*Economic History*

# The Trade Winds

## A study of British overseas trade during the French Wars, 1793–1815

*Edited by*
C. Northcote Parkinson

ECONOMIC HISTORY

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COLONIAL AND IMPERIAL

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# THE TRADE WINDS

By Michael Lewis

*Professor of History, Royal Naval College Greenwich*

THE NAVY OF BRITAIN

by C. Ernest Fayle

A SHORT HISTORY OF THE WORLD'S SHIPPING INDUSTRY

# THE TRADE WINDS

*A Study of British Overseas Trade during the French Wars 1793-1815*

*by*

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INTRODUCTION BY
ADMIRAL SIR WILLIAM M. JAMES
G.C.B.

LONDON

GEORGE ALLEN AND UNWIN LTD

FIRST PUBLISHED IN 1948

*To*

*John Masefield*

MASTER MARINER

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# INTRODUCTION

*By Admiral Sir William M. James, G.C.B.*

THE authors of this book have tried to portray, in outline, the background of trade against which the Navy of Nelson's time had to operate. THE TRADE WINDS is the title they have chosen and the book should serve to remind us of many physical facts which then dominated the strategy both of trade and war—the Trade Winds themselves being not the least of them. There is something in that title which conjures up all the magic and romance of the sea, helping us to picture what dry statistics of tonnage may tend to conceal. But the winds upon which our overseas trade was founded were no English monopoly. They blew for all who had the courage and skill to use them. Portuguese, Spanish and Dutch ships were also at sea ; nor was the spirit of adventure lacking in their crews. Undeterred by lack of charts, meagre supplies and the risk of death from strange disease, they had reached the farthest parts of the Indies. French seamen, too, had dared the hazards of the frost-bound St. Lawrence to plant and maintain their flag upon Canadian soil. It would be hard to show that these were less resourceful, less adventurous than the English who supplanted them. The issue was never decided by commercial enterprise or even by seamanship. It was decided by Sea Power. And if the Navy drew its strength from Trade, the Merchant Service looked to the Navy for protection.

In studying this book, therefore—in studying, in fact, the trading background to a war at sea—the war itself must not be forgotten. Ever since that day, June 13th, 1514, when the Henri-Grace-à-Dieu was hallowed at Erith (at the not unreasonable cost, by one account, of 6s. 8d.) the Royal Navy has had a continuous history. If not the first King's Ship, the Great Harry has some claim to be considered the first man-of-war. Dwarfing her predecessors and recorded by many artists, she was the wonder of the age, and may be taken as

the prototype of the ships which have since protected our coasts and trade. Without a fleet to prevent seaborne invasion, the British would long since have become vassals to a continental power. Without a fleet to secure and hold the sea lines of communications, the British Empire could never have been established. Without a fleet to shepherd the convoys safely into port, we could never have survived either the war about which this book is written or the wars of this century through which we have just passed.

All this is axiomatic. But the British people themselves have been less aware of the cause of their success than many of their opponents have been. The banners were hung out, there were great junketings and trumpetings, the King and Parliament were lavish with honours and rewards whenever news of a naval victory was received. But with the signing of "perpetual and universal" peace the fleet was paid off, the seamen dispersed and left to fend for themselves, and the ships stripped "to a gantline," that is, with only the lower masts left standing. First Lords of the Admiralty (often distinguished sailors in the old days—Anson, Hawke, St. Vincent) pleaded in vain for an adequate building programme. They were faced with the age-old question, "Why spend money badly needed for other things on ships that will probably never be wanted?" And so in the long history of the Royal Navy we have only one instance of a declaration of war finding it at its war stations and in a strength proportionate to its expected task. That was true of the First World War. In that struggle we were sorely pressed, admittedly, and as near to disaster as we had ever been ; but that was due to the enemy exploiting a new weapon in defiance of international law. As we were to learn again in the Second World War, a new weapon may do incalculable harm before the antidote is found.

We were ready for the First World War because People and Parliament had been stabbed awake to the import of the German Navy's expansion. Some men in high places were blind to this, but to the majority it was clear that an all-powerful German Navy, a fleet too strong for the British to meet on equal terms, would mean the disappearance of Great Britain as a Power in the World. Almost overnight, and for the first time in history, the citizen became really interested in his Navy. *Jane's Fighting Ships* became a best-seller and

schoolboys diverted their attention from railway engines to Dreadnoughts. But it was the figures—the number of ships, their tonnage, speed, armament and armour—that aroused interest. The meaning of "seapower," and how seapower had been wielded in the past, remained for the majority of people a closed book.

A closed book, for the majority, it was to remain. But some of those with the advantages of a good education were awakened with a start by the American Captain A. T. Mahan, with his *Influence of Sea Power upon History* and his *Influence of Sea Power upon the French Revolution and Empire*. There had, of course, been naval histories by British writers. But these were in many volumes and entered into great detail ; they were for the student, not for the general reader. And indeed, until then, the general reader had shunned books about maritime war. The ways of a ship at sea were quite beyond him ; the account of a naval battle was so much Greek to anyone who did not know how a ship was rigged and manoeuvred. But Mahan told his story in a way which the landsman could understand, and by the time of the First World War there was a sprinkling of people in the British Isles who were aware of the part played by seapower in our history and aware, therefore, of the part it would play in any future war. Several English authors did their best to sustain this interest. Sir John Laughton, Sir Julian Corbett and Sir Geoffrey Callender were the pioneers of a new endeavour to arouse the British to a sense of their seamen's past achievement. It was Robert Louis Stevenson who had written on this subject, "Their sayings and doings stir English blood like the sound of a trumpet ; and if the Indian Empire, the trade of London, and all the outward and visible ensigns of our greatness should pass away, we should still leave behind us a durable monument of what we were in the sayings and doings of the English Admirals." It was these sayings and doings which the naval historians sought to make known, and they made a deep and lasting impression on many. To most, however, it was the romantic aspect which appealed, not the fascination of the strategic pattern without which the Admirals would have left no monument at all.

That romantic aspect must not be belittled. It was said that a man who talked to Pitt came away from his presence feeling a braver man ; the same can be said of those who read of the great Sea

Captains. If Callender and E. F. Benson had done no more than that, they did well to inculcate a pride in the deeds of our forebears. It was this pride which later helped our seamen to save England from conquest and from vassalage under a ruthless, vengeful overlord.

There is, however, a great difference between a romantic pride and a real understanding. For the majority of British Statesmen, for the majority even of naval officers, seapower remained something of a mystery. It was not until after the First World War that Lord Beatty, with four years of experience of war-time command at sea, founded the Naval Staff College. He had seen what previous generations of flag-officers had failed to see ; that if naval officers were to be competent to command in war, they must study war. Only those who understand how the principles of war have been evolved from past experience can know how to apply those principles, with new weapons, to the problems of the future. This reform came none too soon, as memoirs of the period show. It was during the First World War that Lord Esher wrote :

> Why do we worry about history ? Julian Corbett writes one of the best books in our language upon political and military strategy. All sorts of lessons, some of inestimable value, may be gleaned from it. No one, except perhaps Winston, who matters just now, has ever read it. Obviously, history is written for schoolmasters and armchair strategists. Statesmen and warriors pick their way through the dusk.

If we want evidence of this indictment we need only turn to a passage in a book by Lloyd George, who was Prime Minister at that critical moment when, owing to submarine attack, our fate was in the balance :

> After the Battle of Jutland, Admiral Jellicoe came to the conclusion that it was not safe for his imposing armada of enormous Dreadnoughts to undertake prolonged operations to the south of the Dogger Bank, as the risk of mines and submarines was too formidable. They were not to enter the North Sea unless they were forced to do so by direct challenge from the German High Sea Fleet. Meanwhile, the flagship must be interned in safe creeks, and the flag had to be carried on the small craft, the nimble destroyers and the weather-beaten trawlers. Here is the "Nelson touch" up-to-date. There was an atmosphere of crouching nervousness.

Was ever such ignorance of maritime war displayed by a responsible statesman ? Pitt knew better than that. He knew that all the operations

of trade protection, commerce-raiding and attack on the enemy's coast were possible only because the enemy's main fleets were contained. He knew that the issue finally must depend upon victory in battle—battle brought about through pressure on trade routes becoming unendurable for one or other of the belligerents. Although it was not realised at the time, Jutland was that battle. But if, by Cabinet decision, the Grand Fleet had been shorn of its power—and that demand was strongly pressed—then the German Fleet could have emerged from its harbours and, if victorious, could have swept away the whole structure of British defence. No one disputes that today. As to the "Nelson touch," the Prime Minister can never have read the history of Nelson's operations before and after the Battle of the Nile. Like Jellicoe, he would not take his battleships into narrow or coastal waters, and his letters are full of urgent entreaty for smaller vessels to operate where his ships-of-the-line could not.

One explanation for this ignorance of history, and therefore of the fundamental principles of maritime war—an ignorance which many of Lloyd George's colleagues shared—was that its value had become suspect. Those who quoted history too often confused precedent and principle or used some vague analogy to excuse their blunders. This is Lord Fisher's description of a Cabinet Committee in 1909 :

> Custance went back to Cornwallis and Keith, etc. That damned him ! Why not Noah ? Old Haldane shut his eye and "slept." Custance completely obfuscated himself and the Committee.

A misuse of history is apt indeed to defeat itself. Thus, Mr. Winston Churchill, himself a historian, could feel some sympathy for Sir James Craig, whose negotiations with Mr. de Valera in 1921 he describes as follows :

> His conversations were abortive. At the end of four hours Mr. de Valera's recital of Irish grievances had only reached the iniquities of Poyning's Act in the days of Henry VII. There were by that time various reasonable excuses for terminating not a discussion but a lecture.

It is not surprising if those who attended such a meeting as that came away with a distaste for history. And what excellent ammunition it provides for the man who has, all along, thought history but the dust heap of the ages ! Similarly muddled thinking was shown by

a responsible officer at the Admiralty who, when asked (after three of our cruisers had been torpedoed while patrolling the Broad Fourteens) why he presented these easy targets to the enemy, replied that all through our history we had *always* maintained a force in that area!

The fact, however, that a slight knowledge of history can be so strikingly misapplied does not lessen the fact that it is on naval history that our strategic principles are based. To a large extent that naval history has been written and is known. Volumes have been written on the fleet actions and the major campaigns. It is in the principles of commerce protection that our histories are weak, and here our statesmen have good excuse for being ill-informed. The First World War had been waged for two years before the British people were aware of the danger in which they stood. But the rapid enlargement of the "Atlantic Graveyard" became known and people realised, perhaps for the first time, how inextricably their fate was bound up with that of their merchantmen. If the ships survived, they would survive; if the ships died on the trade routes their own collapse would not be long delayed. This was realised at last; but a cursory knowledge of history would have prevented it ever being forgotten.

A lack of maritime history, in its broader sense, may well account for the lessons of 1793-1815 being lost by 1914. For their being lost again after 1918 there is very much less excuse. But lost, for a time, they were. A powerful campaign was set afoot to convince the public that navy and army were both obsolescent and that future defence must rest in the air alone. It was a campaign which other Powers watched with amazement; in some instances, with satisfaction. For British merchantmen, passing the greater part of their voyage beyond the range of any aircraft then designed, would have been lost without naval protection. If unopposed at sea, a few enemy cruisers could have ended any war in a matter of weeks. This was realised, fortunately, in the Cabinet. The result—no thanks to this misguided propaganda—was that the outbreak of war found the Navy reasonably strong. The depredations of enemy commerce raiders were reduced to tolerable proportions, the German and Italian warships seldom ventured far afield. Once again, nevertheless, the British people were shocked into the realisation that their existence depended on the

merchant ship, and that without it their aircraft would be grounded and their troops forced to surrender.

Will this second rude awakening leave a permanent scar? Will the British people realise that, if the facts of their maritime history had been better understood—not only by their statesmen but throughout the land—all that their forefathers won for them, all that they themselves stand for in the world, the ideals they uphold of honour, justice and fair-dealing, would not have so often been in peril? Will they again be thrown off their balance by the advent of a new weapon, forgetting that such things have their antidote and that the cargo vessel must still need protection throughout her voyage? And will they still think of maritime history as something beyond their ken?

An elementary knowledge of the sea and its history would be far more profitable than much that is taught in our schools and universities. Nor is it so difficult to acquire. Whoever doubts it should turn over the pages of this book. He will find his attention arrested by much that will surprise him. Facts are there but the element of romance is never far away. Today, thanks to some of our recent authors, a knowledge of history is no longer very difficult to acquire. But unless it is richly flavoured with the salt from the sea and the pungent odour of tar and hemp it will be incomplete, the splendid story will be only half-told and so only half-understood.

# EDITORIAL PREFACE

IT cannot but appear strange that, in an island defended, enriched and made famous by its ships and seamen, the study of maritime history should be so ignored. Naval history, for long sustained only by the Admiralty, has now some precarious foothold within the academic pale, but maritime history, in the wider sense, has received no encouragement at all. We have text books in which Manchester is mentioned repeatedly, Liverpool seldom and Bristol never. We still read chapters on the cotton industry in volumes which avoid, as by common consent, all but the most distant reference to the sea. When are we to find a history written in which seaports, docks, cargoes, charter-parties and bills of lading are given something like their proper place? Why should the historians of a seafaring race seem to talk of nothing but turnips, Factory Acts and Constitutional Progress? In the Customs House, meanwhile, in Insurance Offices and in the attics belonging to our older shipping firms, a mass of material lies dusty and untouched.

This book is an essay in maritime history, an attempt to survey one fragment of that vast and unexplored field of research and so disturb the cobwebs on a few of the ledgers and files. It is the belief of the contributors that this field is worth exploring. It is their hope, moreover, that this work, in summarising a little of what has been done, may also serve to show how much is still to do. The task has been attacked jointly by a group of people who resemble each other only in this belief and hope. One had practical experience in sail, another in the export trade, one is a distinguished physician and another an expert in marine insurance. Others are drawn from some four Universities in the Old World and the New. We have sought, between us, to steer a course midway between the text book with its oblivion of the sea and the specialist journal with its oblivion of everything else.

At the outset it must be apparent that the scope of such a book as this is difficult to define. Suppose that a general picture is wanted of British Overseas Trade at a particular period. Ideally, perhaps, the book should be a narrative, progressing from year to year and revealing the complex relationships between trade and trade. It should comprise a diary of sailings and arrivals, with due reference to the Admiralty, to Lloyd's and to the Customs. It would pass lightly from 'Change to Trinity House, from Newcastle-on-Tyne to Buckler's Hard. It would necessarily, of course, be the work of a single author. Such a book might well be as fascinating and as valuable as it would certainly be long. But it is safe to say that no man living could write it. The subject is too vast and life is too short. At the moment, a handful of scholars and enthusiasts, each knowing some portion of the field, a particular trade or port, can produce such a volume as this by their joint endeavour. This method, with its rapidly changing viewpoint, has much to commend it. What it cannot provide, however, is a continuous narrative. The result is a description of conditions, not of events; the description of British Overseas Trade during a period of some twenty years.

So far, then, the limits are defined in two directions. It is the list of chapters, however, that will prove the difficulty. Nothing would be easier than to draw up a list which would cover every aspect of maritime life. There could be chapters on the separate branches of the Coasting Trade and another chapter on the Fisheries. There could be a chapter on the smaller ports, and another on Scotland. Ireland would demand two chapters at least and there should clearly be a chapter on the privateers. In each of these instances, considerations of cost have combined with the fear of excessive length to make the decision for us. Excluded also, but for a different reason, is the trade with South America. For the greater part of the period with which we are concerned, that trade was a form of smuggling. And smuggling has been, with some regret, omitted; not as unimportant but as a subject too specialised. As regards South America, moreover, England was at war with Spain from 1796 to 1802 and from 1804 to 1808, and thus the more effectively excluded from a trade which

Spain in any case monopolised by law. Even after 1808 the Spaniards, although Allies, remained intransigent, and trade (as apart from smuggling) amounted to little even by the end of the war. With Portugal, as from 1808, the English relationship was admittedly more friendly, and led to the signing of a commercial treaty in 1810. By the following year the ships engaged in the trade with Brazil were numerous enough to require a separate naval escort. This was, nevertheless, only the beginning of a trade destined to expand enormously after 1815. Its origins, therefore, before that date have been deemed to belong to a later age.

Granting the necessary limitations in length, it might be asked, at this point, why 1794-1815 should be the period chosen—why, in fact, a period of peace and of normal trade should not be preferred. There is room here for different points of view. But it should perhaps be questioned, at the outset, whether peace was, in fact, a normal state of affairs in eighteenth century England. With allowance made for periods of preparation for war, together with months of colonial and naval warfare continuing after peace had been signed in Europe, it would seem doubtful whether England had as many as fifty years of peace throughout the eighteenth century. On any calculation it is evident that the alternating conditions of peace and war are equally worthy of study. The war years, however, have this additional interest, that work done on them is of use to the naval as well as to the economic historian. It must eventually be realised that the story of warfare at sea is incomplete without its economic background. The sea is more than a battlefield and the study of warfare is not the best introduction even to itself. The naval historian is too apt to discuss commerce protection without having first discovered what commerce there was to protect. Worse still, he is tempted to ignore the trade routes altogether and give us nothing but diagrams of battles and anecdotes about Lord Nelson. Only by close attention to strategy—and therefore to trade—can naval history maintain touch with the general field of scholarship.

If it be admitted that trade under conditions of war is worthy of study, the argument for choosing the Napoleonic Wars is obvious.

For those wars, of all others, must seem most topical to a generation which has somehow survived the War of 1939-45. Again and again, the records of that former struggle against Dictatorship read like a description of the years through which we have ourselves lived. Is it of value to see how far the comparison may go? It was certainly of value during the war itself to reflect on similarities which foreshadowed final victory. Perhaps it is of value now to see how far we have relived the crisis of a century and a half ago. To what extent can we use the same words to describe, say, 1806 and 1943?

On the one hand, we may say, the tyranny of a single nation, under a ruthless dictatorship, had spread over almost the whole of Europe. As against that we can say, of either year, that the Royal Navy had won an ascendancy in European waters which put most of Europe in a state of virtual blockade. The worst period, when we had almost had to abandon the Mediterranean, was past, and the enemy's two obvious gambits had failed. The threat against the British Isles had come to nothing, the attempt against Egypt had ended for the enemy in nothing but disaster. Of our military position we could say with truth that we had recovered from the initial reverses which our ill-trained and ill-equipped army had suffered at Dunkirk and elsewhere. More than that, we had been able to launch a counter-stroke. Using Malta and Sicily as stepping stones, and covered by the Mediterranean Fleet, we had landed an army in Southern Italy. But this, like the colonial expeditions, and like the raids on the French Coast, was only a diversion; the proof, at most, of our ability to re-enter Europe when and where we should choose. Only after the enemy should have shattered his armies in the invasion of Russia might we join our Allies in the final fight for freedom.

Is this an overstatement of the case? Does the recurrence of the old names—Dunkirk, Antwerp, Toulon, Cairo, Messina and Naples—mean, in reality, nothing? And was there no historical instinct in our promotion of Irish Generals? The comparison is real to this extent at least, that we feel akin to our ancestors. We can picture more readily their Volunteer Movement. We can evaluate Sir John Moore's work at Shorncliffe, and we understand why Jane Austen appeared to

ignore Napoleon. Our soldiers have voyaged to India round the Cape and we know what is meant by "Peace without Plenty." We are present, even, in spirit, at that final scene—the absentminded return of Java to the Dutch. But it is in the matter of trade, and of commerce protection, that the comparison becomes relevant to this book.

In the French Wars, as in our own time, the central fact, commercially speaking, was the virtual exclusion from Europe of British trade. The Continent went without coffee, sugar and textiles, and England had to seek markets elsewhere, within the Empire, in the United States and in South America. At the same time, there were opportunities of supplying our Continental Allies (and even our enemies) from time to time as the fortune of war allowed, and opportunities of trading with the enemy colonies which fell into our hands. We could also trade by using neutral, and especially American shipping.

As against this restricted trade, the enemy, from an early stage in the war, had no overseas trade at all. British naval superiority, while never absolute, made the sea unsafe for his merchantmen and left him with nothing but such coastwise vessels as could dodge between the French ports under cover of his coastal batteries. His blockade runners were of little use, if only for lack of colonies with which to trade. In a negative sense, however, the enemy ships had to be reckoned with until the very end of the war. His battle fleet, although defeated, diminished and even harassed (as in 1809) at its anchorage, remained in being. It always remained a potential threat, compelling the detachment of heavy ships on convoy duties and involving a constant effort in reconnaissance and blockade. Of more immediate concern, however, were the enemy light craft and privateers. It was these which intercepted our merchantmen; and, although the danger diminished in some degree after 1811, it did not disappear until peace was made.

Privateers, like the submarines of a later age, used to operate in well-defined areas through which their prey would have to pass. They were rarely encountered in mid-ocean, but were met with more often in the approaches to the Channel or the Irish Sea, off Cuba, off the Coromandel Coast or in the Straits of Malacca. Based on places like St. Malo or Mauritius, they relied for their success on speed, on disguise, and on a knowledge of the trade-routes. There

were ships which, armed as "runners," would defy capture in this way. Packets did so as a matter of routine. But other merchantmen, slow, ill-armed and undermanned, were compelled to sail in convoy, under naval escort. While thus herded together, they were relatively safe. It was when the convoy straggled or was dispersed by a gale that the privateer saw his chance.

Convoys had been organised regularly during the War of American Independence, and the system then used was re-adopted without much modification in 1793. The rendezvous and appointed dates for sailing were fixed by the Admiralty in consultation with a Committee of the Shippers concerned. Then, when the convoy assembled, the ships' masters went on board the escorting vessel and received an order of sailing, a further rendezvous and the signal code to be used. Thenceforward, all were under the command of the senior naval officer and so remained until he parted company. The Admiralty was often hard put to it to find all the escort vessels needed. Sometimes the sloops and brigs employed were too weak and too few to be a real protection. Even then, however, the convoy sometimes scattered to safety while the escort was being taken or sunk. It was only very important convoys which had the protection of frigates or ships of the line. In all this there is much that is familiar for us today. We too have heard the demand for more and more escort craft. We too have wondered whether our losses were being replaced. And we too have come to realise that a lack of battles does not necessarily mean a truce from fighting at sea.

Since the compilation of this book was begun, the band of contributors has suffered a grievous loss in the death of C. Ernest Fayle, whose chapters are thus published posthumously. In him we have lost the most meticulous of scholars, the ablest of critics and the most generous of collaborators. Whether as part-author of a standard work on the history of marine insurance, as a lecturer at the College of Imperial Defence, or as the inspirer of such a work as this, he is sorely missed; and missed both as a historian, as a teacher and as a friend.

Fully as grievous is the loss of Mr. Basil Lubbock. More widely known than Mr. C. E. Fayle, he had done more than most men living to interest his fellow-countrymen in the history of the sea. Himself a sailor, his works on the Blackwall Frigates and the China

Clippers will long remain unrivalled in their kind. The privilege of publishing what may perhaps prove his last words to appear in print is an honour too dearly bought. For he wrote of the sailing ship with a personal knowledge claimed now by very few. And there is none, there can be none, to take his place.

It remains for me to thank all who have contributed to this book. Subject to all the difficulties under which authors are now labouring, divided from each other by great distances, and finally asked to accept an extreme economy of space, they have responded helpfully to every appeal. Most generous of all was an author whose work it was finally found impossible to include. To him, no less than to those whose names appear, as also to the most understanding of publishers, my thanks are offered.

C. NORTHCOTE PARKINSON

*Royal Naval College,*
*Dartmouth*

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# ILLUSTRATIONS



NOTE

In Plate 9, Shipping with two masts, the vessels shown are of the following types: 1, Snow; 2, Brig; 3, Schooner; 4, Lugger; 5 and 6, Man-of-war Pinnaces; 7, Bilander; 8, Ketch; 9, Cutter; 10, Hoy, and 11, Sailing Barge

# PART ONE

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# CHAPTER I

## *Shipowning and Marine Insurance*

*by* C. ERNEST FAYLE
*lately Lecturer at the College of Imperial Defence*

FROM the point of view with which we are here concerned, the war which broke out in 1793 was the culmination of a long struggle for maritime, commercial and colonial supremacy, in which the principal European Powers had been engaged for at least one hundred and fifty years. "Ships, Colonies and Commerce"—the motto with which the illuminations at Lloyd's greeted the Jubilee of George III—represented an aim pursued by force of arms in the Anglo-Dutch Wars of the Seventeenth Century, in the Wars of the League of Augsburg, the Spanish Succession and the Austrian Succession, in the Seven Years War and the War of American Independence, and pursued as remorselessly by fiscal and diplomatic weapons during the intervals of peace.

The outstanding feature of this struggle had been the rise of Britain as a maritime and colonial power. At its start British shipping was a very poor second to that of Holland. During the first three-quarters of the Eighteenth Century it appears, from the recorded clearances, almost to have trebled in volume ; yet as late as 1776, Adam Smith affirmed emphatically the great superiority of the Dutch in the carrying trade. Then came the revolt of the American Colonies and, after the recognition of the United States in 1781, a wave of pessimism swept over the country. Some observers saw a ray of light in the exclusion of the New England shipowners from the protected trades in which they had begun to be formidable rivals, but, for the most part, economists, moralists and politicians joined in a wail of lament over the eclipse of Britain's greatness.

Never were prophecies of evil more completely falsified and nowhere more surely than in the field of commerce. The effects of the Industrial Revolution were beginning to be felt in an increased consumption of raw materials, a greatly increased volume and

variety of goods for export and a corresponding increase in the demand for tonnage. In 1774, just before the War of American Independence, the clearances of British ships at ports in Great Britain amounted to 798,000 tons. In 1792, the year before the renewal of war, the figure was 1,563,744 tons. The target which British trade and shipping exposed to attack during the Revolutionary and Napoleonic Wars was far greater than in any earlier conflict. Its defence, too, was of greatly increased importance, owing to the rapid growth of industry, bringing with it increased dependence on over-sea sources of supply and on foreign markets.

Side by side with this great expansion of commerce during the Eighteenth Century went a steady process of development in the organisation of business. Four factors in this development were of special importance in the conduct of overseas trade ; the supplanting of the Chartered Company by the individual merchant, the gradual differentiation of the shipping from the trading interest, the rise of the specialized commercial coffee-house, and the growth of marine insurance.

The Chartered Companies had played a great part in nursing the infancy of British commerce. But when once that commerce had settled into established channels and was assured of adequate naval protection and diplomatic support from the State, the system of corporate trading rapidly declined, except in the peculiar conditions of the trade with India and China, where the Honourable East India Company was still, in 1793, in full enjoyment of its exclusive privileges. Most of the other Companies lost their monopolies so early as 1689 by the Bill of Rights, and although several of them were still in existence at the outbreak of war, very few of them retained anything of their old importance.

The most vigorous, as a trading concern, was the Hudson Bay Company, a joint-stock affair, trading as a corporation and owning its own ships. It had, however, lost its legal monopoly in 1689 and its control of the Canadian Fur Trade was being successfully challenged by the North-West Company of Montreal, an unchartered association formed in 1783.(1)

(1) After a long period of bitter rivalry, accompanied by much bloodshed, the two companies were amalgamated, with a new charter, in 1821.

The third great joint-stock company, the Royal African, had been converted, in 1750, into a very loose association for the maintenance of forts on the Guinea Coast and the regulation of the slave trade, membership of which was open to any merchant on payment of £2. The South Sea Company, the one Eighteenth Century addition to the list, had long been moribund.

Of the Regulated Companies, the Eastland, Russia, and Levant or Turkey Companies were on their last legs, although the Russia Company retained some interest in the Archangel trade, and the Levant Company, which was suffering acutely from French competition, was kept alive by Government subsidies. The Company of Merchant Adventurers, the oldest of them all, was now confined to its staple at Hamburg,(1) where it continued to carry on business, especially in the distribution of woollens, until the seizure of all British property in the town by Mortier in 1806.

Apart from the East India Trade, the chartered companies had, in fact, ceased for many years to count for much in the growth of British commerce, and as capital accumulated and trade settled into regular channels, the "adventure" system—the formation of temporary syndicates for particular voyages—also fell into disuse. The great bulk of the trade with Europe, Africa and America was now carried on by private mercantile firms, many of them long established. They were mostly identified with some special branch of commerce, such as the West Indian or the Baltic, and with well-established agents or correspondents in the countries to which they traded. When they combined—as in the Committee of West Indian Merchants—it was for such purposes as promoting or opposing legislation affecting their common interests. So far as actual trading was concerned, British commerce at the end of the Eighteenth Century was stubbornly individualistic and fiercely competitive.

Many merchants were also shipowners but, as the century advanced, the differentiation between the trading and shipping interests became more and more marked. There were still, as there were later, firms whose ships were employed solely in the carriage of their own trade, but they were probably in a small minority.(2) Even when a merchant

(1) At this period it was usually referred to as the Hamburg Company.
(2) Where they existed, it was outside London: for example, in Bristol. See Chap. II, pages, 67, 69.

was owner or part-owner of a ship as well as partner in a mercantile house, his trading and his shipowning were usually separate businesses, and little or none of the ship's cargo might be provided by his own firm. Many owners, too, were men not otherwise engaged in foreign commerce; shipmasters, active or retired, ship's husbands, or agents, shipbrokers, dealers in marine stores, and others who took shares in a ship or ships purely for investment purposes. At the beginning of the Nineteenth Century, the General Shipowners' Society was able to boast that its membership was confined to shipowners pure and simple, free from the entanglements of trading interests, and though the society was not fully representative, it is probable that a large majority of British ships were owned, at this time, by people whose interest in foreign trade was either wholly or mainly confined to the earning of freights.

The process of differentiation is very clearly illustrated in the memoirs of two shipmasters who have left us exceptionally full and clear accounts of their life at sea: Nathaniel Uring, whose deep-water career covered the first quarter of the Eighteenth Century, and Samuel Kelly, whose life afloat was confined to its last quarter.(1) The ships commanded by Uring were owned by syndicates (of which he was sometimes a member) who were equally prepared to purchase and dispose of a cargo on their own account, or to "let the ship to freight" for the carriage of other people's goods. Sometimes both methods were simultaneously employed; part of the cargo-space being filled with the owner's goods, and the remainder "filled up upon freight." Uring himself points the distinction by reserving the term "cargo" strictly for goods loaded on owners' account. "Having delivered the freight wines and sold our cargo," is a characteristic phrase.(2)

Kelly's employers, on the other hand, were shipowners in the strict sense of the term, looking to freights and not to trading for their profits. On one passage only does he record the purchase of a cargo (salt from the Mediterranean) as a speculation on the owners' part.

(1) *The Voyages and Travels of Captain Nathaniel Uring.* Ed. by Capt. A. Dewar, R.N. London, 1928. *Samuel Kelly, an Eighteenth Century Seaman.* Ed. by Crosbie Garstin, London, 1925.

(2) Uring, op. cit., 232

On all other occasions it is clear that the ships were filled with goods in which the shipowners had no interest beyond the freight to be received for their carriage under the provisions of the Charter Party or Bill of Lading.

In the collection of cargoes, as in the vast majority of business transactions, personal intercourse was still the predominant factor. If a ship were not chartered for the carriage of a whole cargo, the work of filling her entailed a great number of interviews with prospective shippers, and this work fell largely on the shipmaster. It was now unusual, at any rate in the long-distance trades, for the master to have an interest in his ship; he was simply the salaried servant of the owners. But he was expected, as part of his ordinary duties, to do much of the work which is now done by the branch offices of liner companies and by forwarding agents.

Captain Kelly's memoirs give a lively picture of what this entailed. In 1759 the coasting brig which he then commanded was at Bristol, "laid on the berth to load for Liverpool." The freight markets, however, were slack; few prospective shippers came forward with enquiries and Kelly was reduced, in his own words, "to cruise the city for goods"; that is, to tramp round from office to office, seeking cargo from merchants accustomed to supply the Liverpool market.(1) While so engaged, he received instructions from his owners to take coach for Liverpool, where the *John*, "a constant trader to Philadelphia" was waiting for him to take charge of her. He was, however, to break his journey at Birmingham, in order "to wait on several manufacturers who were in the habit of sending goods to America to solicit their favours for the *John*."(2)

This was a laborious process, but prior to the great development and speeding up of communications during the first half of the Nineteenth Century, it was characteristic of all branches of trade. The only remedy available, in existing conditions, was to multiply centres where those interested in any branch of trade could meet together, and the rise of the commercial coffee-house, dating back to the latter part of the Seventeenth Century, had gone a long way to meet that demand. During the investigation into the state of the

(1) Kelly, op. cit., p. 166. (2) Ibid., pp. 166-7.

marine insurance market which preceded the grant of charters to the Royal Exchange and London Assurance Companies in 1720, one of the most damaging charges brought against the system of private underwriting was the inconvenience and waste of time involved in the necessity for insurance brokers "to pick up the Insurers here and there as they can,"—"cruising the city for underwriters" as Kelly might have put it. The obvious justice of this complaint was almost certainly the determining factor in the rise of Lloyd's Coffee House—already a well-known rendezvous for merchants, shipowners, shipbrokers and others interested in trade and shipping—to the position of recognised headquarters of the private underwriters.(1)

By 1793, Lloyd's Coffee House, now transferred to rooms in the Royal Exchange, had become by far the greatest centre of marine insurance in the world. The Subscribers' Room was strictly reserved for the business of underwriting, but the Coffee House was still frequented for business purposes by people of all kinds interested in foreign trade. From being the chief, it had gradually become practically the only centre in London for the sale of ships by auction, and the Coffee Room was so favourite a resort of shipmasters that by 1812 it had already begun to be referred to as "The Captains' Room."

Other Coffee Houses which provided facilities for people engaged in foreign trade were "Sam's next the Custom House," the Jerusalem, the Jamaica, and the Virginia and Maryland. Sam's, which had been a rival to Lloyd's, in the earlier part of the century, as a haunt of shipbrokers, was still a place where the Captains of ships about to sail could be advertised as attending to meet prospective shippers or passengers. The Jerusalem Coffee House was the resort of East India merchants and the Jamaica was a rendezvous for merchants and shipmasters in the West India Trade. The Virginia and Maryland Coffee House, as its name implies, was frequented by people interested in trade with the United States. Later, with its name changed to the Baltic, it became associated with the import of bulk cargoes of grain, hemp and tallow, and eventually gave birth to the present Baltic Shipping Exchange.

In the short sea trades it is probable that return cargoes were some-

(1) *A History of Lloyd's*. Charles Wright and C. Ernest Fayle. London, 1928.