaccho, Cotton Wool, Indicoes, Ginger, Fustick or other dyeing wood'—could only be shipped to England itself or to other English dominions.⁶ These provisions to monopolize the colonial trade and ensure that 'enumerated' colonial goods could only be sent to England were certainly the most notable elements of the Navigation Acts as they pertained to the colonies.

Numerous acts of legislation served to extend the 1660 Navigation Act. The most notable was the 1663 Act for the Encouragement of Trade, also known as the Staple Act. This expanded the monopoly over colonial trade by decreeing that continental European manufactures could only be imported into English colonies in English-built and English-owned ships laden and shipped in England, Wales or Berwick. The purpose of the Act was, in its own words, 'maintaining a greater correspondence and kindnesse' between England and the colonies. This would keep 'them in a firmer dependance upon it, and rendring them yet more beneficiall and advantagious unto it in the farther Imploymment and Encrease of English Shipping and Seamen, vent of English Woollen and other Manufactures and Commodities.' Its ultimate consequence was 'makeing this Kingdome a Staple not onely of the Commodities of those Plantations but alsoe of the Commodities of other Countryes and Places for the supplying of them.'⁷ The main goal of this act was, of course, to encourage the consumption of English manufactures in the colonies by slowing the free flow of European manufactures to them, formerly legal so long as it came via English shipping.

⁶ 'Charles II, 1660: An Act for the Encourageing and increasing of Shipping and Navigation,' *Statutes of the Realm: volume 5: 1628-80*, John Raithby, ed. (London, 1819), pp. 246-50.

⁷ 'Charles II, 1663: An Act for the Encouragement of Trade,' *Statutes of the Realm: volume 5, op. cit.*, pp. 449-52.

Also significant was a 1673 Act for the Better Securing the Plantation Trade, known as the Plantations Duties Act. Formerly, colonial commodities could be legally shipped to other colonies and likely receive either a low duty or none at all. Those who had formulated the act saw this as giving an unacceptable advantage to colonial consumers over English ones. They also complained that commodities exported to New England were then illegally sold to foreign state. Consequently, the new act laid duties on all enumerated commodities exported from the colonies, unless bond was given that they were heading to England, Wales or Berwick.⁸ Alongside the 1660 Navigation Act, these two pieces of legislation were the backbone of what would later be dubbed the English mercantile system.

These conglomerate statutory provisions were not truly a system, of course. They were a reflection of the legislative spirit of the time — specific statutes dealt with specific circumstances that had come to the attention of Parliament. Nevertheless, they did reflect a mentality that fostered protectionism within the imperium. This thesis has already argued that many of the Parliamentary acts underlying the so-called ‘mercantile system’, both this original set and all those that would later build upon it, were ad hoc responses to the specific needs of the periods when they were passed. The 1651 Act was a result of mounting international tensions and concerns about the United Provinces. Its 1660 successor was necessary due to the nullification of all interregnum legislation. The 1663 Staple Act was passed due to fears about challenges to English manufactures. The 1673 Plantations Duties Act arose due to fears that the colonists were abusing loopholes in earlier pieces of legislation to the detriment of England. All other commercial legislation similarly aimed to meet specific, limited objectives. In considering only significant pieces of seventeenth-

⁸ ‘Charles II, 1672: An Act for the encouragement of the Greenland and Eastland Trades, and for the better securing the Plantation Trade,’ *Statutes of the Realm: volume 5, op. cit.*, pp. 792-93.

century legislation affecting colonial trade, for example, one finds that a 1670 Act prohibiting the raising of tobacco in England was a response to a perceived excess of just that: the raising of tobacco in England.⁹ A comprehensive 1696 Navigation Act introduced a variety of administrative reforms due to the belief that ‘great Abuses are daily committed to the prejudice of the English Navigation and the losse of a great part of the Plantation Trade to this Kingdome by the Artifice and Cunning of ill disposed Persons.’¹⁰ Similar limited objective were invariably behind any individual piece of commercial legislations passed throughout the seventeenth and eighteenth centuries. To describe them as a mercantile system is to give them a unity of forethought and purpose that they simply did not possess.

However, even though to speak of an English mercantile system is retroactively to impose fictional unity and structure on an unstructured collection of legislation designed to resolve various individual crises, this does not imply that the legislation in question had no unity. While not an attempt to erect a specific commercial and economic structure following a pre-planned blueprint, this ad hoc legislation always conformed to the beliefs about commerce and the economy commonly held among all those English and British politicians responsible for promulgating law. These beliefs influenced all commercial legislation of the period, not due to any conscious attempt to embody them, but simply because policymakers’ understanding of what ought to be done to solve various economic problems was coloured by their understanding of how the imperial economy worked. Of course, as discussed in chapter 2, the average educated Englishman’s understanding of economic matters generally matched the set of ideas later dubbed ‘mercantilism.’ The Navigation Acts’ ‘mercantile’

⁹ ‘Charles II, 1670 & 1671: An Act to p[re]vent the planting of Tobacco in England, and for regulateing the Plantation Trade,’ *Statutes of the Realm: volume 5, op. cit.*, pp. 747-49.

¹⁰ ‘William III, 1695-6: An Act for preventing Frauds and regulating Abuses in the Plantation Trade [Chapter XXII. Rot. Parl. 7 & 8 Gul. III. pt.5.nu.8.],’ *Statutes of the Realm: volume 7: 1695-1701*, John Raithby, ed. (London, 1820), pp. 103-07.

spirit is clear. It excluded foreign ships from the colonial trade, prohibited the export of enumerated articles to foreign states and limited colonial imports to those shipped from England (from 1707, Britain). These provisions served to strengthen British shipping and thus navigation, to encourage British manufactures by providing protected markets, to ease British need for foreign commodities and manufactures through enumeration, and consequently to improve Britain's global balance of trade. Additionally, the Navigation Acts prohibited the manufacture of a variety of colonial products, such as ironware, woollen textiles and hats, which were seen as threats to British manufactures.¹¹ Again, though, one must underline that despite this, the Navigation Acts were not an attempt to institute a unified commercial system. Rather, they were a set of individual laws and regulations coloured by a 'mercantile' understanding of international commerce and economy.¹²

It must be noted that the spirit of the Navigation Acts was generally followed more closely than their letter, and British policymakers were always willing to provide exceptions and exemptions if deemed necessary. When John Pownall, undersecretary of state for the American department, corresponded with Shelburne in Jan 1783 on the subject of how to conduct peace negotiations with the United States, he stated that only two of the regulations of the Navigation Acts had never been loosened. British policymakers had adhered to the laws whereby goods could only be imported into or exported from America in British or British colonial ships and whereby a variety of American manufactures — woollens, hats, and other drapery — could not be exported from the colonies. However, the rest of the

¹¹ Larry Sawers, 'The Navigation Acts Revisited,' *The Economic History Review*, New Series, 45: 2 (May 1992), pp. 275-277.

¹² For a good summary of the origins of European trade policy, including the Navigation Acts, see James Foreman-Peck, 'Foreign Trade and Economic Growth,' in *The European Economy 1750-1914: A Thematic Approach*, Derek H. Aldcroft and Simon P. Ville, eds. (Manchester: Manchester University Press, 1994), pp. 225-229.

Navigation Acts had on occasion been relaxed when it was felt necessary. Thus, there was a fair degree of direct imports from outside Britain: ‘New York and Pennsylvania have been permitted to bring salt directly from foreign parts for internal use and convenience, Linnen Cloth may be conditionally exported to the Plantations from Ireland, and materials, provisions & cloathing for the American fishery from Guernsey & Jersey.’ There were similar exceptions whereby the colonies were permitted to export their unmanufactured goods directly to foreign dominions: ‘The Colonies of North Carolina and Georgia have been allowed to carry rice (which was one of the enumerated articles) [to Southern Europe]. This privilege has been now extensively allowed in the case of sugars, which was another enumerated article, and lumber has been permitted to be carried to Madeira, and to the Azores, and to [Southern Europe].’¹³ Despite the continued presence and perceived importance of the Navigation Acts, Britain was always willing to allow exceptions to the strict letter of the law. Necessity and convenience often trumped theory, and while the latter certainly informed how laws were formulated, the former universally dictated when they were passed, when they were waived, and the specific form they took.

As a rule, this holds true for any commercial regulations or legislation passed by Parliament. The economic beliefs of lawmakers were much the same as those of contemporary economic writers; they were, after all, products of the same environment and education system. Most Britons in the period of the American Revolution would have agreed with the ideas espoused by the economic theorists discussed in chapter 2. Asked what economic and commercial priorities their country should pursue, they would certainly have argued for the need to achieve a beneficial general balance of trade, protect British

¹³ All proceeding quotations from Pownall to Shelburne, Feb 2 1783 [copy], Chatham [Pitt] Papers, The National Archives, formerly the Public Records Office [hereafter TNA/PRO], Public Records Office Papers [hereafter PRO] 30/8/343, ff. 25-32.

manufacture, maintain a monopoly over colonial trade, and so on. However, any individual commercial or economic bill, whether successfully passed or no, was a response to specific contemporary issues rather than part of a masterplan aimed at the construction of an economic system according to a particular blueprint. Peter Thomas has capably proven this for perhaps the most famous (or infamous) set of legislation of the period, namely that which provoked the American Revolution.¹⁴ Yet the fact remains that this legislation reflected an understanding of the political and economic relationship between Britain and the colonies much the same as that expressed in the work of the mercantile. To give an obviously economic example (rather than a political one), the Sugar Act of 1764 was primarily a response to American merchants' evasion of the earlier 1733 Sugar and Molasses Act. However, the form that response took was coloured by the beliefs that Britain ought to discourage American commerce with foreign colonies and protect the prosperity of the West Indian sugar plantations, both distinctly 'mercantile' ideas.¹⁵ By the end of the American Revolution in 1783, these 'mercantile' ideas, while still dominant, had mutated somewhat as free trade theories began to infiltrate the thought of policymakers. As noted earlier, all those who debated on what basis to establish the economic relationship between the United States and Britain were inspired in part by Smith's writings.

This debate started with the political ascent of the second Rockingham ministry, following the fall of Lord North in 1782. Rockingham's faction in Parliament, most notably Edmund Burke, had long agitated against the American war. By the time Rockingham again

¹⁴ Peter D.G. Thomas, *British Politics and the Stamp Act Crisis: The first phase of the American Revolution, 1763-1767* (Oxford: Clarendon, 1975), *The Townshend Duties Crisis: The Second Phase of the American Revolution 1767-1773* (Oxford: Clarendon, 1987) and *Tea Party to Independence: The Third Phase of the American Revolution 1773-1776* (Oxford: Clarendon, 1991).

¹⁵ 'Sugar Act,' America's Homepage, URL: http://ahp.gatech.edu/sugar_act_bp_1764.html, date accessed: June 07, 2007.

came to power, it had become increasingly clear that the national temper had turned against the conflict, and his main goal as head of the new ministry was to negotiate peace. At this point, of course, matters other than economic issues were understandably paramount; Rockingham's preliminary notes on the possibility of opening peace negotiations, penned around early April 1782, concentrate strictly on military matters.¹⁶ After Rockingham died on July 1, 1782, his successor as leader of the ministry and the main policymaker behind the negotiations was William Petty, the Earl of Shelburne, formerly President of the Board of Trade during Bute's ministry and Secretary of State for the Southern Department under Pitt the Elder, the Earl of Chatham. Shelburne had decided American independence was unavoidable only in 1782 during the last stages of the war. Once converted, he came to the conclusion that America was so important to the economic and commercial fortunes of Great Britain that the loss of the thirteen colonies might well be the end of Britain as a great power. As he wrote in a July 1782 letter to Richard Oswald, Britain's chief negotiator in Paris, ‘

I have never made a Secret of the deep concern I feel in the Separation of Countries united by Blood, by Principles, Habits, and every tie short of Territorial Proximity. But you very well know that I have long since given it up *decidedly* tho' *reluctantly*: and the same motives which made me perhaps the last give up all Hope of Reunion, make me most anxious, if it is given up, that it should be done *decidedly*, so as to avoid all future Risque of Enmity, and lay the Foundation of a new Connection better adapted to the present Temper and the Interest of both Countries.

While realizing that American ill feeling precluded it, Shelburne added, ‘My private Opinion would lead me to go a great way for Federal Union. But is either Country ripe for

¹⁶ ‘Proposition: To open a negotiation with the American States (Notes in Rockingham's Hand),’ [early April 1782], Sheffield Archives, Wentworth Woodhouse Muniments [hereafter WWM] R1/2202.

it? If not, means must be left to advance it.’¹⁷ Shelburne was right to doubt, of course. It soon became clear that neither country was as yet ripe for federal union. His next best option was to ensure that the peace treaty was shaped to facilitate a future rapprochement. Consequently, Shelburne chose to offer America generous peace terms, while refusing to yield to demands on such matters as Canada and American debts to British merchants, where accepting American terms might cause future resentments.¹⁸

Shelburne and his allies are traditionally seen as standing, in the words of Vincent Harlow, ‘for generosity towards the American Republic and relaxation of commercial restrictions in general.’¹⁹ This view has some merit—their stance towards America was certainly more conciliatory than most, and Shelburne undoubtedly saw himself as following the theories of Adam Smith—but it must be qualified. John Crowley argues that in explicitly attempting to maintain existing commercial patterns—patterns forged by ‘mercantilists’ and intended to ensure the colonies properly contributed to and did not interfere with Britain’s general balance of trade—Shelburne and Pownall’s ‘liberal’ plan more accurately corresponds to what Adam Smith described as the mercantile system than it does to Smith’s own ideas. Although he overstates his case²⁰, one should certainly avoid blindly accepting

¹⁷ All proceeding quotations and biographical information from Vincent T. Harlow, *The Founding of the Second British Empire, 1763-1793*, Volume 1 (London: Longmans, 1952), p. 232. Here, Shelburne echoed the views on America of his ministerial predecessor, the Marquess of Rockingham, and of his supporters, exemplified by Edmund Burke’s famous speech on conciliation with America. At the time, such proposals had been ignored in light of Concord and Lexington. See Edmund Burke, *The Writings and Speeches of Edmund Burke*, Paul Langford, ed., volume III, *Party, Parliament and the American War, 1774-1780*, W. M. Elofson and James A. Woods, eds. (Oxford: Oxford University Press, 1996), especially pp. 136-152. Shelburne was not himself a Rockinghamite, though he played a major role in the second Rockingham ministry of 1782, and effectively continued the Marquess’ American policy. The best sources on the Rockingham Whigs remain Frank O’Gorman, *The Rise of Party in England: The Rockingham Whigs, 1760-82* (London: Allen & Unwin, 1975) and John Brewer, *Party Ideology and Popular Politics at the Accession of George III* (Cambridge: Cambridge University Press, 1976), pp. 201-216.

¹⁸ Harlow, *op. cit.*, volume 1, pp. 232-234.

¹⁹ *Ibid*, volume 1, pp. 220-221.

²⁰ Crowley’s evidence on the question consists of a brief analysis of a (undoubtedly ‘mercantilist’) document from the London lobby of merchants trading to America, a distinct lack of explanation of how this body was

the traditional label of Shelburne as a liberal free trader. As argued in the previous chapter, policymakers in this period, Shelburne among them, in many ways still saw economic questions through a traditional 'mercantile' lens. Moreover, despite his sympathy with Smith's ideas and his own characterization of himself as a liberal, Shelburne's views of America's integral place in the British economic world was certainly influenced more by longstanding political economic ideas about the relations between colony and empire than it was by the *Wealth of Nations*. The latter, of course, had argued the colonies had not been as beneficial as was commonly thought. Nonetheless, Shelburne had certainly taken Smith's work to heart and was indeed somewhat more liberal economically than many of his contemporaries, particularly when it came to the question of how to treat an independent America.

Shelburne's choice for the chief British envoy for the American negotiations shared his liberal leanings. Richard Oswald was a 76 year old Scottish merchant who had made a fortune in slave trade and had estates and relatives in North America and West Indies. He was a friend of Adam Smith, and had in fact been introduced to Shelburne by the Scottish economist. Oswald came to Paris as a supporter of free trade and as a supporter of Anglo-American rapprochement.²¹ As he wrote in his journal entry for May 6 1782,

the more these [United] States extend themselves in Population and Cultivation, the better it will be for England. While they have such immense expanse of vacant Lands behind them to be taken into Appropriation at almost no expense, they will never become Manufacturers....

The States will, therefore, for Centuries to come, continue extending themselves backwards,

linked to Shelburne or Pownall, and an equal lack of any direct examination of the latter figures' own economic views. See John E. Crowley, *The Privileges of Independence: Neomercantilism and the American Revolution* (Baltimore: Johns Hopkins University Press, 1993), pp. 70-72.

²¹ Esmond Wright, 'The British Objectives, 1780-1783: "If Not Dominion Then Trade,"' in *Peace and the Peacemakers: The Treaty of 1783*, Ronald Hoffman and Peter J. Albert, eds. (Charlottesville: University Press of Virginia, 1986), pp. 14-15; Crowley, *op. cit.*, p. 68.

and according as they produce, they will consume and be in a condition to pay for the material of consumption... so that a Nation who has a free and safe access to their Ports ... will never fail to profit by their Correspondence.'²²

In his view of the agricultural leanings an independent America would assume, and in his view of how beneficial a close commercial relationship with the new nation could be for Britain, Oswald echoed the ideas of Adam Smith and Josiah Tucker.²³

The preliminary peace treaty was completed in November 1782. Shortly thereafter, in the Shelburne-crafted Speech from the Throne read on December 5, 1782, the Prime Minister announced that his objective was 'an entire and cordial reconciliation' with the Americans. While acknowledging the need to recognise them as 'free and independent states,' Shelburne nonetheless hoped that, 'Religion—language—interest—affections may, and I hope will, yet prove a bond of permanent union between the two countries.' Hints of greater plans came later in his speech, when he announced, in reference to recent commercial concessions in Ireland, 'I would recommend to you a revision of our whole trading system, upon the same comprehensive principles, with a view to its utmost political extension.'²⁴ Shelburne would fall before this challenge could be answered, but it remains one of the strongest indications that he viewed his own economic policy as favouring necessary liberal reforms to the ancient British commercial structures. Yet the preliminary peace treaty itself contained no articles directly dealing with commercial or economic matters. Its sole reference to economics was a statement in its preamble that one of its goals was 'to establish such a beneficial and satisfactory intercourse, between the two countries upon the ground of reciprocal advantages and mutual convenience as may promote and

²² Quoted in Wright, *op. cit.*, p. 15.

²³ See pp. 54-57 and 66-67 above.

²⁴ All proceeding quotations from Harlow, *op. cit.*, volume 1, pp. 308-309.

secure to both perpetual peace and harmony....'²⁵

John Jay, one of the American negotiators, had suggested an article providing for the union of the British and American economies on equal terms, but the Cabinet rejected it.²⁶ This was not due to any lack of interest in Britain in some form of commercial treaty. As an anonymous document in Pitt's papers outlining answers to common questions about the preliminary treaty with America summarized,

in the first Plan of Treaty sent over in the month of Oct, it was stated that an Englishman in America should be considered in all matters of Commerce, as an American — and an American in England, the same as an Englishman. But... His Majesty's Ministers thought it proper to leave that matter to a treaty of Commerce, and so it was left out of the present Treaty.²⁷

Negotiation on the treaty soon started. For advice as to what constitutional questions needed to be addressed for such a treaty to be completed, Shelburne turned to John Pownall, an official of the recently defunct Board of Trade and an expert in commercial regulations. Pownall replied on January 30, 1783 that two groups of British laws needed reconsideration to facilitate the negotiation of such a treaty. First, it would be necessary 'to remove as far as may be, the Prohibitions, Restrictions, & Burthens which, as the laws now stand, the subjects of the Untied States are liable to, as aliens, in their Commerce with Great Britain & her colonies.' Second, Britain would also have to 'continue to them, in return for reciprocal Concession & Benefit on their part, those advantages which have been given to sundry Articles of Culture & Produce in the Territories of those States whilst the dominion

²⁵ 'The Paris Peace Treaty of 1783,' The University of Oklahoma College of Law: Chronology of US Historical Documents, URL: <http://www.law.ou.edu/ushistory/paris.shtml>, date accessed: June 07, 2007.

²⁶ Harlow, *op. cit.*, volume 1, p. 448.

²⁷ 'Questions and Answers on the American Treaty,' Chatham Papers, TNA/PRO, PRO 30/8/343, f. 35v.

belonged to his Majesty.²⁸ In his next communication, on February 2, Pownall took a more comprehensive view of the British laws pertaining to the question and of the constitutional changes necessary. He finally concluded,

It would be an injury to Common Sense to suppose, that, these subjects of the United States of America are to continue in the predicament of Aliens, and it would be equally so, to suppose, that, they can be relieved from that situation without considerable concessions on their part— Mutual convenience and reciprocal advantage are declared to be, & must be, the Basis of an union, in the forming of which it will be adviseable to retain, as far as it is possible, by consent what was before established under the authority of Law.²⁹

Until such a treaty could be established, Shelburne called upon Pownall to draft a bill for the temporary regulation of Anglo-American commerce. His response provided the basis for the American Intercourse Bill. The textual history of the American Intercourse Bill is hard to determine from the meagre evidence left of the legislative initiative behind it. Copies of one version of the bill exist, with annotations respectively by the Younger William Pitt and by the anti-Shelburne neomercantilist Lord Sheffield. This bill is described as ‘emended in committee’ and may thus be a slightly later, and possibly a weaker, version of Pownall’s bill. It is undated but must certainly date from the late winter and early spring of 1783, the period when the Bill was under discussion in the House of Commons.³⁰ This version of the American Intercourse Bill would, first, have repealed previous acts with prohibitions on American trade. Additionally, it would have allowed Americans to continue until the end of the next session of Parliament to import those American-grown goods or merchandise that prior to the war could be imported directly into Britain in American ships. It would now be

²⁸ Pownall to Shelburne, Jan 30 1783, Chatham Papers, TNA/PRO, PRO 30/8/343, ff. 18-24.

²⁹ Pownall to Shelburne, Feb 2 1783, Chatham Papers, TNA/PRO, PRO 30/8/343, ff. 25-32.

³⁰ See William Cobbett, ed., *The Parliamentary History of England, from the earliest period to the year 1803*, volume 23 (London: 1814), pp. 602-615.

possible to transport goods formerly exported from Britain to America in American ships without a register, bond or other legal papers. Moreover, all goods and merchandize of American production that in 1775 could be legally imported into the West Indies could again be so imported, without having to display any special certificate, register or other legal document. It would also be legal for American ships to export to the United States all West Indian products that could be legally exported during the colonial period.³¹ An American Intercourse Act would thus have given the United States unprecedented rights to trade with Britain and the British West Indian colonies. It would certainly have been as close to free trade as possible in commercial relations between two sovereign states in the 1780s.

Adam Smith himself, it must be noted, would have preferred that America be subject to all the same duties as other foreign states.

If the Americans really mean to subject the goods of all different nations to the same duties, and to grant them the same indulgences, [he wrote to William Eden on December 15, 1783] they set an example of good sense which all other nations ought to imitate. At any rate, it is certainly just that their goods, their naval stores for example, should be subjected to the same duties to which we subject those of Russia, Sweden and Denmark, and that we should treat them as they mean to treat us, and all other nations.

He added that, unlike Shelburne, 'I have little anxiety about what becomes of the American commerce. By an equality of treatment to all nations, we might soon open a commerce with the neighbouring nations of Europe infinitely more advantageous than that of so distant a

³¹ 'A Bill (as emended in the committee) for the Provisional Establishment and Regulation of Trade & Intercourse between the Subjects of *Great Britain* and those of the United States of *North America*,' Chatham Papers, TNA/PRO, PRO 30/8/343, ff.58-60 and the same as annotated by Lord Sheffield, North Papers, British Library, Additional Manuscript [Hereafter BL Add. MSS] 61864, ff. 95-99.

country as America.’³² Here one can clearly see that Shelburne’s economic policy, liberal though it may have been, was informed at least as much by his own beliefs as by Smith’s theories. Nonetheless, Smith was obviously in favour of a general liberalization of trade, even though he never saw special concessions to the United States as either necessary or, if made in isolation, desirable. Had the proposed concessions in Anglo-American trade and the actual commercial concessions made in the same period to Ireland been taken up more generally, as Shelburne had hoped they would be, Smith would have been unlikely to object.

Shelburne had fallen from power by the time the bill was drafted, and it was thus the Younger Pitt who introduced it in Parliament. Such former supporters of American rights as Burke and Fox spoke against it, arguing it granted too many concessions to the Americans and compromised Britain’s policy towards other foreign states.³³ The most devastating attack on the bill came from Smith’s correspondent, William Eden, later Lord Auckland, former undersecretary of state and commissioner on the Board of Trade, and an acknowledged expert on commerce and economy.³⁴ Eden grimly described the Intercourse Bill as a total revolution ‘which he was afraid would shake [Britain’s constitution] to its very basis, and endanger the whole pile.’ He admitted that the bill was framed ‘on a principle which had, in some degree, been encouraged by the whole House [and that] he had himself been forward in desiring that a commercial intercourse with the late colonies should be opened on very liberal terms, ever regretting, however, that it had not been arranged in the

³² Adam Smith to William Eden, Dec 15 1783, in *The Correspondence of Adam Smith*, Ernest Campbell Mossner and Ian Simpson Ross, eds. (Oxford: Oxford University Press, 1977), p. 271.

³³ See Crowley, *op. cit.*, 72. Burke’s notes for his speech on the peace treaty can be found in the Sheffield Archives, WWM Bk 6/67-68. One must note that while economic and diplomatic considerations may certainly have been a factor in their stance, they were likely also influenced by their opposition to Shelburne and by the fact that with American independence conceded, there was no longer any political capital to be found in supporting the American cause.

³⁴ On Eden, see Lewis B. Namier and James Brooke, *The House of Commons, 1754-1790*, 3 volumes (London: H. M. Stationery Office, 1964), volume 2, pp. 375-379.

Provisional Articles.’ However, he continued, since the Bill gave the Americans leave to trade with the West Indies, ‘there was no shadow of doubt but they would supply them with provisions from the continent of America, to the utter ruin of the provision trade of Ireland, which at present supplied the British West Indies; the fisheries of that kingdom would, of course, be ruined.’ Worse yet, Britain would ‘lose the carrying trade; for as the Americans were to be permitted, under this Bill, to bring the West India commodities to Europe,’ those British ships presently involved in that trade ‘would become useless, not only to the great decrease of our revenue, but the absolute destruction of our navy, arising from the destruction of that great nursery for seamen.’ As though this were not dangerous enough, he further warned,

the Americans on their return from our ports might export our manufacturing tools, and our artificers emigrating at the same time, we should run the risk of losing our manufactures, perhaps the only advantage we as yet possessed over the Americans.... This would be a stroke that our commerce would scarcely be able to survive. In fine, [he concluded,] this Bill would place the United States on the footing of the most favoured nation, without leaving us so much as a hope that we should obtain any reciprocal advantages.³⁵

Several days later, Eden suggested that instead of passing such an unsatisfactory bill, ‘the wisest and best mode... would be to open the intercourse, and to vest a discretionary power in the privy council as to temporary regulations of the trade for a limited time, or until a treaty should be formed.’ Should it be felt necessary that a commerce bill be actually composed in Parliament, he continued, he would suggest that it accomplish the following: ‘1. To establish the independence of the colonies. 2. To repeal the Acts which prohibit intercourse. 3. To subject all imports in American ships to the same duties and regulations as

³⁵ All proceeding quotations from Cobbett, *op. cit.* 602-607.

are prescribed by law, in regard to the imports of European nations. 4. To pursue a similar principle as to exports.’ Such a bill, he underlined, would be infinitely preferable since it would make ‘no convulsion in the commercial system at present settled between Great Britain and Ireland; it would give no offence to foreign states; it would not repeal important Acts, or make alterations, the end of which no man can foresee.’³⁶

There was general support for temporarily tabling the bill and eventually, when possible, passing a better one. Even men relatively friendly to the Americans and desirous of closer economic ties to them, such as Charles James Fox and David Hartley, Richard Oswald’s future successor as peace negotiator, agreed that it was better to make a new Bill than to adopt the imperfect one then being offered. As Charles Jenkinson, later a member of the Privy Council Committee on Trade and Plantations, said, ‘there was not a doubt but the present Bill alone, would of itself be insufficient, and totally inadequate to the end of opening an intercourse with America.’ Fox concurred ‘that this measure alone, would be insufficient....’ He suggested he would ‘follow it up with another Bill, for repealing the Act that imposed a necessity on the ships coming from America, of being provided with certificates from American governors, of giving bonds on clearing out from British ports, and shewing their manifests.’ Yet he was aware that both these measures ‘would be no otherwise sufficient for opening the intercourse, than inasmuch they would remove preliminary obstacles....’ Eden argued that Britain’s goal should be ‘to gain by liberal but prudent measures, as great a share of the American commerce as could be gained, without imminent risk or actual disadvantage to the naval strength of Great Britain.’ The proposed Bills, he held, served ‘merely to remove restraints, which in nobody’s opinion ought to subsist, whatever might be the event of the negotiation: such a measure, so far as it went,

³⁶ *Ibid*, pp. 641-643.

was undoubtedly right; but other gentlemen had justly observed, that a mere repeal of restraints would in some respects do too little, in others too much....³⁷

The source of Eden's central arguments, and the Bill's main opponent was John Baker Holroyd, Lord Sheffield, later the first Earl of Sheffield. Best known to posterity as the friend and literary executor of Edward Gibbon, Sheffield was the MP for Coventry and a conservative supporter of North's ministry. He voted against Shelburne's preliminary peace treaty in 1783 and, after losing his seat in an election the following year, he took on a self-appointed role as a public advisor on economic affairs.³⁸ On the subject of the Manifest Bill, the additional measure Fox decided to propose as a supplement to the original Intercourse Bill, Sheffield stated that he could see no reason not to treat US as a foreign state.

The ministers should understand, [he warned,] that the carrying trade must not be given up; they must reserve to our remaining dominions the exclusive trade to the West India islands, otherwise the only use of them would be lost.... The Navigation Act gave us the trade of the world. If we altered that Act, by permitting any state to trade with our islands, or suffering any state to carry into this country any products but its own, we deserted the Navigation Act, and sacrificed the marine of England....³⁹

With its belief that the remaining continental American colonies offered no benefit to Britain other than supplying the West Indies, its concern for navigation and its belief that the Navigation Act gave Britain 'the trade of the world,' this speech might well have been made in a parallel universe with no Adam Smith. This is not to say that Sheffield's economic thought was completely uninfluenced by Smith; as shown below, the *Wealth of Nations* certainly left as much of an imprint on how Sheffield understood commerce as it did on the

³⁷ All proceeding quotations from *Ibid*, pp. 724-730.

³⁸ Crowley, *op. cit.*, p. 76.

³⁹ Cobbett, *op. cit.*, pp. 762-764.

beliefs of the Earl of Shelburne.⁴⁰ Nonetheless, it must be underlined that however much Smith may have been an influence, Sheffield remained influenced by the orthodox understanding of political economy exemplified by the ‘mercantile’ writings of such men as James Steuart.

Sheffield’s objections to Shelburne’s American policy were fully articulated in his influential *Observations on the Commerce of the American States*, first published in 1783 as part of the debate over the Intercourse Bill and having reached its sixth edition within a year. As his friend Edward Gibbon said, the *Observations* were pivotal in the defeat of the attempts to achieve Anglo-American commercial reciprocity: ‘The sale of his *Observations on the American States*, was diffusive, their effect beneficial; the Navigation Act, the palladium of Britain, was defended, and perhaps saved, by his pen; and he proves, by the weight of fact and argument, that the mother country may survive and flourish after the loss of America.’⁴¹ While Gibbon was hardly impartial in so stating, his analysis of the *Observations*’ impact was quite accurate. As Edward Bancroft, secretary to the American peace commissioners in Paris and also a double agent reporting to the British⁴², wrote to Lord Carmarthen, one of the Secretaries of State, the American commissioners were greatly in favour of a treaty, but were aware that the Sheffield’s publication, and similar tracts by his supporters, had ‘made impressions on a considerable part of the nation, unfavourable to the pretensions of the United States....’ He noted further that he had suggested the Americans should reduce their demands, because the British interest and people would not permit them fully to meet American expectations: ‘...the permission to carry to the British

⁴⁰ For more on Sheffield’s debt to Adam Smith, see Crowley, *op. cit.*, pp. 79-85.

⁴¹ Quoted in *Ibid*, p. 72.

⁴² Anthony S. Travis, ‘Bancroft, Edward (1744-1821),’ *Oxford Dictionary of National Biography* (Oxford: Oxford University Press, Sept 2004), URL: <http://www.oxforddnb.com/view/article/1267>, date accessed: June 07, 2007

islands in American bottoms, those articles of American produce now admissible in British, and to bring away in return Rum & Molasses, was in my opinion the utmost that could be expected....'⁴³ As shall soon become clear, even these lessened demands would, in the end, prove unattainable.

What did Sheffield's influential *Observations* argue? He warned in his introduction that 'the independence of America, has encouraged the wildest sallies of imagination; systems have been preferred to experience, Rash theory to successful practice, and the Navigation Act itself, the guardian of the prosperity of Britain, has been almost abandoned by the levity or ignorance of those, who have never seriously examined the spirit or the happy consequences of it.' The American Intercourse Bill, he warned, 'would have affected our most essential interests in every branch of commerce, and in every part of the world; it would have deprived of their efficacy our navigation laws, and undermined the whole naval power of Britain; it would have endangered the repose of Ireland, and excited the just indignation of Russia and other countries....'⁴⁴

Sheffield argued that there was no need whatsoever to grant America any special trading privileges with Britain. There was nothing the former colonies supplied to the metropole that could not be acquired elsewhere. Such necessary exports as pipe staves, lumber, and naval stores including tar, pitch and turpentine could easily be found in Britain's remaining continental American dominions, Canada and Nova Scotia. Those American-grown commodities unsuited to the Canadian climate, tobacco and indigo, could be grown in the West Indies, though Sheffield admitted that in the case of tobacco, this

⁴³ Bancroft to Carmarthen, undated, TNA/PRO, Foreign Office Papers [hereafter FO] 4/3, ff. 108-111v.

⁴⁴ John Baker Holroyd, Earl of Sheffield, *Observations on the Commerce of the American States*, Second Edition (London: Printed for J. Debrett, 1784), pp. 1-4.

should only be done 'if we cannot have an advantageous trade for tobacco with America.'⁴⁵ 'The truth is,' he stated later in the text, 'we want little of her produce in Great Britain, coarse tobacco excepted....'⁴⁶ Given the situation, therefore, there was no need to award America any special commercial concessions.

Another of the major reasons why Sheffield felt America should be treated the same as any other foreign nation was the perception that America might pose a threat to British navigation, a perception that clearly echoed the political economic ideas of such men as Malachy Postlethwayt. Sheffield held that Britain could not afford to grant the United States rights to the Newfoundland fishery in part because that fishery was 'without doubt, the most extensive nursery for seamen, and those of the very best sort.'⁴⁷ Shipbuilding, he added, was the 'most advantageous and necessary [manufacture] for Great Britain to encourage and preserve, and the first cost is of less consequence as the ships are not for foreign sale, and the money is spent among ourselves. Britain cannot take American shipping without ruining her own. The navigation laws forbid it.' Encouraging shipbuilding in Nova Scotia and Canada, he added, 'will draw shipwrights thither, and sailors from New England... and those provinces will become a considerable nursery for seamen.... If ship building is encouraged in America, it will be ruinous to this country; and even the purchaser, although the ships may be cheaper in the first instance, will have no great advantage in the end.'⁴⁸ The Navigation Act 'gave us the trade of the world: if we alter that act, by permitting any state to trade with our islands, or by suffering any state to bring into this country any produce but its

⁴⁵ *Ibid*, p. 95.

⁴⁶ *Ibid*, p. 186.

⁴⁷ *Ibid*, p. 56.

⁴⁸ *Ibid*, p. 86.

own, we desert the Navigation act, and sacrifice the marine of England.’⁴⁹ In defending the Navigation Act as necessary for defence rather than claiming it economically beneficial, Sheffield is clearly taking a page from Smith’s *Wealth of Nations*. Yet, one must remember that Smith felt that the Navigation Act was a sort of necessary evil, antithetical to commercial development but necessary for defence. There is no indication Sheffield saw it in the same light. Indeed, the suggestion that the Navigation Act gave Britain the ‘trade of the world’ appears to imply the opposite view. Moreover, while he certainly believed all foreign states should be on the same footing as to imports of goods and manufactures, there is no indication that he opposed duties and other barriers on foreign goods on principle, as Smith did. As with Shelburne, one must conclude that while Sheffield obviously read Smith and adopted certain of his ideas, his economic policy was the result as much of his own predetermined views as of any conversion to Smithian *laissez faire* economic ideas.

Echoes of Smithian thought were prevalent elsewhere in Sheffield’s work. He argued, for example, that ‘nothing can be more weak than the idea of courting commerce. America will have from us, what she cannot have get cheaper and better elsewhere, and what we want from her, she will sell to us, as cheap, as she will to others.’⁵⁰ Here he clearly echoed Smith’s view of commerce as best left to the invisible hand of the market rather than to the regulations of government. Yet it must be underlined that Sheffield chose to argue against bounties and special encouragements rather than in favour of the lowering of trade barriers. There were further shades of Smith’s thought, and also that of Tucker, when Sheffield argued, ‘Both as a friend, and as an enemy, America has been burthensome to Great Britain. It may be some satisfaction to think, that by her breaking off rather

⁴⁹ *Ibid*, p. 214.

⁵⁰ *Ibid*, pp. 184-185.

prematurey [sic], Great Britain may find herself in a better situation in respect to America, than if she had fallen off when more ripe.⁵¹ He further echoed Smith and a number of earlier writers when dismissing the possibility of the United States posing a threat to British manufactures. 'The demand for our manufactures,' he argued, 'will continually increase with the increasing population of America.' British manufactures would 'for ages ascend the great rivers of that continent....' It would, moreover, be a long time before the Americans could themselves turn to manufacture: 'the degree of population necessary for manufactures cannot be expected, while a spirit of emigration... rages.... If manufacturers should emigrate from Europe to America, at least nine-tenths of them will become farmers; for they will not be confined to manufactures, when they can get much greater profit by farming.'⁵² Sheffield thus laid out the views of the school of thought that has since been labelled 'neomercantilist.' Since they had chosen to become foreigners, there was no need to give the United States any special trading privileges. Britain could and would survive and prosper without the albatross of the American colonies. The States would still provide a fine market for British manufactures and a fine source of raw materials, which Britain would still be able to acquire on advantageous terms. He also argued at length against allowing American ships to trade with the British West Indies, a subject discussed in more detail next chapter.

Sheffield's sally did not go unanswered. The most detailed rebuttal came from Richard Champion, a Bristol merchant with interests in America and a friend and correspondent of Edmund Burke⁵³, who anonymously published *Considerations on the Present Situation of Great Britain and the United States of America* in 1784. The work went

⁵¹ *Ibid*, pp. 193-197.

⁵² *Ibid*, pp. 188-192.

⁵³ Karin M. Walton, 'Champion, Richard (1743-1791),' *Oxford Dictionary of National Biography* (Oxford: Oxford University Press, Sept 2004), URL: <http://www.oxforddnb.com/view/article/5094>, date accessed: June 07, 2007.

to a second edition later in the year, now with its author identified, and was explicitly identified as a response to Sheffield. There were a number of other responses to Sheffield, including a tract from an English-born Jamaican planter and politician named Bryan Edwards⁵⁴ and a short pamphlet by a mysterious figure named John Williams, for whom biographical information has proved exceedingly scarce, entitled *The Crisis of the Colonies Considered*. Most of these responses concentrated on the question of whether to grant American ships the right to carry on a direct trade with the West Indies, and shall be discussed in depth next chapter.

Still, some general remarks can first be made about their mode of argument. Notably, although the two authors had diametrically opposed views, it must be underlined that Champion, like Sheffield, supported his case by a combination of arguments drawn from the traditional 'mercantile' understanding of economy and trade and ones derived from the newer ideas of Adam Smith and his precursors. For example, he called forth, just as Sheffield had done, the common argument that Americans could not become manufacturers, drawing on Tucker and Smith, as well as earlier authors: 'A country where agriculture or fishery is the staple, and where great plenty of unoccupied and fertile lands prevent the settlement of manufactories, will prove better and more certain customers, than settled nations, whose principle is to encourage manufactories of their own.'⁵⁵ Of course, Sheffield had used this belief to argue that the United States would of necessity remain a valuable market for British manufactures and thus need not be offered any special trade concessions. Conversely, Champion used it to argue that the United States could not be a threat to British

⁵⁴ Richard B. Sheridan, 'Edwards, Bryan (1743-1800),' *Oxford Dictionary of National Biography* (Oxford: Oxford University Press, Sept 2004), URL: <http://www.oxforddnb.com/view/article/8531>, date accessed: June 07, 2007.

⁵⁵ Richard Champion, *Considerations on the Present Situation of Great Britain and the United States of America*, Second Edition (London: Printed for John Stockdale, 1784), p. 210.

manufactures, and there was thus no harm in allowing the Americans to carry on the triangular trade of the West Indies. This provides a fine example of how the two sides in the debate on Anglo-American commercial relations drew on almost precisely the same ammunition to arm radically different weapons. The Smithian tinge to the arguments opposed to Sheffield is further illustrated by John Williams' statement in his short pamphlet, *The Crisis of the Colonies Considered* (1785): allowing the United States to trade with the West Indies in American ships would inculcate 'constant habits of trade and reciprocal benefits, by which all rancour and jealousy would be removed, and permanent peace secured....'⁵⁶ This suggestion directly echoed Smith's thoughts in the *Wealth of Nations* that a commercial treaty with an independent America would prove more advantageous than the colonial monopoly of the pre-Revolutionary period, and might lead to a closer, friendlier relationship between the two countries. Yet, nonetheless, despite his support for trade concessions to the United States, Champion was by no means a doctrinaire free trader. He stated, for example, that one principle by which every nation should be governed in their commercial dealings was 'attentively to search for, and carefully to procure raw materials and provisions, upon the cheapest and lowest terms....' This could involve providing bounties to serve as an 'encouragement... to the importation of raw materials' from their colonies.⁵⁷ Of course, to Adam Smith, bounties on colonial goods were no better than any other commercial regulations. In short, it must be understood that the debate over how to arrange commercial relations with an independent United States cannot simplistically be described as old-fashioned mercantilism against newfangled Smithian liberalism. Both sides drew on ideas firmly rooted in the traditional conception of commerce and economy that is

⁵⁶ John Williams, *The Crisis of the Colonies Considered* (London: Sold by J. Bew, 1785), p. 22.

⁵⁷ Champion, *op. cit.*, pp. 200-201.

often labelled ‘mercantilist,’ while also incorporating various notions put forth by in the free trade doctrines of Adam Smith and his predecessors.

Even as this debate was ongoing in the literature, the target of Lord Sheffield’s ire, the American Intercourse Bill, was stalling in the House of Commons. The general opposition to it forced Fox to succumb to Eden’s proposed amendment, giving the King in Council the power to pass commercial regulations with respect to America as deemed necessary.⁵⁸ Meanwhile, negotiations at Paris continued under David Hartley, an MP for Hull, sympathetic both to the Rockingham Whigs and, paradoxically, to Lord North, a friend of Benjamin Franklin, and a longtime opponent of the American war.⁵⁹ Since the preliminary peace treaty had already been completed in November, Hartley concentrated on commercial negotiations, to form either a part of the definitive peace treaty or a supplementary commercial agreement. Charles James Fox’s official instructions for Hartley, dated April 12 1783, stated that the Fox-North ministry’s wish that ‘the commerce between the two countries should so far remain upon the same footing as formerly,’ with American produce admitted into Britain with no more duties than those to which they were formerly liable, and the produce and manufactures of Great Britain admitted on a similar footing into the United States. ‘With respect to the W. Indies,’ Fox said the ministry had no objection to ‘the most free intercourse between them and the United States, and the only restriction intended to be laid upon that intercourse is forbidding American ships carrying to these Colonies any other merchandize than the produce of their own country.’ This was not, he emphasized, meant to affect the interest of the United States. It was rather ‘highly necessary,

⁵⁸ Crowley, *op. cit.*, p. 72.

⁵⁹ Christopher F. Lindsey, ‘Hartley, David (1731-1813),’ *Oxford Dictionary of National Biography* (Oxford: Oxford University Press, Sept 2004), URL: <http://www.oxforddnb.com/view/article/12495>, date accessed: June 07, 2007.

lest foreign ships should make use of the American flag to carry on a trade with our W. India Islands.' Similarly, the ministry intended to restrain American ships trading to Great Britain from bringing foreign merchandise to the islands. Fox concluded, 'it is impossible but gentlemen so conversant in English affairs as those with whom you are to negotiate, must immediately acknowledge the necessity of this restriction, unless we mean to give up our whole Navigation Act.'⁶⁰

However, the American commissioners in Paris were aware of and perturbed by events in London, especially the failure of the American Intercourse Bill. An unidentified correspondent, perhaps the double agent Edward Bancroft, wrote to the Foreign office,

I have seen Mr. Jay who expressed his astonishment at what passed in Parliament on the American trade bill – he says they are ready to do anything England wishes in that matter & go beyond her – that America does not desire to interfere with your Chartered Companies at all, that opening the trade between the two countries was the first article of the rough Draft of the Preliminaries that is was upon the most liberal footing on the part of America opening the lakes & rivers to the English – Good God he says we have gone beyond you in everything & you will not follow us – the Ministers in England scratched out the proposed Article.⁶¹

Hartley explained this state of affairs to his superiors, noting, 'The American Ministers are fully sensible that their principle of unconditional freedom to trade must militate with the present system of commercial policy in Great Britain, and in that view they are ready to concur with any temporary convention, which may give them a chance of recommending their principle to eventual adoption.' He felt there was sufficient common ground to give hope for a temporary arrangement, and discussions were progressing well. Yet he warned,

⁶⁰ Instructions for David Hartley, Apr 12 1783, TNA/PRO, FO 4/2, ff. 3-5v.

⁶¹ 'Convention in Paris Relative to America,' April 1783, TNA/PRO, FO 4/3, f. 5.

‘Precise reciprocity is the line imposed on them by their Constituents.... Permitt [sic] me to be very explicit with you, and to apprize you, that it is my firm conviction the American principle of equal reciprocity & the restrictive principle of the British acts of navigation must come to issue.’⁶²

Indeed, the American Commissioners would not budge from their insistence that American ships must be permitted entry to the carrying trade between the West Indies and Great Britain. They were prepared to accept the old colonial restrictions, but not to surrender the West Indian trade. Hartley tried to bridge the gap between Britain and the United States, suggesting to his government a return to the American Intercourse Bill, as a temporary convention to allow time for a ‘dispassionate enquiry’ in the future. Fox replied that the Cabinet would approve such a temporary plan, partly because, in Fox’s own words, it would delay question of ‘how far the principles of our Navigation Act ought to be sacrificed to commercial considerations drawn from the peculiar circumstances of the present Crisis; a question which will require much deliberation before it can be determined.’ Fox thus allowed Hartley to proceed with negotiations on the basis of a temporary convention, with the sole proviso that Britain must not be forced to allow West Indian commodities into Britain in American Ships. ‘I am sensible,’ he told Hartley, ‘that this restriction is the very one that you wish to deprecate, but... I am convinced that the prejudices upon this matter... are so strong, that such a measure as a relaxation of the act of navigation in this instance never can be taken but upon a full and solemn parliamentary inquiry....’⁶³ In the end, this gap proved unbridgeable. Sheffield and his supporters had convinced Britain that to grant the United States too many concessions, and especially to grant them a role in the West

⁶² All proceeding quotations from Harlow, *op. cit.*, volume 1, pp. 468-469.

⁶³ All proceeding quotations from *Ibid*, volume 1, pp. 471-473.

Indian carrying trade, would deal a grave blow to the Navigation Act, and thus to Britain's national defence as well as to her commercial interests. The West Indiamen, the powerful bloc of M.P.s who identified their interests with those of the sugar islands, did not disagree with his analysis.⁶⁴ The one concession the Americans most hoped for could not and would not be granted.

Meanwhile, however, British support for an Anglo-American commercial treaty was steadily fading. Orders in Council from May 1783 onwards started to allow American produce into British ports in British or American ships, with the caveat that Americans could not import foreign produce or their own manufactures. An Order of June 6 1783, for example, allowed the importation of American 'Pitch, Tar, Turpentine, Indico, Masts, Yards and Bowsprits' directly into Britain in British or American ships, by British subjects or American citizens, 'upon payment of the same Duties as the same are or may be subject and liable to, if imported by British subjects in British ships, from any British Island or plantation in America....' It also ruled that 'any Tobacco, being the growth or production of any of the Territories of the said United States of America, may, likewise (until further Order) be imported directly from thence in manner above mentioned, and may be landed in this Kingdom....'⁶⁵ With such orders in place, any remaining impulse to establish a commercial treaty with Britain's former colonies soon failed. On 2 July 1783, the council issued a set of orders, drafted by William Knox, that remained in place until Jay's treaty. They prohibited American vessels from entering British colonies, but most American products, including lumber, livestock, cereals and vegetables, but not salted provisions and

⁶⁴ According to Namier and Brooke, there were 13 M.P.s active from 1780 to 1784 who identified themselves as West Indiamen. See Namier and Brooke, *op. cit.*, p. 157.

⁶⁵ Stephen Cottrell, 'Respecting the Importation of Goods from the United States of America,' June 6 1783, TNA/PRO, Treasury Papers [Hereafter, T] 1/594/27-28.

fish, could be imported there in British vessels. Both British and American vessels could import most American products into Britain. Most West Indian products, including rum, molasses, coffee, cocoa-nuts, ginger and pimento⁶⁶, could be exported to the United States. Again, however, only British vessels could conduct trade between the islands and the United States.⁶⁷ The orders' author, Knox, was the former provost-marshal of Georgia, had supported the Stamp Act, and had been an Under-Secretary of State for the American Department from 1770 to 1782. He felt, as he made clear to North when asked to draft the orders, that 'it was better to have no Colonies at all, than not to have them subservient to the maritime strength and commercial interests of Great Britain.' Given this opinion, as he later remembered, he 'therefore determined to oppose the whole American and West Indian interests, supported as they were by some of the Members of the Administration, and frame the regulations for the intercourse between the United States and the British West India Islands so as utterly to exclude the American shipping.'⁶⁸ North acquiesced to Knox's wishes, and they soon became policy.

Thus ended a debate in which, once again, neither side fully embraced either *laissez faire* economics or mercantilism. Both drew on ideas from traditional 'mercantile' political economy and from Smithian free trade ideology. Arguing that special trade concessions to the United States were not only unnecessary but also actively dangerous, since the proposed concessions threatened the pillar of Britain's national defence, the Navigation Act, the forces exemplified by Lord Sheffield won the debate and set the terms for Anglo-American

⁶⁶ For more on the position of the West Indies in the imperial trade of this period, see Arthur L. Stinchcombe, *Sugar Island Slavery in the Age of Enlightenment: the Political Economy of the Caribbean World* (Princeton: Princeton University Press, 1995) and, on sugar in particular, Sidney W. Mintz, *Sweetness and Power: the Place of Sugar in Modern History* (New York: Viking, 1985).

⁶⁷ Crowley, *op. cit.*, p. 73; Harlow, *op. cit.*, volume 1, pp. 476-477.

⁶⁸ All proceedings quotations and biographical information from *Ibid*, volume 1, pp. 478-479.

commercial relations for the next decade. The United States, having chosen to become a foreign state, must now be excluded from the British colonial trade and treated in all commercial matters no different from any other sovereign foreign power. So ran the theory, at least. In practice, a series of orders in council established a sort of de facto semi-free trade in those American raw materials necessary in Britain. Of course, no such concessions could be allowed in the West Indies. Ironically, it was in that geographic region that the policy established by Knox's orders in council would prove the least tenable, as this thesis shall now demonstrate.

Chapter 4

Complete Control: The Battle for West Indian Trade, 1783-1786

As any proper tea-drinking Briton of the Hanoverian era was well aware, the British holdings in the Caribbean, commonly known as the ‘sugar islands,’ were a vital part of the ‘old’ (that is, seventeenth- and eighteenth-century) British Empire. They were the source of perhaps the most important colonial resources of that period, sugar and its associated products. As the author of one of the most detailed recent analyses of the economic and political situation of the West Indies during the American Revolution, Selwyn Carrington, put it, the British West Indies ‘were in the eighteenth century a nursery for the merchant and Royal navies and important catalysts in providing the impetus for the development and growth of British industries and the expansion of the economy of the American colonies.’¹ In the immediate aftermath of the loss of the thirteen continental American colonies in 1783, however, their political importance declined and their economic strength wavered. When the American Revolutionary war broke out, the economies of the thirteen colonies were fully integrated with those of the sugar colonies. They formed a complex commercial system that also encompassed the foreign Caribbean islands, the new British North American colonies, the Spanish Main, and, of course, the European states that controlled them. The American colonists provided the British sugar planters with provisions and lumber and took in return their excess rum and other products. They were thus major cogs in the machinery of the

¹ Selwyn H. H. Carrington, *The British West Indies During the American Revolution* (Dordrecht: Holland; Providence, RI: Foris, 1988), p. 5. For a recent chronologically broader political economic analysis of the West Indies, see Arthur L. Stinchcombe, *Sugar Island Slavery in the Age of Enlightenment: the Political Economy of the Caribbean World* (Princeton: Princeton University Press, 1995).

British Atlantic Empire, and helped spur the development of the Atlantic system in general and of the sugar industry in particular. This trade was, moreover, carried on largely in colonial-built, colonial-crewed vessels, mostly from New England.² As briefly noted in the previous chapter, with the secession of the thirteen colonies, a debate soon arose as to whether Britain should continue allowing American ships to trade to the West Indies or whether it would be preferable to oust the now foreign Americans from the West Indian trade and attempt to perpetuate the British monopoly over colonial trade. This chapter considers the arguments put forth by the opposing sides in this debate and outlines their relation to the economic theories discussed above (pp. 49-106). It also examines the evolution of British commercial policy in the West Indies in the years after the American Revolution, especially the hearings of the Privy Council Committee for Trade and Plantations on the trade between the West Indies and the United States.

The sugar islands suffered greatly during the American war, with the lowest plantation profits of the century³ and unusually costly expenses (for example, salt and corn in Antigua were approximately four times more expensive during the war than before it).⁴ In the words of Carrington,

The accumulation of crises, including the general scarcity of ... food in the islands, approaching famine in some; the shortage of plantation utensils, machinery and packaging

² Carrington, *op. cit.*, p. 25. Good introductions to the economic structure of the British Atlantic include Anthony McFarlane, *The British in the Americas 1480-1815* (London: Longman, 1994), pp. 234-242 and Nuala Zahedieh, 'Economy,' in *The British Atlantic World*, David Armitage and Michael J. Braddick, eds. (London: Macmillan, 2002), pp. 51-68.

³ According to J. R. Ward, profits averaged around 10% for most of the century, whereas during the war, they averaged 2.3% in Barbados, 2.4% in the Leeward Islands, 3% in Jamaica, and 7% in the Windward Islands. J. R. Ward, 'The Profitability of Sugar Planting in the British West Indies, 1650-1834,' *Economic History Review*, 2nd series, 31: 2 (May 1978), pp. 207-209, cited in Andrew Jackson O'Shaughnessy, *An Empire Divided: The American Revolution and the British Caribbean* (Philadelphia: University of Pennsylvania Press, 2000), p. 162.

⁴ *Ibid*, p. 163.

cases for sugar and rum; the rising cost of government; the high prices of provisions and lumber; the heavy duties; the advanced cost of transportation; the reduced quantities of tropical products sent to England; the decreasing strength of the labour force, fell heavily on the shoulders of the planters who already walked a fine line between prosperity and economic disaster under normal conditions.⁵

After the war, the islands recovered somewhat. There was an 11% rise in sugar⁶ production, and a rise in rum production of just under 3%. John McCusker estimates that the 'West Indian exports to Great Britain in the 1780s, on a per capita constant value basis, were 9.5 percent higher than they had been in the 1760s and 1770s.'⁷ Andrew O'Shaughnessy's survey of various works on individual plantations indicates that in general, these also usually remained profitable.⁸ J. R. Ward argues that 'profits recovered well in the next decade' after the Revolution, estimating an average return of 8.5% across the British West Indies during that period, in comparison to a 10% average for the entire eighteenth century.⁹ Of course, going from 10% returns to 8.5% indicates a small net decrease, and other evidence indicates that while the sugar islands certainly recovered from the conditions they had laboured under during the American Revolution, matters remained perhaps a touch more precarious than they had been in 1775. Comparing trade figures from before and after the war, Carrington argues that the islands were legitimately undersupplied with most articles. His statistics indicate that while West Indian imports into Britain recovered to near the same level they had been before the war, with a spike in 1785 and another in 1791, matters were relatively

⁵ Carrington, *op. cit.*, p. 126.

⁶ On the broader implications of sugar in both the British imperial and world economies, see Sidney W. Mintz, *Sweetness and Power: the Place of Sugar in Modern History* (New York: Viking, 1985).

⁷ John J. McCusker, 'The Economy of the British West Indies, 1763-1790,' in *Essays in the Economic History of the Atlantic World* (London and New York: Routledge, 1997), pp. 324-328.

⁸ O'Shaughnessy, *op. cit.*, pp. 238-239.

⁹ Ward, *op. cit.*, cited in O'Shaughnessy, *op. cit.*, p. 239.

stagnant, with slightly higher profits masking marginally lower returns and exports. Certainly, by 1807, as Carrington points out, 'the depressed conditions of the West Indian sugar economy led a Committee of the House of Commons to recommend alternatives to sugar production.'¹⁰ Overall, it seems that although the sugar economy did recover fairly well, it was not as profitable as it had once been.

Given this, it is perhaps understandable that West Indians were unhappy with British restrictions and slow to accept them. They often expressed doubt that the restrictions applied to small United States vessels wishing to trade with them: Jamaica, for example, refused to acknowledge the prohibition on their trade and insisted that single-decked vessels belonging to the United States were entitled to trade with the free ports. The West Indians' feelings were summed up by the prominent Antiguan Maine Swete Walrond, the 5th Marquis de Valledo: 'The unsettled and confused state of Government in England for sometime past, must be attended with very bad consequences to the whole Empire. We feel it much here, and especially in not yet having a free and open trade with the Americans which we were in hopes would have taken place soon after the War was over.'¹¹

In this environment, petitions from a variety of West Indian organizations started flowing into London even before the signing of the definitive peace treaty between Britain and the United States. As early as 28th March, 1783, the London-based Committee of West India Planters and Merchants suggested it may be 'expedient' to enact a Parliamentary law authorizing the importation into the British West Indies from the United States, 'either by British or American ships, of all goods the growth & produce of the said States... upon payment of the same duties that would be payable upon importation thereof into such island

¹⁰ Carrington, *op. cit.*, pp. 172-173.

¹¹ Quoted in *Ibid*, p. 164.

colony or plantation from any other of his majesty's said islands, colonies or plantations in America.' The Committee further suggested Britain allow the reciprocal free import of West Indian produce into the United States on similar terms.¹² On November 26, the Committee informed Charles James Fox that they were of the opinion that until a commercial treaty could be established with the United States, 'some temporary introduction of some lumber & provisions from America at the cheapest rates, will be found absolutely necessary, as well for the support of the Inhabitants, and the Cultivation of their Plantations, as for the Sale of Rum in return, which has hitherto proved essential to the Preservation of our Sugar Islands.'¹³

In addition to the Committee, numerous other West Indian lobbies and assemblies lodged similar requests. Almost all underlined that, as one such petition put it, 'it cannot be expected that the sugar colonies can subsist, in any degree of prosperity, without those supplies of lumber and provisions from America at the cheapest rate....' To accomplish this, 'the permission of American ships, as heretofore, freely to bring the produce of the dominions of the United Sates [sic] to the sugar colonies, and take back our produce in return, is so obviously essential....'¹⁴ As an address of the Grand Inquest of the county of Middlesex, Jamaica, to governor Archibald Campbell underlined, moreover, if the Americans were not allowed to trade to the islands as before, 'we shall otherwise see, with a regret bordering on despair, the trade of that continent directed into the channel of our

¹² Committee of West India Planters and Merchants, Mar 28 1783, North Papers, British Library Additional Manuscript [hereafter BL, Add. MSS] 61863, ff. 100-101v.

¹³ Minutes of the Committee of West India Planters & Merchants, Nov 26th 1783, Foreign Office Papers, the National Archives, formerly the Public Records Office [Hereafter TNA/PRO, FO] 4/3, f. 10.

¹⁴ In Bryan Edwards, *Thoughts on the Late Proceedings of Government Respecting the Trade of the West India Islands with the United States of North America*, Second Edition (London: Printed for T. Cadell, 1784), pp. 47-48.

natural enemies, and the enlivening gleam of returning conciliation and fœderal [sic] union obscured perhaps for ever.’¹⁵

Of course, when William Pitt the Younger had introduced the American Intercourse Bill in February 1783, he had done so in large part to allow American ships free access to the West Indies, as well as to Britain itself. As has already been discussed, John Baker Holroyd, Lord Sheffield spearheaded opposition to this motion, on behalf of the loyalists in North America and British shipbuilding interests. They contended that excluding the United States from the West Indian carrying trade would allow the expansion of British shipbuilding and of the merchant marine that served as a ‘nursery for seamen.’ Sheffield emphasized in his 1783 *Observations on the Commerce of the American States* that ‘It is a fortunate circumstance, arising from the independence of America, that the British Isles will regain, in a considerable degree, the supply of our West-India islands with bread and flour.’¹⁶ The Navigation Act, he argued, had successfully prevented the Dutch from becoming the carriers of British trade. Should Britain allow any relaxation of that act in favour of the United States, they would thus ‘give that advantage to the New Englanders, and encourage to the greatest degree the marine of America, to the ruin of our own.’ The Intercourse Bill, he argued, relinquished the ‘only use and advantage’ of the West India colonies, namely the British monopoly of their products and shipping. Worse yet, the Bill granted ‘the West-India trade to the American States on better terms than we can have it ourselves.... It is the policy of France and Spain, not to suffer foreign vessels to trade to their islands and colonies, and our own maxims have hitherto been the same; but the bill, without the least necessity, gives up this most necessary restriction, and our whole

¹⁵ In *Ibid.*, pp. 54-55.

¹⁶ John Baker Holroyd, Lord Sheffield, *Observations on the Commerce of the American States*, Second Edition (London: Printed for J. Debrett, 1784), p. 67.

commercial system.¹⁷ Its threat to the Navigation Act was, as Sheffield underlined, the most dangerous aspect of the proposal to grant American ships the right to continue to take part in the West Indian trade. Given how all Britons, Adam Smith among them, saw the Navigation Act as central to British defence, this argument was perhaps more responsible than any other for the defeat of the American Intercourse Bill, and of Lord Shelburne's plan for Anglo-American free trade.

Furthermore, Sheffield characterized the Intercourse Bill as not only dangerous but also quite unnecessary. He argued that the Dutch and French West Indies were incapable of meeting the American demand for rum. The Americans would certainly never confine themselves to the use only of British West Indian rum, even given the many advantages offered in the Intercourse Bill. Nonetheless, they would 'require the same quantity they did before, consequently there will be the same demand; and they must have it from our islands, as they cannot have a sufficient quantity elsewhere.'¹⁸ Sheffield had argued elsewhere in his *Observations* that even independent, the United States would continue extensively to purchase British manufactures.¹⁹ The same, he now suggested, would hold true for British West Indian Rum.

What of the opposite problem, that of how to supply the West Indies with those necessary articles that had once come to them from the thirteen colonies, such as lumber and provisions? In reply, Sheffield rhetorically asked, how had they existed during the war, 'when even Canada or Nova Scotia, and also England and Ireland, were not open to them without great expence and risk?' They had supplied themselves quite successfully, he

¹⁷ All quotations from *Ibid*, pp. 135-141.

¹⁸ *Ibid*, pp. 112-113.

¹⁹ See pp. 97-98 above.

replied, by prizes and by purchases from neutral islands, 'but not so much,' he added, 'as may now be got immediately from Canada and Nova Scotia....'²⁰ If Britain preserved the Navigation Act, he argued, 'it is obvious how convenient Canada and Nova Scotia are to our islands; we should put those colonies on the best footing possible; and the government of Canada should be altered.'²¹ As he spelled out at length in a product-by-product analysis of those provisions and raw materials with which the American States had once supplied the West Indies, everything necessary for the West Indies to prosper could be had to advantage from elsewhere. Horses could be had from Canada, as could flour, bread and biscuits. Canadian wheat was, in fact, cheaper than American. Wood products, including lumber, staves and hoops, scantling, and timber, could be easily acquired from Canada and Nova Scotia. Those two remaining colonies could also provide shipments of such livestock as oxen, sheep and poultry. The only articles for which there was any need to depend on the United States, he argued, were rice, corn and tobacco, and even of those, he thought corn could probably be raised in Nova Scotia and Canada. If all else failed, supplies could also always be had from Great Britain and Ireland, or even from the foreign West Indian islands. In the immediate aftermath of the American Revolutionary war, anything, it seems, would have been preferable to having to depend on America.²² Though the remaining British North American colonies could not, of course, supply the West Indies immediately, Sheffield and his supporters stridently argued that they would soon be able to do so. Until then, William Knox's orders in council would allow American products into the West Indies in British ships and would suffice to keep the islands supplied.

²⁰ *Ibid*, p. 144.

²¹ *Ibid*, pp. 174-175.

²² *Ibid*, pp. 118-132 *passim*.

Yet of course, this opinion was by no means universal; even after Shelburne had tried and failed to accomplish what Sheffield so vehemently argued against, a number of writers weighed in on the question and reached conclusions diametrically opposed to those of the *Observations*. They had support in high places. When William Eden, one of the Younger Pitt's main economic advisors, asked Adam Smith for advice on the matter, the master replied,

My own opinion is that [the West Indian trade] should be allowed to go on as before, and whatever inconveniences may result from this freedom may be remedied as they occur. The lumber and provisions of the United States are more necessary to our West India Islands, than the rum and sugar of the latter are to the former. Any interruption or restraint of commerce would hurt our loyal much more than our revolted subjects.²³

Many of his contemporaries agreed. For example, Bryan Edwards, an English-born Jamaican planter, merchant and politician, argued that should the sugar islands be unable to sell their rum to America, there was no other market available for it: '...the rum of all our plantations (Jamaica and Grenada excepted) is fit only for the American market, and would seldom prove a saving remittance if shipped to Great Britain.'²⁴ Moreover, a further difficulty for the West Indian planter lay in 'the difference he will experience between the prices he usually obtained from the American trader (who, dealing on barter and for a homeward freight, could afford to pay liberally) and those which he is likely to obtain at a glutted market, and subject to enormous duties in Great Britain.' Since rum, if not sold to America, 'must remain a dead loss on his hands,' Edwards argued it was 'cruelty and insult

²³ Adam Smith to William Eden, Dec 15 1783, in *The Correspondence of Adam Smith*, Ernest Campbell Mossner and Ian Simpson Ross, eds. (Oxford: Oxford University Press, 1977), p. 271.

²⁴ Edwards, *op. cit.*, p. 17.

to tell him of supplies in Great Britain, if he has not wherewithal to purchase them.'²⁵ Should intercourse with America cease, Edwards warned, there would be only one manner in which the West Indians would be able to acquire sufficient provisions to survive: 'It is to change their system. They must abandon the cultivation of sugar, and apply their land and labour to the purposes of raising food. The undone remnant of the people who have not fallen victims to the intermediate famine, may thus provide for the time to come.'²⁶

Of course, Sheffield had argued that supplying the West Indies from England was only a last resort and that the bulk of provisions and materials should come from Canada and Nova Scotia. Here, Richard Champion, a friend of Edmund Burke and a Bristol merchant with interests in America and the West Indies, begged to differ. Nature, he suggested, worked against the notion of Canada and Nova Scotia supplying the Caribbean by 'shutting up their ports six months in the year.' Moreover, the 'hurricane months' in the West Indies conveniently overlapped 'the greater part of the time in which the Navigation is open....' As though that were not enough of a problem, he continued, 'It is of little consequence to say, there is lumber enough in Canada for all purposes, and that it may be rendered of use; whilst that Colony has not, what all Colonies must have to make them useful, a sufficient number of people to cut down that lumber, and a good Navigation to carry it off.'²⁷

Aside from the difficulties of supply, Champion further argued that the remaining British North American colonies could not grow sufficient food and wood fully to supply the sugar islands. For example, although grain production 'was considerable for [Canada], it bore a very small proportion to that of the Middle States: Nor will even the quantity she is

²⁵ *Ibid*, p. 24.

²⁶ *Ibid*, p. 70.

²⁷ Richard Champion, *Considerations on the Present Situation of Great Britain and the United States of America*, Second Edition (London: Printed for John Stockdale, 1784), pp. 108-109.

able to produce, be of service to the West India Islands, as they require chiefly flour; and there are not mills in the Province, that can be turned to the purpose of making quantities worth exportation.'²⁸ As for Nova Scotia, Champion agreed that 'there probably will be a tolerable lumber trade in time, if the inhabitants are frugal and industrious; but,' he emphasized, 'it must be a work of time.'²⁹ Edwards agreed with this assessment. The sheer amount of imports from America to the West Indies, he argued, meant that supplying the islands from Canada and Nova Scotia was impossible: 'It is inconsistent with the nature of commerce, to furnish an adequate supply to so vast and so various a demand; coming immediately and unexpectedly. The demand and the supply must grow up together, mutually supporting, and supported by each other.'³⁰

It was, in fact, easier and cheaper for the United States to supply the islands with lumber and provisions than it was for either Britain or the remaining British dominions to do so. 'Happily for those Islands,' Champion stated, 'there is no deficiency of timber in America.... There is a sufficiency in that country, on the Creeks, in all the States, to last for ages; and it may be cut down on the water side, and immediately laden in the small vessels which carry on that trade.'³¹ The Americans, trading in small vessels, could easily supply the nearby islands. Conversely, to supply the islands from British ships, merchants would have to go to American ports to purchase lumber and wait for it to be loaded 'under great charges of wages and provisions, of course enhancing the price of freight....' Then, upon arriving in the Caribbean, they would have to pay an additional freight for small craft to carry the lumber and provisions to the various sugar islands. The whole cost of the operation,

²⁸ *Ibid*, p. 111; See also, Edwards, *op. cit.*, p. 38.

²⁹ Champion, *op. cit.*, p. 113.

³⁰ Edwards, *op. cit.*, pp. 22-23.

³¹ Champion, *op. cit.*, p. 149.

Champion then pointed out, 'must ultimately fall upon the Planter, who is the purchaser.'³² Moreover, Champion emphasized that very few British vessels would be available for the West Indian trade earlier than October. Yet 'to go to Nova-Scotia or to Canada, at that time,' he warned, 'is impossible. To go to any American port to the Northward of Carolina is attended with risque. There are very severe gales of wind in the months of November and December, upon the American coasts, exposing every ship which approaches them, to certain damage....' Given the additional delay for loading lumber, he continued, such ships may not arrive in the West Indies ready to load West Indian products for export 'till March or April, at the earliest period; a time when that business is very far advanced in the West Indies, and many ships nearly, if not fully laden.' By this time, the hurricane months would be approaching, and the vessels 'must return in that season, subject to additional insurance, and to an extraordinary expence, from the damage received during the voyage.... for the Merchants, on these occasions, of[ten] meet with great difficulty in making insurance, and very high premiums are frequently given.' As Champion grimly concluded, 'a West India ship, which now generally performs her voyage in twelve months, quietly and with little risque, will be put quite out of her usual track.'³³

In the end, of course, the arguments put forth by such men as Champion proved insufficient to defeat Sheffield's depiction of the American Intercourse Bill not only as the death knell for the Navigation Act, but also as a measure unnecessary to maintain beneficial trade relations with the United States. Sheffield's case was further aided by the fact that men

³² *Ibid*, pp. 150-151.

³³ All proceeding quotations from *Ibid*, pp. 155-158. It must be underlined that an additional factor motivating those in favour of maintaining close West Indian-American trade relations was fear that foreign competitors (especially that great traditional rival, France) would gain control over the lucrative trade with America. Champion, for example, when arguing for the necessity of making Britain an entrepot for American goods, warned, 'France has taken the lead: She has declared four of her ports, Free Ports, for the reception of American goods. If we act as wisely, we need not despair of prevailing over her.' *Ibid*, p. 92.

in high positions agreed with his views. Notably, William Eden, former secretary of the Board of Trade and the man responsible for the 1786 commercial treaty with France, had been the first to stand against the American Intercourse Bill in Parliamentary debate, closely echoing Sheffield's arguments in the process. The two men were sufficiently friendly that in 1784, Sheffield chose to write to Eden, of all possible government figures, to ascertain whether Pitt intended to move for the recommitment of the 'Amer[ican] Tr[ade] Bill.'³⁴ Towards the end of 1785, Sheffield again wrote to Eden, this time to warn against the establishment of free ports in the British West Indies, a 'most mischievous measure' that he felt was 'neither more nor less than a dispensation with the best part of the navigation laws,' flooding the sugar islands with foreign produce and threatening the British carrying trade in the Caribbean.³⁵ While this correspondence is ambiguous on their personal relation, Eden certainly seems to have been Sheffield's choice of contact on commercial matters in Pitt's ministry.

There is other evidence of support for Sheffield's beliefs within government circles. A Colonial Office report entitled 'A Comparative State of the Advantage America Derives from her trade with the British Islands beyond what she is attained by the Intercourse with the French Islands' indicates its anonymous author was either influenced by Sheffield, or came to similar conclusions based on independent findings. The document noted that Britain's reserving freight in the British West Indies to her own shipping was 'in effect, only a strict adherence to the Act of Navigation[.] America is just upon the same footing with every other foreign nation, and our restraining the Navigation, to & from our own Islands and Colonies, to our own shipping, is no more than what is agreeable to the laws and

³⁴ Sheffield to Eden, [1784], Auckland Papers, BL Add. MSS 34419, f. 437.

³⁵ Sheffield to Eden, undated, Auckland Papers, BL Add. MSS 34420, ff. 179-180v.

practices of every other Power....' The document then examined the terms upon which the United States could trade with the French West Indian islands and concluded, much as Sheffield had, 'Upon the whole, the advantages she will have in carrying on a trade with us, even under our own regulations, with respect to the West India islands, added to those she will derive from her being supplied by our merchants from Europe, & the obvious disadvantage she is laid under in her Intercourse with the French Islands, will ultimately end in her Trading with us upon our own terms.'³⁶ It is clear that there was in government circles a good deal of sympathy for the ideas expressed in Sheffield's *Observations*.

However, his opponents were not themselves without support. When the Younger Pitt came to power at the end of 1783, the questions over West Indian trade were reopened. Pitt's ministry proposed allowing American vessels not exceeding eighty tons to trade with the colonies, to limit the value of American imports to that of their exports and to restrict American ships to only a few West Indian ports. The West Indian Committee rejected these proposals, suggesting instead that single-decked American ships of a hundred tons be allowed to enter colonial ports and take an unlimited quantity of West Indian products. The Committee's Chairman, Lord Penhryn, held several meetings with Pitt and Lord Sydney in January 1784. When no agreement could be reached, the Committee petitioned Parliament to repeal Knox's Order in Council.³⁷

Their petition argued that 'His Majesty's sugar colonies cannot be supported in a condition to be useful to Great Britain... without a free intercourse with North America, by

³⁶ All proceeding quotations from 'A Comparative State of the Advantage America Derives from her trade with the British Islands beyond what she is attained by the Intercourse with the French Islands,' c. 1784-5, Colonial Office Papers, the National Archives, formerly the Public Records Office [hereafter TNA/PRO, CO] 5/8, ff. 92-93 (draft) and TNA/PRO, CO 5/8, ff. 122-125 (final version). Additionally, the very title of this document provides further proof of how fears of French competition influenced British policy towards America, as noted in fn. 33 on p. 118 above.

³⁷ Carrington, *op. cit.*, p. 166.

American ships, in contemplation of which free intercourse the said Sugar Colonies were originally settled and by means whereof they have been carried to their present extent.’³⁸ In response to this petition, Pitt asked the newly formed Privy Council Committee on Trade and Plantations to adjudicate on the question of whether to allow American ships to reassume their old colonial role in trading with the West Indies. The Committee, the replacement for the now defunct Board of Trade, would prove to have a crucial role in the formulation of economic policy, its recommendations often closely followed in legislation. Its leader was Charles Jenkinson, later the 1st Earl of Liverpool, a long-time prototypical ‘king’s friend’ who had worked with nearly every administration of past decades but had avoided becoming too closely identified with any of them. Despite a lack of any blatant allegiance, Jenkinson was a steadfast supporter of North and a friend of Sheffield. He had also played a critical role in devising the 1765 Stamp Act and had voted against its repeal. Like Sheffield, he had a reputation as an expert on economic and financial matters.³⁹

The Committee opened hearings on the West Indian question in March 1784. Aside from the Committee of West Indian planters, those called on to give evidence seem to have been specifically chosen so as to ensure that the Committee could only ever reach one conclusion as to whether or not American ships should be allowed into the British Caribbean. Witnesses included the following: Sir Guy Carleton, the former and future governor of Quebec and a commander-in-chief during the American War; William Knox, the man responsible for framing the Order in Council that had established the post-war pattern of commercial relations, and the man who had so explicitly accepted the job of drafting that order only if it was to exclude America from the West Indian trade; and George

³⁸ Minutes of the Committee of Trade, Liverpool Papers, BL Add. MSS 38388, ff. 3-5.

³⁹ John E. Crowley, *The Privileges of Independence: Neomercantilism and the American Revolution* (Baltimore: Johns Hopkins University Press, 1993), pp 76-77.

Chalmers, a vengeful loyalist, who had been one of the first so-called 'neomercantilists' to publish a commercial tract arguing for the benefits that might accrue to Britain with the loss of the thirteen colonies.⁴⁰ These men were hardly likely to sympathise with American goals. Knox, after all, had openly opposed granting concessions to the United States, while Chalmers was an equally open anti-Republican Loyalist. While Carleton seems to have had no overt dislike of the United States, it is hard to avoid suspecting some form of ulterior motive when the former governor of one of the remaining British North American colonies suggests that those colonies can and ought to supply the West Indies. The Committee also heard evidence from a number of merchants, none of whom were Richard Champion, Bryan Edwards, or anyone else who thought as they did.⁴¹ The committee also called on various surveyors to discuss opportunities for development in the remaining colonies, on former colonial officials and governors, and on a number of Canadian loyalists. To a man, all of these witnesses agreed with the opinions laid out in Sheffield's *Observations*. This most curious and unlikely level of agreement about questions on which there were certainly dissenting opinions is difficult to interpret as anything other than proof that those responsible for selecting witnesses for the Committee were ensuring, consciously or no, that the proper conclusions be reached. It is also, to be fair, indicative of how much support there was among politicians, technical experts and laymen alike for the school of thought about these questions exemplified by Sheffield.

⁴⁰ *Ibid*, pp. 76-77.

⁴¹ It is worth noting that Henry Dundas, lord advocate for Scotland, had said during the debate on the American Intercourse Act, that 'the merchants in general were desirous of having the Bill passed' and that 'he had conversed upon the subject with many respectable merchants of Glasgow, who all of them admitted that certain inconveniencies would arise, but that nevertheless they highly approved of the Bill, and thought the House would be mad if they did not pass it immediately.' See William Cobbett, ed., *The Parliamentary History of England, from the earliest period to the year 1803*, volume 23 (London: 1814), pp. 644. For more on Dundas, see Michael Fry, *The Dundas Despotism* (Edinburgh: Edinburgh University Press, 1992).

The Committee looked into a variety of questions. Was it possible to provide sufficient supplies for the British West Indies from Canada and Nova Scotia, as well as from Great Britain and Ireland? Would such supplies need to be carried in British ships, or could shipbuilding industries be established in the remaining colonies to provide a means of supply? Could supplies from the United States be brought to the islands by British or British colonial ships 'at such a price as may enable the West India planters to cultivate to sufficient profit, though not with so great advantage as if the Ships belonging to the Subjects of the United States were allowed to be employed therein'?⁴² Was there any danger that in response to restrictions on their trade to the sugar islands, the Americans might prohibit British vessels from entering American ports? Was there, similarly, a danger that these restrictions might force British planters to go to the foreign neutral ports for lumber and provisions? If the trade restrictions were maintained, would the United States keep importing British West Indian rum? If not, could the planters find another market for this major colonial product?

The witnesses were in agreement that while Canada and Nova Scotia could not presently supply the West Indies, they would soon be able to do so. Carleton stated that 'if the Loyalists get the possession of their Lands, so as to begin to cultivate them this Spring, Nova Scotia with Canada might be able to furnish a supply to the whole extent, both of Lumber and provisions before the end of the year 1785.' If given 'proper encouragement,' he added, they could probably do so at as cheap a rate as the United States. He further stated that a 'great supply' of lumber could be had from Canada and Vermont. As to the problems of supply, he suggested that Nova Scotia could build ships and carry provisions to the

⁴² Minutes of the Committee of Trade, Liverpool Papers, BL Add. MSS 38388, f. 14. Clearly, a lower but still 'sufficient' profit was preferable to a more profitable arrangement depending on allowing American shipping into the islands.

islands. Should the right to supply the islands remain limited to British ships, moreover, Americans would be induced to come to Nova Scotia with any of their own provisions and lumber that were intended for the West Indian market.⁴³ Other witnesses gave similar statements. The former lieutenant governor of Nova Scotia, Sir Andrew Snape Hammond, conceded that Nova Scotia was not currently able to supply the West Indies, but firmly stated it would soon be able to do so.⁴⁴ A Colonel Fox, asked about Nova Scotia supplying lumber to the West Indies, similarly said that they currently could not but that they would be able to within a year. He emphasized that the loyalists were anxious to develop land, and that the colony would thus soon be able to produce sufficient grain to feed the West Indies. Moreover, while there was as yet no shipbuilding in Nova Scotia, Fox argued that so many loyalists were settling in the province that there soon would be.⁴⁵ Merchant Brook Watson predicted that Nova Scotia and Canada would be able fully to supply the sugar islands within three years.⁴⁶ When asked whether British vessels would be capable of successfully supplying the islands, the Merchant Robert Grant replied that while there had been temporary problems after the war, matters were presently improving. If Knox's Order in Council continued in effect, he added, British shipping in the West Indies would continue to increase, while American shipping would decrease. He also underlined that there was no apprehension among merchants that British shipping would be incapable of successfully supplying the West Indies.⁴⁷ Presumably Grant had not spoken on the matter to Richard Champion (a fellow merchant), who had argued the exact opposite in his reply to Sheffield's *Observations*.

⁴³ *Ibid*, ff. 16v-17v.

⁴⁴ *Ibid*, ff. 65v-66.

⁴⁵ *Ibid*, ff. 39v-41.

⁴⁶ *Ibid*, f. 31.

⁴⁷ *Ibid*, ff. 42-43.

Asked whether the United States would retaliate should restrictions on their shipping be enforced, Carleton argued, 'if the people find it their interest' to sell their lumber and provisions to British vessels, 'their government has not the power to prevent it, nor vice versa, to compel it.'⁴⁸ Yet should the Americans not find that in their interest, Carleton 'makes no question but... Nova Scotia will in a short time, prove an ample market for the Rum produced in the West India Islands.'⁴⁹ A loyalist merchant named Ingram, formerly of Virginia, similarly argued that it was not in the interest of the United States to block British shipping, since there were too many British manufactures with which they could not afford to dispense.⁵⁰ Both William Knox and Brook Watson similarly agreed that Congress neither could nor would restrict the consumption of British manufactures in the US.⁵¹ Knox further added that the United States would never try to ban British manufactures and that even if they did make the attempt, Congress was too weak to enforce it.⁵²

All the witnesses further agreed that to allow American ships into the West Indies would provide a dangerous threat to British Navigation. Carleton argued that the success of the Committee's petition would not only endanger Britain but would also be 'dangerous to [the West Indies], by diminishing the national resources of Naval Strength, on which the safety of the British Islands so essentially depends.' If the United States gained the ability to supply the West Indies, 'their cause and their interest, political as well as commercial, must increase, and in like manner, if the Loyalists prevail, they will contribute proportionably to their own and to the national strength and prosperity.'⁵³ Knox reminded the Committee that

⁴⁸ *Ibid*, f. 19v.

⁴⁹ *Ibid*, f. 18v.

⁵⁰ *Ibid*, f. 75.

⁵¹ *Ibid*, ff. 35v, 38-39.

⁵² *Ibid*, f. 26v.

⁵³ *Ibid*, f. 18.

when he had formulated the Order in Council establishing the post-war British Atlantic commercial patterns, the ‘injury to the navigation of this Country was apprehended to be so great from permitting American Ships to come to our West India Islands, that it was thought highly improper to allow it rather than risk some small inconvenience to the Islands by the restraint.’⁵⁴ The former inspector of imports and exports in North America, a Mr. Irving, warned that ‘if permission is given to the vessels of the United States to enter our ports in the West Indies, there is little doubt that a considerable part of the foreign European manufactures and East India goods, with which our Islands have hitherto been supplied from Great Britain, will be clandestinely introduced into them in American Bottoms.’⁵⁵ He later added, ‘If we adhere to the principle of the navigation act, we shall gain the additional employment of so many vessels and seamen, but if we give up the navigation act we shall lose a great proportion of the above number of seamen, who are at present employed in our service....’ Allowing American ships to trade with the West Indies would, in short, ‘lessen the Navigation of this Kingdom....’⁵⁶

Not surprisingly, the Committee reached the expected conclusions. They suggested that both Canada and Nova Scotia would be able to supply ‘great quantities of lumber,’ that Cape Breton was ‘capable of producing any sort of European grain and [is] remarkably fit for garden vegetables,’ that ‘livestock can be furnished in great quantities from Nova Scotia,’ and that ‘salted beef and pork may be supplied in plenty both from Canada and Nova Scotia... [and] from Great Britain and particularly from Ireland.’ Regarding the difficulty of supplying the West Indies from Britain, it was judged that ‘there never was a period in which this country was better prepared than at present to enter into any new branch

⁵⁴ *Ibid*, f. 23.

⁵⁵ *Ibid*, f. 95.

⁵⁶ *Ibid*, f. 98.

of the carrying trade.’⁵⁷ The Committee finally advised that such American goods and merchandise as could not be supplied by Britain or the remaining British colonies should certainly be allowed into the West Indies. Similarly, the export of West Indian goods into the United States ought also be permitted. However, they further concluded

that it is not advisable for your Majesty to comply with the request of the West India Planters and Merchants, by permitting the goods and merchandizes before described, to be imported to, or exported from your Majesty’s Islands in the West Indies, from or to the Countries under the Dominion of the United States, in Ships belonging to the subjects of the said United States [and that] the goods and merchandizes before described be permitted to be imported and exported to and from the said Islands and Countries respectively by British Subjects only and in none other than British built ships owned by your Majesty’s subjects and navigated according to law.⁵⁸

Thus, the policy earlier set by William Knox’s Order in Council was reiterated and sustained. Some two years later, a Privy Council Order of March 1, 1786 formally asked the Committee to consider the feasibility of framing legislation for the enforcement of the Navigation Acts. Jenkinson soon set to work, recruiting aid from John Pownall, now a member of the Customs Board. On April 25, Jenkinson sent a copy of the resultant Bill ‘for the Increase and Encouragement of Shipping and Navigation’ to Lord Camden, Lord President of the Privy Council. The Bill legislated that, as of August 1, 1786, no foreign-built vessel, even if owned by British subjects and navigated according to law, ‘shall be entitled to any of the Privileges or Advantages of a British Built ship.’ No vessels that had been built in America or owned by an American colonist during the periods when trade with those colonies was prohibited was entitled to British registration. Moreover, no British

⁵⁷ *Ibid.*, ff. 134-140.

⁵⁸ *Ibid.*, ff. 156v-157.

subject resident in a foreign state could be the owner of a British-registered vessel unless ‘actually carrying on trade in Great Britain or Ireland.’ Additionally, a variety of restrictions and regulations were introduced to attempt to guard against future frauds. The Bill — ‘a manifestation of the national conviction that ocean trade was a superior substitute for a lost dominion’ — passed all its readings with, apparently, little discussion and was soon enacted into law as the Navigation Act of 1786.⁵⁹

Yet meanwhile, Britain’s attempt to restrict American trade to the sugar islands was proving increasingly untenable. Smuggling had become endemic. In their 1784 report, the Committee had warned the ministry that there was ‘great reason to apprehend that Ships belonging to the subjects of the United States have been unduly registered as British Ships... and that the subjects of the said States are endeavouring to carry on a contraband commerce to some of the ports of the [West Indies] ... to the great injury of the fair trader, and of those who are inclined to support the due execution of the laws of Great Britain.’⁶⁰ Similarly, a ‘Briton and Loyalist’ wrote to Lord North on 22 April 1784, from Charleston, South Carolina, to inform him, ‘the West Indians have not only afforded every assistance in their power, to American vessels smuggling in cargoes to the different Islands, but [also] have sold them British Registers.... numbers of vessels, American built, owned by American citizens, & navigated by American seamen or by Irish or British renegades can now hoist English colours at pleasure.’⁶¹ In 1786, the Committee of Trade made note of a letter from Edmund Lincoln, the Governor of St. Vincent, to Lord Sydney, Pitt’s home secretary, dated Dec 1st 1785, ‘stating that there is no means to check, as the law respecting hovering vessels now stands, an illicit kind of barter between the planters of the British Islands and the

⁵⁹ All proceeding quotations from Harlow, *op. cit.*, volume 2, pp. 265-273.

⁶⁰ Minutes of the Committee of Trade, Liverpool Papers, BL Add. MSS 38388, f. 157.

⁶¹ ‘A Briton & a Loyalist’ to North, April 22 1784, North Papers, BL Add. MSS 61864, f. 40.

American ships fitted out for the whale fishery, and the introduction of a variety of French manufactures by little French vessels hovering upon the coasts of the Caribbean Islands.’⁶² Richard Champion had acknowledged this smuggling in his rebuttal to Sheffield, and succinctly underlined its significance: ‘Though the ports are now shut by law, yet they are open by evasion; a strong evidence of their preferring the risque of seizure, to a dependence upon, and to the chance of, British supplies.’⁶³

By 1784, this illegal trade had become so open that Horatio Nelson arrived in the Leeward Islands determined to curtail it and to enforce the Navigation Act. Nelson and his lieutenants turned away American ships from British colonial ports. One of those lieutenants, Cuthbert Collingwood, blockaded English Harbour in Antigua and refused entrance to all American vessels, even those in distress. Although the planters subsequently sought disciplinary action against him, Lord Sydney refused. Yet despite his efforts, American vessels continued to enter West Indian ports and the smuggling continued to flourish. Nelson was forced to admit ‘that the law was most shamefully evaded, by connivance in some and indisposition in others [...] so that nearly the whole trade, between the British colonies and the United States of America was carried in American bottoms.’⁶⁴

Some British ships attempted to trade between the sugar islands and the United States. Some were even stationed near the islands for this purpose, while others went from Britain to the United States and then to the West Indies. In the end however, as Selwyn Carrington summarizes, ‘the triangular trade proved beyond the capability of British shipping because of the distance of the voyage. It was uneconomical and many captains

⁶² Minutes of the Committee on Trade, 1786, Liverpool Papers, BL Add. MSS 38389, f. 80.

⁶³ Champion, *op. cit.*, pp. 141-142.

⁶⁴ Quoted in Carrington, *op. cit.*, p. 171.

found it increasingly difficult to time their trips to meet the demands of the West Indian markets.⁶⁵ Even though the islands' economies had recovered to levels approximating those of the pre-war period, the cultivation of sugarcane failed to increase during the mid-1780s. Meanwhile, the islands' produce was fetching lower prices on both British and world markets. This, as well as an 'unprecedented' six hurricanes from 1780 to 1786, caused 'frequent and repeated shortages' in the sugar islands.

American products [Carrington concludes] continued to reach the islands, although in lesser quantities, and British shipping increased only marginally between 1783 and 1787.... The sugar planters continued to rely on the United States for their economic survival and the supply of the plantations depended on the importation after 1790 of increasing quantities of American lumber, grain, flour, bread rice and corn meal. The almost total collapse of the French colonial system with rebellion at home and in St. Domingue in 1791, made a return to direct trade between the United States and the British West Indies inevitable.⁶⁶

This return to direct trade came with Jay's Treaty of Nov 1794, which allowed American ships to import their goods and merchandise directly into the islands, and to export in return the produce thereof.⁶⁷

When the United States had achieved independence from Britain after the American Revolutionary War, there had been two schools of thought as to how to manage post-war commercial relations between Britain's remaining colonies and the newly independent States. Both derived from a mixture of traditional 'mercantile' ideas leavened by the influence of the newer free trade theories of such men as Adam Smith. The 'neomercantilist'

⁶⁵ *Ibid*, p. 177.

⁶⁶ *Ibid*, p. 180.

⁶⁷ 'The Jay Treaty; November 19, 1794,' The Avalon Project at Yale Law School, URL: <http://www.yale.edu/lawweb/avalon/diplomacy/britain/jay.htm>, date accessed: June 07, 2007.

point of view, best represented by Lord Sheffield's *Observations*, favoured following, as much as possible, the standard belief in the necessity of colonial monopoly and excluding Americans from trade with the remaining colonies. The side led by the Earl of Shelburne and supported in print by Richard Champion favoured altering the structure of the British Atlantic Empire and granting the Americans rights unprecedented for a foreign state, arguing that without such concessions, Britain, and especially the British West Indies, would be hard-pressed to survive. By appealing to Britons' near deification of the Navigation Act and assuring them that the proposed concessions were unnecessary, the neomercantilists won the debate. The hearings of the Committee on Trade and Plantations the next year are a clear demonstration of the degree of agreement with, and sympathy for, their beliefs at various levels in both government and commercial circles. Yet in the end, their decision proved untenable in the West Indian context, and within a decade, it was reversed. The details of how this occurred and the broader implications of this change of policy lie beyond the bounds of this thesis and remain to be fully explored.

Conclusion

At the outbreak of the American Revolution in 1775, most Britons subscribed to a common set of beliefs about the nature of commerce, trade, and the economy that, despite the problematic and anachronistic nature of the term, can be labelled mercantilist. Economic ideas in this period were still somewhat vague and unformed, and had yet to be expressed and set down in a systematic fashion. Still, most educated British subjects would have agreed with such precepts as the belief that it was necessary for a state to maintain a favourable balance of trade, the belief that there were clear winners and losers in any economic relationship, the belief that a nation needed to maintain a strict trade monopoly over its colonies, and other ideas that we now view as ‘mercantilist.’ By the time of the American Revolution, however, these beliefs were under siege by such proponents of free trade as David Hume and Adam Smith. However, it must always be remembered that these free trade ideologues were influenced by mercantile ideas even as they rejected them, though the discontinuity between the *Wealth of Nations* (in particular) and mercantile thought is undoubtedly far greater than the continuity. We must remain on guard against the temptation to see the *Wealth of Nations* as arriving fully formed out of the ether with no influence from previous economic writers. The differences between the ideas of the mercantilists and those of Smith are obvious, but the works of pre-Smithian political economy should nonetheless be revisited to determine what continuities might exist alongside them.¹ Although historians of economic thought have recently investigated

¹ For Smith’s influences and Pre-Smithian political economy, see Nancy F. Koehn, *The Power of Commerce: Economy and Governance in the First British Empire* (Ithaca and London: Cornell University Press, 1994) and the essays in *Wealth and Virtue: The Shaping of Political Economy in the Scottish Enlightenment*, Hont and Ignatieff, eds. (Cambridge: Cambridge University Press, 1983).

Smith's debt to earlier free trade theorists, pre-Smithian British economic writing remains a subject in need of further illumination. Moreover, there remains a somewhat artificial distinction between 'mercantile' economic thought and free trade. The ways in which these two schools of thought interacted with and influenced one another should be examined more closely.

Historians also ought to guard against the common perception of entirely separate 'laissez faire' and 'neomercantilist' camps in British politics after the American Revolution. This thesis has argued that both sides in the debate about the basis on which to establish the post-war relationship between Britain and the United States drew their economic ideas from a mixture of traditional 'mercantile' beliefs and the newer 'free trade' ideas espoused by Adam Smith and his colleagues. After the publication of Smith's *Wealth of Nations*, free trade ideas began to percolate into the public consciousness and were adopted by such policymakers as Lord Shelburne, the Younger William Pitt, William Eden, and Lord Sheffield. All these men read and accepted Smith's ideas, and they generally favoured a degree of liberalization of trade. Nonetheless, their frames of reference often remained in many ways mercantilist: none of them opposed trade regulations on principle and they all firmly believed in the central importance of navigation to British power. When the 'neomercantilists' won the debate about the post-war relationship between Britain and America, it must be underlined that they did so not only by arguing against unnecessary bounties and by reference to Smith's arguments about the exaggerated common perception of the benefits of colonies, but also by depicting the proposed concessions to the Americans in a very mercantile light as a threat to British navigation. Simply to label the neomercantilists as 'conservative' and the Shelburne ministry as 'liberal,' as did earlier

generations of historians, most notably Vincent Harlow², and as some recent historians continue to do³, is to perpetuate a false dichotomy.

This thesis has also sought to examine the details of the formation of commercial policy during this period. How was such policy created? It would be wrong to argue either that it was a planned attempt to create a particular economic system or that it was entirely a product of circumstance; this is yet another false dichotomy. After Namier, it was not uncommon for many British historians, particularly of the eighteenth century, to see politics as entirely a matter of interest and factions with only a limited ideological commitment.⁴ In the political historiography, this tendency has somewhat abated since the appearance of John Brewer's *Party Ideology and Popular Politics at the Accession of George III* in 1976.⁵ Its expression as applied to commercial policy, however, is alive and well. It is exemplified, and was encouraged, by D. C. Coleman's suggestion in 1980 that historians need to downplay the role of theoretical beliefs in influencing policy in favour of seeing commercial regulations as limited responses to shifting situations.⁶ We must avoid the temptation entirely to banish economic theory from the arena. True, regulations were undoubtedly responses to contemporary hardships among members of a particular industry, or to

² Vincent T. Harlow, *The Founding of the Second British Empire, 1763-1793*, 2 volumes (London: Longmans, 1952).

³ A recent example is Paul Langford, whose fine general history of Hanoverian Britain, *A Polite and Commercial People* (Oxford: Clarendon, 1989), characterizes the parties in this fashion on pp. 555-558.

⁴ The best example of this is Peter Thomas' trilogy of works on the British domestic political background of the American Revolution, which concentrates throughout on practical political concerns and manoeuvres and rarely considers ideology. See Peter D.G. Thomas, *British Politics and the Stamp Act Crisis: The first phase of the American Revolution, 1763-1767* (Oxford: Clarendon, 1975), *The Townshend Duties Crisis: The Second Phase of the American Revolution 1767-1773* (Oxford: Clarendon, 1987) and *Tea Party to Independence: The Third Phase of the American Revolution 1773-1776* (Oxford: Clarendon, 1991). This tendency, admittedly, has somewhat abated since the appearance of John Brewer, *Party Ideology and Popular Politics at the Accession of George III* (Cambridge: Cambridge University Press, 1976), but the temptation to underrate ideological commitments as factors influencing the formation of policy remains.

⁵ John Brewer, *Party Ideology and Popular Politics at the Accession of George III* (Cambridge: Cambridge University Press, 1976).

⁶ D. C. Coleman, 'Mercantilism Revisited,' *Historical Journal* 23: 4 (1980), pp. 773-791, summarized above, pp. 11-12.

perceived abuses in various sectors, or to perceived threats from overseas competitors, and so on. Nonetheless, they were always shaped by how policymakers understood the nature of commerce, trade and economy. Theoretical ideas such as those discussed in chapter two provided the terms of reference within which policymakers worked, helping to show what goals they should try to achieve, what potential trade concessions were acceptable and unacceptable, and when an expedient line of policy was too imprudent to follow.

Nonetheless, the Namierite approach has obvious merit; on most occasions, the importance of practical considerations was undoubtedly paramount. Only a crisis as unprecedented as the loss of the thirteen colonies could create a situation where policymakers argued largely from theory, supporting their positions by drawing in large part on economic thought to show the potential consequences of granting or not granting their former colonies an unprecedented level of trade concessions. Yet even in this situation, the debate was won by calling attention to the practical considerations of navigation and national defence. Moreover, despite the exclusionist policies of the neomercantilist camp, it must be remembered that when a strict adherence to their principles proved untenable, *de facto* free trade was soon established between Britain and America and, eventually, between the United States and the British West Indies. In short, practical considerations and contemporary crises often trumped theory. Nonetheless, the role of theory in the formulation of economic policy cannot and should not be ignored.

Future work will have to determine the degree to which the above conclusions and historiographical observations are applicable beyond the specific arena of Anglo-American commercial relations. Two specific areas of future research suggest themselves. First, historians should more closely examine pre-Smithian economic thought, both on its own

terms and to establish how it interacted with and influenced free trade theories. The influence of free trade theorists also needs to be examined in more depth, especially those not named Adam Smith. How did their ideas interact with and modify the more established 'mercantile' beliefs? How did they colonize the thought of the educated British population in general and of British policymakers in particular? What influence did they exert on policy in the period before the abolition of the Navigation Acts? Second, this thesis has only just begun the tale of Anglo-American commercial relations. Future work shall have to examine the British domestic political and economic context of the Jay Treaty, and trace the British perspective on Anglo-American commercial relations in the period between the American Revolution and the War of 1812. There is still a great deal of work to be done on diplomatic, political and cultural relations between the two states in the period following the American Revolution. In the present day, the United Kingdom and the United States continue to have a close political relationship, built on the basis of a shared language, culture and political tradition, and on centuries of history. The early stages of that shared history following the achievement of American independence remain to be more closely examined.

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