

Battles Over Free Trade

The Advent of Free Trade, 1776-1846

Edited by
Gordon Bannerman and
Cheryl Schonhardt-Bailey



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By Mark Duckenfield

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Volume 1

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EDITED BY

Gordon Bannerman and Cheryl Schonhardt-Bailey

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GENERAL INTRODUCTION

Debates over economic policy have long been a staple of nations' foreign economic policy and battles over free trade have formed a crucial part in linking domestic political and economic conflicts to the international arena. 'Free trade' poses an intriguing historical case as its fluctuations over the past two centuries are in many ways a mirror on the ebbs and flows of the world economy and the spread of the Industrial Revolution from Europe to the rest of the world. At its heart, globalization is the increased exposure of domestic societies to international economic, political and social forces. Along with the rapidity of foreign direct investment, lower barriers to trade are one of the most prominent features of this aspect of globalization. Since the Second World War, the growth in international trade has been steadily out-pacing growth in world output and the share of most countries' economies exposed to international competition is now quite considerable – even in the relatively large economies of the G-8 countries.

We use 1776 as our start date, not to imply that this year was somehow the 'birth-date' of free trade or ideas about free trade, but rather because it provides a useful point of convergence between the intellectual history of economic thought in the publication of Adam Smith's *An Inquiry into the Nature and Causes of the Wealth of Nations* and the political crisis triggered by the North American separatist group known as the Continental Congress. Although Smith's ideas had been around for some time, 1776 marked their widespread dissemination. Likewise, the American colonies had been in a state of unrest for the better part of a decade over the economic restrictions of mercantilist legislation and the lack of political representation in Britain's governing institutions. The year 1776 marked the crisis point when they made the collective decision to sever all political ties with the mother country and pursue political independence. Britain did not immediately adopt free trade policies in 1776, nor did the United States pursue trade liberalization, but domestic debates and international battles over free trade began to increasingly characterize debates over economic policy in the United Kingdom and elsewhere. By the middle of the nineteenth century, trade and tariff policies were among the central features of national economic strategy in most major countries in Europe, a position they have retained

– with allowance for the political development of the European Union – until the present day.

Ideas

Ideas provide the basic conceptual framework for how people see the relationship between cause and effect, weigh different values and assess how different actions and policies will affect their interests. The concept that ‘free trade’ would enhance the division of labour, promote greater efficiency and lead to increased aggregate welfare was not an isolated intellectual exercise. The ideas underpinning free trade were part of a broad, interconnected liberal programme that included economic, social and political components that were mutually supporting and hard to disentangle. Smith’s assault was not simply on the extensive system of regulations that controlled British commerce in the eighteenth century, but with the whole myriad of restrictions that fettered Britain’s economy: the various taxes, the limits on inheritance and land sales, the support for monopolies, the prevalence of guilds and all the other state-sanctioned restrictive practices that limited economic activity. These prescriptions for reform were accompanied by a critique of the ruling elite and its privileges. Smith was not the first, and he was not the last, liberal thinker to condemn state interference in individual liberty.

For Victorian thinkers, free trade was the commercial counterpart to the gold standard and the international partner of *laissez-faire* domestic economic policies. All three were viewed as self-regulating mechanisms for harnessing the self-interest of individuals at home and abroad to maximum efficiency. Governments that deviated from orthodoxy would be automatically punished through deteriorating market conditions that would undo any short-term advantages they had sought to gain. Major proponents such as Richard Cobden and John Bright also saw free trade as a contributor to international cosmopolitanism and a force for world peace.¹ This strand of liberalism found its most prominent – and ill-timed – expression in Norman Angell’s *The Great Illusion*, where he argued that extensive trading ties and economic interdependence between Britain and the other European economies made a major war impossible. Within five years of its publication in 1909, Europe had descended into the First World War.²

Smith’s and David Ricardo’s ideas had resonance outside the United Kingdom, but they also met with resistance and reaction. In some of Britain’s major trading partners – especially France, Germany and the United States – free trade doctrines were often seen as a British ideology suited to British economic realities rather than those of later developers. Thinkers outside Britain were not so quick to accept the economic merits of free trade or its purported pacific tendencies. American, German and French intellectuals and policymakers were very suspicious of free trade, viewing it as the ideology of the dominant economic and political power

of the era. While free trade might be the most appropriate policy for the world's first industrialized nation, it seemed to promise a perpetuation of second-class economic status to any less-developed economy that accepted it. This was especially true in the development of more capital-intensive industries such as coal and steel with high start-up costs. New firms in Britain's rival economies would not only have to create new industries, but they would also have to compete on equal terms against Britain's already established producers. For many, doctrinaire free trade did not seem like a recipe for successful industrialization.³

After Jean-Baptiste Colbert's tenure as finance minister (1665–83), French policymakers remained protectionist with only sporadic liberalization in periods of good relations with Britain. France returned decisively to the pursuit of policies of import prohibition and heavy customs duties after the Napoleonic Wars as part of a strategy of national industrial development. It was not until 1860, under Emperor Louis-Napoléon, that Britain and France signed a commercial treaty, the Cobden-Chevalier Treaty, liberalizing trade between the two countries.

In the United States, Alexander Hamilton's and the German-born Friedrich List's theories of national economy provided an alternative to Smith's and Ricardo's liberalism that emphasized the primacy of the nation and the strengthening of the state as appropriate priorities for a national economic strategy. Hamilton's *Essay on Manufactures* placed high tariffs as an integral part of a nation-building, industry-enhancing strategy of national development. Hamilton's work influenced List's own *National System of Political Economy*, which, in its advocacy of protection to support 'infant industries', was highly influential in the political and economic development of the German states.⁴

More influential was the work of Gustav Schmoller and the school of historical economics which linked the division of labour to the rising tide of inequality in Germany. Schmoller and his *Verein für Sozialpolitik* actively debated fundamental economic questions with an eye to promoting social reform while resisting both laissez-faire liberalism and socialism. Schmoller did not hold a principled view of either free trade or protection, taking a pragmatic view based on what benefits might accrue to workers in the form of cheaper food under free trade versus those that would fall to industry in the form of greater efficiencies in the organization of production in a protected market.⁵

The rapid pace of industrial development in the United States and Germany – behind high tariff walls in both countries – placed British industry under intense competitive pressure. As new rivals emerged, the traditional intellectual and political support for free trade began to wane. From the turn of the twentieth century until the Second World War, the Conservative Party repeatedly raised the issue of 'imperial preference' as a counter-policy to free trade. Initially handed a stinging rebuke in the 1906 elections, the Conservatives returned to their protectionist theme again (unsuccessfully) after the First World War during

the 1920 general election and then again in the national elections held in 1931 in the midst of the Great Depression. With unemployment rising to historic heights, the gold standard abandoned and tariffs rising around the world, ideas such as Joseph Chamberlain's old dream of an imperial economic and political bloc were revived at Ottawa in 1932.⁶ While not entirely successful, the Ottawa agreements did lay the foundation for a system of imperial preference, one that Britain sought to adhere to even after the Second World War.

While the British believed that restrictive economic policies and limiting trade had helped stabilize their economy in the Great Depression, the Americans believed that government tariff policies, especially the Smoot-Hawley tariff, had contributed to a deepening of the Depression. After the Second World War, the Americans were able to use their dominant economic and political position to promote their ideas for the proper functioning of the world economy. American economic advisors assisted in the reformulation of European economic policies and served as a conduit for Keynesian ideas for management of the domestic economy.⁷ American economists and the politicians they influenced were also supportive of international institutions that would complement domestic Keynesianism, thus 'embedding' liberalism into the fabric of the international system.⁸

Support for economic cooperation and management of the economy also became wedded to ideas of the European movement and provided an impetus to the European project that had previously been lacking. Trade and how it could be managed both internally and externally formed one of the fundamental activities of the European Economic Community and later the European Union. The creation of regional institutions in Europe with binding authority over member states in certain policy areas created the legal framework for the common internal market based around the unimpeded exchange of goods. This paved the way for the Single Europe Act and later culminated in the adoption of the euro as a common currency for most members of the European Union.

The unrivalled position of the United States after the end of the Cold War led to a brief period of institutional flux and policy convergence around the American model.⁹ The World Trade Organization was established and neo-liberal economic policies became the International Monetary Fund's doctrinaire response to economic emergencies around the world. A rash of economic crises in developing countries that could be linked to the sudden introduction of more market-oriented policies undermined the newly enthroned 'Washington consensus,' as confidence in the precepts of the new system quickly faded and commitment to free trade and unfettered financial liberalization waned. Trade unions, environmentalists, students and even Nobel Prize-winning economists joined the critics of the free trade and investment regime. Vaguely defined but alternative models of international exchange, falling under the old banner of 'fair trade,' became more prominent in public debates and demonstrations.¹⁰

Interests

Evolving economic ideas provided a prism for government officials, politicians and economic actors to evaluate the likely effects of changes to national trade policies. However, even when there is an agreement about the underlying theoretical arguments, differences of interests can result – an import-competitor and exporter can both accept that free trade increases aggregate welfare but still find themselves on opposite sides of the trade argument. Looking through this prism, different groups in society could anticipate that different policies would impose different costs and benefits on their members. These groups would then often mobilize their members to lobby the government to support their economic interests. The ‘production profile’ of a group influenced how it saw its interests.¹¹ Groups that expected an influx of imports to undercut prices for their products tended to support protection. We examine the influence of groups through two primary avenues – lobbying by economic interests and the partisan activities of political parties.

The movement to repeal the Corn Laws in Britain was the centrepiece of the Manchester school’s campaign for economic rationalization. Cobden, Bright and their followers were able to create the Anti-Corn Law League and recruit middle-class and labour supporters, organize rallies, circulate pamphlets and sponsor public meetings, all designed to exert pressure on Parliament to repeal the obnoxious duties and restrictions on the import of food. As political campaigns go, the League was remarkably well funded, with a budget of £250,000 in 1845, the year prior to repeal.¹² As a point of comparison, this corresponds to a budget of approximately £25 million in today’s currency (2007).¹³ While Peel and his rump Tory faction were ultimately responsible for the repeal of the Corn Laws, it was the nascent Liberal Party which took free trade as one of its founding principles. Thus, the ideas of free trade became part of the dominant ideology of one of Britain’s leading parties of the nineteenth and early twentieth centuries.

The role of a dominant political party and economic coalition, but in opposition to free trade, can be seen in both the United States and Germany in the latter part of the nineteenth century. During the first fifty years of the United States’ existence, until 1846, a predominantly protectionist coalition with support from manufacturers in the north-east and farmers in the north-west controlled tariff policy. With the splintering of the free trade Democrats in 1860, the Republican Party was elected on a protectionist platform and promptly raised tariffs substantially.¹⁴ American tariffs were used to provide revenue for the government as well as protection for industry.

In the United States there were few alternative sources of revenue to the tariff for the federal government and it needed to fund a series of wars (War of 1812, the Mexican War, Civil War) and pay off debts, not to mention programmes of internal improvements.¹⁵ Protection and government land grants provided the glue

that preserved the Republican's political coalition in the face of free trade pressures from the Democrats as the nineteenth century wore on. Despite being out of power for most of the period between the American Civil War and the Great Depression, the Democrats remained staunch supporters of free trade. The passage of federal income tax legislation during one of their brief periods in office in this period created the fiscal prospects for reducing reliance on the tariff for revenue. The Democrats' political hegemony during and after the New Deal enabled them both to translate their free trade preferences into national policy and to embed them in international institutions in the wake of the Second World War.

In Germany, an internal customs union, the Zollverein, was used to encourage national integration, although most members continued to pursue particularist policies.¹⁶ Only after German unification did a protectionist alliance, this time between Prussian agrarians and German heavy industry, provide Germany with a ruling coalition and the funds for a welfare state under Otto von Bismarck.¹⁷ In France, economic interest groups in the nineteenth century were both powerful and usually protectionist. A few deviations from the norm – such as French wine producers – proved unable to overcome the deep-rooted political resistance of protectionist majorities in the Chamber of Deputies. Importantly, the Cobden-Chevalier Treaty was implemented through imperial decree rather than obtaining approval in the French National Assembly.

International security interests can also play a role in setting a country's trade policies. Contrary to Smith, mercantilists like Colbert certainly did not reject the acquisition of wealth as a means of expanding the potential power and resources available to the state.¹⁸ However, they did seek to harness the power of commerce to enhance the strength of their own country and reduce the capacity of their rivals. More than a century after Colbert's death, the Napoleonic Wars marked a period of sustained economic warfare between Britain and France aimed at limiting each other's economic capacity to wage war. Britain's blockade and interference with neutral vessels bound for France soon brought Britain into conflict with the United States. Napoleon's Continental System had all the characteristics of a rigorous mercantilist system of exclusion.¹⁹

The First World War again brought economic warfare to the fore as Britain and her allies discussed whether or not to create an Allied economic cartel to wage economic war on the Central Powers both during times of hostilities and times of peace.²⁰ Similar ideas were percolating in Germany, where Friedrich Naumann was proposing a series of strong centralizing institutions to provide the backbone to a Central European confederation, *Mittleuropa*, with a common economic 'general staff' and movement towards a single currency.²¹ The United States opposed the Allied cartel, and as Germany lost the war its economic plans remained unfulfilled ambitions rather than reality.

The attempt to reconstruct the world economy after the war had mixed outcomes. The Allies' economic dependence on the United States created serious problems of financing. Germany required export markets for its products to earn the foreign exchange to pay reparations and the Allies needed both German reparations and foreign markets to repay their loans to the Americans. In practice, this meant that European countries needed to be able to sell goods in the enormous American market. During the 1920s, the booming American economy had little difficulty absorbing foreign and domestically-produced goods; however, as the economy began to slow down near the end of the decade, farmers and business clamoured for higher tariffs to stimulate domestic production and preserve American corporate profits and jobs. While the Americans were not alone in placing restrictions on trade, the high tariffs imposed by the Smoot-Hawley Act closed off a potentially lucrative market to overseas producers, triggered extensive retaliation and contributed to the collapse of world trade in the 1930s.

American policymakers after the Second World War were keen to avoid a repetition of the disastrous international economic experience of the interwar period. In this regard, they were strengthened by the support of internationally-oriented banks, industry and labour. The Democratic Party, too, was solidly behind the Roosevelt and Truman administrations' programme of creating international economic institutions such as the International Monetary Fund and the World Bank. It was only when there was solid Republican opposition and the absence of support from internationally-oriented businesses and labour, as was the case with the failed ratification of the International Trade Organization, that the expansion of international economic institutions was hindered.

However, partisan positions have not necessarily been constant over time. For more than 150 years, the Democratic Party in the United States was a bastion of free trade sentiment and support. However, as the twentieth century drew to a close, this historic attachment to free trade began to unwind as the United States began to shed industrial jobs. American labour unions came to see foreign trade less as an opportunity to sell goods abroad and more as a threat to domestic employment. With the defection of this important constituency, the Democratic Party increasingly became a home for protectionist sentiment in the twenty-first century. The Republican Party, in contrast, was traditionally the party of protection, a position that it has all but repudiated as its support from the business community and especially from multinational corporations has expanded.²²

Institutions

National trade policies since 1776 have moved from the domestic arena, where their fate was determined by a combination of ideas and interests represented within domestic institutions, to one where multilateral institutions serve as venues

for national negotiations over an extensive range of issues affecting not only trade in goods but also intellectual property and trade in services. This new arena provides a binding system for resolving disputes between members (the World Trade Organization), although some countries have given up their own ability to negotiate trade deals and other international agreements (the European Union).

The 1860 Cobden-Chevalier Treaty contained a most-favoured-nation clause that, when combined with other bilateral treaties that Britain and France had with other countries throughout the world, contributed to the creation of an international network of reciprocal trading agreements. In a real sense, this created the first system of multilateral trade.²³ The worldwide depression of 1873–96 and the French turn back to protection in the wake of their military defeat at the hands of Prussia in 1870–1 spelt the end of this first multilateral system of free trade. Britain remained at the centre of a network that was increasingly protectionist (at Britain's expense) and tended to be less reciprocal than its predecessor.

The end of the First World War led to an attempt to reconstruct the world economy along the lines that had existed prior to the war, including a general absence of international economic institutions. During this period, international economic issues were dealt with in ad hoc conferences rather than free-standing international institutions. It was not until 1930 that the first major international economic institution, the Bank for International Settlements, was created to facilitate the repayment of German war reparations. The rise of more far-reaching international economic institutions with a wide remit came about in the immediate aftermath of the Second World War. Unlike monetary affairs, the primary international institution designed to deal with trade, the International Trade Organization, fell foul of American domestic politics and the General Agreement on Tariffs and Trade (GATT), which was originally designed as a temporary institution, became the primary forum for managing and negotiating international trade agreements. Like with other aspects of globalization, the increased ease of international travel, especially by aeroplane, and more rapid and sophisticated international communications made it easier to operate standing international institutions with expert staff rather than relying solely on extraordinary conferences of national delegations. National delegations, especially in trade, continued the ongoing negotiations that lasted many years in multiple rounds, but the immediate supervision of existing agreements could be carried out by the GATT and its international secretariat.²⁴

The development of closer regional economic ties also accompanied the post-war movement towards increased internationalization of economic policies. In this regard, Europe was clearly in the forefront, first with cooperative economic proposals for distributing American Marshall Plan aid, then with joint management of the coal and steel industries around the Rhine.²⁵ The Treaty of Rome created the European Economic Community and began a

fitful process that has seen the group grow over the past half century from the original six members to twenty-seven in 2008, and expand its competencies from coal and steel to include the management of a single currency and a common commercial policy with common external tariffs.²⁶ Other regions have followed suit to a lesser degree, with cooperative endeavours among the countries of East Asia (Asia-Pacific Economic Cooperation and Association of South East Asian Nations), South America (the Andean Pact and Mercosur), the Persian Gulf (Gulf Cooperation Council) and North America (North American Free Trade Agreement) being the most prominent.

The United States' promotion and pursuit of regional free trade agreements (FTA) since the mid-1980s stands out as a dramatic change in political strategy. While other countries, especially the European Union, had been extremely active before this time in taking advantage of the GATT's exception for regional free trade agreements outside the standard system of multilateral trade negotiation, the United States had consistently focused its efforts solely on the expansion of the GATT. This changed in the mid-1980s, first with the fairly innocuous United States–Israeli FTA in 1985. More substantial was the United States–Canada FTA of 1988 and the even more dramatic North American FTA with Canada and Mexico. American trade negotiators continued to pursue FTAs, primarily in Latin America and the Middle East.²⁷ By the end of 2007, in addition to the global World Trade Organization agreement, the United States was party to six regional trade agreements and fifteen bilateral FTAs. The European Union is party to over thirty preferential trade agreements.

Texts Selected and Sources

The texts selected for inclusion in the four volumes of this edition were chosen first to draw out the major themes of the debate over ideas, the role of interest group politics and the functioning of different institutions at the national and international levels. These documents illustrate many of the specific debates over free trade and the appropriate relationship between government, politics and economic activity. Issues of national economic development, industrialization and sovereignty are intertwined in the documents as politicians and activists discuss issues of the appropriate response to foreign competition, the consequences of trade agreements and whether to enter into bilateral or multilateral treaties. The material we have collected is typically rare and difficult to access and has been drawn from primary texts from national government archives, periodicals from the era, the records of economic interest groups and private letters between key individuals. Much of the material has not been published before, including previously unpublished letters by Richard Cobden, the driving force behind the Anti-Corn Law League, from the Cobden Letters Project. Other sources

include the archives of the British Liberal Party, the United Kingdom National Archives, the British Library, the National Archives of Scotland and several Presidential libraries in the United States.

The first two volumes have a strong Anglo-centric bias as most of the theorizing and political disputes over free trade were concentrated in the United Kingdom at the time. Documents include letters between officials, copies of speeches, Napoleon's trade edicts, pamphlets, petitions, selections from treaties and newspaper commentaries. The third volume begins more thoroughly to explore counter-theories of national economy and the documents covered include increasing numbers of foreign sources, such as letters between Cobden and his Continental correspondents, meetings with ambassadors and press accounts of trade disputes and negotiations. The final volume primarily addresses itself to the development of multilateral trade institutions. These include both international (International Trade Organization, World Trade Organization) and regional (European Union, Association of South East Asian Nations, North American Free Trade Agreement) institutions and each section contains appropriate sources from the coverage of topics in local and international press to ambassadorial accounts, parliamentary and presidential debates, television transcripts, judicial opinions and internal briefing documents. As the venues of battles over free trade have expanded, so too have the range of sources.

Mark Duckenfield
London School of Economics

Notes

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ABBREVIATIONS

| | |
|---------|--|
| BL | British Library, London |
| Add. MS | Additional Manuscripts |
| PRO | Public Record Office, National Archives, Kew, Surrey |
| BT | Board of Trade |
| CAB | Cabinet Office Papers |
| DO | Dominion Office |
| FCO | Foreign and Commonwealth Office Papers |
| FO | Foreign Office Papers |
| PREM | Prime Minister's Office |
| T | Treasury |



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INTRODUCTION

In an incisive and prophetic comment on Adam Smith's *An Inquiry into the Nature and Causes of the Wealth of Nations*, Hugh Blair informed Smith 'Your work ought to be, and I am persuaded [*sic*] will in some degree become, the Commercial Code of Nations'.¹ If the qualification retains contemporary resonance, it possessed particular force in the immediate aftermath of Smith's publication. Nevertheless, Blair was correct in assigning great influence to the doctrine contained within the *Wealth of Nations*. The idea that mercantilist regulations and protective duties restricted commerce and prevented the benefits that flowed from free commercial intercourse between nations gained adherents in the following years, although Smith himself considered the practical attainment of free trade to be utopian.² The period covered in this volume begins with the publication of Smith's work in 1776 and ends with repeal of the Corn Laws in Britain in 1846. Thus presented, the success of commercial liberalism in underpinning the commercial policy of the world's leading nation appears remarkable.³ Nevertheless, in this period protection remained popular throughout Europe, and received renewed vibrancy in the New World.⁴ Amidst a multitude of kingdoms and nation states, with varying levels of economic development and divergent political cultures, the ideological contours and practical application of commercial liberalism varied considerably. In many ways, with the ideological development of free trade doctrines occurring alongside rapid global industrial and technological development, this period merely constitutes the first in a series of 'battles' over free trade.

Whilst historians and political scientists have become accustomed to assessing policymaking and policy choices as heavily influenced by economic interest groups, it was seldom the case that economic interests solely determined national commercial policy options. A form of economic determinism which identifies 'Free Trade' and 'protection' as policies dependent on national export and import orientation should be resisted, for assessment of commercial policy by governments was conditioned by considerations of state revenue, national security, self-sufficiency, political alliances and ideology, as well as national economic composition and interest groups. Tariffs served a number of functions, including the provision of revenue and protection of domestic industries. In terms of the latter, self-suffi-

ciency, national security and independence entered into the equation, particularly in relation to agriculture. No state wished to be dependent on food imports. This was a powerful argument justifying agricultural protection, prominently displayed during debates on the 1815 Corn Law, but commonly debated long afterwards.⁵ Similar arguments could be adduced for industrial protection. The harnessing of industrial resources was viewed as highly important to national strength and independence, and domestic employment. Anticipating nineteenth-century advocates of protection, Tucker had earlier outlined the theoretical justification for protection by reference to the demarcation and economic divergence of countries at different stages of development.⁶ Within this framework, theories of comparative advantage outlined by Smith and Ricardo appeared cosmopolitan and anti-national, and were anathema to those with a mercantilist mindset.

Whilst it has been shown that the growth of protection owed little to economic theory or long-term conceptions of commercial policy, but rather emanated from the fiscal needs of governments, it was also the case that the protective effects of these policies were perceived as vital to the commercial activity of nations.⁷ Over time, they became inextricably linked with the interests and economic well-being of nations. One example of this process was France, where the theory of national economic interests inherited from Jean-Baptiste Colbert resulted in systematic protectionism, with prohibitions and high tariffs on imported manufactures, and tariffs on exports of raw materials. With the original objective of enhancing domestic production and strengthening the Bourbon monarchy, France's comparative self-sufficiency and reliance on native resources led to an economy highly sensitive to internal political and social factors, and a political culture deeply suspicious of external economic theories.⁸ Whilst the 'productive profile' of nations always influenced the shaping of commercial policy, it was never the only consideration. In 1846, no less than in 1776, other, weightier considerations were perceived to be at stake. The battle over the Corn Laws in 1846 was perceived by its protagonists in no lesser terms than a struggle for control of the state apparatus.⁹ Intellectually, the case for free trade, at least in Britain, emerged from disparate currents of thought, which merged with technological and industrial development to forge a powerful movement which, in common with mercantilism and protectionism, was multifaceted and encompassed a world view.

This volume documents incidents in the commercial policy of nations between 1776 and 1846 that illuminate the contours and content of global commercial policy debates. In each case there is analysis of policy development, and the influences which impinged on the policymaking process, keeping in mind relative economic development and variations in national economic composition. Little justification is required for the Euro-centric, indeed almost Anglo-centric, nature of the volume. Britain was the leading protagonist in commercial policy disputes in this period, and the most innovative in reforming the form

and substance of commercial policy. For Continental European states, free trade as a policy could rarely be dissociated from British commercial and manufacturing pre-eminence. For this reason, the commercial policies of other nations were often informed primarily by the nature of their relationship with Britain.

France and Ireland

In the aftermath of the American Revolution, Britain attempted to reconstruct, and to some extent redefine her commercial and imperial connections. The loss of America was a blow to national prestige and military power, but military defeat did not mean that Britain ceased to be a formidable commercial and manufacturing power. The peace treaty between Britain and France stipulated that commercial negotiations should take place, and that a commercial treaty should be signed before 1 January 1786.¹⁰ A treaty was successfully completed which, whilst it did not represent a fundamental readjustment of the principles underpinning the commercial policy of either nation, at least represented a significant advance in Anglo-French commercial and political relations.

The controversy between Britain and Ireland offers further evidence of the limits to reform. The mercantilist framework of British commercial policy was fundamentally imperialist rather than national, for the Empire was treated as an economic bloc, although this did not imply equality between its constituent parts.¹¹ Commercial legislation sought to protect British shipping and trade, whilst giving trading preferences to Britain's colonial possessions. On the basis of geography, strategic importance, and less tangible factors such as language and culture, Ireland was a constitutional anomaly. Anglo-Irish commercial relations were complicated by political and constitutional issues, and the free trade controversy referred not to tariff reductions and commercial liberalism, but to Ireland's right to share in the benefits of Britain's imperial trading system. These two episodes indicate that the framework of mercantilism and protectionism remained firmly established features of British commercial policy, and that emerging doctrines of free trade had very limited contemporary applicability.

Trade as an Instrument of War

The limited progress towards commercial liberalism was undermined by war with Revolutionary and Napoleonic France (1793–1815). Commerce was utilized as an instrument of war, with extreme measures adopted by both sides. The complex web of regulations issued during the conflict all pointed towards recognition of the intricate relationship between strategy, commerce and military capability. As Henry Dundas argued in 1801: 'It is therefore as much the duty of those entrusted with the conduct of a British war to cut off the colonial resources of our enemy as it would be that of a general of a great army to destroy

or intercept the magazines of his opponent.¹² France reciprocated, and a barrage of measures and counter-measures were enacted, testifying to the belief on both sides that commerce was an effective instrument of war.

Commerce was central to the struggle for, as an island and trading nation, Britain's prosperity, and hence her ability to wage war, was based upon her maritime supremacy. The domination of the European land mass by Napoleon posed a challenge to British maritime and commercial supremacy. After Nelson's victory at Trafalgar in 1805 effectively removed the possibility of invading Britain, Napoleon turned to economic warfare and attempted to defeat Britain by removing her main source of strength and power. With Europe blockaded by Napoleon's Continental System, commerce sought other avenues, and towards the end of the war the importance of extra-European markets was indicated by the abolition of the East India Company's monopoly of the China trade.¹³ The interference with commerce which the war entailed resulted in the United States declaring war on Britain in 1812 over violation of neutral rights, a particularly difficult problem in wartime, especially with commerce such a prominent factor in the struggle.

The execution of legislation prohibiting commerce required the active participation of a multitude of local port and customs officials, and effective monitoring, and was never completely achieved. Smuggling was extensive, and resistance to the Continental System appeared across Europe. For European consumers, the Continental System meant denial of necessities and luxuries, for British manufactures had improved to such an extent that many countries found it impossible to dispense with them completely.¹⁴ Napoleon thus alienated many different elements within the commercial classes, and the Continental System was undermined by officially-sanctioned measures, such as licensing, and non-official measures, such as privateering and smuggling.¹⁵

With Napoleon's defeat in 1815, it remained to be seen whether the commercial components of a reconstructed world order would encompass a return to normal commercial intercourse. Theories of commercial policy which emerged during the war, such as Alexander Hamilton's justification for protection of American domestic industries, and Johann Fichte's proposals for an autarkic, self-sufficient state, made this appear unlikely.¹⁶

Britain and America Post-1815

In the aftermath of the war, the protectionist inclinations of European nations appeared unshaken. France, Spain and Russia returned to high protection and prohibitions.¹⁷ In Britain, the income tax was abolished by the landed interest in Parliament, and a highly protectionist Corn Law enacted, which served fiscal, social and economic purposes.¹⁸ The United States drifted towards protection

as a national policy suitable for her position as an emerging industrial power. The formidable obstacles in the way of promoting a liberalized commercial system were already becoming apparent to contemporary observers.¹⁹ Nevertheless, Britain paved the way, with a series of reciprocal agreements relating to shipping and navigation which promoted a partial liberalization of trade.

The famous merchants' petition of 1820 calling for free trade elicited the qualified approval of Lord Liverpool, who warned the advocates of free trade that a more liberal policy was unlikely to be reciprocated by foreign nations.²⁰ This proved to be a shrewd analysis, for reciprocity remained the hallmark of commercial policy, with tariff bargaining and negotiations indicative of the national basis of commercial policy. Despite increasingly favourable rhetoric, a broad range of factors complicated national responses towards tariff liberalization. Amongst the most important was distrust of Britain. Having secured a lead in manufacturing, Britain was suspected of promoting freer trade as a means to choke foreign industrialization and promote British hegemony.²¹ With manufacturing increasingly viewed as an important element of state power, foreign nations supported protection as a means to promote native industries. Self-sufficiency, state revenue and domestic employment were all cited as important factors justifying such a policy stance. The post-1815 period thus witnessed something of a bifurcation between Britain and the rest of the world, most pronounced in the case of the United States, where a powerful protectionist critique which married 'nation-building' and national and economic independence emerged under Hamilton and Clay, and provided an important theoretical underpinning to American policy choices and objectives in the nineteenth century.²²

Germany and France in the 1830s

The emergence of a body of protectionist thought that justified protection in national terms was also apparent in Europe, particularly in France and Germany. The failure of British commercial diplomacy to promote a liberal system of commerce in Europe was most apparent in the failed negotiations of the 1830s. In both countries, there was much support for the 'infant industry' argument, propagated by the German economist Friedrich List and later grudgingly accepted by John Stuart Mill.²³ Clearly influenced by Hamilton, List viewed protection as justifiable when emergent industries were faced with more highly developed competitors who could afford to produce cheaper and better products. Such views commanded much support in France and Germany, where emerging manufacturing industries faced British competition.

Whilst demonstrating the inherent protectionism of countries such as France and Germany, the negotiations were also important in indicating the limits to which Britain was willing to go in pursuing tariff liberalization. In Britain's

trade relations with both countries, the legacy of the Napoleonic wars and the commercial legislation it provoked caused difficulties. Preferential duties Britain granted to Canadian timber caused difficulties with Prussia, and in France the protectionist legacy of the war was carried over into the post-war period. The difficulties in promoting commercial reform were readily apparent amidst the prevalence of ideas of self-sufficiency, and the pervasive fear of British competition and suspicion of British motives.

On the evidence presented in this volume, the theory that Britain pursued an open global trading system suited to British purposes, or a system of 'hegemonic stability', appears inapplicable before 1846.²⁴ The main demand made by the German states organized in the Zollverein was for Britain to reduce the duties on corn. This Britain refused to do. The Corn Laws were viewed in terms of national self-sufficiency and safety, but also as an essential prop of the Constitution in maintaining the predominance of the landed interest. Successive commercial missions indicated that foreign states would not engage in serious commercial discussions until Britain was prepared to alter the Corn Laws. These missions were vitally important in providing moral and material evidence for the sustained attack on the Corn Laws which began with the formation of the Manchester Anti-Corn Law Association in 1838.²⁵

Corn Laws

Perhaps the most famous event in global commercial history in the nineteenth century occurred with repeal of the Corn Laws in Britain in 1846. The historical debate on the rationale for and implications of repeal continues to interest historians and political scientists.²⁶ Whilst the domestic political implications of repeal were clearly cataclysmic, in terms of the international trading system the policy was one that signalled an end to lengthy and mainly futile tariff bargaining with foreign nations. Repeal was also the most potent symbol of the triumph in Britain of doctrines of commercial liberalism. It was hoped that its unilateral adoption of free trade measures²⁷ would inaugurate a free international trading system.²⁸ Richard Cobden was fortified in this belief by the constant complaints of foreign nations that the Corn Laws were the main obstacle to tariff reductions across Europe. Cobden was to be disappointed, for it was always the case that tariffs served a number of functions, and the idea that foreign nations were inhibited from adopting a liberal system of commerce merely by the existence of the Corn Laws proved far too simplistic.

The battle over Corn Law repeal gave rise to a torrent of debate on the nature of commercial policy which engaged a large proportion of the British population. Much of the responsibility for the agitation resides with the Anti-Corn Law League, which aimed to exert sufficient pressure to force repeal through Parlia-

ment. League agitation was notable not only for the scale of operations, and the commitment required from its advocates, but also on account of its multi-faceted nature. Moral and religious elements supplemented the economic case for repeal. League propaganda indicated that the enlightened self-interest of the manufacturing and commercial classes promoted the good of the entire community. This was contrasted with the inherent exploitation of the aristocratic 'feudal oligarchy'.²⁹

Local political mobilization, through public meetings, and the transmission of memorials and petitions to Parliament was a vital component of a nationwide campaign, with the provincial press an important vehicle of opinion and information. On a lesser scale, this was also true of the League's opponents, with protectionists organizing themselves in response to League agitation. Whilst Parliament was the 'decisive theatre'³⁰ for the final resolution of the question, the constellation of economic sectors and interest groups throughout the country presented a remarkable mosaic, and testified to national recognition of the importance of the question. In terms of the scale of the struggle, it is difficult to find parallels in other countries. Corn Law repeal reaffirmed the course of events in the post-1815 period, by identifying Britain as the most innovative nation in reformulating commercial policy.³¹ Yet, during the course of the parliamentary debates there was a widespread fear, confidently predicted by protectionists, that foreign nations would not follow Britain in tariff liberalization, and that a new era of commercial relations had not yet arrived.³²

Sources

The material published in this volume is at once relevant to its themes, and comparatively rare. No single type of source has been preferred, for over-reliance on a particular source type might present a partial and narrow view. Such a danger most obviously emanates from 'official' documentation from government departments. Exclusive use of such material would essentially lead to a diplomatic history of commercial policy, and a particular view of policy formation and opinion based on an inner circle of officials and politicians. Manuscript material is therefore supplemented by press and parliamentary reports, petitions from local organizations and pamphlets. In these terms, the material presented here seeks to be broad-ranging and representative of the views of different social groups and economic sectors. Yet for each episode a particular type of source is appropriate and indeed necessary. It would indeed be unusual to examine the Orders in Council without reference to the correspondence of James Stephen and Spencer Perceval.³³ Similarly, whilst the material on the Corn Laws attempts to portray civic and extra-parliamentary opinion, a few sources are included that throw particular light on events at Westminster. Palmerston's letter to the Earl of Minto illustrates an important contemporary perception of Prime Minister

Sir Robert Peel's position, and the Lords protest is an important, concise, and hitherto neglected statement of protectionist opposition to repeal.³⁴

The documentation of the volume illustrates that commercial policy controversies were far more extensive by the early 1840s than during any previous period. This was partly the work of the Anti-Corn Law League, but was also attributable to free traders in governmental positions such as John Bowring and Charles Poulett Thomson.³⁵ One could argue that in the eighteenth century officials such as William Eden used their position to advance their own particular philosophy. Whilst this may be true, the later period incorporated a much more systematic agitation, orchestrated by a powerful combination of officials and manufacturers. This was certainly not the case in the eighteenth century, where economic interests and policy proscriptions were far less uniform, and when a popular movement did not exist.

More widely, heightened agitation reflected the growth and popularity of political economy as a mode of public discourse. Indeed, it has been convincingly claimed it was the 'favoured mode of analysing, debating, or justifying the significance of British policies, institutions, and ideas'.³⁶ The great diffusion of tracts and evangelical and secular didactic literature is solid testimony of this intellectual preoccupation.³⁷ By 1815, free trade was a very complex doctrine, encompassing theological, anti-aristocratic and purely economic strands. Smith remained influential, especially to legislators such as Huskisson who saw the necessity of gradual reform, but the influence of evangelicalism and Malthusian and Ricardian political economy were far from negligible.³⁸ The 'two models' of free trade, those of evangelical political economy and professional economists, emanated from different sources but were effectively merged by those such as Cobden who argued that Providence designed commerce to unify and moralize mankind, and that free trade was the international law of God, to spread Christianity through commerce across the world.³⁹

If the pattern of British economic development and industrialization facilitated the forging of a powerful coalition in favour of free trade, it is also true that support for free trade or protection was something of a proxy for opinion on the extent to which Britain should become an industrial society.⁴⁰ As a descriptive term reflecting a body of beliefs on the nature of commerce and exchange free trade became far more prominent in the first half of the nineteenth century, on account of a firmer union between the theoretical basis of commercial liberalism and the practical application of free trade policies.

Yet the success of free trade was not easily achieved, and the fundamental aim of the documents included in this volume is to illustrate the contested nature of commercial policy, and, more widely, to illustrate the complexities behind the formation of national commercial policy in the eighteenth and nineteenth centuries.

Notes

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2. B. Semmel, 'The Hume-Tucker Debate and Pitt's Trade Proposals', *Economic Journal*, 75:300 (1965), pp. 759–70, on pp. 762–3; J. Ehrman, *The British Government and Commercial Negotiations in Europe, 1783–1793* (Cambridge: Cambridge University Press, 1962), p. 29.
3. For repeal as the fulfilment of Smith's doctrine, see 'Death of Mr. Cobden', *Times*, 3 April 1865, p. 9c; Smith, of course, was not the first to advocate commercial liberalism; Arthur Young and Josiah Tucker were more often cited as promoters of free trade, see J. E. Crowley, 'Neo-Mercantilism and the Wealth of Nations: British Commercial Policy after the American Revolution', *Historical Journal*, 33:2 (1990), pp. 339–60; discussing Chartered Companies, even the 1771 *Encyclopaedia Britannica* argued 'all restrictions of trade are found to be hurtful', *Encyclopaedia Britannica*, 3 vols (Edinburgh: A. Bell and C. Macfarquhar, 1771), vol. 2, p. 243.
4. For example, Spain and Austria became more protectionist from the 1780s, J. B. Williams, *British Commercial Policy and Trade Expansion, 1750–1850* (Oxford: Clarendon Press 1972), pp. 156–7, 209.
5. 'Without some efficient protection it was impossible that our farmers, surrounded by difficulties, could be successful in the struggle against foreign agriculturists. There was also much of political consideration in the question; as it was by no means fitting that this country should depend for its subsistence on the caprice or on the hostility of other countries'. Sir John Newport, 23 February 1815, *Hansard* (1814–15), xxix, c. 1011; cf. dependence on foreign agriculture as harmful to national welfare 'if not fatal to our existence', M. Gore, *Thoughts on the Corn Laws*, 2nd edn (London: Saunders and Otley, 1840), p. 9.
6. Semmel, 'The Hume-Tucker Debate', p. 762; B. Semmel, *The Rise of Free Trade Imperialism: Classical Political Economy: The Empire of Free Trade and Imperialism, 1750–1850* (London: Cambridge University Press, 1970), p. 180.
7. R. Davis, 'The Rise of Protection in England, 1689–1786', *Economic History Review*, 19:2 (1966), pp. 306–17, on pp. 306, 313.
8. See S. B. Clough, *France: A History of National Economics, 1789–1939* (New York: C. Scribner's Sons, 1939).
9. See 'The Corn Laws as a Buttress for the Aristocracy', *Economist* (1846), below, pp. 383–5; 'That measure could be considered in no other light than as a stepping-stone to ulterior measures', Duke of Cleveland, 25 May 1846, *Hansard* (1846), lxxxvi, c. 1123.
10. W. Bowden, 'The English Manufacturers and the Commercial Treaty of 1786 with France', *American Historical Review*, 25:1 (1919), pp. 18–35.
11. R. L. Schuyler, *The Fall of the Old Colonial System: A Study in British Free Trade, 1770–1870* (New York: Oxford University Press, 1945), p. 62.
12. Cited in P. Kennedy, *The Rise and Fall of British Naval Mastery*, 3rd edn (London: Fontana, 1991), p. 151; see George Sinclair to Henry Dundas, 9 November 1796, below, p. 81, for a proposal to prohibit Russian naval supplies reaching France.
13. 'East India Charter', *Times*, 20 January 1813, p. 1e; Minutes of Committee of Court of Directors, *Times*, 20 July 1813, p. 2c.
14. W. Cunningham, *The Growth of English Industry and Commerce in Modern Times: Laissez Faire* (Cambridge: Cambridge University Press, 1925), p. 677; Williams, *British Commercial Policy*, p. 348 ff.

15. R. Ruppenthal, 'Denmark and the Continental System', *Journal of Modern History*, 15:1 (1943), pp. 7–23, on p. 16.
16. Alexander Hamilton's *Report of the Secretary of the Treasury of the United States, on the Subject of Manufactures* ([Philadelphia], 1791) was a strong argument in favour of protection as a national policy; German philosopher Johann Fichte outlined state autarky in *The Closed Commercial State* (1801), see B. F. Hoselitz, 'Socialism, Communism, and International Trade', *Journal of Political Economy*, 57:3 (1949) pp. 227–41, on pp. 228–9.
17. For Spain, see Williams, *British Commercial Policy*, p. 391; Russia, under Finance Minister Count Egor Frantsevich Kankrin, raised tariffs several times between 1823 and 1844; Kankrin was influenced by Fichte's doctrine of an autarkic national economy, but revenue was also a consideration, see W. McKenzie Pintner, *Russian Economic Policy Under Nicholas I* (Ithaca, NY: Cornell University Press, 1967), pp. 44–7.
18. H. Jephson, *The Platform: Its Rise and Progress*, 2 vols (London: Macmillan and Co., 1892), vol. 1, pp. 370–1.
19. During the Corn Law debates, Mr Philips stated: 'Foreign nations mistaking, like the advocates of the regulations before the committee, the circumstances which have operated against our wealth for the causes of it, are now following our example. They are protecting or imposing restraints on the import of our fabrics, in order to encourage their own manufactures, from which they will receive inferior fabrics at higher prices', 17 February 1815, *Hansard* (1814–15), xxix, c. 818.
20. Williams, *British Commercial Policy*, pp. 449–50.
21. For British hegemony and its supposed objectives, see T. J. McKeown, 'Hegemonic Stability Theory and 19th Century Tariff Levels in Europe', *International Organization*, 37:1 (1983), pp. 73–91; A. A. Stein, 'The Hegemon's Dilemma: Great Britain, the United States, and the International Economic Order', *International Organization*, 38:2 (1984), p. 355–86; S. C. James and D. A. Lake, 'The Second Face of Hegemony: Britain's Repeal of the Corn Laws and the American Walker Tariff of 1846', *International Organization*, 43:1 (1989), pp. 1–29.
22. United States Congressman Henry Clay's 'American System' comprised protection of domestic manufacturing and agriculture as bulwarks of national strength and power.
23. The infant industry argument was included in Mill's *Principles of Political Economy* (London: Parker, 1848), paving the way for its 'formal acceptance into international trade theory'; D. A. Irwin, 'Retrospectives: Challenges to Free Trade', *Journal of Economic Perspectives*, 5:2 (1991), pp. 201–8, on p. 202.
24. McKeown, 'Hegemonic Stability Theory', p. 88.
25. This group transformed into the Anti-Corn Law League in 1839. An Anti-Corn Law Association was formed in London in 1836, but by 1838 the initiative had passed to Manchester. See N. McCord, *The Anti-Corn Law League, 1838–1846* (London: George Allen & Unwin, 1958), p. 16.
26. A. Gambles, *Protection and Politics: Conservative Economic Discourse, 1815–1852* (London: Royal Historical Society, 1999); C. Schonhardt-Bailey, *From the Corn Laws to Free Trade: Interests, Ideas, and Institutions in Historical Perspective* (Cambridge, MA: MIT Press, 2006).
27. Repeal was accompanied by a raft of other tariff reductions.
28. 'Anti-Corn Law League at Covent-Garden Theatre', *Times*, 29 September 1843, p. 5e.
29. Thus acting as what Karl Marx termed a 'universal class', see G. R. Searle, *Entrepreneurial Politics in Mid-Victorian Britain* (New York: Oxford University Press, 1993), p. 319.
30. McCord, *The Anti-Corn Law League*, pp. 188–207.

31. In 1848, Benjamin Disraeli claimed the commercial policy of 1846 violated William Pitt and William Huskisson's legacy of regulated competition and reciprocal commercial relations, Gambles, *Protection and Politics*, p. 210.
32. Speeches of Colonel Conolly and Sir Howard Douglas, 13 and 24 February 1846, in A. S. O'Brien (ed.), *The Battle for Native Industry: The Debate Upon the Corn Laws, the Corn Importation and Customs' Duties Bills, and the Other Financial Measures of the Government, in Session 1846*, 2 vols (London: Society for the Protection of Agriculture, 1846), vol. 1, pp. 273–4, 483.
33. See James Stephen to Spencer Perceval, 5 December 1807, and James Stephen to Spencer Perceval, 23 May 1808, below, pp. 85–7, 101.
34. See Lord Palmerston to the Earl of Minto, 27 December 1845; and House of Lords Protest against the Corn Bill, *Hansard* (1846), both below, pp. 380, 388–9.
35. For the crucial role of the Board of Trade, see L. Brown, *The Board of Trade and the Free-Trade Movement 1830–42* (Oxford: Clarendon Press, 1958).
36. D. Winch, 'Introduction', in D. Winch and P. K. O'Brien (eds), *The Political Economy of British Historical Experience, 1688–1914* (Oxford: Oxford University Press, 2002), p. 2.
37. A. Howe, 'Restoring Free Trade: The British Experience, 1776–1873', in Winch and O'Brien (eds), *The Political Economy of British Historical Experience*, pp. 193–213, on p. 200.
38. *Ibid.*, pp. 194–7.
39. B. Hilton, *The Age of Atonement: The Impact of Evangelicalism on Social and Economic Thought, 1785–1865* (Oxford: Clarendon Press, 1988), pp. 69–70, 246.
40. Howe, 'Restoring Free Trade', p. 199; Hilton, *The Age of Atonement*, p. 68.



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TENTATIVE MOVES TOWARDS FREE TRADE, 1778–86

If Adam Smith's theories almost immediately found a receptive audience, it remains equally true that there were limits to how far his theories would be systematically applied. Attempts to promote freer trade in the 1770s and 1780s were hampered by the protectionist inclinations of foreign nations and the vested interests of protected domestic industries. Two significant controversies of this period, reconstruction of the Anglo-Irish commercial relationship and the 1786 Anglo-French commercial treaty, contained both elements. Both episodes indicated the limited applicability of Smith's ideas, whilst illustrating the multi-faceted nature of commercial policy and the non-commercial influences which impinged on it.

It would be difficult to assign changing perceptions of commercial policies and relationships purely to the work of Smith.¹ Whilst Smith provided the theoretical justification and conceptual framework for commercial reformers, other influences were at work. Many viewed the commercial restraints imposed on Ireland as a major cause of the distress which enveloped the country in the 1770s and 1780s.² Here, free trade agitation was an attempt to participate in the imperial trading system, and predominantly concerned reforming mercantilist regulations rather than reducing tariff rates. It was understandable that the agitation should assume an imperial form. Ireland was a dependency of the British Crown, and was thus excluded from the benefits of the imperial trading system by the provisions of the Navigation Acts, and restraints on manufacturing and agricultural exports. The rationale for such restrictions emanated from the desire to protect British agriculture and manufacturing industries from ruinous competition.³ In 1663 Ireland was forbidden to ship goods directly to the colonies, except horses, servants and provisions. In 1667, Irish cattle imports to England were forbidden and, most notably, in 1699, Irish woollen exports to foreign countries were banned.⁴ Within the mercantilist structure of restriction and exclusion, it is nevertheless true that certain industries were encouraged. Irish linen imports were exempt from duty after 1696, and in 1742 a bounty was granted to Irish and Scottish linen exported from England.⁵

In 1779, the agitation of the Irish Volunteers for 'Free Trade' led to Lord North making sweeping concessions, permitting Ireland to export and import goods directly with the British colonies, and henceforth 'upon equal conditions with Great Britain'.⁶ The propositions were recognized as important in encouraging Irish commerce and manufacturing and met with little opposition.⁷ The readiness of British politicians to reform mercantilist regulations arose from concerns over wartime stability and domestic security. Yet the commercial relationship was merely a facet of the wider problem of the ambiguous constitutional position of Ireland, and this problem was not resolved by commercial concessions.⁸

In 1785, a further attempt to remove constraints on Irish trade was promoted by William Pitt's proposals to revise the Navigation Acts, define Ireland's position within the Empire in terms of treaties with foreign powers, and equalize many customs duties. This package of reforms raised a storm of opposition from British manufacturers, with the General Chamber of Manufactures of Great Britain raising concerns over Irish competition.⁹ Interestingly, these fears were earlier dismissed by Smith in terms of the underdeveloped nature of the Irish economy.¹⁰

Such a broad view did not convince British manufacturers, with Matthew Boulton, James Watt and Josiah Wedgwood prominent in the agitation. The manufacturers received parliamentary support from Charles James Fox, and more surprisingly, William Eden and Lord Sheffield, both promoters of trade liberalization. Eden and Sheffield believed Britain was conceding too much. In itself, such a response was indicative of the limits to which even progressive eighteenth-century minds were supportive of free trade. Yet, it was the Irish Parliament rather than British manufacturers who defeated Pitt's proposals. The issue became entangled with the question of Irish legislative independence, a sensitive political issue since the new Constitution of 1782. Pitt's clumsy proposal that Ireland enact the British Navigation Laws was construed as attempted dictation and an attack on Irish legislative independence. That most of the measures were accepted by 1787, crucially, at the request of the Irish, merely illustrates that it was the affront to legislative independence rather than the commercial measures which aborted Pitt's original plan.¹¹

If the Irish campaign revealed the strength of mercantilist structures and mindsets, events surrounding the Anglo-French commercial treaty indicated that any reform would be achieved in a piecemeal fashion. In the eighteenth century there was very little legitimate trade between Britain and France.¹² From the late seventeenth century, commercial, military and economic rivalry dominated, with England responding to the challenge of Louis XIV with a raft of measures, including at times complete prohibition of trade, but more commonly very high tariffs on French products.¹³ Sheltered by prohibitions and high tariff

walls, similar industries emerged in both countries, thus making it more difficult to make any agreement which would not in some way damage industrial and commercial interests in both countries.¹⁴

In 1785, frustrated at British reticence to lower duties, France issued a series of *arrêts* which raised duties and excluded foreign cottons, muslins, gauzes and linens from France itself. An *arrêt* of 21 October forbade the importation of foreign iron, steel and cutlery.¹⁵ These measures had the desired effect and Britain began preparing for negotiations at the end of 1785. Many in Britain considered that the disruption to commerce caused by the American War of Independence made such a treaty a necessity.¹⁶ France's reasons for making the treaty were attributed by many to increasing revenue receipts, and mitigating the worst effects of the chronic financial position of the Ancien Régime.¹⁷

There was considerable opposition to the Treaty in Britain, in and out of Parliament. Fox led Whig parliamentary opposition to the measure, on the basis of loyalty towards the 1703 Methuen Treaty with Portugal. Having earlier supported manufacturers in their opposition to concessions to Ireland his stance now dismayed those same manufacturers, who saw advantages arising from the treaty.¹⁸ Outside Parliament, opposition predictably arose from industries fearful of French competition. Another strand of opposition, encompassing the Foxite critique, expressed general distrust towards France and objected to making any treaty.¹⁹ A related strand married these two elements in viewing the aggrandizement of French commerce as the precursor of enhanced French naval power.²⁰

Support for the treaty came from export industries which viewed lower duties and abolition of prohibitions as a positive boon. The theoretical commitment to economic liberalism of manufacturers who supported trade liberalization with France must however be questioned, for many of the same men used 'all their lobbying resources to wreck a commercial treaty with Ireland.'²¹ The support of manufacturers and ironmasters should not be taken as a precursor of a free trade supporting manufacturing interest.²² The manufacturers of 1786 were not a precursor of the Anti-Corn Law League, for, as Ehrman has convincingly argued, 'it was no consistent economic theory or enlightened social ideal that dictated the attitude of Wedgwood, Garbett, the Ironmasters, and the Manchester manufacturers'. As befitted larger industries with less to fear from foreign competition, self-interest and expediency fuelled their support for a more liberal system of commerce.²³

Philosophical support for the treaty was perhaps best expressed by politicians, particularly Pitt, whose language anticipated Richard Cobden in linking commerce and peace.²⁴ For Pitt, the treaty signified the changing nature of the Anglo-French relationship, based on 'friendly intercourse, cemented by mutual benevolence'.²⁵ William Eden, the British negotiator, displayed a similar enlightened view.²⁶ Nevertheless, Pitt was realistic enough to consider the power of old

enmities, in arguing ‘though in the commercial business I think there are reasons for believing the French may be sincere, I cannot listen without suspicion to their professions of political friendship.’²⁷

More serious opposition to the treaty, largely dictated by economic geography, existed in France. The treaty was welcomed by southern wine growers and manufacturers in central and western France whose manufactures did not compete directly with Britain, but it was highly unpopular with northern commercial and industrial interests.²⁸ With Britain far advanced in the application of machinery in manufacturing, she was able to translate this advantage into cheaper manufactured goods.²⁹ Such opposition was viewed by many in Britain as positive proof that the treaty was favourable to Britain.³⁰

In the long-term, the Anglo-French Commercial Treaty represented an important step towards the acceptance of reciprocal tariff negotiations and reductions, and represented a diplomatic model for the future. Reciprocal commercial relationships appeared to offer a guarantee that commercial policy would be conducted with national commercial and industrial interests in mind. Mercantilist restrictions, import prohibitions and protective duties remained central to the commercial portfolio of nations, in terms of protecting national industries and raising revenue. Moreover, the limited success of commercial diplomacy, notably in Spain, indicated the vibrancy of mercantilist mindsets, fear of British competition and the power of national industries.³¹ Even amidst the successful accomplishment of the treaty, Minister Plenipotentiary Daniel Hailes warned that as soon as one country felt disadvantaged, they would ‘cut the knot’ that bound them.³² This hardly bespoke a new era of commercial cooperation and recognition of mutual advantage amongst nations.³³ Commercial policy remained set within a mercantilist framework, which identified and linked national power and wealth with commercial advantages. Negotiations for reciprocal tariff reductions were underpinned by such notions. The idea that the comparative advantage of nations should be the prime determinant of policy was anathema to mercantilist mindsets equating self-sufficiency with economic power. French dissatisfaction with the treaty had always been more marked than in Britain, and the treaty proved to be short-lived. Revolution and war further undermined the liberalization of commercial policy in the following years.

Notes

1. It has been convincingly argued that the liberalism of commercial policy symbolized by the commercial treaty gave currency to Smith, not the reverse, J. E. Crowley, ‘Neo-Mercantilism and the Wealth of Nations: British Commercial Policy after the American Revolution’, *Historical Journal*, 33:2 (1990), pp. 339–60, on p. 340.

2. See John Hely Hutchinson, *The Commercial Restraints of Ireland* (1779), below, pp. 23–32; G. O'Brien, 'The Irish Free Trade Agitation of 1779', *English Historical Review*, 38:152 (1923), pp. 564–81, and 39:153 (1924), pp. 95–109.
3. R. Davis, 'English Foreign Trade, 1700–1774', *Economic History Review*, 15:2 (1962), pp. 285–303, on pp. 290–1
4. See Sir James Caldwell to Lord George Germain, 28 September 1779, below, p. 12; F. G. James, 'Irish Colonial Trade in the Eighteenth Century', *William and Mary Quarterly*, 3rd series, 20:4 (1963), pp. 574–84; W. Cunningham, 'The Repression of the Woollen Manufacture in Ireland', *English Historical Review*, 1:2 (1886), pp. 277–94, on p. 285.
5. R. Davis, 'The Rise of Protection in England, 1689–1786', *Economic History Review*, 19:2 (1966), pp. 306–17, on p. 307; Davis, 'English Foreign Trade', pp. 287–8.
6. See Motion respecting Trade in Ireland, 19 January 1779, *Cobbett's Parliamentary Debates* (1778–80); 'Debate in the Commons on the State of the Trade and Commerce of Ireland', 15 February 1779, *Cobbett's Parliamentary Debates* (1778–80); Speech of the Lord Lieutenant to the Irish Parliament, 12 October 1779, *Annual Register* (1779); and 'Debate in the Commons on Lord North's Propositions for the Relief of the Trade of Ireland', 13 December 1779, *Cobbett's Parliamentary Debates* (1778–80), all below, pp. 7–8, 9–11, 13, 14–22. See also T. Bartlett, "'This Famous Island set in a Virginian Sea': Ireland in the British Empire, 1690–1801", in N. Canny, P. J. Marshall et al. (eds), *The Oxford History of the British Empire*, 5 vols (Oxford: Oxford University Press, 1998–9), vol. 2, pp. 253–75, on p. 266.
7. See William Eden, *A Letter to the Earl of Carlisle on the Representation of Ireland respecting a Free Trade* (1779), below, pp. 33–43; John Hely Hutchinson's speech to Cork electors, 18 December 1779, in *Historical Manuscripts Commission, Twelfth Report: Manuscripts of the Duke of Beaufort* (London: HMSO, 1891), p. 295; cf. Welbore Ellis to Hutchinson, 16 December 1779, in *ibid.* pp. 293–4.
8. Lord Hertford to Hutchinson, 22 January 1780, on English concerns that despite commercial concessions 'Constitutional points as may unhinge the whole and divide the interests of the two kingdoms' were being agitated in Ireland, in *Manuscripts of the Duke of Beaufort*, p. 295.
9. W. Bowden, 'The Influence of the Manufacturers on Some of the Early Policies of William Pitt', *American Historical Review*, 29:4 (1924), pp. 655–74.
10. Adam Smith to Henry Dundas, 1 November 1779, in 'Adam Smith and Free Trade for Ireland', *English Historical Review*, 1:2 (1886), pp. 308–11, on p. 309.
11. P. Kelly, 'British and Irish Politics in 1785', *English Historical Review*, 90:356 (1975), pp. 536–63, on p. 562.
12. See 'Commerce with France' ([c. late 1785]), below, pp. 44–9.
13. J. B. Williams, *British Commercial Policy and Trade Expansion, 1750–1850* (Oxford: Clarendon Press 1972), p. 186; J. Ehrman, *The British Government and Commercial Negotiations in Europe, 1783–1793* (Cambridge: Cambridge University Press, 1962), p. 28.
14. The silk and linen industries in Britain and Ireland constitute 'fairly clear examples of infant industries reared to maturity under protection', Davis, 'The Rise of Protection in England', p. 316.
15. Ehrman, *The British Government and Commercial Negotiations*, pp. 31–2.
16. For example, Anglicanus, *The Necessity and Policy of the Commercial Treaty with France, &c. Considered* (London: William Richardson, 1787), p. 41.

17. See Daniel Hailes to the Marquis of Carmarthen, 25 October 1786, below, pp. 58–63; ‘The French government will improve their revenue by it, which probably was the principal motive with them for making it’, Viscount Barrington to Earl of Huntingdon, 8 December 1786, in *Historical Manuscripts Commission: Report on the Manuscripts of the Late Reginald Rawson Hastings*, 3 vols (London: HMSO, 1928–34), vol. 3, p. 200.
18. See *A Letter from a Manchester Manufacturer to the Right Honourable Charles James Fox, on his Political Opposition to the Commercial Treaty with France* (1787), below, pp. 65–7.
19. For a contrast between French militarism and commercial Britain, see *A Series of Letters, on the Commercial Treaty with France Published in the Kentish Gazette, in the Year MDC-CLXXVII by a Country Gentleman* (London: G. & T. Wilkie, 1787), pp. iv–v.
20. Anon., *Observations on the Agricultural and Political Tendency of the Commercial Treaty* (London: J. Debrett, 1787), p. 19; ‘A nation of manufacturers may be more rich, but less powerful’, p. 21.
21. A. V. Judges, ‘The Idea of a Mercantile State’, in D. C. Coleman (ed.), *Revisions in Mercantilism* (London: Methuen & Co., 1969), pp. 35–60, on p. 41.
22. See Minutes of the Committee of Trade, 14 March 1786, below, pp. 50–1.
23. Ehrman, *The British Government and Commercial Negotiations*, p. 48; the impact on particular sectors rather than wider conceptions of commercial policy still predominated, Williams, *British Commercial Policy*, p. 186.
24. See William Pitt to the Marquis of Stafford, 27 August 1786, below, p. 55.
25. H. B. Wheatley (ed.), *The Historical and the Posthumous Memoirs of Sir Nathaniel William Wraxall, 1772–1784*, 5 vols (London: Bickers & Son, 1884), vol. 1, p. 380.
26. See William Eden to Robert Liston, 27 September 1786, below, p. 56.
27. Pitt to Eden, 10 June 1786, in G. Hogge (ed.), *The Journal and Correspondence of William, Lord Auckland*, 4 vols (London: Richard Bentley, 1861–2), vol. 1, p. 127; see William Eden to Lord Carmarthen, 6 June 1786, and William Pitt to William Eden, 12 September 1786, both below, pp. 52, 53–4.
28. W. M. Sloane, ‘The Continental System of Napoleon’, *Political Science Quarterly*, 13:2 (1898), pp. 213–31, on p. 214.
29. H. See, ‘The Normandy Chamber of Commerce and the Commercial Treaty of 1786’, *Economic History Review*, 2:2 (1930), pp. 308–13, on p. 308.
30. The *Times* viewed the treaty as ‘more beneficial than could possibly have been expected’, and argued the 7s. duty per gallon on French brandies would countervail internal duties on British distillers, securing them from that ‘dangerous competition which at first was apprehended’, 5 October 1786, p. 2a; Anglicanus, *The Necessity and Policy of the Commercial Treaty with France*, pp. 41–2.
31. See Ralph Woodford to Robert Liston, 24 October 1786, and Ralph Woodford to Robert Liston, 29 December 1786, both below, pp. 57, 64.
32. See Daniel Hailes to the Marquis of Carmarthen, 25 October 1786, below, pp. 58–63. On Hailes, see D. B. Horn (ed.), *British Diplomatic Representatives, 1689–1789*, Camden society, 3rd series, vol. 46 (1932), pp. 26–7.
33. Ehrman, *The British Government and Commercial Negotiations*, pp. 48–9.

TENTATIVE MOVES TOWARDS FREE TRADE,
1778–86

*Anglo-Irish Relations and Irish Free Trade Agitation of
1779–85*

Motion respecting Trade in Ireland, 19 January 1779, *Cobbett's Parliamentary Debates*, vols 13–30 (1743–94) (London: R. Bagshaw; Longman & Co., 1812–20), vol. 20 (1778–80), c. 111.

Jan. 19. Earl *Nugent* moved, ‘That there be laid before this House, an Account of the quantity and value of goods exported from Great Britain to Ireland, and imported from Ireland into Great Britain, from the 1st of January 1768; which was agreed to. His lordship said, that this motion was preparatory to one for leave to bring in a Bill for granting further relief to the trade of Ireland. He represented the inhabitants of Ireland as being in a famishing condition, and appealed to two noble lords in administration for the truth of his assertion. He said that a secretary of the viceroy was just come over, expressly to lay before government the deplorable state of Ireland: he referred to a letter he had received from Dr. Woodward, dean of Clogher, mentioning that all had been done that could be effected by contribution to relieve the starving poor, but in vain; employment alone could remedy the evil. He appealed to the noble lord at the head of the Treasury for the truth of another observation; that the revenue of Ireland was so diminished, that it now yielded little more than the expences of its civil establishment. These facts pointed the necessity, as we had lost our trade with our American colonies, of taking care we did not lose Ireland next, by a separation or invasion. If our impolitic restraints were not removed from the trade of that country, we should lose our best customers for many articles of merchandize. Good estates in Ireland were offered to sale at 16 and 14 years purchase, yet no buyers appeared even at that low price. He expected to be opposed by those who had particular interests to support against the national welfare intended by his Bill; but he remembered many similar oppositions to Bills which, after they had