

AN INTRODUCTION  
TO  
THE ECONOMIC HISTORY  
OF  
THE BRITISH EMPIRE

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TO  
THE LATE PROFESSOR H. E. EGERTON  
WHO TAUGHT HIS PUPILS TO VENERATE THE  
PAST AND TO BELIEVE IN THE FUTURE OF  
THE BRITISH EMPIRE

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## PREFACE

THE establishment and development of free institutions in her overseas Empire constitute one of England's most notable achievements in the sphere of politics. She has not only given parliamentary government to the daughter nations which she has produced, but in the present age, in collaboration with them, she has found a solution to the baffling problem of reconciling national independence with imperial citizenship. It was natural, therefore, that historians in the past should tend to concentrate their attention mainly upon the political and constitutional aspects of the Empire's growth.

Yet, the people who, by their courage, their tenacity and the sweat of their brow, made the Empire, were not all, as may sometimes appear, political philosophers, mastered by a passion for freedom, and possessed of an incurable love of making and listening to long speeches. The prevailing prices of tobacco, sugar, cotton, wool, mutton, wheat and the innumerable other commodities in which they had invested their time and money were more vital to them than the contents of the latest despatch from Downing Street, or sonorous pronouncements made in the local legislature on the true nature of Responsible Government. The majority of the plain people of the colonies thought much of the quality of the money they had to use, the kind of ships in which they travelled and freighted their goods, but had little time for reflections on the science of government. Doubtless the political and constitutional history of the Empire is profoundly important, and it was probably necessary that these subjects should have been the first to claim the consideration of historians, but, as the works of the late Professor Knowles and others show, the time has now come when the more prosaic phases of imperial history should receive greater attention.

In the following pages, therefore, an attempt has been made to avoid the heights where Liberty is the breath of life and where political discussion is the food upon which the Chosen thrive, and to come down to the port and the market-place, to the counting-house and the bank, to the forest, the field and the sea. Though it is not claimed that this book is a complete economic history of the British Empire, it is hoped that it may serve as an introduction to that study.

I wish to thank Mrs H. E. Egerton for kindly allowing me to make use of some of the late Professor Egerton's unpublished lecture material. This I have drawn on freely in the preparation of Chapters I and VIII. I am much indebted to the University Colston Research Society of Bristol for its grants. I wish also to express my thanks to Commander J. W. D. Powell, Mr G. S. Laird Clowes and Professor Andrew Robertson for their helpful suggestions and criticisms on many technical points. The officials at Canada House, Australia House, South Africa House, the New Zealand Government Office, the Board of Trade and the General Post Office have been most kind in answering my many enquiries and in furnishing me with material. I am much indebted to Sir H. A. F. Lindsay, C.I.E., of the Imperial Institute, for giving me the benefit of his profound knowledge of Indian trade. Many others have assisted me in various ways whom considerations of space render it impossible to acknowledge, but I hope they will accept this general but none the less sincere expression of my thanks. I am, however, particularly indebted to my colleague Mr A. E. Douglas-Smith, Mr E. G. Jones, Mr R. R. Ludlow, my secretary Miss P. M. Ridd, and my wife. Lastly, I wish it to be understood that I am myself solely responsible for any opinions expressed in this book.

C. M. M.

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## CHAPTER I

### THE TUDORS AND COLONIAL EXPANSION

ALTHOUGH England was one of the first European countries to participate in the discovery of the New World, almost a century elapsed after Cabot's first voyage before colonisation was taken up in earnest. Indeed, it was well over a hundred years before the first permanent colony was established at Jamestown. Many reasons combined to produce this long delay, not the least of which was that the Newfoundland fisheries proved so rich that for some time their development gave ample scope to the energies of the few Englishmen who interested themselves in the New World.

While the country as a whole did not turn its attention seriously to transatlantic exploration until the reign of Elizabeth, there were always, from Cabot's time onward, a few who believed that England should look across the Atlantic rather than across the Channel for future expansion. Among these, one of the most enthusiastic was Robert Thorne, who in 1527 memorialised King Henry VIII on this subject. He contended that if the discoveries of Cabot had been followed up, England might have disputed with success the claim of Spain to the lands of the western world, from which source she had enriched herself with so much precious metal. Spain had discovered and claimed in particular all the lands in the western part of the southern hemisphere, while Portugal claimed the lands of the east, south of the Equator. It now remained for England, the most favourably situated of all European countries, to explore and discover the lands of the north, both east and west. Thorne thought that the

task of exploration would prove simple and that a small number of English ships would suffice for the purpose. By the discovery of these lands, the King would win perpetual glory and his subjects infinite profit.

The labour is much lesse, yea nothing at all, where so great honour and glory is hoped for: and considering well the courses, truly the danger and way is shorter to us, then to Spaine or Portingall as by evident reasons appereth.<sup>1</sup>

Thorne, like many of his contemporaries, was rather vague as to the size of the earth and its general configuration, and he very much underestimated the privations and dangers of polar travel.

For they being past this little way which they named so dangerous, (which may be two or three leagues before they come to the Pole, and as much more after they passe the Pole) it is cleere, that from thence foarth the seas and landes are as temperate as in these partes, and that then it may be at the will and pleasure of the mariners to choose whether they will sayle by the coastes that be colde, temperate or hote. For they being past the Pole, it is plaine they may decline to what part they list.

If they will goe toward the Orient, they shall enjoy the regions of all the Tartarians that extend toward the midday, and from thence they may goe and proceede to the land of the Chinas, and from thence to the land of Cathaio Orientall, which is of all the maine land most Orientall that can be reckoned from our habitation. And if from thence they doe continue their navigation, following the coasts that returne towards the Occident, they shall fall in with Malaca, and so with all the Indies which we call Orientall, and following the way may returne hither by the Cape of Buona Speransa, and thus they shall compasse the whole worlde. And if they will take their course after they be past the Pole, towards the Occident, they shall goe in the backe side of the new found land, which of late was discovered by your Graces subjects until they come to the backe side and South Seas of the Indies Occidentall. And so

<sup>1</sup> Hakluyt, R., *Principall Navigations*, vol. 2, pp. 159-63.



continuing their voyage they may returne thorow the Streight of Magellan to this country, and so they compasse all the world by that way, and if they goe this third way, and after they be past the Pole goe right toward the Pole Antarctike, and then decline toward the lands and Islands situated between the Tropikes, and under the Equinoctiall, without doubt they shall finde there the richest landes and Islands of the world of golde, precious stones, balmes, spices and other things that we here esteeme most, which come out of strange countries, and may returne the same way.<sup>1</sup>

From this, and from the letter which Sir Hugh Willoughby carried with him to the kings and potentates of the North-East from King Edward VI, it appears that England was still mainly concerned with the development of trade and that as yet the idea of colonisation received little attention. The discovery of a north-eastern passage, and later of a north-western passage, to the Far East, was the chief object which traders and explorers had in view in the first half of the sixteenth century when they set sail for the northern seas. The great achievements of Elizabeth's captains during the first twenty-five years of her reign prepared the way for later developments, and accustomed the English people to think of the whole world outside of Europe as a fair field for exploitation and development. It is very difficult to distinguish in many instances between a piratical raid and an exploratory expedition. Indeed, the commanders themselves must often have been in doubt at the beginning of a voyage as to the true nature of the venture upon which they had embarked, and they, like Burns, left the decision to chance:

And how the subject theme may gang  
Let time and chance determine;  
Perhaps it may turn out a sang,  
Perhaps turn out a sermon.

<sup>1</sup> *Ibid*

Perhaps the voyage might result in the capture of some rich Spanish prize on the high seas or the plunder of some Spanish town in the Indies, perhaps in the discovery of new lands abundantly supplied with gold, silver and precious stones.

In the last quarter of the sixteenth century a new intention began to inspire the organisation and conduct of such voyages. This was the establishment of permanent English colonies in the New World, and it found zealous champions in Gilbert, Raleigh, Hakluyt and many more of the most distinguished men in Elizabethan England. The reasons urged by these promoters of colonial development were many and cogent, but they all seem to have agreed in the strategic advantage of English settlements in the New World in the long-drawn-out struggle with Spain. The victory of 1588, such episodes as the "singeing of the king of Spain's beard" and other splendid achievements of Englishmen in the war with Spain, have won such a place in the national memory that later generations have forgotten the fear of Spain which oppressed Elizabethan England. They have inherited the exaltation of victory but have forgotten the long years of dread that preceded that triumphant issue. Spain, in the later sixteenth century, was not only mistress of the fabulously rich lands of the West which her own *conquistadores* had won for her, she controlled the vast Empire of Portugal as well. To the Elizabethans she must have appeared a titanic power that bestrode the world like a colossus, the more menacing because she was bent on the destruction of England. It was only after long years of courageous struggle that England came to realise her own power, and to know that the vastness of the Spanish Empire bore no relation to its real strength.

Mingled with this fear of Spain, which served to quicken rather than to cripple England's energies, was a feeling of envy tinged with admiration. Raleigh and other

believers in an English colonial empire were continually chiding their countrymen for their lack of vision and courage, and holding them up to unfavourable comparison with the people of Spain and Portugal:

It would be the history of a large volume to recite the adventures of the Spaniards and Portingals, their affronts and defeats and dangers and miseries which with such incomparable honour and constant resolution so far beyond belief they have attempted and endured in their discoveries and plantations, as may well condemn us of too much imbecility, sloth and negligence . . . for though we see daily their mountains of wealth, (sprung from the plant of their generous endeavour) yet is our sensuality and untowardness such and so great that we either ignorantly believe nothing or so curiously contest to prevent we know not what future events, that we either so neglect or repress and discourage the present as will spoil all in the making, crop all in the blooming, and building upon fair sand, rather than upon rough rocks, judge that we know not, govern that we have not, fear that which is not.<sup>1</sup>

Raleigh speaks with bitterness of the debtors that had to be encouraged, the dolts and gulls that had to be satisfied, or else all would be lost:

If the Spanish had been so blockish and slothful we had not now feared their power, who, by their gold from thence, vex and endanger all the estates of Europe.

He believed that if the contest with Spain was to be successfully maintained, revenues greater than those which England could at that time command would be necessary, and these could be obtained by the establishment of an English colony in some part of the New World not heretofore settled by a Christian prince, and in which precious metals were known to abound. This belief that rich mineral-bearing countries were there waiting to be acquired was shared by many of Raleigh's contempor-

<sup>1</sup> Hakluyt, *op. cit.*

aries, including the indefatigable Hakluyt. It was now high time, he wrote in 1598,

for us to weigh our anchor, to hoist up our sails, and with all speed to direct our course for the mild, lightsome, temperate and warm Atlantic Ocean, over which the Spaniards and Portugales have made so many prosperous, pleasant and golden voyages.<sup>1</sup>

Even before war broke out, England stoutly refused to acknowledge the Spanish claim to the New World, whether that claim were based upon the gift of the Pope or because the Spaniards had touched at different points on the coast and given names to a few places. It was preposterous to think that other European Powers should not establish colonies in areas which the Spanish had not themselves settled, for occupation was the only claim that England felt she was bound by the Law of Nations to respect. When the terms of peace were being discussed, James I maintained this same attitude and refused to make any acknowledgment to the Spanish Commissioners of the illegal nature of English trade with the Indies. Spain contented herself with a formal re-statement of her claim, but forbore to enforce it until such enforcement was quite impossible if, indeed, it had ever been possible.

The writer of *Nova Britannia* (1609) expressed the feeling that was in the hearts of his countrymen throughout the period:

But now that . . . God in His mercy has given us another country so remote from their habitation, what reason is there that anyone should be offended by our great success, or feel envious, or if they are envious, why should we attach any weight to it, or why fear to enlarge ourselves? Where is our ancient might and power? Where is that great reputation sleeping now that we won so few years ago? Let not the world be deceived, we are the same now as we were then.

The English in Virginia were confident they could with-

<sup>1</sup> *Ibid.* preface, 2nd edition.

stand a Spanish attack and they would make of this new colony "a bridle for the Neapolitan corsair if your youth of England is able to sit him, for which they will give them golden spurs". Virginia,

being inhabited by His Majesty's subjects will put such a bit into our ancient enemy's mouth as will curb his haughtiness of monarchy.

For upwards of a quarter of a century before the peace with Spain, English statesmen were fully aware of the strategic importance of colonies in the struggle. Both Walsingham and Cecil carefully watched the new colonial movement. They fully realised that the Spanish king was far too powerful to be injured permanently by the sack of a few of his towns or the occasional capture of some plate ships. Such pinpricks, they knew, might discourage the Spaniards and enhearten the English, but beyond their psychological effect and propagandist value, they were of slight importance. So long as Spain could rely upon a steady stream of precious metal from her colonies she could carry on her intrigues throughout Europe, maintain her veteran armies and endure the piratical raids of Drake, Hawkins and the rest, with equanimity. The Elizabethans probably exaggerated the importance to Spain of her supplies of precious metals from the New World. According to them, her whole existence depended upon the preservation of open lines of communication between her colonies and herself, but if once that contact were lost, if once this axle-tree were cut, her power would vanish, for she was a money grower, and it was her colonies in the New World that supplied her. Destroy the Spanish power at sea, therefore, and then all would be easy, or, as it turned out, since that was not wholly possible, plant colonies of England in the lands beyond the Atlantic that would supply her with the sinews of war and enable her to withstand her rival.

If the Queen would only follow the wise example of Queen Isabella of Spain, who had encouraged Columbus in his undertakings, she would be richly repaid, for she would increase her dominions, enrich her coffers and reduce many pagans to the faith of Christ. This was an undertaking more worthy of the gentlemen of England than the "pert unprofitable pleasures wherein they now too much consume their time and patrimony". It was the task of England to unlock that treasury which Spain kept under such lock and key, as "both her confederates, yea and subjects, are excluded from trade into those countries". Even the French King, who had some reason to stand on friendly terms with Spain, was excluded like the rest, and the people of Portugal, whom it was Spain's special wish to conciliate, were debarred, "such a vigilant dragon is there that keepeth this golden fleece".

By the early part of the seventeenth century there was another European Power besides Spain which aroused the emulation of England. Holland, from being a group of provinces in revolt against their rightful ruler, in a remarkably short period, equalled only in modern times by the meteoric rise of Japan, became mistress of a great and increasing colonial empire. Sir Walter Raleigh lamented that the Dutchman had got the trade of all the world into his hands. He had entered into the Scarborough fisheries as well as those of Newfoundland "which is the stay of the west countries". It was argued that if the Dutch, starting with almost every conceivable disadvantage, could in so short a time rise to such eminence, England with her greater resources, her longer experience of exploration and her undoubted right to claim many parts of the New World, should be able to do a great deal more.

The Elizabethans were fully alive to the importance of colonies as sources of raw materials and markets for English manufactures. Indeed, most of the arguments

later to be elaborated in favour of a self-sufficing Empire were expounded before the close of the sixteenth century. Peckham, in his *Discourse on the Necessity and Commodity of Planting English Colonies upon the North Parts of America* (1583), dealt at length with the mercantile reasons which justified such a development. Bacon also alluded to this aspect of colonial activity, and Hakluyt made a particular point of it. Among other things, he believed that the planting of colonies would increase the number of English ships, which, in his opinion, was a very necessary development.

At this day I am assured that there are scarce two ships of two hundred tons belonging to Bristol and few or none of the like burden along the Channel of the Severn, from Gloucester to Land's End on the one side, and Milford Haven on the other.<sup>1</sup>

Besides increasing shipping, the long voyages to which the planting of colonies would lead would train up strong and capable seamen such as the country did not at that time possess.

The realm of England is an island impossible to be otherwise fortified but by strong ships and able mariners.<sup>2</sup>

England, therefore, must have more ships than other countries to carry on her trade. But she was ill-provided by Nature with cordage, pitch, tar, resins and other naval stores. These commodities she was at the time able to obtain only through the favour and friendship of foreign States, but if colonies were established in the northern parts of America all these commodities could be imported by England from her own territories. Through all this reasoning there ran the idea that a country could only be safe when she was self-sufficing. John Smith believed that

<sup>1</sup> Hakluyt, *op. cit.*

<sup>2</sup> *Reasons or Motives for the Raising of a Public Stock.*

those commodities which England imported from Russia, Sweden, France and Spain, could be found in Virginia. There is the usual argument, now so familiar, that the wicked foreigners were cutting off their trade with us, burdening our merchants with heavy and unbearable charges, and preparing to manufacture for themselves those articles which formerly they had imported from England. This led to the conclusion that the only salvation of this country lay in the development of colonial markets from whence there would be a constantly increasing demand for English commodities.

Consequently it must ensure that by a public consent a colony transported into a good and plentiful climate, able to furnish our wants, our moneys and wares that now run into the hands of our adversaries or cold friends shall pass unto our friends and natural kinsmen, and from them likewise we shall receive such things as shall be most available to our necessities, which intercourse of trade shall rather be called a home-bred traffic than a foreign exchange.

There were many men in the country also to whom the planting of colonies appealed not on account of the advantages thereby accruing to the State, nor for any reason of public policy, but merely because they believed that a short sojourn in a colony would provide an easy road to affluence and comfort. These men heard highly exaggerated stories of the wealth which individual Spaniards had acquired, and so, oppressed by debt or mastered by the desire for luxurious living, they were prepared to risk themselves in a venture which promised such glittering prizes. This desire for personal riches, mingled with the love of adventure, explained the presence in the early expeditions to Virginia of so many gentlemen and soldiers of fortune. When the colony was founded, those who, like Smith, had a true conception of its future, encountered great difficulty when they tried to induce these gold-seekers to turn into tillers of the soil.



"No talk, no work, no hope, but dig gold, refine gold, wash gold, load gold."

Some conception of the exaggerated stories that were current at the time is afforded by a passage in *Eastward Hoe!* The hero, in speaking of Virginia, says:

"I tell thee, golde is more plentifull there then copper is with us; and for as much redde copper as I can bring I'le have thrice the waight in golde. Why, man, all their dripping pans and their chamber pottes are pure gold; and all the chaines with which they chaine up their streets are massie golde; all the prisoners they take are fettered in gold; and for rubies and diamonds, they go forth on holydayes and gather 'hem by the sea-shore, to hang on their childrens coates, and sticke in their capps, as commonly as our children wear saffron-guilt-brooches and groates with hoales in 'hem."

"And is it a pleasant countrie withall?"

"As ever the sunne shinde on; temperate and full of all sorts of excellent viands; wilde boare is as common there as our tamest bacon is here; venison as mutton. And then you shall live freely there, without sargeants, or courtiers, or lawyers, or intelligencers. Then for your meanes to advancement, there it is simple, and not preposterously mixt. You may be an alderman there, and never be scavenger: you may be any other officer, and never be a slave. You may come to preferment enough, and never be a pandar: to riches and fortune inough, and have never the more villany nor the lesse wit. Besides, there we shall have more law then conscience, and not too much of either; serve God inough, eate and drinke inough, and *inough is as good as a feast.*"<sup>1</sup>

In accounting for the beginning of English colonisation, however, the political interest of statesmen and the cupidity of private individuals do not explain all. Various writers emphasise the importance of missionary activities among the natives, but for the most part the Elizabethans were not particularly zealous apostles of Christianity to

<sup>1</sup> Chapman, Jonson, and Marston, *Eastward Hoe!* Act III, Scene 3.

the heathen, and when the missionary side of the undertaking is mentioned, it seems to imply little more than lip-homage to a duty which everyone acknowledged but few were ready to perform. It was not until the seventeenth century that the religious motive was of any importance, and then, undoubtedly, nonconformists of various sects sought the New World in order that, among other things, they might be able to practise their own religion in their own way.

At the time, a more important motive for colonisation was the fear that the country was in danger of overpopulation. Some authors, including Bacon, were not perturbed on this particular ground, but other writers refer to it constantly. The population of England had, indeed, increased during the sixteenth century by about a million, a staggering figure when it is remembered that the whole population of the country in the early part of the Tudor period had been about three millions. Sir Humphrey Gilbert in 1576 suggested that Englishmen might inhabit some part of the New World and settle there such needy people as then troubled the realm,

and through want here at home are forced to commit outrageous offences whereby they are daily consumed with the gallows.

Christopher Carleill (1583) contended that as a result of a long period of plenty the population had mightily increased, so that a large number of children, who had been brought up in their parents' houses without anything to do, after their parents' death were driven by necessity to crime. Just as other ill-livers who, being drawn off to the wars in the Low Countries, had become industrious, so if their like were sent out to some English colony they would strengthen the State and improve their own fortunes.

The author of *Nova Britannia* believed that unless we

founded colonies and settled our people there, the earth would not suffice to sustain the overwhelming number of human beings. Another writer said that

The people, blessed by God, do swarm in the land, as young bees in a hive in June; insomuch as there is very hardly room for one man to live by another. The mightier, like old strong bees, thrust the weaker, as younger, out of their hives.

Again, Hakluyt said:

our prisons are pestered and filled with able men to serve their country, which for small robberies are daily hanged up in great numbers even 20 at a clap out of one gaol.<sup>1</sup>

How far these writers were moved by a genuine fear of over-population, and how far their desire for colonies and colonists turned their attention in that direction, is exceedingly difficult to decide. But undoubtedly, with a few notable exceptions, the writers of the time who were interested in the project of plantations refer to this subject in some way or other.

In stating the motives which led to the foundation of the Empire it must be remembered that to many the project of planting colonies appealed as a great and glorious adventure. For such men, and there were many in that age, the search after wealth was as important, if not more important, than its acquisition. England had passed through a great period of achievement, and young men who had been nurtured on the stories of the exploits of their gallant fathers and uncles were fired with a determination to follow their steps; and the New World was there, almost untouched in its northern parts, beckoning them onward. A good example of this attitude is to be found in *Tamburlaine*:

Give me a map; then let me see how much  
Is left for me to conquer all the world.

Look here, my boys; see, what a world of ground

<sup>1</sup> Hakluyt, *op. cit.*

Lies westward from the midst of Cancer's Line  
Until the rising of this earthly globe,  
Whereas the sun, declining from our sight,  
Begins the day with our Antipodes!  
And shall I die, and this unconquered?  
Lo, here, my sons, are all the golden mines,  
Inestimable drugs and precious stones,  
More worth than Asia and the world beside;  
And from th' Antarctic Pole eastward behold  
As much more land, which never was descried,  
Wherein are rocks of pearl that shine as bright  
As all the lamps that beautify the sky!  
And shall I die, and this unconquered?

Such, then, were the mixed motives which, in the latter part of the sixteenth century, turned the minds of Englishmen towards the idea of planting colonies, and fortunately for this country these impulses became active at a time when England was ready for this new phase in her history. In material resources and power, in experience and knowledge of navigation, the England of the last decade of the sixteenth century was a vastly different country from that which had seen Cabot set out on his great voyage. The strong and wise rule of the Tudors gave England peace such as she had not known before, and under their paternal care every aspect of the nation's industrial and commercial life had been fostered. Everything that the wisdom of statesmen could do had been done to encourage the industrial and commercial classes, but always with the overriding qualification that their special interests were compatible with considerations of national power. Freedom from civil disturbance, the rule of law, and the administration of even-handed justice enabled the people to accumulate large quantities of capital for which, at the close of the Tudor period, they were seeking profitable fields of investment. This accumulation of capital and the desire to use it stimulated the old regulated companies into great activity, and led to the

growth of a new type of co-operative enterprise in the joint-stock company.

As far as colonisation was concerned, the joint-stock form of investment seems to have been particularly attractive, for it enabled a large body of people to invest, many of whom took no other part in the venture. The denomination of shares in colonial undertakings was usually relatively low for that period, and they were capable of subdivision. This enabled men of moderate means to share in these enterprises, and it also enabled the promoters to have access to a vast amount of capital which, being in the hands of many people, would not have been available when the individual investment was large. Gilbert's proposed plantation in 1566, as well as that of 1578 and that of Christopher Carleill of 1583, were organised on a joint-stock basis. Though Sir Walter Raleigh is said to have spent over £40,000 of his own money on his various colonial enterprises, it is probable that throughout his career he drew on joint-stock funds of some sort, and at the end he was compelled to hand over his interests to a syndicate.

The use of joint-stock companies for the promotion of colonial ventures fitted in perfectly with the aims and policy of the Tudor Government. A properly organised company was more responsible, and could more easily be subjected to regulation in the national interest than a group of isolated individuals, each of whom was mainly solicitous about his private concern. The planting of colonies was, moreover, a costly business, and so hazardous that had it not been for the possibility of a joint-stock, in which the individual interest might be small, it is doubtful if many colonies would have been established. The Governments of Elizabeth and James were far too straitened in financial resources to risk their money on what were, at the time, rash speculations, and certainly no private purse was deep enough to bear

the strain alone. As it was, many of those who did subscribe frequently failed to pay up in full, and thus jeopardised their own investments and the success of the whole venture. It is estimated, for example, that down to 1619, of the £67,124 originally subscribed for the Virginia Company, only £36,624 was actually paid up, and that the whole charge up to that time had actually been much greater than the sum originally subscribed. It is plain from this example and other similar instances that such undertakings could only be conducted on the basis of a joint-stock supported by many investors, for the initial expenditure represented enormous sums for the England of that period.

Besides fitting in with the requirements of the national policy, the joint-stock company offered many other advantages. It gave the venture a character of permanence, and since by its nature it emphasised co-operative effort rather than individual interest, it tended to be stronger than the regulated company, in which the individual interests of the merchants came first, and where the co-operative element was only stressed in so far as it was felt that private concerns would thereby be served. It is plain from their writings that the business men and empire builders of the time were fully alive to the great advantages offered by joint-stock companies in this kind of enterprise. Thus, in the *Reasons for Raising a Fund* drafted prior to the granting of the charter to the first Virginia Company, it is stated:

private purses are cold comforters to adventurers, and have been found fatal to all enterprises hitherto undertaken by the English, by reason of delays, jealousies and unwillingness to back that project which succeeded not at the first attempt.

It was considered to be more honourable for a State to support an exploit such as the foundation of a colony by public consent rather than by private monopoly.

Colonies founded for public weal may continue in better obedience and become more industrious than when private men are absolute signors of a voyage, forasmuch as better men of behaviour and quality will engage themselves in a public service which carrieth more reputation with it than a private, which is for the most part ignominious in the end as being presumed to aim at a lucre and is subject to emulations, fraud and envy.

Bacon held that the planting of colonies was like the planting of trees, for you must expect to lose almost twenty years' profits and look for your recompense in the end:

for the principal thing that hath been the destruction of most plantations has been the base and hasty drawing out of profits in the first years,

but in a joint-stock enterprise all these dangers were reduced to a minimum.

The joint-stock company, therefore, was hailed as the proper instrument of colonial expansion, for it enabled all classes in the community to participate in the movement and make it truly national. Noblemen, gentlemen, merchants, traders and others were all eager, according to their means, to adventure, though some were more ready to subscribe than to pay. Under the extended Charter of the Virginia Company of 1609, for example, the shareholders included 56 London and City Companies and 659 other individuals. This latter group was made up of 21 peers, 96 knights, 11 doctors and ministers, 53 captains, 28 esquires, 58 gentlemen, 110 merchants and 282 others. It has been estimated that at least 100 of these subscribers were at one time or another members of the House of Commons. The great conception of founding a Nova Britannia seems, in fact, to have attracted all in the country who possessed a spirit of daring, love of adventure, and imagination, and the people of that

period were gifted in a high degree with those qualities. The inscription on the monument of Sir Thomas Smythe at Sutton-at-Hone, Kent, one of the most outstanding figures in the promotion of colonial enterprises at the beginning of the seventeenth century, makes plain what kind of men they were who in that great age took in hand the foundation of the British Empire:

To the glory of God and the pious memory of the Honourable Sir Thomas Smythe, Kt., late Governor of the East India Company, Muscovy, French and Somers Islands Companies, Treasurer of the Virginia Plantation, prime undertaker in that noble design, the discovery of the North West Passage, principal commissioner of the London expedition against the pirates and a voyage to the river Senegal upon the coast of Africa, one of the chief commissioners of the navy royal and sometime ambassador of His Majesty of Great Britain to the Emperor and Great Duke of Muscovia,—who having judiciously, conscionably, with admirable facility managed many difficult and weighty affairs to the honour and profit of this nation, rested from his labours, the fourth day of September, 1625.



## CHAPTER II

### PEOPLING THE FIRST EMPIRE

It has been seen in the last chapter that Tudor statesmen and publicists were much concerned with the question of over-population and the related problems of unemployment and poverty. In spite of the system of poor relief which was finally evolved at the close of Elizabeth's reign, these subjects continued to occupy the minds of English statesmen and social writers down to the outbreak of the Civil War. The people of the early seventeenth century accepted Hakluyt's view that the foundation and development of colonies would solve all these problems, for they would draw away stalwart and idle people at home who, instead of degenerating into criminals, would become useful citizens of the new colonies. Through the raw materials which their labour would produce and which they would send home, they would be the direct means of providing work for those of their kind who had not been able to emigrate.

It soon became clear that whatever the opinion of pamphleteers and Members of Parliament might be, the majority of the stalwart paupers concerned were not prepared to risk the dangers and privations of colonial life either for their own or the country's good. In view of the high mortality which attended the foundation of most of the colonies and the complete disaster which overtook not a few, this reluctance is not surprising. There were 500 settlers in Virginia in 1609, and by the following spring only 50 remained. In 1624 there were 1100 Europeans in the same colony out of 5600 who were known to have immigrated there. Many, no doubt, had

returned to England or gone elsewhere, but still the death-roll was very high. Again, in Guiana, after much loss of life, the attempt to establish a colony was abandoned. Even before these disasters terrified the poor in England, there was always the natural dread of ignorant and superstitious people, the majority of whom had never strayed far beyond the limits of their native parishes, to risk the dangers, both real and fabulous, of a long and perilous ocean voyage. Wild stories were current among them about the giants, goblins and other monsters that inhabited these distant lands beyond the sea, and so they preferred to bear the ills they had, than fly to others that seemed more horrible and terrifying.

Thus the first emigrants to Virginia were collected with great difficulty, and even then they turned out to be an indifferent selection. There were not enough stout labourers burthened with children, and too many broken-down gentlemen and soldiers of fortune unacquainted with, and violently disinclined to, manual labour. For these reasons, the first two decades of the seventeenth century gave little indication of the great movement of English people to the New World which was to occur between 1620 and 1660, and which resulted in the foundation and firm establishment of many rich and thriving colonies.

Between 1620 and 1660 conditions at home were favourable to oversea migration. Throughout the period, and more particularly in the latter part of it, there was much poverty and distress, and, moreover, in that forty years a spirit of unrest such as England had not known before brooded over the land. The prevailing uncertainty in Church and State unsettled many gentlemen and substantial merchants, and finally drove them oversea. Prior to the Civil War religious discontent, stimulated by the unwise policies of James I and Charles I, made many people in England, whose thoughts otherwise would

never have turned in that direction, think of the New World as a haven of peace and quiet. The settlement of the Pilgrim Fathers blazed a trail for others to follow, and in a few years there were thousands ready and anxious to imitate their example. In the 'thirties of the seventeenth century, the well-to-do people who went out to the colonies took with them numbers of servants and other poor dependants and friends. The leaders sought the New World for political or religious freedom and often for economic advancement.

Often poor artisans and other working men were driven through necessity to bind themselves as indentured servants for a period of years in a distant colony. Sometimes these indentures were between a squire and his natural dependants, but often the distressed poor man had to sign his indentures with a stranger. Thus, economic necessity, and frequently the inclination of workmen in town and country to follow those whom they had always regarded as their natural leaders, sent thousands during this period to the West Indies or to the continental colonies. Without such compelling necessity or traditional loyalty, such people would never, of their own volition, have faced a complete breach with the past and the difficulties and tribulations of a new life in a strange, distant and barbarous land.

Some, like Captain Roger Clap, merely followed a favourite preacher to the New World, and were convinced throughout that they were guided directly by the hand of the Almighty.

It was God that did draw me by His providence out of my father's family . . . it was God put into my heart to incline to live abroad; God . . . brought me near Mr. Warham and inclined my heart to his ministry. . . . So God brought me out of Plymouth the 20th of March in the year 1629 [1630 new style] and landed me in health at Nantasket on the 30th of May 1630. Many of the principal planters in Massachusetts were

well established country gentlemen "of enlarged understanding, improved by liberal education". Not all of these were quite so devout or simple-minded as Clap, and some, at least, concealed under their grave and religious mien ambitions of a more worldly nature, and a clear grasp of their own individual interests. In dealing with the subject of the Puritan migration of the seventeenth century there has been a tendency to regard the movement either as the result of high-souled religious conviction and love of liberty, or as merely the outward and visible sign of the working of economic forces. The truth would appear to lie somewhere between these two extremes, and it may be assumed that the majority of the people who sailed for New England in the first half of the seventeenth century were affected by religious conviction and an economic urge. They were neither unworldly saints nor economic robots.

Whatever may have impelled the leaders to emigrate, for the poor labourers economic necessity and the habit of obedience were probably the most compelling reasons. Labourers and their families were more essential in a colony than scholars and gentlemen, and the bitter experience of Virginia in its early years demonstrated the dangers likely to arise when this necessity was forgotten. Such men as the Pilgrim Fathers and Lord Baltimore were fully alive to the necessity of sending a large proportion of men accustomed to manual toil to the new plantations. Lord Baltimore, for example, insisted that there should be a reasonable proportion between the numbers of gentlemen and labourers, and many of those who sailed to New England about the same time took care to carry with them not only unskilled labourers but artisans of all sorts. It thus came about that from the beginning many of these colonies were well provided with the labour and the skill which was essential to ensure permanent settlement.

Before the close of the fourth decade of the seventeenth century there were already indications of a revulsion of feeling in England on the subject of emigration. The old fear of over-population began to die down, and some statesmen of the time felt that too many people were leaving England, and that unless the movement was checked the country's military and economic resources might be seriously crippled. This sentiment dominated public policy in the later part of the seventeenth century and throughout the eighteenth. In 1634 the Commissioners of Lincolnshire informed Laud that some 600 persons were shortly to leave for New England, and that in consequence trade would suffer. It was hinted that debtors would fly to New England to escape the law, and acquire there a reputation for religious zeal, as the reason for their departure from England would be, according to them, their refusal to endure the ceremonies of the Church of England. From time to time during the 'thirties, ships were prevented from sailing because of this growing fear of depopulation, but in spite of these restraints the outward flow of emigrants continued down to the outbreak of the Civil War, which for a time checked the movement, and when it was resumed it was of a somewhat different character. During the 'forties and 'fifties a considerable number of cavaliers and their dependants sought a refuge beyond the sea, the majority of whom settled in the West Indies, Virginia and Maryland.

As the statistics of the period are notoriously unreliable, it is impossible to state exactly how many people left England. Different estimates have been given, but they are so contradictory as to be almost worthless. However, for purposes of illustration it may be said that by 1642 the population of Massachusetts was put as high as 16,000, while that of Virginia in 1649 was declared to have reached 15,000. In the West Indies settlement at first was equally rapid, and by the middle of the century, mainly

as a result of the rise of large plantations and the decline of small holdings, an inter-colonial emigration movement began. Colonists left the older West Indian settlements chiefly for Maryland and the Carolinas.

By the time of the Restoration the change in public opinion on this subject which had begun in the 'thirties was complete. The old fear of over-population which had harassed the minds of the Elizabethans was now replaced by the dread that England did not contain enough people, and at least one writer believed that the country could with advantage contain twice the existing number. According to the mercantilist writers of the time, the more people the country supported the better, for this meant greater national strength and capacity for producing wealth. With the great expansion of trade and industry which took place in the century after the Restoration there was more than enough work for all, even though the population was growing at an increasing rate throughout the period. Few people had any doubt of the country's capacity to employ its people, no matter how rapidly they might increase. Emigration was, therefore, no longer looked upon as a useful outlet for the unwanted surplus, but as a deadly drain upon the country's vitality. Some writers believed that the growth of English colonies overseas had actually lessened the population at home. Others recognised the absurdity of this view, as in spite of civil wars and emigration the population of England in 1680 was greater than it had been in 1600. Nevertheless they regarded further emigration as undesirable and thought it should be checked. At the same time, almost everyone was agreed that the possession of colonies was in the national interest, both because their products supplemented those of the Mother Country and also because they afforded valuable markets for the nation's exportable surplus. Thus the statesmen of the Restoration period were confronted with the

problem of developing populous colonies, without at the same time allowing wholesale emigration from the Mother Country.

After 1660 large numbers of Puritans who had played a part more or less conspicuous in the events of the previous twenty years quitted the country for New England, carrying with them great quantities of treasure and goods. In addition to these, Quakers and others, fired by the same spirit as that which had inspired the most devout of the New England settlers, established themselves beyond the Atlantic. Generally speaking, however, the volume of emigrants which left England for conscience' sake tended to grow less as the seventeenth century drew to a close, while at the same time the need of the colonies for more people increased. This problem was met by the despatch of undesirables, consisting of political or sectarian offenders and criminals, to the plantations. Later on, foreign emigrants were attracted by the prospect of religious freedom or by highly coloured stories of the wealth to be acquired in these lands of promise. Cromwell despatched cavalier prisoners, Charles II transported Quakers and other nonconformists, while James II condemned to the same fate large numbers of west country peasants who had supported Monmouth. The Settlement Act of 1662 empowered justices of the peace, subject to the approval of the Privy Council, to transport "disorderly persons and sturdy beggars" to the colonies for seven years, and an Act of 1671 allowed certain classes of offenders to choose transportation for seven years in place of a worse penalty at home.

This policy of populating the colonies with the sweepings of the English prisons, embodied in the two Acts referred to, constituted a distinct break with previous practice. Though criminals were sent out to the colonies in the first part of the seventeenth century, the system was generally denounced by both pamphleteers and the

promoters of colonial expansion. With the drying-up of the voluntary migration of labourers, however, the system of transportation was more favourably viewed. In the later seventeenth century and throughout the eighteenth, when the stream of religious and political dissenters decreased, transportees tended to be ordinary criminals. After 1717 these were divided into two classes, those condemned to seven years' servitude and those sentenced to fourteen. The business of transportation passed into the hands of contractors who supplied the ships and maintained the prisoners on the voyage, in return for which they were allowed to sell their cargoes to the planters for the period of their servitude. Thus, by the end of the seventeenth century the old objection to the peopling of colonies from the criminal dregs of the Mother Country had entirely disappeared. In 1692, for example, a ship from Leith sailing for Virginia contained "50 lewd women out of the houses of correction and 30 others who walked the streets after 10 at night".

As one writer puts it, there was many a "Bedlam-Bess" in Maryland and other colonies, whose general character is illustrated by the following lines:

"D—— you," says one, "tho' now so brave  
 I knew you late a Four-Years Slave;  
 What if for Planters Wife you go,  
 Nature design'd you for the Hoe."  
 "Rot you," replies the other streight,  
 "The Captain kissed you for his Freight;  
 And if the Truth was known aright,  
 And how you walk'd the Streets by night,  
 You'd blush (if one cou'd blush) for shame,  
 Who from *Bridewell* or *Newgate* came."<sup>1</sup>

In addition to political and other offenders sentenced to transportation, there was another class of emigrant

<sup>1</sup> *The Sol-weed Factor* . . . , by Eben. Cook, Gent., pp. 16-17.



whose exile was involuntary. This group was composed of those who were kidnapped or "spirited" or in some other way carried by force aboard a ship bound for the colonies, where they were sold as common offenders for a period of years. It is impossible to give more than a rough guess at the number of children, men and women who made up this class, but undoubtedly, from the time of the Protectorate onward, they constituted a substantial proportion of the labourers sent to the New World. There are many references to be found in the Middlesex and other records to this practice in the second half of the seventeenth century. As these refer only to the comparatively small number of instances in which the kidnappers were brought to book, it is clear that the business was extensive. Though "spiriting" was a punishable offence, it is evident from the sentences imposed upon those found guilty that there was an inclination on the part of magistrates to look leniently on the practice. Thus, in 1685 one woman who confessed that she had kidnapped a man and caused him to be taken aboard ship for sale in Virginia was fined £1 : 6 : 8.<sup>1</sup> In the same year, a man and woman were fined twelve pence each for attempting to kidnap a girl of sixteen, with the intention of selling her in Virginia.<sup>2</sup> "Spiriting" and kidnapping were carried on to some extent in all the large seaports, and occasionally the "spirits" invaded the countryside and carried off numbers of poor maidens. There is a tradition in Bristol that the justices of that city, some of whom had plantations in the West Indies, imposed the sentence of transportation on delinquents brought before them for very slight offences, in order to provide labour for their estates. Judge Jeffreys, in 1685, is said to have caused the mayor of the city to step down from the bench and stand before him in the dock, where he scolded him soundly and called him a

<sup>1</sup> Jeaffreson, J. C. (ed. by), *Middlesex County Records*, vol. 4, p. 245.

<sup>2</sup> *Ibid.*

kidnapping knave. But in spite of Judge Jeffreys, kidnapping and "spiriting" went on almost to the time of the American Revolution.

In its later phase the chief victims were children, and Peter Williamson, who had himself been kidnapped when a boy, describes the system as a regular business carried on in the exportation of children to the colonies, though when men or women were sufficiently gullible they also were carried away. Every artifice was used to induce both adults and children to leave their homes. They were promised fabulous wealth in the New World, where riches could be acquired without effort. They were made drunk in inns and taverns and clapped under hatches before they were sober. They were cajoled aboard ship for all sorts of invented reasons, but once in the hands of the kidnapers they had small hope of ever seeing their homes or friends again. Sometimes it took weeks or even months to collect a cargo of children, and in the meantime those who had already been seized were housed in barns and out-of-the-way places and beguiled by childish games, cards and music, until the full cargo had been collected. These children were all carefully chosen for their physical fitness and strength, and a captain who had a full cargo could make, on the conclusion of a successful voyage, a handsome profit. Thus, Williamson and the other children who were taken with him were sold for £16 apiece.<sup>1</sup>

Throughout the seventeenth and eighteenth centuries there was a steady stream of voluntary migrants, mainly from England at first but later from France, Germany, Scotland and Ireland. It has already been seen that in the period of the great migration prior to the Civil War, well-to-do merchants and country gentlemen sailed for the New World with their own servants and friends. Frequently these servants had previously signed inden-

<sup>1</sup> *The Life and Curious Adventures of Peter Williamson . . .*, p. 127.

tures with their masters by which they undertook to labour for them in the colony in return for the observance of certain specified conditions on their part. In this manner, thousands of people left England for the West Indies, the Bermudas and the mainland colonies. Generally speaking, the number of these voluntary migrants from England declined rapidly after the Restoration, but down to the outbreak of the American War the stream continued to flow, though feebly as the eighteenth century advanced.

In the later seventeenth century Huguenot refugees went out to the English colonies in great numbers, and they carried with them both knowledge of and skill in many crafts. In America and wherever else they settled their coming meant a valuable addition to the population, and before the end of the seventeenth century it was said that they formed the majority in both Carolina and New York. In the eighteenth century large numbers of German Protestant peasants from the Rhineland and Moravians from other parts of Germany sailed for America, sometimes as indentured servants, sometimes in free groups. As the English stream of migrants slackened, Ireland and Scotland, both centres of political unrest and growing economic distress, sent forth their children in thousands. Indeed, the colonies, in spite of the law, began once more to be thought of as asylums for the indigent and unfortunate. Thus Georgia, founded in 1732, was designed as a refuge for bankrupts, debtors and needy people. Halifax was founded in 1749 as a home for discharged soldiers and sailors who in England might have become a charge on the community either as paupers or as highwaymen.

In the eighteenth century the majority of the indentured servants went to the middle colonies of New Jersey and Delaware, and were known there as Redemptioners, in contrast to the transported convicts

whose period of servitude was usually much longer. The general terms of indentures were much the same in outline, though frequently they varied in detail, and the following form may be taken as typical, though the term of service in this instance is rather long, as five years was a more usual period.

“This Indenture made the 31 of March in the year of our Lord 1680 between *Richard Civiter* of the one part, and *John Wilmore* of *London* Merchant of the other part; Witnesseth, That the Said *Richard Civiter* doth hereby promise, covenant and grant to and with the said *John Wilmore*, his Executors and Assigns from the Day of the date hereof until his first and next Arrival in *Jamaica* in parts beyond the Seas; and after for and during the Term of Nine years, to serve in such Service and Employment as he the Said *John Wilmore* or his Assigns shall employ him, according to the Custom of the Country: In the like kind, in Consideration whereof the said *John Wilmore* doth hereby covenant and grant to and with the said *Richard Civiter*, to pay for his Passage, and to find and allow him Meat, Drink, Apparel and Lodging, with other Necessaries, during the said Term: and to pay unto him the said *Richard Civiter*, as by Custom of the country he ought, and in such case is used. In witness whereof the Parties above-mentioned to these Indentures have interchangeably set their hands and Seals, the Day and year first above written.

“Sealed and delivered

“in the presence of

“WALTER NUNN,

*Mayor of Graves-End.*

“RICHARD CRESWELL,

*Searcher.*

“WILLIAM CODD,

*Attorney.”*<sup>1</sup>

In this document this servant, in return for his nine years of servitude, had to be content to receive in addition to maintenance a vague promise of future payment, but in other documents the masters bound themselves to establish the labourer, after the expiry of his indentures,

<sup>1</sup> *The Case of John Wilmore Truly and Impartially Related. . . .*

on a specified number of acres and to furnish him with necessary implements and equipment. By the middle of the eighteenth century, however, a payment of £10 sterling in sugar was considered an adequate quitance. In consequence of the rise of large sugar and tobacco plantations there was frequently no available cheap land left, and the outlook of the freed indentured servant was far from bright, as the plantation system required the initial investment of a much larger sum than a person in his position could hope to possess.

The life of an indentured servant varied with the colony in which he happened to find himself, as well as with the character of his employer. Those who were sent to the West Indies in the seventeenth century lived in a state which was scarcely distinguishable from slavery. The white servants were often placed under black overseers who treated them with particular barbarity. As the blacks born in the islands acquired a knowledge of handicrafts, the white servants were compelled to do the roughest and hardest work in the fields, while negro artisans enjoyed a relatively easy existence. The master was compelled by law to provide clothing for his servants, but this was usually of the cheapest and most limited nature. In the West Indies the indentured servants lived in huts identical with those of the blacks, which they had to build for themselves in their spare time. They worked in the fields in Bardados from six o'clock to eleven o'clock in the morning and from one o'clock to six o'clock in the afternoon. Their food, like that of the slaves, was of the coarsest kind, and as they were only temporary slaves the master did not need to care as much about their health and general well-being as he did for his negroes who were his personal property.

On the mainland conditions were, generally speaking, better, especially in the middle and northern colonies. John Alsop (1666), who wrote in defence of the planters

and in opposition to their critics and detractors, held that the condition of the indentured servant in Maryland was as fortunate as that of the ordinary labourer at home. Though his account is highly coloured, it is probably true that people who were so distressed at home as voluntarily to become indentured servants in the plantations found themselves in material conditions better off for the change.

Then let those whose chaps are always breathing forth those filthy dregs of abusive exclamations, which are Lymbeckt from their sottish and preposterous brains, against this country of *Maryland*, saying, That those which are transported over thither, are sold in open Market for Slaves, and draw in carts like Horses; which is so damnable an untruth, that if they should search to the very Center of Hell, and enquire for a Lye of their most ancient and damned stamp, I confidently believe they could not find one parallel to this.<sup>1</sup>

According to this writer, the servants worked in the fields in the summer for five days a week, and were allowed three hours in the middle of each day for rest. In the winter, according to him, their work was barely sufficient to keep them in good condition and give them a sufficient appetite to enjoy the good things that were provided. They did a certain amount of wood-cutting and other odd jobs, and, if they liked it, there was always hunting within easy distance. Artisans were never expected to work in the fields, and, as there was always a scarcity of such men, they were sure of good treatment. The usual period of servitude at this time was four years, after the expiry of which the law of the province required the master to give his man fifty acres of land, corn sufficient to serve him for a whole year, three suits of apparel with things necessary to them, and tools to work withal, so that they were no sooner free but they were ready to set up for themselves.

<sup>1</sup> Also, G., *A Character of the Province of Maryland*, p. 35.

A century after Alsop's time many of the abuses whose existence he denied undoubtedly prevailed. John Harrower, who in 1774 bound himself to go to Virginia for four years as a school teacher "for bed, bread, washing and £5" for the period, describes the indenture system just before its disappearance. On the passage out the servants mutinied on account of the rations provided, but were speedily quelled, and later, in a storm, were batted down under hatches for several days.

I really think there was the oddest shene [scene] betwixt decks that I ever heard or seen. There was some sleeping, some spewing . . . some daming, some Blasting their legs and thighs, some their liver, lungs, lights and eyes, And for to make the shene the odder, some curs'd Father, Mother, Sister and Brother.<sup>1</sup>

In spite of the supposed right of the voluntary indentured servant to choose his future master, these men were kept aboard and usually did not know to whom they were sold until after the sale was completed. Among those who came aboard Harrower's ship to look over the servants were two so-called "soul-drivers":

they are men who make it their business to go ab<sup>d</sup> ships who have in either Servants or Convicts and buy sometimes the whole and sometimes a parcell of them as they can agree, and then they drive them through the Country like a parcell of sheep untill they can sell them to advantage.<sup>2</sup>

Usually the newly arrived batches of servants were advertised for sale in the same manner as slaves or other merchandise:

Just arrived from Cork, in the Snow, *Penguin*, Robert Morris, Master, a parcel of likely Servants, used to country work, as also tradesmen of various sorts . . . whose times are to be

<sup>1</sup> The Diary of John Harrower, in *American Historical Review*, vol. vi, no. 1, p. 74.

<sup>2</sup> *Ibid.*

disposed of on board the said Snow lying off against Market-street wharf or Edward Bridges at his house (commonly called the Scales) for ready money or the usual credit.<sup>1</sup>

When the sale took place in Jamaica these men and women were lined up like negro slaves, in order that the planters could pick and choose and examine them at their leisure. Apparently they were subjected to much the same kind of personal indignities as those which the blacks had to undergo, and the men who conducted the sales had a reputation similar to that which is usually associated with horse-dealers. This office (the crimp's office in Jamaica)

has the singular facility of qualifying any man whatever for any art or mystery he inclines to follow in the colonies, and by no other magic than a common indenture; carpenters, who never handled a tool, bricklayers, who scarcely knew a brick from a stone; and book-keepers, who can neither write nor read.

Long had a poor opinion of the quality of the indentured servants in the middle of the eighteenth century:

These menial servants . . . are the very dregs of the three kingdoms. They have commonly more vices, and much fewer good qualities than the slaves over whom they are set in authority; the better sort of which heartily despise them, perceiving little or no difference from themselves except in skin, and blacker depravity. By their base familiarity with the worst disposed among the slaves, they do a very great injury to the plantations; causing disturbances, by seducing the Negroes wives, and bringing an *odium* upon the white people in general, by their drunkenness and profligate actions. In fact, a better sort of Creole Blacks disdain to associate with them, holding them in too much contempt, or abhorrence.<sup>2</sup>

<sup>1</sup> *Philadelphia Gazette*, July 16, 1741, quoted in Geiser, K. F., *Redemptioners and Indentured Servants in the Colony and Commonwealth of Pennsylvania*, p. 36.

<sup>2</sup> Long, E., *The History of Jamaica*, vol. 2, pp. 288-9.



This policy of pouring unwanted refuse into the colonies, in time brought the English name into disrepute among a people who had only vague traditions of the Mother Country, or, as in the case of the descendants of foreign emigrants, had no memories at all of Great Britain. To these it appeared that a country which could send forth such a stream of derelicts must indeed be decadent, and before the American Revolution indentured servants and convicts were no longer indispensable. The second half of the eighteenth century was marked by the beginning of a new period in the history of British migration. The agrarian changes of the period, the Industrial Revolution and the accelerated growth of population in England, Scotland and Ireland, resulted in a movement outwards of a class of emigrant very different from the sweepings of Newgate and Bridewell. Already, before the American Revolution, that great stream of migration had begun which was destined to be one of the most important aspects of the social history, not only of Great Britain, but of Europe in the nineteenth century. The first period of emigration had, nevertheless, done its work, for as a result of voluntary and compulsory emigration, Great Britain had peopled many colonies in the New World which in the third quarter of the eighteenth century were rich, prosperous and so firmly rooted, that their inhabitants thought of the new lands in which they dwelt as home, and were only vaguely conscious of the Mother Country across the ocean whence so many of their forefathers had come.

## CHAPTER III

### ATLANTIC TRAVEL IN THE SEVENTEENTH AND EIGHTEENTH CENTURIES

BEFORE attempting to describe the conditions of ocean travel on the Atlantic in the seventeenth and eighteenth centuries, it is necessary to say something of the ships in which people voyaged. Fortunately for those who made the Atlantic crossing and travelled to and from India between the accession of James I and the close of the Napoleonic Wars, the sixteenth century had been a notable period in the history of English ship design and construction. By the time of Elizabeth the galleon type of ship, with length at least four times the beam, had largely replaced the so-called "round ship" of the Middle Ages whose length was only three times her beam.

In my time [wrote Sir Walter Raleigh] the shape of our English ships has been greatly bettered. We have given larger floors to our ships than in elder times and better bearing under water.

Though these vessels carried much less cargo than the great carracks of the later Middle Ages, they were, in every other respect, better ships.

Although we have not at this time one hundred and thirty-five ships belonging to the subjects of five hundred tons each as it is said we had in the twenty-fourth year of Queen Elizabeth, yet are our merchant men now far more warlike and better appointed than they were. . . . There are in England at this time four hundred sails and merchants fit for the war which the Spaniard would call galleons.<sup>1</sup>

<sup>1</sup> Raleigh, Sir W., *A Discourse on the Inventions of Ships*.

The galleon had a long projecting beak and her fore-castle was set well back from the stem, as contrasted with the overhanging superstructures of the early Tudor period. During the sixteenth century the clumsy superstructure of two or three decks erected on the ship tended to disappear, and Elizabethans were accustomed to break up the decks and incorporate them in the lines of the ship. In the Royal Navy and in the East India service the high fore-castle and high poop were continued, but the West Indiamen, in response to need and as the result of experience, tended to lose these features. In the early part of the period the quarter-deck and fore-castle-deck were normally connected by a couple of spars lashed together which formed a kind of bridge over the waist of the ship, but gradually more permanent gangways came in, whose width was steadily increased until at the close of the period the whole of the waist was covered in and there was a continuous deck forward from quarter-deck to fore-castle.

The West Indiamen were always smaller ships than those of the East India Company. While at the close of the period 1200 tons was the usual capacity of a Company's vessel, a 500-tonner was considered large in the West India trade. These ships were usually two-deckers, having a lower deck which ran straight through the ship from stem to stern and an upper deck, which, however, might be at different levels in different parts of the ship. Thus, for example, a 300-ton West Indiaman of 1768 shows four levels in her upper deck, and she came as close as possible to a typical West Indiaman if, indeed, such a vessel ever existed. She had one continuous deck near the water-line; forward of the waist her upper deck was stepped down so as to provide head-room in the fore-castle. Further aft, just before the mainmast, it was stepped up in a similar manner in order to form a quarter-deck. Aft of the mizzen-mast it dropped again two and a half feet and thus provided head-room in the cabins

under a low poop-deck. She had a low, rounded stern below a single tier of stern and quarter windows. Indeed, the rounded stern, which was a seventeenth-century development, for long differentiated English from foreign ships.

Thus, while during this period the outward appearance of the West Indiaman changed as the high poop and low bow were replaced by a lower poop and forecastle and a higher bow, the shape of the hull also underwent important modifications. The sheer or longitudinal curve upwards which had been a marked feature of early sixteenth-century ships became much less prominent, while the tumble-home or inward slope of the sides from water-line upwards, which characterised sixteenth-century ships, tended to decrease and the sides of the vessel to approximate to walls. This tumble-home was so pronounced in many ships of the Tudor age that a vessel might be twice as wide at the water-line as she was at the top of the side.

In rig there was again a marked contrast between ships used in the West Indian and American trade and those of the East India Company and the Royal Navy. While the latter took on topgallants and royals, the former remained during the seventeenth century three-masters with six or seven sails. They usually had a square spritsail on the bowsprit, a square foresail and fore-topsail, a square mainsail and main-topsail and a lateen sail on the mizzen, and sometimes a spritsail topsail. At the beginning of the eighteenth century jibs and staysails were added, and as the size of the West Indiamen increased they tended to approximate to the ordinary rig of a full-rigged ship. The spritsail and the spritsail topsail of the seventeenth century were replaced by headsails, while the three masts as a rule each carried four square sails with staysails and spanker. Double topsails and double topgallant sails did not come into use until the nineteenth century,

the former after 1841, the latter after 1870. In the course of three hundred years the three-master, while remaining unchanged in essentials, took on six times as many sails as those used by Vasco da Gama or Columbus. Long before the end of the eighteenth century, barques, barquentines, snows, schooners and brigs were used in the colonial trade as well as full-rigged ships.

While hull and rigging were thus gradually improved, various mechanical devices which facilitated the working of the ship came into general use. The capstan, which made its appearance in the fourteenth century, became common in the later sixteenth, and the clumsy whip-staff which had replaced the old-fashioned tiller, in turn yielded place to the steering wheel early in the eighteenth century. With the enormous increase in the amount of canvas carried and in the height of masts, various improved devices such as fids for the lowering of topgallant and top-masts appeared, and the old system of bonnets on the sails was, to some extent, replaced by reefing. At the same time, with experience and long voyages came better charts and more accurate instruments, but perhaps the greatest boon ever conferred upon sailors was the invention of the chronometer.

At the beginning of the seventeenth century a ship of 100 tons was considered a large one in the Atlantic trade, and, as has already been seen, even at the end of the period a 500-ton West Indiaman was thought a very great ship. In comfort and appearance these West Indiamen were very inferior to the splendid and sumptuously appointed East Indiamen, but in proportion to their size they were superior as cargo carriers to their magnificent contemporaries, which were run man-of-war fashion with the 'tween-decks occupied by the crew. Moreover, they were more handy and quite as seaworthy. It has been said that the East Indiaman with its regular runs, its care for the entertainment of passengers and lavish equipment,

may be considered the ancestor of the modern liner, while the small, less showy, rather uncomfortable but eminently practical West Indiaman was the forerunner of the tramp.

During the period under review, the State laid itself out to encourage shipbuilding, both in England and in the colonies. To take but one example of many; it was announced in 1692 that any English ship of 600 tons built within the next seven years, having three decks, a fore-castle, 5 feet 6 inches between each deck from plank to plank and mounted with 30 pieces of ordnance, was to receive on her first three voyages a drawback of one-tenth part of the customs payable on her cargo. Though eighteenth-century ships may have appeared to the layman not vastly different from those of two centuries earlier, yet as a result of such State action as this, and because of experience and the advance of marine architecture, they were in every way superior to the clumsy craft in which Columbus and Cabot had won such renown.

In spite of all these improvements, however, even for those who could afford to provide themselves with such comforts as were available, a long sea voyage was generally a hazardous and almost always an unpleasant experience. To begin with, attacks from pirates were very much more common during the seventeenth and eighteenth centuries than is usually supposed. Moreover, as there was so often a war on with one or more foreign countries, the civilian traveller had also to think of enemy ships-of-war and privateers. On the rare occasions when neither pirates nor legitimate enemies were to be expected, the passengers had many other miseries to contend with, including the vagaries of the elements, clumsy ships and sometimes the captain's inadequate knowledge of the art of navigation. Seventeenth- and eighteenth-century ships could sail within six points of the wind but they always

made much leeway, and in the days before the chronometer, and before the ocean had been properly charted, it must have been something of a miracle when a ship without difficulty or wide departures from her course, arrived at the port for which she had sailed. When it is remembered that in the seventeenth century it was not uncommon for ships to return to port without having been able to discover the islands of Bermuda for which they had set out, it is evident that ocean travel in that period was something of a gamble.

Almost every traveller who has left any record tells the same story of violent storms, prolonged calms lasting sometimes for weeks, damaged rudders, sprung masts, torn sails, leaks, inadequate rations, failure of the water supply, accidents of all sorts, disease and death. One or more of these disasters might prolong a voyage of a few weeks into as many months, and the ships which sailed from port never to be heard of again were depressingly numerous. The unhappy passengers in the best of ships lived in cramped and uncomfortable quarters, sometimes battened down under hatches for weeks at a time. They were frequently on the verge of starvation and suffered the pangs of acute thirst, which the brackish liquid so sparingly doled out to them did little to quench. Living in constant dread of an outbreak of pestilence, there was little to relieve the monotony of their existence but gambling, gossip and a few games. There were some hardy or fortunate ones for whom a long ocean voyage was a pleasant experience, but Pinkard, who went out to the West Indies towards the end of the eighteenth century, expressed the feeling of most ocean travellers of the time when he said that the best news he could give of an ocean voyage was that it was over.

The voyage of the *Mayflower* with the Pilgrim Fathers in 1620 is one of the earliest of which records of passenger travel are extant. The *Mayflower* was about 94 feet long,

24 feet beam, and her rigging appears to have been of the usual small three-master type, square-rigged on fore- and main-mast, a lateen sail on the mizzen, and probably a spritsail under the bowsprit. She had a high forecastle and poop and was low in the waist. She was low between-decks, not over tight in her upper works and was popularly known as a wet ship. Yet at the time she was considered to be a very good vessel, comfortable, well appointed and seaworthy. Her passengers were accommodated aft in cabins and bunks, while the crew lived in the forecastle, and she also carried live stock such as pigs, goats and poultry. Her crew consisted of 15 to 20 men and she carried 102 passengers. Her already limited space was largely occupied between decks by the parts of a large shallop, which must have rendered conditions aboard extremely uncomfortable and cramped. This tiny, overcrowded ship took over two months and a half to make the crossing, and it is not surprising that to these weary voyagers even the bleak forbidding coast of New England in December appeared as a Promised Land. In spite of innumerable articles of household furniture found in almost every New England home which their owners declare came over with the *Mayflower*, there is no record of any household furniture having been placed aboard, and, indeed, there was obviously no room for very much. It would take many modern liners to hold all the alleged genuine *Mayflower* articles to be found in New England to-day.

The diet aboard this first North Atlantic passenger boat was simple in the extreme, and it must have been very monotonous. Bacon, salt-beef, hard tack, herrings, cheese and small beer constituted the staple. Butter, vinegar and mustard were accounted great luxuries, while prunes and lemons were carried for medicinal purposes, and there was a small stock of gin and Dutch schnapps. The food was served out each day to the passengers and was usually



eaten cold, as the only cooking possible had to be done in a frying-pan over a charcoal brazier or by a kettle suspended over a fire lit in a box of sand.

In 1638, John Josselyn made the voyage to Massachusetts in the *New Supply* alias the *Nicholas of London*, a ship of 300 tons burthen and well armed. She carried a crew of 48 sailors, the Master, the Merchant or Undertaker and 164 men, women and children. They left Gravesend on 26th April and anchored in Massachusetts Bay on 3rd July. According to Josselyn, the week at sea was made up of three meat days and four fish days. On the flesh days each mess of four men was supplied with two pieces of beef of  $3\frac{1}{2}$  lbs. each, 4 lbs. of bread, 1 lb. of peas and 4 gallons of beer, together with mustard and vinegar. The seventeenth-century ocean travellers did not apparently believe in dry diet. On fish days the food was much the same, except that fish replaced meat and there was also an allowance of butter and cheese. One gallon of oatmeal a day was considered sufficient for fifty men, so that while they had porridge they apparently did not have it in excess. In addition,

for private fresh provisions you may carry with you (in case you, or any of yours, should be sick at Sea), Conserves of *Roses*, *Clove-gilliflowers*, *Wormwood*, *Green Ginger*, *Burnt Wine*, *English Spirits*, *Prunes to stew*, *Raisons of the Sun*, *Currence*, *Sugar*, *Nutmeg*, *Mace*, *Cinnamon*, *Pepper and Ginger*, *White Bisket*, or *Spanish Rusks*, *Eggs*, *Rice*, juice of *Lemmons* well put up to cure, or prevent the *Scurvy*, *Small Skilletts*, *Pipkins*, *Porrengers*, and *Small Frying pans*.<sup>1</sup>

During the period of the great migration, which occupied the fourth decade of the seventeenth century, when so many men of substance left England for the New World carrying with them their poor relations, their friends and servants, it was quite common for an emigrat-

<sup>1</sup> Josselyn, J., *An Account of Two Voyages to New England*, p. 13.

ing gentleman to charter a whole ship for the voyage. He was solely responsible for the provisioning of the passengers, while the owner had to see to the feeding of the crew. The chartering of a ship was an expensive undertaking, since the sailors' wages alone for one month on a ship of 150 tons, having two decks and a half, carrying 36 men and 12 guns, were £120. Many writers of the period also give a list of the articles of clothing which a man should carry with him for the voyage. This included hats, stockings, suits of clothes, canvas sheets and a variety of other articles, the total cost of which Josselyn put at £4 a man. In 1649, another traveller, Colonel Norwood, agreed to pay £6 a head for the transport of himself and his family to Virginia, and in addition to pay the usual charges for carrying provisions and goods in "the good ship (falsely so-called) *Virginia Merchant*".

Richard Ligon, who went out to Barbados about this time, describes a most interesting incident of his voyage:

About the Latitude of 45 degrees, we met with a ship coming from *Guinney*, but bound for *London*; the Captains name was *Blague*, a very civill gentleman halde us, came aboard us, and invited divers Gentlemen that were there aboard his ship: which was a *Friggot* of about 400 tunnes, her loading *Gold* and *Elephants teeth*. . . . We stayed together almost a whole day, the weather being very calm, and almost no wind at all; in the evening, a fresh breese began to blow, which served us both in our severall ways, and so saluting each other with our ordinance wee took leave.<sup>1</sup>

Christopher Jeaffreson, who went out to his estates in *St. Kitts* in 1675, sailed in an old-fashioned, square-sterned boat which, however, he declared to be comfortable. On the whole, he seems to have been pleased with his voyage, although it lasted over twelve weeks and was enlivened by a hurricane, a bad leak, a near escape from

<sup>1</sup> Ligon, R., *A True and Exact History of the Island of Barbados*, p. 2.

being driven ashore, a dead calm and chase by a Turkish pirate. His return voyage in 1681, which took ten weeks, illustrates the ordinary mishaps liable to occur on a long sea voyage during that period. They were delayed by "long calmes" and light breezes, for the ship was "foule" and required "a full sail to carry her along". Further, the main- and fore-topmasts "sprung both at once in one night, and it was some days before they could be got up again".<sup>1</sup> Of life aboard, he says:

I thank God we wanted for nothing all our voyage except wine, which held out pretty well. We came in sight of Dover before we eat our last turkey. We have lived plentifully all the way. Only we were a little too lavish of our liquors at first; or else we had not wanted.<sup>2</sup>

An amusing account of a voyage to Jamaica is to be found in a fragment of a pamphlet published in 1698, and as this gives a clear picture of life aboard ship at the end of the seventeenth century, it is worth quoting:

I Embark'd about Two a Clock in the Morning, where the Chief Mait, as Master of the Ceremonies conducted me to a wellcome Collation of *Cheese* and *Bisket*, and presented me with a Magnificent *Can* of Sovereign *Flip*,

—the adjective appears to apply to the liquor and not to the can, as he goes on to say:

prepared with as much Art as an *Apothecary* can well show in the mixing of a *Cordial*. After this Refreshment, I betook my self to a *Cabin*, which fitted me so well, it sat as tite as a *Jacket* to a *Dutchman*, where I Slept till Morning. . . .<sup>3</sup>

Of his fellow passengers he says:

I shall be too tedious if I at large Particularize the whole Company. I shall therefore *Hustle* them together, as a *More-*

<sup>1</sup> Jeaffreson, J. L., *A Young Squire of the Seventeenth Century*, vol. 1, p. 289.

<sup>2</sup> *Ibid.*

<sup>3</sup> *A Trip to Jamaica. . . .* By the Author of *Scot's Paradise* (Edward Ward, B.M.), p. 7.

fields Sweetener does *Luck in a Bag*, and then you may Wink and Choose, for the Devil a Barrel the better Herring amongst us. We had one . . . *Cherubimical Lass*, who, I fear, had *Lost her Self*, two more, of the same *Gender*, who had lost their *Husbands*; two *Parsons* who had lost their *Livings*; three *Broken Tradesmen*, who had lost their *Credit*; and several, like me, that had lost their *Wits*; a *Creolean Captain*, a *Superannuated Mariner*, an *Independent Merchant*, an *Irish Kidnapper*, and a *Monmothean Sciths-Man*, all going, with one Design, to patch up their Decay'd Fortunes.<sup>1</sup>

This pamphlet is particularly interesting because the writer tells something of the deck games of his day:

The chief *Sports* we had on Board, to pass away the tedious Hours, were *Hob* [a kind of quoits, so that deck quoits would appear to have a long tradition behind it], *Spie the Market*, *Shove the Slipper* [possibly a forerunner of the modern shuffleboard], *Dilly Dally* [an obsolete game] and *Back-Gammon*; the latter of which proved as serviceable to me, as a *Book of Heraldry* to a *Gentleman Mumper*, or a *Pass* to a *Penniless Vagabond*: For . . . I us'd to make my Days Labour worth *Two Shillings*, or *Half-a-Crown*, at *Two Pence*, or a *Groat a Bout*. The most powerful Adversary I engag'd with, was a *Parson*, who, when the Bell Rang for Prayer, would start up in the middle of a Hit, desire my Patience whilst he step'd into the *Great Cabin* and gave his sinful Congregation a *Dram* of *Evangelical Comfort*, and he would wait upon me presently. But that *Recreation* in which we took a more peculiar delight, was the *Harmony* we made, by the assistance of the two *Heaven-drivers* in Lyricking over some *Antiquated Sonnets*, and for varieties sake, now and then a *Psalm*, which our Canonical *Vice Whippers* Sang with as Penitential a grace, as a *Sorrowful Offender* in his *Last Night-Cap*.

To please my Self at a Spare-Hour, I had taken with me a *Flute*, and there being on Board a *Spannel Dog*, who (*Seaman-like*) had no great kindness for *Wind Musick*, for whenever he heard me *Tooting*, he'd be *Howling*, which, together, made a Noise so surprising, that it frightened away a *Quotidean Ague*, from a Young Fellow who had been three weeks under the hands of our Doctor.<sup>2</sup>

<sup>1</sup> *Ibid.* p. 10.

<sup>2</sup> *Ibid.* p. 11.

Three-quarters of a century later, Janet Schaw, a Scottish gentlewoman, who described her voyage from Scotland to Antigua, gave a much more sombre account, though she states that Scottish ships of the day were notoriously bad:

We are now got on Board [she says] heartily fatigued, yet not likely to sleep very sound in our new apartments, which I am afraid will not prove either very agreeable or commodious; nor, from what I can see, will our Ship be an exception to the reflections thrown on Scotch Vessels in general, as indeed nothing can be less cleanly than our Cabin, unless it be its Commander, and his friend and bedfellow, the Supercargo.<sup>1</sup>

The Schaws took with them a private supply of stores, including eggs, butter and other luxuries, which, however, were all swept away by a storm, and before the voyage was over they were obliged to subsist on ship's rations. These they found consisted of

a few barrels of what is called neck beef, or cast beef, a few more of New England pork (on a third voyage across the Atlantick, . . .), Oat meal, stinking herrings, and . . . potatoes,<sup>2</sup>

and there was not a biscuit on board fit for any but hogs.

Their tiny cabin, which was dignified by the name of state-room, was about 5 feet wide and 6 feet long. This minute chamber was fitted with two bunks, one of which was so narrow that its occupant had to be strapped in at night. The servant slept on the floor between the berths, while Miss Schaw's brother occupied what she styles a "Cott" which swung from the roof of the cabin. Sometimes the water in the cabin almost reached the level of the bunks, so that the plight of the unfortunate servant must have been miserable indeed.

<sup>1</sup> Schaw, J., *Journal of a Lady of Quality*, pp. 101 ff.

<sup>2</sup> *Ibid.* p. 52.

To their great surprise, the Schaws discovered that although the captain had assured them that there were no passengers on board, the 'tween-decks was crowded with Scottish emigrants. These unfortunate steerage passengers, according to Miss Schaw, lived in conditions of indescribable filth, and it is scarcely an exaggeration to say that the lot of the slaves on the infamous Middle Passage was not very much worse.

I saw the deck covered with people of all ages, from three weeks old to three score, men, women, children, and suckling infants. . . . They looked like a cargo of Dean Swift's Yahoos newly caught. . . . The smell which came from the hole where they had been confined was sufficient to raise a plague aboard.<sup>1</sup>

For nine days the emigrants were battened under hatches.

They could not ly down, but sat supporting their little ones in their arms, who must otherwise have been drowned. No victuals could be dressed, nor fire got on, so that all they had to subsist on was some raw potatoes, and a very small proportion of mouldy biscet.<sup>2</sup>

The fare of these emigrants was not only inadequate in amount but poor in quality. Each grown person was allowed 1 lb. of neck beef or spoiled pork, 2 lbs. of oatmeal and a small quantity of damp and mouldy biscuit per week, so that had they not brought with them a supply of potatoes they would not have arrived in the West Indies alive. Their only drink was a small quantity of brackish and bad water, and for this they often had to wait.

Twenty-one years after Miss Schaw's voyage to Antigua, Dr. Pinkard gave a much more attractive account of life at sea. His ship, the *Lord Sheffield*, was perfectly clean and well appointed for the accommodation and comfort of passengers. The great cabin was large, mahogany-wainscotted, and furnished with chairs, sofas and pier

<sup>1</sup> *Ibid.* pp. 28-30.

<sup>2</sup> *Ibid.* p. 49.

glasses. Even to so bad a sailor as this doctor the latter part of the voyage seems to have been enjoyable.

As soon as we entered the trades, our ports and scuttles were beat open, we had a free circulation of air through the cabin night and day. The windows were likewise opened . . . and the Venetian blinds admitted a breeze whilst they excluded the rays of the sun. . . . When upon deck we were protected by a canvas awning, under which we had a shaded walk, ventilated by a free current of air. Having several bathing tubs on board, we had, likewise the comfort, the luxury, I might say, of plunging into sea-water every morning.<sup>1</sup>

It was still necessary, however, for passengers to provide most of their own food, and Dr. Pinkard describes scenes of frenzied marketing in Portsmouth, on a sudden alarm that the fleet was to sail: "Multitudes thronged on shore to purchase provisions and stores", and so great was their dread of "being reduced to salt food and the ship's allowance", that

each seized upon whatever provisions he could find, asking no questions, but paying any money that was demanded. . . . All the butchers' and bakers' shops were quickly emptied. Not a loaf, nor a bit of meat, nor even a carrot or a cabbage remained.<sup>2</sup>

During the eighteenth century, when travel to and from the colonies became common, first-class passengers appear to have trusted on the outward voyage to the provisions laid in by the commander. Judging by the references which frequently occur to the expensive luxuries required by passengers, the general standard of catering on reputable English ships was on a much more elaborate scale than that on the Scottish ship in which Janet Schaw made her journey. Complaints, however,

<sup>1</sup> Pinkard, Dr., *Notes on the West Indies*, vol. 1. pp. 77-8.

<sup>2</sup> *Ibid.* pp. 29-30.

constantly recur, and it is sometimes difficult to decide whether these were reasonable or otherwise. Thus, one traveller to Barbados as late as 1812 complained about the treatment of himself and his fellow passengers during the voyage. He describes his crossing as the worst he had ever made, and the packet, the *Lady Arabella*, as the worst vessel he had ever been in:

At the end of a fortnight we were told there was no more White Wine or Spirits on board. At the end of three weeks we were informed there was no Rice nor any more Candles on board, so that we were obliged to use Oils, and that in a warm climate is no very pleasant thing.<sup>1</sup>

His bed-place was so leaky that unless the weather was fine he could not dry the bed-clothes.

Thank God its not likely to last much longer, as we have a fine Breeze, the passengers are all pleasant enough, but heartily vexed at the treatment as well as myself.<sup>2</sup>

The owners indignantly denied these allegations, and asserted that everything possible had been done for the comfort and convenience of the passengers, who had stated that they preferred wine and water to spirits. The ship had been stocked accordingly, but after they had got to sea the passengers' taste for spirits had revived. As some port wine, a sheep and a hog had returned to Falmouth, it was clear that the provisioning of the vessel was not so bad as Mr Lindo declared, and as the captain said:

both the Master and Stewards informed me they never were so disagreeably situated with cross tempers before, and Mr Lindo having wrote at sea where he had nothing else to occupy his thoughts, some allowance must be made for the warm manner in which he expresses Himself.<sup>3</sup>

<sup>1</sup> *Falmouth Packet Office Letter Book*, 23rd October 1810 to 2nd May 1812, p. 170.

<sup>2</sup> *Ibid.* p. 171.

<sup>3</sup> *Ibid.*



At the beginning of the eighteenth century communication between England and the plantations had become so important and the danger from enemy attacks so great, that it was decided to run a regular service of swift, well-armed packet boats. On 11th February 1703 it was announced, in pursuance of the Queen's intention of appointing boats to convey letters and packages to and from Barbados, Antigua, Montserrat, Nevis, St. Christopher and Jamaica for the encouragement of trade and commerce, that a mail would go from the General Post Office, London, on Thursday, 25th February, for the above-mentioned islands. Thenceforward a mail was to go to the West Indies on the last Thursday of every month. About the same time it was announced that a packet service was to be started between Bristol and New York, that inland posts had already been established through Maryland, Virginia and the Carolinas, and that others would shortly begin. The rates to the West Indies were to be: for letters not exceeding one sheet of paper 9d., for those not exceeding two sheets 1s. 6d., and for packets weighing an ounce 2s. 6d., and so on in proportion. The rates to the mainland colonies were rather higher: for letters not exceeding one sheet of paper 1s., not exceeding two sheets of paper 2s., for longer letters in the same proportion, and for packets of greater weight 4s. an ounce.

The packet boats in Queen Anne's time were usually vessels of 80 tons burthen, specially built for strength and speed, well manned, and "commodiously contrived for the entertainment of passengers who will be kindly received and entertained on board on easy terms". These boats were permitted to carry five tons of merchandise on the outward passage and ten tons on the return, "whereby all persons may send small parcels to New York and any other place from thence inland and be accommodated therein at reasonable rates". During 1703, three ships

were placed on the West Indian run, one of which was captured during the summer and had to be replaced. Those which returned to port made the round trip between Falmouth or Plymouth and the West Indies in just over a hundred days. In 1705, the West Indian service was placed upon a more permanent basis when the Government let out a contract for five boats to ply regularly between Great Britain and the Caribbean colonies. It is a significant indication of the presumed value of this service that the contractor considered it worth paying £12,500 a year for the privilege of running these vessels. These new packets were to be larger ships than their predecessors, 150 tons burthen, carrying ten guns each and manned by a crew of 26. This service was continued for the remainder of the period of the war, but after the Treaty of Utrecht, 1713, and the return of peace, it was no longer felt to be necessary.

During the first half of the eighteenth century such packet services were regarded merely as war-time measures, and it was not, therefore, until the renewal of the hostilities with France in 1744 that the packet service was once more revived. Even then it seems to have been considered mainly as a precaution against enemy attack, for although between 1745 and 1749 four well-armed packets regularly carried the mails between the Mother Country and the West Indies, the service was discontinued at the close of open warfare. By that time, however, the packets had won such a permanent place in the esteem of the travelling public, and there was so much movement of mails and passengers to and from the New World, that a permanent and regular service was obviously desirable. There was, therefore, a good deal of experimentation, and in 1749, the year in which the packet service had been temporarily abandoned, a new direct service between England and New York was proposed. The ships employed were to be of 200 tons burthen, well appointed,

and manned by 30 men. This scheme, however, never materialised fully, for in 1755 two packets were engaged to run on the Falmouth-New York route, but after that it became permanent, and in 1764 two more were added. These were ships of 200 tons burthen, carrying an armament of six carriage guns, four swivels, and a crew of 30, and they were supposed to make the round trip between Falmouth and New York in about five months.

In that year there were three lines of packets plying regularly between England and her colonies in the New World. Bristol, Plymouth and Falmouth were the home ports, and the packets sailed thence to New York, Charleston and various West Indian islands. With the outbreak of hostilities in the continental colonies in 1775, the packets were armed as ships-of-war. When, however, peace returned in 1783, the regular service to New York was once more resumed, and five years later these ships touched at Halifax, Nova Scotia, for two days both on the outward and inward passage. As the Admiralty was advised against sending ships to Nova Scotian waters during the winter, owing to the prevalence of fogs and dangerous winds, these calls were only made during the eight months from March to October inclusive. Thus, for some time all British North American mails during the winter months were carried through the United States, a policy which many felt to be both dangerous and unwise.

By the end of the eighteenth century, then, travel between the Old World and the West Indies, the United States and British North America was common and increasing. The rates for passengers were regularly published and fairly standardised. Considering the change in the value of money since that time and difference between the best of the slow-going, uncomfortable packets and the worst of the modern liners, the people of the eighteenth century paid a high price for their travel. Not

only was the passage itself long and expensive, but the traveller could never be certain within a few days when the ship would sail, and a week or more might elapse between his arrival at Falmouth and his departure.

On the arrival of the passenger at Falmouth [states the Falmouth *Guide*] it is necessary for him, in order to secure his passage in the packet, to apply to the commander. He must then procure a passport for himself and a suffrance for his baggage from the Custom house, taking care to mention the full number of the packages he intends to take. The luggage must be carried to the tide-surveyor's office on the quay to be examined by the surveyor who, if nothing contraband is found, immediately signs the suffrance.<sup>1</sup>

The baggage could then be taken on board, but, if the ship was not about to sail, the *Guide* states that the passenger would be well advised to take it back with him to his inn, as it might be several days before the wind became fair.

A cabin passage to Martinique or Barbados cost £54, steerage £30; cabin to Jamaica £60, steerage £33; Jamaica to Falmouth £54, steerage £37. On the American run the rates were: Falmouth to Halifax, cabin £54, steerage £30-£34; Falmouth to New York direct was the same; Falmouth to New York *via* Halifax, cabin £59, steerage £33; Falmouth to Bermuda, cabin £54, steerage £30. Female servants were obliged to travel cabin, infants under one year went free and between one and three were rated steerage, but after that age they were charged full-rates fare. On the outward voyage all passengers except those to Lisbon were obliged to take their own bedding, while on the return voyage from the West Indies passengers were required to supply their own food; but this rule did not apply to those returning from the United States or Halifax. Passengers were allowed to

<sup>1</sup> *The Falmouth Guide*, 1815.

carry large stocks of linen and wearing apparel and books not above the weight of 400 lbs. Thus, even if the passage was long and tedious the experienced traveller might, by the good supply of books he took with him, fortify himself against utter boredom.

## CHAPTER IV

### ANGLO-COLONIAL TRADE BEFORE THE REVOLUTION

THE Newfoundland fishing trade is the oldest branch of English commerce with the New World. From the beginning of the sixteenth century English fishermen, particularly from the west country, frequented the Banks, and by the time of Elizabeth this trade was said to be the mainstay of many of the western ports. It was only natural, then, that Newfoundland should be selected by Sir Humphrey Gilbert for the establishment of the first English colony. Nothing but the prospect of developing and monopolising the fishing industry could have impelled him to select an island otherwise so unattractive to sixteenth-century Empire builders.

When the era of English colonial expansion opened, therefore, Newfoundland was already known and esteemed, but in the fishing trade, as in all branches of commerce, it is difficult to separate economic from political considerations. Seventeenth- and eighteenth-century statesmen undoubtedly recognised the potential wealth of the Newfoundland fisheries, but they valued those distant fishing-grounds in addition because of the training in seamanship which they provided. Men who had survived a few seasons in that hard and dangerous school made unequalled material for the Royal Navy. Thus, many of the writers who mention Newfoundland during these two centuries dwell on the fact that it was "the seminary of English seamen", a "famous school of seamanship", and often they were so obsessed with its political significance that they scarcely mention the economic importance of the traffic in fish.

It was stated in Parliament in 1621 that the mariners engaged in the Newfoundland trade made up half the total for all England,<sup>1</sup> and that at least 300 ships had gone there that year from the west country alone.<sup>2</sup> During the Civil War the fishing trade languished, with consequent disaster to Plymouth and other western ports. In 1645 a petition was sent to Parliament from the merchants, owners of ships and others in Plymouth which drew attention to the disastrous consequences of the war on their trade.<sup>3</sup> Apparently this decline continued, as in 1657 there were not enough English ships on the Banks to take away the fish, and a Bill was introduced into Parliament which authorised the carriage of fish in foreign bottoms for the space of two years. The sponsor stated that the intention of the Bill was to enable English fishermen to furnish the people of Spain with fish, "which were always our best chapmen for it. It will stink on our hands else."<sup>4</sup>

In the latter years of the seventeenth century the Newfoundland trade was eclipsed by that of other colonies, and in 1672 a Committee was appointed to enquire into the causes of its decay. During the wars of William III, the French made havoc of the English fisheries. They destroyed the settlements, captured ships and almost succeeded in bringing about the utter extinction of the English trade. As a result of these depredations a stream of petitions flowed up to Parliament from the west, in particular from Dartmouth, Exeter and Poole. This trade, it was pointed out, was of great value to His Majesty's revenues and provided education of seamen such as no other could parallel, but if a sufficient defensive

<sup>1</sup> Stock, L. F., *Proceedings and Debates of the British Parliaments respecting North America*, vol. 1, p. 26, 26th February, H.C.

<sup>2</sup> *Ibid.* p. 36, 25th April, H.C.

<sup>3</sup> *Ibid.* pp. 177-8, 24th March, H.L.

<sup>4</sup> *Ibid.* p. 242, 30th May, H.C.

force was not afforded, the petitioners and the trade would be ruined.

At the end of the seventeenth century it was stated before a Committee of the House of Commons that the Newfoundland trade gave

employment in time of peace, to about 140 sail of ships yearly, who carry more than 5000 men, who make ordinarily in a fishing season 200,000 quintals of fish and 2000 tuns of train oil.<sup>1</sup>

The greater part of this product was exported direct to Spain, Portugal and the Mediterranean, though some was brought home to England, and the ships took out with them nothing but products of England, salt excepted. In spite of its recognised value and the repeated efforts of the Government, the trade to Newfoundland and to other northern countries fell off considerably in the later decades of the seventeenth century,

occasioned as we presume by the increase of other trades which have been found more beneficial to the traders and easy to the seamen and which has drawn off our people from those trades and given opportunities to foreigners more used to hard labour and diet to get a share of them.<sup>2</sup>

The repeated recommendations and petitions produced the desired result as far as the authorities were concerned, for the government of William III was fully alive to the political and economic importance of this branch of English commerce. The port of St. John was fortified, other harbours were strengthened and convoys were provided to protect the fishermen from sally-men and other sea-rovers.

In 1700, 220 ships of all kinds manned by 4960 men were engaged in the Newfoundland fisheries. These ships,

<sup>1</sup> *Ibid.* vol. 2, p 188, 29th January, H.C.

*Ibid.*



together with the permanent inhabitants of the island, produced 312,000 cwts. of fish in addition to an unspecified quantity of train oil.<sup>1</sup> With the outbreak of war (November 1702) the output fell off again and only 41 ships in all were engaged, manned by 259 men. The total amount of fish taken was only 82,140 cwts. and 1465 hogsheads of train oil.<sup>2</sup> By the middle of the eighteenth century the annual output of fish had risen to 250,000 quintals, which was exported mainly, as in the seventeenth century, to the Iberian Peninsula and the Mediterranean. The total direct trade between England and Newfoundland, even when that to Hudson Bay, Labrador and Nova Scotia is added, was never large during the first half of the eighteenth century. In 1700 the total imports from those regions combined amounted only to £19,201, and English exports to £26,075. By 1750 the total imports amounted only to £46,207 and exports to £63,177.<sup>3</sup>

It is, indeed, impossible to give any exact estimate of the total amount of this trade at any time during the period, and these figures are merely mentioned for purposes of comparison with other branches of colonial trade, such as that with the West Indies referred to later in this chapter. In order to be exact it would be necessary to know the value of commodities exported by New England, but this is quite impossible, since so much of it never passed through any custom-house. Also, in estimating this trade it must be remembered that Newfoundland was the apex of a triangular traffic. From England went food, fishing-tackle and clothing, and at the end of the season's fishing the ships cleared for Spain and Portugal to dispose of their cargoes. In due course they returned home laden with the products of those countries, and thus Newfoundland played a not unimportant part in the maintenance

<sup>1</sup> *Ibid.* vol. 2, p. 434, 5th February, H.C.

<sup>2</sup> *Ibid.* vol. 3, p. 5, 20th November, H.L.

<sup>3</sup> Macgregor, J., *Commercial Statistics*, supplement, pp. 95-7.

of a favourable balance of trade between Great Britain and its chief source of wine and fruit.

While Newfoundland basked in the sunshine of mercantilist approbation, the New England colonies, New York and Pennsylvania were less fortunate, for they sinned against the light in many ways.

It is a law founded on the very nature of colonies [says Postlethwayte] that they ought to have no culture or arts wherein to rival the arts and culture of the parent country. . . . A colony incapable of producing any other commodities than those produced by its mother country would be more dangerous than useful.<sup>1</sup>

It was naturally undesirable, according to such writers, that colonies should consume commodities purchased from foreigners which they could procure in England, or that they should sell abroad articles which England was prepared to buy. The function and *raison d'être* of a colony was to produce commodities which the Mother Country would otherwise be obliged to obtain from strangers, and throughout the period mercantilist writers constantly return to this theme.

All colonies and foreign plantations do endamage their Mother-Kingdoms, whereof the Trades of such Plantations are not confined by severe Laws, and good executions of those Laws, to the Mother Kingdom.<sup>2</sup>

Or again, according to Cary,

all plantations settled abroad out of our own people must needs be a loss to this kingdom except they are employed there to serve its interest.

<sup>1</sup> Postlethwayte, M., *Britain's Commercial Interest Explained and Improved*, vol. 1, pp. 153-4.

<sup>2</sup> Child, Sir J., *A New Discourse on Trade . . . and the Nature of Plantations and their Consequences in Relation to the Kingdom*, p. 6.

Judged by this standard the northern continental colonies were condemned, for from the beginning economic necessity, as well as the character of the people, impelled them to disregard mercantilist laws and theories when it was to their advantage to do so. Had it not been for the ever-present French menace it is certain that many at home would gladly have abandoned the New England colonies. It was clear, however, that if Great Britain did not control them France would, and once established on the Hudson or Massachusetts Bay, that country would be a very much more serious menace to the rich plantation colonies of the south than she could ever be on the St. Lawrence. The northern colonies, in fact, with all their defects, were strategically important, and, therefore, whatever their economic shortcomings might be, they had to be maintained, but they were never loved.

Indeed, the northern colonies received far less consideration from the imperial authorities than their economic importance merited. In spite of their irregularities and their spirit of insolent independence, their place in the Old Colonial Empire was more important than contemporaries or many historians since have recognised. They furnished Great Britain with considerable quantities of furs, skins, fish, oil, naval stores, timber and ships. In 1697 their imports into England were valued at £42,000 and at £26,000 the following year, while they took out of England for these same years goods valued at £160,000 and £190,000 respectively. Considering that in the latter year the total export trade of Great Britain to the American and West Indian colonies amounted only to £747,898, it is plain that the trade to the northern colonies was by no means a negligible quantity. As the following table shows, the New England colonies continued to import more than they exported, and even when allowance is made for their imports from other colonies it

still remains true that as buyers of English goods they were exceedingly valuable customers. But this fact apparently did not weigh sufficiently with the imperial authorities to balance the heavy account of breaches of mercantile principles with which they were charged.

TRADE BETWEEN GREAT BRITAIN AND THE NEW ENGLAND  
COLONIES, 1700-1769

Year	Exports	Imports <sup>1</sup>
	£	£
1700-1709	33,852	87,341
1710-1719	49,476	128,894
1720-1729	60,646	166,763
1730-1739	62,083	199,811
1740-1749	48,812	183,082
1750-1759	52,662	368,026
1760-1769	98,222	379,369

Perhaps the most important branch of New England's export trade to the Mother Country was ships. Though the Thames shipbuilders complained of American competition on more than one occasion, English traders as a whole benefited by the cheap and serviceable vessels which they purchased from New England. As early as 1676 this group of colonies had already constructed 630 vessels, of which 30 were large ones, ranging from 100 to 250 tons burthen, and 400 were medium-sized vessels of from 30 to 100 tons. During the years 1763-66, New England exported to the Mother Country about 70 ships, valued at £700 each, while New York exported 20 for the sum of £14,000 and Pennsylvania 25 for £17,500.<sup>2</sup> In 1769, the continental colonies built 113 square-rigged

<sup>1</sup> Johnson, E. H., Van Metre, T. W., Huebner, G. G., Hanchette, D. S., vol. 1, *History of the Domestic and Foreign Commerce of the United States*, pp. 120-21.

<sup>2</sup> *American Husbandry*, 1775, quoted Faulkener, H. U., *American Economic History*, p. 112.

ships and 246 sloops and schooners with a total tonnage of 19,988, and just before the Revolution, of the 7694 vessels which made up the British mercantile marine, 2342 were of colonial, the majority of New England, construction.<sup>1</sup>

These colonies not only carried on a very important direct trade with Great Britain; they were also largely concerned in the inter-colonial trade of the plantations to the south. From a petition addressed to the House of Lords in 1647, it is plain that inter-colonial trade was already established at that time and that horses and oxen were being sent from Virginia to Barbados.<sup>2</sup> Jeaffreson sent agents to New England to buy pork and horses, and he also sent there certain stores which he had received from England suitable for the northern colonies but not vendible in the Islands.<sup>3</sup> At the beginning of the following century it was estimated that the northern colonies purchased from Jamaica sugar, rum and molasses worth at least £20,000.<sup>4</sup> Uring, about 1698, speaks of the lumber of all sorts, dried fish, beef, pork, pitch, turpentine, tar, tallow and bay berry and wax candles which New Englanders exported to the West Indies.<sup>5</sup>

Twenty years later, William Wood acknowledged the great importance of this traffic. He believed that the northern colonies, though of small direct value to Great Britain, had an important indirect one in furnishing the southern colonies with food cheaper and better than could be sent from England, and so contributed to their productivity.<sup>6</sup> This benefited England in two ways, for it enabled the planters to produce cheaper sugar and it also enabled the people of the northern colonies to buy

<sup>1</sup> Johnson, Van Metre, Huebner, Hanchett, *op. cit.* p. 125.

<sup>2</sup> Stock, *op. cit.* vol. 1, p. 197, 23rd October, H.L.

<sup>3</sup> Jeaffreson, *op. cit.*, vol. 1, pp. 249-50.

<sup>4</sup> Stock, *op. cit.* vol. 3, p. 81, 30th November, H.L.

<sup>5</sup> *The Voyages and Travels of Captain Nathaniel Uring*, p. 79

<sup>6</sup> Wood, W., *A Survey of Trade*, p. 149.

more English manufactured goods. Postlethwayte speaks of the great quantities of linen, wearing apparel, household furniture, silk and other manufactures of England which New England purchased.<sup>1</sup> Just before the Revolution, Joshua Gee<sup>2</sup> went so far as to commend the trade which Pennsylvania had developed with the West Indies and the Spanish colonies. In return for corn and provisions, they brought home large quantities of silver, with which they purchased broadcloth, druggets, kerseys, serges, stuffs and manufactures of all sorts.

Maryland, Virginia and the Carolinas approximated more nearly to the mercantilist's ideal. They required to be watched, however, for they were not above smuggling, and they were quite prepared to purchase such goods as the northern colonies produced, even when they were to be had from England. At first it was intended that Virginia should send home a wide variety of forest products, silk and various sub-tropical commodities, but these intentions were never realised, for, in spite of the lifelong hostility of James I to tobacco, Virginia had begun to specialise in the cultivation of that particular crop before that King's death. In the Civil War this colony relied mainly upon tobacco exports as its mainstay, and already the policy of the Home Government was changing. By the time of the Restoration the change was complete, and from then on England did all she could to foster the growth of Virginian tobacco. The English growing of this crop was ruthlessly suppressed, but only at great expense and after many years of protracted effort. Foreign tobaccos were kept out of the English market by prohibitive duties, and in every possible way the English taste for Virginian tobacco was stimulated. Mercantilists were prepared to encourage

<sup>1</sup> Postlethwayte, *op. cit.* pp. 148-9.

<sup>2</sup> Gee, J., *The Trade and Navigation of Great Britain Considered*, chap. xxi.

this colony to cultivate a crop which could be grown in England, because it was generally believed at the time that soil in which tobacco had been grown was useless afterwards for cereal crops, and this was not a result which those who preached national self-sufficiency were prepared to encourage. The seventeenth century thus witnessed a vast increase in the export of tobacco from Virginia and Maryland. In order to keep the plantations supplied with the necessary labour, white servants, both voluntary and involuntary, young and old, men and women, were shipped off in hundreds to the James and the Potomac, and these colonies were also furnished with an ever-increasing supply of negroes.

A valuable direct trade between the tobacco colonies and London, Bristol and other home ports was developed. From England went wearing apparel of all kinds, household furniture, weapons and food, and from Virginia came tobacco and some forest products. In addition to this direct trade, the slave ships, whose cargoes had been disposed of in Virginia, returned home laden with tobacco. It was stated in Parliament in 1672 that for every pair of shoes of the value of 2s. or 2s. 6d. sent out of England there was a return of 30 lbs. of tobacco,

which payeth five shillings to the King by the duty of twopenne per pound already imposed which showeth the vast advantage we have in that trade.<sup>1</sup>

Even at that early date the Royal Revenues benefited from this trade by about £80,000 per annum. In 1695 the merchants and planters of Virginia and Maryland stated, in a petition to Parliament respecting their inadequate supplies of slaves, that if they were to receive the servants they required they could increase their export thrice over. In order to prove how valuable a slave might be to England they stated that one negro

<sup>1</sup> Stock, *op. cit.* vol. 1, p. 374.

in a year on a Virginian plantation could produce enough tobacco to pay £30 or £40 sterling in English customs.<sup>1</sup>

Bearing in mind that in 1700 total English imports amounted to £5,736,322 and exports to £6,208,030,<sup>2</sup> some conception of the importance of the Virginian and Maryland trade may be gathered from the fact that in the same year their exports were worth £317,302 and their imports £173,481.<sup>3</sup> At the beginning of the century Virginia's export of tobacco averaged 35,000 to 40,000 hogsheads,<sup>4</sup> while from July 1703 to May 1704 127 ships, having a total burthen of 21,797 tons, cleared from these colonies laden with a small quantity of pitch barrels, 52,886 hogsheads of tobacco, together with a considerable quantity of leaf in chests, barrels and in bulk.<sup>5</sup>

Wood states that about the year 1718 the annual value of tobacco exported from Virginia amounted to £600,000, two-thirds of which was later re-exported.<sup>6</sup> Throughout the period, in fact, mercantilist writers were agreed in regarding the southern colonies as in every respect superior to those of the north, and Gee expresses the common point of view when he says:

the *Tobacco plantations* take from England their cloathing, household goods, iron manufactures of all sorts, saddles, bridles, brass, copper, wares: and notwithstanding their dwelling among the woods, they take their very turners wares, and almost everything else that may be called the manufacture of England; so that indeed it is a very great number of people that are employed to provide a sufficient supply of goods for them.

England takes from them not only what tobacco we consume

<sup>1</sup> *Ibid.* p. 160, 28th February 1694-95, H.C.

<sup>2</sup> *Accounts and Papers* 1898, vol. 34, p. 46.

<sup>3</sup> Johnson, Van Metre, Huebner, Hanchett, *op. cit.*

<sup>4</sup> Stock, *op. cit.* vol. 2, p. 431, 5th February 1701-2, H.C.

<sup>5</sup> *Ibid.* vol. 3, p. 71, 30th November 1704, H.C.

<sup>6</sup> Wood, *op. cit.* p. 144.



at home, but very great quantities for re-exportation, which may properly be said to be the surest way of enriching this Kingdom.<sup>1</sup>

Though the Carolinas and Georgia were not as valuable as Maryland and Virginia, they grew steadily in importance. In 1733 South Carolina exported 36,584 barrels of rice and 91,110 in 1740, besides a considerable quantity of pitch, turpentine, lumber, provisions and Indian corn.<sup>2</sup> Postlethwayte states that the total export from the continental colonies of naval stores, corn, rice, skins, furs, tobacco, fish, timber of all kinds, oil and ships, amounted annually to £1,500,000 and upwards, that as most of the articles dealt with were bulky their freight was worth £350,000 sterling to the British mercantile marine, and that this trade employed no less than 10,000 British seamen.<sup>3</sup> The following figures illustrate the enormous growth of this trade in the eighteenth century:

TRADE BETWEEN GREAT BRITAIN AND THE AMERICAN  
COLONIES SHOWING THE EXPORTS FROM AND  
IMPORTS INTO THESE COLONIES <sup>4</sup>

Year	Exports	Imports
	£	£
1700	395,021	344,341
1710	395,774	333,443
1720	468,188	319,704
1730	572,585	536,860
1740	717,416	813,382
1750	814,766	1,314,083
1760	761,099	2,611,764
1770	1,015,535	1,925,571

<sup>1</sup> Gee, J., *op. cit.* chap. xv.

<sup>2</sup> Lindsay, W. Shaw, *History of Merchant Shipping and Ancient Commerce*, vol. 2, pp. 226-7.

<sup>3</sup> Postlethwayte, *op. cit.* p. 481.

<sup>4</sup> Johnson, Van Metre, Huebner, Hanchett, *op. cit.* pp. 120-21 (from Hazard, *United States Commercial and Statistical Register*. I. 4-5).

Thus, while the West Indies were the colonies *par excellence* and *sans reproche*, the continental group was still considered as of great value, even by the most prejudiced and narrow mercantilist.

To the statesman and economist of the time, the West Indian colonies were everything that ideal plantations should be. They produced commodities which could not be grown in England and which, but for them, the Mother Country would have been compelled to purchase from foreigners. Not only did they supply the home market with all that it required of these commodities, but they sent home large stocks of their products which, either in a manufactured form or in the raw state, having paid customs and, in some instances, having furnished employment to British work-people, could be re-exported. Thus they helped to preserve England's favourable balance of trade with other countries. At first sight an examination of available figures relating to the West Indian trade would seem to suggest that mercantilists were illogical in so far as this particular traffic was concerned. Judged from the point of view of the balance of trade, the commerce of the West Indies was unfavourable to this country. From the time when regular figures become available England bought from the West Indies more than she sold to them. But the mercantilists were not really illogical. According to them, plantations were merely kitchen gardens, and, therefore, their trade with the Mother Country was on an entirely different footing from commerce with foreign countries. The money which England paid for her sugar was usually spent by the planters in England and, as the colonies were theoretically part of England, the more prosperous the sugar trade was the better for the country as a whole, especially as a substantial amount of the sugar taken by England was re-exported to foreign countries.

At first, the English settlers in the islands went in for

EXTENT AND DISTRIBUTION OF THE TRADE OF THE OLD CONTINENTAL COLONIES 1769.<sup>1</sup>

IMPORTS

Colony	Great Britain	South of Europe	West Indies	Africa	Total
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
New Hampshire		652 7 6	48,528 18 7		
Massachusetts		21,908 5 0	155,387 1 4		
Rhode Island		2,580 19 6	56,839 17 3	180 0 0	564,034 3 8
Connecticut		267 5 3	53,993 17 3		
New York		14,927 7 8	97,420 4 0	697 10 0	188,976 1 3
New Jersey		326 18 2	1,663 19 9	..	1,990 17 11
Pennsylvania		14,249 8 4	180,591 12 4	..	399,820 16 0
Maryland		4,683 2 3	32,197 13 9	5,400 0 0	851,140 6 6
Virginia		9,442 2 4	77,453 12 6	7,020 0 0	1,080 0 0
North Carolina		932 19 9	10,603 13 3	1,080 0 0	535,714 2 3
South Carolina		6,166 6 1	65,666 4 8	124,180 10 0	81,735 16 8
Georgia		547 7 7	9,407 9 9	13,440 0 0	
TOTAL	1,604,975 11 11	76,684 9 11	789,754 4 5	151,998 0 0	623,412 6 3

EXPORTS

Colony	Great Britain	South of Europe	West Indies	Africa	Total
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
New Hampshire		464 0 5	40,431 8 4	96 11 3	
Massachusetts		76,702 0 4	123,394 0 6	9,801 9 10	
Rhode Island		1,440 11 0	25,206 13 2	7,814 19 8	550,089 19 2
Connecticut		2,507 4 5	79,395 7 6	..	
New York		50,885 13 0	66,324 17 5	1,313 2 6	231,906 1 7
New Jersey		..	2,531 16 5	..	2,531 16 5
Pennsylvania		203,752 11 11	178,331 7 8	560 9 9	410,756 16 1
Maryland		66,555 11 11	22,303 9 2	..	991,401 18 6
Virginia		73,635 3 4	68,946 9 1	..	569,584 17 3
North Carolina		3,238 3 7	27,944 7 9	71 15 4	
South Carolina		72,881 13 1	59,814 11 6	619 16 9	
Georgia		614 3 0	13,285 15 1	..	96,169 19 4
TOTAL	1,531,516 8 6	552,736 11 2	747,910 3 7	20,978 5 1	2,852,441 8 4

<sup>1</sup> *Ibid.*, p. 92.

a variety of crops. Their holdings were small and they thought of the West Indies as "a white man's country" in which Englishmen could work in the fields as they did at home. It soon became clear that the course of West Indian economic development was to be of an entirely different character. In the middle of the seventeenth century an agrarian revolution took place in all the British West Indian settlements. Thousands of settlers moved to new islands, the Carolinas or some other continental colony. Gradually the general crops were given up for specialised cultivation, and in the eighteenth century, sugar and its by-products had become the chief West Indian concern, though the Islands continued to export ginger, cotton-wool, lime-juice, various dye-woods and some other tropical products. Sugar, however, was their staple and occupied the same position in their trade and legislation as wool did in England. On at least one occasion these two staple trades came into conflict. The planters of Barbados in 1703 petitioned Parliament against a Bill then before the House of Commons which was intended to compel them to clothe their negro slaves in woollen cloth. If this Bill became law, it was said, it would press very heavily on the people of Barbados, for this island

being in a very hot climate they generally use such calicoes for clothing, they being light and cheap and can be often washed so as to keep the people sweet and clean, and to oblige them to wear improper clothing would have the contrary effect.

As will be seen in the next chapter, the West Indies were the chief market for negroes and, therefore, the mainstay of the African trade. Besides the share which they took in the triangular trade between England, Africa and themselves, there was from the beginning a very great direct trade between these colonies and the Mother Country, as well as the extensive commerce with the northern con-

tinental plantations. Jeaffreson, in a letter written from the island of St. Christopher to his cousin, Mr William Poyntz, a merchant, gives some account of the kind of trade that was likely to pay best:

I must begin with Madera wine as the most profitable [he says]; the English merchant could ship to that island baizes, serges, that is, perpetuances, hats, cheese, butter, white and red herrings, pilchards and beef,

and even if these could not be sold there they were always marketable in the English West Indies. It was more probable that they could be exchanged at good profit for Madeira wine and thus a double profit could be made on one outward voyage, "since there is no living here without those wines".<sup>1</sup>

However, the West Indies required other things besides Madeira, and, indeed, almost every necessity of civilised life had to be taken out. A typical cargo in the seventeenth century would include foodstuffs of various kinds, particularly cheese, butter, herrings, pilchards and corned beef, soap, candles, household furniture of all kinds, pottery, draperies, clothing, hardware, agricultural implements, harness, horses, weapons, powder and shot, and, in fact, almost everything the planters required except the few vegetables and fruits which they grew for themselves, and their staple product. In the seventeenth century, before the steady flow of slaves began, perhaps one of the most important exports of all was servants. "If Newgate and Bridewell should spew out their spawn into these islands", Jeaffreson says, the planters would greatly rejoice. When he arrived on his plantation the cultivation of indigo was still important, but he realised the great value of sugar, and during his residence in St. Christopher became the leading sugar producer:

<sup>1</sup> Jeaffreson, *op. cit.*

Indigo, doth now seldom thrive, and I see everybody that is able working upon sugar, which is certain gaine.<sup>1</sup>

Indeed, one of the aims of the Restoration Government was to capture the sugar trade from the Portuguese and to make England mistress of the world's trade in this commodity. In a letter to R. Q. Penshaw, the English agent in Portugal, the latter was ordered to make a careful study of the Portuguese colonial trade, to discover its extent and character, how controlled and what was the ultimate destination of the surplus:

You shall inform yourself what quantities of sugars are yearly brought from thence to Portugal, what duties it pays there, how much is spent within the Kingdom, and whither the rest is sent and in what ships, whether the trade be driven from thence by the Portuguese only or by whom else and in what bottoms.

In effect the end and aim of this particular enquiry and disquisition is that you may thereby discern whether it may be practicable that the English may engross to themselves the sole trade in sugar.

In another letter to the same English representative a few months later, Clarendon referred to this subject again, and Penshaw was reminded that the Government relied upon him to be diligent in his researches, and I must tell you that I do expect to find you marvellously learned in that whole trade of the East and West Indies, and of how to make both of more use to us.<sup>2</sup>

Within twenty years of that time Portuguese exports of sugar to England had practically ceased, and the latter drew her supplies from her own plantations in Barbados, Nevis and Montserrat. Barbados remained to the end of the seventeenth century the chief English colony in the

<sup>1</sup> *Ibid.* vol. 1, p. 189.

<sup>2</sup> Hist. MSS. Comm. Rept., John Heathcote.

West Indies, but in the eighteenth Jamaica took the first place, a position which she continued to hold until the economic collapse which followed the abolition of the slave trade, the emancipation of slaves and the victory of Free Trade in Great Britain. In the fiscal year 1698-1699, Barbados exported to England goods valued at £273,947 and she took in return English commodities worth £150,968. Jamaica came second with £174,844 in imports into the Mother Country and £136,690 in English exports. These two were followed by Antigua, Nevis and Montserrat, which sent to England goods valued at £109,440, £74,857 and £23,162 respectively, while they received from England goods worth £30,435, £16,477 and £7159.<sup>1</sup> While West Indian imports were valued at £829,178 in 1700 and exports from England at £334,194, by 1750 the former had increased to £1,515,824 and the latter to £546,545. By 1800 they were £7,669,287 and £4,087,112 respectively.<sup>2</sup> When it is remembered, moreover, that about half of West Indian imports were re-exported, it is plain why contemporaries looked upon the West Indies with such favourable eyes. Another feature of this trade to which constant reference is made, was that the West Indian plantations annually remitted to England large quantities of gold and silver, which they had obtained in their traffic with the Spanish colonies.

The character of West Indian products, as well as their value, fitted in with mercantilist requirements. The accepted policy was to make the Empire self-sufficing, and to be self-sufficing it had to be powerful. The slave trade, upon which West Indian prosperity was built, gave employment to large numbers of English ships and to thousands of English sailors. The direct trade of the Islands with the Mother Country and with other colonies

<sup>1</sup> Stock, *op. cit.* vol. 2, p. 432, 5th February 1701-2, H.C.

<sup>2</sup> Macgregor, *op. cit.* vol. 5, p. 378.

still further increased the value of the West Indies to the Mercantile Marine and, therefore, to the Royal Navy. The ever-increasing army of negro slaves had to be fed and clothed, and though in the eighteenth century the greater part of their foodstuffs came from the continental colonies, England supplied all their clothing and the other necessities of planter and slave alike. England also continued to send out quantities of food, though this was a risky trade. Indeed, the colonial merchant had often a great deal to complain of when his consignment arrived. The following indignant letter illustrates the difficulties of a distant trade at that time and the complaints to which it gave rise:

WEST INDIA, BARBADOES. *Augst. 9th, 1776*

The Candles entirely spoiled from the Ignorance of the person who put them up not having put any paper between the rows of Candles, they are all run together, and fit for no other use but tallow. MEYLER & MAYSE.

The Pickle Bacon all spoiled, for want of care in the pickling it stunk. BUSH, E. & B.

The Tripes not much better . . . &c . . . do.

The Cyder was so infamously packed that upon opening the Heads of the Casks the straw sunk 8 or 10 In: in everyone and out of the whole we got but 7 doz: and 9 full Bottles the rest being broke and leaked out. BUSH, E. & B.

We requested the Hams should be small, but instead of that there was few under 20 lb. and the greatest part from 25 lb. to 30 lb.—some of which spoiled on our hands which would not have been the Case had they been smaller. HOLE & Co.

We wrote for 3 doz. smoaked Tongues, instead of which we received three Kegs pickled Tongues charged at a most extravagant price. HALL & Co.—no smoked Tongues to be had at the time.



The Cask of basket salt all spoiled from the neglect of the putter up not tying paper over the mouths of the Basketts but packed them loose in the Cask with dirty straw, so that the Salt left the basketts and mixed with the straw, nor is the quality equal to that we get from London. FARLEY.

The Tobacco is of most infamous bad Quality, particularly the Pigtail, no Person that once tastes it ever returns for more. T. EVANS. G. & A.

In addition to the employment they gave to English ships, these islands were of great strategic importance in the wars of the eighteenth century. Jamaica was particularly valuable from this point of view. She was situated nearer to the Spanish settlements than any other of the English islands, particularly to Havana, hitherto the rendezvous of Spanish galleons and flotas. Being so situated, moreover, the island could be used in time of peace, as it was after 1713, as a staple for the export of slaves to the Spanish possessions. At the beginning of the eighteenth century the English attached enormous importance to the slave trade

now enjoyed by the French who do not only furnish the Spaniards with negroes for working their mines but almost entirely supply them with all necessities from Europe for which they are paid in pieces of eight or other, the richest commodities.<sup>1</sup>

It was on the strength of such opinions as these that England based such glittering hopes on the control of the Assiento, which she received at the close of the Spanish Succession War, hopes, however, which turned out to be illusory. In addition to all its other advantages, Jamaica had a splendid harbour which could accommodate large numbers of ships of war, able to defend the islands and annoy the enemy in all directions. The foreign colonies had only open roads and harbours of no great defence to their shipping.

Thus in the course of these two centuries a great colonial trade came into existence. Although cramped in many directions by contemporary economic theory, its volume grew enormously, until in the opinion of statesmen, publicists and the nation at large it was the cornerstone of English prosperity. The merchants of London, Bristol, Liverpool, Glasgow and many other British ports grew rich, and the planters were content. The seafaring community was provided with abundant employment, and contemporary opinion believed that national power was greatly enhanced. Yet there is much in Adam Smith's criticism that this trade was unnatural, resembling a condition in the human body in which one particular member has been over-developed, for it was based on two economic fallacies represented by the slave trade and the laws of trade and navigation.

## CHAPTER V

### THE AFRICAN TRADE

BEFORE the beginning of the sixteenth century some Englishmen appear to have been attracted to the African trade. Exaggerated stories of the wealth which the Portuguese had acquired on the West Coast of Africa aroused the cupidity of some among the more daring of English traders and captains. In spite of the voyages of William Hawkins in the 'thirties of the sixteenth century, however, and later of such men as John Lok and John Hawkins, the African trade does not seem to have attracted much attention during the first three-quarters of the sixteenth century. It has been seen in an earlier chapter that such Englishmen as were attracted by distant voyages found an ample field for their energies in the exploitation of the Newfoundland fisheries.

In the later part of the sixteenth century Africa received much more attention. John Hawkins proved the lucrative character of the trade in negroes, and Englishmen were also drawn to the West Coast by stories of the abundant gold and ivory which were said to abound there. Indeed, down to the Restoration the African trade was chiefly valued on account of these two commodities, and the successive companies which appeared between the reign of Elizabeth and the accession of Charles II were more particularly interested in the development of these trades. Cargoes of negroes from time to time were carried across the Atlantic to the New World, but as far as the slave trade is concerned the period prior to 1660 was one of beginnings.

Englishmen were inclined to view slavery with ab-

horrence, and the trade in human flesh with disgust. In the early plantations the holdings were small, and if forced labour was required, it could be procured from the overcrowded gaols at home. As the century advanced, however, it became clear that Englishmen were not by nature adapted to arduous and prolonged labour under a tropic sun. This fact, coupled with the growing recognition of the commercial value of tobacco and sugar, helped to bring about the agrarian revolution in the southern continental and West Indian colonies. Small holdings gave place to large plantations, and more and more there was a demand for abundance of cheap labour. This was met in several ways. The political and religious convulsions of the seventeenth century provided a substantial stream of prisoners who were condemned to labour in the plantations. It has been seen, moreover, that this was supplemented by the kidnapping and spiriting of children and men and women.

Great as the supply of white servants was, however, it was not sufficient to keep pace with the steadily increasing demand of the tobacco and sugar plantations. Thus it came about that English merchants and planters turned their attention to the Guinea Coast. Though Prince Rupert, one of the prime movers of the Company of Royal Adventurers of England Trading into Africa (1660), was mainly interested in gold, many Englishmen were already impressed with the commercial possibilities of the trade in negroes. During the previous twenty years the Dutch had developed a lucrative traffic in this commodity with the English colonies, and the Englishmen of the Restoration period were inclined to be more interested in pounds, shillings and pence than in the religious and political discussions which had obsessed their fathers. Though gold and ivory were still sought on the West Coast, English traders came to be more and more interested in the traffic in negroes, and before the end of

the century an English economist wrote in almost lyrical terms of the value of this commerce. He described the African trade as one

of the most Advantage to this Kingdom of any we drive and as it were all profit, the first cost being little more than small matters of our own Manufactures for which we have in Return Gold, Teeth, Wax, and Negroes, the last whereof is much better than the first, being indeed the best Traffic the Kingdom hath, as it doth occasionally give so vast an employment to our People both by Sea and Land. These are the Hands whereby our Plantations are improved, and 'tis by their Labours such great quantities of Sugar, Tobacco, Cotton, Ginger, and Indigo are raised which being bulky Commodities employ great numbers of our ships for Transporting hither, and the great number of Handicraft Trades at home, spends more of our Products and Manufactures and makes more sailors who are maintained by a separate Employ—this trade indeed is our silver mines for by the overplus of our negroes above what will serve our plantations we draw great quantities thereof from the Spaniards, a trade we are lately fallen into by a compact of the two nations.<sup>1</sup>

The Company of Royal Adventurers, which was organised in 1660 and whose charter was renewed in 1663, undertook to supply the English colonies with 3000 slaves a year. Its successor, the Royal African Company (1672), whose headquarters was London, attempted to substantiate its monopoly of this now important branch of English commerce, and thus aroused the bitter hostility of the English Outports, more particularly Bristol. A long struggle ensued which did not end until the Company itself yielded place to a newly created regulated company, the Company of Merchants trading to Africa (1750). In the meantime, Bristol and Liverpool had both firmly established themselves in the African trade. In the

<sup>1</sup> Cary, J., *An Essay towards regulating the Trade and employing the Poor of the Kingdom*, pp. 52-3.

second half of the eighteenth century the former city held the first place in the slave trade, but long before Wilberforce began his crusade Liverpool had outdistanced all rivals. Between 1660 and 1807 the slave trade became one of the chief branches of English commerce. The earlier antipathy to it was replaced by a conviction of its supreme importance to England. The Government did everything possible to foster it and to assist the English traders in their struggles with foreign competitors, and before the end of the eighteenth century these efforts were crowned with success. Denmark and Prussia soon dropped out, Spain was never very active and Portugal was soon outdistanced by France, Holland and England.

In the second half of the eighteenth century the combined export of slaves from Africa of France, Holland and Portugal did not equal that of England. This country became the purveyor of slaves not only to her own colonies, but to those of Spain and of other European Powers. The slave trade became the essential middle term in a triangular trade between England, the West Coast of Africa and the plantation colonies. Though there was still some direct export of African products to England in return for those of this country, the chief movement of African products was westward across the Atlantic. Thus, ivory and gold frequently reached England by way of the West Indies or the southern continental colonies. The ships carried out with them to Africa a varied assortment of goods, rough cloths, silk handkerchiefs, ornaments of various sorts, "fine Hatts edged with Gold and Silver", spirits, guns, powder and shot, and a depressing list of chains, neck collars, manacles, shackles, handcuffs and iron rings. Having taken on the cargo of slaves, the ships sailed for the New World, under orders from the owners to report to agents at specified places. When the slaves were all disposed of, the barricades were taken down, the

holds cleared of slave fittings, cleaned and white-washed, and the ship got ready to receive its cargo of sugar, rum, molasses, dye-woods, cotton, tobacco, or whatever desirable cargo was available.

From this it can be seen that provided a captain was expeditious and fortunate, he might be the means of making three profits for his owners. The original cargo from England was always valued on the African Coast at more than its real worth, and thus the negroes were bought at a profit. In view of the high mortality in the Middle Passage and the other risks inseparable from this trade, this was, indeed, a needful precaution. Ships sometimes arrived in the colonial ports with the majority of their slaves dead, dying or unsalable. When this did not happen, however, and a captain made a quick passage from the Coast, he was often able to dispose of his negroes for a sum substantially greater than he paid for them. He was unfortunate, indeed, if in the English market his West Indian cargo did not bring a handsome return.

In the Outports the trade was in the hands of individual owners of one or more ships, or of established firms such as Messrs Isaac Hobhouse and Company and Messrs Laroche and Company, both of Bristol, while down to 1750 the London trade was mainly in the hands of the Royal African Company. In the phase of the trade's history which covers the years from 1783 to 1807, Liverpool firms tended to become fewer in number but larger in size. Though London, Bristol and Liverpool were the chief slave ports, Glasgow, Lancaster, Chester and Exeter also participated.

As was customary in other trades at the time, the owners allowed the captain, surgeon and first officer a percentage on the profits over and above their regular wages as an incentive to efficient and faithful service, and in the instructions handed to the captain at the time of

sailing, his activities were very carefully prescribed. Most owners were particularly strict on the subject of the treatment of slaves. None but those in good health and in the prime of life were to be taken. The captains were to see that they were properly fed and taken care of, so that they might arrive at market in good condition. This, however, was not always so easy to carry out as the owners appeared to think. With luck, a captain might take on a full cargo in a few weeks, and be on his return to England with his West Indian products in six or seven months. More frequently he was delayed on the African coast for months, picking up a few slaves here and a few there, so that when he finally sailed for the New World, some, at least, of his negroes were already greatly depreciated in value by the long incarceration aboard.

The method of collecting slaves varied. Sometimes a local chief might have enough on hand to supply a whole ship. At other times boats were sent far up the African rivers to the villages of the interior. Ships might be kept waiting for weeks while the local middleman made his foray, armed with weapons supplied to him for the purpose by the English captain. The Royal African Company had store-houses for goods and houses for slaves at its various forts and posts. It was the business of the local representative of the Company to keep an abundant supply of slaves ready, so that the Company's ships might be slaved as soon as they arrived. It is not the purpose of the present chapter to discuss all the ramifications of slavery, but in order to be ready for the ships when they arrived the traders were obliged to stimulate wars and plundering expeditions against the hapless people of the remote interior.

The so-called Middle Passage has so often been described that there is no necessity here to make a full inventory of its manifold evils. Slaves were usually sent aboard naked, the men in irons and the women and



children free. The accommodation provided was barely sufficient to enable them to survive the journey. Their food was of the coarsest nature, though sensible captains attempted to supply them with the kind of food to which they had been accustomed. This usually consisted of horse-beans, cocoanuts, rice, Indian corn, yams, and in addition they were given on board old Irish beef and still more ancient fish. Even under the best captains, a crowded slave-ship must have been a floating hell, though such men as Captain Crow, one of the most famous of the later Liverpool slave captains, were able to make voyage after voyage without the loss of a single negro. Such men were exceptional, however, for many of them were not only brutal but stupid, and quite incapable of recognising the obvious truth that humanity and economic interest coincided. The worst conditions prevailed on small ships belonging to private owners who were anxious to make a quick return on a single voyage. As the eighteenth century advanced and the trade passed into the hands of established and reputable firms, the horrors of the Middle Passage were greatly reduced. Down to the time of Abolition, however, even for the most fortunate negro, the voyage was a period of unmitigated misery in comparison with which the arduous labour on the plantations was almost pleasant.

One of the chief causes of this general misery was fear. The negroes, for the most part, had only a hazy idea why they had been torn from their homes, and they were even less clear as to their destination. The mere fact of being at sea filled them with dread, and when their persecutors forced them, under the lash, to consume the food which was supplied to them, they felt convinced that they were being fattened up for a cannibal feast. Fear not only dominated the minds of the slaves; it was never absent from the thoughts of the captain and his crew. No-one knew what terrible tropical pestilence

might break out at any moment and sweep away both black and white alike. Again, infuriated cargoes of slaves, driven to action by despair, sometimes were successful in their mutinies, and on these occasions the captain and his crew learned something before they died of the ingenious barbarity of African natives. Barricaded decks, with guns peeping through at strategic places, armed guards, and brutal discipline were grim reminders of the ever-smouldering conflagration which existed on every slave-ship.

Between 1670 and 1683, the Royal African Company lost about 11.2 per cent. of the slaves it carried. The ship *Greyhound* of Bristol in 1723 arrived at Barbados having lost 130 slaves out of 336. Almost forty years later the *Black Prince*, also of Bristol, lost just over 8 per cent., which was considered a very bad voyage for that time. Though it is impossible to be definite on this subject, it appears that during the last three decades of the eighteenth century the mortality among the slaves on the Middle Passage ranged between 4 per cent. and 5 per cent. This, of course, does not include the large number of those who died on the plantations in the first eighteen months after their arrival, during the period of seasoning.

There was also a high rate of mortality among the crews of slave-ships. This largely explains why, in spite of relatively high wages, this trade was never popular among sailors. Generally speaking, no sailor who could find another berth would set foot in a Guineaman, and thus captains frequently were obliged to have their men carried aboard, having previously got them intoxicated in taverns ashore. Often a slaver's crew was a motley throng of ne'er-do-wells, fugitives from justice and victims of the kidnapper. It was partly because of their unfamiliarity with the work, as well as the climate of the West Coast, that mortality among the crews of slave-ships was so high. Of the united crews of 24 British ships

in 1784, amounting to 940, 216 lost their lives or were discharged. In the *Brothers*, only 10 out of the 56 who made up the ship's company when she set sail returned home. In the *Alexander*, 19 out of 51 were left, and 14 out of 44 survived in the *Royal Charlotte*.

It has been seen in the last chapter how, during the eighteenth century, the West Indian trade became more and more valuable to England. This development was due not so much to the increasing efficiency of the planters as to the expanding exploitation of negroes. As exact statistics are not available, it is impossible to say without fear of contradiction what was the precise number of Africans carried to the English plantations. Such figures as may be given here, therefore, must be regarded merely as approximate estimates. In the years 1698 to 1708, Barbados is said to have imported 35,409 blacks, and the population of that island, which in 1628 was 1400 whites, consisted in 1809 of 15,566 whites and 69,119 blacks. Jamaica alone is supposed to have received 610,000 slaves between 1700 and 1786, or one-third of all the Africans taken out by the English during that period. In 1673 the population of this island was 7768 whites and 9904 blacks, and by 1791 it consisted of 30,000 white inhabitants and 250,000 negro slaves, in addition to which there were 10,000 free negroes and 1400 maroons. It must not be concluded, however, that Jamaica was a great negro cemetery as her negro population after almost a hundred years was less than half of the number which she had imported. That colony was, in the eighteenth century, the chief emporium in the West Indies from which negroes were distributed to the other British plantations, as well as to foreign settlements in the Caribbean and on the mainland.

In 1663 the Royal African Company sold slaves in Barbados for £18 each, and in 1700 they could be bought in that island for £19 : 15 : 4. In 1709 they cost from

£18 to £24 per head in Jamaica and from £28 to £30 in Barbados. By 1739 a freshly landed negro man was worth £35 colonial currency and £24 sterling, while in the 'forties the average price rose to about £70 sterling; but Anamabo negroes who cost £9 or £10 on the Coast sold for £29 or £30. Gomer Williams gives the following table of prices for the years from 1759 to 1772:<sup>1</sup>

	£	s.
1759 Whydah negroes averaged at Charleston . . . . .	35	11
1767 Calabar negroes averaged at Grenada . . . . .	27	0
1767 Bonny negroes averaged at Grenada . . . . .	30	10
1768 Calabar negroes averaged at Tortola . . . . .	23	10
1769 Calabar negroes averaged at Jamaica . . . . .	24	14
1770 Windward Coast negroes averaged at Dominica . . . . .	33	8
1770 Old Calabar negroes averaged at Dominica . . . . .	27	12
1771 Eboe negroes averaged at Charleston . . . . .	40	0
1771 Calabar negroes averaged at Dominica . . . . .	30	13
1772 Eboe negroes averaged at Charleston . . . . .	39	15

The average price in Jamaica in 1776 was £50, at which level it remained for several years. According to Bryan Edwards, an able man in his prime brought the same sum in 1791. Pinkard, describing conditions in the West Indies in the years 1795-97, said that the usual cost of a young, healthy man slave might be anything from £50 to £80, according to his age and strength.

In some places the planters or slave-dealers bought the negroes direct from the ship, but the more usual method was to buy them in public auction ashore. They were treated by the auctioneer and the purchaser precisely as if they had been domestic animals, and, indeed, from start to finish, the Englishmen who engaged in this business thought of the Africans rather as near relations to the gorilla than as men. Taking the period 1660 to 1807 as a whole, it is impossible to say with precision how

<sup>1</sup> Williams, G., *A History of the Liverpool Privateers and Letters of Marque . . .*, p. 529.

many negroes were landed in the English colonies. Bryan Edwards states that between 1680 and 1786 the total number of slaves imported into the British colonies was 2,130,000, while Egerton considers that the total for the period 1700 to 1786 was in the region of 1,800,000. Probably the total number of negroes carried out of Africa during the whole period was not far short of 3,000,000.

Already by 1701, 104 ships were engaged in the African trade, which together carried British manufactures to the value of £83,280 and foreign goods worth £50,673 to the West Coast. In 1715, 24 ships only, representing an aggregate tonnage of 2866, participated in this trade, carrying British manufactures worth £24,549 and foreign goods valued at £27,363. During the next fifteen years there was enormous expansion in this branch of English commerce, as in 1730 111 vessels, with an aggregate tonnage of 10,416, sailed for the Guinea Coast. They carried with them £109,688 worth of British goods and £151,001 worth of foreign merchandise. Fourteen years later the trade had declined substantially in consequence of the Spanish War and the entrance of England into the War of the Austrian Succession. In 1744 only 53 ships engaged in the African trade and the tonnage had fallen to 4326, while the cargoes had shrunk to £37,303 in English goods and £57,789 in foreign. During the next few years, more particularly after the treaty of Aix-la-Chapelle and the reorganisation of the trade in 1750, there was once more a rapid expansion. Thus in 1751, 94 vessels with a total tonnage of 9843 left the ports of the United Kingdom for the African Coast, with English goods valued at £100,378 and foreign goods worth £114,261.

Ten years later the number of ships had increased to 138 and the tonnage to 15,689. In that year, the value of English manufactured goods far outdistanced that of re-exported foreign commodities. The former amounted to

£246,720, while the latter was only £78,587. This enormous expansion, in spite of five years of war, illustrates the complete mastery which England had established at sea. In 1771 there were 192 Guinea ships with a combined tonnage of 20,266. They carried to the African Coast £449,487 worth of English goods, £168,340 of Indian and £94,710 of foreign.

After that, this trade declined slowly until the American Revolution, and during that struggle it was almost annihilated. Thus there were 175 ships engaged in 1772, 151 in 1773, 152 in 1775, 101 in 1776, 41 in 1778, 28 in 1779, and the aggregate tonnage, which in 1771 had been 20,296, had shrunk by the latter year to 3475 tons, while the value of goods carried was only £99,183 English, £46,012 Indian and £14,021 foreign. During the next three years there was a steady but slow revival, but in 1783 there was a great leap forward. In that year 130 ships with a combined tonnage of 20,077 carried £573,245 English, £153,619 Indian and £60,698 foreign goods. Then, after two years of decline, the tonnage employed in this one branch of trade rose to 21,438 in 1886 and 22,263 tons in 1887, when 137 ships carried to Africa English manufactures to the value of £401,593, Indian goods valued at £186,258 and foreign goods worth £80,403.<sup>1</sup>

In the decade 1783-93, Liverpool, which by that time had become the chief slave port, sent 878 slave ships to the African Coast. From this it is plain that by the end of the eighteenth century the slave trade had become a very important branch of English commerce. Indeed, from the mercantilist point of view, it was all advantage. It employed large numbers of British workpeople who were engaged in producing the manufactures which Africa required, it encouraged the demand for East

<sup>1</sup> *Report of the Lords of the Committee of Council appointed to enquire into all Matters relating to Trades and Plantations*, pt. 4, no. 1.

Indian goods, it supplied the West Indies with abundance of cheap labour essential to their prosperity; indirectly it brought home to England not only the products of Africa but those of the West Indies as well, and from beginning to end it afforded employment to thousands of tons of British shipping. It was argued also that the long voyages which it entailed helped to train skilful and hardy mariners, who, in time of need, could be used by the nation for its defence, and thus this trade added materially to national power.

It was risky, but it could produce great profits. It was partially the allurements of these which blinded Englishmen, not by nature unkind or brutal, to the sufferings which they caused. But throughout the period there were always a few whose consciences revolted at this terrible traffic. The champions of the trade, however, were able to adduce in favour of its continuance not only arguments based upon the need for economic well-being and national safety, but texts from Holy Writ which proved that in reality the negro was not a man.

In spite of the great profits which undoubtedly accrued from this trade in human flesh, and in spite of all the specious arguments brought forward by the mercantilists in its defence, the day was to come when the majority of the English people would declare that this evil thing must cease to be. When that day came, thousands were impoverished whose livelihood depended upon the Guinea trade, but millions yet unborn were to learn to call that day blessed. By the abolition of the slave trade despite the determination of a powerful and wealthy party in England that it should be retained, the English people proved, if proof were needed, that in the long run the things of the spirit count more in the life of nations than fat ledgers and stores piled high with material treasure.

## CHAPTER VI

### THE EAST INDIAN TRADE

IN her commercial history, as in almost everything else that relates to her, India is unique. She was not, like so much of the British Empire overseas, an undeveloped, virgin wilderness when the British first visited her coasts, but the seat of an ancient civilisation. Indeed, it was in part the fame of her riches and the splendour of her manufactured products which first attracted the peoples of the West to her bazaars. For many centuries before the appearance of the Portuguese in Indian waters, India had carried on an extensive trade with Persia, Arabia, Africa, Ceylon, Farther India and the islands of the East. Through her northern gateway, when the political state of the region permitted, came merchants from Central Asia who took back with them the spices, silks and calicoes of Hindustan.

Though British planter communities have flourished in India and have made notable contributions to its economic development, India is not, and never has been, a colony of England. Down to the second half of the eighteenth century, indeed, she was, as far as English traders were concerned, a foreign country, and her trade was a branch of England's foreign trade. During all that time the English in India were merchants. They came to the country to trade, and their position there was similar to that of the Europeans in China in the nineteenth century. All that they asked of the Moguls was a site for their factories and the right to carry on their commerce in peace. They were not concerned with the internal political situation of India except in so far as it affected trade.



It became evident, however, almost from the beginning that the English were not destined to be allowed to pursue the even tenor of their way as they wished, for there were European rivals to be dealt with, Mogul policy was uncertain in the seventeenth century, and the Empire collapsed in the eighteenth. Thus the English found it impossible to stand aloof from the Indian drama, and in addition to ledgers, merchandise and dividends, they had to concern themselves with diplomatic negotiations, fortifications and war. Trading factors became officials of state, clerks became generals, and a few insignificant trading concessions expanded into an immense empire. Though the political history of India is not the concern of the present chapter, it is essential in following the course of Anglo-Indian trade to bear in mind the political background.

Many obstacles beset the path of the English traders from the beginning, due to the imperfect organisation of the Honourable East India Company, rivalry with foreign traders, the vagaries of Mogul policy, as well as the usual difficulties in that age of carrying on a distant traffic. From its foundation down to 1657 the Company was crippled by the absence of a permanent stock, and the successive stocks subscribed virtually created new companies. Though the same individuals frequently invested in venture after venture, this was not always so. The business of each stock was supposed to be kept distinct from the others, but inevitably they overlapped and there was much confusion. The existence of terminable stocks, moreover, made the Company's affairs very sensitive to the state of the money market in England. Again, English factors in India who should have co-operated as members of the same organisation, frequently competed with each other, and, in short, so long as terminable stocks existed it was impossible for the Company to work out and enforce a unified consistent policy over a period of years.

Throughout the first fifty or sixty years of its existence the Company also suffered grievously at the hands of its own servants. As their salaries were small they were naturally more interested in the furtherance of their own economic interests than in the promotion of those of their employers. After the establishment of a permanent stock many of these evils disappeared, and private trading was brought within reasonable limits.

Throughout the seventeenth century a more serious cause of weakness was the uncertainty of the policy of the English Government toward the Company. The Stuarts were always liable to impecuniosity, and both James I and Charles I found it lucrative not only to grant monopolistic privileges to various individuals and bodies in return for substantial sums of money, but also to grant, at a price, licences which enabled the recipients to infringe the monopolies previously granted. The East India Company was no exception, and as it so happened that the first few voyages yielded handsome profits once the pioneering work was done, and the investor was fairly certain of a sure, quick and high return on his money, there were in London many who were willing to pay well for a royal licence. Thus, in 1637 Courteen's Association was given a royal commission for the first voyage it organised, and letters patent, which virtually amounted to the creation of another East India Company. Though neither this body nor the one associated with the name of Lord Fairfax was a financial success, they helped, by the divisions they caused, to weaken the position of all Englishmen in India. The general economic depression of the 'forties and 'fifties, coupled with the antagonisms of rival English groups, brought the fortunes of the East India Company very low.

Under the Protectorate the general position became worse than ever, as Cromwell in principle was opposed to the special privileges enjoyed by monopolistic joint-stock

undertakings. In so far as the Indian trade was concerned he favoured a regulated company which anyone might join on the payment of a small fee. There was in consequence, for a short time, virtual Free Trade, which was characterised by cut-throat competition, and this, coupled with the enormous contemporary success of the Dutch, almost destroyed the Anglo-Indian trade. Indeed, the Company was at the point of dissolution, when Cromwell recognised his mistake in time and granted a new charter on 19th October 1657. Though the Company's position was greatly improved after that, it still had bitter enemies in London, but during the reigns of Charles II and James II, both of whom called upon it for assistance, its position was not seriously threatened. After the Revolution, however, when there was a general attack on all monopolistic companies on the principle that they owed their existence to a royal whim and not to parliamentary action, the enemies of the East India Company gathered once more for the attack. Battalions of hireling pamphleteers were massed against the ancient citadel of privilege, and a fusillade of abuse was poured on the Company for its alleged crimes, while the heavy artillery of Parliament was also brought into play. In 1690 a Parliamentary Committee recommended the creation of a new joint-stock company, and two years later the House of Commons besought the King to rescind the Company's charter and to issue another in its place. Before this could be done, however, the Company delivered itself into its enemies' hands when it failed by one day to pay a recently imposed tax on joint-stock companies, and thus forfeited its charter.

Under the new charter the capital of the Company was doubled, and a limit was placed upon the amount of individual holdings, while membership was thrown open to anyone willing to pay a fee of £5. It was hoped at the time that this easy condition of admission would put an

end to undesirable activities of interlopers, and on the whole the old Company was inclined to think that the new charter would prove advantageous to all concerned. These hopes were somewhat dispelled when Parliament in 1694 declared that all subjects of England had a right to trade in the East Indies unless prohibited by Act of Parliament. A still greater blow came in 1698 when an entirely new company, styled the English Company Trading to the East Indies, received a charter. From then to the union of the two Companies in 1709 a bitter struggle was carried on in Parliament, in the Press, in the City and in the East, but at last came peace and a half-century of commercial prosperity for the united Company.

These difficulties of imperfect organisation, uncertainty of royal policy and bitter hostility of trade rivals at home, were in themselves sufficient to render the fortunes of the East India Company precarious, but they were by no means the only obstacle which it found in its path. From the beginning, the English had to face the opposition, secret and open, of foreign traders in India. The Portuguese were in the country for a century before the English appeared, the Dutch had a good start, and neither of them welcomed the appearance of a new competitor. But the rivalry with the Portuguese did not last long, for after a few years of hostility, which led from time to time to open strife, an accord was arranged in 1635, which developed into a treaty in 1642. Cromwell still further improved the position in 1654 when a treaty with Portugal was concluded, by the terms of which the English were given the right of trading freely with all Portuguese possessions in the East except Macao.

In 1620 a Danish East India Company appeared on the scene, but it never became a very serious competitor of the English. The Danes, after a somewhat undistinguished career in the East Indian trade, were glad to sell their possessions in India to the English for 12½ lakhs

of rupees. The Ostend Company, founded in 1723, prospered at first, but England made its suppression a condition of her signature to the Pragmatic Sanction and in 1745 its remaining factors were driven from their posts by Indians, inspired, it is said, by Dutch and English rivals. The Swedish East India Company came into existence in 1731 and prospered so long as high English duties on tea made smuggling lucrative. There were besides these companies the Prussian China Company (1750), the Prussian Bengal Company (1753) and the Imperial Company of Trieste (1775-85), none of which, however, ever became important.

In the seventeenth century the most serious European rival that England encountered in the East was Holland, and in the eighteenth century the French succeeded the Dutch. At first the relations between England and Holland were friendly, but although they were both Protestant powers, recently allied against Spain, this friendship rapidly waned. Inevitably friction developed between them, as the English were anxious to tap the spice trade of the Far East, which Holland wanted to monopolise. Serious rivalry began in 1611, and in spite of the Anglo-Dutch alliance and the definite wish of some, at least, of the English and Dutch in the East to maintain peace, the hostility steadily increased, until it culminated in the Massacre of Amboyna, 1623. Though the English were not at that time strong enough to make a counter-stroke, this outrage was not forgotten, and from then on there was open and avowed hostility between the two Companies. When the first Dutch War broke out in 1652, the English in the East were weak and divided, while their enemies were well organised and powerful, and it seemed that Dutch ascendancy was to be permanently established. Fortunately for the English East India Company the war in the West was more favourable to England, and by the Treaty of Westminster (1654)

Cromwell was able to wring from Holland substantial damages for the losses which the English Company had sustained during the war, as well as a long-delayed recompense for Amboyna.

The increased strength of the English Company after 1657 enabled it to maintain and improve its position in spite of the continued hostility of the Dutch. The Treaty of Breda (1667) virtually ended this long struggle, for by that time the English had given up the attempt to develop the trade of the Spice Islands and were confining themselves more and more to India alone, while the Dutch were particularly interested in the cinnamon trade of Ceylon and in the Spice Islands further east.

The conduct of the English trade was also directly affected by the goodwill or antipathy of the reigning Mogul and his servants. Thus Sir Thomas Roe, who was in attendance on the Emperor from December 1615 until early in 1619, declared that the conclusion of any form of commercial treaty was wholly alien to Indian ideas. In 1646 Prince Arungzebe, fearing that the saltpetre exported from Bengal, which was used in the manufacture of gunpowder, might later be employed against Mussulmans, forbade its sale to the English. Forty years later, in consequence of the disturbed state of the country, the relations between the English Company and the Moguls became more and more strained, until in 1688 open war broke out. In the first half of the eighteenth century, when Mogul power collapsed and anarchy spread throughout the length and breadth of India, the English Company was compelled to enter the political game or cease to exist. In this latter period France played the hand which had been taken by Holland in the previous century, but as the duel with France is part of the general political history of England, it lies beyond the scope of the present chapter.

In its early years the Company was obliged to depend

on native interpreters, who robbed it and the Indians without scruple. Moreover, throughout the whole period, but more particularly from the end of the seventeenth century to the middle of the eighteenth, the pirates of the Indian Ocean were notorious. The homing East Indiamen had to run the gauntlet of these marauders, enemy ships-of-war and privateers, and always had to be on the look-out on the African coast and off the Straits of Gibraltar for more pirates and prowling Moorish corsairs.

When the Company was first organised, the term East India was vaguely interpreted as meaning the islands of the Indian Ocean, Arabia, Persia, India, Farther India and the islands and countries beyond. The original aim of the English was to procure pepper and other spices from the Far East. At that time and until the Agrarian Revolution of the eighteenth century, people usually subsisted during the winter on salt meat which had been killed early in November. Spice of some sort was necessary to relieve the dull monotony of this fare, and this made the importation of spices from the East a lucrative business. It was not, therefore, until 1615 that the *Hope*, the first ship to be sent direct from an Indian port with an Indian cargo of indigo and cotton, set sail for England. Though individual voyages were financial successes, the growth of the trade was at first slow. Between 1615 and 1629 only 27 vessels, averaging rather more than 500 tons each, sailed for home with cargoes from Surat. Between 1630 and 1644 only 21 East Indiamen were despatched. Still, by 1646 the factories of the Company were widely spread and, considering the difficulties with which it had been confronted, surprisingly numerous. It was stated in Parliament in 1646 that the East Indian trade was "settled in the dominions of fourteen sovereign Princes", that the Company maintained 23 factories and 92 English factors of all kinds:

upon which factories depend the employment of twenty ships, a great part of which are employed from port to port in collecting merchandise to be ultimately shipped to Europe.<sup>1</sup>

The Company soon found that the manufactured goods which it had to offer were unmarketable in the East Indian Islands, and so it began to buy Indian cottons and chintzes which it later exchanged for spices. As the Dutch grip on the Spice Islands strengthened, however, the English tended to confine their trade mainly to India, and before long they found that Indian textiles commanded a ready sale in England. The linens of Holland and Germany were driven from the English market by Indian cottons, and the Company also found a widespread demand for saltpetre, Malabar pepper, lace, carpets, sugar and raw silk. In exchange for these commodities, the East Indiamen carried out English broadcloth for the Imperial Court, tin, lead, quicksilver, vermilion, Mediterranean coral, African ivory, tapestries, embroideries, other European manufactured goods, and, most important of all, gold and silver.

In the second half of the seventeenth century, tea and coffee began to be important commodities in the cargoes of the homeward bound East Indiamen. The first consignment of 100 lbs. of tea is said to have been sent home in 1667, but the success of the new beverage was almost instantaneous and tea soon became one of the most important commodities in which the Company dealt. By 1686 the China branch of its trade was considered sufficiently important by the Company to be reserved for itself alone. In 1706, 54,600 lbs. of tea were sold in England for £45,000, and by 1750 the sales had risen to 2,325,000 lbs. valued at £540,000 sterling. Much of the increased prosperity which the Company enjoyed in the

<sup>1</sup> Hist. MSS. Comm., 10th Report, App. pt. 6, Lord Bray, p. 66. East India Company to House of Lords, 6th February 1646-47.



eighteenth century, therefore, was due to the development of the lucrative China tea trade. Indeed, this branch of its commerce became its chief economic interest and one of its surest sources of income. Coffee appeared in England a few years before tea, and its widespread popularity ensured for the Company a valuable and expanding source of income.

In consequence of the increasing popularity of Indian cottons, coffee, and tea from China, the East India Company prospered greatly during the Restoration period. In 1669 it was said that it regularly employed 30 vessels and 3000 English sailors per annum and it supplied the nation each year with £180,000 worth of goods, including saltpetre, pepper, indigo, textiles and drugs. It disposed of three times that amount to foreign countries, and was thus enabled to bring home useful products from abroad, as well as a great quantity of bullion and specie.

In 1662-63 the Company paid a dividend of 20 per cent., and 40 per cent. in 1665. After that, however, there was a marked decline, owing to the outbreak of the Second Dutch War. With the close of the Third Dutch War, when England's duel with Holland may be said to have come to an end, the Indian trade not only recovered lost ground but soon was greater in volume than ever before. In 1682 a dividend of 50 per cent. was declared, and at the same time the shareholders were credited with the hitherto-unpaid half of their shares.

In 1670 it was stated that over £400,000 worth of English manufactures, specie and bullion was annually being exported in the Company's ships, and that they brought back thrice that value in goods to England. Early in the eighteenth century the annual export of bullion was estimated at £316,000 and goods at £94,000. The following figures, which were given by Dundas in his

speech on the India Bill, 1793, illustrate the growth of the trade during the eighteenth century:

Year	Bullion Exported	Goods and Stores	Bills drawn on C <sup>o</sup>
	£	£	£
1741-47	567,238	189,411	230,914
1747-57	767,057	267,730	164,482
1757-67	121,287	428,707	432,891
1767-77	110,042	489,081	458,768
1777-84	5,653	500,089	761,425
1784-90	617,936	635,145	1,551,985
1790-93	466,893	935,776	698,336

In return, for these same years the Company's imports into Europe rose from an average of £1,700,675 for the decade 1731-41 to £2,143,459 for the years 1747-57, £3,329,136 for 1767-77, £4,572,466 for 1784-90 and £5,103,094 for 1790-93.<sup>1</sup>

But while the Indian trade thus expanded during the eighteenth century, the Company's dividends never again equalled those of the Restoration period. In the year 1708-9, 5 per cent. was paid, and during the decade 1711-12 to 1721-22 the average was 10 per cent.; in 1732 it was 7 per cent., in 1743-55 8 per cent.; 6 per cent. in 1760 and 5 per cent. in 1768. In general, there was also a tendency for the Company's ships not only to increase in number but also in size. Thus for the four years 1709-13 the annual average sent out to the East was 11, while for the period 1734-48 the annual average was 20. Prior to 1773 the Company was in the habit of hiring its ships for a series of voyages, and paying so much a ton in freight, on the understanding that it would always despatch an agreed number of tons per vessel. By 1810 the Company was sending out an average of 40 or 50 ships a year, and some indication of the general

<sup>1</sup> *Annual Register*, vol. 35, pp. 124-5.

improvement which had taken place in shipbuilding and care of vessels at sea is afforded by the fact that instead of counting on each vessel to make four complete voyages, which was usual in the first half of the eighteenth century, they were now expected to do eight or even more. Long before this, a thriving shipbuilding industry was developed in India in response to the Company's requirements for ships in its coastal trade, and in the nineteenth century the opium clippers were among the most famous ships of the period. Thanks to repeated loans to the Government and to large purchases of Government securities, the Company was enabled to maintain and extend its privileges, though, as will be seen later, the opposition to its monopoly was steadily on the increase.

By the middle of the eighteenth century the trades of the East and West Indies were becoming closely interlocked. From the West Indies there went to England, besides sugar, molasses and other natural products, a great quantity of bullion and specie, mostly of Spanish origin. Much of this latter was re-exported to India, where it was exchanged for a variety of commodities, including cottons and calicoes. These in turn were sent off from England to the African coast to be exchanged for slaves, or direct to the colonies to clothe the negroes on the plantations. Parliament was keenly interested in this commerce, and when the Company did not appear to be active enough in its development, or for some other reason did not bring home a sufficient quantity of Indian textiles for the requirements of the African trade, it took steps to ensure future supplies. In order to provide a sufficient supply of

such coarse printed calicoes and other goods being the product or manufacture of the East Indies or of other places beyond the Cape of Good Hope for the African export trade, which goods being prohibited to be worn in Great Britain, the Company

was to have the privilege of importing such textiles from any part of Europe not within His Majesty's dominions under proper limitations and restrictions.<sup>1</sup>

If, however, the Company failed to furnish the African trade with a sufficient supply of these commodities and other goods, other persons were then to be allowed to import them under like restrictions and limitations.

As might have been expected, the Company was subject to grave suspicion on account of the great quantities of bullion and specie which it annually carried out of the realm. Even after the rigid doctrines of bullionism were departed from, there was always a considerable body of opinion which held that no matter what the Company urged to the contrary, its trade was in the long run detrimental to the true interests of England. The innumerable pamphlets which were written on this subject do little more than repeat the same arguments in a variety of forms *ad nauseam*, and thus the point of view expressed by John Cary in 1717 may be taken as typical. Of the East India trade, he says:

I take it to be very prejudicial as 'tis now driven; because it exports all our Bullion, spends little of our own Product or Manufactures and brings in Commodities perfectly Manufactured which hinder the Consumption of our own.

He believed that the English people should, therefore, be discouraged from wearing Indian fabrics, because the chief profits arising from them came from underselling the products of English workmen,

because 'tis bought there cheaper, than, by reason of the Value of our Lands, and the Price of Provisions they are able to work here.<sup>2</sup>

But the Company had its defenders as well as its detractors. Postlethwayte, for example, considered it a

<sup>1</sup> *Annual Register*, vol. 8, Appendix to Chronicle, p. 241.

<sup>2</sup> Cary, *op. cit.* p. 41.

narrow fallacious view to attack it because it took out quantities of bullion and brought back only luxuries. For, he says, money should be regarded as a commodity for bartering with precisely like any other, and were it not for the Company's demand for business there would be little trade at all. Joshua Gee, while opposed to the monopoly of the East India Company, was in no doubt as to the value of the trade. To Asia

we send very great quantities of bullion as well as some manufactures of this kingdom, which purchase there at very low prices the products and manufactures of India and China, which are brought home in our own navigation, out of which we supply ourselves with muslins, calicoes, and other cotton cloaths sufficient for our own consumption, as also with coffee, tea and raw silk; and it is supposed we sell to foreigners as many of the said commodities as repay for all the bullion shipped out and leave us with beside a very considerable balance upon that trade.<sup>1</sup>

In general, the contention of the Company, that its trade finally brought more bullion into the country than it shipped hence, was accepted, though there was always an uncomfortable feeling among ordinary business men that the Company's argument had a hidden flaw in it somewhere.

The bullionists, however, even in the seventeenth century, were never as powerful as the Company's other enemies in the eighteenth. It has already been seen that at first the English East India Company was chiefly concerned in the purchase and carriage to Europe of spices, drugs and dyes. But when the calicoes and other textiles of the East began to appear on the English market in large quantities and to oust foreign linens, the woollen interest took fright, and from then to the end of the eighteenth century it used its enormous influence to prevent the importation of Eastern textiles. It even

<sup>1</sup> Gee, *op. cit.* chap. xxi.

went so far as to attempt to force woollens on to the West Indian colonies instead of cotton for the clothing of the slaves. The woollen and silk manufacturers asserted that the introduction of Asiatic cottons and silks was ruining the home trade, and in 1700 the combined enemies of the East India Company prevailed upon Parliament to pass an Act which forbade the use of Asiatic printed and dyed calicoes in England, though it was still to be allowed to procure them for re-export. This measure was not effective, and so in 1720<sup>1</sup> another Act was passed which forbade the wearing of calicoes not printed or dyed in England. This gave rise to a memorable petition from the dyers, printers and others concerned in the calico manufacture in Weymouth and Melcombe Regis, from which it appeared that this industry had grown to considerable proportions in that district. An Act of 1736<sup>2</sup> permitted the printing of cotton stuffs having a linen warp, and in 1774<sup>3</sup> the British calico printers were allowed to print and dye stuffs wholly made of cotton on condition that they were manufactured in England.

This controversy, as was usual at the time, gave rise to a pamphlet war. According to one writer, the menace to the English textile trade only became serious after 1672, when several English artificers were sent out by the Company with a great quantity of English patterns to teach the Indians to manufacture goods vendible in England and the rest of Europe. According to this writer, the East India trade took out of the country almost as much as the cloth trade brought in. A jingling rhyme of the early eighteenth century expresses the point of view of the English textile workers on the subject of the East Indian trade:

The Loom, the Comb, and Spinning-Wheel  
Do all support this Kingdom's Weal.

<sup>1</sup> 7 Geo. I, c. 7.

<sup>2</sup> 9 Geo. II, c. 4.

<sup>3</sup> 14 Geo. III, c. 72.

If you'll wear your own Silks and Woollen  
You'll keep your Corn, your Poor, and Bullion;

And if our Great Folks did but mind  
Their Real Interest, they'll soon find  
Whilst they promote what Indians make  
Th' Employment they from th' English take:

Then how shall Tenants pay their Rent,  
When Trade and Coin's to India sent?  
How shall Folks live, and Taxes pay,  
When Poor want Work, and go away?

The popular hostility to the importation and use of Indian textiles lingered on to the end of the eighteenth century, and long after it could have given any reasonable cause of misgiving to English textile manufacturers and employees. Thus in 1779, three of the principal linen-draper's of Manchester were fined £200 each for selling prohibited East India silk handkerchiefs, and the writer in the *Annual Register* says:

as a total suppression of the sale of these kind of handkerchiefs for home consumption will be of great advantage to the silk weavers, several thousands assembled together this morning with green aprons on, cockades in their hats, the colours belonging to the trade, and a number of pieces of East India silk handkerchiefs fixed on the top of long poles; they walked through the town, the bells ringing, and at the New Cross burned the handkerchiefs.<sup>1</sup>

It is wrong to regard these laws passed against the importation and use of Indian goods as one of Britain's injustices to India, for it must not be forgotten that down to the close of the Seven Years' War India was still a foreign country. England, in common with every State in the world, jealously safeguarded her own industries, and the name of English cloth at the time was almost sacred not only to statesmen but to the nation at large.

<sup>1</sup> *Annual Register*, vol. 22, Chronicle, p. 225.

The rapid rise of the English cotton industry in the latter part of the eighteenth century put an end to the fear of Indian cottons. Indeed, the Indian manufactured cotton export trade was destined to be destroyed by English competition, and India became the English cotton manufacturers' chief market.

When, therefore, England began to assume imperial responsibilities in India, the Indian trade had already reached considerable proportions, but it was still unpopular and very much suspected by many Englishmen.



## CHAPTER VII

### CURRENCY PROBLEMS OF THE FIRST EMPIRE

THROUGHOUT the seventeenth and eighteenth centuries the problem of colonial currency was a perennial source of misunderstanding between England and her plantations. If, as the mercantilists contended, the colonies were merely so many kitchen gardens whose function it was to supply the old home with commodities which otherwise she would be compelled to buy from foreigners, their trade was merely a branch of English trade. Their existence was inconceivable, in the mercantilist mind, apart from the parent State, and any tendency towards separate economic life which might in time develop into serious rivalry merited stern and effectual discouragement. Still, as time went on, it was recognised that it might be desirable to relax the older bullionist theory somewhat, as for example, in the East India trade, on the general ground that in the end more bullion came to the country by so doing than was shipped to the East. But England was not prepared to modify her laws relating to the export of this commodity in so far as her American plantations were concerned. Indeed, it was held to be part of their function to remit supplies of bullion to England which they had acquired in their traffic with the Spanish and other foreign colonies. Moreover, by sending home larger supplies of their staple products than were required for English consumption, the plantations were intended, through the re-exportation of these surpluses, to contribute to the maintenance of a favourable balance of trade between England and her neighbours, and thus to stimulate a flow of precious metals from abroad to England.

Since the colonies were part of England there could not be, according to mercantilist theory, an unfavourable balance of trade between them and the Mother Country. If, however, they issued their own currency and kept it in the country, they would most certainly set themselves up as manufacturers, fall away from their allegiance, and become trade rivals instead of contributors to English prosperity. Thus it was not desirable that colonies should have their own Mints or that a special currency should be struck for them. Their interests were subservient to those of England, and when, as in the case of the northern colonies, there was no such staple as sugar or tobacco to export, it was right and proper that they should remit supplies of foreign coin to pay for their requirements of English goods.

Both in England and in America erroneous ideas of the nature of money prevailed which served to exacerbate a condition already bad. Again, in the years prior to the recoinage of 1696 English currency was very much debased and almost throughout the whole period it was generally believed on both sides of the Atlantic that money was wealth. In order to increase such wealth, therefore, it would be sufficient to raise the nominal value of coins. Indeed, the theory of value, always a mystery to those not within the charmed circle of professional economists, was in that age extremely muddled. The nature of money was imperfectly understood, and the mercantilists were unshakable in their theory of colonial subserviency, a theory which was in reality fundamentally false.

When the colonies were first founded their currency, in so far as they had any, was sterling, but in the course of trade with the Mother Country such coins as they had tended to return to England. The new settlements were always in need of supplies from home, and at first, as their own exports were not sufficient for the purpose, their

imports could only be paid for in sterling or bullion or specie of an equivalent value. Local trade in the early days was conducted by barter, owing to the scarcity of coins. As late as 1671 it was said of Maryland, "the general way of Traffick and Commerce there is chiefly by Barter or Exchange of one commodity for another".<sup>1</sup> Though in more developed colonies barter tended to disappear, it continued throughout the period to be the usual method of exchange on the frontier and in backward areas.

Another device which was common in the seventeenth century, and which continued in the plantation colonies throughout the eighteenth, was the use of commodity money. Wampum and bead-money served as a medium of exchange for many years in New England and the central colonies. The ratio of these articles to silver was regulated by various Acts of the Legislatures in the colonies concerned. In southern colonies, such as Maryland, Virginia and the West Indies, which produced staple crops of tobacco or sugar, these commodities passed as money, and the Assemblies fixed a legal rate at which they might be received in public payments. Unfortunately for those who were in receipt of fixed incomes and also for the public revenues of these colonies, this price was usually above market value, and this in spite of the repeated efforts of the Crown to see that such commodities were given their proper market worth. Between 1662 and 1685 quit-rents in Virginia were paid in tobacco rated at 2d. per lb., though the prevailing market price was half that amount. In the latter year the Crown changed the valuation of tobacco for taxation purposes to 1d. per lb., whereupon the commodity price in open market fell still lower. Sometimes, indeed, as in Maryland between 1671 and 1717, when commodity money was used its market price fell so low that quit-

<sup>1</sup> Chalmers, R., *History of Currency in the British Colonies*.

rents were not worth collecting. Professional people such as school teachers, clergymen and others in receipt of fixed salaries suffered many hardships, as in Virginia in 1696 when they were paid in tobacco valued at  $1\frac{1}{2}$ d. per lb. which was sold for  $\frac{3}{4}$ d. In Antigua sugar was used in public payments at the rate of  $1\frac{1}{3}$ d. per lb. when its market price was 1d. Over and above the normal and legitimate fluctuations in the price of the commodity, Government authorities or others who received such money had to be careful about the quality of the tobacco or sugar which was paid to them. Naturally there was a tendency for cheap and trashy varieties to be worked off in this way, sometimes covered over by a small quantity of standard tobacco or sugar. At best, then, commodity money was a poor makeshift for real money, and when, as in Maryland, the staple commodity became "their Meat, Drink, Cloathing, and Money",<sup>1</sup> grave dangers were to be expected.

Within a few years after their foundation the English colonies began to trade with those of Spain, France and Holland. The people of New England exported fish, lumber, pipe-staves and foodstuffs, which they exchanged for foreign colonial products, in particular, Spanish money. After the capture of Jamaica by the English that island became a distributing centre of English goods to the Spanish and other foreign settlements. As a result of this commerce considerable quantities of Spanish and lesser amounts of Dutch, Portuguese and French coin flowed into the English plantations. Owing, however, to the unfavourable balance of trade between the northern colonies and England, it has been estimated that such coin remained in the English colonies for the short space of six months only. The need of a satisfactory medium of exchange, however, was only too obvious, since the defects of commodity money were so notorious.

<sup>1</sup> *Ibid.*

Thus, as England refused to establish a special colonial currency and as the state of trade precluded the use of sterling, the colonies minted money for themselves and thus incurred the wrath of the home authorities, made use of foreign coins, or, which was more usual, issued their own paper money.

The so-called "hogge money", struck by the Somers Islands Company for use in that colony during the period of Tucker's governorship, was the first metal coinage specifically designed for English colonial use. It consisted of brass coins of 1s., 6d., 3d. and 2d., having a ship on the obverse and a hog on the reverse, but it never became popular. In 1652 Massachusetts set up a Mint of her own and began to issue her own coin, the so-called pine-tree currency. This was

of good silver of the first alloy of new sterling English money and of vlew to stampe two pence in a shilling, of less vlew than the present English coyne, and the lesser pieces proportionately.<sup>1</sup>

This was not, however, a departure which the English authorities were prepared to view with approval, and such an indication of independence in New England was one of the many causes of imperial disapproval which culminated in the loss by Massachusetts of her charter. These pine-tree shillings contained 72 grains of silver as compared with 93 in the contemporary English coin, and they circulated outside of New England at a discount of 25 per cent. In the eyes of the mercantilists, Massachusetts, in striking coin of her own, had sinned in two respects. In the first place the mere fact of issuing such coin was a proof of impudent insubordination, and in the second place, these unauthorised coins were of a lower intrinsic value than those of England.

<sup>1</sup> Massachusetts Archives, 30th October 1684. Quoted in Chalmers, *op. cit.*

The preserving one certain standard of weight and fineness of . . . gold and silver coins in all Your Majesty's Kingdoms and dominions is very much for the security and advantage of Your Majesty, and the altering and debasing of the . . . standard . . . cannot be practised or allowed in any one of Your Majesty's dominions without eminent prejudice to all the rest.<sup>1</sup>

Lord Baltimore appears to have had a Mint, which, however, was little used, though some proprietary coinage did circulate in the province, but never in sufficient quantities to be considered of serious importance.

Not all the colonies had the independent spirit or the commercial resourcefulness of Massachusetts and her New England sisters. The more usual policy in the plantations was to give the Spanish piece of eight, a silver coin of eight reals, the most common foreign coin in circulation, a value expressed in terms of sterling, and so use it as legal tender. Unfortunately for the colonial producers, the merchants, agents and Government officials of the time, as well as for the modern student of colonial currency history in the seventeenth and eighteenth centuries, this policy was not as simple as it looked. The term "piece of eight" was applied indiscriminately to coins of widely varying intrinsic value. Thus there were Pillar pieces of eight of 17 pennyweight 12 grains, worth 4s. 6 $\frac{3}{4}$ d. each; Seville pieces of eight (old plate) and Mexico pieces of eight, each of 17 pennyweight 12 grains, worth 4s. 6d.; Peru pieces of eight (old plate) of the same weight, worth 4s. 5d.; cross dollars weighing 18 pennyweight and worth 4s. 4 $\frac{3}{4}$ d.; and Seville pieces of eight (new plate) weighing 14 pennyweight and worth only 3s. 7 $\frac{1}{4}$ d. The same coins, however, might be worth in different colonies 3s. 9 $\frac{1}{2}$ d., 4s., 4s. 6d., 5s. or 7s. 6d., according to the decision of the colonial Legislature.

<sup>1</sup> Report of Earl of Southampton to Lord Ashley, 14 November 1662, C.O. 138: 3, 254-6. Quoted in Nettels, C., "British Policy and Colonial Money Supply", *Economic History Review*, vol. 3, no. 2, p. 228.

Besides these coins, a smaller quantity of ducatoons, silver louis, crusadoes, rix-dollars and Dutch three-guilders were also current. Further, in consequence of the over-valuation of silver in terms of gold, the practice of sweating was almost universal, with the result that such currency as the colonies had tended to be of light pieces of eight. Like Jim in *Treasure Island*, the merchants and others who were concerned with inter-colonial trade, or trade with foreign plantations, must often have been haunted in their dreams by fiends who shrieked in their ears the lugubrious chorus, "Pieces of eight, pieces of eight".

Such chaos in colonial currencies was not a state of things which the home Government was prepared to view with equanimity. James II momentarily departed from the established English policy by issuing a tin coin worth  $\frac{1}{24}$  of a real, which was intended to supplement the Spanish money then in use. This coin was a failure, and so when England had carried through her own recoinage in 1696 she turned her attention to the currency muddle then prevalent in the plantations. One of the problems which the newly created Board of Trade and Plantations took up was that of colonial money. As a result of its influence, efforts were made during the first years of the eighteenth century to establish some semblance of order and uniformity in the British Dominions oversea. Nothing could induce the Board or Parliament to countenance the establishment of colonial Mints and the issue of special colonial currencies, and as sterling would not move to the plantations, the obvious alternative was to make some recognised and common foreign coin the standard of value for the purposes of currency. As early as 1692 the Massachusetts Government had induced the home authorities to recognise the Spanish piece of eight of full weight, which was worth in sterling rather less than 4s. 6d., as having, for the purposes of colonial exchange, a value of 6s.

Naturally, if the colonies had been left to their own devices they would have established Mints for themselves, as indeed Massachusetts did in the middle of the seventeenth century, for they knew by bitter experience the dangers which were apparently inseparable from dependence on foreign coin as legal currency. They pointed out, though in vain, that foreign coins which varied in weight and value could be melted down to form a standard colonial currency, and that this would stimulate sound business and lessen fraud. Past experience had shown that no full weight European coin would remain in the plantations, but it was felt that a special new colonial coin, having a currency value higher than that of the silver it contained and similar to the six-shilling valuation of Spanish pieces of eight in Massachusetts, would serve all the requirements of local trade. The champions of a special colonial currency pointed to the fact that the pine-tree shillings, which had circulated outside of New England at a discount of 25 per cent., had served the purpose for which they had been intended. This was the point of view expressed in a Memorial to Parliament from the proprietors, inhabitants and others of certain of the plantations which did not produce staple crops such as tobacco or sugar. They could only send home to England furs, skins, whalebone and other such products which must inevitably diminish as settlement expanded. If they had no other trade they would be driven to plant hemp and cotton, grow wool and manufacture textiles for themselves, a development which would be adverse to the interests of English merchants. Through their trade with the Spanish plantations these colonies possessed a large quantity of plate which was of little value to them, owing to the violent fluctuations in the price of silver caused by certain dishonest persons who depressed the value of the coins in order to ship them abroad as merchandise.



It is therefore thought worthy and is humbly tendered to the Rt. Honble. the Lords Commissioners of Trade and Plantations to consider whether it is not absolutely necessary for the Improving Trade to the advantage of these Countreys and this nation to Set up a Mint in some of the plantations for the coyning all the said Spanish money, plate and Bullion and lesser Mettle into English Coyne of the same value from a Crown piece to a farthing.<sup>1</sup>

This Memorial went on to suggest that Spanish silver should be valued at 6s. 3d. an ounce in the colonies, and that no Spanish bullion or plate should be exported before it was minted. This would not only lessen fraud but it would be good for trade and ensure the flow of a steady stream of silver from these plantations to England. But the English authorities were adamant, and the principles enunciated forty years earlier continued to prevail.

Still, the Board of Trade was anxious to settle this question, and, therefore, consulted William Penn, one of the most influential men in the plantations, as well as a proprietor, but Penn was more in sympathy with the colonial point of view than with that of the Board. He favoured the creation of a standard silver coinage which would circulate throughout all the plantations, for it was his opinion that "an Ounce of Silver should be an Ounce of Silver in all the Dominions of the Crown".<sup>2</sup> The war then raging, he believed, showed clearly that a steady supply of Spanish silver could not always be relied upon. Such a vain hope merely served to intensify the evil effects of war from which the plantations were already suffering enough, and he concluded, therefore, that the establishment of a colonial Mint was obviously desirable.

The home authorities, however, having surveyed the field, stubbornly adhered to their belief that it was in the

<sup>1</sup> *A Memorial from Proprietors and Inhabitants of the English Plantations in America*, 5th July 1700. Quoted Chalmers, *op. cit.*

<sup>2</sup> Chalmers, *op. cit.* Appendix A.

interests of the plantations, as well as of the Mother Country, that the former should subsist on foreign coin as the legal medium of exchange. The standard coin in the plantations should be the Spanish piece of eight valued by the Massachusetts Legislature for purposes of colonial currency at 6s. The British Government thus generalised a policy which had been in force in Massachusetts since 1697. All other foreign coins which circulated in the colonies were to be valued according to their weight and fineness, taking the Mexican piece of eight at 6s. as the standard. This meant in effect that they were all to be valued at not more than one-third above their sterling worth, or 5s. 2d. an ounce. Although this Proclamation announced that refusal to accept this ruling would incur the royal displeasure, several colonies refused to obey it, "owing to no slacknesse in the Government, butt to the liberty that Trading men will always take in their own bargains".<sup>1</sup> Thus it became clear to the home Government within two or three years that its attempt at standardisation had failed. Parliament, therefore, intervened, and by an Act passed in 1708<sup>2</sup> it was laid down that any person who, after 1st May 1709, paid or received coin in discharge of debts contracted after that date at a rate higher than that fixed by Proclamation should be liable to fine and six months' imprisonment without bail. This measure, however, was no more successful than the Proclamation, as the West Indies in the eighteenth century adopted gold for purposes of external trade and a debased silver currency for local commerce. They did not escape confusion by this, as the gold pieces of Spain, which originally contained the same amount of the precious metal as those of England and Portugal, were later debased to 21 carats

<sup>1</sup> Governor John Evans to Board of Trade and Plantations, 13th February 1704 (O.S.). Quoted Chalmers, *op. cit.*

<sup>2</sup> 6 Anne, c. 57.

as opposed to their 22. The result was that as Jamaica accepted the Portuguese johannes of full weight as the standard gold coin, the lowering of the standard by Spain led straight to sweating and clipping.

The consequence was that the Jews and other people of similar description clipt and sweated the gold to such a degree that the half-johannes was reduced even as low as 5 dwts.,<sup>1</sup>

—instead of 9 pennyweight 5 grains as recognised by Barbados. In the meantime the local silver token money went from bad to worse, and before the end of the century quantities of false money were imported into the West Indies from Sheffield, Birmingham and the United States. This became such a grievous evil that a special Act of the imperial Parliament was passed in 1798<sup>2</sup> which forbade further importations of false money to the West Indies on serious penalties.

On the mainland, in so far as specie continued to circulate the old confusion persisted, and, as a distressed governor wrote,

'Tis not in the power of men or angels to beat the people of this continent out of a silly notion of their being gainers by the augmentation of the value of plate.<sup>3</sup>

As will be seen later, the mainland colonies developed the use of paper money and so far as silver was concerned they continued their separate ways in defiance of imperial law. Down to the outbreak of the Revolution the currency problem continued to vex English statesmen, and when hostilities broke out between the Englishmen of the Old World and those of the New, no satisfactory solution had yet been discovered.

Various writers, including William Wood, returned

<sup>1</sup> *Memorandum of 1802 from Tortola*. Quoted Chalmers, *op. cit.*

<sup>2</sup> 37 Geo. III, c. 126.

<sup>3</sup> Hunter to Board of Trade, 30th April 1716. C.O. 5: 1051, no. 33. Quoted Nettels, *op. cit.* p. 240.

to the proposal of minting a specially designed colonial coin, and indeed in 1722 he was permitted, under a royal patent, to coin money for use in North America. This was the *Rosa Americana* series, which consisted of 2d.'s, 1d.'s,  $\frac{1}{2}$ d.'s, bearing George I's head on the obverse and the rose on the reverse. From time to time petitions to Parliament from British merchants drew attention to the prevalence of light money in the plantations, and also to the fact that the West Indies, in defiance of the law, had adopted a gold standard, and that the continental colonies were all guilty of disobedience. In 1740 Parliament was at last goaded into action, and the King was petitioned to institute an investigation into the state of colonial currencies. Once more letters were sent by the Board of Trade and Plantations to the colonies ordering them to obey the Act of 1708, but once more with no result. It was stated in 1751 that prior to 1740 the British plantations had not only varied from sterling but had also varied from one another, to the great confusion of business and damage to the merchants. As has been shown, the problem of colonial currencies remained unsolved throughout the eighteenth century and, indeed, well into the nineteenth. It was only when antiquated and false ideas connected with the gospel of mercantilism had been discarded that this vexed phantom of the statesman's troubled mind was at last laid to rest.

Since the colonies never had any real control of their metallic money it was only natural that early in their history they should turn to the use of paper. Though not at the time part of the British Empire, Canada has the distinction of being the pioneer in the use of paper as currency in the New World. When in 1685 the Royal Intendant de Meulles found that he had not sufficient funds with which to pay the troops or to meet other requirements of the provincial Government, his solution was simple, and for the time being effective. He cut up playing-cards

in four pieces, assigning to each piece a specified amount, 4 francs, 40 sous, 15 sous, and ordered the merchants to accept them at their face value, on the understanding that they would be recompensed in full when the ships arrived with supplies in the spring. This promise he duly honoured, and from then on card money and other forms of paper currency were used in New France. Owing to the care taken by Intendants this departure had no very serious results before the close of the Spanish Succession War. It did, however, give a hint to less honest officials later on, and generally created a greater confidence in the mere fact of paper as money, unaccompanied by the need for caution which should always govern such issues. After 1713, therefore, the position in New France became less satisfactory. Officials were either careless or dishonest, and the home government became less and less inclined to honour the paper money of her dependency. When New France passed to British control, General Murray in 1760 estimated that the sparsely populated province, which contained not more than 70,000 people, had treasury notes, bills of exchange and card money outstanding to the staggering figure of 80 million livres, a very small proportion of which was ever redeemed.

While New France was first in the hitherto untrodden fields of colonial paper currency, New England was not far behind, though her experience was destined to be, on the whole, more fortunate. Indeed, the use of paper money was a very natural development in the English plantations, as the use of promissory notes for both public and private business had long been understood. During the seventeenth century the various colonial treasuries frequently issued such paper to pay particular debts in advance of tax collection. They also, from time to time, ordered officials in the towns to pay out of the public stock supplies in discharge of services rendered. Colonial

merchants and others in the course of ordinary trade were, moreover, familiar with the use of bills of exchange, which were commonly drawn upon deposits lodged with English merchants. Bills of credit were also used by colonial governments, as, for example, by Massachusetts, which in 1676, in return for a loan from certain merchants, offered treasury receipts the security of which was the public land.

John Winthrop, junior, in the 1660's, and John Woodbridge of Massachusetts in 1682, put forward proposals for the establishment of a colonial land bank. A group of property owners was to be formed into a company, each member of which was to pledge a certain proportion of his property as security for the bills of credit which were to be issued. The company as a body was to determine the total amount of the paper, but each individual member was to issue his own bills and to have the responsibility of redeeming them. Such a scheme, however, did not commend itself to the home authorities, who, as has been seen, were anxious to preserve a metallic foreign currency which would ensure the flow of a steady stream of bullion and specie into the Mother Country.

In 1690, when Massachusetts was preparing for the attack on Canada and anticipating an easy victory, that colony took the bold step of issuing paper money. It was thought at the time that the capture of Quebec would ensure a vast addition of silver and gold to the colonial treasury. It turned out, however, that Phipps and his men were not strong enough to defeat the gallant old Marquis de Frontenac. "This indentured bill of ten shillings," ran the legend on these first colonial notes, "due from the Massachusetts colony to the possessor, shall be in value equal to money", and this departure was soon to be followed by other colonies.

At first the practice of issuing paper money seemed to have few disadvantages, and, indeed, during the Spanish

Succession War paper currency was indispensable. But even before the Treaty of Utrecht, some of the more far-sighted among colonial capitalists began to apprehend the dangers of paper money and to warn their countrymen. Samuel Sewall, a leading figure in New England politics and a sound man of business, wrote in 1712:

If money be wanting 'twere a better expedient to oblige creditors to take wheat, Indian corn, salt, iron, wool, at a moderate valuation, as 'twas of old. Then there would be a *quid pro quo*; whereas now private creditors are forced to take the public faith for payment for their commodity.

In 1713 the Virginia Tobacco Act allowed the planters to receive the tobacco notes in exchange for produce which they deposited at the public warehouse. These notes stated the amount and quality of the tobacco received. They could be used in all tobacco payments and were transferable. A proposal, afterwards disallowed by the home government, was put forward by Barbados in 1706 for the extended use of paper. Every planter was to be permitted to obtain bills of credit up to one-fourth of the value of his estate, to pay 5 per cent. on these bills, which were to be redeemed annually but were renewable. They were to pass in all payments at face value on penalty of forfeiture of half the debt for refusal to accept them.

In 1704 South Carolina, by issuing public bills of credit, followed the example set by Massachusetts thirteen years earlier, while Connecticut, New York and New Jersey adopted a similar policy in 1709, Rhode Island in 1710 and North Carolina in 1712. The chief cause for this widespread use of paper currency was a scarcity of silver money due mainly to the war with Spain. As Penn put it,

the want of money to circulate trade . . . has put Boston herself upon thinking of tickets to supply the want of coin.<sup>1</sup>

<sup>1</sup> Root, W. T., *The Relations of Pennsylvania with the British Government*, p. 182. Quoted Nettels, C., "The Origin of Paper Money in the English Colonies", *Economic History*, vol. 3, no. 9, p. 40.

As early as 1702, Joshua Dudley, Governor of Massachusetts, stated that the available supply of coin was totally inadequate for the requirements of the war then raging, and that without paper currency he could never have subsisted nor clothed the forces, that have defended . . . these colonies . . . but must have left all to ruin and mischief.<sup>1</sup>

After the war, however, conditions went from bad to worse. The use of paper had been so successful and had served the need so admirably that the colonial legislatures were blind to the dangers inseparable from its abuse. So, during the eighteenth century they tended to throw caution to the winds, for, as it was expressed at the time of the Revolution, when a waggon-load of paper could be turned into money, why burden constituents with heavy taxation? Silver was scarce and debased, and the colonies in general were anxious that their bills of credit should pass on a par with good silver coin. Thus in Massachusetts, where the heavy Spanish piece of eight was valued at 6s. instead of less than 4s. 6d., its true sterling worth, an ounce of silver came to mean an ounce of silver valued at the 6s. piece of eight rate, and a specified number of paper shillings was declared to be equivalent to an ounce of silver at that valuation. They were to pass current as money in all public transactions, and when later they were made legal tender in all private business as well, various devices were employed to maintain their face value. In some colonies it was stated that the holder could exchange them on demand at any time for coin, bullion or other stock in the colonial treasury. But this was seldom of any real use, since everyone knew that the colonial treasury contained no valuable exchangeable commodities with which to pay.

<sup>1</sup> Dudley to Board of Trade, December 1, 1713 (C.O. 5: 866, no. 153). Quoted *ibid.* p. 41.



In Connecticut, New Jersey and New Hampshire it was enacted that certain taxes could only be paid in these bills of credit or silver. The most usual device for maintaining parity with silver was to provide for a new tax to be levied when the bills about to be issued should fall due for redemption, and these taxes were specially levied for that purpose. The taxpayers could pay this redemption tax in the bills themselves, which could then be destroyed, or in specie, which the Government could use for the purchase of outstanding bills. These redemption taxes might be levied on property, imports, exports, or they might take the form of excise charges, a poll-tax, or duties on negroes, furs and skins.

Unfortunately the colonies did not always adhere to the wise precautions to which they paid lip-homage. Thus, a favourite device was to postpone the collection of these redemption taxes for periods of years. Massachusetts, Rhode Island, New Hampshire and South Carolina deferred collection for four or five years, other colonies for twelve years and New York on one occasion for twenty-one. The result of this policy was that as everyone knew that the notes had not the remotest possibility of immediate redemption, they quite naturally tended to depreciate. Sometimes, when the issue of credit bills was under discussion, the colonial legislatures omitted to make provision for a redemption tax, while at others it was common when the time for redeeming the tax came to issue a new set of notes provided for by yet another tax to be collected in the future. At first it was fairly usual for the colonies to allow a premium of 5 per cent. on the payment of these bills in discharge of public debts, but this practice appears to have dropped out after the first quarter of the eighteenth century. Other colonies allowed an interest on the bills until they were paid, but this merely led to hoarding until they fell due, which rendered them useless as currency.

The imperial government viewed the growing use of paper as currency with profound disapproval, though in reality it was its own policy that had driven the colonies to that expedient. It was certainly in conformity with the wishes of England that many of the colonial governments, when issuing these notes, provided for their redemption by a special tax to be levied for that purpose. Nothing would induce the Board of Trade and Plantations, however, to countenance the inclusion of legal tender clauses in the colonial statutes authorising these issues. Thus, a clause in the New Jersey Act of 1709 which made the bills issued under its authority legal tender, was described as

an intolerable hardship upon creditors who have already lent their money or sold their goods under covenant of being repaid in the current money of that province.<sup>1</sup>

A pamphlet published in 1751 describes the situation as it existed in the colonies about the middle of the eighteenth century.

Thus we see, that particularly in our Paper Money Exchange, the Currencies have incredibly depreciated from Sterling, and from one another. Exchange with Great Britain being at this Time (Feb. 1739) in New England 450 Per Cent., in New York, Jersey's and Pennsylvania 70 to 75 Per Cent., in Maryland 150 Per Cent., in North Carolina 1100 to 1300 Per Cent., in South Carolina 700 Per Cent worse than Sterling.<sup>2</sup>

Finally, in 1750 the imperial Government attempted to put a stop to what it considered a great abuse. An Act was passed by Parliament designed to regulate and restrain the use of paper bills of credit in His Majesty's colonies, and to prevent them from being regarded as legal tender in payment of money.<sup>3</sup> This measure pro-

<sup>1</sup> Chalmers, *op. cit.*

<sup>2</sup> *A Discourse concerning the Currencies of the British Plantations in America.*

<sup>3</sup> 24 Geo. II, c. 53.

vided that from the 29th of September 1751 no colonial legislation renewing or creating new bills of credit, except for the current service of the year or upon sudden or extraordinary emergencies of government in cases of war or invasion, should receive the sanction of the imperial government.

There was good reason why the home government should be alarmed, since long before the middle of the century reckless over-issue of paper bills had led to lamentable depreciation. After the first period of caution the plantations, as has been seen, grew careless, and Massachusetts, the first in the field, in 1714 emitted £50,000 in new bills and £100,000 two years later. In 1751 Massachusetts paper shillings were current at twenty-nine to the ounce of silver of Proclamation value. The Act of 1751 was not more effectual than previous legislation and so Parliament intervened again. By the Act 4 George III, c. 34 the creation of paper currency as legal tender was declared to be illegal, but this wholesale condemnation had to be modified some years later by another Act, 13 George III, c. 57 (1773).

Over-issue was not the sole cause of the depreciation of colonial paper bills. The uncertainty surrounding the time of redemption contributed, while the use of public land as security allowed for permanent expansion, but most important of all was the fact that this paper was not issued by sovereign states but by dependencies whose status and rights were ill-defined and completely understood by no-one, either in the New World or the Old. These bills of credit were not, in fact, money in the true sense. They were merely a device for facilitating borrowing, both for public and for private requirements. It would be misleading, moreover, to think that wanton colonial recklessness was mainly responsible for the abuses which had crept in by the middle of the eighteenth century, for the imperial government must be held to a

considerable extent responsible for the currency muddle in which the plantations found themselves. It is idle to speculate on what might have been the result if a more liberal policy had prevailed, but even if this had been so, it is still true that both the colonies and the Mother Country were here grappling with a problem that was new in the world of finance. When even to-day, there seem to be as many currency theories as there are authorities on the subject, the eighteenth-century English and American statesmen and business men may be forgiven for failing to solve a problem which still baffles the economic wisdom of the twentieth century.

## CHAPTER VIII

### THE OLD COLONIAL SYSTEM

THE principle of limiting English commerce to English ships was not new in the seventeenth century. It found expression in statutory form as far back as the time of Richard II, and from then onward it was generally accepted as an established feature of English fiscal policy. Successive Acts of Parliament were passed in the fifteenth and sixteenth centuries, but they were only spasmodically enforced, and in the reign of Elizabeth they tended to be disregarded altogether.

The rise of the colonial empire created a new situation and gave the policy of regulating commerce a new justification. Thus, early in the seventeenth century there was a return to the principles of the fifteenth. A Proclamation of 17th April 1615, for example, declared that the laws against the shipping of merchandise in strangers' bottoms had been disregarded, and "we do straightly charge and command that the said laws be from henceforth duly put into execution". During the reigns of James I and Charles I the Privy Council returned on many subsequent occasions to this subject, and was, in general, supported by Parliament in this part of its policy. In the first half of the seventeenth century the conception of a self-sufficing empire replaced the Tudor idea of a self-sufficing country, for with the acquisition of colonies it became possible to procure products from within the British Dominions which had hitherto come from abroad and which, like naval stores, had previously been paid for with English coin. Almost from the beginning, the foundation of colonies was advocated as

helping to prevent an excess of imports over exports. They would also provide a market for English manufactured goods, created not only by the English who went there but by the Indians when civilised, for it was thought that thousands of aborigines would soon be demanding English cloth.

The first half of the seventeenth century was an experimental period in the fiscal regulation of the rapidly rising colonial empire. From the beginning it was assumed that English colonial products would pay duties on importation into England, and it was argued, indeed, that this was another justification for their existence. As the importance of colonial products increased, sugar and tobacco in particular, the government of the day became more and more anxious to limit their shipment to English vessels, and the Royal Navy was entrusted with the task of seeing that the laws were observed. All these efforts prior to the Civil War merely served to show the direction in which English policy was moving, for the Dutch continued down to 1660, and, indeed, down to the capture of New Amsterdam in 1665, to frequent colonial ports. During the reigns of James I and Charles I the navy limited its activities to European waters, and contented itself with the occasional seizure of ships bound for Amsterdam with cargoes of English colonial tobacco.

After a period of experimentation, the policy of regulating the colonial trade in the interests of England took more permanent and tangible shape. The Ordinances of 1650 and 1651, the Acts of 1660, 1663, 1672, 1696, and a long line of succeeding measures, embodied the full elaboration of English colonial policy on its economic side. The Act of 1650, among other things, forbade foreigners to trade with the English colonies without licence, while by the Act of the following year it was laid down that no goods of the product of Asia,

Africa, or America, including the English plantations, might be sent to England except in ships belonging to England or the plantations and "whereof the masters and mariners are also for the most part of them, people of this Commonwealth". A breach of this law was to be punished with forfeiture of ship and goods. European merchandise might only be brought in English ships, or in those belonging to the country from which they were first shipped or in which they were produced. Salt fish, whale-oil and similar products were only to be imported and exported in English ships, and foreigners were shut out completely from a share in the English coastal trade. Spanish and Portuguese colonial products, however, were excepted from the provisions of the Act, as their importation would otherwise have been impossible.<sup>1</sup> These Acts were not strictly enforced at the time and, indeed, after the capture of Virginia by the Commonwealth, the English Commissioners agreed to an article which enabled that colony to export direct to foreign countries, while New England was left virtually free. Thus, as no special machinery was set up and the Government of the day was fully occupied otherwise, this first serious attempt at stiffening up the administration of the colonial trade remained almost a dead letter.

Among the first tasks assumed by the Restoration Government was that of strengthening and widening the scope of the law relating to colonial trade and the exclusion of foreigners from its advantages. The capture of New Amsterdam made this task easier, though, as will be seen, the practical application of the policy always tended to lag far behind the theory as set forth in the Laws of Trade and Navigation. The Navigation Act of 1660 required ships engaged in colonial trade to be English built and owned, and their crews to be three-

<sup>1</sup> Firth and Rait (ed. by), *Acts and Ordinances of the Interregnum*, vol. 2, pp. 559-62.

fourths English.<sup>1</sup> At first there was some doubt about the inclusion of colonial built and owned ships as English, but this was settled in favour of the colonies by the Statute 14 Car. II, c. 11, sec. 5, which states:

No foreign built ships, that is to say not built in any of His Majesty's Dominions of Asia, Africa, or America, shall enjoy the privilege of ships belonging to England or Ireland.

Scotland, of course, was left out, while with respect to the crew the Act continues:

It is to be understood that any of His Majesty's subjects of England, Ireland, and his plantations are to be accounted English.<sup>2</sup>

Thus as far as shipping was concerned the colonists were admitted to the same privileges as Englishmen, which was a great boon to New England, whose ship-building industry had already reached considerable proportions in the time of Charles II. No sugar, cotton-wool, ginger, tobacco, indigo, fustic or other dye-woods might henceforth be exported from any of the English colonies except to England or another plantation, and ships carrying such commodities were required to give bonds of £1000 or £2000, according to the tonnage of the vessels, as proof of good faith. These "enumerated" commodities were either special products of the plantations, whose exportation to foreign countries it was considered should be monopolised by Englishmen in the interests of the carrying trade, or they were articles which England had hitherto procured from foreigners. The intention behind the Act was so to regulate trade as to give to the products of the colonies and the Mother Country a monopoly in the home market. Thus, a higher scale of duties was imposed on foreign products than on similar commodities produced in the colonies. Foreigners

<sup>1</sup> *Statutes*, v, 246-50, 12 Car. II, c. 18.

<sup>2</sup> *Ibid.* 394.



could no longer be factors or merchants in the colonies, and the earlier regulations with respect to their exclusion from the coastal trade of the Empire were reinforced, though the colonies could still import direct from foreign countries as long as they observed the other provisions of the Act. At first this measure was liberally interpreted, as when, for example, merchants trading to New England were permitted to take bond of merchants trading in the products of those colonies, and freed from the obligation to return the commodities in specie. Still, a storm of opposition rapidly arose in the colonies against the Act.

The Act of 1663<sup>1</sup> was designed to make England the staple for goods exported to the colonies as well as goods sent from thence, and generally to strengthen the administration of the law. All European goods going to the colonies had to be landed in England first and then reshipped. Colonial Governors were required to take an oath before assuming office that they would, to the best of their powers, enforce the law on pain of a fine of £1000, loss of office and exclusion from any future Governorship. The objects of this measure were clearly stated in section 4:

His Majesty's plantations . . . are inhabited and peopled by his subjects . . . for the maintaining of greater correspondence and kindness between them keeping them in a firmer dependence upon it, and rendering them yet more beneficial . . . in the farther employment of English shipping and seamen, vent of English woollen and other manufactures and commodities, rendering the navigation to and from the same more safe and cheap, and making this Kingdom a staple not only of the commodities of those plantations but also of the commodities of other countries and places for the supplying of them, and it being the usage of other nations to keep their plantation trade to themselves.<sup>2</sup>

<sup>1</sup> 15 Car II, c. 7.

<sup>2</sup> *Statutes*, v, p. 449.

In order to assist the Governors in observing the oath, it was enjoined that they or their deputies should be furnished, within twenty-four hours after the arrival of a ship in a colonial port, with an inventory of all goods landed, and importers were required to prove compliance with the Act before the cargoes could be taken ashore.

Nine years later another Act still further amplified the policy of regulation and control. Under the Act of 1660 it was lawful to carry "enumerated" goods from one colony to another without paying customs duty, which in practice meant, according to those responsible for the Act of 1672, that the colonial consumer received, duty-free, commodities upon which the English people at home had to pay. Worse still, under cover of this privilege a vast amount of these commodities had been carried direct to foreign countries, and therefore a special scale of duties was established for commodities exported from one colony to another.<sup>1</sup> In 1696 another Act was passed to prevent frauds and regulate abuses in the plantation trade. The regulation confining colonial export and import trade, including inter-colonial trade, to English and colonial built ships, was made more stringent. A system of compulsory registration of ships was introduced which, it was hoped, would facilitate the enforcement of the law, and all laws, bills or customs prevailing, or to be passed, in the colonies were declared invalid if they were in any respect repugnant to this or any subsequent Act. The position of those responsible for the enforcement of the laws in the colonies was strengthened, as they were henceforward to be on a footing similar to that of English Customs officials in home ports, and they were made responsible to the English Commissioners of Customs.<sup>2</sup>

Down to the close of the seventeenth century these laws continued to be unpopular in the colonies, and

<sup>1</sup> 25 Car. II, c. 7.

<sup>2</sup> 7 and 8 Will. III, c. 22.

Governors frequently took sides with the colonial Legislatures in criticising them. The men on the spot, however, who dared to question the wisdom of the Navigation Acts were severely reprimanded, while colonial critics were ignored. The calamitous experiences of Randolph brought out in an unmistakable manner the impossibility of enforcing measures which no-one in the plantations, not even the officials, respected. Sometimes a new Governor would set to work with great energy to compel the observance of the law, but this usually resulted in a rapid decline in the trade of the colony concerned. But while this dislike of the Acts of Trade and Navigation was almost universal, the opposition was mainly of a negative nature, and in time the sentiment became common that whatever the defects of the system might be, it had its advantages. The plantations, more particularly New England, sought to enjoy all the good results accruing from these laws, while at the same time they were careful to evade their distasteful limitations.

As soon as the Virginia tobacco industry was established the Mother Country took steps to foster it, although at first this motherly care was somewhat qualified by the deep-rooted hostility of King James to the new custom of smoking. Still, from 1619 to the reign of William III successive English Governments forbade the growing of tobacco in England, discouraged foreign importation and set themselves to cultivate the taste for Virginia tobacco among the English people. In the time of Charles II tobacco crops in Gloucestershire were destroyed almost every year, and soldiers were specially sent down from London for this purpose. By the time that the Crown recognised the value of the Virginia tobacco industry, English smokers had already acquired a preference for the Spanish product, but they were forced to adapt their taste to imperial policy. Again, while it is true that the Navigation Laws, in theory at least, limited the economic

development of the colonies in many directions, they were of direct economic advantage to some of the plantations, since they admitted colonials to a share in the monopoly of the English carrying trade, and thus gave a direct stimulus to colonial shipbuilding. In the century after the Restoration this industry, as has been seen, acquired great importance in New England. Thus it was stated in 1771 that those colonies launched annually 140 to 160 vessels, and, indeed, the industry flourished so greatly that shipbuilders at home were seriously perturbed. Those of the Thames complained to the Board of Trade that, on account of the great number of vessels built or building in New England, their industry was much decayed, and many skilled shipwrights had been forced to emigrate.

When Virginia was first colonised its potentialities as a source of naval stores were recognised, but the supremacy so quickly won by tobacco drove this original intention out of men's minds. In 1664 the Privy Council allowed hemp, pitch and tar produced in the colonies to be imported freely for five years, but it was not until after the establishment of the Board of Trade and Plantations in 1696 that this subject was taken up in earnest. Throughout the first two decades of the eighteenth century the Baltic countries, which were the chief sources of naval stores, were in a disturbed political condition, and English statesmen were made aware of the dangers of the nation's dependence on these countries. When the Stockholm Tar Company decided to take advantage of its monopoly and raise the price of its products, England was powerless to resist. The War of the Spanish Succession had just broken out, and the Swedes were in a position to demand and receive what price they chose, for there were no other available sources of supply, as the Swedes were for the moment masters of both Finland and Poland. Dr. Robinson stated in a letter:

what difficulties there are in making it [tar] and bringing it from New England I am not acquainted with, but take it for granted England had better give one-third more from thence than to have it at such uncertainties and in so precarious a manner from other countries.

The new Board of Trade turned its attention to the investigation of the possibilities of importing naval stores from the American colonies. Commissioners were sent out to study the question in the colonies and to report. The Board was informed that between Christmas 1701 and Christmas 1702 there was a definite shortage of naval stores in England, and that the Swedes had taken advantage of this shortage to raise the price exorbitantly. In order that neither Her Majesty nor her subjects should depend upon these foreigners in the future, the Board reported that samples of pitch, tar and other naval stores had been brought to England from the plantations.<sup>1</sup> Finally, in 1705, as a result of the continued activities of the Board of Trade and Plantations, an Act was passed (3 & 4 Anne, c. 9) the preamble of which declared:

whereas the Royal Navy and the Navigation of England wherein under God the wealth and safety and strength of this Kingdom is so much concerned depends upon the due supplies of stores necessary for the same which now being brought mainly from foreign parts in foreign shipping at exorbitant and arbitrary rates to the great prejudice and discouragement of the trade and navigation of this Kingdom may be provided in a more certain and beneficial manner from Her Majesty's own Dominions and whereas Her Majesty's plantations and colonies in America were first planted and are still maintained and protected at great expense to the treasury of this Kingdom with a design to render them as useful as may be to England and in order that the said colonies and plantations in the vast tracks of land therein lying near the sea and upon navigable rivers may commodiously afford great quantities of all sorts of naval stores if due encouragement be given for carrying so great and advantageous

<sup>1</sup> Com. of T. and P. to H. of L. 21 December 1703.

an undertaking which will likewise tend not only to the further employment and increase of English shipping and seamen but also to the enlarging in a great measure the trade and vent of wool and other English manufactures and commodities of this Kingdom and of other Her Majesty's dominions in exchange for such naval stores which are now purchased from foreign countries with money or bullion and for enabling Her Majesty's subjects in the said colonies and plantations to continue to make due and sufficient returns in the course of their trade . . .<sup>1</sup>

The Act was to apply to pitch, tar and similar products, masts and timber, for a period of nine years. Bounties of £4 a ton on tar and £6 a ton on pitch were allowed, £1 on hemp, masts, yards and bowsprits. Elaborate care was to be taken to ensure that these products were definitely of colonial origin, and they were included among the list of enumerated articles in order that their importation might be limited to the home market.

The news of this Act was hailed with joy in the colonies, and Bridger, the expert sent out to instruct the growers of hemp, reported that the interest of the New Englanders in the outcome of this first venture was so intense that everything was stopped to await the result. He believed that if the people did not receive the bounty on their first products they would return to their sheep-raising and to their spinning. The Assembly of Massachusetts passed an Act to facilitate co-operation with the home government, and the Governor of Maryland reported that the inhabitants of that province had thankfully heard the news of the Act, as many of them had large fields jaded with tobacco which might be very proper for hemp.

For the first few years after the passing of the Act there was great activity, but a serious falling-off occurred in 1708. The colonial products were not up to the standard required by the Navy Board and the colonial producers were dissatisfied with the method of payment. However,

<sup>1</sup> Statutes viii, p. 354.

this Act had some measure of success and was renewed in 1714 for another eleven years.<sup>1</sup> In 1722 the bounty of £6 a ton on hemp was renewed for a further sixteen years,<sup>2</sup> but the growing of hemp was never wholly successful, owing mainly to climatic conditions, the nature of the soil and insufficient care.

Indeed, in the long run these attempts at fostering the development of the supply of naval stores in the colonies served mainly to emphasise the divergencies between the Mother Country and her plantations. Nowhere was this antagonism more marked than in the discussions and legislation on the reservation of large tracts of timber for the use of the Royal Navy. The Massachusetts charter of 1691 reserved trees of a certain size for the Crown, but the regulation was never enforced. To remedy this evil the fourth section of the first Naval Stores Bounty Act<sup>3</sup> forbade the cutting down

of any pitch-pine or tar trees within any of the New England Colonies or New York or New Jersey, not being within any fence or actual inclosure, under the growth of 12 inches in diameter at 3 feet from the earth,

on the penalty or forfeiture of £5 for each offence. This section merely applied to the small trees used in making tar, but in 1705 the new Surveyor-General, Bridger, was ordered to survey the woods in New England, to do all he could to protect them and to restrain the people from taking liberties with them. Indians and hostile colonists, however, rendered his efforts fruitless, and when a Bill which he had drawn up, designed to facilitate the enforcement of the law, was thrown out by the Massachusetts Assembly, the Imperial Parliament passed an Act<sup>4</sup> under which the cutting down without His Majesty's licence of any white pine or any other pine tree, having a diameter

<sup>1</sup> 12 Anne, c. 9.

<sup>3</sup> 3 and 4 Anne, c. 4.

<sup>2</sup> 8 George I, c. 12.

<sup>4</sup> 9 Anne, c. 22.

of 24 inches or upwards at 12 inches from the earth, and not the property of a private person, was to be punished by a fine of £100.

It was one thing to pass such a measure but quite another to enforce it. England wanted to ensure a steady supply of masts and forest products, while the colonies required these for their own domestic uses, for their ship-building and for illicit export to foreign countries, and so the law was generally disregarded. By the 1691 charter of Massachusetts the trees so reserved were those grown on land not hitherto granted to a private person, but private ownership was difficult to disprove. As new townships were constantly being set up, there was some doubt as to the degree to which this limitation referred to them. Again, the New England people claimed that Maine was the private property of Massachusetts, and, therefore, that the Act did not apply in that area. Though the English Government failed to enforce the law, it continued to advance its claim to control colonial timber reserves, and in 1729 reasserted its legal theory:<sup>1</sup>

Whereas since the passing of the last Act great tracts of land, where trees fit for masts grew had been enacted into townships in order to evade the provisions of the Act, the rules forbidding cutting were to apply, notwithstanding the trees grew within the limits of any township laid out or to be laid out hereafter in any of the said colonies.

In view of the history of this question in the thirty years or so prior to the passing of the Act of 1729, its provisions seem to be little short of stupid, for those who drafted the measure and who were responsible for it in Parliament must have known they were asking for trouble. It was quite impossible to impose the legal penalty on those who had presumed to cut down or destroy any white pine 24 inches or upwards in diameter

<sup>1</sup> 2 Geo. II, c. 35.



at 12 inches from the ground, and not growing within land granted to some private person before 7th October 1690. The Act was inevitably disregarded in the logging camps, and the offenders it brought to justice were tried by friends who were guilty of the same offence and judges frequently interested in local sawmills. Owing to these difficulties and the inferiority of North American naval stores to those of the Baltic, the British naval authorities preferred the masts, pitch and tar of the latter area, even though the Board of Trade and Plantations might be straining every nerve to develop the colonial trade. In the opinion of members of the Board, this development was desirable because it would help to make the Empire self-sufficing in a vital service, and by giving the colonies a lucrative occupation, would deter them from developing manufactures which would rival English products in the colonial markets.

The general principle underlying the mercantile system as applied to the colonies was that the Mother Country should be the imperial workshop to which the raw products of the plantations should be sent. The development of a wide assortment of industries in the New World was, therefore, repugnant to British statesmen of the time. The vain attempts of the Mother Country to regulate the production of colonial iron in such a way that the cruder processes might be carried out in the colonies, while the more elaborate and difficult stages in the production of iron should be the monopoly of the home manufacturer, well illustrate the difficulties of this policy. These Iron Acts were the more indefensible as in the first half of the eighteenth century the production of iron in England had almost ceased, and the country was very largely dependent on imports from Sweden and Russia. In February 1718-19 the merchants and others interested in the colonial trade in Bristol stated in a petition that the annual consumption of iron

in Great Britain amounted to about 40,000 tons, two-thirds of which was imported from abroad. According to these petitioners, the scarcity of wood in England rendered the expansion of the industry impossible, and, indeed, its maintenance at its existing size doubtful. If, as might well happen at any moment, the channels of foreign import were shut off, the cost of the commodity in England would at once become prohibitive for the ordinary trader, and it would lead, moreover, to an increase in the already large quantity of smuggled iron goods which entered the plantations. The petitioners emphasised the advantages which would accrue from the production of pig-iron in the colonies, but the merchants of Bristol were not supported by those of other towns. It was stated that the merchants of Birmingham believed that an encouragement given to colonial producers of pig-iron would be ruinous to them.

When the first Navigation Laws were passed in the third quarter of the seventeenth century it was possible and natural to think of the colonies as so many farms which produced the raw materials for the English household, but before the middle of the eighteenth century it had become plain, though many did not see it, that the situation was entirely altered. Whatever the Laws of Trade and Navigation said to the contrary, manufacturing was developing in the colonies, and one of the great defects of the whole system was that it could not be adjusted to the new situation without being scrapped. It is true that certain modifications were made which permitted the southern colonies to trade direct with the ports of Europe south of Cape Finisterre, but this did not touch the real problem.

The modern rum-runner has shown that in spite of all the developments of science, the coast-line from Maine to Florida cannot be protected against smugglers. In the eighteenth century, when the greater part of the popula-

tion sympathised with or were directly interested in the trade, when the coasts were inadequately patrolled and officials did not believe in the laws they were supposed to enforce, the system of the Navigation Acts only worked in so far as the public opinion of the colonies thought it should work. The Newfoundland Banks became a recognised rendezvous for the transaction of an illicit trade. New England skippers brought up cargoes of flour, pork, butter, peas, lumber, Virginia tobacco, sugar, rum and all enumerated goods, which they exchanged with masters of English and foreign ships for wine, linen, canvas, paper, hats, salt, brandy, silk and oil.

In spite of prohibitions, English artisans were induced to settle in the colonies and given every opportunity of enriching themselves. The Board of Trade and Plantations reported to the House of Lords in December 1702 that such

persons while they were in England did contribute to the consumption of our woollen manufactures, but, being entertained there, do with the rest of the inhabitants, clothe themselves, children and servants with the woollen manufacture of the product of those countries. And not only so, but divers manufacturers and workmen also are carried over on specious pretences of a more easy livelihood in those parts. And in this manner those proprietaries do not only clothe themselves with woollen goods, but furnish the same commodity to the more southern plantations, notwithstanding the prohibition in the Act 10 and 11 of His late Majesty.<sup>1</sup>

Instead of confining themselves to the activities for which they had been originally designed, the Board was informed by spies that the colonials had so improved their skill that as good druggets were made in those countries as any in England, and were sold at 4s. to 4s. 6d. a yard local currency. They made their own dyes from local

<sup>1</sup> Stock, *op. cit.* vol. 3, p. 5, Com. of T. and P. to H. of L. 20 Nov. 1702.

products, and thus there was no need for the more expensive materials imported from England. Colonial hatters also attracted the attention of the home government, but imperial prohibitions were as futile in this direction as those which related to the manufacture of iron and cloth.

It is difficult to estimate the extent of the smuggling that went on in the plantations, but as early as the 'seventies of the seventeenth century, Edward Randolph declared that a general trade and navigation was carried on by the New Englanders with European countries, so that there was little left for English merchants to import. New England merchants were able to sell their goods so much cheaper as they paid no duties and had not been put to the expense of reshipment in England.

There is no notice taken of the Act of Navigation, or any other laws made in England for the regulation of trade: all nations having free liberty to come into their ports and vend their commodities without any restraint; and in this as well as in other things that Government would make the world believe that they are a free state and do act in all matters accordingly.

But Randolph was not an unbiased witness when New England was under discussion, a country from which he carried away very unpleasant memories.

If [wrote a Boston merchant, Mr Thomas Amory] you have a captain you can confide in, you will find it easy to import all sorts of goods from the Straits, France and Spain although prohibited Modes, lutestrings and tea are staple commodities. They are prohibited, but nothing is more easy to import, recommending to the captain not to declare at the Custom House—if he should, he would forfeit his ship and pay a penalty—there are no waiters kept aboard, and, when the goods are known to be prohibited, boats are sent off.<sup>1</sup>

<sup>1</sup> Weedon, *Economic and Social History of New England*, vol. 2, p. 556.

Again, on the death of a collector of the Customs, the *News Letter* in 1733 announced:

With much humanity he took pleasure in directing masters of vessels how they ought to avoid the breach of the Acts of Trade.<sup>1</sup>

The late Professor Egerton sums the matter up thus:

a state of things under which it appears to have cost between £7000 and £8000 to collect a revenue of from £1000 to £2000 can scarcely be justified on its results,

and by 1760 it was recognised by some, at least, in England, that in the long struggle between the Mother Country and the colonies the victory lay with the plantations. While this is so, it should not be forgotten that the colonies derived definite advantages under this system. Colonial iron, tobacco, sugar and other products received specially favourable treatment in the home market, and Great Britain alone of the European Powers granted bounties on the export of silk, indigo, hemp, flax, naval stores and timber. Down to 1763 the same drawbacks were paid on the re-exportation of European commodities to the colonies as to any foreign country, and thus it sometimes happened that such articles were cheaper in the plantations than at home.

The extent to which these laws served to alienate the Americans from the English is a much debated question. On the whole it seems that they were more a symptom of a lack of understanding which separated England from her colonies than a primary cause of that misunderstanding, for, as has been seen, whenever the laws were felt by the colonies to be unjust they tended to be ignored. By the second half of the eighteenth century the system had many critics, but few of these had the vision to see what the Empire, under a more generous régime, might become. Among these critics Thomas

<sup>1</sup> *Ibid.*

Pownall was a notable exception, for he penned perhaps the best summary of the situation as it existed before the American Revolution:

The laws of trade respecting America were framed and enacted for the regulating *mere plantations*, tracts of foreign country, employed in raising certain specified and enumerated commodities, solely for the use of the trade and manufactures of the mother-country the purchase of which the mother-country appropriated to itself. These laws considered Plantations as a kind of farms, which the mother-country had caused to be worked and cultured for its own use. But the spirit of commerce, operating on the nature and situation of these external dominions, beyond what the mother-country or the colonists themselves ever thought of, planned, or even hoped for, has wrought up these plantations to become objects of trade; has enlarged and combined the intercourse of the barter and exchange of the various produce into a very complex and extensive commercial interest. The operation of this spirit has in every source interest and power raised and established the British Government *on a grand commercial basis*, has by the same power to the true purposes of the same interest, extended the British Dominions through every part of the Atlantic Ocean to the actually forming a *Grand Marine Empire*, if the administration of our Government will do their part by extending the British Government to wheresoever the British Dominions do extend. If, on the contrary, we are pre-determined to carry into strict and literal exaction the Navigation Act and other laws respecting the plantation trade, without reviewing and considering what the very different circumstances of the colonies now are from what they were when they were first settled . . . we must determine to reduce our colonies again to such mere plantations. We must either narrow the bottom of our commercial interest, to the model of our plantation laws, or we must enlarge the spirit of our commercial laws to the latitude to which our commercial interest does actually extend. Thus stands the fact. This is the truth. There is no other alternative.<sup>1</sup>

Few in Pownall's time grasped the situation as clearly

<sup>1</sup> Pownall, T., *The Administration of the Colonies*.

as he did, and neither George III nor his advisers were capable of taking such a long view as the one he advocated. Nothing was done to adjust the law to the altered situation of the British Empire in the eighteenth century, and so these Acts of Trade and Navigation were allowed to play their full part in bringing about the greatest civil war in British history.

## CHAPTER IX

### THE NEW EMPIRE

SINCE the end of the eighteenth century the trade of the British Empire, in common with that of the rest of the world, has increased many times over. To-day British trade with either Canada or Australasia alone is more extensive than the whole of inter-imperial trade before the American Revolution. Empire trade has not only grown in volume, it has become vastly more varied, and now includes almost every commodity to be found in the world, a fact which has made some people think of reviving the idea of a self-sufficing Empire, which was the aim of British statesmen in the seventeenth and eighteenth centuries. As will be seen later, however, such a policy could never be carried into effect, for while Empire countries trade with each other, they also trade with the rest of the world. Even if the policy of self-sufficiency were possible, it is not desirable, for, in the long run, it would lead to world antagonisms which might well be strong enough to destroy the Empire, and with it one of the world's chief guarantees of future peace and order. It is rather the destiny of the Empire by its example of economic and political co-operation, which does not entail standardisation or the over-subordination of the separate interests of the units to the whole, to show the world not only the wisdom of these things, but also that they may be put into everyday practice.

Many factors combined to produce the great change which has taken place in the character of the Empire since the American Revolution. Among these, perhaps the most important individual cause is geography. The



first Empire was made up of a number of small sub-tropical islands, a string of maritime and river colonies on the mainland of North America, and a few scattered trading-posts on Hudson Bay and on the African coast. No-one questioned the supremacy of the West Indies and the southern continental colonies in the imperial economy, and except for Newfoundland the northern colonies were considered of far less importance. It has already been seen, indeed, that their prosperity was mainly based on the West Indian trade, for it was in those colonies that they found a market for their fish, their lumber, their furs, their food-stuffs, while it was also there that they purchased their cargoes of rum, molasses, sugar, dye-woods and other tropical products.

Except for a few hardy pioneers, hunters and traders, the inhabitants of the continental colonies as a body never penetrated to any considerable distance into the interior, for it was to the ocean and not to the wilderness that they looked for the development of their trade. Thus, although almost a century and three-quarters elapsed between the foundation of Jamestown and the declaration of American Independence, the area of effective settlement in 1776 had not yet reached the Appalachian range. After that long period of years, in spite of quarrels with France over the possession of the Ohio Valley and vague claims to the hinterland beyond, the whole continent west of this barrier was practically untouched. The trade of the old Empire was largely confined to a few valuable tropical and sub-tropical commodities, forest produce and fish. In the eyes of those who directed imperial policy, the colonies existed definitely to supplement English supplies of raw material and to cater to national self-sufficiency and power.

The Empire of the nineteenth and twentieth centuries was destined to be of a very different type. It also contained numerous islands, no longer, however, confined

to the Caribbean and the Atlantic, but scattered up and down the seven seas from the Equator to the Poles. There were still mainland tropical colonies, but they were no longer limited to one part of the world. There were maritime provinces, Nova Scotia, New Brunswick, Prince Edward Island and Newfoundland, which resembled the northern colonies of the old Empire in that they looked mainly to the ocean and its commerce for their support. As the century advanced, however, colonies of a different character began to take the lead in British North America, South Africa and Australasia, for the new Empire-builders faced the wilderness and hoped that in its exploitation they would amass fortunes. Thus, inland continental expansion has been one of the outstanding features of imperial development since the beginning of the nineteenth century. In India, though it was complicated by innumerable special factors, the same process went on, so that by the middle of the nineteenth century Great Britain had established a greater degree of economic and political unity in that sub-continent than it had ever known.

At first expansion in the continental regions of the Empire was relatively slow, for canoe, bateaux, oxen and waggons were slow. Nevertheless, before the middle of the century the diffusion of people in British North America, South Africa and Australasia was already much greater than it had been in the old Empire. Thanks mainly to her incomparable waterway, Canada's pioneers had pushed far into the interior, and in South Africa Dutch farmers from the Cape were already established on the Orange River and on the Vaal. In Australia the flocks and herds of the pastoralists year by year wandered further and further inland, greatly to the dismay of those who thought of colonial development in terms of close settlement. Great as this diffusion was, however, it was slight as compared with that which was

destined to follow upon the revolution in the means of transport which affected the overseas Empire in the second half of the century.

While the mere facts of geography were in themselves sufficient to give the new Empire a character very different from the old, there were other important factors which served to emphasize this difference. Thus, the development of the Empire in the nineteenth century has been largely moulded by the Industrial Revolution, or by what other name economists may wish to designate that series of inventions and scientific discoveries which has given the last two hundred years its particular character. Among the many ways in which the Empire felt the effect of the new mechanical age there is none more outstanding than the revolution it brought in the means of transportation and of communication. As will be seen later, in consequence of the revolution in ocean transport ships became larger, swifter and safer. The perilous journey to Australia, which formerly had taken several dreary months to accomplish, could now be done in a few weeks and in luxury and ease. The miserable Atlantic crossing, whose privations had cost the lives of so many in the seventeenth and eighteenth centuries, had become, long before the death of Queen Victoria, a pleasant journey of a few days. Passengers were not only carried in greater comfort and safety, but where hitherto hundreds had been handled with difficulty, thousands could now be carried with ease.

Even more remarkable was the enormous increase in the tonnage of freight carried by the ships of the nineteenth century, for, as will be seen in a later chapter, the increase in size of vessels which took place during that period was almost as striking as the increase in their speed. Not only was there more space for freight, but the rates charged became very much less, and, thanks to science, the ships of the later nineteenth century were so

equipped as to carry perishable goods in perfect condition from one side of the world to the other.

One of the associated phenomena of the new age was an unparalleled growth in population: this was particularly marked in the British Isles, though it was a general feature of European history in the nineteenth century. During this period Great Britain sent forth her children in their millions to people the waste spaces of the earth, both within the Empire and beyond its borders, but it is doubtful if this great exodus could have been accomplished without the new facilities in ocean travel, and it is certain that had it not been for the railway, the diffusion of population in the new lands could not have been so great. The railway was, in fact, the iron key which unlocked the inmost and hitherto inaccessible treasure-houses of great continents. Though diffusion began before the railway age, the locomotive quickly caught up with the advancing line of settlement and preceded it into the wilds, while cities and towns sprang up behind it almost, it seemed, overnight. When it is remembered that at one time the construction of the main line of the Canadian Pacific Railway was carried on at the rate of three miles a day and that every day's addition meant thousands of acres of new country opened up for civilisation, it can readily be seen what the coming of the railway meant to the vast continental areas of the Empire. Without it, the enormous development which has taken place during the last fifty years in Central Africa could never have been carried out, for the tropical forests, vast areas of swamp land, impassable rivers, to say nothing of the death that lay hidden there ready to pounce upon the unwary European, would have barred effective progress and kept Africa perpetually dark. Thanks to the railway and the civilisation which it brought, the desert has been forced to yield up its treasure, or through irrigation has been turned into a

garden, for with the railway came all the science and mechanical technique of the New Age. The prairies of Canada, which as late as 1870 were spoken of as a great lone land, fit only for the habitation of savage Indians, the buffalo and the coyote, have been transformed into a vast cornfield, and still in distant parts of the Empire the ceaseless struggle of man with the wilderness proceeds, for, fortunately, there is still the frontier line to be found in British territory.

In the latest period of all, new forms of transport have been developed, the full effects of which will not be known for years to come. In the continental regions the motor car, the motor lorry and specialised traction-engines obviate the vast expense of railway construction for local internal communication. The use of these has made it possible to tap areas which would not in themselves have justified the special construction of a railway line. Again, the aeroplane has already become a transport agency of first-rate importance in the new Empire. It is now a vital instrument not only in inter-imperial postal services, but an integral part of the local systems of almost every part of the Empire. It is not only a method by which rapid movement has been made possible, but in remote parts of the Empire it has become the chief link with civilisation. In the Far North the aeroplane carries policemen, miners, traders, doctors and missionaries over vast pathless regions. It is used to carry medicine, food supplies of all kinds, mining equipment and gold. Geographical exploration has been facilitated by it, for in an aeroplane the mapping of new country has become both easier and more accurate. It can be used by fire-wardens on the look-out for forest fires, or by station-owners in Australia when they wish to make a hurried visit to Sydney, Melbourne or Adelaide, and there is no doubt that the aeroplane should be a very important factor in the British Empire of the future.

In spite of the drain of a great migration movement, the population of the British Isles continued to expand throughout the nineteenth and twentieth centuries, though before 1900 the rate of increase was already beginning to decline. These increasing millions had to be fed and clothed, and this could only be done provided markets could be found abroad for the surplus products of their labour. At first there was an attempt made to quicken up the production of foodstuffs at home sufficiently to meet the ever-expanding demand of the industrialised urban population for food. England thus passed through a period of high protection, but this policy was a dismal failure. The farming community failed to meet the new requirements, and a hungry and infuriated people denounced the Corn Laws and the Government which enforced them. When Ireland, always on the mere verge of subsistence, was stricken with the cruellest famine which had been seen in western Europe in modern times, the demand for repeal became irresistible. With the disappearance of the Corn Laws, the change-over to Free Trade and the repeal of the Navigation Acts, went the policy of imperial preference which had so recently been developed, and England accepted for the time being her new rôle in international trade. She gave up the attempt to produce enough food for her own requirements herself, and for over three-quarters of a century pursued the policy of paying for her food and the raw materials she required for her industries by the sale of her manufactured goods. It was only when the whole world was captured by the false doctrine of narrow, self-sufficing, economic nationalism that Great Britain threw over her well-tried economic beliefs and succumbed to the prevailing disastrous heresy. Economic imperialism of the British type, however, has at least the merit of bringing within one system about one-quarter of the population of the whole world. Great

Britain, moreover, has shown, by her readiness to conclude agreements with other countries, that she is no friend to narrow economic nationalism, and whatever may be the defects of the policy which she has recently adopted, it is difficult to see how, in the existing madness of international suspicion, jealousy and hatred, she could have done anything else.

The Industrial Revolution was not merely a series of isolated and accidental mechanical inventions which transformed manufacturing processes of all kinds. It symbolised the application of man's new scientific knowledge to productive purposes, and thus, while scientific research was in the eighteenth century to a large extent the hobby of the curious or the crank, it now became the immediate concern of the statesman and the man of business. Science revolutionised old industries such as the woollen cloth trade, and led to an unprecedented period of expansion; it also created new ones such as cotton. As a direct result of scientific knowledge and experiment, the British metal industries, which were on the point of extinction in the eighteenth century, not only acquired a new lease of life but became larger, more varied and of greater national importance than ever before. Entirely new forms of industry came into existence, such, for example, as the chemical group and the transport industry. Steam, electricity, petrol have been successively turned by science to industrial purposes and have brought with them a whole host of new activities. At first the triumphs of science were so spectacular that people were inclined to find in further mechanical development the chief aim of human existence, and to forget that the machine was man's servant and not his master. Still, for the time Englishmen were dazzled by the triumphs of science and the greatness of their country, and the statesmen and writers of the period never grew tired of this theme.

The armies of the English ride upon the vapours of boiling cauldrons [said the Pasha in *Eothen*]. And their horses are flaming coals! . . . Whirr! Whirr! all by wheels, Whizz! Whizz! all by steam! . . . The ships of the English swarm like flies; their printed calicoes cover the whole earth and by the side of their swords the blades of Damascus are blades of grass. All India is but an item in the ledger books of the merchants, whose lumber rooms are filled with ancient thrones.

Not the least remarkable feature of the mechanical age was the rapidity with which these great changes came about. For centuries mankind's mechanical progress had been slow, then suddenly there was this gigantic rush, and if the Pasha could have foreseen the developments which were to take place in the next fifty years, he would have been even more astounded with the new world that was arising. Tennyson turned from the contemplation of the great mechanical developments which had taken place in his own lifetime to foretell the still more startling achievements of the future:

For I dipt into the future, far as human eye could see,  
Saw the Vision of the world, and all the wonder that would be.

Yet within a few years of his own death, the miracles which he foretold in *Locksley Hall* as the triumphs of the remote future had actually occurred, for men

Saw the heavens fill with commerce, argosies of magic sails,  
Pilots of the purple twilight, dropping down with costly bales;

Heard the heavens fill with shouting, and there rain'd a ghastly dew  
From the nations' airy navies grappling in the central blue;

Far along the world-wide whisper of the south-wind rushing warm,  
With the standards of the peoples plunging thro' the thunder-storm.



All of these changes were of profound significance to the trade of the Empire, and, indeed, of the whole world. Comparatively few of the manifold requirements of industry could be satisfied by the resources of the British Isles. Manufacturers, therefore, were compelled to look abroad and, in direct response to new needs at home, the economic development of the Empire, to be considered in the later chapters of this book, went on apace.

## CHAPTER X

### BRITISH MIGRATION IN THE NINETEENTH AND TWENTIETH CENTURIES

THOUGH the stream of migration which was in full flood during the third and fourth decades of the seventeenth century decreased to a mere trickle in the first half of the eighteenth, it never wholly stopped. Indeed, for over three centuries migration from the British Isles has been a very important aspect of the nation's history. Though, as will be seen later, several economic factors may be suggested which help to account for this great movement, they by no means explain it all. Enclosures, sheep-walks, the Industrial Revolution, combined to produce conditions favourable to migration, but they still leave much unexplained. There is probably no one reason which can account for a sudden and enormous increase in population. Why, from age to age, human fecundity should vary is a complicated and difficult problem, whose elucidation must be left to the expert on population. Unquestionably it is a subject worthy of careful study. Whatever the cause may be, however, of the result there can be no doubt. From the eighteenth century onward the population of the British Isles increased at a phenomenally rapid rate. It was so great, in fact, that the population of the country at home grew from about 6,000,000 in 1700 to over 45,000,000 in 1934, while many millions of British people during these centuries found homes in the Empire overseas, the United States and other parts of the world.

Before the close of the eighteenth century, the new emigration period had started in earnest. Between 1782 and 1803, some 12,000 emigrants from the Highlands of

Scotland left their native shores, attracted by prospects of cheap passages which the agents in Glasgow promised, and of free lands and provisions overseas. After the Napoleonic Wars the outward movement of people became more pronounced, and each year thousands from Scotland, Ireland, Wales and England quitted their homes for the United States, British North America, South Africa and Australasia. This movement reached its peak in the year succeeding the Irish famine of 1845, when thousands fled from the stricken districts of Ireland, not so much in the hope of acquiring wealth but mastered by the elemental desire to escape certain death. After that, for about twenty years, from the middle of the 'fifties to the middle of the 'seventies, there was, as a result of mid-Victorian prosperity, a period of comparative stagnation in the migration movement, though even in these years the flow to Australia and New Zealand was considerable. During the last quarter of the nineteenth century and the pre-War period of the twentieth, millions of British people migrated. In the years just before the War more people were leaving the country annually than ever before in its history, a large proportion of whom poured into the Canadian prairie provinces, where good farming land was to be had free of charge. After the War, though emigration went on, it was at a very much slower rate, and this in spite of the fact of the widespread recognition of the need to promote emigration and the willingness of the Government to encourage the movement by financial assistance. The Dominions had their own problems of re-settlement to deal with after the War. They each began to know something of unemployment, while at home the effect of the ameliorative social legislation of recent years was to remove what had formerly been the chief incentive to migration. Although some adventurous or religious people have emigrated in the past for particular reasons,

the great mass of those who have left the British Isles during the last three centuries have done so in consequence of compelling economic necessity. They had either to emigrate or to starve, but now, thanks to State care, no one need starve in England even though he can find no work to do. It therefore appears that so far as Great Britain is concerned her period of migration is now over, although Government schemes of assisted migration, supplemented by the work of innumerable quasi-official and private organisations, together with such voluntary migration as will probably continue, may succeed in keeping a constant, though reduced, stream flowing. In 1931 the outward movement of people stopped altogether, while in that year there was actually an increase of 20,000 in the population of Great Britain contributed by people returning from abroad.

The revival of emigration in the eighteenth century was first manifested in Scotland and Ireland and then in England. In the Highlands of Scotland it was due, in the first instance, to the defeat of the Jacobite cause at Culloden. After that, the Highlands went through what virtually amounted to a political, social and agrarian revolution. The clan system was broken up, the authority of the chieftains was destroyed, population increased at an enormous rate and eviction became general. During the period of readjustment there was much petty tyranny and a good deal of lawlessness and crime in the Highlands. The substitution of money rents for the traditional payments in kind pressed heavily upon the tenantry, while the enormous increase in population which took place between Culloden and Waterloo made it perfectly plain that the Highlands had become over-populated. As in England in the sixteenth century so in the Highlands in the eighteenth, the landowners began to turn their estates into sheep-runs by absorbing the holdings of the small farmers. This they usually did by raising rents

exorbitantly high, with the result that the tenants were compelled to relinquish their holdings. Telford considered that the most powerful cause of emigration from the Highlands was the conversion of large districts of the country into extensive sheep-walks. These not only required fewer people to manage the same tract of country, but in general they needed an entirely new type, accustomed to this mode of life. The Highlanders either would not or could not adjust themselves to the altered state of affairs. They were landholders and they could not face the degradation, as it seemed to them, of the position of shepherds or mere agricultural labourers. They were not attracted by the prospect of work in the factories of the Lowlands or England, but, on the other hand, emigration oversea would enable them to maintain their status and to start anew.

Though Scottish landlords have been vilified in the past, it is doubtful if they were much worse than English squires. Even if they had all been benevolent humanitarians like Lord Selkirk, they could not have altered the situation to any appreciable extent. The land was poor, much of it quite unfit for cultivation, and it was overstocked with people. If they had not left the glens the people would have starved, and so the landowners were probably, though unconsciously, doing their people an inestimable service when they compelled them to leave. This Highland migration took with it not only landless, destitute people, but small farmers who had been bought out. Even well-to-do chief tenants, who realised considerable sums on the sale of their black cattle, joined in the movement, and carried with them to their new homes large sums of money. It is said that one ship, the *Harmony*, in one voyage transported 525 emigrants from Argyleshire to Quebec carrying £12,000 in specie, and that one member of this ship's company possessed £1500. The *Ben Lomond* carried out in specie a sum not much

less than £30,000 which belonged to the emigrants aboard.

It is natural to pity these exiles, but when the miserable and hopeless conditions which they left behind are borne in mind, it is impossible to avoid the conclusion that those who faced the dangers and miseries of a long ocean passage and the privations and hardships of pioneer life were more fortunate than those who remained in Scotland. Established in their new homes beyond the Atlantic, surrounded by comforts which they had never known in the old land, with a fuller life opening up for them and their children than they had thought possible, the Highlanders knew that the change was for the better. Sometimes in the long winter evenings, when the day's work was done and they sat before their blazing hearths, piled high with logs which they had cut from their own woods, they reflected on the past. They thought of their broad colonial acres, their well filled barns and their plentiful equipment of everything that was needful, and then they remembered the old home. When the national beverage had produced that happy state of pleasant melancholy so dear to the heart of the Scot, they sang sad songs of their exile and of the land they would see no more.

Dear land, to the shores whence unwilling we sever,  
Return! Return! Return shall we never.

Often in dreams they may have beheld the Hebrides and lamented on awaking that they were exiles from their fathers' land, but after a few years of the new life they had only a poetic regret for "the lone shieling on the misty island". The prosperous fisherman of Cape Breton and Prince Edward Island, the well-to-do farmer of Pictou, Bruce and a hundred other centres of Highland settlement in North America, Australia and New Zealand, never forgot the land of their forefathers, and handed on

to their children a romantic attachment to it which found expression during the Great War, when their descendants returned in the armies of the Dominions. But the land which they sang about and taught their children to revere was a land of dreams. The Dominion soldiers who visited the Highland homes of their race came away with feelings of thankfulness that their ancestors had been driven forth, even though they still maintained the old attachment which had come down to them for some barren acres in a lonely Scottish glen or a bleak rock in the Hebrides.

In Ireland similar conditions, though on a much larger scale, produced similar results. Between the time of Cromwell and the great famine of 1845 the population of the country increased eightfold, from about one million to over eight. This enormous increase was not accompanied, as it was in England, by a great expansion in industry, for though some industrial development took place in Ireland it was slight in comparison with that across St. George's Channel. There was no great improvement in Irish agriculture corresponding to that which took place in England, and Irish landlords as a whole never had the same sense of paternal care for their tenantry which was characteristic of the best English squires. Frequently they were absentees, and the management of their estates was left to hard-fisted stewards, who were quite merciless in their oppression. The people were embittered by the recollection of injustice, and had little interest in showing energy or initiative when the only result of improvements would be a rise in the rent. The majority of them held little bits of potato ground at third or fourth hand, and knew that the default of any of the intermediate tenants would lead to the loss of their pig and their miserable crop. These people were not, as has been so often suggested, feckless ne'er-do-weels; they were the victims of the cruel system under which they

lived, and when finally they escaped from their misery in Ireland they showed their latent worth. Emigrants from the most disturbed districts in Ireland made peaceful and thrifty settlers in Canada, for in the new land they were proprietors of from fifty to a hundred acres of their own, and with a secure title and freedom from the old tyrannies there came hope, self-respect and energy. In Ireland there was no reason why they should exert themselves, and a spirit of hopelessness settled down on the people, which made them easy victims to the famine when it came. So long as they produced enough potatoes to keep them alive, they were content, and when that crop failed there was nothing left. Doubtless, Irish landlords have much to answer for, but here again the country was incapable of supporting the greatly increased population, and the peasantry were left with the choice between under-nourishment and famine or emigration. But while the Scots forgot the miseries and the petty tyrannies which had driven them out, the Irish, more particularly those who settled in the United States, cherished gloomy memories which became a part of their long and bitter tradition of hatred of everything English.

In England the same phenomenon of a rapidly expanding population existed, and the enclosing movement, which resulted in the displacement of large sections of the rural population, intensified the prevalent distress. Though the great industrial expansion of the period supplied work for hundreds of thousands, there was still a great unemployable surplus, for which, in spite of the relief offered under the Poor Law, the choice became emigration or starvation. After the close of the Napoleonic wars hundreds of thousands of people were thrown out of work by a decline or cessation of activities which the war had stimulated. Retired officers and men of the Navy and the Army, together with thousands of other



people, found themselves suddenly deprived of employment, and for these emigration appeared to be the only possible course. In view of the prevalent distress which was so evidently due to overcrowding, it is remarkable that the traditional mercantilist objection to emigration should have lingered as long as it did. Telford viewed such a movement with grave misgivings, and the Committee which examined his Report in 1803 assumed that emigration was only to be thought of when there was no other possible means of supporting the population.

As the nineteenth century advanced, the old theory ceased to have any influence. *Laissez-faire* doctrines were everywhere accepted, and any law which hampered free movement of the individual was obnoxious. People were, therefore, at liberty to leave their country if they wished, and nothing should be put in their way to prevent them. At the same time, though some assistance was grudgingly given, it was not for the Government to grant emigrants in general any help, just as it was not its function to hinder them. The economists of the *laissez-faire* group believed, in fact, that emigration was beneficial to England, since those who left the country would in time become producers of raw materials needful for British industries. They would, moreover, help to augment the world demand for British manufactured goods, but economists were indifferent as to the country in which the migrant established himself. Settlers on the banks of the Mississippi or of the Hudson were as valuable to England, in their view, as settlers on the St. Lawrence or the Murray.

The most important individual influence which accounted for the complete change in British public opinion on this subject is to be found in the writings of Malthus. Few theorists have aroused such violent and vindictive opposition as this clerical economist, but few have advanced ideas which won such widespread and uncritical acceptance. Malthus believed that population

tended to increase in geometric progression while the means of subsistence expanded only by arithmetic progression, and that, therefore, over-population was inevitable unless certain restraints and palliatives were applied. Among those which he recommended was emigration, and his view was accepted in part or in whole by most of the statesmen and economic thinkers of the time. Humanitarians who deplored Malthus and denounced his sinister influence accepted his point of view to the extent that they believed emigration to be in the interest of the poor at home.

The economic theory of the early nineteenth century was also indirectly favourable to emigration. According to the Wages fund theory there was at any given moment a definite sum which was available for the payment of labour. This sum increased by saving and the accumulation of wealth, but at any particular point of time it was a definite amount, and labourers could receive on an average no more and no less than this sum divided by their total number. This being so, as population was increasing, it was argued that the surplus labourers must seek their fortunes abroad, otherwise the general level of wages at home must inevitably decline. Thus in the years after Waterloo, characterised as they were by economic depression and misery among the poorer classes, it was concluded that there was a redundant labouring population.

As it was generally believed that the British Empire would shortly disintegrate, there was no very keen desire that the flow of emigrants should be directed towards the British colonies. Indeed it was thought that they were unfit for the occupation of civilised people, for no-one wished to condemn his own countrymen to permanent association with icebergs, polar bears and wild Indians in British North America, with brutal Dutchmen and savage blacks in South Africa, or with convicts of the

basest and most depraved character in Australia. Cobbett, who felt deeply the suffering of the English country folk who had been driven from their holdings, urged intending emigrants to avoid British North America.

The English colonies in North America [he said] form an immense extent of country, but, with the exception of a small part of Canada, and here and there a little strip of land in New Brunswick, which have been preoccupied, the whole is wretchedly poor; heaps of rocks, covered chiefly with fir-trees. These countries are the offal of North America; they are the heads, the skins, the shanks and hoofs, of that part of the world; while the United States are the sirloins, the well-covered and well-lined ribs, and the suet.<sup>1</sup>

Others lamented emigration in any form. They repeated the old mercantile argument that the chief wealth of a country consisted in the multitude of people. By the beginning of the second quarter of the nineteenth century, however, the arguments against emigration carried less and less conviction, for in spite of the thousands that were annually leaving the British Isles, want and misery were still prevalent. The rick burnings of 1830, the Owenite ideas which dominated the working classes, and the general spirit of unrest, were all symptomatic of the unhealthy condition of the country. Carlyle advocated

An effective system of emigration so that at length before our twenty years of respite are ended every honest workman who has found England too straight and the organisation of labour not yet sufficiently advanced might find likewise a bridge built to carry him to new Western lands, there to organise with more elbow room some labour for himself, there to be a real blessing, raising new crops for us, purchasing new webs and hatchets from us, leaving us at least in peace, instead of staying here to be a physical force Chartist unblessed and not

<sup>1</sup> Cobbett, W., *The Emigrant's Guide*, p. 52.

blessing . . . our little isle is grown too narrow for us but the world is wide enough yet for another 6000 years. England's sure markets will be among new colonies of Englishmen in all quarters of the globe.

By the fourth decade of the nineteenth century public opinion had already changed and the old mercantilist view was generally discredited. At first, and so long as the views of the Manchester School prevailed, the destination of the emigrants was considered to be a matter which was of interest to themselves alone, though even in the middle of the century there was a small influential group who believed in the future of the Empire and, therefore, that British emigration should be deflected from foreign countries to the British colonies. The systematic colonisers of the 'thirties and 'forties, whose chief members were Lord Durham, Charles Buller, Sir William Molesworth, J. S. Mill, Colonel Torrens and Grote, were led by the dynamic Gibbon Wakefield. Their aim was to establish new colonies which would be extensions of the Mother Country, and just as all classes of the community were represented in the English migration movement of the seventeenth century, so, in the nineteenth, it should be made representative and not limited to superfluous paupers. These men did not share the prevailing pessimism about the future of the Empire, and they believed that new colonies would not only help to draw off some of Britain's surplus population, they would also prove valuable markets of English products. They aimed at opening up a wide field of employment in the colonies, and by so doing, they hoped to diminish the struggle of capital with capital and labour with labour which they considered to be a cause of social and economic unrest at home. In their opinion, emigration had been too haphazard in the recent past and amounted merely to the shovelling out of paupers. Thus Wakefield and his friends put forward their programme and showed how

both labour and capital might each be attracted to the colonies. This group wanted to see a return to the healthier, happier type of emigration which had been responsible for the establishment of the first English colonies, when people of all classes had migrated. It was because of this that Virginia and New England had been, in fact, Little Englands beyond the sea. The masses, according to the reformers, as the masses everywhere, contributed their labour alone, but they were supported and led by the wealthy and educated who had been their leaders at home. Buller believed that colonisation had always been conducted thus,

Until all our ideas on this subject were perverted by the foundation of convict colonies and its association in men's minds with transportation.

It was because of this that emigration was looked upon as the hardest punishment of guilt or necessity of poverty. Respectable tradesmen and men possessed of capital shrank from such associations, and if their necessities compelled them to quit their country for a new one, they went as a matter of course to the United States. The idea of a gentleman emigrating was almost unheard of, "unless he migrated for a short time as a placeman".

The influence of this group on the development of the overseas colonies was profound, and the present British Empire owes much to their patriotism and foresight. Thanks to them, the 'thirties and 'forties witnessed a change of feeling at home on the subject of the colonies. The old contempt which had prevailed since the American Revolution now tended to disappear, and colonies were once more regarded as suitable places where younger sons and men of position might seek their fortunes. At a time when *laissez-faire* ideas were prominent, and when the continued existence of the Empire was not

believed in, these men pointed out to their countrymen what that Empire might become if the people of England had only the faith and the energy to seize their opportunity.

On the practical side, the Colonial Reformers were responsible for the foundation of South Australia and New Zealand. Though some of their theories proved impossible in practice, nevertheless they supplied the driving force and the ideas which accounted for the ultimate success of both of these ventures. Wakefield recognised the great part which religion might play, and it is to his credit that, among the failures that have so often occurred in attempts to organise the establishment of colonies from a distance, the Scottish Free Church Settlement at Otago and the English Church or Canterbury group were both brilliant successes. By means of the cohesive power of their common religion these settlers were able to withstand the disintegrating forces which were so powerful at first.

Wakefield's aim was to draw both capital and labour to the colonies. One of the great difficulties in new countries had always been the shortage of labour, as a man could become a landed proprietor almost for the asking. His theory was that land should only be procurable at a price. This price should be sufficient to prevent impoverished people from becoming landowners at once, but low enough to enable a labourer in the colony to save enough money to pay the purchase price in a few years. The money realised on the sale of land was to be used as an emigration fund which would help to bring out more people to the colony, and in fact, as will be seen later, this method of encouraging emigration was actually put into practice. This is, however, not the place to discuss the Wakefield theory at length. Like most pre-conceived schemes of this nature it had glaring defects, and it is probable that Wakefield and his friends deserve

more credit for the influence they exercised upon public opinion in relation to imperial affairs than for their practical contribution, important as that contribution undoubtedly was. They helped to keep alive and also to revive a belief in the future of the Empire. When the prevailing spirit of indifference on this subject and, indeed, the actual hostility in many quarters is remembered, the conclusion must be that the achievement of this small, determined group was considerable. As far as the Government was concerned, the only form of emigration in which it was definitely interested was in the transportation of criminals. It was natural that, at the close of the American war, England should look about for new lands to receive the convicts who previously had been sent to the American provinces. But the system of transportation as it developed in Australia differed widely from that which had prevailed in the old Empire. At first the captains of the seventeenth century received £5 a head for each convict they transported. Later on they took them for nothing and marketed them in the colonies as best they could. The average price of a skilled mechanic before the Revolution was about £20, that of an ordinary labourer about £10, while women brought about £8 apiece. In Virginia and the other American colonies the convict worked under a master whose private interests were bound up with the efficiency of his labourers, but in New South Wales he worked under an overseer who had no more profit in his labour than the convict himself, and who, as a contemporary expressed it, on landing in the colony became "enrolled with many other honourable gentlemen in the respectable and useful band of national pensioners". Whatever the defects of transportation were, however, the system did serve a useful purpose. Thanks to it, a great deal of pioneer work was done which rendered the later development of Australia easy. Without trans-

portation it is doubtful if Australia would have been able to take so soon the place which she has among the nations of the world. Between 1788 and 1836, 59,778 people were transported to New South Wales, only 8696 of whom were women. Between 1803 and 1853, 67,655 convicts, 11,613 of whom were women, were transported to Van Diemen's Land, but by the middle of the century transportation had done its work and, indeed, for many years before its cessation in New South Wales in 1840 the opposition to the system had been gathering weight.

But while public opinion at home tended to change on this subject, the indifference as to the destination of those who quitted the British shores prevailed until the later decades of the nineteenth century, when at last another point of view acquired increasing importance. It was becoming clear to a growing number of Englishmen that the easy going mid-Victorian confidence in the permanence of British industrial supremacy was beginning to have less and less justification. Industrial rivals of Great Britain appeared, whose competition became keener year by year. They were developing overseas markets for themselves from which the British traders were driven, and long before the outbreak of the Great War it could no longer be assumed that British emigrants in their new homes would necessarily buy British products. It thus came about that the swing away from *laissez-faire* resulted in a renewed faith in the future of the Empire and a new recognition of its economic importance. The larger the British population in the Dominions became the better for England, and this being so, it was recognised that British emigrants should be encouraged and assisted to settle within the frontiers of the Empire. Froude spoke for many of his contemporaries when he complained bitterly that in a quarter of a century nearly 4,000,000 British subjects had settled in the United States who, if the Government of the day had



been alive to its duty, might have been established in the British colonies, But it was not until after the conclusion of the Great War that the British Government recognised that it had any responsibility in the settlement of British people within the Empire.

Generally speaking, there was a marked disinclination on the part of nineteenth-century British Governments to use public money to assist emigrants. At the same time, in the years immediately subsequent to 1815, Government funds were used to a certain extent for this purpose. Between 1815 and 1825, 7090 persons were assisted in this way. In 1819 a sum of £50,000 was advanced for the South African settlers and £150,000 later on. In 1821, £68,760 were expended in assisting emigrants from the South of Ireland to settle in Upper Canada and the Cape of Good Hope, £15,000 in 1823, and £30,000 in 1825 in furtherance of Wilmot Horton's schemes of emigration. That statesman, who deserves more credit than he has usually been given, while at the Colonial Office succeeded in breathing a new spirit into the Government's emigration policy. His aim was to settle the emigrants and to supply them with capital in the form of provisions and implements, and thus to enable them, by their own future efforts, to accumulate property. Both of his settlements, that of the Bathurst district established in Upper Canada in 1823 and Peterborough in 1825, were reasonably successful. In spite of these achievements, however, he received little support for his views, and later the bitter disparagement of Gibbon Wakefield obscured the real value of his work. Horton was not only responsible for these two settlements; it was also mainly due to his efforts that a Select Committee was appointed to report on the question of emigration in 1826 and again in 1827.

The committee of 1826 was convinced by the evidence it examined that in Ireland, England and Scotland there

were extensive districts in which there was a redundant population.

In other words [declared the Report] there exists a very considerable proportion of able-bodied and active labourers beyond the number to which any existing demand for labour can afford employment.<sup>1</sup>

The Committee also drew attention to the vast acres of good cultivable land in the Canadas, Nova Scotia, New Brunswick, Prince Edward Island, the Cape of Good Hope, New South Wales and Van Diemen's Land, which could easily receive England's redundant population. All that was needed was that there should be forthcoming the funds necessary to settle them there. The Committee, therefore, recommended a system of State-aided emigration under which the emigrants would be given the equivalent of money on loan, which they would be expected to repay when they were firmly established. The State should not only be responsible for financing the movement but it should direct it throughout. Such a policy, the Committee believed, would produce greater social stability and progress than if the outward movement of population was left to chance. The findings of this Committee coincided with those of the Committee of the following year, but there the matter ended. Horton in 1828 and again in 1829 tried to have a Bill brought before Parliament to give substance to these recommendations, but his efforts were fruitless. Already the canons of *laissez-faire* were generally accepted, and this, together with the absorption of members in the Catholic Emancipation discussions, and later in the struggle for and against Parliamentary reform, drove the question of emigration into the background.

In spite of this general disinclination to act, however, the magnitude of the outward movement of British people

<sup>1</sup> *Report of Select Committee on Emigration, 1826.*

in the 'thirties and 'forties compelled the Government to take some interest in the subject. In 1831 an Emigration Commission was set up, which appears, however, to have been completely ineffective, as it was dismissed in the following year. Owing to the robbery and spoliation to which ignorant and often illiterate emigrants were liable, 7 half-pay lieutenants were appointed in 1834, at an annual cost of £1457, as emigration agents in the principal ports of departure, Liverpool, Bristol, Dublin, Belfast, Cork, Limerick and Greenock. Three years later an Agent-General was appointed to co-ordinate the work, and finally, on 14th January 1840, the Board of Colonial Land and Emigration Commissioners was set up. For the next thirty-eight years this body was the recognised official agency of the Government. At first it was mainly concerned with the sale of colonial lands in Australasia only, and the application of the proceeds to the cost of carrying emigrants to the antipodes. When responsible government was established in Australia, the various colonies became individually responsible for the administration of their own land policies, but they continued to remit funds to the Board, which enabled it to carry on its work. During this period thousands of people were assisted, in so far as the cost of their passages were concerned, to emigrate to Australasia. In the period 1837-46 over 100,750 people went out to Australia, only about 20,000 of whom paid their own fares and the remainder were assisted by the Land Fund. Between 1846 and 1869 the Colonial Land and Emigration Commission assisted 339,338 emigrants at a total cost of £4,864,000, of which £523,000 was provided by the emigrants themselves. Generally speaking, however, with the exception of the voluntary migration stimulated by the Australian gold rush, there was a decline in the outward movement of British people which lasted from the early 'fifties to the end of the 'seventies. The

work of the Colonial Land and Emigration Commission decreased in volume until in 1877 the number of emigrants assisted by it amounted only to 31,305. By that time, moreover, the colonies were beginning to establish their own Emigration Agencies in the Mother Country, and thus the activities of the Commission were terminated in 1878. For forty years thereafter the British Government took little interest in emigration except for occasional grants and the maintenance of the Emigrants' Information Office which was established in 1886. Finally, in 1922, the Empire Settlement Act<sup>1</sup> was passed which signalled Great Britain's revived interest in overseas settlement. Under this measure the Mother Country undertook to defray half the cost of overseas settlement up to £3,000,000. During the five years 1924-28 inclusive the average annual emigration from Great Britain was about 150,000, and in the period 1922-28 about 302,000 people were assisted to emigrate, or an average of 43,000 a year.

Taking the period since the American Revolution as a whole, however, voluntary action has accounted for the majority of those who have settled beyond the sea. With the exception of the relatively small number who received assistance in the early years of the nineteenth century, the 4,000,000 emigrants to British North America received no Government help, and after the dissolution of the Colonial Land and Emigration Commission there was practically no assistance given to any emigrants except that which came from the Australian States. It is safe to say that the vast majority of the millions who left the country between 1880 and 1914 received no help from any Government source. Voluntary bodies of many kinds have played a very important, though sometimes not wholly wise, part in the work of overseas settlement, and among these there is none which

<sup>1</sup> 12, 13 Geo. V, c. 13.

deserves to be remembered more than that which was carried on by Caroline Chisholm. By her efforts alone, thousands of poor people in this country were helped to a new and fuller life in Australia. Some laudatory stanzas in *Punch* in 1853 describe her achievements:

Beyond the roaring ocean; beneath the soil we tread,  
 You've English men and women, well housed and clothed and  
     fed,  
 Who but for help and guidance to leave our crowded shores,  
 Would now be stealing, begging, or lie starving at our doors.

Who taught them self-reliance, and stirred them to combine,  
 And club their means together to get across the brine,  
 Instead of strikes, and mischief, and breaking of the law,  
 And wasting time in hearing incendiaries jaw?

Who led their expeditions? and under whose command,  
 Through dangers and through hardships sought they the  
     promised land?  
 A second Moses, surely, it was who did it all,  
 It was a second Moses in bonnet and in shawl.

By means of one good lady were all these wonders wrought,  
 By Caroline Chisholm's energy, benevolence and thought,  
 Instead of making here and there a convert of a Turk,  
 She has made idle multitudes turn fruitfully to work.

Many emigrants since the beginning of the nineteenth century have been financed by friends and relatives already established in the new lands. But while voluntary migration has thus been predominant in the British movement in the past, it cannot be assumed that this feature will be equally marked in the future. The goad of impending starvation no longer operates, and in the days to come, if a British migration movement is to continue, it will require the outlay of vast sums of public money. There is no reason to-day why people should be

driven from their homes to face the grinding labour and cruel hardships of pioneer life as did the emigrants of the nineteenth century. The settler to-day has a right to expect that his path will be made easy, otherwise he will not move, and this can only be done at an enormous cost.

## CHAPTER XI

### FROM SAIL TO STEAM

It is customary to think of the nineteenth century as the age of steam in ocean travel and to forget that it was also the golden age of sail. The enormous movement of people from Europe to distant parts of the world, the unexampled increase in the volume of ocean-borne commerce and the challenge of steam put the builders of sailing-ships, as well as those who sailed them, on their mettle. The result was that more improvements took place in the fifty years after Waterloo than had been accomplished in two centuries. As a result of this expansion in the shipping industry the English Channel became in very truth a busy road, almost always crowded with ships of every sort, from all parts of the world. In 1861, upwards of 100 ships anchored in or passed the Downs in one day, while on another day, in January 1866, more than 500 were riding at anchor there. Steamers were at that time still small in number, and thus in 1858 out of the 225 vessels which left the Downs in 5 days, only 5 were steamships.

This new era began with the return of peace after the overthrow of Napoleon, as in the year 1816 the New York Packet Line, or Black Ball Line, a notable pioneer, was founded. Other American lines began to run in the course of the next few years, such as the Dramatic, the Red Star and the Halifax Packet, but besides these there were many other smaller lines, in addition to individual ships belonging to private owners, constantly plying between Great Britain and America, Africa and the East. During the period of the French Wars, Great

Britain had won unquestioned supremacy at sea, which bred a spirit of complacency in British owners. For many years after the return of peace, there was in consequence a conspicuous lack of enterprise, which was intensified by the artificial security enjoyed by British shipping under the Navigation Acts. In the twenty years after 1815 the total British tonnage remained virtually stationary at about 2,500,000 tons, and although in the ten years 1835-45 there was a sharp increase to 3,700,000 tons, it was not until after the middle of the century that the period of rapid expansion began.

In the years prior to the repeal of the Navigation Acts the British mercantile marine was, generally speaking, in a languishing condition. With the exception of the Blackwall frigates, where the great traditions of the East Indian service prevailed, the personnel generally was of indifferent quality. The captains and officers were frequently ignorant, ill-trained and often brutal and drunken, while their crews were undisciplined and poorly trained. This decline occurred at the very time when the United States was beginning to produce some of the finest ships in the world, manned by magnificent sailors and commanded by officers unequalled for resource and daring. Although the Navigation Acts remained on the Statute Book, the Americans, after a long struggle, won a footing in the British trade. By the agreement of 1830, American ships were permitted to carry American produce to any part of the British Empire, to carry British and colonial exports to any foreign country, and even to participate in the Indian trade. It was said in 1845 that half the total British sea-borne trade was governed not so much by the Laws of Trade and Navigation as by the exceptions to them.

This gave the Americans a chance of which they were quick to take advantage, and within a few years after the Napoleonic wars the shipping world began to hear of



the American clippers. This term was applied indiscriminately to vessels of many types, ships, barques and brigs, but it was originally used in connection with the famous Baltimore schooners. These were built on very fine lines. They were long and narrow, with forward-raking bows and aft-raking masts. These American vessels were not only swifter and, on the whole, larger than those built in England. They were very much cheaper to build, for while the British continued to use oak or teak, the Americans built their vessels of soft-wood, which they procured from their enormous forests.

The Atlantic passage, which under the old conditions had taken anything from 35 to 60 days or more, was greatly reduced. Between 1841 and 1845, for example, 11 passages made by ships of the Dramatic Line averaged 23 days on the outward journey, the shortest of which was made in 17 days and the longest in 25. Again, about the same time, out of a total of 23 the longest took 33 days, the shortest 18, while the general average was  $22\frac{1}{2}$ . Sometimes, if conditions were favourable, the eastward passage might be made much shorter. Thus, one ship of the Black Ball Line crossed from Sandy Hook to Queenstown in 14 days, while the *Yorktown* made the same run in  $13\frac{1}{2}$  days. By the middle of the century it was fairly common for the best ships to make the westward passage in 22 to 33 days and the eastward in from 17 to 24. Often, however, the journey in either direction might lengthen out to 7 or 8 weeks, and this uncertainty as to the length of a voyage rendered the problem of victualling very difficult and an exact schedule of times of arrival and departure impossible.

As long as wooden ships held their own, British North America was the home of a flourishing shipbuilding industry. In 1827 it was stated that one-third of the ships then being supplied to the British mercantile marine

came from the British provinces in America, and twenty-five years later St. John, New Brunswick, sent out some of the finest ships that have ever sailed. These soft-wood vessels were short-lived in comparison with the English hard-wood ships, for after a few voyages to the East they became unserviceable; but they were cheap to build and, with their clipper lines and enormous spread of canvas, they were splendid vessels, unsurpassed for beauty and speed. When the shipyards of New York, New England, the Maritimes and the St. Lawrence were turning out their best ships, they threatened to drive English-built vessels from the sea.

The *Ben Nevis*, a St. John built ship, was the first vessel owned by the White Star Line, which originally started as a line of sailing packets. There were many others renowned for their beauty and speed, of which perhaps the most famous was the *Marco Polo*, built in St. John in 1850. This stately vessel aroused the enthusiastic approbation of experts in England. Her length from the inner part of the main stem to the stern-post aloft was 185 feet. She was 38 feet wide and had a depth of hold amidships of 30 feet. Her registered tonnage was 1625 tons, with a burthen of over 2000 tons. The timber work in this ship aroused great admiration on this side of the Atlantic, while her beautifully finished saloon and cabins rendered her very popular with travellers. The *Marco Polo* was not only beautiful to look upon, she was a wonderful sailor. In her first voyage to Australia in 1852, commanded by the redoubtable "Bully" Forbes, she made a record run of 68 days. Within 5 months and 21 days she was once more sailing up the Mersey, announcing, on a huge strip of canvas between her fore and main masts, "The fastest ship in the world", a distinction, however, which she was not destined long to enjoy.

I have done my bit of carving  
Figureheads of quaint design,  
For the Olives and the Ruddocks  
And the famous Black Ball Line:  
Brigantines and barques and clippers,  
Brigs and schooners, lithe and tall,  
But the bounding *Marco Polo*  
Was the proudest of them all.

I can see that white-winged clipper  
Reeling under scudding clouds,  
Tramping down a hazy skyline  
With a Norther in her shrouds.  
I can feel her lines of beauty,  
See her flecked with spume and brine,  
As she drives her scuppers under,  
And that figurehead of mine.

'Twas of seasoned pine I made it,  
Clear from outer bark to core,  
And the finest piece of timber  
From the mast-pond on Straight Shore.  
Every bite of axe or chisel,  
Every ringing mallet welt,  
Brought from out that block of timber  
All the spirit that I felt.

I am old, my hands are feeble,  
And my outward eyes are dim,  
But I see again those clippers  
Lifting o'er the ocean's brim;  
Great white fleet of reeling rovers,  
Wind above, the surf beneath,  
And the *Marco Polo* leading  
With my carving in her teeth.<sup>1</sup>

Even though the soft-wood vessels of the New World were undoubtedly in the ascendant in the period between 1815 and 1850, there were, nevertheless, some excellent British-built ships, such, for example, as those

<sup>1</sup> Cody, H. A., *The Old Figurehead Carrier*. Quoted Ritchie, G., *Songs of the Maritimes*, pp. 25-6.

of Green's Blackwall Line. The *Prince of Wales*, the *Monarch* and the *Queen* were perhaps the most famous of these, larger by some 500 tons than the average passenger carrier of the time. The *Prince of Wales*, for example, was built of naval frigate scantlings, pierced for 50 guns and had flush decks, which, by providing a long promenade, made her, in spite of her slowness as compared with contemporary American vessels, attractive to passengers.

Several factors combined to usher in a new era in the history of the British mercantile marine at the beginning of the second half of the nineteenth century. The turnover to Free Trade and the repeal of the Navigation Acts came at a time when there was a greater call than ever before for ships. The flight from Ireland, the rush first to the Californian and then to the Australian goldfields, meant an enormous and sudden increase in passenger traffic, of which the American shipowners were quick to take advantage. The famous Donald Mackay, a Blue-nose by birth, constructed for American and English owners some of the finest ships that were ever seen, such as the *Flying Cloud*, which made a record run from New York to 'Frisco of 89 days, and the *Lightning*, which reached Liverpool from Melbourne in 63 days, a run which was never equalled by any other ship under sail. American clippers, finding nothing but gold-dust to ship from California, sailed across the Pacific to China for tea, and when the *Oriental* arrived in the Thames 97 days out from Hong Kong with 1188 tons of tea aboard, it seemed that the doom of the English mercantile marine was sealed. This menace, however, and the stimulus of world competition, gave British shipbuilders the spur they required. "We, the British shipowners, have at last sat down to play a fair and square game with the Americans, and by God, we will trump them." Thus Richard Green admirably expressed the new spirit that was abroad.

The Board of Trade Commission Report, 1847, revealed the deplorable condition of the English mercantile marine. Owing to an obsolete method in the measurement of tonnage, British ship designers were seriously handicapped. They were obliged to disregard modern developments and to build deep, full-bottomed ships, whose real tonnage was much greater than their registered burthen. Although this meant the avoidance of a certain amount in charges, it resulted in slow, unwieldy vessels. The Merchant Shipping Act of 1854 substituted more sane methods of measurement for the absurd requirements of the Act of 1773, which estimated rates by reference to length and breadth only. In the meantime, by an Act of 1850, regulating the condition of seamen and the maintenance of discipline in the merchant service, long overdue reforms had begun, and these measures were followed by many others relating to kindred subjects.

Thus, with the 'fifties Great Britain was at last in a position to compete with her rivals, and a period of keen competition began, the final result of which was to bring the sailing ship to a degree of efficiency never before reached. New York vied with Boston; St. John, the Nova Scotian port, and Quebec vied with each other; and all with the American shipbuilders. London fought the Tyne, Liverpool and Aberdeen each other and all, while every British port contended with the New World. The first significant triumph of the British shipbuilders was in the China trade, from which the American clippers were driven by such vessels as the *Sir Lancelot*, which held the record from Foochow with a passage of 89 days, the *Ariel* and the *Serica*, joint winners of the tea race in 1866. The rivalry of the United States with England continued with unabated intensity down to the outbreak of the American Civil War, which destroyed the American mercantile marine. Between 1835 and 1860, American

ocean tonnage grew from 1,000,000 tons to 2,500,000 tons, and if her river, lake and coastwise shipping was added, her total tonnage fell short of the British Empire total of 5,800,000 tons by half a million only. It has been estimated that during the war half a million tons of American shipping were transferred to the British flag, and this decline continued after the cessation of hostilities. The following table illustrates the growth of British shipping since 1860:

TOTAL TONNAGE ON REGISTER <sup>1</sup>

Year	1000 tons net
1860	7,301
1870	10,755
1880	17,294
1890	25,930
1900	33,971

British builders continued to use hard-wood, oak or teak, and in the 'sixties produced the composite vessels which had iron frames and hard-wood planking. In these famous China and Australian clippers, not only the science of sailing-ship construction but the art of sailing was brought to the highest pitch of perfection. Perhaps the most famous of the composite ships, and certainly the largest, was the *Sobraon*, launched in 1866. Her total length over all was 317 feet, her beam 40 feet, and her depth of hold amidships 27 feet. She had a registered tonnage of 2131 tons and her burthen was 3500 tons. It is said that this great ship could spread two acres of canvas, and on a fine day, with a fair wind on her quarter and all sails set, she must have been one of the most beautiful sights that ever gladdened the heart of a sailor.

<sup>1</sup> Fayle, C. E., *A Short History of the World's Shipping Industry*, p. 246.

Composite ships, however, represented merely a transitional stage in the change over from wood to iron. By the 'sixties, as will be seen later, steam had become a serious menace to sail, and shipowners were compelled to strain every nerve in order to maintain its position. Iron offered many advantages. As wooden ships increased in size their timbering necessarily became very heavy. In iron ships, though the material used was heavier than wood, the framework as well as the outer skin could be made much thinner, owing to the greater strength of the new material. This meant that an iron ship weighed one-quarter less than a wooden ship of the same dimensions, and was, therefore, proportionately a greater cargo carrier. In the iron ship it became possible to introduce many mechanical devices as well as improvements in the rigging and in the arrangement of spars. The *Patriarch*, built of iron plating in 1869 and belonging to the Aberdeen Line, had her topmasts and lower masts in one piece, and telescopic topgallant masts which could be housed inside the topmasts. She was heavily sparred with topgallants at fore and main, and carried a full suit of stun-sails. The iron clipper reached its best in the *Rodney*, of 1500 tons burthen, 235 feet 6 inches long, 38 feet 4 inches wide, 22 feet 6 inches deep. She had a saloon 80 feet long, and her two-berth cabins, each 10 feet square, fitted with lavatory basins and chests of drawers, represented an enormous advance in passenger accommodation. This vessel had bathrooms provided with cold and hot water and she was luxuriously furnished throughout. The galley and cooking arrangements surpassed anything that had before been seen.

These famous clippers were, of course, built for speed, which attracted not only passengers but dealers in wool and tea, for whom the early arrival of the first cargo of the year at market was all-important. The *Rodney* in 1880 reached Adelaide from London in 74 days, while

her best passage from the Channel to Melbourne was done in 69 days. The *Patriarch* in 1885 covered 14,344 miles at a daily average of 191 knots; but these figures will be better appreciated when it is remembered that forty years earlier the trip out to Australia in a Blackwaller usually took five or six months. In the clippers the storage of cargo became a fine art, and thus the *Mermerus* could stow 10,000 bales of wool into her hold, worth anything up to £130,000 and representing the clip of a million sheep. As sailing-ship construction improved and as more and more mechanical devices came in, although the ships became very much larger the number of men considered necessary to work them tended to decrease. The double topsail replaced the old single topsail in order to save the trouble of reefing. Patent sheaves, steam windlasses, patent reefing gears, screw steering gears, donkey-engines and brace winches eliminated a great deal of hard work, though some of these were more common in foreign than in British ships. Shipowners, however, used these improvements to reduce the size of crews and thus to cut costs. In 1830, first-class East Indiamen usually carried a crew of 130, while twenty years later their lineal descendants, the Blackwall frigates, were manned by 70 men or so. About 1860, thanks to new mechanical devices, the usual crew of a large ship was about 50, and before the end of the century a 2500-ton steel four-master was considered amply provided for with a crew of 28.

In spite of all the strenuous efforts to perfect the sailing-ship, it was clear by the 'seventies that for general passenger work and the carriage of valuable cargoes in which time was important, the triumph of steam was certain. The Atlantic became for many reasons the scene of the most notable early triumphs of steam, and it was in the North Atlantic services that Great Britain challenged the American supremacy in sail by her steam-



ships. Partly because of the lack of coaling stations in the early days, partly because there was a prejudice against the carriage of fragile cargoes, such as tea, in steamers and partly because of the disproportionate space taken by coal, the sailing-ship held her own in the Eastern and Australian trades long after the steamship had given her the *coup de grâce* in the passenger and fine cargo business of the West. Throughout the world the sailing-ship held her own in heavy cargo work to the end of the century.

Provided that the initial mechanical difficulties could be overcome, steam obviously had many advantages over sail. Whereas a sailing-ship might be blown a thousand miles out of her course, and even under the most favourable circumstances might be compelled to go hundreds of miles out of her direct route in order to take full advantage of favourable winds, steamers could run regularly by the shortest track, from port to port, and the time of their arrival could be estimated with an exactitude impossible for sailing-ships. Once iron was adopted, there seemed to be no limit to the size of a steamer, whereas it was impossible, owing to the problems of spars and masts, to construct a sailing-ship of more than 5000 tons, and even at the end of the century a sailing-ship of over 2000 was considered exceptional. On the other hand, the *Great Eastern*, although a commercial failure, showed the enormous possibilities of steam and iron.

The first steamers which were used in ocean commerce were merely sailing-vessels fitted with engines, and a great many mistakes were made and a vast amount of experience had to be accumulated before the steamer was brought to perfection. The story of the sailing-ship is extremely romantic and the races of the Australia or China clippers were sagas of the sea. But it is wrong to assume that the history of the steamer is dull, for though it differed from that of its rival and no steamer could ever

hope to equal a clipper under full sail for beauty, the progress of steamship construction and achievement is an epic as full of interest as any phase in the long history of the sailing-ship. Steam came only very gradually into general use, for the conservatism of the seafaring community held out against the despised "tin kettles". Thus in 1814 the total number of steamers in the United Kingdom was 5, and 6 for the British Empire, with an aggregate tonnage of 602 tons. Thirty years later, in spite of the achievements of steamship builders and captains in the intervening period, there were only 74 vessels propelled by steam in the British Empire and they had a total tonnage of 6930 tons. But from then on progress was more rapid, and the steady advance of steam at the expense of sail is illustrated by the following table:

TOTAL TONNAGE ON REGISTER <sup>1</sup>  
(1000 tons net)

Year	British Empire		
	Sail	Steam	Steam and Sail
1860	5301	500	1,500
1870	5947	1202	3,606
1880	5498	2949	8,847
1890	4274	5414	16,242
1900	3001	7740	23,220

The first experiments in the use of steam for purposes of navigation were made in river, canal and coastwise traffic, but before 1820 a few daring people were beginning to advocate the use of steam in the transatlantic service. The first attempt to cross that ocean under steam was made in 1819 by the American ship the *Savannah*, but her fuel proved insufficient and she depended upon

<sup>1</sup> *Ibid.*

sail for the greater part of the passage. Three years later another American ship, the *Susanna*, crossed from the United States to Liverpool and later proceeded to St. Petersburg, but used her engines only to get into port and was under steam for a mere 80 hours of the whole passage. The British ship the *Enterprise* in 1825 reached Calcutta in 113 days, during 103 of which she was under steam, and in the course of the next few years steamers appeared in the Iberian and Mediterranean trades and in the mail service between Suez and Bombay.

The honour of building the first ship to cross the Atlantic entirely by steam belongs to Canada. This was the *Royal William*, built in Quebec and registered on 22nd August 1831. It is noteworthy that among the list of the members of the company who owned this vessel appear the names of Henry Cunard, John Cunard and Samuel Cunard. The *Royal William* was built for the Quebec-Halifax service, but on 5th August 1833 she set sail for London via Pictou.<sup>1</sup> Although her declared burthen, according to the builders, was 1370 tons, owing to her narrow beam and the space occupied by boilers, machinery, bunkers, water, provisions and passengers' quarters she could not have carried more than 300 tons of cargo. Her engines could develop 200 horse-power and she made the voyage from Pictou, Nova Scotia, to Cowes, Isle of Wight, in 19 days, carrying a miscellaneous cargo made up of coal, spars, stuffed birds, one box, one trunk, one harp, household furniture, and there were seven passengers.

The first Atlantic steam navigation company was projected in the middle of the 'twenties, and John M'Gregor in his book on British North America, published in 1832, advocated the establishment of steam communication between Great Britain and her North American colonies. It was not, however, until 1838 that a serious beginning

<sup>1</sup> *Annual Register*, 1833, p. 491.

was made. In that year four vessels crossed the Atlantic from Liverpool to New York entirely by steam. The first of these, the *Sirius*, developed 250 horse-power, and made the crossing in 18 days, while the *Great Western*, a larger ship of 1320 tons and 450 horse-power, reached New York from Bristol in 14 days. The paddle-wheels of the *Great Western* were 28 feet in diameter and the length of the paddle-board was 10 feet. The diameter of her cylinders was 73 inches and length of stroke 7 feet. She had 4 boilers and consumed  $1\frac{1}{4}$  tons of coal per hour when her engines were working at their full power, or 30 tons a day.

She was described in a *Bristol Mirror* of the time as having

stowage for 800 tons of coal, or coal and cargo combined, and without touching upon her provision and water room for 300 people. Besides ample space for officers and crew (comprising about 60 persons) there are state-rooms, etc., for 128 first-class passengers; also 20 good secondary berths; and, should it eventually be found advisable to forgo cargo space altogether, about 100 more sleeping berths might be easily and conveniently arranged.<sup>1</sup>

The age of steam in Atlantic travel began in earnest when Samuel Cunard, in return for an annual subsidy of £81,000 from the British Government, undertook to establish and maintain a fortnightly service in the summer and a monthly service in the winter between Liverpool, Halifax and Boston. Steamers continued to be built as sailing-ships till well past the middle of the century and they usually carried a full equipment of masts, spars and sails in case of accident. For example, the *Great Britain* (1843), the first iron steamer to cross the Atlantic, was fitted with six masts, five of which carried single fore and aft sails, while the mainmast was rigged with

<sup>1</sup> *The Mirror of Literature, Amusement, and Instruction*, 7 April 1838.

yards and topmast. Though iron was thus tried out relatively early in the steamship era, it was not for many years that it came into general use. Inman led the way in the substitution of iron for wood on the Atlantic, and the Allan Line, which started to run steamers in 1854, had iron ships from the beginning. The Cunard Line followed in 1855, and by 1860 this material was generally preferred in steamship construction to wood. Already in the 'fifties, however, shipbuilders were turning their attention to the possibilities of steel. After much scientific research and experience acquired from experimental steel vessels, such as the *Ma-Robert* constructed for Livingstone's Zambesi expedition, the *Rotomahana* was launched in 1879. This vessel, which was built for the Union Steamship Company of New Zealand, was the first steel ocean steamship to appear, and with her the era of steel construction began. The first steel Cunard liner was the *Servia* (1881), a ship of 7392 tons, followed shortly after by the *Aurania* (1883), the *Umbria* (1884) and the *Etruria* (1885).

While the material used was thus changing, the fifty years, 1840-90, were marked by momentous alterations in the shape of the hull and in the scheme of ship structure. Many of these developments were anticipated in the *Great Eastern* (1858). This vessel was virtually one ship inside another, joined together by a transverse frame which provided a large number of individual cells. It was not, however, until the launching of the *Servia* in 1881 that the principle of the cellular bottom, which lessens the danger of sinking, was proved to be practical. Moreover, the old theory that a fast vessel should be ten or eleven times her breadth was abandoned, and the Cunard liner the *Aurania* was built in the proportions 8 to 1.

The first steamers were paddle-wheelers and the paddle continued to hold its own until the early 'sixties. The *Britannia* and the other early Cunarders had an engine

capacity of about 750 horse-power, and with their paddles of  $28\frac{1}{2}$  feet diameter they could work up to an average speed of  $8\frac{1}{2}$  knots an hour. In 1856 the *Persia*, the first iron Cunarder, developed 3600 horse-power and her 40-foot paddles impelled her through the water at  $12\frac{1}{2}$  knots an hour. The principle of the screw propeller, while proposed early in the history of steam navigation, was first successfully employed in an ocean-going vessel in the *Archimedes* (1840). This mode of propulsion became fairly common in the 'fifties, more particularly in the coastwise and Mediterranean trades, and when the Cunard Company adopted it in its Atlantic service in the *China*, which began to run in 1862, its position was established. The twin-screw, which came into general use in the 'eighties, greatly increased the power and therefore the speed of ships, and reduced the risk of complete engine failure.

One of the greatest problems with which the early designers of steamships were confronted was that of coal consumption. The *Royal William* and her successors for many years were obliged to carry so much coal that there was little room left for general cargo. This was one of the reasons why the earliest triumphs of steam were in the carriage of mails and passengers. The substitution of the screw for paddles and the introduction of the compound engine mark notable advances toward the solution of this problem. The *Britannia* consumed 4.79 lbs. of coal per horse-power per hour, the *Persia* 3.75 lbs., the *Bothnia* (1874) 2.24 lbs., the *Lucania* (1893) 1.62 lbs. and the *Ivernia* (1900) 1.49 lbs. The following details and the table on the next page illustrate the developments in the steamship between 1840 and 1874:

- 1840. *Britannia*. Wood-built. Paddle. Simple side-lever engines.
- 1855. *Persia*. Iron. Paddle. Simple side-lever engines.
- 1865. *Java*. Screw. Simple inverted engines.
- 1874. *Bothnia*. Iron. Screw. Compound engines.

Name	Tons gross	I.H.P.	Average Speed, knots	Coal per day, tons	Bunker Capacity, tons	Cargo Capacity, tons	Cabin Passengers
<i>Britannia</i>	1139	740	8.3	38	640	225	90
<i>Persia</i>	3300	3600	12.9	150	1640	1100	180
<i>Java</i>	2697	2440	12.8	85	1100	1100	160
<i>Bothnia</i>	4556	2780	13.0	63	940	3000	340

The *Lucania* developed 30,000 horse-power. The pressure in her boilers was 165 lbs., as compared with the *Britannia's* 12 and the *Persia's* 20, and she made 22 knots an hour, as against their 8.3 and 12.9. Triple-expansion engines, quadruple-expansion engines, turbines, the substitution of oil for coal as fuel, the successful use of internal combustion engines in ships, each of these represented a revolution.

More striking to the ordinary observer was the enormous increase in the size of ships. The *Britannia* was 207 feet long,  $34\frac{1}{2}$  wide,  $24\frac{1}{2}$  deep and of 1139 tons burden. The *Lucania*, 12,952 tons, was 598 feet long, 65 broad,  $37\frac{1}{2}$  deep. The *Mauretania* was 762.2 feet long, 88 broad and 57.1 deep, and was of 30,696 tons gross.

Steamship lines were established which brought England into close touch with all parts of the world. In addition to great passenger lines, such as the Cunard, the Peninsular and Oriental, the Royal Mail Steam Packet, the White Star, the Allan, the Union Castle and many more, great cargo lines appeared, and commodities which were formerly the prized luxuries of the wealthy few have become the common necessities of all. As the total world tonnage increased, and as the length of passage was reduced, freight rates decreased rapidly, which still further facilitated the movement of goods. In response to the new need coaling stations were established at strategic places, and thus a stimulus was

<sup>1</sup> *Fayle, op. cit. p. 241.*

given to the coal-mining industry in Nova Scotia, South Africa, Australia and British Columbia. The laying of submarine cables in all parts of the world and the invention of the wireless have given shipowners greater powers of direction and their ships more mobility.

In spite of all these innumerable mechanical improvements and brilliant inventions, which have made the past century the most notable in the long history of maritime enterprise, the sea is still unconquered, though its terrors have been greatly reduced. What was formerly a fierce battle between man and the elements, in which the odds were always with the elements, has now become a great game in which the chances are in favour of man. Nevertheless, as the annual toll of the sea shows, the stakes are still, as of old, the lives and property of men, and in spite of all the triumphs of science, those who go down to the sea in ships and have their business in great waters must ever be watchful and vigilant. The story of the economic development of the Empire has been dominated by the sea, which has been our great imperial highway, and when, if ever, science makes ocean travel as safe as a stroll in a vicarage garden, England will lose something that no mechanical triumph can replace, for the sea has fostered in the British people many of the qualities that have made it great.



## CHAPTER XII

### OCEAN TRAVEL SINCE WATERLOO

By the beginning of the nineteenth century people of means could travel to America or the East in comparative comfort. As the century advanced, first-class passengers travelled in more and more luxury, until the floating hotels which have appeared in the last half-century left little or nothing even for the most exacting to demand. As long as the sailing-ship held her own, ocean travel, even for the wealthiest, was frequently irksome and often dangerous. Calms and storms were ever-present perils, while fire and the outbreak of disease were dangers more particularly to be dreaded in ships with emigrants. At a time when the uncertain length of a voyage rendered victualling difficult, rations frequently ran short, though the supply of wine and spirits seems generally to have been abundant. A storm almost always entailed discomforts and contemporary accounts frequently describe the chaos caused by the shipping of water. But with the coming of the steamer, most of these miseries disappeared, though Dickens was disgusted at the size of his cabin on the *Britannia*, whose saloon reminded him of a hearse. For good sailors the luxuriously appointed clippers of the 'seventies were very comfortable, with their bathrooms, hot and cold water and distilling apparatus, but such luxuries were only for the wealthy.

The majority of those who crossed the Atlantic or sailed to South Africa, Australia or New Zealand were drawn from the poorer classes, and for them an ocean voyage, prior to the advent of the steamer in the third-class passenger trade, was an unmitigated misery. The

task of regulating passenger traffic was first seriously taken up in 1803, and, as the Report of the Parliamentary Committee in that year showed, reform was long overdue. An emigrant ship which sailed from Skye to South Carolina in 1791 carried 400 passengers, although her burthen was only 207 tons. She had three tiers of berths fore and aft and two amidships, each of which for a grown person was 18 inches wide, so that the occupants had scarcely room to stretch themselves. Again, the combined burthen of two vessels which sailed from Fort-William in 1801 was 559 tons, but nevertheless they carried about 700 people. In this instance, after one of the ships left Fort-William a movable platform was taken out, which revealed a third tier of berths, unknown to the port officials. Fifty-three of the passengers died in one of these ships before she reached America.

The Passenger Vessel Act of 1803 laid down several principles which, if adhered to, would have saved many lives. On penalty of a fine of £50 no passenger ship was to carry more than one person, whether adult or child, for every two tons burthen. A muster of all on board was to be supplied to the Customs officials before sailing, and every ship was required to carry a specified quantity of provisions for each passenger. There was also to be a surgeon who, with the captain, was to keep a journal of the voyage, to be handed to the Customs officers on the return. Bonds were to be given of the vessel's seaworthiness, as well as of its ability to land the passengers at the ports to which they had paid their passages, and there were other articles referring to the care of the ship. Though a vigorous attempt was made in some places to enforce these regulations, they were disregarded in many others, particularly when, as a result of special pleading, the Channel Isles and Newfoundland fishery trades were relieved from the limitations which they imposed. Thus, the journey to Canada and Nova Scotia via Newfound-

land was attractive to impecunious emigrants, who were charged at the rate of £3 per person as compared with £10 for a direct passage to Nova Scotia. Both before and after 1815, many emigrants, for whom the regulations meant greater expense, willingly availed themselves of timber ships, and thus laid themselves open to privations, disease and death. After 1815 the law was still further relaxed, on the general ground that the principles laid down by the Act of 1803 were too strict, and this change of policy was embodied in 57 George III, c. 10.

The average length of the crossing from Great Britain to Quebec in 1818 was 50 days and the average emigrant ship carried 142 passengers. One crossing of 66 days was recorded and one of 22 days, and the number of passengers per ship varied between 20 and 253. As the financial possibilities of the emigrant trade came to be realised, the limitations imposed by the Government grew more and more irksome to owners of ships, who, in their Memorials to the Government, poured contempt on the restrictive policy, though it is plain from contemporary accounts written by emigrants that the law as it then stood left much to be desired. Thus, John M'Donald, who sailed in the *David* of London for Quebec in 1821 with 400 others, tells a lugubrious story.<sup>1</sup> When a storm arose, the pots which had been erected for cooking were thrown over, and the emigrants were thus unable to prepare their food. Some of them mixed a little meal with molasses, upon which they were compelled to subsist. This state of affairs lasted for nine days, during which on several occasions the passengers' quarters were flooded. But the ship in due course arrived at Quebec, after which there was the wearisome journey up the St. Lawrence, then the transfer at Montreal to flat-bottomed

<sup>1</sup> M'Donald, J., *Narrative of a Voyage to Quebec*.

boats above the Lachine Rapids, then the journey to Prescott, then on again from Prescott to New Lanark, which they finally reached on the 4th August, having left Glasgow on the 19th May and arrived at Quebec on the 25th June.

In 1823 another Passenger Act was passed, supplementing those of 1818 and 1820. By this measure ships were not permitted to carry more than one passenger for every 5 tons of burthen, and each person was to have allotted to him a space 6 feet long by  $2\frac{1}{2}$  feet wide and  $5\frac{1}{2}$  feet high. Vessels carrying over 50 passengers were to have well qualified surgeons on board, with adequate medicine chests. In order to prevent the abuses resulting from emigrants being stowed away in unauthorised vessels, passengers could only be taken on board at prescribed ports. There was to be the usual bond given by the owner of the ship's seaworthiness, and in order that revenue cutters and warships could recognise and inspect her, each of these vessels was to be marked with a "P". This Act went on to impose heavy penalties for any breach of the regulations which dealt with the food supply of the passengers, as well as the airing and fumigating of the vessel. This measure aroused the bitter opposition of shipowners and the disciples of *laissez-faire*, who considered it an unnecessary and oppressive restriction of the rights of the individual. Many of the Liverpool captains, as well as the owners of the Liverpool passenger ships, had been bred up in the slave trade, and they applied on the North Atlantic the lessons in the stowage of human cargoes which they had learned on the Guinea coast. In a letter to Lord Goderich in 1827 Lord Cochrane declared:

I do really believe that there are not many instances of slave-traders from Africa to America exhibiting so disgusting a picture. The most favourable accounts that reach me from one vessel admitted of no sort of comparison between her and a

French slave brig captured by me four years ago when in command of a frigate on the Leeward Islands.<sup>1</sup>

In 1827, owing to the acknowledged failure of previous legislation, coupled with the inveterate hostility of the believers in *laissez-faire* and the opposition of ship-owners, all previous Passenger Acts were repealed. In the summer of that same year a vessel reached St. John's, Newfoundland, from Ireland, crowded with twice as many passengers as the legal number, and the filth and disorder on this ship were considered excessive even in that period. Another ship of less than 120 tons carried 110 passengers, together with a cargo of salt which was loaded up to within 3 feet of the deck. In consequence of stormy weather the hatches were battened down for a fortnight, and, as a result, two-thirds of the people were attacked with typhus and dysentery.

On entering the harbour of St. John's, the condition of this vessel was probably as appalling as that of any slave ship that ever left the Coast of Guinea. The very salt was impregnated, or covered over to the depth of one to three feet with loathsome filth. The dead, the dying, and the sick presented a scene too shocking for description. Some died before the vessel arrived, others entering the harbour; forty men and ten women were carried to the hospital; and twenty died in all.<sup>2</sup>

In 1828 a new Passenger Act<sup>3</sup> was passed which, owing to a mistake in drafting, legalised a condition which was certain to bring disaster. By this measure a ship was not permitted to carry more than three passengers for every four tons of her burthen. Passenger vessels were required to have a space of  $5\frac{1}{2}$  feet between decks,

<sup>1</sup> C.O. 194/74. Cochrane to Goderich, 25/9/1827. Quoted Walpole, K. M., *The Humanitarian Movement of the Early Nineteenth Century to remedy Abuses in Emigrant Vessels to America*, p. 205.

<sup>2</sup> Macgregor, J., *Observations on Emigration to British America*, p. 36.

<sup>3</sup> 9 George IV, c. 21.

while only 50 gallons of water and 50 lbs. of bread, biscuit or oatmeal were to be carried for each passenger. Heavy penalties were prescribed for breach of regulations relating to food and tonnage or failure to land passengers at the port stipulated in advance. A list of passengers and their description was to be given to the Customs Authorities before the ship sailed, and the master was to give his bond of £1000 for the proper carrying out of the law. The responsibility for enforcement of this Act was taken over by the Colonial Office. After this measure became law, overcrowding prevailed on regular passenger ships complying with every governmental regulation, and for some years the position of the unhappy emigrant was deplorable. The appointment at Quebec by the Colonial Office of a resident agent, responsible for the oversight of emigrants, did something to improve the position, while the various provincial Legislatures imposed an immigrant tax of 5s. a head for every passenger, which was to be paid by the owner of the ship or his agent. With the money accruing from this tax an emigrant reception office, store and shelter was established on the quays, with a competent staff whose business it was to care for the emigrants. This well-meant reform, however, became an additional means of profit to the agents, who added the 5s. charge to the emigrant's fare, paid in sterling, and paid the Government in local currency, thus making a profit of 10d. a passenger.

So many pitfalls beset the path of the emigrant that he was fortunate, indeed, who reached his farm in the New World without mishap of some kind. For example, though few emigrants knew it, the months of July and August were to be avoided, because then, owing to the prevalence of south-westerly winds, passages were usually more uncomfortable, longer and therefore more expensive. The months of April and May were, on the whole, the best for sailing to the British provinces. As the

trade was in the hands of numbers of small shipowners and captains, many of whom were disreputable characters, emigrants were frequently robbed and cheated. A favourite device, for example, was to promise to carry the would-be passenger to Montreal and then to dump him off on the wharf at Quebec, and even before the emigrant left Liverpool he was liable to the assiduous attentions of crimps, boarding-house keepers and cheating dealers. One writer gives the following list of supplies as the necessary provisions for a family of five persons in a voyage to North America, which, it may be added, the emigrant bought in the port of departure, where he was frequently charged unfairly: 48 stone of potatoes (if in season),  $2\frac{1}{2}$  cwt. of oatmeal,  $\frac{1}{2}$  cwt. of biscuit, 20 lbs. of butter in a hogshead, 1 gallon of molasses, 20 lbs. of bacon, 50 lbs. of fresh herrings in a small keg, 1 gallon of spirits and a little vinegar. Emigrants contracted with the captain for a sufficient supply of good water; the estimated requirement of an adult was five pints a day. These supplies, which were sufficient for a family of five persons for 60 to 75 days, cost about £5 in Ireland or Scotland and £6 or £7 in England. If the ship landed its passengers at Quebec there was the additional cost of the passage to Montreal and Upper Canada. A cabin in the river steamer from Quebec to Montreal was 20s. to 30s., steerage 5s. to 7s. 6d., and the journey took 30 hours in 1828.

When each passenger went aboard with this collection of food, together with such other personal effects as he possessed, the condition between decks may well be imagined. In stormy weather the hatches were fastened down and the passengers, in Stygian darkness, rolled about in hopeless confusion with their provisions and those of their neighbour. These physical discomforts, together with the inevitable misery resulting from the breach with the past and the dread of the unknown

future which lay before them, depressed the spirits of these poor unfortunates and made them easy victims of disease. Many accounts survive of these terrible ocean crossings, and though some of them are no doubt highly coloured, there is so much in common among them all that no-one can doubt the awful misery that prevailed. One boy who had made the Atlantic crossing in 1832 described the ravages of cholera:

Fifty-three people died, one after t'other, and were thrown into the sea. My Mother died, and they threw her into the sea. And then my little sister, only nine months old, died, because then there was nobody to take care of her, and they threw *her* into the sea—poor little thing! . . . it was nothing but splash, splash, all day long—first one, then another. There was one Martin on board, I remember, with a wife and nine children—one of those as sold his pension: he had fought in Spain with the Duke of Wellington. Well, first his wife died, and they threw her into the sea; then *he* died and they threw him into the sea; then the children, one after t'other, till only two were left alive. The eldest, a girl about thirteen, who had nursed them all, one after another, and seen them die—well *she* died, and then there was only the little fellow left.<sup>1</sup>

A few years earlier the *James* of Waterford after five deaths at sea arrived in Halifax with every soul on board, including the crew, suffering from typhus.

By the 'thirties it was possible to travel cabin, second class or steerage, but at that time the second class, which cost only about £1 more than steerage, was only slightly better. It was merely the after-part of the vessel separated from the fore-part by boards an inch thick. On the payment of an extra 10s. a head second class passengers could have cabins constructed, but otherwise the conditions were similar to those of the steerage. Even after the tightening up of emigration regulations and the appointment of agents in 1834, the cheating of ignorant emi-

<sup>1</sup> Jameson, Mrs. A., *Winter Studies and Summer Rambles in Canada*, pp. 163-4.



grants in the home ports still went on. The Act 5 & 6 William IV, c. 35, rectified some of the most serious defects of the Act of 1828, and the regulations were now extended from the North American service to ships sailing to any part of the British Empire. Legal overcrowding was somewhat reduced by the clause which raised the proportion of passengers to tonnage from 3 to 4 to 3 to 5. There was also to be stricter enforcement of penalties imposed upon captains for breaches of the law, and proceedings for the recovery of penalties were to take place before Justices of the Peace, or in the same courts as those in which the laws relating to Customs, Trade and Navigation were administered.

In some ways the passage to Australia was even worse than that to North America. It was very much longer, and the journey through the tropics caused incredible suffering and a very high mortality among the emigrants, who, even under the most favourable conditions, were far from cleanly in their habits. Sometimes the tiers of berths were so close together that when the space taken up by bedding was added it was scarcely possible to creep in, and the passenger was fortunate if he was able to get a berth which enabled him to turn himself on his side and rest on his elbow. Sometimes there was not only an insufficiency of food but the cooking utensils provided were often inadequate. In one ship, for example, only two pots of 24 pints each were available for the use of 400 people. In this particular ship, however, complete disaster was avoided, for, as a result of disease and storms, she was obliged to put back to Greenock. Extracts from one letter from an emigrant to Australia in 1838 may serve to sum up this whole subject, but it must not be forgotten that the extract here given is typical of the worst ships, and that for many emigrants, though the ocean voyage was long, it was merely dull and uncomfortable:

DEAR SISTERS,

We had a pleasant, but a tedious voyage of four months and a half . . . most unfortunately the measles were brought on board and cut off mostly all the children from two years and under, the twins amidst all the havock thrived capital, and was envied and adored by all till the very last, and they were both seized, Mary at night, and Tabitha next day, they lasted no time after passing the different tropics, and at the crossing of the line the sun being right above us it was so warm that they made it very short. Margaret died on Sunday the 9th, and Tabitha on Monday the 10th of September; I was very well myself then and able to attend to their funerals to see them thrown overboard, and indeed my very soul being bound up in those children, it made the very hair of my head turn grey.<sup>1</sup>

His wife later on fell victim to scurvy and, reduced as she was by fatigue and sorrow, she died, but before that her husband was also very ill. He however arrived, thanks to the kind nursing of some fellow passengers, at St. George's Sound, in a convalescent condition. After the ship passed the Cape, the doctor had 64 cases of scurvy on his hands.

The method of feeding the emigrants is reminiscent of descriptions given by Snelgrave and Crow of the treatment of the negroes on the Middle Passage:

As yet, there is little, or rather nothing, going on, on board, of any interest; the daily serving out of the messes for emigrants is the chief matter after breakfast. The whole are subdivided into parties, over each of which one respectable person presides, who receives the provisions and partitions them, and who has a kind of surveillance over the mess—Captains, as it were, of tens! At nine at night all the women are called below; a matron superintends their arrangements, and no communication whatever is after this period permitted with our sex, from whom they are divided by a wooden grating; married couples being again doomed to single blessedness.<sup>2</sup>

<sup>1</sup> Morrison, J., *A True Picture of Australia*.

<sup>2</sup> Hood, J., *Australia and the East*, p. 11.

Later on in this voyage scarlet fever broke out among the emigrants and the rest of the passage seems to have been very miserable, and even for those who travelled cabin on an emigrant ship the situation was bad enough.

Were a man ever so well himself, the sight of so many poor creatures ill around him, must make him wretched. Their uncleanliness, the knowledge that a fatal disease is on board, the sleepless nights, the creaking of the ship, the soreness of bones from the rolling, the pain in the back from the cramped position of my berth, formed all together a grievous amount of annoyance. . . . Last Saturday the sea rolled heavily all day: no pitching, ducking and diving, as during the previous day; but simple, sickening, abominable rolling from side to side. My son and I went to bed, however, in the midst of it, hoping to sleep it out . . . but at half past twelve, I was awoke, with a crash like the crash of doom . . . crockery, trunks, desks, and other moveables, were evidently going to pieces in every direction. The cabin was like a wreck, covered with clothes of all descriptions; shoes, hats, coats, boots, books, desk, dressing case, gun case, pewter-ware, chair and broken glass.<sup>1</sup>

Once more, in 1842, the Government attempted by further legislation to regulate the emigrant trade. It was now provided that the ships should be victualled for the passengers, and that the brokers who engaged in the passenger business to British North America should require a special licence. While the proportion of passengers to tonnage remained the same, the allotment of 10 square feet for each person was about double that provided for by the Act of 1828. New emigration agencies were to be opened up in London, Londonderry and Sligo, while printed placards were to be issued for the guidance of intending emigrants. The legislation of 1842 illustrates the importance of steam in this trade, for lists of passengers about to leave the Mother Country were

<sup>1</sup> *Ibid.* pp. 14-15, 21-2.

to be sent forward by steam vessels to the colonial authorities, in order that they could make preparations for their arrival and ensure that there had been no unauthorised additions to the ship's company or other alterations after she left her legal port of departure. At that time, and for many years to come, steamers only carried first-class passengers. One of the difficulties which the emigration authorities encountered was the failure of the emigrants themselves to co-operate in observing the law. Driven by necessity, or merely in order to save a few pounds, they went aboard as stowaways, gave false ages for their children, and refused to comply with the most elementary rules of cleanliness.

In the 'forties emigration to New Zealand became important, and at least one writer complained of the exorbitant rates charged for cabin passage. He was probably right in thinking that the luxurious traditions of the East Indian service had affected the general standard of passages to Australasia. In his opinion it was "more distinguished for costly luxuries than for a plain and wholesome bill of fare".<sup>1</sup>

Indeed, it was impossible that the problem of victualing a ship could be solved successfully before the advent of the refrigerator and distilling and, indeed, of the steamship. Thus a voyage might be prolonged by unfavourable winds and the whole ship's company be reduced to short commons long before its termination.

We were out of fresh provisions, of tea, and ultimately even short of water, and the potatoes put on board were insufficient even for a very short voyage; but we had champagne twice a week! . . . in fact, the last Sunday we were on board, our dinner consisted of red herrings and champagne,—the charge as may be supposed, being measured by the champagne, rather than by the herring.<sup>2</sup>

<sup>1</sup> Chapman, H. S. (conducted by), *A New Zealand Portfolio*.

<sup>2</sup> *Ibid.*

Chapman believed that the high cost of a first-class passage to Australia and New Zealand, coupled with the hardships of the intermediate passage and the social stigma attaching to people travelling in that way, deterred many desirable people from emigrating to that part of the Empire. Another annoyance to which the passengers continually refer was the noise of the live stock which these ships usually carried.

One of the greatest annoyances, and one for which I was not prepared, is the endless succession of abominable animal noises on board ship. . . . Geese cackling, cocks and hens chuckling, ducks quacking, dogs barking, cows bellowing, horses neighing.<sup>1</sup>

Although rates tended to decline in the 'forties and notable improvements appeared, still in 1852 the conditions of emigrant travel to Australasia left much to be desired. John Askew, who made the journey out to Australia and New Zealand in that year as a steerage passenger in the *Anna*, a large ship of 1000 tons, North American built, found conditions far from satisfactory.

There were twenty-two of us huddled into a space of eighteen feet by eight feet, a space in the centre of about six feet by seven, as an entrance to our berths. This was on the starboard side of the ship, in the 'tween decks, underneath the fore-castle. The same number occupied the port side, and they were stowed away in the manner above described.<sup>2</sup>

The number in the steerage, including children, was 84, and in all there were 284 passengers. The galley accommodation was insufficient for the number of people to be cooked for, and all sorts of improvised utensils were pressed into the service. Frequently, when the ship rolled, the whole heterogeneous mass of tin cans, water tins and

<sup>1</sup> Hood, *op. cit.* p. 36.

<sup>2</sup> Askew, J., *A Voyage to Australia and New Zealand*, p. 6.

tins used for boiling soup were thrown with their contents on the galley floor.

When iron clippers replaced the slow-going wooden vessels of the first half of the century, the passage to Australia and New Zealand was greatly shortened. But the sufferings of the passengers were, if anything, intensified. Captains, anxious to make a record run, drove their ships mercilessly through the sea, unmindful of the inferno in which the passengers lived, battened down under hatches. Spurling describes one vessel, the *Loch Awe*, which arrived in Auckland

with decks swept clean, boats gone, passengers half crazed with fright and half dead with fatigue, from being hurled about below whilst the ship crashed from sea to sea.<sup>1</sup>

A Select Committee which reported on the passenger trade in 1857 recommended that the cooking should be done by qualified ships' cooks and not by the emigrants themselves, that the steerage passengers should be provided with a steward to look after them, that licensed lodging-houses should be established at all the large ports, and that there should be more adequate provision for passengers' accommodation and berthing arrangements.

A new departure in passenger traffic was made by the Passenger Act of 1855<sup>2</sup> which was still further improved by the Act 26 & 27 Vict. c. 51, which became law in 1863. By the former measure it was provided that no ship should normally carry cabin or other passengers on more than two decks, but when sick people in hospital or cabin passengers were carried in a poop or deck-house, they should not exceed one to every 100 tons of the ship's registered tonnage. Provisions for the equipment of a hospital were also inserted, as well as the condition that

<sup>1</sup> Spurling, J., *Sail, the Romance of the Clipper Ships*, vol. 2, p. 28.

<sup>2</sup> 18 & 19 Vict. c. 119.

any house or poop-deck should be properly built and secured to the satisfaction of the Emigrant Officer at the port of departure. No sailing vessel was henceforward to carry a greater number of persons of all ages than in the proportion of one statutory adult to every two tons of her registered burthen, but this article was repealed by the Act of 1863. No ship was to carry under the poop or in the round-house or deck-house or on any other passenger deck a greater number of passengers than in the proportion of one statutory adult to every 15 superficial feet of deck allotted to their use. On the lower passenger deck, ships were not to carry more than one passenger to every 18 clear superficial feet allotted to them. If, however, the space between decks was less than 7 feet, or the apertures exclusive of side scuttles through which light and air were admitted were less inside than 3 square feet of the lower deck, the proportion of passengers should be one to every 25 clear superficial feet. The dietary on board was greatly improved, and the regulations with respect to seaworthiness and the adequacy of other safeguards were made more definite. Nothing that the law could do, however, could make the sailing-ship a satisfactory passenger carrier, and down to the end of the period of emigration by sail the problem of ventilation in calms remained unsolved. The law also prescribed the amount of clear space which should be allowed in proportion to every passenger on the upper deck for purposes of exercise. These mid-Victorian Passenger Acts were also intended to regulate the carriage of Indians, Africans and other non-European travellers. They contain clauses relating to the passenger list, the penalties to be imposed for breach of the law, the construction of the decks, the number of tiers of berths, the intervals between these, as well as between them and the decks below and above. No berth should be less than 6 inches above the floor, and the distances between the

berths and between the upper berths and the deck above should not be less than  $2\frac{1}{2}$  feet. They were to be securely constructed, not less than 6 feet long or 18 inches wide for every statutory adult,<sup>1</sup> and sufficient in number to accommodate all passengers. The distribution of single men and women was also covered by the law, and there were minute regulations with respect to light, ventilation, lifeboats, crew, the nature of the cargo or ballast and the amount of water carried, which was to be sufficient to allow of an issue of three quarts of water daily for each statutory adult, exclusive of that needed for cooking. The law now differentiated between the provisions required in sailing-ships and in steamers. In a voyage of 84 days in a sailing-vessel or 50 days in a steamer, there was to be for each person per week bread or biscuit to the amount of 3 lbs. 8 ozs., 1 lb. of wheaten-flour, oatmeal 1 lb. 8 ozs., rice 1 lb. 8 ozs., peas 1 lb. 8 ozs., potatoes 2 lbs., beef 1 lb. 4 ozs., pork 1 lb., tea 2 ozs., salt 2 ozs., mustard  $\frac{1}{2}$  oz., black or white pepper, ground,  $\frac{1}{4}$  oz., vinegar 1 gill. For voyages exceeding this prescribed length these provisions were to be proportionately increased, and there were to be in addition 6 ozs. of lime-juice, 1 lb. of preserved meat, 8 ozs. of raisins, 6 ozs. of suet, 4 ozs. of butter, and the Emigration Commissioners were authorised to prescribe alternative dietaries if they thought fit.<sup>1</sup> There were also regulations relating to the condition under which medical men should be carried, their qualifications, the medicines with which they were to be supplied, and the medical inspection of passengers.

Undoubtedly these regulations did something to improve the general condition of steerage passengers, but, as has been seen, after over fifty years of legislative action there was much still to be done. The Acts of 1855 and 1863 resulted in many important reforms, but it was

<sup>1</sup> *Notice to Passengers*, 1887, p. 33.



only when the steamer replaced the sailing-ship in the emigrant trade that it became possible for third-class passengers to travel in comparative comfort. As late as 1873 this type of passenger was still liable to many abuses. The bedding provided for assisted emigrants on one ship to New Zealand was not only inadequate but most unsatisfactory in character. The ventilation, as well as the lighting between decks, was wholly insufficient. The passenger trade continued to be the subject of careful attention, with the result that the passenger legislation of the later nineteenth century ensured for steerage passengers a standard of comfort and an immunity from exploitation hitherto unknown, and the carrying out of the law was facilitated by the victory of the steamship. Already by 1863, 45.85 per cent. of the emigrants to America went by steamers. In 1867 the proportion had increased to 92.86 per cent., 93.1 per cent. in 1869 and 95.27 in 1870. In the Australasian and New Zealand trades sail held its position longer, but well before the end of the century steam was predominant in the passenger trade of the world.

## CHAPTER XIII

### THE INFLUENCE OF IMPERIAL POLICY ON COLONIAL CURRENCY AND BANKING

It has been seen in the previous chapter that the first British Empire went to pieces before a satisfactory solution of its currency problems had been discovered. Indeed, the stubborn refusal of the Mother Country to recognise the monetary difficulties of the colonies, and its denial of their right to be considered as separate political and economic entities and not mere subsidiary parts of the British mercantile system, were undoubtedly contributory causes of the great disruption.

After the war with America the currency situation in the Empire went from bad to worse. In the years between the close of the American Revolution and the outbreak of war with France, England was fully occupied with the slow, painful business of recuperation, and so the colonies had to get on as best they could. The West Indian plantations were virtually on a gold standard as far as their external trade was concerned, and as for the obscure and despised colonies in the bleak north, shrouded in fog and ice-bound throughout most of the year, the general opinion was that it mattered little what became of them. French coins, Spanish silver and gold, Portuguese money, as well as sterling and quantities of depreciated provincial paper, were in circulation in the mainland colonies, and for purposes of trade with Great Britain, the so-called Halifax Denomination was employed. This was merely a money of accountancy which had no coin, computed by adding one-ninth of the old valuation of the dollar at 4s. 6d. £111 $\frac{1}{9}$  Halifax currency was

considered equal to £100 sterling. Later, owing to the diminished quantity of fine silver contained in the dollar then in circulation compared with that in the Spanish dollar or piece of eight coined before the year 1728, and also to an alteration in the metallic standards of the Mother Country, the sterling value of the Spanish dollar fell to 4s. 2d. and the par of exchange was £120 Halifax currency or 480 dollars for £100 sterling.

From the outbreak of the French war in 1793 to the overthrow of Napoleon, England was far too occupied with the enemy across the Channel to concern herself overmuch about the currency problems of her remote dependencies. Indeed, from 1797 to 1819, the Mother Country herself subsisted on an inconvertible paper currency which furnished the monetary experts of the day with abundant material for disputation and theorising at home, without proceeding to the banks of the St. Lawrence or to the antipodes. When, finally, as a result of the Act of 1816, England reverted to a monometallic gold basis, the currency situation in the Overseas Empire was so complicated that, if only in the interests of British merchants, it required the immediate attention of the imperial government. By then it had become plain that the American Revolution was not such an irreparable disaster to British imperialism as it at first appeared, for already by 1815 a new Empire had arisen, more varied in character, more widespread and potentially more valuable than the old. Valuable as imperial trade might be, however, so long as the existing currency confusion prevailed, it could not hope to attract British merchants, manufacturers and investors.

An Act<sup>1</sup> of the local Legislature of Lower Canada, which attempted to establish some recognised standard of exchange between the various coins then circulating

<sup>1</sup> 48 Geo. III, c. 8.

in the province, provides some indication of the monetary difficulties which confronted the trader. The British guinea of 5 dwt. 6 grains was assigned the value of £1 : 3 : 4, and other gold coins were to be rated according to this standard. British, American and Portuguese gold coins weighing less or more were to be valued by deducting or adding 2½d. per grain, while 2½d. was to be deducted from or added to Spanish and French coins. This Act mentions and assigns values in terms of local currency to johannes and moidores of Portugal, milled doubloons, French louis d'ors and American eagles. The silver coins were almost as varied—British crowns and shillings, Spanish milled dollars, Spanish pestareens, French crowns, French pieces of 4 livres 10 sols, 36 sols, 24 sols, and American dollars. In payment of debts above £20 gold was to be weighed in bulk at the option of either party. English, Portuguese and American gold coins were rated 8s. an ounce troy weight, French or Spanish gold at 87s. 8d. an ounce.<sup>1</sup>

Debased cut silver coinage circulated in the West Indies and, indeed, in almost all the colonies. By the war England acquired a number of Dutch colonies, in each of which currency confusion prevailed. Demerara was allowed to coin depreciated dollars, and at the Cape, besides depreciated and cut Spanish and Dutch silver coins, there was a large quantity of colonial Dutch paper as well as the depreciated silver ducat, which was the standard coin at the time of the British conquest. In 1820 Anchor money was first issued for circulation in Mauritius, and two years later there was another issue of this coinage for that island and the West Indies.

At first Australia had no money at all, for in theory she was a penitentiary. The first real currency of the colony took the form of store receipts of the Commissariat, which were given in acknowledgment of supplies fur-

<sup>1</sup> Pennington, J., *The Currency of the British Colonies*, pp. 65-8.

nished and were supposed to be convertible into bills on the Treasury in England. Then traders began to issue their own promissory notes, but as these could easily be counterfeited they tended to depreciate. For years the recognised medium of exchange was rum, a commodity for which the convicts were willing to do extra work and which the expirees were anxious to possess. As the colony developed and as trade began to increase, a variety of different coins came into circulation, which led to confusion. In 1801, therefore, the British Government attempted to standardise the money in circulation in New South Wales. English guineas were declared equal to £1 : 2s., the johannes to £4, half johanna to £2, ducats 9s. 6d., pagoda 8s., Spanish dollar 5s., rupee 2s. 6d., Dutch guilders 2s., English shillings 1s. 1d., the copper coin of one ounce 2d. Governor Macquarie in 1813, anxious to put a stop to the abuse of paper, caused 40,000 Spanish dollars to be shipped to Sydney. He had the middle stamped out of these coins, which he called the dump and valued at 1s. 3d., while the ring he called a "holey" dollar worth 5s., although the silver value of the coin was 4s. 4d.

Naturally the various foreign coins tended to have different valuations in the different colonies, which made the existing confusion worse confounded. Thus, for example, the British shilling in Canada equalled 1s. 1d. local currency, but was rated at 1s. 8d. in Jamaica. The Spanish dollar was valued at 6s. in Canada and 6s. 8d. in Jamaica, the Spanish doubloon was worth £3 : 4s. in the former colony and £5 : 6 : 8 in the latter. What was true of the monetary relations of Canada and Jamaica applied in general to the interrelations of all the colonies, but enough has now been written to show how needful monetary reform was throughout the Overseas Empire in the early nineteenth century.

At last, in 1825, after repeated requests had been made

to it on the subject, the home government turned its attention to the problem of colonial currency. It was decided that British silver coins should circulate throughout the colonies and "wherever the British drum was heard". Even when the home government did move, however, it was not solely because of the requirements of trade. The Revolution in the Spanish colonies had cut off the flow of silver dollars, and unless fresh supplies of silver were available the depreciation of coin in the colonies, more particularly in the West Indies, which was already sufficiently serious, would grow steadily worse. Unfortunately, when the imperial government decided that the British shilling should be the standard coin throughout the Empire, it made a serious miscalculation in the valuation of foreign silver. The intention was to introduce British silver and copper coins through the payments made to the troops and officials. But

as the substitution of British silver and copper currency for the Spanish dollar, even in the payments from the military chests to the troops, can only be gradually effected; and as it may, in many cases, be still expedient to employ that coin as a medium of payment at a fixed rate as compared with British currency, my Lords are of opinion that it should (when necessary) be issued at the rate of  $4/4$  the dollar, being a fraction of a farthing only above its intrinsic value at the rate of  $5/2d.$  per oz. of standard silver.<sup>1</sup>

This represented a return to an obsolete rating of silver, which was thus made  $2d.$  per ounce higher than its market price in gold. Naturally, therefore, the over-valued dollar drove the shilling out of circulation, and boxes of these coins were returned to England from Gibraltar unopened. Moreover, a uniform rate of exchange of 3 per cent. was fixed for the issue of Treasury bills in all the colonies. This was probably not too high

<sup>1</sup> Treasury Minute of 11/2/1825. Quoted Chalmers, *op. cit.*

for distant settlements still in their infancy, such as those in New South Wales and Van Diemen's Land, but it was excessive for older colonies to which the cost of shipment was less than the premium of 3 per cent. It was patently absurd to expect anyone to pay £103 for a £100 Treasury bill at thirty days' sight, when he could ship the currency home or buy a private bill at much less. This measure, in fact, did nothing to lessen the confusion, and at least one of the colonies ignored it altogether. Upper Canada, which down to 1827 had accepted the Lower Canadian rates for British and foreign coins, in that year embarked upon an independent policy of its own. By an Act of the Provincial Legislature<sup>1</sup> it was declared that henceforward the Spanish milled dollar and the American dollar should circulate in Upper Canada as legal tender at the rate of 5s., while British crowns were to be accepted at 5s. 9d., British shillings at 1s. 2d. and copper at 10d. for 1s. currency in payments of less than 1s. current money of the province.<sup>2</sup> Nine years later the British crown was raised to 6s., the shilling to 1s. 3d., the British sovereign being current at £1 : 4 : 4 and the American eagle at £2 : 10s. The over-valued British shilling drove the British crown and the American dollar out of circulation. Pennington calculates that a debt of £100 local currency might be discharged in a variety of ways. It could be paid in 1600 British shillings of which the sterling value was £80; 333 $\frac{1}{3}$  crowns sterling of value £83 : 6 : 8; 82 $\frac{1}{4}$  sovereigns or 40 eagles, each of which was valued at £82 : 2 : 6 sterling; or 400 dollars, equivalent to £83 : 6 : 8.<sup>3</sup> Similar confusion reigned elsewhere in the Empire after the Order in Council of 1825, but nowhere was it so marked as in Canada.

Once more, therefore, after repeated complaints from

<sup>1</sup> 7 Geo. IV, c. 4.

<sup>2</sup> Pennington, *op. cit.*

<sup>3</sup> *Ibid.*

merchants and others interested in the colonies, as well as from the colonies themselves, the British Government attempted to grapple with the problem. A committee of the Privy Council was appointed in 1838 to report after investigation, and in particular to examine the effect on the monetary systems of the colonies of the imperial valuation of silver at 5s. 2d. an ounce instead of its market value of 5s. As a result of this enquiry, the Order in Council of the 23rd March 1825 was revoked, and a Proclamation issued on the 14th September 1838, ordaining that the doubloon at 64s. and the dollar at 4s. 2d. should circulate in the British West Indies and British Guiana, and from then on sterling values were gradually established in the West Indies. In the early 'forties Mauritius, the West Coast of Africa, St. Helena, Malta and Gibraltar followed this example.

After 1838, in fact, the home government gave up the scheme of a uniform system of token money for the Empire, and began to recognise the principle of currency areas. The colonies were permitted to adopt whatever currency happened to be best suited to their geographical situation and to the needs of their customers. Before the end of the nineteenth century there were in the Empire, including India, three currency areas, as follows:

STERLING STANDARD (GOLD)

With £2 Limit for Silver	With £5 Limit for Silver	With No Limit for Silver
Great Britain	Malta	British West Indies
Australasia	..	British Guiana
Natal	..	West African Colonies
Fiji	..	Falkland Islands
St. Helena	..	..
Cape of Good Hope	..	..



## NON-STERLING STANDARD (GOLD)

United States Gold Dollar	Newfoundland Gold Dollar	Spanish Bimetallic Standard
Canada	Newfoundland	Gibraltar

## NON-STERLING STANDARD (SILVER)

Mexican Dollar	Rupee	Guatemalan Dollar
Hong Kong Straits Settlements	British India Ceylon	British Honduras
..	Mauritius	..
..	British East Africa	..
..	Uganda	..
..	Seychelles	..

On more than one occasion since 1858 proposals have been put forward for the establishment of a common imperial currency. Indeed, in the months preceding the Ottawa Conference this subject received serious consideration in various parts of the Empire, and schemes for the new imperial currency were elaborated. In view, however, of all the difficulties to which this policy has led in the past, it seems clear that the British Dominions and Colonies are justified in adhering to their present currency policies. All of them now carry on trade with non-Empire countries, and it would be an unnecessary restriction and handicap to their local trade to carry through such a revolution in their established currency policy—a revolution, moreover, which after all might not be accompanied by any particular advantage. The discovery of gold in Australia led to the establishment of Mints, first in Sydney (14th May 1855) and later in Melbourne (12th June 1872) and Perth (1899). At first it was intended that the Australian coinage should have limited circulation, but later it was found desirable to

make it conform in every respect to English gold coinage.

The abandonment of outworn colonial economic theories, which the currency history of the colonies in the nineteenth century records, was only one symptom of many that the Second British Empire was destined to differ widely in structure and character from the First. With all its limitations the Old Colonial System had worked fairly well up to the 'sixties of the eighteenth century, a conclusion which appears to be justified by the abounding material prosperity of the British plantations in that period, but the new Empire was of a very different character, though the British people were slow to recognise its value. It was more widespread, it was much larger and it was destined to become, in less than a century after the American Revolution, the home of many millions more British people than the Old Colonial Empire had contained. When internal continental development began in Canada, Africa, India and Australasia, railways had to be built, canals and internal waterways constructed and improved, roads had to be made through the wilderness and ocean harbours constructed and enlarged. In time these colonies were to become not merely the sources from which England imported raw materials for her manufactures; they grew to be valuable markets in which those manufactures were sold. The new Empire, in fact, sprawling over the world and comprising vast continental blocks of territory, was a much more complicated political and economic system than that of which mercantilist statesmen dreamed. These great countries could not be treated as permanent fledglings, and in due course, as their wealth, population and power increased, it was inevitable and right that the interference in their internal affairs, and the guidance of their external political and economic policies by the Mother Country, should diminish.

As late as 1750 England outside of London was poorly

supplied with banking facilities, and even after that date much of the trade and commerce of the country was dependent on small financial houses whose stability was none too secure. This being the condition at home, the colonies were naturally expected to subsist as best they could with no adequate banking system. The Industrial Revolution created a new need for credit which the existing banking law of the country rendered difficult of attainment, and so, during the first half of the nineteenth century, England carried through many reforms in Company and Banking law which freed her from the shackles imposed in the past on her trade and commerce. With freer ideas of banking prevailing at home and with the rise of great joint stock banks in the United Kingdom, it was natural that the colonies should recognise the advantages which they might derive from the possession of similar institutions. Thus, with the return of peace in 1815 there arose, both in British North America and in Australia, a demand for the establishment of banking institutions strong enough to meet the requirements of local trade, and which would assist in bringing order out of the prevalent chaos in colonial currencies. Such banks, whose notes would circulate at face value, would enable merchants and farmers to dispense with the worthless paper at that time in circulation among them.

Before tracing the rise of colonial banks, it might be well to indicate in a general way the directions in which English theories of banking and English colonial policy determined the lines along which the later development of colonial banks was to proceed. England at the close of the Napoleonic era inherited the position of international financier previously held by Holland. That country never recovered from the failure of the Dutch East India Company and of the Bank of Amsterdam. This collapse occurred just at a time when, as a result of the great economic and imperial expansion of the

eighteenth century, Great Britain had accumulated large quantities of capital. As even the rapidly increasing requirements of her own industries and commerce were not sufficient to employ these accumulations, and as available rates of interest were low in English commercial enterprises and other securities, the English people began to look abroad for the productive use of their savings. In the early nineteenth century the securities of the newly risen Spanish American Republics enjoyed enormous popularity, and it was only very slowly that the home investor came to see that within the borders of the Empire there were possibilities as attractive as any outside, and in which his investments were likely to be more secure. The Bank Act of 1826 and also the Act of 1833 emphasised the importance of joint-stock banks, and although these measures did not establish the principle of limited liability, the Act of 1826 permitted the formation of larger co-partnerships than those of six persons provided for by the Act of 1708.

When colonial banks began to develop, Great Britain tried to insist on the acceptance of certain principles, and though some of these were ignored, the influence of the home government was largely responsible for sound developments in the colonies from the outset. After a good deal of practical experience in connection with the Bank of Mauritius, the Bank of Australasia, the Bank of British North America and the Bank of Jamaica, and a certain amount of experimental policy, the Regulations of 1840 were elaborated. To begin with, the bitter experience of depreciated paper from which all the colonies suffered suggested the wisdom of insisting that bank-notes should be cashable on demand in specie only at the place of issue. In order to prevent depreciation it was considered desirable that bank-notes should not be issued for amounts less than £1 sterling (or in the North American Colonies £1 Halifax currency), and

that reports which showed the bank's assets and liabilities should be published periodically. In order to safeguard issues, the principle of limited liability was allowed, but only to the extent that shareholders should be liable for twice the amount of their paid-up shares. The Colonial Office also opposed the practice by which banks made advances to borrowers on the security of land, houses or ships. The banks, therefore, were not to hold land except for the carrying on of their business, and they were not to engage in trade except as dealers in bullion and in bills of exchange. In order to prevent the damages resulting from inadequately financed banks, these Regulations required that the total capital of institutions about to be established should be fixed in advance, and fully subscribed within eighteen months of the date of charter or Act of Incorporation. Except for special reasons, the whole of the capital was to be paid up within two years and the bank was not to begin business until it had been subscribed and a moiety, at least, paid up. The bank's notes were not to exceed thrice its paid-up capital plus the amount of deposits placed with it by individuals in specie or Government paper. The charter was to be forfeited when any of the bank's establishments suspended cash payments for a period in any one year, either consecutive or otherwise, of not less than 60 days. The company was not to hold shares in its own stock, nor make advances on the security of those shares, and discounts made in the name of any official of the bank were not at any time to exceed one-third of its total advance and discounts. Dividends were to be paid out of profits only, and the by-laws of the company were not to be repugnant to the terms of the charter or to the laws of any colony in which the bank carried on business. Any addition to the capital of the company was to be subject to the same restrictions and limitations as the original subscriptions.

The new edition of the Regulations in 1846 introduced into the colonial banking systems principles similar to those of English provincial banks. One clause distinguished between the function of note issue and the other business of the institution. The note issue department was to be managed "in such manner only as shall not be at variance with any general law of the colony".<sup>1</sup> By Clause 16 the maximum issue at any one time was declared not to exceed the amount of the capital stock of the company actually paid up.

It was provided subsequently that a reserve of specie was always to be maintained in the bank's vaults equal to one-third of the notes at any one time in circulation. This general policy was retained in the colonies over which the Colonial Office exercised control, as the terms of the Colonial Office List of 1893 show. Notes, which were redeemable in specie on demand and were not to be of a less denomination than £1, were limited to a maximum issue not exceeding the paid-up capital. They derived such formal security as they possessed from the specie reserve of one-third of the circulation and from the general liability of the shareholders, not only for the amount of their holdings in shares, but also for a like additional sum.

After the passing of the Limited Companies Acts of 1858 and 1862 and the development in the colonies of banks of the English joint-stock model, the restrictions imposed by the terms of their charters upon imperial banks became irksome and, indeed, a handicap. In the later nineteenth century, therefore, as charters fell in they were not renewed, but these principles determined the general character of banking policy in the British colonies. Although they were not always observed in their entirety and certain colonial banks departed widely from them, still their influence was to direct colonial

<sup>1</sup> Chalmers, *op. cit.*

banking developments along sound lines, and the comparative strength of banking institutions throughout the Empire is a sufficient vindication of their soundness. Indeed, after the establishment of Responsible Government in the various colonies, the position of banks which carried on business under an imperial charter was somewhat anomalous, and by the elaboration of the Model Charter System the British Government freed both itself and imperial banks from many restrictions now become antiquated. Though many chartered banks did not seek a renewal when the charter fell in, some have continued under the Model Charter System. The possession of an imperial charter undoubtedly gives them a certain distinction and strength, since their note issues and other powers are secure throughout the Empire.

In spite of their undoubted services, imperial chartered banks encountered much opposition in the colonies from local institutions. This, indeed, was natural, since London banks were almost certain to have more financial support behind them and, as the colonies became more self-conscious, there was a growing hostility towards institutions which made profits for shareholders who lived thousands of miles away. In spite of this hostility, however, these imperial banks usually won a place of respect in the colonies which they served, more particularly when they were instrumental in attracting new capital in times of need.

Sometimes British chartered banks absorbed previously-existing colonial banks as being the easiest method of establishing themselves. The amalgamations of the Bank of Australasia with the Cornwall Bank at Launceston (1835), the Union Bank of Australia with the Tamar Bank (1837), the National Bank of New Zealand with the Bank of Otago (1872), the African Banking Corporation with the Western Province Bank, the Worcester Commercial Bank with the Kaffrarian

Colonial Bank (1891-92), all illustrate this policy. Indeed it has been suggested that the very favourable terms upon which the Bank of British North America was taken over by the Bank of Montreal were due to the supposed intention of a British joint-stock bank to establish a footing in Canada by amalgamation with the one remaining imperial chartered bank in that country.

The need for the establishment of a sound bank made itself felt early in the history of Australia. In few parts of the Empire was the currency confusion more marked, and the premiums which were charged on long-dated bills were liable to violent fluctuations. In 1804, for example, moneylenders charged their clients anything between 50 and 80 per cent., and proclamations of the local government which fixed the rate at 8 per cent. were quite ineffectual. It is to Governor Macquarie that Australia owes the establishment of her first bank. The first proposal was for the establishment of a New South Wales loan bank which was modelled on the Government bank at the Cape. This scheme was vetoed by the Board of Trade, and so Macquarie fell back on the establishment of a purely local bank which came into existence in 1817 styled the Bank of New South Wales. It had 200 shares of £100 each, and over-issue was to be avoided by the provision that all notes must be redeemable on demand. In spite of the subsequent disallowance of the colonial charter granted by Macquarie, the bank remained, though for many years after its foundation the general tendency in Australia was for the establishment of banks under royal charter from England with English directors and mainly English shareholders. The Bank of Australia, the first of the chartered banks, was founded in 1833 and its charter was dated 31st May 1835, by the end of which year the whole of its nominal capital of £200,000 had been paid up. Four thousand five hundred of its 5000 shares were assigned to English shareholders,



so that it was the first financial institution in Australia to benefit that country by its banking connection with England. From the beginning, therefore, in Australia there were two types of banks, the local bank created by proclamation of the Governor or by a local statute, and the chartered bank. At first the former tended to be purely local in its direction and policy while the latter was almost entirely English in control; but in course of time modifications occurred, as it was found useful for both types of banks to have head offices both in London and in one or other of the Australian capital towns.

Prior to 1840 the chief reason for the foundation of banks in Australia seems to have been to meet currency requirements. To supply a sound circulating medium of exchange was declared to be one of the objects of the New South Wales Bank. The memorial of the Bank of Australia of 1833 praying for a royal charter dwelt on the need for an improved circulating medium and the prevailing tendency for good coin to be shipped out of the country. In 1837 the prospectus of the Union Bank of Australia stated that "a local currency based upon a capital affording unquestionable security, is much wanted and loudly called for".<sup>1</sup> As time went on, and when the initial problem of establishing a sound currency had been solved, Australian banks, in addition to their usual business of receiving deposits, affording credits and discounting bills, became the media through which English money streamed into these colonies.

It was the original intention of the promoters of the Bank of Australasia to carry on business in South Africa as well as in the Australian colonies, but the British Treasury was averse to this project, and in consequence the necessary powers were not embodied in the charter.

<sup>1</sup> Prospectus, September 1837, quoted Baster, *op. cit.* p. 65.

The connection of the responsibilities arising out of the transactions of banks in several distant colonies and the working a common undivided capital among them would be attended with danger and that although there might be no objection to the establishment of banks in different colonies by the same proprietary and to the general direction of them being vested in the same individuals it would be highly expedient that their transactions should respectively be based and secured upon distinct capitals and responsibility.<sup>1</sup>

From the point of view of efficient banking it is difficult to understand how such an attitude as this could be justified, and this is one instance in which imperial policy was inimical rather than advantageous to colonial banking development. Obviously an institution with branches scattered through several colonies would acquire additional strength from the fact of its wide fusion, and it would almost always be in a better position to withstand local crises than an institution whose interests were confined to one particular area.

Most of these Australian banks were successful, and their high dividends attracted British capital. In 1849 it was stated in the *Colonial Magazine and East India Review* that until recently the dividends of colonial banks had ranged between 9 and 8 per cent. It was common for banks in the 'fifties to make very high dividends, and the Union Bank of Australia was said to have made higher profits than any other bank, not only in Australia, but in the annals of banking history. Its annual dividend averaged just under 8 per cent. between 1840 and 1850, and in 1853 it rose to 40 per cent.

The discovery of gold in the early 'fifties quickened the economic life of New South Wales and Victoria. Several new banking institutions appeared whose business was to handle the gold or to carry the deposits of the streams of immigrants that poured out to the diggings.

<sup>1</sup> P.R.O., T.1, 3469. Quoted, *ibid.* p. 54.

Throughout the period, the principle of joint English and colonial control continued, though by the 'eighties Australian banking practice had already diverged widely from that of England. Nevertheless the connection with the Mother Country remained very close, and in contrast to Canada, New South Wales entrusted the management of its financial business in England to the Bank of New South Wales, whereas the former colony down to 1891 depended on the good offices of two English financial houses.

The history of New Zealand banking is similar to that of Australia. The New Zealand Banking Company was established in 1839 but closed its doors in 1845. The Union Bank of Australia and other Australian banks also established branches in New Zealand, but by 1846 many of these branches had already been closed down. Lord Grey in 1846 recommended the establishment in New Zealand of a State bank, enjoying monopoly of note issue. Such an institution actually came into existence in 1850 but ceased to exist in 1856. In the 'sixties and 'seventies the banking history of New Zealand was somewhat chequered, but during this period two types of banks were firmly established. The Union Bank of Australia, the Bank of New South Wales, the Bank of Australasia and the Commercial Bank of Australia established branches in New Zealand, and of these two were colonial in origin and two English. In addition to these, two other banks were established, the Bank of New Zealand (1861), a semi-State bank, which controls about half the banking business of the Dominion, and the National Bank of New Zealand, an imperial bank controlled from London.

At the Cape, as has been seen, the currency situation was almost as bad as it was in Australia. The Dutch in their later days had been very lax in their policy respecting the issue of paper money in the colony, and

England inherited the disastrous consequences of that laxity. The paper rix dollar, whose sterling value in 1806 was supposed to be 4s., had depreciated by 1825 to 1s. 6d. Money rates were very high and specie was rare. Shortly after the British occupation in 1806, a Loan Bank was established which was authorised to lend money at 5 per cent., of which 1 per cent. was devoted to operating expenses while the remaining 4 per cent. went to the Colonial Treasury. This, together with a subsidiary joint institution, the Government Discount Bank, under the same management, was the only commercial bank in South Africa until the establishment of the Cape of Good Hope Bank in 1836. For many years South Africa was obliged to subsist on the services rendered by a number of small unreliable local banks, since imperial banks were kept out by the Colonial Office, which sought to protect local institutions from unequal competition with powerful British organisations. From the 'sixties, however, this policy was discontinued and two large banks, the Standard Bank of South Africa and the London and South African Bank, financed mainly by English capital and directed from London, appeared at the Cape.

A bank was established in Mauritius soon after the British occupation, which, however, was liquidated in 1827. In 1831 a British chartered bank appeared with a nominal capital of \$500,000 or £100,000. Two-fifths of this amount were to be subscribed in London, the remainder in the Island, and the charter, which was to be valid for twenty years, contained the "double liability" clause. Six directors were appointed in Mauritius and three in London, and the bank was to carry on the business of bankers by receiving deposits, dealing in bullion and bills of exchange, lending money and in such other useful ways and means as were usually practised. In consequence of the development of English joint stock

banks and the recognised need of banking accommodation, Hong Kong, the British West Indies and other tropical and semi-tropical possessions, whose financial position was considered sufficiently assured, were provided during the nineteenth century with banking institutions, the main source of whose capital and control was London.

As elsewhere in the Empire, British banking principles have profoundly affected India. Long before the establishment of the first Anglo-Indian commercial bank, English and Scottish principles had already determined the character and constitution of the local banks which were established. Beginning in the 'thirties, efforts were made to found an Anglo-Indian bank under royal charter, but for various reasons these early attempts never materialised. Finally, however, in 1852 the Oriental Banking Corporation received its charter, and this institution was followed in due course by other imperial banks. The result to India of this direct connection with English banks and banking principles has been of enormous advantage to that country, for the inheritance of sound British banking principles and practice has more than counterbalanced in the long run the disadvantages of external control and the payment abroad of dividends.

The history of banking in Canada differs widely from that of other colonies. While the rest of the Empire depended upon local resources or looked to London for capital, Canada from the beginning has depended partially on that financial centre and partially on New York, the financial capital of North America. Consequently, her banking history has been to some extent influenced by American principles. In British North America, as in the Empire at large, it has been Scottish banking policy rather than that of England which has determined the character of its growth. In Australia, South Africa,

New Zealand and Canada it has been the tendency for large banks to appear with many branches, rather than small local banks having few or no branches. The demand for a bank in Canada first became acute immediately after the war of 1812, as during that struggle Canadians had grown accustomed to the use of army bills. The charter of the Bank of Montreal, 1822, is strikingly similar in its actual phraseology to that of the first bank of the United States which was drafted by Alexander Hamilton. Ninety-four Scottish names appear among the 144 contained in the subscribers' list on the original charter of this bank, while all the signatories to the Articles of Association of the Quebec bank were Scottish. Not only was the model of the Bank of Montreal definitely American; a large proportion of its original capital was subscribed by citizens of the United States, and one of the new bank's officers was sent to New York to study the American banking system. From south of the border also came the first Bank of Montreal notes, which were in dollar denominations. For many years after this the majority of new Canadian banks which appeared were content to copy the main features of the Articles of Association of the Bank of Montreal, which also formed the basis of bank charters granted by Upper and Lower Canada.

In the course of the twenty years after the foundation of the Bank of Montreal, four other important institutions were founded, including the Bank of British North America which appeared in 1836. The larger part of the capital of this bank came from British investors who had been convinced of the financial possibilities of the North American colonies. At first it was of the ordinary co-operative type, but in 1840 it obtained a royal charter whose grant was made conditional on the payment in full of its whole capital stock, which amounted to £1,000,000 sterling. This bank was

British in origin, and therefore, like so many other imperial banks, aroused the bitter hostility of local institutions. Its business, according to a contemporary writer, included

conducting the exchanges between this country and our North American Settlements, and this consists simply in buying and selling bills upon London, precisely in the same way as our provincial bankers do.<sup>1</sup>

This bank was one of the first in Canada to pay interest on deposits and to extend the Scottish system of cash credits by which a customer could overdraw his account and pay interest on the debit balance. It contributed largely to the loan fund, and directly influenced the development of Canadian banking through the importation into the country of a large staff of bank officers trained in the English school. In 1868 it was stated that eleven former officials of the bank of British North America were holding the chief executive positions in Canadian banks. From the beginning it adopted the system of establishing many branches, which enabled it to serve all the North American colonies and to give access to British capital otherwise difficult to obtain.

In the 'thirties and 'forties Canadian banks progressed rapidly, and it was reported in 1849 that there were in that year 10 banks in those colonies of which the Bank of British North America was the largest, with 9 or 10 branches, a paid-up capital of £1,000,000 and head offices in London. The business of these banks consisted of receiving deposits on interest, granting credits and loans on approved securities, discounting bills and issuing notes, for from the beginning Canadian banks all assumed this latter function. These banks also managed the exchange business of Canada with foreign

<sup>1</sup> Joplin, in *Economist*, 1/7/1837. Quoted Baster, *op. cit.* p. 79.

countries and generally contributed to colonial financial stability.

Thus Canadian banking is the composite product of Scottish traditions, English practice and American organisation. The majority of the banks, unlike those of Australia, New Zealand and South Africa, are local in origin. Though in the Canadian Bank Act of 1871 certain American influences are to be discerned, the spirit behind that measure was British. It insists on a large minimum capital, encourages the establishment of branches, authorises the issue without specific security of notes up to an amount equal to the paid-up capital of each bank, demands no fixed reserve and makes no elaborate provisions, such as are customary in the United States, of inspection by shareholders or the Government. In 1873 there were in Canada 23 banks with 150 branches, and since that time development in the Dominion has been along the lines laid down in the forty years prior to Confederation. The number of banks has diminished, usually through amalgamation, though a few failures have occurred, and each of the Canadian banks to-day has a network of branches extending in many instances throughout every province. Some indication of their fundamental solidarity is to be seen in the fact that while during the crisis of the early 'thirties of the present century thousands of banks in the United States failed, and all of them were compelled at one time to close their doors, in Canada there was no bank failure, and business, though restricted, was otherwise as usual.

In recent years English joint-stock banks have tended to depart from the policy of refusing to extend their activities throughout the Empire. Thus, Barclay's have opened business in Canada under a Canadian Act of Incorporation. The same bank has also extended its business throughout the Empire by the formation of Barclay's Bank (Dominion, Colonial and Overseas). Even where there is no definite



organic relationship between British and colonial banks, it frequently happened in the nineteenth century that the same men were directors both of home and of overseas institutions. Where there is no such personal contact, moreover, the Bank of England would discount the acceptances of Dominion banks of established position. Much of their capital was originally raised in London and they are closely connected with that centre. All of them have London share registers, and through the presence of English bank directors on their London "Boards of Advice" are directly connected with London banks.

It is clear, then, that in the nineteenth century the influence of English and Scottish banking principles on the banks of the Empire has been profound. In some instances they have owed everything to the enterprise of the Mother Country, promotion, capital and management. In others there has been co-operation between the peoples of the colony and the Mother Country, while in North America it was the spirit of English practice and Scottish methods which were embodied in the new system. But with all their variations they have, generally speaking, adhered to that wise policy of caution and restraint, coupled with enterprise and vision, which has made London the financial capital of the world.

## CHAPTER XIV

### THE EXPORT OF CAPITAL TO THE EMPIRE

ENGLAND has been exporting capital in one form or another to her dependencies ever since the establishment of her Overseas Empire. One of the great advantages of the newly-evolved joint-stock company was that it enabled not only large capitalists but small investors, drawn from every class, to share in the new enterprise and to make it truly national in character. It has been estimated that down to 1719 the original nominal capital of all the companies engaged in colonial development and exploration in the New World was £438,813, and the total amount of capital invested in the African and East Indian Companies was very much greater. That was a very large sum for the time, and in many instances the investment represented a dead loss to the investor, as so many of these companies were financial disasters. Still, it was as a result of the impulse given by the initial outlay of British capitalists that many of the new colonies were founded. Indeed, without the joint-stock company, which enabled large bodies of capital to be concentrated on one purpose, it is undeniable that some of the most prosperous English colonies of the First Empire would never have come into existence.

The joint-stock company, however, was by no means the only channel through which English capital flowed to the New World. Many of the early planters were men of substance who took with them all their realisable capital, often considerable amounts, and which in the aggregate represented a very large sum. Indeed, with the exception of transported convicts and slaves, every settler took some capital with him, and in the emigrant

literature of the seventeenth and eighteenth centuries references constantly recur to the amount of capital required by a settler in the various colonies, and the amount which he should take with him in order to establish himself properly on his colonial farm. In the northern and midland colonies these sums might be small, but in the plantation colonies of the south large initial outlays of capital were necessary before the first crop could be harvested. In addition to the purchase of the land, there was the cost of building houses, buying horses, waggons, oxen, slaves and a variety of implements and machinery. It was estimated that an outlay of £30,000 might reasonably be expected in the stocking of a well equipped, medium sized sugar plantation.

Statistics in the modern sense did not exist before the end of the eighteenth century, so that any estimate of the amount of capital invested by Great Britain in her colonies during the period of the First Empire must be guesswork. Besides the actual investments in the colonies and the sums which the emigrants took with them, it would be necessary, in order to arrive at a true estimate, to include the actual cost of the expeditions which captured new colonies. Indeed, since so many wars of the eighteenth century were largely waged in the interests of colonial expansion or defence, a part of their cost might also be included. Some idea of the value of colonies, if not of the capital originally invested in them, may be formed from the fact that their total trade with Great Britain just before the American Revolution, taking exports and imports together, was valued at about £20 million. Assuming this to represent a return of 4 per cent. on the original outlay, the total sum invested in the colonies would appear to be £500 million; but such estimates are purely conjectural.

It was not, however, until after the close of the Napoleonic wars that the great age of British investment

overseas began. Two years after Waterloo one English financial house was lending money to the Second Bank of the United States, and other English capitalists were already looking about for profitable fields of investment abroad. At first none of the British colonies appeared attractive to the British investors, and prior to the middle of the 'thirties the United States, and the various South American republics that were established in consequence of the overthrow of Spanish power in the New World, were particularly favoured. Gradually the English financier began to see that the glittering prospects of quick and substantial returns on South American investments were not destined to be realised, and, indeed, when years passed by and no interest was paid, many of them would have been glad to receive back their original capital intact.

In the meantime the trade with the colonies was increasing, and by the 'thirties a few Englishmen already realised that investment within the Empire was safer, if not so alluring as investment in the Eldorados of the south. Colonial currency, as has been seen in the preceding chapter, was improving, and a steady flow of immigrants was peopling the colonies in North America and Australasia. It was thus that the attention of British capitalists was drawn once more to the Empire. In the Canadian provinces great public works were undertaken which could only be financed from without, and in Australia the development of the grazing industry required capital. It was to help the flow of capital to the colonies, as well as the exigencies of local currencies, which led to the foundation of colonial banks. In Australia, although there were, as has been said, two types of bank, those which carried on business by virtue of a local charter and those whose sanction was a royal charter, they all developed the system of having head offices in Britain and in one or other of the Australian

capital towns. In Canada and the Maritime Provinces the chief agency in the 'thirties by which British capital was brought out was the Bank of British North America, though even then the North American colonies were accustomed to look to New York, as well as to London, for financial assistance.

It is well to remember that in the nineteenth and twentieth centuries, as in the two preceding ones, there was a steady flow of capital due to the movement of emigrants. Though few people of substance went out to the colonies to settle between 1800 and 1840, many of those who went took with them considerable sums of money, and the total amount taken out by settlers must have been several million pounds. Even after the foundation of various Anglo-Colonial banks in the 'thirties, the British public in general was not over sanguine about investments in the colonies, for the United States and South America still were powerful to attract. Indeed, this reluctance to invest in the Empire overseas was natural. Rebellions broke out in British North America in the late 'thirties, which, though microscopic minority movements, were, nevertheless, sufficiently important to stampede the English capitalist. In the 'forties, more particularly after the repeal of the Corn Laws, there was much wild talk in the city of Montreal about the desirability of annexation to the United States, and thus the whole future of these colonies seemed uncertain. Naturally, the investor wanted to place his money in a country which was likely to be stable and in which the status of the Government was clear and known. All the colonies at this time sinned in this respect, for the struggle for responsible government was still in progress, and until it was decided it seemed wiser to invest in countries whose political position appeared to be more clear.

Australia was even less attractive than British North America. To begin with, it was twelve or thirteen thou-

sand miles from London, which in the transport of those days meant anything from eight months to a year between the despatch of a letter and the receipt of a reply. It was commonly associated in the public mind with convicts, kangaroos, snakes and droughts, and in the 'thirties popular movements were beginning, similar to those in Canada, which made the capitalist at home suspicious about the future of the country. At the back of the mind of every person of substance in the Old Country was the memory of the American Revolution, a lesson which seemed to be emphasised by the disintegration of the Spanish Empire. Judging by the signs of the time in Canada and Australia and the treks in South Africa, there seemed to be good reason for believing that the Second British Empire was about to follow the example of the First. Therefore English investors preferred to wait until the colonies had won their freedom, or, as in the case of the North American group, had been annexed to the United States, before risking their capital.

In spite of the Annexation movement in Canada and the establishment of Responsible Government, the early doubts and fears of the British public on the subject of the future of the Empire were allayed in the second half of the nineteenth century, and investment of British capital in the colonies began on a large scale. It was not, however, the altered political status of the self-governing colonies which alone accounted for the flow of British capital thither. These dependencies, like the rest of the world, shared in the benefit of superfluous capital in England which could find no employment at home. In all the colonies great public works such as railways were constructed, the building of which not only offered a field of investment, but, when completed, they stimulated other economic developments. These, in turn, gave rise to the demand for more British capital. The enormous growth in the extent of international commerce, in which the colonies

played a considerable part, naturally stimulated the flow of investments, while the advent of the steamer, the cable, the telegraph and the train enormously quickened up communication between all parts of the world, and made it comparatively easy for the investor in London to keep in close touch with the various enterprises in which his money had been sunk. This ease of contact and control stimulated the sense of security, which, in turn, encouraged still more investment.

Besides these general causes, there were also special factors which helped in the same direction, as for example, the discovery of gold in Australia and New Zealand, and gold and diamonds in South Africa. These discoveries, coupled with the evolution of the Australian merino, the construction of the Suez Canal and the development of the technique of refrigeration, combined to familiarise the people of Great Britain with the economic possibilities of the Empire. Toward the end of the century British capital began to flow in increasing quantities to West and East Africa, the Straits Settlements, Malaya and other tropical dependencies, but the potentialities of many of these countries are still only faintly realised. The Dominions and India up to the present time have benefited most from the employment of British capital.

The old mercantilist opposition to the export of money lingered into the nineteenth century, and some of the English economists of that time thought of the capital of the country as of a fixed amount, withdrawals from which for export to the colonies would lessen its size. Merivale considered that the

effects produced upon the amount and distribution of wealth at home by that export of capital which takes place in colonisation [was] not perhaps of much practical importance but interesting to the scientific enquirer.<sup>1</sup>

Merivale was a friend of the colonies and a believer in

<sup>1</sup> Merivale, H., *Lectures on Colonisation and Colonies*, p. 167.

the Empire, but when such as he rated their financial importance so poorly it was only to be expected that the general investor knew little of them, and what he did know was usually wrong. In 1845 a pamphlet appeared which described Canada as a new and safe field for the employment of British capital. The writer pointed to the rapid increase in the wealth of the province, which would have been more rapid if the necessary capital for public works and private enterprise had been available. The development of the untouched resources of that country would provide employment for immigrant labourers, and so lead to an enlarged demand for English manufactures and for English ships to handle the increased traffic.

The reluctance of the British investor to venture his capital in Canada became so serious in 1845 that the Provincial Legislature considered this subject and passed special legislation designed to promote investment. The Upper Canada Loan and Trust Company was incorporated under a local statute<sup>1</sup> with powers to borrow £500,000 and a further sum equal to that amount if necessary. This capital was to be loaned on the security of real or personal property or to be advanced to municipal bodies for the completion of public works. The Canadian Government on this occasion was anxious to ensure that this measure should have the approval of the Mother Country, and, in order that the new Company should enjoy the confidence of British investor and Canadian borrower alike, the nomination of the first directors and other officers of the Company was confided to the Crown, to be exercised by royal charter. These efforts on the part of the Canadian Government, however, had little immediate effect, for the English people were very suspicious about Canada; it had never enjoyed a good Press in England; its feeble rebellions were magnified by its detractors; the desire of Canadians for annexa-

<sup>1</sup> 8 Vict. c. 63.



tion to the United States was greatly exaggerated, and besides all this the delimitation of its boundaries was proving a perennial source of misunderstanding between Great Britain and the United States. To make matters worse, a Memorial on Irish Colonisation sent to Lord John Russell stated that English investors should not forget that Upper Canada had at one time been in serious financial embarrassment with its creditors. This statement drew from Canada an indignant denial; but although it was false it had its depressing effect on Canadian credit, and, despite meticulous observance of the obligation to pay and sound finance, the credit of the colony in 1850 was little better than it had been ten years earlier.

The people of Canada are British subjects as well as the people of England; they have the same power and the same will to meet their engagements; and if they are ever in difficulty, it arises from the fact that British capitalists do not choose to place the same confidence in their honour that they do in that of the people of the U.S.A. . . . The fact is that our bonds are not recommended as an investment while those of the U.S.A. are; indeed I have felt mortified to find that the price of Canada bonds is never quoted in the list of stocks although those of each of the U.S., as well as of other foreign governments are kept constantly before the public.<sup>1</sup>

Prior to 1837 Canada entrusted the management of her affairs in London to a firm (Messrs Thomas Wilson and Co.) which failed in that year. From then on the business was divided between Messrs Glyn Halifax, Mills and Co. and Messrs Baring Bros. and Co., and although Hincks urged the transfer of the Canadian account to the sole control of one or other of these two firms, they both continued to act as financial agents for the province of Canada and later for the Dominion until 1891, when by consent the business was taken over by the Bank of Montreal.

Thanks to revived confidence in Canada during the

<sup>1</sup> Hincks, The Hon. F., *Canada, its Financial Position and Resources*.

'fifties and the more general knowledge of her potentialities, the flow of British capital greatly increased. The greater part of this money was spent on railway construction, which in turn fostered rapid economic development in all directions, while a good deal of British capital was also invested in Government securities, which enabled the country to construct its canals and other public works. It was not, however, until after Confederation that Canada began to appear in the London market as a large borrower, and even then the loans of other colonies found a readier market. This was due to a variety of reasons. The English investor persisted in associating Canada with the United States and had many other doubts about the country which it took a long time to remove. *The Times* and other London newspapers frequently referred with disparagement to Canadian loans, and this general scepticism was to a certain extent justified by the mismanagement in Canadian railway undertakings, though it is doubtful if Canada in this respect was any worse than many of her contemporaries. There was also much in Cartwright's belief that the policy of floating numerous small Canadian loans in quick succession was unwise, and that a better reception would have been given to one big consolidated loan. From the 'fifties to the 'seventies, though some borrowing went on in London it was small in extent and the interest rates were high. Hincks in 1850 reported that outstanding debentures payable in London amounted to £2,195,225 sterling, that the various loans which made up this sum yielded 4, 5 and 6 per cent. The loans which were floated between 1874 and 1878 were all 5 per cents. and 4 per cents. and they were very slowly taken up, while contemporary Queensland loans were subscribed three times over. Cartwright thought in 1875 that he had achieved a great triumph for Canada when he successfully floated a loan at 4 per cent.

From this date on borrowing became very common, and the vast expenditure connected with the construction of the Canadian Pacific Railway was made possible largely by British capital raised on the London market with a Government guarantee. During the latter years of the nineteenth century Canadian credit improved, and in 1890 less than \$3 million of Canadian Government Stock yielded 5 per cent. and over. The greater part paid 4 per cent., while 3½ and 3 per cent. issues had already been successfully disposed of. In that year the total amount of Canadian issues payable in London amounted to \$187,616,500 out of a total debt of \$286,112,295.

With the new century, Canada became the greatest borrower of all Empire countries in the London market. Sir George Paish stated in 1911 that new supplies of visible capital were flowing from Great Britain to Canada at the rate of over £30 million a year, that the total amount of British investments in Canada then amounted to £373 million, and that £100 million had been sent to that country in the years 1907 to 1910. According to the *Statist*, British investment in Canadian public securities in the period 1907-13 amounted to \$1,217,927,000.<sup>1</sup> Between 1901 and 1911 inclusive over £80 million were borrowed in London for railway construction in Canada, and it must not be forgotten that in addition to this public borrowing there was a vast amount of private borrowing as well. Individuals and firms came regularly to London for money, and the total amount of these sums together with the amounts of public loans would make, if it was known, a gigantic figure. During the War, the flotation of loans in London became difficult owing to requirements of the Imperial Government for all available capital. Canada was therefore driven to

<sup>1</sup> Viner, J., *Canada's Balance of International Indebtedness, 1900/1913*, pp. 109-17.

seek accommodation in New York, and by the close of the War the relative positions of New York and London in relation to Canadian financial obligations had undergone a profound change. In 1920 New York was responsible for 49 per cent. of all Canadian loans placed abroad as compared with 46 per cent. in London and 5 per cent. in all other countries. In 1923 the respective shares were: America 52 per cent., Great Britain 42 per cent., all other countries 6 per cent.; and 59 per cent., 37 per cent. and 4 per cent. in 1930. On the 31st March 1935 unmatured funded debt and Treasury bills of the Dominion Government were divided thus:<sup>1</sup>

	Dollars	Cents	Per Cent.
Payable in Canada . . . . .	2,268,637,737	93	74·09
Payable in Canada and New York . . . . .	90,661,100	00	2·96
Payable in New York . . . . .	292,737,986	67	9·56
Payable in London . . . . .	409,867,596	79	13·39
	3,061,904,421	39	100·00

The following statement shows the estimated import of capital into Canada, from Great Britain, the United States and other countries for the period 1927 to 1933 inclusive. This table includes the receipts of capital, also the payments arising from maturities and retirements, the difference between the two figures in each case being the net movement of capital.

From this it appears that prior to 1933, except for the year 1929, each of these years was marked by an actual decrease in the amount of British capital invested in Canada. In 1933 there was a marked recovery of interest among British investors in Canadian securities, but in

<sup>1</sup> Canadian Hansard, lxxi, no. 47, p. 2148.

spite of this, and the comparative decline which took place in American investment, the United States is still by far the most important external source of Canadian capital.

	Total Receipts	Total Payments	Balances	
			+	-
<i>Great Britain—</i>	Dollars	Dollars	Dollars	Dollars
1927	14,020,889	28,559,435	..	14,538,546
1928	11,234,064	60,214,132	..	48,980,068
1929	34,570,067	31,743,645	2,826,422	..
1930	24,782,078	55,373,941	..	30,591,863
1931	13,628,869	26,177,653	..	12,548,784
1932	18,244,533	29,842,495	..	11,597,962
1933	74,864,188	37,054,287	37,809,901	..
<i>United States—</i>				
1927	324,139,240	187,196,848	136,942,392	..
1928	257,648,100	200,974,559	56,673,541	..
1929	322,582,500	137,611,429	148,971,071	..
1930	412,746,764	125,242,946	287,503,818	..
1931	209,940,486	172,408,397	37,532,089	..
1932	89,955,200	83,180,479	6,774,721	..
1933	53,425,692	71,876,549	..	18,450,857

Over-the-counter trading in old securities in 1933 and 1934 reveals the same situation, as the following figures show:

	1933	
	Sales to	Purchases from
	Dollars	Dollars
United States . . .	205,680,110	202,939,598
Great Britain . . .	80,807,813	27,587,814
Other countries . . .	2,261,648	7,200,177
<b>TOTAL . . .</b>	<b>288,749,571</b>	<b>237,727,589</b>

	1934	
	Sales to	Purchases from
	Dollars	Dollars
United States . . .	215,946,543	284,162,564
Great Britain . . .	102,112,195	23,757,319
Other countries . . .	3,112,750	4,337,272
<b>TOTAL . . .</b>	<b>321,171,488</b>	<b>312,257,155</b>

Clearly, therefore, the British capitalist, if he wants to play the part which he should in future Canadian development, should pay much more attention to this part of the Empire than he has done in recent years.

In the foundation of Australia, much British capital was sunk in the establishment and maintenance of penal settlements, but as this expenditure rendered possible the later prosperity of the Australian colonies it may be regarded as capital exported to that part of the Empire. Thus by 1820 New South Wales alone had cost the British Government over £10 million. From its beginning to the final suppression of the transportation system Great Britain must have spent an enormous sum on the penal colonies.

As free settlers appeared they naturally brought with them small sums in money, or they had credits in British banks upon which they could draw in payment of purchases made at home. It has already been seen that Australian banks had a close connection with England from the beginning, and through them large sums of money were easily remitted to Australia. By 1850 this group of colonies and New Zealand were securely established, and the total cost of their foundation had been borne by the British people. Owing to distance, however, and the contemporary reluctance of British investors to trust their money in the colonies, the total amount of visible capital, other than Government costs, sunk in

Australia was small compared with the vast sums that were later to flow there. With the great improvements in transport and communication which occurred in the third quarter of the nineteenth century, the widened possibilities of Australian development and the strengthening of public confidence in the credit of these colonies, Australian securities became favourites on the London market, and for many years enjoyed a greater popularity than was accorded to those of the Dominion of Canada. In Australia, as in Canada, the second half of the nineteenth century was a period of activity in railway construction, and the bulk of this development, as well as the greater part of all other public works undertaken, were financed in London. Without the assistance which the various Australian colonies received so easily in England, their progress would have been much slower, for unlike Canada they had no alternative money market to which they could turn.

The first Australian Government loan to be floated in London was the first instalment of the New South Wales 5 per cent. Loan of 1855, which amounted to £683,300. Four years later the colony of Victoria made her first appearance in the City as a borrower. Though considerable sums were remitted to Australia through the banks in the 'sixties, it was not until after 1875 that the private investor turned his attention seriously to this part of the Empire. Between 1876 and 1880, £11,600,000 found their way to Australia, £8 million of which went to New South Wales as deposits, share capital of banks, or of land and finance companies.

The mild and beneficent stream of capital flowing into the country up to 1880 was changed to a flood during the five years 1881-85 when . . . £69 million reached Australia, and to a deluge 1886-90 when the sum introduced overpassed £100 million.<sup>1</sup>

<sup>1</sup> Coghlan, T. A., *Labour and Industry in Australia*, p. 1635.

From 1881 to 1885 British investors lent money to the four larger Australian colonies at very low rates of interest amounting to £37·5 million, and it has been calculated that in addition more than £30 million were invested privately in these colonies. In 1891 it was said that the Australian banks had £39·8 million of British deposits, of which £4·5 million had been sunk in building societies and finance companies and about £5 million in trading companies.<sup>1</sup> During the decade 1880-90, British capital poured out to Australia, though at a decreasing rate in 1889 and 1890.

Australasia is solidly solvent to-day, though owing in the way of business to England for public and private capital about £264,000,000 on securities, every one of which are quoted on 'Change at par at least. <sup>2</sup>

During the 'eighties there was a prolonged boom in Australian investments, and as afterwards became plain, more money was sent there than could be used. It was estimated by the *Economist* in 1888 that in the two preceding years more than £37·25 million of English money had gone to Australia, one-half of which had been obtained by the banks or finance companies and the other in Government loans.<sup>3</sup> By the beginning of the 'nineties the dangerous signs had already begun to show, and in 1891 the *Economist* warned British investors against Melbourne property, mortgage, and deposit banks. In the next two or three years Australia passed through a serious financial crisis which, however, had the salutary result of putting a stop to wild speculation in land, though it undoubtedly shook the confidence of the British investor. But considering the number of companies and banks which failed during the crisis, it is surprising that British depositors did not withdraw

<sup>1</sup> *Ibid.* pp. 1639-40.

<sup>2</sup> Macgregor, J., *An Epitome for the Million. Fifty Facts about Australia*, p. 34.

<sup>3</sup> Coghlan, *op. cit.* p. 1699.



their money more quickly, a fact which proves the esteem in which Australian investments were held. These deposits were usually made for one, two or three years, but even with this restriction a great decline was to be expected after two years of bank failure and financial crisis. Yet in January 1893 British deposits in Australian banks still amounted to £35,700,000.<sup>1</sup>

Australia rapidly recovered from this depression, and during the first decade of the twentieth century the Commonwealth had no difficulty in floating loans in London. Already by 1903 she had borrowed a vast sum, for it was estimated in that year that her total borrowings up to date amounted to £174,810,377 which represented 85·89 per cent. of her total indebtedness. Although during the next ten years the proportion of loans taken up locally increased, London was still responsible for 75·34 per cent. of the total in 1908. Sir George Paish estimated that by 1907 the Australian colonies had absorbed the immense sum of £380 million, £301,500,000 of which was supplied to the Australian colonies and the Commonwealth and £78,500,000 to New Zealand. While Canada had more recently overtaken and passed Australia as a customer in London, the recovery of that part of the world indicated that Australia would soon again be a large borrower. In the year 1910, £10,180,000 was raised in London and the greater part of all this capital took the form of Government loans, the proceeds of which were used for railway construction.<sup>2</sup> Between 1920 and 1928 the public debt of Australia increased by £378 million, and in the latter year 50 per cent. of the whole was external debt, mostly owed in London.

On 30th June 1934 the total public debt amounted to £1,222,558,798. Of this, £629,285,016 had been sub-

<sup>1</sup> *Ibid.* p. 1654.

<sup>2</sup> Paish, Sir G., *Journal of the Royal Statistical Society*, vol. lxxiv. pt ii. Jan., 1911.

scribed by the citizens of the Commonwealth, the sum of £547,325,462 was owed in London and £45,948,320 in New York.

In the 'seventies, New Zealand also appeared as a borrower in the London market, for she, like the other colonies, had railways to construct, roads and bridges to build, as well as a native question to settle which included rival claims to the ownership of the land. It became necessary to buy out native interests in large sections of the country and to attract immigration, for both of which British capital was essential. Like Australia, New Zealand in the 'seventies and 'eighties went through a period of over rapid expansion which led to the crisis of the early 'nineties. In spite of this temporary setback, however, New Zealand's progress has been maintained, and, generally speaking, her finances have been sanely managed. Down to the beginning of the present century, though she was able to supply a certain proportion of the capital she required for Government needs herself and to borrow to a slight extent from Australia, it was to London that she chiefly looked. The tendency in the present century has been for her proportion of local support to increase, but she still depends upon London as her chief external source of new capital. In 1908 New Zealand borrowed £645,717 in London, £849,135 in 1909 and £5,258,717 in 1910.<sup>1</sup> But though in this part of the Empire, as in the other Dominions, there has been a pronounced tendency during recent years for the proportion of public loans taken up locally to increase, nevertheless the amount borrowed in London is still considerable. Thus between 1914 and 1934 New Zealand's indebtedness to London grew from £78.5 million to £161 million, while that to the citizens of the Dominion rose from £17 million to £116 million. The distribution of public indebtedness during the ten years

<sup>1</sup> Paish, *op. cit.*

1925-34 inclusive remained fairly constant, though the already small amount owed to Australia tended to decrease. Of the whole public debt of New Zealand in 1925, 45.67 per cent. was owed locally, 1.30 per cent. in Australia and 53.03 per cent. in London, as compared with 45.90 per cent., 0.96 per cent. and 53.14 per cent. in 1934.<sup>1</sup> These figures refer only to public Government loans but in New Zealand, as in the other Dominions, there has been, of course, a considerable amount of borrowing in London on the part of other public and private bodies as well as individuals, which, in the aggregate, must amount to a very large sum.

Prior to the discovery of gold and diamonds in South Africa, the movement of British capital to that part of the Empire was very slight. The establishment of the 1820 settlers entailed the outlay of a considerable sum of money and the Government made grants amounting to £200,000 for this purpose; but after that for many years British capital trickled very slowly into South Africa. With the momentous developments which began in the late 'sixties, however, a great change took place, and the eyes of the world were turned upon the Kimberley diamond fields, and later upon the gold diggings on the Rand. A brisk immigration began, made up of gold-seekers of many nationalities, and after the first feverish rush was over, large companies replaced individual adventurers. Had it not been for the uncertain political future of the country before 1902, the stream of British investment would undoubtedly have been much larger. In spite of this uncertainty, South Africa was able to attract large amounts of British capital during the last two decades of the nineteenth century, and after the Boer War Government loans for railway construction and mining loans became common in London. In 1911 Sir George Paish estimated that up to January of that year the

<sup>1</sup> *The New Zealand Official Yearbook*, 1935, p. 438.

British people had invested £125 million in South African mines, £97 million in Government loans of all kinds, £73 million in land and investment companies, and that the total amounted to the enormous figure, considering the small white population of the country, of £351 million.<sup>1</sup>

Toward the end of the nineteenth century and still more in the pre-War years of the present one, British West Africa, the Straits Settlements, British Malaya and other parts of what is known as the tropical Empire began to be fertilised by British capital. In January 1911 West Africa had already absorbed £29 million, £12 million of which had been devoted to mining development and £8 million raised mainly for railway construction. At the same time, the Straits Settlements and the Federated Malay States had received approximately £22 million from the British investor, besides £8 million in Government loans and £10 million for the development of rubber plantations.

Prior to the middle of the nineteenth century, the total amount of capital invested by England in India was relatively small. So long as the East India Company continued to carry on business as a commercial undertaking it was naturally expected that India should yield a profit, and the Company was not inclined to embark upon undertakings which would entail the expenditure of vast sums of money. From time to time loans were floated, but usually in India, and it was not until the period of Lord Dalhousie's Governor-Generalship, 1848-56, that rapid development began. From then on, and more particularly after the Mutiny, the flow of British capital to India was on a very large scale. This was used chiefly in railway development, though some British capital also found its way into other Indian industries. Much of it also took the form of Government loans, the proceeds

<sup>1</sup> Paish, *op. cit.*

of which were used in a variety of ways for the improvement of the country. In the years 1858-69 inclusive, it has been computed that over £70 million of British capital were invested in Indian railways alone.

According to Sir George Paish, by June 1911 £365 million had been invested by the British people in India; £137 million was represented by capital of railway companies, £179 million by Government loans for railway purposes and nearly £20 million by investment in tea plantations. In the three years 1908, 1909 and 1910 Indian and Ceylon loans to the value of £44,074,871 were floated in London. The extent of the Indian financial transactions in London since the War is shown by the following table:<sup>1</sup>

ABSTRACT STATEMENT OF REVENUE, EXPENDITURE AND  
PUBLIC DEBT OF BRITISH INDIA IN ENGLAND

Year	Public Debt Contracted	Public Debt Paid Off	Public Debt Outstanding
	£	£	£
1922-23	35,155,464	902,242	242,631,497
1927-28	12,500,000	7,190,933	344,395,519
1931-32	13,120,878	21,985,622	379,035,131

In 1933-34 the total amount of loans, War contribution and capital value of liabilities undergoing redemption by way of terminable railway annuities was £382.68 million, while it has been estimated that there are over £100 million of British capital which have been invested in the tea industry of India and Ceylon.<sup>2</sup>

During the pre-War years of the present century, in

<sup>1</sup> *Statistical Abstract for British India, 1934*, Cmd. 4835, p. 134.

<sup>2</sup> Ainscough, Sir T. M., *Conditions and Prospects of United Kingdom Trade in India, 1933-34*, p. 25.

fact, the British people freely invested their money in all parts of the Empire, and never before had they possessed so much for investment. The rapid growth of Canada at this time, the development in Australia, the recovery in South Africa, and the prosperity of the Empire in general were undoubtedly to a large extent due to the confidence of the British public, which was therefore willing to invest. When the Dominions and Colonies come to reckon up the benefits which they have received from the British connection, the privileged position which their securities have enjoyed during the last half-century will be recognised as perhaps one of the greatest. Prior to 1877 colonial loans were almost entirely made up in the form of bonds payable to bearer, in which trustees would not invest their funds even if the law had permitted them, but during the later years of the nineteenth century the whole situation was altered. New Zealand began the practice, which was afterwards followed by all the colonies, of issuing inscribed stock instead of bearer bonds. The Colonial Stock Act of 1877 made it possible for the first time for trustee funds to be invested in colonial securities, and for inscription and transfer in the United Kingdom, which helped to bring them into greater prominence in the London stock market. By the Trusts (Scotland) Act, 1884, Scottish trustees were empowered, unless expressly forbidden by the terms of their trusts, to invest their funds in colonial securities, provided they were not made payable to bearer. At the Colonial Conference of 1887 the Agent-General for New Zealand, Sir F. Dillon Bell, presented a Memorandum on the investment of trust funds in colonial stocks, and the conference was of opinion that an Act should be passed by the Imperial Parliament to admit colonial stocks to the trustee security list. By the Trustee Act of 1893 this was done, and ever since then Dominion and colonial securities have enjoyed a favoured position in

London, and the enormous borrowings of Empire countries since that time prove conclusively that this Act has been of great practical service to them.

Since the War, Australia has been the chief borrower among Empire countries, while Canada has come far behind, but, generally speaking, investment within the Empire has been popular. Indeed, there is good reason for this. While £145 millions worth of foreign loans issued in London in the decade 1921-31 have been in default for interest payments, no loan to an Empire country in these same years has failed to produce its proper interest. While it cannot be claimed that Empire countries have always shown that consideration for the English investor which is his due, still, the colonies and the Dominions have on the whole been more reliable customers than many other parts of the world. Canada, for example, has more than paid, in the comparative unpopularity of her securities in London, for her treatment of English shareholders in the Grand Trunk Pacific Railway *débâcle*.

It is clear from the foregoing that in the last half-century the export of capital to the Empire has been one of the most important phases of imperial economic development. Fluctuations and disappointments are bound to occur in commitments so vast and so widespread, but, whatever the dangers, it remains true to say that investment within the Empire is safer, and in the long run will pay Great Britain better, than investment beyond its borders. In fact it is clear, from the trend of British overseas investments since the War, that British capitalists share this belief. Whereas foreign government loans are tending not to be renewed as they mature, those of the Dominions and the colonies are frequently renewed by conversion or by issue of further loans, for which there is always a strong demand in the market.

Some conception of the enormous sums of British capital invested in the Empire may be gathered from the following table:

NOMINAL AMOUNT OF BRITISH CAPITAL OUTSTANDING  
INVESTED IN 1930 IN CERTAIN CLASSES  
OF SECURITIES <sup>1</sup>  
(£000's)

Type of Security	1928	1929	1930
Colonial Governments	944,497	970,551	985,532
Colonial Municipalities	91,453	90,887	94,965
Foreign Governments	324,008	312,792	320,112
Foreign Municipalities	40,491	38,195	36,730
<b>TOTAL</b>	<b>1,400,449</b>	<b>1,412,425</b>	<b>1,437,339</b>

These figures apply only to Government and Municipal Loans, but in order to arrive at the total amount of British capital invested in the Empire it would be necessary, as has already been stated, to add the enormous and almost incalculable sum which has been invested by British people in Dominion and colonial commercial undertakings.

Political changes and revolutions on the continent of Europe have occurred in recent years and are likely to recur; Japanese policy, the idiosyncrasies of bandits, and unstable governments in China, render investments in the Far East somewhat insecure; but through all the strains and stresses of the turbulent post-War period, Empire countries have held their position, and were among the first to show signs of recovery from the world depression of the early 'thirties of the present century. There is need in the Empire for investment of capital on a gigantic scale,

<sup>1</sup> Kindersley, R., "British Foreign Investments in 1930", in the *Economic Journal*, vol. xlii, June 1932, p. 180.



and there is no form of investment which will pay the British investor better, since his money will be safe. It will yield a reasonable interest, and, by the economic developments which it stimulates, will create a demand for more and more British capital and manufactured goods.

## CHAPTER XV

### THE ANGLO-CANADIAN TRADE

WHEN Canada was ceded to Great Britain by the Treaty of Paris in 1763, it was generally considered that the new colony was of slight economic importance. It was strongly urged by some British statesmen at that time that this worthless northern wilderness should be exchanged for Guadeloupe. The decision in favour of the retention of Canada was made not because of its economic or other importance, but on the ground that the acquisition of another sugar island would be detrimental to established British colonies in the West Indies. It was also believed that the demand for clothing in those frozen regions would be considerable. There were already settled there upwards of seventy thousand French *habitants* and there was in addition an unknown number of Indians, whose combined demand for English products would undoubtedly increase in the future. They would, moreover, afford a new market for rum, sugar and molasses of the West Indies, which they could pay for in lumber, fish and forest products. Finally, in favour of Canada there was the conclusive argument that for over a century France on the St. Lawrence had menaced the English colonies. Now that this danger had disappeared, as a result of a long war, and at the cost of much treasure, as well as the sacrifice of many lives, neither Parliament nor the nation at large would have agreed to its surrender.

Down to the close of the American War the trade of the new colony was of slight importance to the Mother Country. Canada exported small quantities of whalebone, oils and furs, but the development of her iron

industry, from which great things had been expected, was small. For the time being, the province showed no sign of replacing or even of rivalling the Baltic regions as the chief source of England's hemp, spars and ship-building material. Yet there was some slight expansion in the trade, for by the beginning of the 'seventies small quantities of wheat, flour and biscuit were exported, mainly to Nova Scotia and Newfoundland. In the last year before the outbreak of hostilities, the exports of wheat were valued at £460,000, but the total trade of the country was still small. A pamphleteer in 1778 declared that Canadians did not buy in a year more than 17s. 6d. worth of British goods per head, but as the output of peltry was considerable the colony was of some value. Between 1771 and 1773 it was estimated that the annual export of wheat and flour to the West Indies averaged about £4000 sterling, while at the same time that of the Atlantic colonies was put at £1 million. It is little wonder, therefore, that Canada came to be regarded as the Cinderella of the English colonial family.

Whatever your North American has predicted [Long wrote] of the eventual grandeur, population and ability of Canada and Nova Scotia, he must certainly be aware that the inhabitants of our West India Islands, (amounting to half a million souls) will not bear to be kept upon rations of refuse, codfish and short allowance of musty bread for years to come, until the golden epoch of that grandeur and ability dawn on their horizon. Your North American says we should wait events rather than endeavour to force them. But, Sir, a hundred years is an unconsiderable time to wait for a Bellyful.<sup>1</sup>

The close of the American War marks the beginning of a new period in Canadian economic history. Thousands of enterprising and competent Empire Loyalists poured into Canada and transformed the province. It now

<sup>1</sup> Long, E., *Observations of West Indian Trade*; B.M. Add. MSS. 18274. Quoted Graham, G., *British Policy and Canada*, pp. 35-6.

became the aim of British policy to include this colony in a new triangular trade. From the West Indies to England, as formerly, there went rum, sugar, molasses and other subtropical products. England was to export to Canada English manufactured goods and West Indian products, while Canada was to supply the plantation colonies of the Caribbean with lumber, fish, wheat and bread. Such a trade would not only help to develop Canada, but, in the view of the mercantilists, by encouraging long voyages it would strengthen the mercantile marine and so add to naval power. Canadian trade, however, was not destined to develop along these predetermined lines, for the Canadians preferred to exchange their products in the West Indies for molasses and sugar, and to distil their own rum in Canada. This latter commodity was largely used in the fur trade, and the cheaper varieties, made locally from low-grade French and Dutch molasses, were just as good for this purpose as the best old Jamaica, for what the Indians and trappers wanted was something cheap upon which they could get drunk. Home-made rum could be exchanged for furs, with which, in turn, Canadians could buy their manufactured goods from England. In spite of Government encouragement, it was not until the period of the French War that trade between the North American colonies and the British West Indies became extensive, but when peace returned and the special war-time stimulus was withdrawn, it at once declined.

During the American Revolutionary War the problem of obtaining naval stores became once more acute in England. Prolonged attempts were therefore made to encourage the planting of hemp and flax in Canada, and to develop that province as a source of shipbuilding material. These efforts were at first even less successful than those which had been made in New England a century earlier. Later on, the timber trade, including

the building of ships and the export of forest products, became the primary industry in British North America.

But while the Mother Country failed to restrict Canadian economic development to the requirements of the West Indies and the Royal Navy, the commerce of the country nevertheless increased during the last years of the eighteenth century. Thus, the average annual import of British manufactured goods for the six years ending in 1789 amounted to £603,928 as compared with £310,916 for the six years ending in 1774. By 1800 the list of Canadian imports into England included ashes, codfish, wheat, flour, train oil, flax seed, linseed and a wide variety of furs and naval stores.

Thanks to the stimulus of war, the first years of the new century witnessed a rapid expansion, which continued down to the outbreak of the American War in 1812. This put a complete though temporary stop to much of the Canadian export trade. Thus, for example, the export of wheat, which in 1800 amounted to 19,420 quarters and to 25,267 quarters in 1807, dropped to nothing in 1814, and a similar eclipse affected the export of codfish. But these temporary declines did not undo the great expansion of the previous decade. The French War, as has been said, caused that development in the interchange of commodities between the British North American provinces and the West Indies which the British Government had striven so hard to effect. The Islanders took large quantities of Canadian foodstuffs and forest products, and in 1805 Nova Scotia sent her first shipment of apples. Canadian imports of West Indian coffee rose from 13,050 lbs. to 63,929 lbs., but the import of rum, which rose from 73,970 gallons to 605,699 gallons, showed the greatest increase of all. Indeed, the amount of wine, spirits and liquors imported by Canada in the early nineteenth century is amazing, even though large quantities of it were afterwards smuggled into the United

States. In the year 1824 there was landed at Quebec from Great Britain more than 100,000 gallons of different sorts of wine, 70,000 gallons of rum and 80,000 gallons of brandy, while from Teneriffe came 23,000 gallons of wine, and from the West Indies and other colonies 1,000,000 gallons of rum. If there is anything in the law that to every action there is an equal and opposite reaction, then the temperance movement, which was so powerful in Canada early in the present century, was long overdue.

According to a pamphleteer in 1814, who was an ardent champion of the British North American provinces, upwards of one-third of the whole British mercantile marine was engaged in this one branch of commerce, whereas the much vaunted East India trade absorbed merely one-twentieth. The people of those colonies not only purchased large quantities of British goods for their own consumption, but, owing to their geographical situation, were able to smuggle large quantities into the United States, in spite of the strict prohibitions of that country.

From the improvement of their own trade and by the access they opened up for our commerce through the strongest bulwark of American prohibition they have in the short space of five years, 1806 to 1810 (inclusive), added up to four million to the annual demand of our manufactures. . . . Indeed, the late increase of the commercial importance of these colonies has been without parallel.<sup>1</sup>

At the close of the American War in 1783 their total demand for British and colonial produce combined was only £379,411 sterling, employing 10,000 tons of British shipping, but by 1809 their demand for British goods had increased to £1,381,718, which gave work to 124,247 tons of British shipping.

<sup>1</sup> Anderson, D., *Canada, or a View of the Importance of the British American Colonies*.

From the time of the conquest of Canada down to the beginning of the nineteenth century, the trade in furs continued, as during the French régime, to be the principal department of Canadian commerce. The vigorous Scottish traders from Montreal, to whom fell the inheritance of the French traders, breathed a new spirit of enterprise into the industry. This is shown by the enormous increase in the annual export of furs in the later years of the eighteenth century. Their enterprising policy aroused the Hudson Bay Company from its century of repose, and by 1800 the warehouses of Montreal were stored with furs from the Saskatchewan, the Peace and the Mackenzie, and the intrepid David Thompson was soon to open up trade beyond the Rocky Mountains.

The days of peltry predominance were numbered however, for after the arrival of thousands of Loyalists and British settlers in the last two decades of the eighteenth century, the exploitation of Canada's timber began. It has already been seen that by 1800 the British North American provinces were sending considerable supplies of masts and other naval stores to the Mother Country, and by that time, moreover, the shipbuilding industry had already been founded. It was not long before the fur trade lost its pride of place and Canada had entered upon her timber age, which was destined to last until the middle of the 'eighties. Every year there came down to Quebec from Upper Canada and the remote tributaries of the St. Lawrence and the Ottawa great timber rafts, which resembled floating islands. This timber was used by the Quebec shipbuilders or shipped off to England. The timber trade called into existence that motley throng of woodmen, rivermen and lumberjacks, a wandering, restless crew, quarrelsome and drunken, always the despair of the priest and the minister. These men developed an unbelievable skill in wood-craft and in managing masses of timber on the river in flood-time.

Learned people have written much about the undesirable social influences of the lumberman, but for those who knew him in the woods or on the river, with all his roughness he had a charm and a personality which, when he passes, as he is rapidly doing, will leave Canada the poorer.

In 1800, 21 ships were built at Quebec, amounting to 3700 tons in all, but during the next few years progress was slow. The timber trade developed, but the bulk of the annual cut was exported to Great Britain, where, owing to the Napoleonic Wars, there was a ready market, as access to the Baltic supplies had become difficult. In the middle of the 'twenties shipbuilding expanded rapidly. Thirty-eight vessels were built in Canada in 1824 and 84 in 1826. By 1840, although the actual number of ships was less, owing to the increase of their individual size, the tonnage had increased from 19,172 in 1826 to 26,500 in the latter year. Between 1814 and 1837, 6618 vessels of all types were built in the North American provinces, having a total tonnage of 838,940, which was more than four times the number of ships built in all the other British possessions put together.

In the Maritime Provinces shipbuilding began before the American Revolution. In 1761, at Yarmouth, Nova Scotia, the *Pompey* was launched, a shallop of 25 tons, the first of that enormous fleet of wooden ships which was later to leave the stocks in the ports of Nova Scotia, New Brunswick and Prince Edward Island. After that, ships continued to be built in the Maritimes, and in 1798 a large vessel of 600 tons was launched at Pictou. In due course almost every harbour and river on the coast of the Maritimes, from the Miramichi round to the St. John, sent out its quota of ships, barques, barquentines, brigs and schooners. Some of these vessels were retained by colonial owners, who used them in the coasting trade, the American and West Indian trades. Others were



built for sale in Great Britain, where they became part of the British mercantile marine, and thus ships built in the Maritimes and Canada were to be found in the Australian and China trades, and were known in all the ports of the world. Owing to their construction from softwood, their owners had great difficulty in convincing Lloyd's of their qualities, but in spite of this and the comparative shortness of their lives, their initial cheapness, their seaworthiness and speed ensured and retained for them great popularity among English shipowners. In 1826 nearly one-third of all the ships in the British mercantile marine were built in the colonies, mainly British North America; 536 were built in the plantations in 1826, and nearly 400 in the following year, while the figures for home-built ships for these same years were 975 and 1115 respectively.<sup>1</sup>

By the middle of the century this industry was firmly established, and in spite of periodic setbacks and the enormous risks it involved, it expanded steadily. The St. Lawrence and the Great Lakes were inevitably the scene of rapid development, owing to the proximity, within easy reach of navigable waterways, of vast forests, and also to the ever-increasing demand of the provinces for more and better ships to carry their produce. Between 1860 and 1866 the tonnage built in the province of Canada, chiefly at Quebec and Kingston, rose from 24,000 to 64,000, while the Maritimes had definitely entered upon their golden age. The total output for the three provinces of Canada, New Brunswick and Nova Scotia rose from 85,680 in the former year to 155,551 in the latter, while between 1850 and 1863 Prince Edward Island doubled her output of ships.

At the time of Confederation, the timber trade was by far the most important in the new Dominion. Forty per cent. of the total value of her exports were classified under

<sup>1</sup> *Annual Register*, 1827, vol. 69, App. to Chron. p. 281.

the heading Forest Products, and this did not include the ships which were built in the provinces. In 1870 the Dominion owned 7591 ships, and her mercantile navy, with a tonnage of 899,096, was the fourth largest in the world. This industry experienced great prosperity during the Crimean War and the American Civil War, but it reached its maximum growth in the early 'seventies. In the one year 1874, 490 vessels, comprising 183,010 tons, were built in the Dominion, but even then the days of this prosperous industry were numbered, and those who could not read the writing on the wall lived to lament their faith in wooden ships. In less than a quarter of a century, iron and steel drove wood from the sea, steam replaced sail, and the skilled craftsmen who had fashioned those stately vessels were left to dream in their silent shipyards of the time when the works of their hands had whitened the North Atlantic with their sails. No more would their vessels carry the fame of Canadian, New Brunswick and Nova Scotian shipbuilders to the ends of the earth.

Yes, we did a heap o' riggin'  
In those rampin', boomin' days,  
When the wooden ships were buildin'  
On their quaint old greasy ways;  
Craft of every sort and fashion,  
Big and little, lithe and tall,  
Had their birthplace by the harbour  
And we rigged them one and all.

Jacob's ladder wasn't in it,  
With the riggin' on those ships,  
From the trunnels and the keelson  
To the pointed royal tips;  
That old ladder was for angels,  
Comin' down from up aloft,  
With their wings and gleamin' garments,  
An' their hands all white and soft.

Our riggin' was for sailors,  
Tough and hardy Blue-nose dogs,  
With their hands as hard as leather  
And their boots thick, heavy clogs.  
They were nothin' much like angels  
But they learned their business right,  
And they trusted to our riggin'  
When the sea was rearin' white.

Seemed like fittin' out a maiden  
For her happy weddin' day,  
When we rigged a noble vessel  
Where she calm at anchor lay;  
All her gear was new an' shiny,  
Every ribbon taut an' trim,  
An' she stood when she was finished  
Tall an' handsome, straight an' slim.

But our riggin' days are over,  
And the past seems like a dream,  
As we view the mighty changes,  
Brought about by wizard steam.  
We are needed here no longer,  
For there's nothin' we can do,  
Maybe there'll be work for riggers  
In the port beyond the blue.

By the end of the century, shipbuilding, like the fur trade before it, had lost its place among Canadian industries. Timber, however, was still exported in large quantities, though the shrinkage of the forests obliged lumbermen to seek their product in areas more and more remote. The growing use of pulp in the paper industry more than made up, as far as the timber trade was concerned, for the loss it had sustained through the decline in shipbuilding.

Though Canada is frequently thought of primarily as a wheat-producing country, the growth of the export trade in that commodity was for many years very slow. Surplus quantities of Canadian wheat, as it has been

shown, were first shipped to Nova Scotia and Newfoundland, and later to the West Indies. By the beginning of the nineteenth century Canadian wheat was making its first appearance in the English market, but after a steady growth the trade entirely ceased during the War of 1812. After 1814 shipments began again, but progress was very gradual, for the population of the country was growing rapidly, and even if this had not been so, quicker returns were to be had on the export of furs and other forest produce. Only 25 quarters of wheat and flour were exported from Canada in 1815, but by 1833 the exports had risen to 100,000 quarters. In 1840 Canada's total export of wheat to Great Britain was only 145,000 quarters, and by 1843 it had decreased to 113,000. The effect of the new preference granted to Canadian wheat and flour in that year is at once apparent, as Canadian exports to the Mother Country began to rise soon after. They rose to 228,000 quarters in 1845, and to 339,000 in 1847. By 1850, however, they dropped back to 80,000, and sank as low as 18,000 in 1855. After violent fluctuations in the later 'fifties and early 'sixties, the trade began to revive again. In 1870 Canada exported 790,000 quarters of wheat to Great Britain and 1,090,000 ten years later. It fluctuated during the 'eighties and fell to 556,000 in 1890, but by 1900 it had risen again to 1,869,000, and after that the expansion of the trade broke all previous records. The western prairies were being opened up by the settlement each year of thousands of newcomers, and, as a result of this development, Great Britain received from the Dominion in 1910, 4,740,000 quarters and 8,386,000 in 1914. India was still sending more corn to the Mother Country in 1895 than Canada, and it was not until the turn of the century that the Dominion began to forge ahead. In 1899 the United States still supplied Great Britain with 61 per cent. of her foreign corn, while Argentina sent 12 per cent.

and India 8 per cent. as against Canada's 9 per cent. By 1909 Canada had increased her share of the British imports to 17 per cent.,<sup>1</sup> and in spite of the setback caused by the War, her progress continued until she had become in the early 'twenties the premier source of British imported wheat. For the fiscal year 1922-23 Canadian wheat made up about 64 per cent. of Great Britain's imported supplies, and in spite of the depression Canada exported to Great Britain in 1934 112,787,849 bushels, worth \$75,699,056.

In order to facilitate her corn exports, Canada has expended great sums of money on the improvement of the navigation of the St. Lawrence and the Great Lakes. A special line was constructed to bring the prairies in touch with Hudson Bay in order to quicken up the shipment to the Mother Country. In recent years freight rates have been adjusted and various improvements undertaken which, together with the opening of the Panama Canal, have resulted in the movement westward from Saskatchewan and Alberta to Vancouver and Prince Rupert of some wheat destined for the British market, instead of eastward to Port Arthur and Montreal.

The history of Canadian trade differs from that of the other Dominions in that from the beginning the Mother Country was obliged to share it with the United States. For many years after its foundation, the trade between Upper Canada and the neighbouring States was almost completely unorganised and unaffected by Government policy, but even when antagonistic tariff policies began to develop, it continued to flourish. Nothing, indeed, could have prevented close trading relations between countries so situated as were the British provinces and the American States, but in the period of British Imperial Preference the full power of America to attract Canadian trade did not appear. During and after the Reciprocity

<sup>1</sup> Porter, *op. cit.* p. 436.

Treaty, however, and more particularly when the American people began to look about for new sources of raw materials to supplement their rapidly diminishing stocks, the American trade tended to expand at the expense of that with Great Britain.

At the beginning of the nineteenth century, the Mother Country predominated in the Canadian trade, and the balance was very much in her favour. In 1808 Canada imported \$5 million<sup>1</sup> worth of British manufactures and expended \$650,000 on the products of the West Indies. The figures for 1827 show that England was still in practical control of the Canadian trade, as in that year the provinces imported \$7,651,525 worth of British goods, which increased to \$20,337,415 in 1836, while during the same years her exports to the United Kingdom rose from \$3,947,370 to \$4,836,500. It is significant that at that time the American trade by comparison was relatively small. Canada in 1827 imported from the United States goods valued at \$2,700,000 and exported to that country \$445,000 of her own products.<sup>2</sup> Indeed, some English statesmen were already beginning to see that the once despised Frozen North might become of some considerable importance in the British commerce of the future. Torrens, for example, criticised the prevailing attitude at home on the subject of the North American provinces, which, he said, in time might become not only a home for thousands of British immigrants, but he believed that Canada offered "unbounded prospects of new commerce and new markets for the Mother Country".<sup>3</sup> The coming of Free Trade and the consequent loss by the North American provinces of their preferential position in the British market caused widespread economic distress and popular dissatisfaction.

<sup>1</sup> *Ibid.* p. 182.

<sup>2</sup> *Ibid.* p. 184.

<sup>3</sup> 2 Hansard, p. 492, 15 Feb. 1827.

The disappearance of British preferences threw the colonies on their own resources, and in the second half of the nineteenth century British American trade declined while that of the provinces with the United States increased. Lord Elgin believed that reciprocity with the American Republic was necessary if British North American prosperity was to be restored, and the trade agreement which he negotiated with the United States undoubtedly did much to quicken the commerce of the colonies. At the same time, it served to stimulate a tendency which was always dormant, but which, during the period of British preference, had been held in check. Trade between British North America and the United States on a very large scale was natural, and, unless definite policy affected it, inevitable, but the Reciprocity Treaty gave this natural tendency an artificial stimulus which continued to work long after the treaty itself had been abrogated. The British North American provinces in 1855 purchased £2,504,000 worth of British goods and exported thither £4,693,000, while in 1870 British imports were valued at £6,261,000 and exports to the Mother Country at £8,515,000.<sup>1</sup>

For the years 1850-54 the average annual trade of the British North American provinces and the United States was \$24,292,674.<sup>2</sup> During the first five years of trade under the Reciprocity Agreement, the total average import into the provinces from the States increased 81 per cent., while colonial exports to the American Union increased by 134 per cent. In the second quinquennium of the Reciprocity Agreement American trade continued to expand rapidly, while, as has been seen, that of Great Britain grew very slowly. During the six years 1861-66 inclusive British North American imports from

<sup>1</sup> Page, W. (ed. by) *Commerce and Industry*, pp. 114-15.

<sup>2</sup> Roper, S. D. (compiled by), *The Statistical Year Book of Canada for 1890*.

the United States averaged \$27,275,809 per annum while the United States purchased from Canada goods of the average annual value of \$23,291,501.<sup>1</sup>

Thus Canada and the other provinces were rapidly becoming economically dependent on the United States. The general movement of commodities was north and south and the products of one province were sometimes sent to another through American middlemen. Before Confederation there was very little intercolonial trade, and the people of the Maritimes were strangers to the people of Upper Canada, while the Americans of adjacent States were in each case close neighbours and business friends. During the period of the Reciprocity Treaty, 1854-66, it has been estimated that American imports averaged annually \$29,141,962, while British North American exports to the Union averaged \$26,328,559. This represented an increase of 122 per cent. on the average annual value of the trade with the United States for the years 1850-54.<sup>2</sup>

The news of the approaching abrogation of the Reciprocity Treaty was heard with consternation throughout the British provinces. During the period of its duration the Americans had tapped the trade of these colonies at its eastern and western extremities, and the result was that the people of Nova Scotia bought flour from the Americans which they in turn had purchased from the millers in Upper Canada. The American market had been so easy of access and so good that the colonial exporters had not bothered to look further than across the boundary line, and thus the abrogation of the treaty seemed to herald an end to easy prosperity in the coal-mining and fishing industries of the Maritimes, and in the farming and milling industries of Upper Canada.

However, some Canadian writers attempted to prove

<sup>1</sup> *Ibid.* p. 221.

<sup>2</sup> *Ibid.*



that the abrogation of the treaty was a blessing in disguise, and that Mr Seward was, in truth, one of the fathers of Confederation. According to these writers, thanks to reciprocity, the intercolonial trade which had been growing up prior to 1854 had practically ceased, and the economic bonds between the provinces and their neighbours in the States were becoming so close that political fusion was inevitable unless something was done to arrest this lamentable drift. With the loss of the American market British colonials would be forced to develop trade between themselves, and thus the coal and fish of the Atlantic provinces would be exchanged for the flour and manufactured goods of Quebec and Ontario. Further, since the American markets were now to be closed, the Canadian people must look abroad in the world for the development of their trade, and in time might be able to rival and even to oust the Americans from the commerce of Europe, South America and the East. Canada, it was urged, was already a great maritime power, she had resources of unbounded extent, and if her people had a tinge of that spirit of initiative which characterised the peoples of Great Britain and the United States, her future was certain to be glorious. It is impossible not to feel that there was something of the element of sour grapes about these optimistic opinions, for, in spite of them, the Government and the people of the new Dominion continued for many years to look to Washington for trade concessions. Time after time Canadian Ministers went hat in hand to the American capital in search of trading privileges, but all of these efforts were unavailing, and in due course Canada grew weary of the road to Washington, turned her back on the United States and took up with enthusiasm the policy of Imperial Preference and the promotion of trade within the Empire.

In 1867 Canada exported mainly raw materials made

up for the most part of forest produce and agricultural products such as corn, flour and cheese, and she imported manufactured goods of all sorts. In the course of the next sixty-eight years this position was entirely altered, and to-day the Dominion exports large quantities of manufactured and semi-manufactured goods, and imports raw materials for her own industries and semi-manufactured products. In 1869, 90 per cent. of Canadian imports came from the United Kingdom and the United States, but before the world crisis of 1930 her commerce had become much more varied. Since Confederation, one of the most remarkable features in the history of Canadian trade is the decline in her commerce with Great Britain and the enormous increase in that with the United States. This process has continued in spite of Imperial Preference and the avowed determination of successive Canadian Governments to promote trade within the Empire. Contrary to all expectations, Canadian trade with the United States increased after the abrogation of the Reciprocity Treaty, and after some fluctuations was within seven years greater in volume than it had ever been during the time of the treaty.

Since Confederation Canadian trade has increased from \$147 million to \$1,019,479,094 in 1933-34. Taking the period as a whole, two features are particularly evident. Canada no longer trades, as in 1867, almost exclusively with the United States and Great Britain, but now has commercial relations with most of the countries of the world. Great Britain has lost her leading position in the trade of the Dominion, while the United States, in spite of the setback of the last few years, is still by far the most important source of Canadian imports, as well as the principal recipient of her exported goods. In 1871, 60.2 per cent. of all Canadian imports came from the British Empire, but by 1879 the percentage had fallen to 40.62. In 1886 it had risen again to

43·2 per cent., but for the next decade the quinquennial returns reveal a continuous decline. At the beginning of the new century this process was arrested, and Canadian imports of British goods were 25·99 per cent. in 1900 and 25·3 per cent. in 1904. After that the downward trend was again resumed until 1916, when British products comprised 20·7 per cent. of all Canadian imports. After the War, British trade recovered somewhat and fluctuated between 20 per cent. and 22 per cent., but by 1932 an upward trend was again discernible, and this continued. Thus Great Britain's share of Canadian imports in 1932 was 25·6 per cent. and 32·4 per cent. in 1934. These percentages are, of course, only comparative, as owing to the enormous growth in Canadian trade, in spite of its decline proportionately to that of the United States and other countries, the monetary value to England of that market has been greatly enhanced.

In 1869 Great Britain and the United States together supplied Canada with 90 per cent. of her total imports, 56 per cent. coming from the former country and 34 per cent. from the latter. By 1886 the United States had already taken the lead with 44·6 per cent. and after that for many years her progress was steady. The quinquennial returns show continued expansion down to 1901, after which there was a slight decline from 60·3 per cent. in that year to 59·6 per cent. in 1906. In 1916, when the War crippled the English export trade to Canada, that of the United States expanded faster than ever and reached 73 per cent. After that, though the United States continued to surpass all other countries in the Canadian import trade, there was a fairly steady decline in its relative importance, as Canada's imports of American goods dropped from the peak of 73 per cent. reached in 1916 to 69·0 per cent. in 1921, 65·6 per cent. in 1926, 67·9 per cent. in 1930; then there was a sudden drop to 60·8 per cent. in 1932 and 54·9 per cent. in 1934.

By 1870, Canada was already sending more of her products to the United States than to the whole of the British Empire put together, but by 1886 the Empire was purchasing 51.4 per cent. of Canadian products as against 44.1 per cent. taken by the United States. The British proportion continued to rise for the next ten years and reached 60.9 per cent. in 1896 as against 34.4 per cent. to the United States. After that, for about fifteen years the British share fluctuated between 50 per cent. and 59 per cent., but rose to 65.1 per cent. in 1916. Five years later the total share of Canadian exports taken by the Empire was only 33.9 per cent., as opposed to 45.6 per cent. taken by the United States. In the next ten years British purchases fluctuated violently. They were 45.6 per cent. in 1926, 34.0 per cent. in 1930, 38.0 per cent. in 1932, 48.0 per cent. in 1934.

While the exports of Canadian goods to the Empire as a whole have declined since Confederation, the proportion taken by Empire countries other than the United Kingdom has increased. It was 4.24 per cent. in 1886 and 8.7 per cent. in 1934, but the export to non-Empire countries other than the United States shows an even greater development. For many years the proportion of this trade fluctuated between 4 per cent. and 6 per cent., but from about 1911 onward it rose steeply. In 1921 it amounted to 20.5 per cent., at which figure it has tended to remain with fluctuations from 18 per cent. to 21 per cent.

From the foregoing it is seen that the bulk of Canadian trade is now carried on with non-Empire countries, though the four years 1930-34 witnessed a remarkable development of inter-Empire trade. It would be unwise, however, to base any forecast of future development on the tendencies of that particular period, as it was a time of unparalleled depression, when economic nationalism in its most objectionable form was in the saddle. Still, even with this qualification, the trends in Canadian

trade during this period were surprising. The proportion of Canada's imports from other Empire countries rose between 1930 and 1934 from 5.1 per cent. to 8.2 per cent., while that from England increased from 15.2 per cent. to 24.2 per cent. Canadian exports to the Empire remained practically stationary at about 9 per cent., while those to England rose from 25.2 per cent. in 1930 to 39.3 per cent. in 1934. In the meantime, the proportion of imports from foreign countries declined from 79.7 per cent. to 6.76 per cent. and exports from 66.0 per cent. to 52 per cent. Perhaps the most striking feature of all, however, was the decline in the American trade which prior to 1930 was more valuable than all the rest of Canada's external trade put together. Imports into the Dominion from that country decreased during these four years from 67.9 per cent. to 54.9 per cent., and exports from 46.0 per cent. to 33.6 per cent.

The decline in the trade with the United States can only be temporary, for Canada in her forest products, her minerals and surplus wheat supplies possesses the very articles that her great southern neighbour in the future will require in ever-increasing quantities. The Americans have many special advantages in the Canadian market; they use the same style of articles, they are divided from Canada by an imaginary line only, or by rivers and lakes which promote inter-communication. They have established many branch factories in the Dominion and the representatives of American firms are ubiquitous in Canada. Moreover, the Canadian purchaser can always be sure that in dealing with an American house a new order or replacement requirements will be supplied immediately and will be precisely what he requires. Great Britain is separated from Canada by an ocean, by differences in style, differences in terminology, and, in spite of tariff preferences, lack of contact. If Great Britain is to hold her place in the Canadian

market she must devote more time to the study of Canadian needs, and by the establishment of central warehouses at strategic places, she must ensure that the Canadian customer will always be promptly served.

The relative position of Great Britain and the United States in Canadian trade cannot be explained, however, by geography alone. It is clear that the Americans have been able to give Canadians what they wanted, while the British were content for years to give them what they thought Canadians should have. There is, for example, the case of the Canadian firm which ordered a large supply of shirts from a British company, but when the agent of the latter learned that Canadians required coat shirts, he informed his customer that his Company could not supply that style of garment, and so the order went to the United States. In spite of the violent assertions to the contrary made by British manufacturers, and the undoubted efforts of many of them to study the Canadian market with care, such examples as this could be repeated many times over. The British manufacturer for years tended to think that overseas purchasers must buy his products or none, while the American producer has gone to the market to discover what was really required and then has done his best to supply the need. If the Canadian market is to be held by Great Britain, and expanded, the English exporter must learn to exercise more vigilance and to trust to more substantial things than post-prandial declarations of brotherly love.

In this chapter nothing has been said so far about Newfoundland, and that symbolises the attitude of Great Britain to her oldest Dominion. In the nineteenth century Newfoundland drifted into a backwater where she has since remained, almost entirely forgotten except when the chaotic condition of her finances brought her into the stream of imperial policy once more. Newfoundland lies off the main ocean routes and, wrapt in the

mantle of her fogs, she is the island that has been passed by. Yet, though small, her trade is worth developing, as there is practically no domestic manufacture in the country. It became customary in the nineteenth century for British firms to send their agents first to the United States and then, merely as an incident in the American tour, into Canada, but Newfoundland was almost entirely neglected. The natural result was that since the Americans were more perspicacious, the trade of this colony, which could easily have been retained by Great Britain, has tended to pass to the United States.

Indeed, it is difficult to study the history of British trade with Canada and Newfoundland, without feeling that British exporters have often been short-sighted, inadjustable and lamentably deficient in enterprise. Their industrial and commercial triumphs in the early nineteenth century made the British people so confident about their future that the possibility of serious foreign competition was scarcely entertained. If other countries required textiles, machinery or any other manufactured articles, they had to come to the workshop of the world and be content with what they got, or go empty away. Small colonial markets scattered here and there throughout the world were of slight account to the industrial kings of Manchester and Leeds, and it is doubtful if even now, after all the rude shocks of the last few years, England has yet emerged from her fool's paradise.

## CHAPTER XVI

### THE ANGLO-AUSTRALASIAN TRADE

COMPARED with the British North American trade, that of Australasia is of recent growth. While British trade with Canada was well established before the end of the eighteenth century, it was not until the middle of the nineteenth that the commerce of New South Wales and Van Diemen's Land became important. For years those colonies yielded little or nothing by way of exports, and, indeed, they were scarcely self-supporting. Great Britain spent millions of pounds on them, which expenditure was justified as it enabled the Mother Country to rid herself of her surplus criminal population, and they were few who, in the early nineteenth century, had any vision of Australia's future greatness.

For the first few decades of her history the trade of Australia was slight, though from the 'twenties onward the *tempo* of development was greatly increased. Free settlers began to arrive in large numbers who, together with emancipists and their children, year by year extended the area of settlement. The volume of exports expanded in consequence, and it gradually dawned upon the people and Government at home that those distant antipodean settlements were destined to become something far different from cesspools created for the reception of English refuse. Those who saw Australia and travelled in it knew that it was too good a country to be condemned for ever to so base a purpose.

This is a good country [wrote Governor Hunter], but its progress and improvement would be considerably hastened could Government be prevailed upon not to overstock it with



the worst description of characters. For while the mass of the people continue to be of that class our difficulties will be very considerable and the industrious and well-disposed become a continual prey to the idle and worthless.

Between 1825 and 1840 the Australian trade more than doubled, but even then it was still small and lagged far behind that of the British North American provinces. In 1842 New South Wales exported goods to the United Kingdom valued at £298,507 and Van Diemen's Land £134,150, while for the same year the imports into these colonies from the United Kingdom were £598,045 and £260,730 respectively. The next twenty years witnessed a marvellous expansion in Australian wealth and importance, for whereas in the 'forties the Government at home was still inclined to think of these colonies in terms of transportation, by the 'sixties Australia had passed far beyond that phase. The old easy-going convict period was over, and Australia, now responsible for her own internal government, had entered into her inheritance. In less than twenty years these colonies not only overtook but far surpassed the American provinces in the volume and value of their trade. By 1860 Australia was sending home to Great Britain exports valued at £6,469,000 and buying from the Old Country £10,597,000 worth of British goods. After that for many years her progress was phenomenal. In 1865 her exports amounted to £10,273,000, £14,075,000 in 1870, £20,559,000 in 1875 and over £29 million in 1890. In the meantime her purchases of English goods rose from over £10·5 million in 1860 to £15,637,000 in 1875 and £19,678,000 in 1890. Thus, in the short space of half a century these once-despised penal settlements became not only an extremely valuable market of British products, but the most important source from which Britain imported her wool. In just over half a century these remote and expensive penitentiaries, which had cost the British people many

millions of pounds in the thirty years after their foundation, grew into populous self-governing colonies, whose commerce with the Mother Country far exceeded that of the British West Indies or British North America. Australia, in the middle of the nineteenth century, thus entered upon a period of prosperity and expansion which is equalled by the economic development of few countries in ancient or modern times.

This amazing progress was due, in the main, to two economic causes, wool and gold. In 1797, 26 merino sheep were purchased at the Cape for £4 a head and shipped off to New South Wales. Though several died on the passage a few arrived in safety, and these were crossed with some inferior sheep that had reached the colony earlier. In 1804 MacArthur purchased a number of pure merinos at King George's sale, and in 1807, 245 lbs. of wool, the first consignment ever to be sent to the Mother Country from Australia, was despatched home. But though the foundation of the Australian herds was thus laid at the very beginning of the nineteenth century, prior to 1820 progress was slow. The discovery of a way through the Blue Mountains led to the opening up of some of the finest grazing land in the world. As late as 1821, however, Van Diemen's Land and New South Wales together only exported 175,000 lbs. of wool, but after that development went on more rapidly. In the 'twenties, Saxon merinos, famous for the fineness of their fleece, were sent to Australia in considerable numbers, and every year the herds increased in size while graziers moved further and further into the interior.

Now that the first experimental stage was over and the quality of Australian wool was proved, large companies, with abundant capital behind them, took up the work which MacArthur and a few others had so well begun. As a result of this, the annual export of wool rapidly expanded. In 1831 New South Wales and Van Diemen's

Land were together sending away over a million and a quarter pounds of wool a year. In the 'fifties the Australian herds were strengthened by the introduction of Cheviots and Leicesters, while in 1866 American merinos began to arrive, and in the course of the next few years thousands of these sheep came to Australia. After 1880 sheep-men went in for development of animals valuable both for their wool-bearing qualities and as mutton, for the age of scientific refrigeration had begun.

In 1844 Van Diemen's Land alone sent to England 4,411,804 lbs. of sheep's and lambs' wool and South Australia 662,268 lbs. By 1850 the Australian colonies had successfully ousted all rivals in the wool markets of the world. It has been seen in an earlier chapter that wool gave the sailing ship its last glorious phase, for the Australian wool clippers were not only the fastest but perhaps the most beautiful ships ever built, and their race home with the first of the season's clip became famous as tests both of the ships and of the men who sailed them. Australia became in the nineteenth century to the English cloth trade what England herself had been to the looms of Flanders in the Middle Ages, the indispensable and unrivalled grower of wool. This commodity was at the heart of Australian prosperity from the beginning, and that position it has continued to maintain to the present time. In Australia, as in mediaeval England, wool has been the subject of the earnest thought and care of statesmen. It has affected Australian political, social and economic development, and Australian poets have sung its praises. While the wool trade, like every other, has had its fluctuations, and vast sums of money have been lost in it in times of depression, still, as a whole, its history has been a prosperous one. Over-confidence and easy prosperity led to an uneconomic expansion of herds in the 'eighties, but this mistake corrected itself in the course of a few years, and in 1907 Australia exported 321,440,554

lbs. of wool valued at £14,587,701. In 1923-24 the Australian export reached a colossal figure of 521 million lbs. of wool, and in the year 1933-34, in spite of the world crisis, the value of Australian wool exports to England was £12,893,000.

This one commodity is by far the most important item in the Australian export trade, of which it alone accounts for more than 50 per cent., and if Australia had been able to produce nothing but wool for the markets of the world her prosperity would have been ensured. . . .

Oh, the ragged ewes are bleating on the downs among their  
lamb,  
Where a squatter-man hath mated them with Tassie's choicest  
rams,  
And our shearers men are riding, for there's little time for  
biding  
When the noisy North starts knocking and the silken East  
salaams.

So, it's "Haul upon the bowl'n and another clipper in,  
With a salt-dried score of sinners who are wasting for their sin;  
While the crowd that gathers round her turns to cheer the  
outward bounder,  
That with locks and fleeces freighted, with our staple product  
weighted,  
Slips her slackened hawser gaily in the rampin', rousin' din."

Just at the time when Australian merinos had triumphed over all competitors, the world began to hear of the Australian goldfields. Though the existence of the precious metal in Australia had been suspected for many years, and, indeed, was definitely known to a few people, the Government was disinclined to encourage mining development during the convict period. It was therefore not until the middle of the century, when the Australian colonies were about to receive full Responsible Government, that the gold period began. Thousands of eager fortune-seekers poured into the country, bringing with

them a new vigorous life and a spirit of self-reliance, new in this country where so much had previously been left to Government action. The digging of gold brought great wealth to Australia, for in the 'fifties many million pounds sterling were produced. In the decade 1852-62, for example, the great sum of £110,760,000 was won from the ground,<sup>1</sup> and for many years after that the annual output was large. This development confirmed and consolidated the prosperity which had been begun by wool. A gold-producing country attracted financiers of all sorts, bankers, company-promoters, good and bad, and thus in one decade Australia passed from tutelage to independence. Even when the first boom period was over she continued to be a gold producer, and that commodity remains down to the present time an important item in the products of the Commonwealth. Even if the mining of gold ceases altogether in the future it has already done its work for Australia. It was the ready access to abundant capital and the high credit which the colonies enjoyed by virtue of their golden resources, which enabled Australia to take full advantage of her great economic opportunities in the second half of the nineteenth century. Besides gold, lead, copper and silver have also been mined in Australia for export purposes and have helped to swell her list of products; but great as her mineral resources are and have been, it is to her pastures and to her agriculture that she has looked in the past, and will continue to look in the future for her economic strength.

In the period when Australia first won a recognised place among the commercial countries of the world, her great distance from Europe and other large centres of population was an undoubted handicap. Even in the fastest sailing clippers the journey to England took 70 to 100 days, and had it not been for the revolutionary

<sup>1</sup> Mulhall, N. G., *The Progress of the World*, p. 187.

changes which took place in the system of transportation and communication, the Australasian colonies could never have taken full advantage of their opportunities. By the beginning of the 'seventies communication with London was rendered easy and quick through the laying of cables to Australia and the construction of a telegraph line which extended from Bathurst to Sydney, Melbourne and Adelaide. Greater still was the shortening of distance, and more important the reduction in time taken in the journey to England, which resulted from the completion of the Suez Canal. In the 'sixties and 'seventies, as it has been shown in a previous chapter, the wooden ship began to yield place to iron and steel, and the triumph of these meant cheaper and larger ships. Sail was replaced by steam, and still faster and larger ships appeared, with the result that London could be reached from Melbourne or Sydney in five or six weeks. Thanks to these developments the distance factor was no longer a handicap of the first magnitude, and Australia was enabled to enter into the full stream of world commerce. Even with the opening up of the Suez Canal and the advent of the telegraph, the cable and the steamer, she was still seriously handicapped by her geographical position. Australia lies far south of the Equator, but her chief market is in the northern hemisphere, and thus the carriage of perishable foodstuffs was impossible, a fact which rendered many by-products of her pastoral industry of no value. In the 'seventies, for example, there was a glut of butter in Victoria which was retailed at 7d. per lb., or disposed of to soap-makers at 1½d. per lb. in casks. Attempts to send consignments of this commodity to Britain proved the impossibility of such trade under existing conditions, for this butter had to be sold as grease at 1d. per lb. The same difficulty confronted and restricted the development of the export trade in meat, and, to a lesser extent, in fruit.

In the 'sixties the Americans, when they evolved the refrigerator car, grappled successfully with the problem of transporting fresh meat from the ranch lands of the west to the eastern centres of population. It was argued that if refrigerators could be put on trains they could be installed in ships, and the problem of marketing the meat, as well as the wool, of the vast herds of sheep for long engaged the attention of practical business men and scientific researchers. In the early 'sixties a beginning was made in the canning industry, but the venture was not successful and the problem remained unsolved. The possibility of freezing meat for export received much consideration, and, indeed, in the early 'sixties a plant was established in Sydney, but at that time important technical difficulties still remained for the scientist to clear away before refrigeration could become of substantial value to commerce. By the beginning of the 'eighties, after a great deal of preliminary experimental work, a trial cargo was sent to England which arrived in perfect condition.

The year 1881 [states the *Annual Register*] will long be remembered as the one in which the transport of fresh Australian meat to England was first shown to be practicable.<sup>1</sup>

The town of Orange, New South Wales, was the first to take the lead in this new development, but the *Annual Register* states that the experiments were not wholly successful and that there was a prejudice in England against foreign meat. In the following year the New Zealand Shipping Company installed refrigerating plants on its ships, which enabled frozen meat to be carried from the antipodes without deterioration, and the first cargo from that Dominion, which consisted of 4000 sheep and 449 lambs, arrived in London in the sailing ship *Mataura* in May 1882.

<sup>1</sup> *Annual Register*, 1881, Pt. I. p. 415.

This development, coupled with the invention of the cream-separator, which appeared in Australia in the middle of the 'eighties, placed the export trade in meat, dairy produce and fruit on an entirely new footing. Sheep-men began to breed for mutton as well as for wool, and the first consignment of refrigerated butter was sold at 1s. 4d. per lb. in London. By 1890 Victorian shipments had increased to 1,286,583 lbs. Thereafter the advance in this industry was on a par with that of wool forty years earlier, for by 1893 the export of butter had risen to 13,141,423 lbs. and to 22,139,521 lbs. in 1894.<sup>1</sup> Tasmania led the way in the adaptation of refrigeration to the export of apples. In consequence of these developments it became possible to send almost any kind of food-stuff across the world in perfect safety.

In the production of wheat for the export trade Australia has not hitherto shown the same energy as in wool, fruit and dairy produce. When so much of her capital was invested in sheep it was natural that ordinary unspecialised agriculture should tend to be neglected. In the 'sixties, when wool and gold were booming, corn was grown chiefly for the local market, and was of slight importance in the export trade. Thus in 1867 the principal exports of New South Wales were classified—gold £129,619, wool £1,711,323, agricultural produce £198,916; while in Victoria for the same year the figures were, gold £5,738,993, wool £3,650,611, agricultural produce £122,972, while for 1870 the figure for this latter group of commodities was less in both colonies.<sup>2</sup> In spite of this, however, agriculture progressed slowly in the last three decades of the nineteenth century, and in 1899 Australia ranked high among the wheat-producing countries of the world. She was already

<sup>1</sup> Shann, E., *Economic History of Australia*, p. 343.

<sup>2</sup> Vogel, Sir J. (ed. by), *Official Handbook of New Zealand*, 1889, p. 4.



producing more wheat for exportation than Russia, but lagged far behind the United States, Argentina, Canada and India. Ten years later, though her output was enormously increased, she came behind the same countries as an exporter,<sup>1</sup> and in 1932 her output of wheat to the United Kingdom was worth £8,376,000.

The production of wine began early in the history of Australia, and though various dates have been assigned for the introduction of the vine, it is probable that Philip took it with him in 1788. At any rate, in 1797, 8 acres were already planted with vines which yielded 2000 gallons of wine. At first the vineyards were confined to New South Wales, but later they spread to Victoria and South Australia, where they have flourished exceedingly. Australian vineyards suffered a great deal in the nineteenth century from the *phylloxera* and other pests, but in spite of these the area under cultivation in 1881 was 14,570 acres. In 1926, 100,000 acres were planted with vines, and 114,446 acres in 1933. In the meantime, production, which in 1881 was 1,488,000 gallons, increased to 16,414,661 gallons in 1933. Great Britain has always been Australia's best market, and in recent years there has been enormous development in this trade. Thus, in 1925 Australia accounted for only 5 per cent. of all the wines imported by the United Kingdom, but in the course of the next nine years she increased her proportion to 20 per cent., and there can be no doubt to-day of the great popularity of certain varieties of Australian wine in England. This industry, like that in South Africa, has been confronted by popular prejudice. The Australians themselves are not a wine-drinking people, and the stubborn conservatism of the British consumer has been a great stumbling-block in the path of Australia's expansion. As this commodity must always rank as a luxury article in Great Britain, the

<sup>1</sup> Porter, *op. cit.* p. 346.

Australian producer should trust to the improvement of his commodity rather than to the existence of differential fiscal advantages, if his product is ever to win the place it should in the markets of the world. The lack of standardisation has been in the past perhaps the most conspicuous defect of the wines produced, for though Australia has exported wines of undoubted excellence, she has also produced very inferior varieties. Again, it is doubtful if Empire producers have been wise in using French and German terminology to denote their products. It is impossible to produce burgundy, claret or hock in Australia or South Africa, though obviously wines of the same type can be manufactured. The use of the adjective in this connection, instead of adding distinction to the wine, serves merely to mark it as inferior, for Australian burgundy is not burgundy, though it may be quite as good. Indeed, Australia has done a great deal in recent years to remove any justification for a serious criticism of her wines which may have existed. She has established the Australian Wine Overseas Marketing Board, one of whose principal objects is to control both the quality and the quantity of wine exported.

Good wines, then, can be produced in the Empire, but they should carry their own names and their producers should do everything possible, and they are doing a great deal, to ensure that a more even standard is maintained. The consumer has a right to know that when he opens a bottle of Empire wine he will have a good, honest beverage, and not, as has sometimes happened in the remote past, a fluid which in bouquet and flavour is more reminiscent of indifferent floor-polish.

To begin with, Australia's trade was almost entirely with Great Britain and with Empire countries such as New Zealand, the Cape of Good Hope and India, but as the nineteenth century drew to its close her trade became more extended, though the bulk of it still con-

tinued to be with the Empire. Part of the falling-off in the exports to Great Britain was due to the fact that after the opening of the Suez Canal, shipments of wool were sent direct to foreign markets instead of indirectly via England. In the twenty years 1887-1907, in spite of the growth of this direct trade, Australian exports to the United Kingdom increased from £22,003,741 to £33,975,579, while those to other parts of the Empire rose from £2,492,222 to £13,122,673.<sup>1</sup> In this same period exports to foreign countries increased from £4,951,590 in 1887 to £25,725,995 in 1907. In spite of these increases in the actual amount of British purchases, since the total trade of Australia increased more rapidly there was actually a decline from 74·74 per cent. to 46·65 per cent. in the British proportion between 1887 and 1907. Trade with Empire countries other than the United Kingdom, however, increased from 8·46 per cent. to 18·02 per cent., and for the quinquennium 1902-6 they averaged 25·11 per cent.

Australia's import trade underwent a similar change during these years. Thus in 1887-91, imports were distributed between the United Kingdom, other British possessions and foreign countries in the proportions of 70·14 per cent., 12·41 per cent., 17·45 per cent. By 1902-6 the share of the United Kingdom had declined to 58·30 per cent., the lowest for the period, while that of the Empire had risen to 13·60 per cent. and of foreign countries to 28·10 per cent. In 1907 exports to the United Kingdom had risen again and were 61·50 per cent. of the whole, while British possessions were responsible for 12·93 per cent. and foreign countries for 25·48 per cent.

In 1913 Australia sent to the United Kingdom goods valued at £38,065,000 and received from thence British exports worth £34,471,000. Immediately before the War

<sup>1</sup> Knibbs, G. H., *Official Handbook for the Commonwealth of Australia* 1901-8, p. 606.

the United Kingdom took 44·3 per cent. of Australian exports, British possessions 12 per cent., foreign countries 43·7 per cent., while in the same year, 1913, the United Kingdom supplied 63·2 per cent. of Australian imports, the United States 11·8 per cent., Germany 11·4 per cent. and all other countries, including Japan, 13·6 per cent. During the War the British share declined to 46·6 per cent. while the United States increased its proportion to 29·4 per cent. in 1918-19. Great Britain, however, made a speedy recovery immediately after the peace, and in 1921-22 was responsible for 64·1 per cent. of Australian imports. In the meantime, during the decade 1913-23 the United Kingdom's share of exports remained fairly constant although it rose steeply during the War years, and Empire countries, having increased their purchases from 12 per cent. in 1913 to 19·6 per cent. in 1920, fell back to 13·3 per cent. in 1923.<sup>1</sup>

For a few years after the War the Australian Japanese trade was on the decline, while that with Germany ceased altogether during the War period, but it soon became plain that these conditions were temporary, for from about 1925 onward Australia resumed the normal expansion of her export and import trade with the world at large. The Empire, however, still held the first place, and Australia continued to be in 1925 the United Kingdom's second-best market.<sup>2</sup> Since then the severe competition of the United States and Japan, whose recovery is the most outstanding feature of recent Australian trade history, has been keenly felt by Great Britain. Nevertheless in 1929, Australia took 42·65 per cent. of her imports from the United Kingdom, which received in return 37·9 per cent. of her exports, while the Empire was responsible for 12 per cent. of Australian imports and 10·63 per cent. of her exports.

<sup>1</sup> *Committee on Overseas Trade, Survey of Overseas Markets*, pp. 359-60.

<sup>2</sup> *Ibid.*

Between 1930 and 1932, while the imports from most parts of the world into Australia dropped substantially, Japan slightly increased her share. In the export trade during these years Great Britain increased her purchases from £52 million to £57 million, while those of the United States rose from £2 million to £4 million and Japan's from £9 million to £11 million. By this latter year, then, certain foreign countries, particularly Japan and the United States, had entered largely into the Australian trade, while Germany, France, Belgium, Italy and China were all important customers. Thus the almost exclusive monopoly of Australian trade, at one time enjoyed by the Mother Country and the Empire, has gone, though it is still true to say that Empire trade as a whole comprises more than a half of the external trade of the Commonwealth. Though Australia has built up great secondary industries of her own, these have so far, unlike those of Canada, catered almost exclusively for local markets, so that the bulk of Australian exports still consists of natural products. In the near future it may be expected that Australian industries will find the domestic market too narrow, and Australia will be driven to enter the world market as an exporter of manufactured goods, and to compete in South America and other parts of the world with Great Britain, Canada, the United States and Japan, but the consideration of that eventuality is the concern of the politician or the prophet, and not of the economic historian.

Though the history of New Zealand's trade had many features in common with that of the Australian group, it had its distinctive character. Taken as a whole, the story of New Zealand's commercial development falls naturally into three periods. During the first of these, which ended in the early 'fifties, such developments as did take place were largely determined by men and capital supplied from New South Wales. During the second, which covers

the years from the middle 'fifties to the early 'eighties, the influence of Australia was still predominant. New Zealand for example, felt the effect of the Australian boom in the 'sixties, but during these years the United Kingdom steadily increased her share in New Zealand trade, while the importance of New South Wales, Victoria and the other Australian colonies waned. This was the period which witnessed the rise of the New Zealand wool industry and the discovery of gold. The third period began with the opening up of direct communication with the Mother Country in the 'seventies and the successful use of refrigeration. Since then the trade with Australia has become of relatively less importance. Gold, except for a boom at the turn of the century, has ceased to rank among the principal exports of the Dominion, while wool has held its place, and the export of dairy produce has come into its own.

Long before permanent settlement began, traders from Sydney were active in New Zealand in the exploitation of its natural resources. As early as 1826, its exports to New South Wales were valued at £30,000, while that colony exported thither £1735 worth of goods. From that year onward the trade grew, though as yet there was no permanent settlement in the country, and by 1830 New Zealand's exports were valued at £60,356, and her imports at £15,597.<sup>1</sup> At that time, the exports were chiefly timber from the North Island, and sealskins and whale-oil from the South Island. The kind of men the traders were and the nature of the commerce they carried on may be gathered from the list of their imports: muskets, gunpowder, flour, hardware, slops, rum and whisky. During the 'thirties there was a slump in this trade, for in 1836 New Zealand's exports had fallen to £32,155 and her imports to £36,184;<sup>2</sup> but

<sup>1</sup> Thomson, A. S. *Story of New Zealand*, p. 324.

<sup>2</sup> *Ibid.*

these figures only relate to trade with Australia, though there was probably little, if any, other commerce. Clearly these fair islands, blessed with a glorious climate and incomparable natural advantages, were too good to be left to the tender exploiting mercies of a set of ruffianly ex-convicts, pirates and cut-throats, who lived their wild life beyond the pale of the law.

At the end of the 'thirties New Zealand attracted much attention in England. At last, in 1840, the Treaty of Waitangi was signed, but several years elapsed before the rule of law was firmly established. So far, practically the whole economic development such as it was had been due to Australian enterprise, and as late as 1838 it was stated that the total value of exports from the United Kingdom to New Zealand was only £1095. By 1843 they had risen to £95,247, and although there was a slump immediately afterwards, the general tendency from then was in an upward direction.<sup>1</sup> Permanent settlement began in the 'forties and by 1853 the export of wool, which still remains one of the Dominion's staple products, had already begun. In that year, when for the first time trade statistics for the whole colony were recorded, the wool export was valued at £67,000. This year, indeed, may be taken as marking the beginning of the second period in the history of New Zealand's trade, for from then on progress was rapid and the intercourse with the Mother Country grew apace. Between 1855 and 1859 New Zealand's exports to Great Britain increased from £30,869 to £317,045, and by 1863 her export of wool alone was stated to be worth £830,000. After the phenomenal trade development of the late 'fifties and early 'sixties, which reached its peak in 1863, there was a considerable falling-off in imports, which declined from £7,024,974 in that year to £4,078,193 in 1871, but, thanks chiefly to wool and gold, exports increased

<sup>1</sup> Macgregor, *op. cit.* p. 177.

steadily and in 1870 reached £4,639,015 and were approximately equal to the value of imports.

With this development there went, as has been stated, a change in the direction both of New Zealand's sales and her purchases. Whereas in 1855 Great Britain sent goods to New Zealand of the value of £328,911, and other parts of the Empire, mainly Australia, £474,166, by 1860 Great Britain was already responsible for more than half the total imports and exceeded those of the Australian colonies combined by over £200,000. Ten years later, British imports were valued at £2,685,736 out of a total of £4,639,015, and in 1880 the Mother Country sent to New Zealand £3,479,217 out of a total import of £6,162,011. In the same year New South Wales, which had formerly monopolised the New Zealand trade, was responsible only for £729,676, while Victoria's sales in New Zealand were worth £1,036,538.

In the export trade the growing preponderance of Great Britain is more marked. In 1855 New Zealand's exports amounted to £365,868, of which as has been seen Great Britain took only £30,869<sup>1</sup> as against £331,153 by other British possessions. In 1860 England took £412,246<sup>2</sup> out of a total export of £588,953, as opposed to £108,887 by New South Wales and £48,800 by Victoria. In 1870 New Zealand's exports were worth £4,822,756, of which Great Britain received over a half. During these years, the value of timber, flax, whale oil and the other products which had made up New Zealand's export trade at the beginning, declined in importance and were wholly eclipsed by wool and gold. In the 'sixties this latter mineral for a short time took the lead, but by 1880 the export of wool was by far the most important branch of New Zealand's overseas trade. In 1863 she exported gold which was valued at £2,432,000, while the figure for

<sup>1</sup> Griffen, G. W., *New Zealand: Her Commerce and Resources*, p. 180.

<sup>2</sup> *Ibid.*



wool was £830,000. Five years later gold was still in the lead with £2,724,276 as opposed to £1,580,908 for wool, but by 1873 wool had taken the lead, and from then on, except for a short boom at the close of the century, the importance of gold declined. The other exports were of slight importance compared with these, though grain showed a steady increase from £19,000 in 1853 to £1,287,000 in 1883. No butter was exported until this latter year, and the volume of meat products exported increased from £12,000 in 1863 to £59,000 twenty years later.

With the solution of the problem of refrigeration New Zealand entered upon the third and most remarkable period in her commercial history. She was now able to export not only wool and tinned meat but frozen, and later chilled, meat, together with a totally new group of exports from her dairies. The astonishing growth of this section of her export trade is perhaps the most outstanding feature of her recent commercial history, for thanks to careful supervision of manufacture, standardised packing and the maintenance of a uniformly good quality, New Zealand dairy produce has won a position in the British market equalled by none in the world. As late as 1891 dairy produce comprised only 2½ per cent. of New Zealand's total exports, but in 1926 it amounted to 32 per cent. During these years the export of butter alone rose from 2000 to more than 67,000 tons, while that of cheese increased from 2000 to 75,000 tons. Though wool still held the primary position in 1926, the export of butter was valued at over £11 million sterling and that of meat at over £10 million. In view of the enormous expansion in the export of dairy produce, the attempt to make New Zealand a grain-exporting country was given up, and thus grain, which in 1883 amounted to £1,287,000, in 1926 did not appear among the exports. Other commodities which in the earlier period had

bulked largely in New Zealand's export trade have also declined, and thus, for example, between 1883 and 1926 the value of gold exports fell from £892,000 to £240,000, while timber, kauri-gum, flour and flax disappeared from the list of principal exports.

As a result of the extraordinary expansion in the dairy industry, together with the rise of the frozen and chilled meat trade and the steady growth in the export of wool, New Zealand since the 'eighties has been materially one of the most fortunate countries in the world. In 1880 her imports from Great Britain were valued at £3,479,217<sup>1</sup> and had declined to £3,314,000 in 1890,<sup>2</sup> but from then on the effect of the new export trade began to be reflected in her imports. The Dominion took in 1901 £5,599,000 worth of English goods, £9,809,000 in 1911,<sup>3</sup> and in 1914, out of a total import trade of £21,856,099, the United Kingdom supplied £11,251,720 or over 51·5 per cent. During the War Great Britain lost ground to the United States in the New Zealand market, but the position was rapidly regained after the cessation of hostilities, and by 1923 the Mother Country was again in her old position. In that year New Zealand's imports were valued at £43,378,493, of which the United Kingdom supplied £22,532,205 or 51·9 per cent.<sup>4</sup> In 1932, when New Zealand's trade had been reduced by half, as a result of the world economic crisis, the United Kingdom still held her position with £11,788,419 out of £23,445,109. In so far as other countries have won a footing in the Dominion, it is probably, to some extent at least, because Great Britain has not taken the trouble to supply New Zealanders with what they wanted. There is a very strong feeling in the Dominion in favour of

<sup>1</sup> *Ibid.*

<sup>2</sup> Page, *op. cit.* p. 115.

<sup>3</sup> *Ibid.* pp. 115 and 119.

<sup>4</sup> *Committee on Overseas Trade, op. cit.* p. 362.

British products, and it is certain that if British producers were disposed to study the market more closely than they have, the British share in the import trade of New Zealand might be much larger.

While New Zealand turned to other parts of the Empire and to foreign countries for her imports, she still continued to find in the United Kingdom the chief market for her exports. In 1880, Great Britain took £4,761,068 worth of New Zealand's exports out of a total of £6,352,692.<sup>1</sup> By 1895 they had risen to £8,383,000, and ten years later to £13,391,000. They were valued at £20,943,000 in 1910,<sup>2</sup> and £22,994,000 in 1914.<sup>3</sup> In 1927 76 per cent. of New Zealand's exports went to the United Kingdom, and in 1932 that country took £32,449,231 out of £36,965,780 and the British Dominions £1,834,589. New Zealand has the highest overseas trade per head of population of any country in the world, and the overwhelming desire of this Dominion is to maintain and increase her trade with the Empire. As she is the highest purchaser of imports and as most of these take the form of manufactured goods, she is, although small, a country whose requirements are worthy of long and careful study on the part of British manufacturers. New Zealand has not, so far, followed the example of Canada and Australia in developing to any great extent a system of secondary industries, and though she, in common with every other country in the world, has been afflicted with economic nationalism, this disease has not been so serious with her as elsewhere. No country deserves more at the hands of Great Britain than this wonderful little Dominion, whose trade and importance are out of all proportion to her tiny population.

<sup>1</sup> Griffen, *op. cit.* p. 180.

<sup>2</sup> Page, *op. cit.* p. 114.

<sup>3</sup> *Ibid.* p. 118.

## CHAPTER XVII

### THE ANGLO-SOUTH-AFRICAN TRADE

FOR many years after the British conquest of the Cape, trade was sluggish and of relatively little importance. That colony continued to discharge the function for which, in the seventeenth century, the Dutch had established settlers there. Ships on their way to and from India and the East put into the Cape for food, water and repairs, but few indeed of the people who landed ever thought of making a permanent home in the country. There were, of course, some immigrants such as the Albany settlers, and various smaller groups, and there was every year a slight trickle of immigrants into Cape Colony. But for the majority the Cape was only a half-way house, where one might break a tedious ocean voyage of months by a few days ashore. To the people at home it soon came to be associated with perennial native wars, "cruel Dutch farmers" who ill-treated their "black brother", and, later on, with treks and the expenditure of large sums of the English taxpayers' money. When the rush to Australia took place, the Cape experienced a quickening in her economic life. Eager gold-seekers impatiently kicked their heels in the streets of Capetown while their ships were being refitted for the remainder of the voyage to the Eldorado of the antipodes, and it was with feelings of great relief that they saw Table Mountain sinking below the horizon, little knowing that they were leaving behind them the richest gold and diamond fields of the world.

Still, although South African progress at first was slow, it was steady, and by 1826 its commerce was beginning

to be of some importance. For the four years 1826-30 inclusive her exports (almost entirely to Great Britain) averaged £244,259 per annum. This does not include the value of ship's stores and other necessities taken by vessels on their way to Europe, Asia or Australia. After that, development was slight for many years, and so for the quinquennium 1840-45 the average total export from the Cape amounted only to £564,569, but after that the rate of progress was very much higher. The value of South African exports for the years 1850-55 averaged £778,124, £2,371,541 fifteen years later, £5,625,099 for 1875-80, £7,788,303 for 1885-90, £41,381,433 for 1905-10, and even in 1931, when the world's depression was most acute, South African exports still exceeded £18 million and by 1934 had recovered to over £20 million.

VALUE OF IMPORTS THROUGH CAPE OF GOOD HOPE PORTS,  
1830-1910, AVERAGES FOR FIVE YEARS EXCLUDING  
BULLION AND SPECIE <sup>1</sup>

Years (Average)	Imports (£)
1830-34	357,087
1835-39	996,992
1840-44	950,718
1845-49	1,109,443
1850-54	1,602,797
1855-59	2,095,155
1860-64	2,560,846
1865-69	2,073,253
1870-74	4,002,930
1875-79	5,936,230
1880-84	7,596,288
1885-89	5,546,540
1890-94	10,017,987
1895-99	16,294,329
1900-04	25,254,743
1905-10	16,360,299

<sup>1</sup> *Union of South Africa Official Year Book*, No. 6, p. 705.

The import trade, which for many years was almost entirely in the hands of Great Britain, revealed the same tendencies—slow development during the early part of the century, followed by a phenomenal and meteoric advance. For the four years 1826–30 the annual import of goods averaged £299,235, and for several years after that the growth of the import trade was very much more marked than that of the export trade, as is shown in the foregoing table.

In 1849, the first year for which figures are available, Natal imported goods worth £55,922 and thereafter her imports grew steadily, as the following table shows:

VALUE OF IMPORTS THROUGH NATAL PORTS, 1850–1909,  
AVERAGES OF FIVE YEARS<sup>1</sup>

Years (Average)	Imports (£)
1850–54	112,614
1855–59	149,272
1860–64	464,433
1865–69	337,167
1870–74	777,527
1875–79	1,471,010
1880–84	1,978,187
1885–89	2,506,215
1890–94	3,134,300
1895–99	4,845,715
1900–04	10,859,135
1905–09	8,261,765

In the ten years after the battle of Waterloo the principal exports from the Cape were wool, sheep and goat-skins, hides, ostrich feathers and wine. The production of wool is the oldest industry in South Africa, as there were already sheep at the Cape before the Dutch established themselves there, and as early as 1654 the Dutch

<sup>1</sup> *Ibid.*

East India Company began to improve the native hairy sheep by the importation of ewes and rams from the best herds in Holland. In 1689, more sheep of good strains were imported, this time from Spain. A century later, as a result of the enterprise of a Scottish officer in the employ of the Dutch Company, sheep of the Escurial breed were brought out to the Cape, and in the nineteenth century various new strains were added. English sheep were brought out by the Albany settlers soon after their establishment, and Angoras appeared in 1843. Other sheep arrived from Saxony, France, and later on large numbers from Australia. Thus, for over a hundred years South African pastoralists have paid attention to the quality of their sheep, and their efforts have been rewarded by the high grade wool which the Union now produces.

Although the production of wool claims to be the oldest industry in South Africa, its annual value for many years was comparatively slight. Thus, for the four years 1826-30, the Cape exported about £1203 sterling of wool a year, and twenty years later it averaged for the period 1845-50, £180,158. After that it developed very rapidly and in the 'fifties easily eclipsed all other South African products. For the five years 1850-55 the annual export averaged £383,943, £967,889 for the next five-yearly period, and £1,508,679 for the years 1865-70. It stood at £1,802,299, 1870-75, and for the next fifteen years it ranged between £2 million and £2.5 million. Thereafter, for about twenty years, it averaged about half a million pounds a year less, and in the quinquennium 1905-10 it passed the £2 million mark again. The United Kingdom has always been South Africa's best market for wool, though in recent years it has become less important relatively to other countries. In the years 1906-8 Great Britain took 57.7 per cent. of her clip, in 1909-11 53.1 per cent., and in 1912-14

57·2 per cent., but after the War the proportion decreased, owing to the increase in the number of countries importing South African wool direct. In 1923-25 the Mother Country took 46·6 per cent., in 1926-28, 44·6 per cent., and in 1929-31, 37·6 per cent. Though the Union is not nearly so important in the world wool market as either Australia or New Zealand, she is a producer of very high quality, and in view of her area there is still room for much expansion in herds, more particularly in Cape Colony. During the War this industry suffered severely from a drop in prices, due mainly to the lack of ships to take away the export, but after the close of hostilities it went through a period of great prosperity.

Closely associated with the woollen industry is the trade in sheep- and goat-skins. In the early part of the nineteenth century this was actually more valuable than the export of wool. Thus, for the four years 1826-30 it averaged £8454, or just about seven times that for wool, and for the next quinquennium it still held the lead over that commodity in the proportion of three to one, but after that wool forged far ahead. Since the early nineteenth century the development of this trade has been very gradual, and it has never since reached anything like the importance of wool. It was not until the period 1860-65 that the average annual export passed the £100,000 mark, and ten years later the annual average exceeded £200,000. The annual export averaged £319,092 for the years 1880-85, and by 1900-1905 it had increased to £401,945 and to £612,505 for the next five years. Great Britain took, in the four years 1928-32, 8 per cent. of the Angora skins exported from South Africa, 43 per cent. of the goat-skins, 23 per cent. of the sheep-skins (merino), 35 per cent. of the Cape sheep-skins and 32 per cent. of the coarse-woolled variety, while the total export value of these products to all countries was £736,960. It is to be expected that with the develop-



ment of the pastoral industry this ancillary trade will also expand, but it can never become of first-rate importance.

The export of hides has also made a slight contribution to the annual trade of South Africa but it has never been very extensive. Though it was valued at £26,403 for the four years 1826-30, it was only £61,869 thirty years later, and did not pass the hundred-thousand line until 1885-90. After this the trade fluctuated and in 1905 fell to £94,537, though this was more than double the amount exported in the previous quinquennium. In the year 1931, when dry-salted hides to the value of £259,901 and wet-salted hides worth £136,546 were exported, 55 per cent. of the former and 37 per cent. of the latter were taken by Great Britain.

The export of ostrich feathers was for many years an important branch of South African commerce. It was just beginning in 1825 and for the next five years its annual export averaged £1700. Thereafter, for about a quarter of a century, its progress was slow, and the average annual export rose to £5174 in 1845-50. Ten years later it stood at about £12,886, after which, owing to the change in fashion, there was a boom in this commodity. Between 1860 and 1865 the annual export averaged £46,355, and £342,165 for the next five years. A decade later it was worth £438,995, and £953,544 for the next five years. After a slight decline, there was a rally in this trade at the beginning of the century, and between 1900 and 1905 the yearly export increased to £922,950, and to £1,626,222 for the succeeding five years. At all times this industry depended directly on the whims of fashion, and could never, therefore, be considered secure. Thus since 1910, owing to the change in taste, the world's demand for ostrich feathers has declined to a fraction of what it was at the beginning of the century, and this once prosperous industry has virtually

ceased to exist. The demand for ostrich feathers seems once more to be reviving, but as the vagaries of fashion appear to be completely irrational, it is quite impossible to predict the future.

Although copper abounds in the Union, it was not until the middle of the century that this metal began to appear among the list of principal exports. For the quinquennium 1855-60 the annual average exported was £94,967, and ten years later it had increased to over £250,000. Between 1885 and 1890, when mining in general was booming, the annual average export amounted to £617,155, but after that it tended to decline and in recent years has been small. In 1920 it was £418,269. Other base metals are to be found in the Union, but so far they have not attracted much attention. The discovery of coal meant not only that South African ports would attract shipping for bunkers, but also that the country had a cheap accessible fuel with which to operate her railways and the great mining plants on her gold and diamond fields.

The export of mohair was for many years an important item in the trade of the Cape. It began in the early 'sixties and expanded fairly rapidly for about twenty years. Between 1885 and 1890 the average annual export stood at £272,301, and at £750,095 twenty years later. Great Britain has always been the largest user of South African mohair, and although a certain amount of this commodity has been re-exported, nevertheless the Mother Country has remained the principal market for it. Before the War, the whole clip, with the exception of an almost negligible percentage taken by the United States and Germany, was sent thither, and though the proportion fell to 83·9 per cent. in 1926-27, it rose again to 95·8 per cent. in 1932.

It has often been said that the Huguenots arrived at the Cape with a Bible in one hand and the vine in the

other. In reality, the Dutch themselves sent out plants to their new settlements at the Cape a year after Van Riebeck landed in 1652, so that wine may justly claim to compete with wool for the place of honour as South Africa's oldest industry. One of the chief commodities used by the Dutch in their Eastern trade was brandy, which they procured at the port of La Rochelle, and it was natural that they should seek to produce it themselves within their own territories. While, however, the Huguenots did not introduce viticulture, their coming ensured the permanence of the industry, since many of them came from the most famous wine-growing districts of France. By 1690 wine and wheat were both regularly shipped from the Cape to the Dutch East Indies. During the remainder of the Dutch period and the early years of the nineteenth century the wine industry continued to exist, and to develop very slowly. Although good varieties were produced, they attracted little attention beyond the borders of the province. Still, at the close of the third decade of the nineteenth century wine was undoubtedly one of South Africa's chief products, and for the years 1826-30 the average annual export amounted to £124,693. After that it declined somewhat, but by 1855 had recovered again to £115,103. Then followed a rapid decline, which culminated in complete extinction. In the five years 1860-65 the annual export averaged £23,054, and it was not until the quinquennium 1885-90 that this product again appears among the list of exports, when it amounted to £21,238.

This extinction of a once prosperous industry was due to the ravages of the *phylloxera* pest, which, having attacked the vineyards of the Mediterranean area, proceeded to ruin those of the Cape. It was only when immuned American vines were imported that the industry began to revive, but for twenty years or so progress was extremely slow, and for the years 1905-10 the export of

wine averaged only £52,617 sterling. More recently the industry has expanded to a considerable extent, but owing to the comparatively limited amount of suitable land it will never be very great. Indeed, most of the available land suitable for viticulture is already under cultivation, and it may be expected in the future that South Africa's annual output of wine will not greatly exceed 13,000,000 gallons.

At one time South African wines attracted a good deal of attention on the Continent, but in spite of efforts to stimulate trade within the Empire, the British consumer is still inclined to look contemptuously on any wines not of European origin. This is in part due to the failure in the past of South African producers to maintain a uniform standard, but partly also to the snobbery of the British consumer, who frequently knows so little about wine that he often values it according to the price which he is charged. In this way, good, wholesome South African wines have suffered because they have been comparatively cheap. Many British people will drink liquids which resemble vinegar more than anything else, and, so long as they carry a French, German or other European name, will be satisfied to pay an extortionate price. Undoubtedly good, and, indeed, excellent wines can be produced in South Africa, but they, like the Australian varieties, have suffered in the past from the use of Continental terminology. Whatever may have been the defects of South African wines in the remote past, there can be no doubt of their quality to-day. The wine-growers and the Government by an elaborate system of regulation and official lists have done everything possible to ensure that no inferior product will be exported from the Union, and that in bouquet, alcoholic content and chemical composition South African wines are what they purport to be. If they were given a fair unbiased trial, and if the home consumer would only recognise the

merits of South African products, there is no reason why these wines should not establish themselves in the affections of the British public.

In recent years much attention has been paid to the fruit exports of the Union, and already in certain lines South Africa has won an established place. The Union also exports other products, but in this chapter, as in the others which deal with the trade of different parts of the Empire, only a few selected and typical products have been mentioned, from among the articles in the list of principal exports.

Natal did not enter the export trade until 1849, when she exported goods valued at £11,992. At first, her chief trade was in ivory, but this was later supplanted by wool, coal, maize, gold and other products. From the 'sixties on, however, sugar became by far the most important export of Natal. Considerable quantities of British capital were invested in the industry, and the colony, by beginning the practice of employing indentured Indian labourers on the plantations, laid up for herself and the rest of South Africa a store of future trouble. Some indication of the expansion in the export trade of this colony may be gathered from the fact that in the five years 1855-60, when the cultivation of sugar was just beginning, the average annual export was £80,427, but for the next five years it averaged £152,903, and thereafter it increased steadily. A considerable proportion of this increase was due to the export of sugar. For the five years 1875-80 the annual average export was £674,307, and during the last five years of the nineteenth century exports were worth £1,834,964 a year, and this progress continued steadily down to the time when Natal was merged in the Union.

It is clear that if South Africa had depended mainly on the export trade, already dealt with, she would never have occupied the position in the world which she does

to-day. Her progress would have continued, as previous to 1865, slow and unimpressive, but in the last decades of the nineteenth century South Africa became famous throughout the world for her diamonds and her gold, and it is largely upon these two products that her present prosperity depends. In South Africa the exaggerated description given in *Eastward Hoe!* of Virginia came close to realisation, since at least one child was given diamonds to play with by his father, and it was thus that these precious stones were first found to exist in that part of the world. Once the news of this discovery was noised abroad, farmers and traders offered what the natives considered glittering prizes for the discovery of more of these curious stones. At last the news was heard in London and an expert was despatched by a London dealer to discover the truth. This man reported that the rumours were greatly exaggerated, and, indeed, had no foundation in fact, as the underlying motive was to push up the price of land. Just at the time when this report became current, one of the most splendid gems ever discovered, the "Star of South Africa", a diamond of 83½ carats, was sold in Capetown. Thereafter a rush to the diamond fields began, but at first the output was only about 1000 carats a day. By 1872, it was estimated that there were 2500 registered claimants and that in all 50,000 people were engaged in the diggings. At first, public opinion in England was inclined to be sceptical, and many people expected that this rush would end in speedy disaster. Thus, for example, the *Annual Register* remarked in 1872:

although the discoveries have been known and wrought on for more than three years, there appears to be a still considerable divergence of opinion as to the comparative value of the diamonds themselves.<sup>1</sup>

<sup>1</sup> *Annual Register*, 1872, p. 148.

Nevertheless by 1870 the future of the diamond industry was ensured, and the prosperity of the diamond workings affected both the British colonies and the Boer republics. The enormous increase in this industry is well illustrated by the figures. Between 1865 and 1870, when the industry was just being established, the total annual output of diamonds averaged £5093, or just slightly more than the export of mohair. In the next five years, with the discovery of rich fields, the yearly production increased to over £1 million, and between 1875 and 1880 averaged just over £1,900,000. Thereafter there was a steep rise, and during the 'eighties, South Africa's export of diamonds ranged in the neighbourhood of £3,500,000 a year. During the 'nineties, in spite of political unrest and the uncertain political future of the country, the average annual export varied from about £3,750,000 to over £4.5 million. In the first five years of the present century the annual average was £5,137,295, and £7,231,252 for the next five years. In 1912 it was £10,061,489, £11,389,800 in 1913, after which there was a profound decline during the War, and in 1915 only £399,810 worth were exported. Then the industry recovered rapidly, so that in 1919 the export was valued at £11,500,000; but this was followed by another steep decline, for the diamond trade, being a luxury trade, is one of the first to be affected by periods of economic depression. In 1921, therefore, the total value of diamonds exported was only £1,355,500, after which there was a fairly rapid recovery, the total export being £4,386,500 in 1922 and £7,207,087 in 1923. Of this latter sum, Great Britain took diamonds worth £6,672,623. However superficially attractive on the surface diamond mining may be, it is obviously an industry which is accompanied by great risks and which depends, to a large extent, on popular fashion. Sooner or later diamond mines will be worked out, but in the meantime, as a result of the

wealth that they have brought to South Africa, that country has been given a magnificent opportunity of laying strong and enduring foundations.

Gold was mined in various parts of Africa south of the Zambesi in ancient times, and there seems always to have been a legend that there was gold in South Africa, yet no serious attempt was made to test the validity or otherwise of these traditions until towards the close of the nineteenth century. The rapidity of the expansion in the gold mining industry of South Africa is unparalleled. In 1868 the man called Carl Bauch declared that he had discovered gold near Oliphant's River, and two years later the precious metal was found in the Murchison range. After that, gold was found in various districts, and alluvial mining was carried on for many years. In 1882 the De Kaap mines were opened up, and two years later the Struben Brothers began quartz mining on the Wiltevrouwen farm on Witwatersrand, and so began the development of the most famous goldfield in the world. After that, other mines were discovered, and, year by year, as great companies took charge, improved scientific methods and better machinery enabled gold to be won from hitherto useless areas. In the nick of time, coal was discovered in 1887 at Blomberg, and in 1890 the first cyanide works were established, and chlorination works in 1891. In the meantime, Johannesburg was founded in 1887, and the Chamber of Mines was formed two years later. When the immense proportions of this industry are borne in mind its youth is all the more remarkable, for prior to 1885, gold mining did not exist as a great industry in South Africa. It only contributed £3129 to the export trade in 1874, and although it increased to £34,565 in 1875 it had fallen back again in 1880 to £17,552. By 1885, the upward tendency had begun in earnest and the annual export of that year was valued at £302,498. The following table illustrates the enormous



increase in this one industry, an increase which is the more remarkable when the tiny white population of South Africa is borne in mind:

VALUE OF GOLD EXPORTED FROM CAPE COLONY  
IN AVERAGES OF FIVE YEARS <sup>1</sup>

Years (Average)	Value (£)
1890-94	4,145,711
1895-99	11,286,046
1900-04	7,002,445
1905-09	27,296,836

In 1911 the total output of gold was valued at £35 million, while it was estimated in 1925 that the annual export was worth about £35 million, or rather more than one half of the Union's total exports, and in 1932 it was worth £43 million. How long this rate of abstraction can continue is difficult to say, and already low-grade mines have become a difficult problem, as they work on such a narrow margin of profit. For many years to come South Africa can undoubtedly rely upon her gold mines to furnish her with a steady stream of wealth, and however precarious the life of a community which mainly depends upon mining may be, the possession of gold and diamonds, two of the most sought-after substances that the world contains, lessens the risk which is always associated with mining.

For a long time after the British occupation the bulk of the South African export and import trade continued to be with England. Thus in 1860 out of Cape Colony's total imports of £2,677,586, £2,187,207 came from the United Kingdom, and in 1875 the British proportion was only slightly less, as she accounted for £4,724,053

<sup>1</sup> *Union of South Africa Official Year Book*, No. 6, p. 756.

out of a total of £5,762,743, and in 1885 the position was unchanged. The South African export trade during this period disclosed a similar condition. In 1860, England took £1,547,351 out of a total export of £2,109,980, and in 1875, £4,000,158 out of £4,393,320, a position which Great Britain held ten years later. In Natal the same condition prevailed, both in the import and export trade, so that in these colonies as late as the middle 'eighties Great Britain still enjoyed a virtual monopoly, and even in 1888 the United Kingdom exported to Cape Colony and Natal £8,409,006 as against £109,443 from the rest of the Empire, out of a grand total of £8,876,657. Thus foreign trade was still of negligible importance. In 1892, the United Kingdom still supplied £11,576,370 out of a total of £11,978,067, of which the Empire at large supplied only £89,297. During the remainder of the 'nineties, while the trade with British possessions other than the Mother Country continued to be small, that with non-Empire countries increased rapidly. Thus in 1895, £2,448,620 out of a total import of over £13,612,405 came from non-Empire countries, while South Africa exported £414,125 to this latter group as contrasted with £68,011 to Empire countries other than Great Britain, out of a total of over £16,793,137. In 1897, South Africa imported goods from non-Empire countries to the value of £4,209,374, and exported thither £333,799. Down to the outbreak of the Great War in 1914, in fact, though there was a tendency for South Africa to extend her markets throughout the world, the Mother Country continued to hold a preponderating position in her commerce. In 1910, for example, she received from South Africa exports valued at £47,489,989 or 88·58 per cent. of South Africa's total export. In the same year the Empire received £1,473,881 worth of South African produce, or 2·75 per cent., while the world at large took £3,614,350, or 6·74 per cent. Three years later the British share had

increased by just under 0.1 per cent.—from 88.58 to 88.67—while that of the Empire went up from 2.75 per cent. to 3.06 per cent. and that of the world declined from 6.74 per cent. to 6.45 per cent. Since the outbreak of the War, while Great Britain has continued to be South Africa's best customer she no longer holds the virtual monopoly which was once hers. Thus, in 1921 she took 74.29 per cent. of all South African products, as opposed to the 9 per cent. of the rest of the Empire and 11.8 per cent. for the world at large. In 1922 Great Britain's share

PROPORTION PER CENT. TO TOTAL VALUE OF EXPORTS FROM THE UNION FROM 1910 IN AVERAGES OF FIVE YEARS <sup>1</sup>

Years (Average)	To United Kingdom	To Other Parts of the British Empire	Total British Empire	To Foreign Countries	Shipped as Stores	Articles through the Post	Grand Total
1910-14	88.31	3.24	91.55	6.37	1.98	0.10	100
1915-19	78.58	6.16	84.74	11.97	3.17	0.12	100
1920-24	70.48	11.47	81.95	14.31	3.58	0.16	100
1925-29	57.07	18.93	76.00	21.46	2.41	0.13	100

PROPORTION PER CENT. TO TOTAL VALUE OF EXPORTS FROM THE UNION FROM 1925 <sup>2</sup>

Years	To United Kingdom	To Other Parts of the British Empire	Total British Empire	To Foreign Countries	Shipped as Stores	Articles through the Post	Grand Total
1925	52.97	26.22	79.19	17.98	2.71	0.12	100
1926	62.11	19.40	81.51	15.51	2.86	0.12	100
1927	52.49	16.56	69.05	28.43	2.41	0.11	100
1928	53.59	18.34	71.93	25.92	2.04	0.11	100
1929	64.19	14.13	78.32	19.49	2.07	0.11	100
1930	67.82	14.37	82.19	15.59	2.98	0.14	100
1931	76.05	9.86	85.91	12.28	1.67	0.14	100

<sup>1</sup> *Ibid.* no. 14, p 567.

was 73·13 per cent., that of the Empire 7·65 per cent. and of the world 15·68 per cent., and the following year these percentages were respectively 73·7 per cent., 8·9 per cent. and 14·5 per cent. This comparative decline in the British share is to some extent explained by the fact that arrangements were made after the War by the Bank of England which enabled shipments of gold to be sent direct to India instead of remitting the total annual export to London.

The general tendencies in the export trade of the Union since 1910 are to be seen in the foregoing tables. From these tables it is clear that the British share declined fairly steadily to about 1926, after which it increased rapidly, more particularly after the world crisis began. The trade with the Empire also increased, especially between the years 1920 and 1925, after which it experienced an equally rapid decline. The total foreign trade of the Union with non-Empire countries increased steadily until 1927, when it reached its maximum up to the present with 28·43 per cent. After that it declined, and that decline became particularly marked after the beginning of the world crisis. But in spite of the War and the spread of South African markets, the Union's chief customers are still within the Empire. Though Great Britain no longer holds the place she once did in the South African import trade, she is still in a very favoured position. Leaving out of the account bullion and specie, South Africa in 1907 took 58·6 per cent. of all her imports from Great Britain and in 1913 the proportion was 57·1 per cent. Great Britain alone furnished 56·45 per cent. in 1922 and 54·5 per cent. in 1923, while the figures of the Empire as a whole, including Great Britain, were 68·39 per cent. and 66·6 per cent. during these years. Indeed, by 1925 the Empire had made up the ground which it had lost in the South African market during the War, though it is probable that with a little

more energy and foresight the position might have been made a little better at the expense of Germany. The trade of that country with the Union naturally ceased during the War, but by the middle of the 'twenties she had fully regained her pre-War percentage of trade in certain commodities, which England produced, but which apparently she was unable to market in South Africa. Examples of this group are cutlery, enamel-ware, glass-ware, lamps and machinery.

The position of British imports into South Africa since 1925 is to be seen in the following table:

PROPORTION PER CENT. TOTAL VALUE OF IMPORTS INTO  
THE UNION FROM 1925 <sup>1</sup>

Year	From United Kingdom	From Other Parts of the British Empire	Total British Empire	From Foreign Countries	Grand Total
1925	49.92	14.61	64.53	37.47	100
1926	48.53	13.57	62.10	37.90	100
1927	44.72	15.09	59.81	40.10	100
1928	43.53	14.64	58.17	48.13	100
1929	43.06	13.75	56.81	43.19	100
1930	46.06	12.65	58.71	41.29	100
1931	44.63	12.86	57.49	42.51	100

From this it appears that the British share of South African markets, both as regards the United Kingdom and the Empire at large, tended to decline, while South Africa purchased more and more of her imports from foreign countries. Moreover, this tendency still continued after the collapse of world prices, and it may be assumed, therefore, that the Union in the future will tend to depend less and less on purely Empire markets. While this is so, however, South Africa is still one of

<sup>1</sup> *Ibid.* p. 567.

Great Britain's very best customers. For the years 1931, 1932 and 1933, the Union spent on English goods £21,856,810, £18,105,420, £23,346,233, and in the aggregate was a better market for British goods than Australia, the United States, France, Canada, Germany, Argentina and the Netherlands. Indeed, the only two countries whose purchases of British goods were higher were India and the Irish Free State, and it is a commentary on the economic worthlessness of loyal speeches and flag-waving to reflect that the parts of the Empire in which England finds her richest markets are India, the Irish Free State and the Union of South Africa, the areas in which there has been the greatest political unrest in the past and from which the least response might be expected. From the foregoing it is clear that the South African market deserves careful and prolonged study on the part of British manufacturers, and that British consumers would be well advised to remember South Africa.

## CHAPTER XVIII

### THE ANGLO-INDIAN TRADE

THE story of the British duel with France which culminated in the middle of the eighteenth century does not come within the scope of the present work. It is necessary to bear in mind, nevertheless, that in consequence of that struggle the English East India Company became more and more absorbed in military undertakings and in great political responsibilities. At the close of the Seven Years' War the French disappeared from India as serious rivals to Great Britain, and thus an English trading corporation found itself ruler of an empire and responsible for the good government and protection of millions of Indian subjects. For many years thereafter the Company vainly tried to play the dual role of trader and ruler, but the two functions were incompatible and it is to the lasting honour of the British nation that the interests of trade were sacrificed for those of administration.

By the Acts of 1773 and 1784, Parliament asserted its overriding authority in the government of India, while the impeachment of Warren Hastings showed that the nation at large recognised its new responsibilities. When the Company's charter came up for renewal in 1793, all the old enemies of the Company and many new ones joined in the attack on its monopoly and the denunciation of its alleged abuses. Dundas was able to convince the House of Commons, however, that the Company was not guilty of making exorbitant profits out of the British public, and that, indeed, its dividend only amounted to £400,000 out of a total yearly income of £3,750,000.<sup>1</sup>

<sup>1</sup> *Annual Register*, 1793, p. 127.

He declared that the Company was doing all in its power to increase the sale of British goods, and that it was not mainly interested in bringing unwanted Indian manufactures thence. Its imports of raw products from the East amounted to £700,000 a year, an amount which it was seeking substantially to increase.<sup>1</sup>

Twenty years later, when the charter was once more under consideration, the demand that the Indian trade should be thrown open was irresistible. Petitions poured in on Parliament from every considerable commercial town in the country, and the merchants of London who were not members of the Company made common cause with those of the Outports. The petition from Liverpool declared that it was a common and inherent right of the subjects of these realms to carry on a free trade to all parts of the British Empire and countries in amity with it.<sup>2</sup>

Castlereagh stated in Parliament that while the Government did not wish radically to change the existing system, it recognised that the time had come for important innovations, since the commercial and political interests of England in India had become far too extended for the limited powers of a chartered company. Finally the charter was renewed in 1813 for another twenty years, and the Company was allowed to retain its monopoly of the China trade and the trade in tea. But traders holding a special licence might send ships to the principal settlements in certain areas under the Company's control, and ships built in India were permitted to export Indian goods to England.

It was generally felt at East India House that the terms of the modified charter were more favourable to the Company than they were expected to be. But while the Act of 1813 delayed the final consummation it did not prevent it. By the Act of 1823 the Company's trading

<sup>1</sup> *Ibid.* p. 129.

<sup>2</sup> *Ibid.* p. 112.



monopoly was abolished, and by the Act of 1833 it lost the right to engage in trade of any kind. The Acts of 1858 and 1861 may be taken together, and in consequence of them Parliament stepped into the place of the East India Company, while the Court of Directors, the Court of Proprietors and the Board of Control yielded place to the lineal descendant of the latter body, the newly created India Office. There was doubtless much to complain of in the Company's administration, and by the nineteenth century its monopolistic privileges had become inimical to the true interests of British trade. Its policy had often been short-sighted, weak and uncertain, but nevertheless the English East India Company was the instrument by which Great Britain acquired an empire in the East, and it was during the period of its rule that the foundations of British administration in India were laid, a system which was to become the admiration of the whole world.

As soon as the trade was thrown open in 1813 the Outports, led by Bristol, began to trade with India and in a short time their combined business exceeded that of the Company. In 1815 the latter imported over £7 million worth of East Indian and Chinese goods into England while the free traders were responsible for just over £4 million worth. Four years later the Company's imports had fallen to £5,192,804, while those of the free traders had risen to £7,096,650, and in the following year, in spite of a substantial fall, the free traders still led the Company by half a million. The export trade from England during these years tells the same story. In 1815, the Company sent to India British goods of the total value of £1,732,719 while the free traders' exports were valued at £870,177. In 1816, the latter almost equalled the exports of the Company and in 1817 exceeded them by over £300,000. Free traders in 1818 exported over twice as much British manufactures as the Company,

£2,708,024 as against £1,313,493. In 1819, while the Company's exports were valued at slightly more than a million and a quarter, those of their rivals reached the high figure of £3,052,741. Despite the great shrinkage which took place in 1820, the free traders still exported British commodities substantially greater in value than those of the Company.<sup>1</sup>

According to a writer in the *Edinburgh Review*, the greater part of the British manufactures exported to India were later re-exported to China and the Far East, and he also asserted that the actual sales in India were relatively small. However this may be, the Report on the state of the Indian trade, presented to the House of Lords in 1821, expressed no doubt as to the value to Great Britain of the Indian commerce. It was generally in favour of doing away with the licensing system and throwing open the import trade on the Coromandel and Malabar Coasts. Also

it must be admitted, that its progress has been such as to indicate that neither a power to purchase nor a disposition to use commodities of European manufacture are wanting in the natives of British India.<sup>2</sup>

In the quarter of a century following the battle of Waterloo, the East Indian trade grew rapidly, while that of the West Indies suffered a marked decline. The new importance of India in the eyes of the general trader after 1813 led to much discussion and criticism of the privileged position which the West Indies held in British commerce. Although it was now over half a century since Britain had acquired an empire in the East, India tended still to be regarded as a foreign country or, as one writer expressed it, a stepchild. Bryan Edwards, who championed the claims of the West Indies, was able to show that in the later years of the eighteenth century the

<sup>1</sup> *Ibid.* 1820, Chronicle, pp. 652-4.

<sup>2</sup> *Ibid.* 1821, Appendix to Chronicle, p. 501.

West Indian trade was much more valuable to England than that of the East India Company. £18 million were invested in the East India trade while the West Indies absorbed £70 million. British exports to the East amounted annually to £1.5 million, but those to the West Indies were worth upwards of £3,800,000 per annum. The Company employed 80,000 tons of British shipping while the West Indian merchants gave work to 150,000 and paid £1,800,000 annually in duties to the Crown as contrasted with the Company's £790,000.

The abolition of the slave trade, the struggle for and the emancipation of slaves, the victory of Free Trade combined with the short-sightedness of the planters in the West Indies, together destroyed the former prosperity of those islands. Though they were slow to realise it, the West Indies were no longer in the nineteenth century the brightest jewels of the British crown, but they long continued to enjoy the differential treatment of spoilt children. As the importance of India both as a potential market of British manufactured goods and as a source of essential raw materials came to be appreciated, attacks on the special privileges of the West Indies grew more common. Indian coffee and sugar in the English market were both at a great disadvantage as compared with the same commodities from the West Indies.

We trust [wrote a contributor to the *Edinburgh Review* in 1827], the time is not far distant when the products of all the dependencies of the Empire will be admitted to the British market on the same terms.<sup>1</sup>

Those concerned in the Indian trade rightly felt that the extra 10s. a cwt. charged on Indian sugar as compared with that from the West Indies gave the latter an unfair advantage. It was, moreover, a hardship to the nation at large which was compelled to pay unreasonably high

<sup>1</sup> *Edinburgh Review*, vol. xlv, no. 90, p. 368.

prices for its sugar. The rapid decline in the economic importance of the islands and the victory of Free Trade settled this controversy, but even if these things had not occurred, India was certain to forge far ahead of the Caribbean colonies. It did not depend on one staple product alone and sugar was never the most important of its exports. India was permitted in 1836 to import sugar into England at the same rate as the West Indies, provided always it was not re-exported foreign sugar masquerading as of Indian growth. As an illustration of the disadvantages under which the Indian exporters laboured, it may be mentioned that West Indian rum paid only 9s. a gallon on importation into England as against 15s. on the Indian product, while West Indian rum-shrub paid 9s. per gallon as compared with India's £1 : 10s., and West Indian cordials, sweetened or mixed, £1 as against £1 : 10s. on those from India.<sup>1</sup>

This unfair discrimination still continued long after India had become an important source of income to England. One writer went so far as to say that in 1840 Great Britain drew annually from India upwards of £4 million sterling over and above the imports which she took from India in return for her exports. India's purchases of British manufactured goods for the three years ending 1838 averaged £3,817,000, and thus it seemed absurd that her products should suffer unfair discrimination both in British and colonial tariffs. The champions of the Indian trade pointed out that there was no longer any justification for this policy, as India was now as much a part of the Empire as New South Wales, Jamaica or Nova Scotia.

In the last two decades of Company rule India's trade expanded by leaps and bounds, and in 1860 it was recognised to be one of the chief branches of British commerce. By that time it far exceeded both in quantity

<sup>1</sup> *Ibid.* vol. lxxii, no. 146, p. 347.

and value the trade of the British West Indies in its most flourishing period. Lord Stanley stated in 1859 that India's exports had more than doubled in twenty years, and that her imports from Great Britain had increased during the same period by slightly less than 100 per cent. Moreover, there had been an enormous increase in the export from England to India of manufactured cotton cloth. By the 'sixties the Indian trade taken as a whole was more valuable to Great Britain than that of any other country, either within the Empire or beyond its borders, and it was recognised that the development so far attained was slight in comparison with what the trade might become.

Many changes took place in the character of Anglo-Indian trade during the nineteenth century, due partly to the Industrial Revolution and partly to an increasing demand in India for European products. Perhaps the most dramatic illustration is to be seen in the trade in manufactured cotton; for whereas in the eighteenth century England had been a market for Indian calicoes, in the nineteenth India became one of the chief importers of British cottons. This revolution was principally due to the great mechanical inventions and the other developments in England, which led to the meteoric rise of the English cotton industry. Armed with the superior mechanical equipment with which these inventions provided her, England, thanks to the energy and skill of her cotton manufacturers and the enormous financial resources upon which she could call, easily outdistanced India. To these advantages was added for many years the fact that, while English manufactured cottons paid only  $3\frac{1}{2}$  per cent. duty on entering India, Indian fabrics of the same kind paid 10 per cent. in the English customs houses.

In the period immediately prior to 1814, the annual export of Indian manufactured cotton to Great Britain

averaged in value £1,400,000 and in the five years 1836-41, the annual average had declined to £2526 sterling.<sup>1</sup> In 1859, cotton manufactured goods, including twist, exported from India to England were valued at £26,297, and in 1864, cotton goods under this heading sent to England were stated to be worth £17,529. Thereafter this item does not appear among the principal imports from India. Thus by the middle of the 'sixties of last century it may be said that a trade which in the eighteenth century had bulked largely in the commerce of India and Great Britain had ceased to exist.

While the export of manufactured cottons suffered this complete annihilation, the market for Indian raw cotton in England expanded till it was more valuable than the rest of the Indian export trade put together. This trade grew very slowly, and by 1859 the total amount of Indian raw cotton taken by England was valued at £3,080,727. After that, the increase was rapid and steady for several years, due mainly to the English cotton famine consequent upon the American Civil War. In 1860 it reached £9,334,115, £21,933,774 in 1862, £34,409,260 in 1863 and £37,899,651 in 1864. After that, with the close of the Civil War and the recovery of the American plantations, there was a marked decline in imports from India and the figures of the middle 'sixties were never again destined to be equalled. In 1875 the annual import had sunk to £10,325,630 and to just over £3·5 million in 1880. By 1884 it had again risen to almost £6 million, but four years later had fallen back to just over £3 million. In the early 'nineties the import of Indian raw cotton fluctuated in the neighbourhood of £1 to £2 million, and in 1913 it was valued at £1,226,000. It rose to over £5 million in 1920 and fluctuated in 1926, 1927 and 1928 between £1,685,243 and £3,744,318.

The spinning of jute first began in Dundee in the

<sup>1</sup> *Ibid.* pp. 355-7.

'thirties of last century, and in the course of the next twenty years or so a new branch of the Indian export trade rose to importance. The repeal of the Corn Laws expanded the demand for sacks, and this demand was still further increased during the Crimean War. Although the manufacture of jute began in India as early as 1857, when jute mills were set up in Calcutta, the British manufacture grew steadily. Between 1861 and 1863 the export of raw jute from India to Great Britain increased from £708,343 to £1,506,997. In 1878 the export of raw jute to Great Britain was valued at £3,220,519, and during the 'eighties it ranged from just under £3 million to nearly £4 million per annum. In 1889 the jute export was worth over £5 million, after which it declined to about £3·5 million in 1893, but by 1913 it had increased to £9,182,000 and £12,996,000 in 1920. After that there was a sharp drop. In the meantime, the export of Indian manufactured jute goods rose by 1913 to £2,430,000 and during the War this trade enjoyed a period of great prosperity. Even after the close of hostilities the market remained very active for a time, and in 1920 Indian manufactured jute exports were worth £7,111,000, but after that there was a sharp fall. In spite of this, however, they were worth £3,114,442 in 1926 and £2,378,866 in the following year.

In 1854 the first Indian tea was sent home to England, but it was slight in amount, representing only 0·75 per cent. of a total of 62,000,000 lbs. Since the Mutiny, Indian tea has occupied a very much more important place in the Indian export trade than ever before. Thus, in 1861, the total amount of that commodity exported to Great Britain was valued at £165,954 and £292,323 two years later. Even then, however, it amounted only to 3,000,000 lbs. out of a total consumption of 85,000,000 lbs. By 1878 it had increased in value to £2,793,247, and to £4,426,506 by 1888. After that

date the growth of this trade was fairly steady. This was due to a change in the national taste, efficient organisation of the Indian and Ceylon tea gardens as contrasted with the unreliability, lack of standardisation and carelessness of the Chinese exporters. Thus, by 1890, 70 per cent. of the tea consumed in Great Britain came from India and Ceylon, and by 1913 the annual export of Indian tea to Great Britain was worth £7,839,000 and £16,165,000 in 1922, representing 88·25 of the total consumption. It exceeded £21 million in 1926 and £24 million in the following year, after which it declined to just over £20 million. Since 1922, the annual percentage of Indian tea to the total consumed in England has never sunk below 80, and in 1933 it had risen again to 88·25. It can be said, in fact, that tea now occupies the place in the Indian export trade to Great Britain which was formerly held by cotton, and, unless the national taste undergoes a radical change in the future, Indian tea is as secure in the British market as Virginia tobacco.

In consequence of the great developments in industrial chemistry and in the requirements of modern industry, a notable feature of Indian trade during the last century has been the development of the seed trade. Many varieties of seed which in the past were valueless or only of slight importance are now used in the manufacture of soap, candles, lubricants, margarine and medicines. Linseeds, rape and a wide variety of other oil-seeds are now exported to Great Britain and in the aggregate comprise an extremely important branch of India's export trade. As late as 1861 none of these seeds appear among the first nine principal exports from India to Great Britain, but by 1878 the exports of flax-seed and linseed alone were worth £2,602,196. Ten years later the seed exports were valued at £3,492,640. In 1913 cotton-seed and flax-seed exports were together worth more than £3 million and over £4 million in 1922.



Since the middle of the nineteenth century, the importation of Indian sugars and rum has declined, while coffee has never been a principal export. Indigo, one of the first commodities to be brought home by the English East India Company, has continued to be valuable, while the export of wheat became very important for a short time and then declined. Great Britain in 1888 purchased Indian wheat to the value of £3,069,808 and over £5½ million in 1891. It declined to under £2 million in 1893, but in 1913 reached almost £8 million. By 1926 it had fallen back to £1,781,066, to £940,650 in 1928 and in 1932 this commodity does not appear on the list of exports. Rice, hides and a variety of other products also helped to swell the Indian trade.

After a long period of steady expansion the Indian export trade was crippled by the world slump which began in 1929, as the following table shows:

	1929	1931	1933
	£	£	£
Raw cotton . . . . .	3,825,962	1,905,055	959,405
Tea . . . . .	20,082,549	14,734,759	13,149,789
Rice . . . . .	492,382	342,460	475,823
Wheat . . . . .	78,134	133,302	..
Cotton-seed . . . . .	631,925	176,084	11,007
Flax-seed . . . . .	1,596,798	165,997	96,410
Jute . . . . .	6,413,196	2,507,096	2,434,534
Jute manufactures	2,749,675	1,628,112	1,800

In the nineteenth and twentieth centuries, India has continued, as in former times, to absorb large quantities of bullion and specie, though not in the same proportion to her total imports as in the seventeenth and eighteenth centuries. It has been computed, for example, that in the period 1830-62 she took not less than £140 million sterling in treasure from Europe, and £350 million in merchandise. The total amount of gold and silver ab-

sorbed by India between 1800 and 1864 exceeded the colossal figure of £256 million. During the period when her exports of raw cotton turned the balance of trade very much in her favour, vast quantities of treasure were imported and she was able in addition to pay for the construction of her railways and the improvement of her public works.

In the British export trade to India in the nineteenth century, manufactured cotton came to hold a leading position. In 1815 when the trade was scarcely established, Great Britain exported to India 818,708 yards, and from then on progress was rapid. In 1821 the annual export of this commodity from the United Kingdom to India amounted to 19,138,726 yards. It was 42,822,077 in 1828, 51,787,277 in 1835 and 64,213,613 in 1837. By the 'sixties, about half of the total value of British exports to India was accounted for by manufactured cottons. In the 'seventies the annual export ranged about £15 million out of a total of £20 to £25 million. In the later 'eighties, British cotton exports made up about half of the whole, and in the 'nineties the ascendancy of this commodity was still unchallenged, although by that time the Indian cotton manufacturing industry was well established. Indeed, down to the later twenties of the present century a great proportion of the English cotton trade depended on the Indian market. The importance of Mr Ghandi and his spinning-wheel, and the boycott of British cloth by the opponents of the Indian Government, have probably been exaggerated by the English Press, for the main causes of the decline of the English cotton trade in recent years are the growth of the Japanese competition, the expansion of the Indian cotton industry and the world depression which began in 1929. Thus, while in 1922 the export of cotton piece-goods of British manufacture to India were valued at £30,892,000, and yarns and other cotton goods at over £4 million, ten

years later piece-goods exports had shrunk to £8,472,599 and other cottons to less than £2 million.

Compared with cotton, other British exports, though considerable in the aggregate, seem small when considered individually. Still, for years machinery, locomotives, railway equipment and iron and steel goods constituted a substantial item in the export trade of the United Kingdom. In recent years there has been a notable expansion in the exports of motor-cars, but unless the cotton trade can recover a good deal of lost ground a large and permanent decrease in the annual export trade to India must be expected.

In considering the course of Anglo-Indian trade since the Mutiny, it is scarcely possible to overestimate the importance of the change over from sail to steam and the opening of the Suez Canal. These two combined not only to reduce the time of passages to India from months to weeks, but also increased the tonnage of shipping engaged many times over. This enormous expansion would undoubtedly have been much greater had it not been for the adverse effect upon English trade caused by the fall in the price of silver.

England is to-day merely one of many countries with which India carries on her trade, but she is still by far the most important market of Indian products and the most important source of Indian imports. Nevertheless, since the Mutiny this increasing diffusion of Indian commerce to all parts of the world has been one of the most outstanding features of her trade. It is necessary always to remember, when India is under consideration, that from her own point of view her internal trade is vastly more important than her external trade, which, indeed, merely represents her unwanted surpluses. Three hundred and fifty million consumers in one fiscal area constitute an enormous market, even though its consuming capacity is still, in comparison with European countries, very low.

The external trade of India in the nineteenth century expanded very rapidly. It has already been seen that at the beginning of that century India's total export and import trade with Great Britain was rather less than that of Great Britain with the West Indies. By the 'sixties, however, she already came second among the markets for British exports and first as a source of British imports. In the sixty years 1834-94 the seaborne external trade of the country increased by nearly 1400 per cent., that is from Rx14,342,290 to Rx206,086,249, or on an average increase for each of these years of 22·28 per cent. Although the increase in British exports to India in the present century prior to the world depression, was not so marked as that with the Dominions, it was still considerable. Thus, for the years 1910, 1912, 1922, it rose from £45,999,000 to £57,626,000, and to £92,105,000, but then there was a fall in 1924 to £90,578,000. By 1928 it had dropped to £83,900,440, £59,945,547 in 1930 and £34,091,397 in 1932.

Down to the 'sixties the trade of India was largely with the United Kingdom, and foreign countries in need of Indian commodities usually purchased them from England. The close of Company rule, the advent of the steamer and the completion of the Suez Canal brought about a complete change. Foreign countries now began to trade direct with India, and, long before the close of the century, India's commerce with other parts of the world was very much greater than that with Great Britain. In 1871, Great Britain took £30 million out of a total of £57 million exported by India. In 1885 India's exports were valued at £85 million, of which Great Britain took £33 million. Five years later the United Kingdom took £39 million out of a total export of £105 million. In 1904 the exports to Great Britain represented 20·4 per cent. of the total and 23·4 per cent. in 1913-14. By 1923-24 it had risen again to 24·8 per cent., and after

a further rise to 28·0 per cent. in 1927-28 it fell back to 21·4 per cent. in 1928-29, 21·9 per cent. in 1929-30, and under 20·00 per cent. in 1931-32.

In 1865 the countries with which India had her greatest trade other than Great Britain were China and Japan, France and Australia, and for the years ended 31st March 1865 and 1866 the respective exports of these countries into India were: United Kingdom £23,748,180 and £24,912,617, Australia £3,798,909 and £1,789,742, China and Japan £4,278,965 and £8,845,238, France £3,275,933 and £3,093,218. During the remainder of the century, the proportion of foreign imports into India grew at the expense of those from England. Nevertheless, in 1904, 67·3 per cent. of all Indian imports still came from the United Kingdom, and 65·4 per cent. in 1914. By 1923-24 they had fallen, however, to 57·8 per cent., and by 1926-27 to 47·8 per cent., 1928-29 to 44·7 per cent., 1929-30 to 42·8 per cent. and 1932-33 to 36·8 per cent. In the present century the chief foreign sources of Indian imports have been the United States, Germany and Japan. In 1913-14 the United States supplied 2·6 per cent. of the total and 8·5 per cent. in 1932-33. Germany in 1913-14 was responsible for 6·9 per cent., and in spite of the War had increased to 7·8 per cent. in 1932-33. The most serious competitor of Great Britain in India, however, is undoubtedly Japan, which in 1913-14 sent India 2·6 per cent. of her total imports but 15·5 per cent. in 1932-33. The astonishing growth of Japanese trade with India can best be seen in the cotton industry. In 1913-14 Great Britain supplied India with 97·1 per cent. of her imported cotton piece-goods and 89·0 per cent. in 1923-24. Japan's share for these same years was 0·3 per cent. and 8·3 per cent. The cotton yarn and twist trade reflects the same tendency, though much more markedly. In 1913-14 Great Britain supplied India with 86 per cent. of her whole import of this commodity

while Japan supplied 3 per cent. In 1921-22 Great Britain's share was 76 per cent. and 62 per cent. in the following year, while that of Japan rose to 20 per cent. and 35 per cent., and in 1923-24 Great Britain's share declined still further to 58 per cent., but that of Japan increased to 36 per cent.

The nadir of United Kingdom—India trade has, however, been passed and this partly due to the Ottawa Conference. Since that great gathering of Empire statesmen there has been a slow but steady movement upwards, for whereas in 1931-32 England took only 27.9 per cent. of India's exports, in 1933-34 she took 31.8 per cent., an increase of nearly 4 per cent. The same trend may be seen in the Indian import trade, for although there was a reduction in total imports, Great Britain's share rose from 35.5 per cent. in 1931-32 to 41.2 per cent. in 1933-1934. When the political agitation which has affected Indian trades in recent years has died down, therefore, a still more substantial recovery may be expected, for there is no doubt that the great depression in this branch of British trade has been to some extent due to the vindictive action of a determined and irreconcilable minority. In the long run, the common sense of India will recognise that such wanton madness as the burning of large stocks of English cloth, merely because it is English, injures India as much as it injures England, for if India is to have a market for her commodities in England she must purchase English goods. In spite of all, the Indian trade is still the most important branch of British commerce, and it must not be forgotten that the great decline of recent years is largely due to the world economic depression. When this is remembered, it is remarkable that the decline was not greater.

India, prior to the Ottawa Conference, stood proudly aloof from schemes of Imperial Preference, but in the altered economic situation when the Empire statesmen

met in the Canadian capital in 1932 she abandoned that policy. During the last thirty-five years Indian trade has been affected, as it has already been shown, by irrelevant political considerations. Thus, for example, her relations with the rest of the Empire have been soured by the immigration policies of the Dominions and by their refusal to treat her on a basis of equality with themselves. Many distinguished Indians, sincere friends of England and the Empire, have been deeply wounded by the treatment which they or their friends have received at the hands of Dominion immigration officers, which has directly affected India's desire for friendly trade with these countries, and has driven her to look with a more friendly eye upon Japan, the one great Oriental power that has been able to stand alone and to act in defiance of the western world. The Dominions should remember and impress upon their officials that good manners and good business are synonymous terms.

In spite of the Congress Group and its hymn of hate against England, the feeling of the Indian masses in so far as there is any feeling on the subject, is generally friendly to Great Britain. The Indian business community as a whole has not only this fundamental feeling of amiability; it recognises that there are good and substantial reasons why Indians should wish, so long as their political rights are recognised, to co-operate with the British peoples. Already the relations of India and the Dominions have greatly improved with increased knowledge on both sides. India recognises the reasonableness of the claim of the Dominions to determine the racial composition of their populations, and the Dominions, for their part, recognise the right of Indians to travel, study and trade with them. India sees that the continued immigration of Indians into the Dominions merely means the perpetuation of cooliedom for her people, and Sir Tej Bahadur Sapru at the Imperial Conference of

1923 expressed the feeling of his countrymen when he said

we do not want our nation outside India to appear as a nation of coolies. We have had enough of that.<sup>1</sup>

Already the improved political position is beginning to affect trade. With a wise spirit of forbearance on both sides and a frank acknowledgment on the part of England that India is entitled to determine her own economic future for herself, Anglo-Indian trade will not only revive, but in the years to come may well grow to greater proportions than it has ever heretofore reached.

<sup>1</sup> Cmd. 1918, p. 81.



## CHAPTER XIX

### THE TRADE OF THE TROPICAL EMPIRE

IN consequence of the varied demands of industry in the nineteenth century, the products of the East Indian, the tropical African and the West Indian colonies acquired a new importance. The obscure island of Singapore, almost unknown until, at the beginning of the nineteenth century, the sagacious Raffles chose it as the outpost of British trade in the Far East, became before 1900 one of the great ports of the world. Even before Raffles' death, the future economic greatness of the whole Malayan region had been laid when Mackintosh in 1823 produced the first rubber waterproof. This stimulus to the growth of rubber was increased by the discovery of the process of vulcanising in 1843, in consequence of which rubber could be used in a variety of new ways. Since that time the steady growth in the use of this one substance has revolutionised Malaya, and thus a commodity which less than a century ago was of slight significance is now counted among the most valuable products of the tropics. It is used in the composition of a very wide variety of articles ranging from motor tyres to surgical gloves. Malaya is also rich in deposits of tin, a metal which acquired a new importance in the nineteenth century. The canning industry, which became one of the great industries of the world, required tin in ever-increasing quantities. This metal, thanks to science, came to be used in a large number of different trades. Thus there was, during the nineteenth century, an enormously increased demand for tin which ensured for Malaya the prosperity which rubber had begun.

As far as the trade of this part of the Empire is concerned, Malaya imports most of its food and all its manufactured goods, yet so great is the value of the tin and rubber, which constitute the bulk of its exports, that it has a favourable balance of trade. The United States is Malaya's chief market for these two great staples, but in spite of this, the Empire supplied more than 35 per cent. of the country's imports in 1923 and took over 26 per cent. of its exports. The United Kingdom in that year sent thither goods to the value of £9,552,356 and received imports valued at £10,884,539, while the British possessions supplied imports worth £15,885,045 and took £9,895,459 worth of its exports. The position of the trade between Great Britain and British Malaya in the last ten years appears from the following table:

Year	Imports from Great Britain	Exports to Great Britain
	£	£
1925	13,564,955	23,506,187
1930	10,474,848	11,434,980
1933	5,382,423	4,771,666

In the new age the increasing use of machinery led to a growing demand for oil. At first this was merely needed for purposes of lubrication and illumination, but, with the invention of the internal combustion engine and the increasing use of heavy oil as fuel, it became one of the world's most important forms of motive power. Burma and Trinidad at once acquired a new importance, and the search for mineral oil was vigorously carried on in all parts of the Empire, as well as beyond its borders. Though as yet Burma and Trinidad are the chief sources of Empire oil, there is good reason for believing that in Western Canada even more valuable reserves of this commodity will be found. In addition to mineral oil, fish oils of various kinds have been required in increasing quantities, and thus the

fishing industry in different parts of the Empire has received a special stimulus. Seal oil, whale oil, cod-liver oil, to take but three examples, are now important ingredients in a wide variety of products. As a result of the new technique and the new scientific knowledge, it has become possible in comparatively recent times to turn various vegetable oils to industrial purposes. Palm oil, linseed oil and other seed oils, castor oil, coconut oil and many others were now required as never before, while scientific research has also given a new value to a great assortment of ground nuts. Vegetable oils and the products of various ground nuts are now needed by many industries. They are used in dressing leather, in the manufacture of many medicines, and are important ingredients in perfumes, soap, margarine, candles and lubricants. In 1913 the export trade in vegetable oils and oil-producing substances from British West Africa amounted to £7,519,000, and it has continued to increase. These products also play an important part in the export trade of Zanzibar, British East Africa and India. For example, they ranked fifth in Tanganyika's exports in 1923.

During the later years of Dutch rule Ceylon was chiefly valued for its cinnamon, and when the island passed to British hands in 1801, the Government made great efforts to encourage this industry and arrest the decline which was already beginning. It was, however, unsuccessful, partly because of gross mismanagement by those concerned with its cultivation, but mainly owing to competition with cheaper products and substitutes from South India, China and Malaya, and by 1850 this once important industry had ceased to exist. The planting of coffee did not acquire any importance in Ceylon until after the British occupation. During the first three-quarters of the nineteenth century, however, it grew, in spite of notable setbacks, to be the most important undertaking in the island. At first its progress was slow,

and it was not until the early 'thirties that the industry was fairly established. From then until 1845 it went through a period of great prosperity, and during the years 1837-45 the sum of £3 million was invested in this one industry. There followed a short, though acute, decline which resulted from a plague of rats and the backwash of the British financial depression of 1845. From about 1853 to the end of the 'seventies coffee boomed in Ceylon, though it was destined to be a last burst of vigorous life before complete extinction. Already by 1868 the *hemileia vastatrix* or coffee bug had appeared. This was a fungus which attacked the leaves of the tree and ultimately destroyed it. Though at first its appearance was considered of slight importance by the planters, it spread with tragic rapidity, and within little over a decade from its first arrival in the island it had totally annihilated this once flourishing industry.

The prosperity of the Ceylon coffee industry was in part rendered possible by the decline of the West Indies. Thus, for example, between 1827 and 1835 the export of West Indian coffee fell from 291,897 cwts. to 148,554 cwts., and in 1845 it had further diminished to 63,559 cwts. In the meantime Singhalese exports of this commodity averaged for the years 1831-35, 24,069 cwts. worth £31,863, and 49,322 cwts. worth £142,239 for the five years 1836-41. For the next five years the average was 121,559 cwts. valued at £257,925. In spite of the setback of the late 'forties, the export of coffee in 1851 had risen to 278,473 cwts. valued at £609,623, and to 546,540 cwts. valued at £1,025,282 in 1855. This industry reached its maximum growth in 1870 when the annual export amounted to 1,054,030 cwts. and was valued at £2,753,005. After the collapse of coffee there was a boom in the production of cinchona, but by the middle of the 'eighties the world supply had outdistanced the demand and the bottom fell out of the market.

During the nineteenth century, despite the gibes of Cobbett and the men of the old school, tea ousted beer and became the favourite beverage of the English people. It was first grown on a plantation in Ceylon early in the 'forties, and at the end of the 'eighties it began to assume its position as that island's primary industry. From then on to the present time the development of the tea industry has continued, and, fortunately for Ceylon and India, there has been a pronounced change in the national taste. In the middle of the 'eighties the British consumers as a whole demanded China tea, but in 1924 the consumption of this had sunk to less than 4 per cent. of the total annual import. By 1929 there were over 457,000 acres in Ceylon planted with tea, and of the 1200 estates, over 80 per cent. were owned by British companies. In addition to tea, the export of rubber and coconuts has also become of considerable importance in the past half-century, and Ceylon is no longer liable to the bad economic effects of dependence upon a single staple product.

In consequence of the new requirements and the fact that many of them were to be found in tropical Africa, that region entered upon a new phase in its history. A century ago the greater part of this enormously valuable tropical Empire was still unexplored territory, the haunt of backward savages and the scene of incessant war and slave raids. Except for the small quantities of gold and ivory which it produced and its apparently inexhaustible reservoir of slaves, it was generally considered to be a territory having little value for the civilised world. Though British trading posts were established on the African coast in the seventeenth century, they were mainly emporia for the purchase of negroes, and when that traffic ceased the general belief was that these settlements had lost their chief justification for existence. It was urged on more than one occasion in the middle

of the century that these expensive posts should be given up, for few at that time could see that central Africa would one day become a source of raw materials essential in many British industries. It was not until towards the close of Queen Victoria's reign that the inland penetration of Africa began in earnest, and as late as 1900, Nigeria, the Gold Coast, Sierra Leone, Rhodesia, Nyasaland, Kenya, Uganda and the Sudan were valued by the British public at far less than their real worth. West Africa was thought of as the white man's grave, while in a vague way the remaining tropical African possessions were associated with terrible and curious diseases, snakes, wild beasts, and natives who indulged in extraordinary forms of devil-worship and witchcraft. Yet in the next few years British enterprise and the wants of the civilised world were to transform these once despised and worthless wildernesses into thriving, progressive regions, and in the future it is probable that tropical Africa will occupy a position of ever increasing importance in the British imperial economic system. Thus the dawn of that better day for Africa, which Pitt, in one of his inspired moments, had foretold on a memorable morning in the House of Commons, when he pointed to the rays of the newly risen sun streaming through the windows on a jaded House of Commons, has come at last.

Cocoa, whose use was known in previous centuries, acquired a new importance through the vast expansion which took place in the world's demand for chocolate, cocoa and their various by-products. About the middle of the nineteenth century only  $2\frac{1}{2}$  million lbs. of cocoa were consumed throughout the world, but by 1888 this amount had risen to 18 million lbs. At one time this was an important West Indian product, and, indeed, it is still grown in Trinidad, Grenada, Jamaica, St. Lucia and Dominica. It was first introduced into the Gold Coast in 1879, and in 1891 the total export was valued at £4

sterling. After that the growth of this industry in British West Africa was so great that the West Indies were eclipsed, and in 1920 the export of cocoa from the Gold Coast was valued at £10,056,298. By 1923, however, it had dropped back to £6,566,973. Great Britain's trade with her West African possessions has grown enormously since 1860. In 1861 West African exports to and imports from Great Britain were £381,131 and £194,231 respectively, while in 1869 they were just over £600,000 in each case. During the next twenty years the trade grew very slowly, and in 1889 neither exports nor imports had reached the million figure. In the next decade, however, it grew apace, and by 1897 West African imports from Great Britain were valued at £1,763,491 and exports at £2,153,412. The first thirty years of the twentieth century saw many fluctuations in this trade, but on the whole there was a marked expansion, so that by 1932 it was worth more than £17 million.

Except for India, the West Indies down to the middle of the nineteenth century continued to be the most valuable part of the Empire in so far as trade was concerned. As late as 1842, for example, their trade with Great Britain, taking exports and imports together, amounted to about £9 million, a figure much larger than the trade of all the other British colonies put together. Sugar, in fact, held the first place in Empire trade down to about 1840, and in 1842 Mauritius, the chief sugar-producing island of the East, exported £960,396 worth of that commodity, which was more than twice the value of the total export trade of New South Wales and Van Diemen's Land combined. However, she declined in importance during the second half of the nineteenth century, and in 1898 her imports from Great Britain amounted only to £100,893 and her exports to £239,242. But in the present century Mauritius has more than made up her losses, for in 1932, in spite

of the world slump, her imports from Great Britain were valued at £415,000 and her exports at £2,148,000.

The West Indies failed to hold their position of pre-eminence in the second half of the nineteenth century. The triumph of Free Trade at home, the development of the sugar-beet industry on the Continent, and the beginnings of large scale development in tropical Africa and the East Indies, were enough in themselves to destroy their prosperity, but as these events followed quick upon the abolition of the slave trade, the emancipation of slaves and the consequent agrarian revolution, the West Indies entered upon a long period of decline. In 1842 these islands sent home products valued at £6,415,765 and took in exports £2,591,424. But already the decline had started, for in the five years 1842-47 West Indian trade declined 17 per cent. as compared with the years 1827-32. This was in part due to the emancipation of slaves, but partly also to the fact that owing to the development of trade with the South American republics, the West Indies had ceased to be the store-houses for the re-export of British goods, and to the increasing trade of the islands with foreign countries, more particularly with the United States. After 1850 the process of decline went on more rapidly, for the reduction and equalisation of English sugar duties on the colonial and foreign product, following on the other misfortunes which had visited the West Indies in the past half-century, gave the *coup de grâce* to the glories of these planter communities of the Caribbean. By 1861 their exports had sunk to £4 million and their imports to under £2 million. With many fluctuations the decline continued for the remainder of the century, and in 1897 West Indian exports to Great Britain were valued at less than £1·5 million sterling, while their purchases of British products were just over three quarters of a million pounds.

In the early years of the present century they continued



to languish until the War, during which they experienced a short period of renewed prosperity. This, however, was followed after the War by years of distress. But in spite of this setback the West Indies have undoubtedly recovered somewhat since the beginning of the century. This is due to improved methods of cultivation and the development of the banana trade, so that in 1932 their exports were valued at £5.5 million and their imports at over £4.5 million. Even with this expansion their total trade in actual figures is still worth much less than it was a century ago, and if the change in the level of prices is borne in mind, it is obvious that these colonies have still much leeway to make up before they can claim to have re-established their former prosperity. What makes the plight of the West Indies so lamentably obvious is the contrast which their commercial history offers to the phenomenal expansion which has taken place in other parts of the colonial Empire.

Taking the tropical Empire as a whole, its economic importance to Great Britain has steadily developed during the past century, and in the last few decades this tendency has been particularly obvious. Thus in the years 1910, 1912, 1922, 1924 British exports to this section of the Empire rose steadily, £24,940,000, £28,596,000, £51,839,000, £52,531,000, and it is worthy of note that in 1924 the total amount of American purchases of British goods was only £600,000 more than that of the tropical Empire. For these same years the imports into Great Britain from the Crown colonies and protectorates show increases no less remarkable, £16,468,000 in 1910, £47,074,000 in 1923. It is plain that the trade of the tropical Empire will be of paramount importance to Great Britain in the time to come. In addition to the areas referred to, it must not be forgotten that there are other colonies and protectorates scattered in the Pacific, the Southern Atlantic, the Indian Ocean, the Mediter-

anean, whose trade, though individually small, in the aggregate form a substantial item in British commerce each year. These islands and protectorates and tropical possessions are just at the beginning of their economic development. They are more securely and firmly based than many countries which are recognised as sovereign states, and their further development and cultivation may well turn out to be one of Britain's chief imperial tasks in the future.

During the past century the importance of imperial trade has fluctuated somewhat. Thus in 1840, 30·1 per cent. of Great Britain's entire commerce was with the Empire, but it sank to 27·3 per cent. in 1860 and to 24·6 per cent. in 1870. After a slight rise in the 'eighties it declined again to 24·7 per cent. in 1899. Finally, in 1932 Britain's total exports to the Empire, including the re-export of foreign and colonial goods, amounted to £177,043,000 out of a total of £416,045,000, or rather less than 45 per cent. Her total imports from the Empire amounted to £248,157,000 out of a grand total of £701,670,000, or about 35 per cent. But while the trade of the Empire is of less importance to Great Britain than that of the world outside, a similar tendency, as has been seen, is noticeable in the trade of the Dominions and colonies. Before the world crisis of the early 'thirties of the present century there was a marked tendency for their total trade to be even more widely spread than that of Great Britain. These tendencies in the direction of world diffusion of Empire trade are certain to become more marked when the commerce of the world begins to flow once more in natural channels. Nevertheless the Empire is still the greatest economic as well as political system in the world. Its potentialities are even now but dimly appreciated. In the future, therefore, however valuable trade with foreign countries may become to the different parts of the Empire, the British peoples will be well advised to preserve and extend inter-imperial trade.

## CHAPTER XX

### THE TRIUMPH OF FREE TRADE

THE Old Colonial System should have gone with the First British Empire, but unfortunately it lingered on to exacerbate the relations of Mother Country and colonies in the Second. When finally it disappeared it was because Great Britain adopted Free Trade with all the world, and not on account of any consideration for her colonies. In the meantime, as a result of the uncertainty of imperial fiscal policy, coupled with the unenlightened grandmotherly interference of Downing Street in colonial affairs, the Second Empire was seething with discontent. In the decade before the adoption of Free Trade by Great Britain there were rebellions in Canada, treks in South Africa, angry expostulation in the West Indies and violent political agitation in Australasia.

After the American Revolution, the nation at large and a majority of men in public life were anxious to exact vengeance from the revolted colonies. Thus Lord Sheffield and his friends demanded the strictest application of the Navigation Laws in so far as the United States were concerned. The Americans were now foreigners, and all the privileges they had formerly enjoyed as British subjects had been forfeited by their departure from the Empire. It had been in the past the system of the Navigation Laws which had rendered the growth of British imperial power possible, and, by the strict enforcement of the laws of Trade and Navigation, England might again, by the development of the Empire which still remained to her, be able to restore her position in the world and to teach the Americans that their independence, while it

cut them off from their rich West Indian trade, was of slight importance to the people of Great Britain.

This party of reactionaries overlooked certain important facts. The British West Indian trade was undoubtedly of great importance to the revolted colonies, but it was of even greater importance to the West Indies. Bryan Edwards, in a pamphlet, replied to Lord Sheffield, and throughout the period of trade-struggle with the United States the West Indian planters and the American merchants were united in wishing for a renewal of the old trade. It has already been seen that with the profits which they made in their traffic with the West Indies, the northern colonies had been able to buy quantities of manufactured goods from England, and before this unwise duel was over, English merchants began to work against the enforcement of the old laws.

From the beginning there was a small group of enlightened men in England who foresaw the dangers of pursuing a vindictive policy against the revolted colonies. Shelburne favoured salvaging as much as possible from the wreck, and he would have included the Americans within the English mercantile system as of old, for, he contended, there was no particular reason for economic sacrifices merely because the old political relationship had gone. Pitt in 1783 brought forward a measure which, if passed, would virtually have continued the economic relations of the West Indian colonies and the United States as they had existed prior to 1783, but it was not acceptable to the majority of Englishmen at that time. Pitt pointed out that the sugar islands could not subsist without supplies of flour, pork, beef, foodstuffs, barrel staves and other necessities which they had formerly imported from the continental colonies. Thus, while the remaining northern colonies were developing their production of these commodities, a Proclamation was issued on 2nd July 1783 permitting the sugar islands to import

their necessities from the United States in British ships, in return for naval stores, spars, lumber, horses and live stock. This Proclamation received parliamentary sanction in 1797.<sup>1</sup> But in spite of this, Shelburne and Pitt found little support for their far-sighted policies either in Parliament or in the country at large.

While opinion on the Navigation Laws was thus divided in England, the policy of the government was a compromise. It was felt to be desirable to preserve the principle of the Acts, but it was acknowledged that some concession had to be made to the practical requirements of the West Indies as well as to the growing importance of the American trade. An article in Jay's Treaty of 1794 which, however, the American Senate refused to ratify, provided that American vessels of not more than 70 tons burthen should be permitted to carry American products direct to the British West Indies. As there was a shortage of British shipping owing to the War, the British Government continued to grant this privilege by executive order during the period of hostilities.

Ever since 1766<sup>2</sup> it had been provided by law that in so far as the Spanish colonies were concerned, it was in the interests of Great Britain to relax the strict enforcement of the Navigation Laws. Indeed, that had been the unofficial policy of England ever since the capture of Jamaica, and in the fourteen years subsequent to the close of the American War this commerce became very much more important. It was with a view to the development of this trade that the Free Port system was steadily widened during these years. Under this policy the Spanish colonies, and later the United States, were encouraged to exchange their products in English colonial ports for English manufactured goods, and as these ships were, from the point of view of their own countries, smugglers,

<sup>1</sup> 37 George III, c. 97.

<sup>2</sup> 6 George III, c. 49.

the English authorities were anxious to give them every encouragement. By an Act of 1787<sup>1</sup> they were relieved from port charges for entry or clearance, and goods re-exported by them were subject to the conditions of the Navigation Acts applying to foreign produce. These foreign ships could make their purchases in gold, silver, precious stones, or exchange their own products for rum, slaves and all other goods legally imported into the colony except naval stores, tobacco, and iron mined in the colony. By this Act seven free ports were specified—four in Jamaica, one in Grenada, one in Dominica, one in the Bahamas—and the trade was to be limited to ships of one deck, and less than 70 tons burthen, owned and navigated by the subjects of a European sovereign. This Free Port System did not represent a departure from the policy enshrined in the Navigation Laws. It was designed to achieve three things in particular: the extension of British trade, the acquisition of raw materials necessary for British industries, and that always the long haul should be in British ships.

The ships of the United States were rigorously prohibited after the Peace of Ghent from participation in the West Indian trade, and this in spite of the known failure of the British Maritime Provinces in Canada to supply the needs of the islands or to consume their surplus rum. In spite of the American Revolution, it soon became clear that the United States and Great Britain were to be closely linked by mutual economic interest. The new republic was for years one of England's best customers, while the Lancashire cotton industry depended for its existence upon the American product, yet political bitterness was allowed to obscure the need for friendly commerce. Laws were passed in England and counter-measures in the United States, which resulted in the absurd situation of British and American ships leaving

<sup>1</sup> 27 George III, c. 27.

their home ports with cargo and returning in ballast. But though the principle of the Navigation Acts was maintained down to the twenties of the nineteenth century, the old pre-American Revolution theory of enforcement was recognised to be impossible. Not only was American trade necessary to Great Britain, but the long period of war, which began in 1793 and was not over until 1815, necessitated the employment of neutral vessels, both in the colonial and the home trades. Further, the growing resentment against British monopolistic trade principles led to retaliatory legislation not only in the United States but in Portugal, Holland and Prussia as well.

This stubborn adherence to an outworn system of trade regulation by antagonising foreign nations adversely affected English commerce, and thus caused great discontent among the trading classes at home. Adam Smith declared just after the American Revolution that the proposed restrictions upon American trade with the British West Indies would "hurt our loyal much more than our revolted subjects". These words were amply borne out by the growing discontent and hostility to the whole system which prevailed in the colonies. The West Indian plantations resented the arbitrary exactions of collectors, controllers and naval officers. The exorbitant fees charged by British shipowners and the enforcement of the prohibition of direct trade in American vessels between them and the United States were continual sources of irritation. The Council and Assembly of Nova Scotia were probably speaking for all the colonies when they resolved:

It is immediately necessary that the colonies in addition to the privileges they now enjoy should be allowed the same freedom of trade with all the world which the people of the United States have acquired.

It has been seen that at home there was discontent, and hard things were said about the Navigation Laws and

the colonies, not only by parliamentarians in the heat of debate but by business men in the counting-house, while economists of the day, led by Ricardo, denounced hampering restrictions upon commerce and proclaimed the glories of Free Trade.

From 1820 onward the old fabric crumbled rapidly, though it was many years before English statesmen openly renounced a trade policy hallowed by centuries of acceptance. The Orders in Council of 1820 which threw Capetown and the ports of Mauritius open as Free Ports represented a radical departure from the old way. Previously the Free Port System was little else than a method by which commerce with certain foreign countries was stimulated by means of encouragement given to smugglers. These Orders in Council represented the beginning of a policy of reciprocity under which trading privileges would be granted to the ships of such foreign states as extended like opportunities to the ships and products of the British Empire. The so-called Wallace-Robinson Code of 1822<sup>1</sup> carried the liberalising tendency much further and cleared the way for the reforms associated with the name of Huskisson. Three hundred statutes of the pre-Restoration period, which extended back to the reign of Edward III, were swept away and a number of subsequent Acts were either repealed or modified. A new Navigation Act was passed which permitted foreign vessels to bring certain goods to British ports, provided such ships belonged to the port from which the goods were brought. The produce of Asia, Africa or America could thus be taken to England from a European port if it was intended for re-exportation, but direct importation from the place of origin in British ships was insisted upon when such products were intended for the home market. The Spanish American colonies or the newly established republics were placed on the same footing with respect to their

<sup>1</sup> 3 George IV, cc. 41, 42, 43, 44, 45.



trade with the British Empire as the United States, while Holland, for long the *bête noire* of English mercantilists, was henceforward to be treated as any other European Power. Enumerated articles might be imported from North and South America into specified Free Ports in the British colonies either in British ships or in those of the country to which those goods belonged. On the other hand, the export of certain articles from these Free Ports to foreign countries in either British or foreign vessels was allowed, while a direct trade between the British colonies and certain European ports was permitted, so long as the goods carried were of the produce and manufacture of the colonies in question, and the system of Free Ports was greatly extended. Well might the *Annual Register* emphasise the profound significance of these measures,

not only for the direct effect of their enactment but from the nature of the system of which they marked the commencement, this being the first instance in which practical statesmen have professed to act under the more liberal principles of political economy.<sup>1</sup>

Thus for several years before Huskisson began his great reforms, the opposition to the Old Colonial System was gathering. The policy of encouraging the colonies to produce naval stores, which dated back to the seventeenth century, had been expanded after the American Revolution into one of Imperial Preference. The exigencies of war led to notable modifications in the old system, while the retaliatory policy of foreign states, and the desire to retain and extend the South American market gave rise to a system of reciprocal trade agreements. Huskisson was deeply influenced by the current economic doctrines of his time, and was one of the few statesmen of the period who recognised that the American Revolution had been caused, in part at least, by economic considerations. He

<sup>1</sup> *Annual Register*, 1822, p. 122.

believed that unless Great Britain acted in time the economic discontent which he knew was rife in the colonies might lead to a second disruption. If, however, the Mother Country would extend to her colonies the privileges of Free Trade with friendly and reciprocating countries, while still preserving them as loyal members of the Empire, she would greatly increase her present strength and ensure her future greatness. The removal of restrictions in the past had not destroyed trade, and if proof of this were required he could point to Ireland and still more to the United States, whose trade with Great Britain had increased by leaps and bounds after the recognition of American independence. If, then, the relaxation of old restrictions had not been harmful,

is there no useful admonition to be drawn from this example? Contemplate the possibility of another set of provinces, emancipated from commercial thralldom but firmly maintaining their political connexion, their commercial marine as part of our commercial marine, their seamen as part of our seamen, their population as part of our strength. Consider whether it was not worth our while to attempt a course which promises both to those provinces and to the mother country all the commercial benefits of a free trade, together with all the political advantages of our continuing parts of one great empire, and enjoying alike, under the sway and protection of the same sovereign, all the rights and privileges of British subjects.<sup>1</sup>

He was convinced that the old system cramped and impeded the development of the colonies, and that any reforms which would increase their prosperity in the long run would benefit the Mother Country. He, therefore, proposed to sweep away out-of-date and harmful restrictions on colonial trade and to allow free intercourse between the colonies and foreign countries, either in British ships or in those of the countries concerned. The foreign ship was to be allowed to import all articles the

<sup>1</sup> Hansard, 2nd Series, vol. 12, p. 1104, 21 March 1825.

growth, produce or manufacture of the country to which the ship belonged, and to export from the colony all articles whatever of its growth or manufacture, either to the country from which the ship came or to any other part of the world, save of course the United Kingdom and all British colonies. Inter-imperial trade, either direct or circuitous, was always to be considered as part of the coastal trade of England and strictly limited, therefore, to British ships. The colonies were to have the benefits of an enlarged Free Trade, while at the same time the great principle of the Navigation Acts, that English commerce should be so directed as to strengthen the imperial mercantile marine, would be preserved. He proposed to dispense with the old enumerated list and to allow direct trading between the colonies and reciprocating countries in all articles except firearms, munitions of war, sugar, rum and salt fish. This trade was to be carried on through certain specified ports and was to be subject to duties imposed in the British Parliament. Huskisson had no intention of surrendering the control of fiscal policy to the separate colonies, for, in his opinion, a uniform fiscal system conceived on broad imperial lines was the surest way of preserving the integrity and promoting the prosperity of the Empire.

The fact that before the whole policy of the Navigation Laws was finally abandoned seventeen countries made treaties with Great Britain proves conclusively that Huskisson was correct in thinking that foreigners, as well as colonials, would be quick to seize the advantages offered them under the new system. Foreign goods imported into the colonies were to be subjected to a scale of moderate duties sufficient to give a substantial preference to British goods of the same type. In addition to the duties established in 1823, a scale of *ad valorem* duties of  $7\frac{1}{2}$  to 30 per cent was to be applied to other foreign products.

In order to stimulate the trade with South America the English Warehousing System was to be extended to the West Indies,<sup>1</sup> which enabled British exporters to warehouse their goods at convenient strategic ports in the Caribbean, from which they could be re-exported in response to actual demand. The large fees which under the old system had been paid to Customs officers in the colonial ports, and which for many years had been a source of irritation in the colonies, were now abolished, and these officials were to be paid salaries out of the proceeds of the duties collected. The sugar of Mauritius was to be admitted to England at the same rate as that of the West Indies, and the importation of Canadian corn was allowed on the payment of a fixed moderate duty instead of the variable figure provided for by the sliding scale.

Speaking of the effects of his policy on the West Indies, Huskisson said:

I cannot doubt that the West Indies in the course of no great number of years will add a new proof to those which Ireland and the United States have already afforded, which so many parts of the world are about to afford to this great commercial and political truth that an open trade especially to a rich and thriving country is infinitely more valuable than any monopoly however exclusive. . . .

So true it is that the wants of mankind everywhere increase with the means of indulging their desire and that the increase of those means will be best found in that course by stimulating industry creating exchangeable wealth.<sup>2</sup>

He was fully in sympathy with the repeated requests of Canada for preferential treatment of her corn :

when it is considered that corn is the staple of that colony I cannot conceive a greater act of injustice than to have declared one part of our own Empire as much entitled to protection as any other part of it, that against that staple the markets of this country were closed.<sup>3</sup>

<sup>1</sup> 4 George IV, c. 24.

<sup>2</sup> Hansard, *op. cit.*, pp. 1110-11.

<sup>3</sup> *Ibid.* pp. 1114-15.

He proposed that Canadian wheat should pay a flat rate of 5s. a quarter on importation, but in the Canadian Corn Act, passed shortly afterwards, Canadian wheat paid 6s. when the price of home-grown corn was above 60s. a quarter and 5s. when under that figure, and in 1843 the fixed duty on Canadian wheat was lowered to 1s.

This new policy of freer colonial trade and Imperial Preference had a mixed reception. Though they did not think it went far enough, the Liberals hailed it with joy as another victory of political and economic common sense. The manufacturers who had suffered under the old restrictions recognised its advantages, not the least of which was the extension of the British Warehousing System to the New World, for in the mid-'twenties highly coloured notions of the trade that could be developed with the newly established South American republics were rife. Those who had benefited under the old system, or whose business had developed by virtue of traditional monopolies, as well as those who saw in the Old Colonial System the bulwark of Britain's might, denounced the new policy in unmeasured terms. All the old slogans and shibboleths which were old then but which are still current when any progressive measure is adumbrated, were repeated *ad nauseam*. It was a betrayal of the Empire, it would destroy England's wealth, and "the wicked foreigner", whose sinister figure always makes its appearance on such occasions, would be the only one to benefit. Then as now, in England, whenever vested interests are threatened the last argument of the distressed reactionary is that the proposed change will destroy the Empire or be an offence to religion.

The reception of the new policy in the colonies was also mixed, but on the whole during the 'thirties approbation was more pronounced than hostility. From the time of Huskisson to the repeal of the Corn Laws English public opinion on this whole subject underwent a profound

change. The growing requirements of British industry, both for raw materials and markets in which to dispose of its products, and, from the later 'thirties onward, the crusade of the Anti-Corn Law League, tended to obscure the claims and interests of distant colonies. The fiscal policy of the Empire was determined at Westminster by statesmen who were almost solely concerned with the needs of the Mother Country. What was good for England was good for the Empire, and it was the duty of the colonies to accept what was given them. When it was pointed out that the supposed advantages which the colonies enjoyed under the new system were nullified by the law which confined inter-imperial trade to British ships, there was no response in England. Canadian shippers in Montreal and Quebec might wait for months for vessels to carry their goods. They might lose the market and be reduced to the verge of financial ruin, but still the law stood and the colonies had to obey. In consequence of this, the struggle for Responsible Government acquired a definitely economic character, and a spirit of bitter resentment against imperial fiscal control began to manifest itself. One newspaper in Upper Canada spoke of the Trade Acts as "the scourge of the Colony" and expressed the hope that

measures will be adopted to protect us against the ruinous effects of laws passed by persons wholly ignorant of our local situation and peculiar wants.<sup>1</sup>

A Select Committee of the Legislative Assembly of the same province expressed a similar point of view. The

laws for the regulation of our trade and commerce are enacted in the parliament of the United Kingdom, and continually changed and varied without our being consulted for our interest

<sup>1</sup> "The Canadian Freeman," in the *Nova Scotian*, 4th January 1826.

although the value of our labour and property is unduly affected by this ever-varying system of legislation.<sup>1</sup>

It seemed to Canadians that imperial policy was defeating the economic development which the expenditure of great sums of British capital on the St. Lawrence waterway was intended to promote. If, it was argued, Canadians controlled their own fiscal policy, they could regulate it in such a way as to preserve for the St. Lawrence the export trade from the North-Western American States, which otherwise would tend to go by American routes. It was useless to make the transit of goods from the interior to Montreal cheap and easy if, when they arrived at that port, owing to the shortage of shipping and the rigid enforcement of an obstructive fiscal policy by a distant authority, the merchants would be required to pay vexatious charges of various kinds which more than cancelled the economies so far obtained.

In the West Indies there was much dissatisfaction with the existing system, but irritation caused by fiscal limitations was only one reason of many which rendered those colonies unsettled and discontented. Even after the reforms of Huskisson, the maintenance of the fiscal system was extremely costly, and the colonies in consequence benefited very slightly by the duties imposed upon their trade. In 1832, for example, these produced £75,340, but the maintenance of Customs houses and staff cost £68,028, which left a bare £7312 of revenue for these colonies.

But while British North America and the West Indies objected to the restraints of the trade laws, they undoubtedly enjoyed substantial advantages under them. Thus, West Indian sugar for many years had a monopoly in the English market, which caused the English con-

<sup>1</sup> *Journals of Legislative Assembly*, 1835, App. 1, no. 2, p. 2. Quoted Brady, A., *William Huskisson and Liberal Reform*, p. 145.

sumer to pay twice as much for his sugar as his Continental neighbour. Indeed, sugar became such a luxury that the poorer classes were compelled to drink their tea unsweetened. It was stated in Parliament in 1842 that the 4 million cwts. consumed by the British people in the previous year had cost £7 or £8 million sterling, and that the sugar duties had amounted to £4 million. In that year, while the average price of colonial sugar had been 49s. a cwt., that of Brazil and Cuba had been only 21s. Even assuming the difference in price between these sugars was only 20s. a cwt., this meant in the course of a year that the British people paid £4 million more for their sugar than the world price required. In spite of this arraignment in Parliament, the motion that foreign and colonial sugars should be equalised at 24s. a cwt. was defeated by a large majority. Other motions of a similar nature were introduced into Parliament in the succeeding years, but down to 1846 there was no substantial change in opinion and foreign sugars continued to pay a duty of 63s. a cwt. as against 24s. imposed on the colonial product. Again, while colonial timber paid a duty of 1s. a load, the same product from foreign countries paid 25s.

In the early 'forties Canadian opinion began to veer in the direction of Free Trade within the Empire, and for a short time the idea of an imperial *Zollverein* was favourably considered by some colonial politicians. In 1842 the Canadian Legislature passed a resolution in favour of inter-imperial Free Trade, with a tariff against the world outside, except in so far as the world consented to import its commodities through Canada. The Canadian Parliament expressed its pleasure that Sir Robert Peel intended to revise the fiscal policy of the Mother Country in order to treat Canada as an integral part of the Empire. This ideal could be attained by the removal of all duties on all Canadian goods imported into the United Kingdom, in



return for which, as soon as the provincial finances permitted, Canada would reciprocate by removing all duties on English manufactures coming into the province. In a memorial from the North American Committee of Colonial Societies the demand for greater Imperial Preference was accompanied by the statement that unless the Mother Country took action in the direction indicated, the present flow of British capital and emigration to the United States would continue, and if nothing was done to knit the Empire more closely together, the British North American colonies would be driven, against their natural inclinations, to develop manufacturing industries for themselves and to levy heavy duties on British goods.

In the following year, 1843, Canada heard with great satisfaction of the new Corn Act, which seemed to mean that the resolutions, memorials and unofficial exhortations of the last few years were about to bear fruit. Canadian wheat and flour were to be admitted at British home ports on the payment of the nominal sum of 1s. a quarter, which rate was also to apply to flour ground from American wheat, which was to be taxed at the rate of 3s. a quarter on importation into Canada. If it was imported direct from the United States to Great Britain the duties were to remain unaltered. In supporting this measure, Lord Stanley said that it was not a measure of Free Trade nor one by which foreign corn could more easily be imported. It was a boon to Canada which she had reason to expect and the refusal of which would be highly injurious to her interests and feelings. He advocated the proposal, not as a Free Trade measure for the admission of American corn, but as one designed to benefit our fellow Canadian subjects just emerged from civil war, recently consolidated into one province, and confiding the good intentions of the Mother Country to them. In the course of the debate, Peel declared that they had

found a strong and almost unanimous feeling in Canada that the greatest advantage would arise to Canada if its wheat and flour could be admitted into this country.<sup>1</sup>

Thus the measure became law, and for a moment it seemed that the possibility of the development of Free Trade within the Empire was about to be realised. The Canadian corn interests, encouraged by the prospect of a permanent and expanding British market, embarked upon extensive schemes of development.

Even as early as 1843, however, Peel's mind was already turning in the direction of Free Trade. The situation of the working classes in the industrial towns was growing serious, and the Anti-Corn-Law League undertook to see that neither the Prime Minister, Parliament nor the nation could pretend ignorance. Bad as the situation was in England, that in Ireland was infinitely worse. Even without these reasons in favour of Free Trade, the great industrial interests of the Midlands and the North were loud in their demand that all hampering restrictions on their business should be swept away. They believed that England had a mission in the world, and that mankind was to be taught by her great example to appreciate the economic advantage and political wisdom of Free Trade. Once the world saw the substantial advantages which flowed directly from the adoption of that policy, all nations would follow England's lead, and not many years would pass before tariffs of all sorts would disappear from the earth. When these were the far-reaching aims of the Free Traders, who thought in terms of the world and not merely of an Empire, it is not surprising that the special interests of distant and small colonies should tend to be forgotten or ignored.

Canadians heard with surprise and disgust of the Free Trade proposals of 1845, and a long memorial was sent home to the British Government by the Canadian Legis-

<sup>1</sup> Hansard, 3rd Series, vol. 69, p. 735, 22 May 1843.

lature which recapitulated all the arguments in favour of Imperial Preference, and which pointed out how, on the strength of the 1843 Corn Act, much capital had been invested in the corn trade and that this would be a dead loss if English ports were to be thrown open to the corn of the world.

Whatever the consequences to Canada or to any other dependency might be, the victory of Free Trade was assured when the prolonged rains ruined the home crop and when grim tidings of famine in Ireland spread through England. However justified Great Britain was, and national necessity can seldom have been more compelling, the people of Canada had good reason for feeling aggrieved, not only on the score of the actual loss which the change in British policy entailed for them, but because of the uncertain and contradictory policy which, during the years before the adoption of Free Trade, Great Britain pursued toward the colonies.

But whether the mistake was in passing the Act of 1843 or that of 1846 it is clear that one or the other must have grievously been wrong and there can be no doubt that the province had been greatly injured by the inconstancy of purpose which had induced the Imperial legislature in the short period of three years to pass two acts entirely opposed to each other in principle. It was only natural that the sufferers by this rapid change of policy should condemn, not the original and imprudent grant of the privilege which had been conceded to the colonies, but its abrupt and unexpected withdrawal.<sup>1</sup>

Between the American Revolution and 1846, a system of Imperial Preference had, in fact, been built up, which the colonies greatly prized, and it was in part at least because of these substantial advantages that they were prepared to accept outworn restrictions on their trade. They did not as yet actively concern themselves with the still unde-

<sup>1</sup> Grey, Earl, *The Colonial Policy of Lord John Russell*, vol. 1, p. 22.

cided question of the ultimate determination of their trade policies. Now suddenly, with the rejection of Imperial Preference and the adoption of Free Trade, all those differential advantages which they had formerly enjoyed were swept away, while the old restrictions still remained. Free Trade brought them no positive advantage. On the contrary, it led directly to widespread financial ruin in Canada East, and throughout all the colonies augmented the feeling of resentment at the restrictions imposed by the Navigation Acts. England in the later 'forties, as far as Free Trade was concerned, had all the uncritical zeal of the neophyte, and in 1848, for example, as a proof of her devotion to the new faith, she renounced the differential duties granted by the colonies on her products. The Navigation Acts, however, which should have disappeared in 1848 at the latest, lingered on to the following year, thus adding another proof to the many that were piling up, that Free Trade England had no interest in, or thought for her colonies.

This great change in imperial policy occurred at the time when, as a result of agitation, the colonies were substantiating their claim to full Responsible Government. Even Englishmen with an imperial vision such as Durham, Buller and Wakefield, who advocated the system, thought of colonial Responsible Government as necessarily subject to many limitations. Among these, perhaps the most important was the old theory that the fiscal policy of the Empire should be determined by the British Parliament. They could see nothing incongruous in a body wholly unrepresentative of colonial opinion, dictating the future commercial policy of communities separated from it by thousands of miles of sea, and with whose economic conditions and aspirations it was only vaguely acquainted. Thus, as late as 1849, the British Government agreed to an Act of the New Brunswick Legislature providing for a bounty on the cultivation

of hemp, but only on the understanding that future measures of that nature would be disallowed. When, in reply to this intimation, the New Brunswick Assembly in an Address to the Crown stated that this was a matter of purely local concern, on which the legislature of New Brunswick might safely be left to the free exercise of its discretion, the home government was not willing to accept this view, and stated that it was not prepared to consider such a subject as purely local. The words of Lord Grey sum up in the clearest manner the attitude of the more liberal and imperially minded of contemporary British statesmen.

It has always been held [said Lord Grey] one of the principal functions of the Imperial Legislature and government to determine what is to be the Commercial policy of the Empire at large, and to prescribe to the various Colonial legislatures such rules as are necessary for carrying that policy into effect. Thus, while the policy of what was called protection was adhered to, very severe and onerous restrictions were imposed upon the commerce of the Colonies by the Navigation Laws and by various Acts of Parliament, under which differential duties were levied upon the produce of foreign countries as compared to the same articles the produce of the British Dominions. . . . When Parliament after a protracted discussion of many years finally determined upon abandoning the former policy of endeavouring to promote the commerce of the Empire by an artificial system of restrictions, and upon adopting in its place the policy of free trade, it did not abdicate the duty and power of regulating the commercial policy, not only of the United Kingdom, but of the British Empire. The common interests of all parts of that extended Empire require that its commercial policy should be the same throughout its numerous dependencies. Nor is this less important than before because our policy is now directed to the removal instead of as formerly to the maintenance of artificial restrictions upon trade. The benefit of a liberal commercial policy will be greatly increased by its general adoption by the principal nations of the world, which we may hope to see eventually brought about. But it

would materially interfere with the attainment of this happy result if it should be observed by foreign countries that the former and narrower policy of endeavouring by bounties or restrictions to turn capital and industry to other than their natural channels prevailed in the colonies than that adopted by Great Britain with the assent of the Imperial Government in any parts of the Queen's Dominions.<sup>1</sup>

In addition to such men as Lord Grey, however, it must be remembered that there were many, and they were very vocal, to whom the colonies were anachronisms, to be disposed of at the earliest possible moment.

Thus, whether they liked it or not, the colonies were to have Free Trade, and the Responsible Government which they had won was to be qualified by imperial control in this important respect. Those interests which had grown up in the colonies behind tariff walls and in consequence of Imperial Preference, were now to be offered up as sacrifices to the new god of Free Trade, but, as will be seen in the following chapter, the colonies entertained strenuous objections to the sacrificial intentions of the Manchester School.

<sup>1</sup> *Ibid.* pp. 280-82.

## CHAPTER XXI

### SEPARATISM IN INTER-IMPERIAL FISCAL POLICY

THE Navigation Acts were repealed in 1849 and Great Britain recognised full colonial Responsible Government at about the same time. Nevertheless, there were English statesmen who adhered to Lord Grey's theory of the fiscal unity of the Empire. The adoption of Free Trade by Great Britain entailed a change in policy which the colonies were bound to accept, for although they had been given the control of their own internal domestic affairs they were still dependencies, and this group of English politicians, at least, was determined to see that they remembered their inferior status. For these people, colonies were either dependencies or independent states, and if insistence upon their dependence stimulated them to launch out for themselves, so much the better.

The self-governing colonies, however, led by Canada, refused to concur in this view, and within ten years after the repeal of the Navigation Laws, the British Government was obliged to recognise that, with the adoption of Free Trade and the advent of Responsible Government in the colonies, imperial relations had entered upon an entirely new phase. The victory of Free Trade in Great Britain led to widespread financial disaster in Canada. The infant flour industry, which had been fostered by Imperial Preference, could not stand against the competition of the United States in the British market, and 1848 was a year of profound economic depression, more particularly in Canada East. In the following year, Lord Elgin declared that property in Canadian towns had decreased 50 per cent. in value in the last three years, and that the

blow had fallen most heavily on Montreal, where three-fourths of the commercial men had been ruined by Free Trade.<sup>1</sup> The allegation that Canada, like the rest of the Empire, was merely suffering from the inevitable but temporary effects of the transition to Free Trade was a poor consolation for that colony, and, moreover, in Elgin's opinion, was not wholly true. Whatever the position in the rest of the Empire might be,

there is none which presents so peculiar a specimen of legislative legerdemain as the Canadian, where an interest was created in 1843 by a Parliament in which the parties affected had no voice, only to be knocked down by the same Parliament in 1846. But it is the latter consideration which constitutes the speciality of the Canadian case.<sup>2</sup>

The economic depression led directly to the development of anti-imperial sentiment.

Under the altered commercial policy of Great Britain, by which differential duties in favour of colonial produce have been largely repealed, and the agricultural and commercial interests of British dependencies subjected to the severest competition in her markets with foreign rivals, independent in their legislative action, it is obviously unjust to perpetuate the imperial power to interfere with the proceedings of the Colonial government, adopted to foster and advance our social and industrial welfare.<sup>3</sup>

The leaders of the British North America League, founded in 1849, recognised that England was now committed to Free Trade, and that appeals for the restoration of the former colonial system would be useless. It therefore, advocated a policy of national protection, which would enable Canada to build up her own industries and in time

<sup>1</sup> Allin, C. D., *The British North America League*, 1849, p. 5.

<sup>2</sup> Bell, K. M., and Morrell, W. P., *British Colonial Policy: Select Documents*. Letters from Elgin to Grey, 17th December 1849, p. 356.

<sup>3</sup> Allin, *op. cit.* p. 1.



to become economically independent of both Great Britain and the United States, but, as will be seen later, it was not until the end of the 'seventies that Canada embarked upon the fiscal policy adumbrated by that body.

In the meantime Canada began to make overtures to the United States with a view to reciprocal trade concessions. At first the American Government was disinclined to consider these proposals, but later, thanks largely to the diplomatic skill of Lord Elgin, a Treaty of Reciprocity was signed in 1854, whose chief importance, as far as the present work is concerned, lies in the fact that it symbolised the repudiation by Canada of that principle of imperial fiscal unity which was accepted by the Mother Country. Though the British Government was averse to any sort of differential treatment of foreign countries by the colonies in their fiscal systems, the position of Canada in relation to the United States was considered to be exceptional. Even in this instance, however, it was felt that favours granted by that colony to its southern neighbour should also be extended to Great Britain. Lord Elgin, who was a strong supporter of the scheme and to whose diplomacy the successful negotiation of the treaty was largely due, saw in it a means of mollifying Canadians for the losses they had incurred through the change in the fiscal policy of the Mother Country. By this treaty, Canadians gained access to the coveted American market for their chief primary products in return for reciprocal concessions to the United States. Americans were to be admitted to the benefits of the St. Lawrence waterway, which the Canadians hoped would result in the capture by them of the bulk of the trade with the Western States, while they in turn were to be admitted to the navigation of the Lake Michigan System. The treaty was to last ten years. As the years subsequent to 1854 were, on the whole, prosperous ones for Canada, this treaty was credited with results for

which it was at most only partially responsible. Thus, the stimulus given to the economic life of Canada by the investment of large sums of British capital in railway construction and other public works was commonly placed to the credit of the treaty. The result in Canada has been, that in times of depression, reciprocity with the United States has been advocated as providing a sure and tried road back to prosperity. To that extent one result of Elgin's treaty was to stimulate centrifugal forces already at work in the Empire.

On the whole, as the United States offered a ready market for the disposal of their primary products, Canadians were satisfied with the treaty of 1854, although it tended to increase their economic vassalage to the United States and developed commercial channels which ran north and south instead of east and west. They were, therefore, prepared to support its prolongation when the ten year period agreed upon drew toward its close. The Americans, however, were not nearly so impressed with its value to them, although they readily recognised that it had opened up a market as well as a source of raw materials which, though small, was destined to expand. When, therefore, in 1859, Galt announced his general tariff against the manufactured goods of all nations, including those of the United States, the Americans felt that they were about to lose the chief advantages they derived from the treaty. This feeling, coupled with traditional American suspicion of anything British, and exacerbated by supposed British and Canadian sympathies with the South during the Civil War, accounted for the refusal of the United States to prolong the treaty.

For over a quarter of a century after the Dominion of Canada came into existence, repeated attempts were made by Ottawa to renew the Reciprocity Agreement, and at one time a section of Canadian opinion was in favour of complete economic union, even though it might ulti-

mately lead to political fusion. The Americans, however, persisted in their refusal to consider the proposal favourably, and in the 'nineties Canada turned her attention to the development of trade within the Empire. As a result of this, when in 1911 the American people was ready for the conclusion of a reciprocity treaty with Canada, although the Canadian Government was willing, the nation was not. The national and imperial sentiment which had grown up since Confederation, partly in consequence of American unneighbourliness, defeated the scheme by the overthrow of the administration of Sir Wilfrid Laurier.

When Galt in 1859 proposed his general tariff, he roused the ire, not only of the Americans, but of the English as well. Free Traders argued that if his proposal was allowed, it not only meant the abandonment by Great Britain of her claim to direct the general fiscal policy of the Empire; it also entailed a betrayal of the new faith. If England was to allow her colonies to adopt a fiscal policy which she herself repudiated, the effect of her missionary efforts among unconverted foreigners would be greatly reduced. In spite of the Reciprocity Treaty the British Government still adhered to the belief that the Mother Country should dictate the fiscal policy of the Empire. In 1855 it took up this attitude when proposals for reciprocal trade concessions between Canada and British Guiana were under consideration, and in 1859 it came out quite definitely that the mind of the British Government was still unaltered, though the Duke of Newcastle acknowledged that, much as the Government deplored the tariff proposals of the Canadian Government, he could not advise their rejection by the Queen. Therefore, stimulated by a Memorial presented to him by the Chamber of Commerce and Manufacturers of Sheffield against the new tariff proposed by Canada, he expressed his regret that the example of England, a country

which had experienced both the disastrous effects of Protection and the blessings of Free Trade, had not been followed.

The reply of the Canadian Government was tantamount to a declaration of fiscal independence. Galt was not concerned with the activities of the Manchester School. He was confronted with the problem of raising more revenue to meet the increasing demands of his Government, and the imposition of import duties seemed the easiest and most obvious method of achieving that purpose. Moreover, if the new policy led to the growth of new industries in Canada, so much the better, for that would mean national development and less economic dependence on other countries. On this occasion Galt was speaking not only for Canada but for all the self-governing colonies, and the tacit acceptance of his principles by the home government put an end to the right claimed by Great Britain to determine the fiscal policy of the Empire. Galt regretted that, without having given Canada the opportunity to explain her views, the Duke should have given his approval to the sentiments expressed in the Sheffield Memorial. As, moreover, there seemed to be some likelihood that the Canadian measure would be disallowed by the imperial government, he felt it to be his duty to explain in clear and unmistakable terms the serious view which the Canadian Legislature would take of such action.

Respect to the Imperial Government must always dictate the desire to satisfy them that the policy of this country is neither hastily nor unwisely formed; and that due regard is had to the interests of the Mother Country as well as of the Province. But the government of Canada acting for its Legislature and people cannot, through those feelings of deference which they owe to the Imperial authorities, in any manner waive or diminish the right of the people of Canada to decide for themselves both as to the mode and extent to which taxation shall be imposed.

The Provincial Ministry are at all times ready to afford explanations in regard to the acts of the Legislature to which they are party; but, subject to their duty and allegiance to Her Majesty, their responsibility in all general questions of policy must be to the Provincial Parliament, by whose confidence they administer the affairs of the country; and in the imposition of taxation it is so plainly necessary that the Administration and the people should be in accord, that the former cannot admit responsibility or require approval beyond that of the local Legislature. Self-government would be utterly annihilated if the views of the Imperial Government were to be preferred to those of the people of Canada. It is, therefore, the duty of the present Government distinctly to affirm the right of the Canadian Legislature to adjust the taxation of the people in the way they deem best, even if it should unfortunately happen to meet the disapproval of the Imperial Ministry. Her Majesty cannot be advised to disallow such acts, unless her advisers are prepared to assume the administration of the affairs of the Colony irrespective of the views of its inhabitants.<sup>1</sup>

He went on to point out that the British Government was not responsible for the maintenance of the various public services in Canada, neither was it expected to pay the debts of the province or maintain its administration. For all these charges the Provincial Government bore the sole responsibility, and it was therefore for it, and not an external authority, to determine the extent of the burdens to be placed on the industries and people of Canada. In other words, Canada proposed to shoulder the burdens as well as the honours of Responsible Government, and the time was for ever gone by when self-governing, prosperous colonies could be treated as mere appanages of a distant Mother Country. By adopting a fiscal policy which the colonies believed was inimical to their interests, at the very time when they had won the battle of Responsible Government, Great Britain had shown them the path to fiscal and possibly to political independence.

<sup>1</sup> Keith, A. B., *British Colonial Policy*, vol. 2, pp. 59-60. Memorandum of Galt (25th October 1859).

Though Galt was a conservative statesman in imperial affairs, he shared to the full Canada's feeling of resentment at what seemed to most Canadians to be assertions by Great Britain of worn-out rights, the validity of which had long since disappeared. Canada led the way, and once the principles for which she stood were accepted by the imperial government, fiscal independence became the recognised policy of all self-governing colonies, and it is for this reason that in this chapter Canada may have received more attention than other colonies.

In 1859 an element of protection existed in the Canadian fiscal system, and this policy, and not merely considerations of revenue, inspired the framers of the first tariff of the New Dominion. For over twenty-five years after Confederation, the general tendency was in the direction of more and more protection. When the so-called national policy was inaugurated by Sir John A. Macdonald in 1879, it became the avowed intention of the Dominion to protect by high tariffs any industries established in the country, while admitting other manufactured products from abroad on the payment of a low duty. The general rate was raised to 20 per cent. as compared with 15 per cent. in the first Dominion tariff, and by 1890 the general level had risen to 31.9 per cent. *ad valorem*. During all this period the only country which Canada considered was worth trying to conciliate was the United States, but that country remained aloof. For, as has been said, Canadian delegations to Washington returned empty-handed, even when there was a movement for economic fusion which some people hoped would lead to political union. The United States remained unmoved. When Sir Wilfrid Laurier in 1896 returned to Ottawa from yet another fruitless journey to the American capital, he announced: "There will be no more pilgrimages to Washington. We are turning our hopes to the old Motherland."

In the meantime similar tendencies had manifested themselves in Australasia. At first, like the other British colonies, such local duties as these colonies imposed were purely for revenue purposes, but with the triumph of Responsible Government each tended to go its separate way, heedless of or consciously reacting from the tariff policy of its neighbours. The Australasian position was clearly described in a Report presented in 1849 to the Privy Council :

There yet remains a question of considerable difficulty. By far the larger part of the revenue of the Australian Colonies is derived from duties on customs. But if, when Victoria shall have been separated from New South Wales, each province shall be authorised to impose duties according to its own wants, it is scarcely possible but that in process of time differences should arise between the rates of duty imposed upon the same articles in one and in the other of them. There is already such a difference in the tariffs of South Australia and New South Wales; and although, until of late, this has been productive of little inconvenience, yet with the increase of settlers on either side of the imaginary line dividing them, it will become more and more serious. The division of New South Wales into two Colonies will further aggravate this inconvenience, if the change should lead to the introduction of three different tariffs, and to the consequent necessity for imposing restrictions and securities on the import and export of goods between them. So great indeed would be the evil, and such the obstruction of the inter-colonial trade, and so great the check to the development of the resources of these Colonies, that it seems to us necessary that there should be one tariff common to them all, so that goods might be carried from the one into the other with the same absolute freedom as between any two adjacent counties in England.

We are further of opinion that the same tariff should be established in Van Diemen's Land also, because the intercourse between that Island and the neighbouring Colonies in New Holland has risen to a great importance and extent, and has an obvious tendency to increase. Yet fiscal regulations on either side of the intervening strait must of necessity check, and might

perhaps to a great extent destroy, that beneficial trade.

If the duties were uniform, it is obvious that there need be no restrictions whatever imposed upon the import or export of goods between the respective Colonies, and no motive for importing into one goods liable to duty, which were destined for consumption in another; and it may safely be calculated that each would receive the proportion of revenue to which it would be justly entitled, or, at all events, that there would be no departure from this to an extent of any practical importance. Hence it seems to us that a uniformity in the rate of duties should be secured.<sup>1</sup>

This Report went on to recommend the establishment by the Imperial Parliament of a general tariff for all the Australian colonies, which was to take effect within twelve months after the promulgation of the Act in the colonies. It was suggested that the tariff for New South Wales would become general, but in order that the other colonies should not suffer thereby, it was proposed that some overriding authority should be created to provide for future development and changes, which should be responsible for the administration of the general tariff, and it was thus that the idea of a general Assembly was put forward. Lord Grey, therefore, in his Australian Bill of 1850, included provisions for the establishment of a general Australian tariff as well as of a general Assembly. Thus the British Government clearly envisaged the Australian situation, and if its advice had been followed Australia might have escaped many troubles which later befell her. But at that time Australians were not yet ready for any drastic changes which were likely to lessen the importance of individual colonies. Already a spirit of jealousy and mutual antagonism had manifested itself, which was destined to prevent co-operation between them for many years. Each colony,

<sup>1</sup> Keith, *op. cit.*, vol. 1, pp. 208-10. Report of Committee for Trade and Plantations of Privy Council on proposed Australian Constitution, 1st May 1849.



therefore, proceeded to elaborate its own fiscal policy and chaos reigned at the antipodes. Although in the interests of narrow provincialism the British Government in 1850 had dropped the scheme of a general tariff and a general Assembly for all Australia, a clause was included in the Act which prohibited local legislatures from levying discriminatory duties against each other's products. At first this was quietly accepted, but as the spirit of inter-colonial rivalry became fiercer, the restrictions upon colonial action which this clause entailed were felt to be irksome, and in 1866 New South Wales petitioned the imperial government to repeal the provisions of the Act relating to the impositions of such duties.

In the 'sixties the Australasian colonies, more particularly New Zealand, New South Wales and Victoria, were beginning, like Canada, to look beyond their own frontiers in matters of trade and public policy. Thus, while the Tasmanian Government advocated inter-colonial reciprocity, New Zealand boldly demanded the right, which Canada had enjoyed for ten years, of entering into reciprocal trade agreements with foreign countries. The reply of the home government that the interrelations of Canada and the United States were unique, carried little conviction at Wellington. On this occasion, as always, the self-governing colonies contended that privileges which had been acquired by any one of them had been acquired by all. At that time the British Government would not listen to the claim that all self-governing colonies should be permitted to negotiate with foreign countries, and it tried to induce the colonies to confine their attention to inter-colonial tariff adjustments.

In the early 'seventies, an attempt was made by the Australian group to solve their tariff problem, while at the same time retaining their legislative independence. Thus, the idea of a Customs union was discussed at length at an Inter-Colonial Conference which met at Melbourne in

1870, but it soon became clear that the obstacles in the way were insurmountable, and so at the Conferences of 1871 and 1873 the delegates devoted their attention to the less ambitious scheme of Reciprocity. They claimed in 1871 the right to make reciprocal agreements among themselves, and that no existing imperial treaty with a foreign state should be allowed to interfere. They also declared that imperial meddling with colonial fiscal legislation should finally and absolutely cease, and that in so far as the provisions of the Imperial Act prohibited the exercise of such rights, they should be repealed. The Conference argued that Canada was not restricted in the same manner as were the Australian colonies, as that country had been permitted to make reciprocal trade arrangements with the United States. Further, after Confederation, the Dominion Government had entered into reciprocal preferential arrangements with Prince Edward Island and Newfoundland, and had negotiated with the same end in view with the British West Indies.

The Liberal Government of Gladstone was inclined to look with suspicion upon any development which might result in Protection, and while it could not undo past Canadian action, it was determined that the Australian colonies should not follow in the same undesirable direction. The demand of the Australian group with respect to negotiating power could not therefore be entertained, as England had entered into treaties with Belgium in 1861 and Prussia in 1865, by which she was bound to allow those countries to import their products into the British colonies at the same rates as her own, while eleven other countries enjoyed similar privileges by virtue of most-favoured-nation treaties. Thus, it was impossible for Great Britain, even had she so desired, to comply with the full demands of the Australian Conferences, but by the Australian Colonies Customs Duties Bill she made notable concessions. These colonies received the right of imposing

or remitting duties *inter se*, even though such duties might be differential in character, but the prohibition of differential duties applying to foreign countries or to Great Britain was still to be enforced. The colonies were also forbidden to remit or levy any duty contrary to or at variance with any existing imperial treaty.

The grant of these concessions, however, did not solve the Australian fiscal problem, as under the new state of things they ceased to be allies and became competing and bargaining rivals. Each of the colonies derived its chief revenue from Customs duties, which reciprocity helped to diminish, and, by so doing, to embarrass local exchequers. Again, the colonies were in varying degrees of economic development, for while Victoria and New South Wales had already reached a position of economic independence, the smaller states were comparatively weak. Reciprocity was thus of vastly more importance to them, and Victoria and New South Wales were able to demand unreasonable conditions as the price of any concessions which they might make. Indeed, as most of the colonies had already embarked upon protective policies, this movement for reciprocity came too late. As far as the smaller states were concerned, it could only result in the invasion of local markets by the richer states and in the destruction of infant industries. There was, in fact, no half-way house between complete separatism and fusion. Tariff difficulties ceased only to trouble the inter-colonial scene in Australia with the advent of the Commonwealth.

In New Zealand the same movement toward Protection is to be seen. At first there was the usual low revenue tariff, but with the development of local industries and the growth of articulate organised labour the policy of the colony began to change. As early as 1873 associations for the discussion of protective tariffs came into existence, but the movement did not become of first-rate political

importance until the New Zealand Protection Association appeared in 1884. This organisation was closely allied to the trade-union movement, and in 1885 the Trades and Labour Congress of Dunedin definitely committed itself to the policy of Protection. In 1888 a protective tariff was established and two years later the Liberal-Labour party was returned to power on the Protection issue. In the following year and again in 1895, the fiscal readjustments which were carried out were in an upward direction. Thus, by the close of the nineteenth century the Australasian colonies and New Zealand had followed Canada, for all the Australasian group except New South Wales had definitely turned against the British policy of Free Trade.

In South Africa the natural development of the country was directly affected by the complicated political condition. The two British colonies, the Cape of Good Hope and Natal, vied with each other for the control of the increasingly valuable trade with the interior. The Free State was naturally drawn by her economic interests to look southward, but racial and political forces inclined her toward the Transvaal. The latter republic maintained an attitude of unrelenting hostility to British pretensions, and was thus more concerned with the development of communications with the coast through Portuguese territory, than in co-operating with the English colonies. Rhodes and those who thought with him strove for a Customs union in South Africa which would include British colonies and Boer republics alike, but the political currents of the time were adverse to such a scheme, until the second Boer War decided the question of paramountcy in South Africa. Thus, it was not until 1903 that the long dreamed of Customs union came into existence, and then, as will be seen later, it was accompanied by Imperial Preference. As South Africa did not become as highly industrialised as either Canada or Australia, except for her

mines, the question of the tariff from the point of view of Protection never acquired the importance there that it did in those colonies.

Before the close of the nineteenth century, the self-governing colonies, led by Canada, asserted their separate economic existence in still another way. This was a manifestation even less pleasing to the Mother Country than the growth of separate colonial protective tariffs. It has already been seen that Canada entered into a reciprocal trade agreement with the United States as early as 1854. From then onward, some Canadians at least—and their number increased rapidly as the century drew to a close—were of the opinion that in so far as Canadian trade was concerned, Canada had the right to have her own negotiators present when the conditions of the proposed treaty with a foreign country were being discussed. The British officials, however, were naturally inclined to think in terms of Great Britain alone or of the Empire as a whole, and to ignore the distinctive interests of Canada. Indeed many of them would have denied that any such interests could exist, and so it came about that Canada requested the Imperial Government to allow Sir John A. Macdonald to be present as a properly accredited plenipotentiary in the negotiation of the Washington Treaty of 1871 with the United States, and the Hon. Sir George Brown represented Canada three years later on a similar occasion. In 1879, when the first High Commissioner was appointed in London, Canada took yet another step.

The very large and rapidly augmenting commerce of Canada and the increasing extent of her trade with foreign nations, is proving the absolute need of direct negotiations with them for the proper protection of her interests. . . . The Canadian Government therefore submit that, when occasion requires such negotiations to be undertaken, her Majesty's Government should advise her Majesty specially to accredit the representative of Canada to the foreign Court, by association for the

special object with the resident Minister or other Imperial negotiator.<sup>1</sup>

But while Canadians were anxious to assert what they believed to be their rights, they were equally determined not to do anything which would lay them open to the charge of disloyalty or the wish to secede from the Empire, and this feeling made them unnecessarily hesitant and gave Conservative statesmen at home their cue. Thus, when in 1882 Mr Edward Blake applied what was the logical corollary to the declaration of 1879, and proposed that Canada should be given the right to deal directly with foreign countries or other British possessions in the negotiation of commercial arrangements, his resolution was rejected by the Canadian House of Commons, and Sir John A. Macdonald declared that such a demand, if persisted in, would lead to separation and independence. Nevertheless, two years later Sir Charles Tupper was appointed plenipotentiary with the British Ambassador to negotiate the proposed Reciprocity Treaty with Spain, and it was acknowledged that he was to be chiefly responsible for the actual negotiations, though both he and the British Ambassador would be required to sign. Finally, in 1893, when the same procedure was adopted, Sir Charles signed the treaty with France. This was the first occasion upon which the representative of Canada, or, indeed, of any British colony, had been so recognised. Many in England viewed this development with grave suspicion, for which, indeed, there was some justification. The colonies were not international persons, and a foreign state might well refuse, as certain of them did on more than one occasion, to recognise a Canadian or other colonial representative as such, for the only Government which they recognised as capable of entering into binding agreements with them was that of the United Kingdom.

<sup>1</sup> *Ibid.* p. 148. Sir Michael Hicks-Beach, Bart., to the Marquis of Lorne, 1st November, 1879. Enclosure.

Still, when in 1895 Lord Ripon expounded this view in a despatch to the Governor-General of Canada, that Dominion had already passed far beyond the status of a mere dependency of Great Britain and it was too late to arrest its progress.

To give the Colonies [wrote Lord Ripon] the power of negotiating treaties for themselves without reference to her Majesty's Government would be to give them an international status as separate and sovereign States, and would be equivalent to breaking up the Empire into a number of independent States, a result which Her Majesty's Government are satisfied would be injurious equally to the Colonies and to the Mother Country and would be desired by neither.<sup>1</sup>

When, however, negotiations were pending with the United States three years later and a Joint Commission was appointed to deal with outstanding questions between the two countries, Sir Wilfrid Laurier and his Canadian colleagues enjoyed equal rights and status with the British members of the Commission. The Liberal Government in 1907, moreover, ignored Lord Ripon's opinion, and instructed the British Ambassador at Paris with respect to the negotiation of the Franco-Canadian commercial treaty then pending that

the selection of the negotiator is principally a matter of convenience, and, in the present circumstances, it will obviously be more practical that the negotiations should be left to Sir W. Laurier and to the Canadian Minister of Finance, who will doubtless keep you informed of their progress.<sup>2</sup>

The British Ambassador was instructed to sign the treaty when completed jointly with the Canadian repre-

<sup>1</sup> *Ibid.* p. 159. The Marquis of Ripon to the Governor-General of Canada, the Governors of the Australasian Colonies (except Western Australia) and the Governor of the Cape, 28th June 1895.

<sup>2</sup> *Ibid.* pp. 165-6. Right Hon. Sir E. Grey, Bart., to his Majesty's Charge d'Affaires at Paris, 4th July 1907.

sentatives, who had been given full powers. This practice became general before the War, and thus the two Canadian representatives were entirely responsible for the negotiation of the proposed Reciprocity Treaty with the United States in 1911, though, as in 1907, the British Ambassador was kept constantly in touch with the course of discussions. As the successive developments which have taken place since the War appertain more to the recognition of the international existence of the Dominions in every aspect and not merely trade, they lie beyond the scope of the present work.

Thus in the sixty-eight years which separate the Repeal of the Corn Laws from the Great War, the old theory of colonial dependence in so far as self-governing colonies were concerned was swept away in the important department of commercial relations with foreign states. From being mere pawns in imperial negotiation they became articulate and responsible negotiators, and though their international status was still ill defined when the Empire entered the War, there was no doubt as to their right to determine and fashion their own commercial policies. Both in Canada and Australia, and to a lesser extent in New Zealand and South Africa, secondary industries had been nurtured behind high tariff walls, and it was no longer possible to rank these young and vigorous countries as undeveloped areas, solely concerned in the exploitation of their natural resources. Protection had fostered the feeling of Nationalism, and this, in turn, encouraged protection.

During the War the requirements of the Allies and the blocking-up of the normal channels through which the Dominions had received manufactured goods from Great Britain, gave additional strength to the movement in the direction of industrial development, and in consequence, when peace returned, higher tariffs prevailed throughout the Empire. Between the close of the War and the Con-



ference at Ottawa, this upward tendency continued, until the Dominions were ranked among the most highly protected countries in the world. Their industrial development was, moreover—particularly in Canada—of such a nature as to impel them to seek markets beyond their own borders, and thus to enter the lists as industrial rivals of the Mother Country. In the meantime, at the Imperial Conference of 1923, the long-disputed question of the manner in which the Dominions, while remaining members of the British Commonwealth, could still negotiate treaties for themselves without adversely affecting their sister British nations, was partially settled by an elaborate scheme of inter-imperial negotiation which provided for individual negotiation with foreign Powers, combined with inter-imperial co-operation. This system was further elaborated and rounded off by subsequent Imperial Conferences, the result of which has been to establish the claim of the Dominions to separate national existence combined with the recognition of their imperial citizenship. While, however, this tendency to separate economic existence had been so prominent in the politics of the Dominions for the last sixty years or more, the British group of nations was drawn in a different direction by the wish of many of them to foster inter-imperial trade.

## CHAPTER XXII

### IMPERIAL PREFERENCE

WHEN England changed over to Free Trade in the middle of the nineteenth century, the champions of the new system believed that in a few years all the great nations of the world, convinced by Britain's abounding prosperity, would follow her example. These fond hopes, however, were not destined to be realised, and long before the end of the century it became plain that England's example was not to be followed, and that the world as a whole, while paying lip homage to the ideal of Free Trade, preferred Protection. It has been seen in the last chapter that even the self-governing colonies of Great Britain refused to accept her lead, and effectively denied her right to force her fiscal policy upon them. But for the time being England went her way, pitying the benighted foreigners and raw colonials who were too blind to see the light.

England was supreme in the industrial field and Free Traders attributed that position to her enlightened fiscal system, but by the close of the century her position of industrial predominance was already threatened, though England was slow to recognise the change. Behind tariff walls great industries grew up in foreign countries and England found herself confronted by a group of competitors who vied with her in the markets of the world. Year by year their competition became more keen. They staked out definite areas of economic supremacy for themselves, they embarked upon extensive schemes of imperial expansion, and they reserved the markets of their colonies and dependencies for their own producers.

With such forces at work in the world it was natural that the British people should begin to explore the economic potentialities of the Empire, not only as a source of raw materials but as a market for manufactures. Though it would be unhistoric to over-stress the conscious realisation of the Empire by the business community at large, still, the exotic fervour of Disraeli and the idealism of the new Imperialists had a solid economic foundation. In the eighteenth century the Empire had been chiefly valued as a source of raw materials, though it purchased a not inconsiderable amount of English products. Gradually it dawned upon the home manufacturers and traders that the British Empire of the later nineteenth century was potentially of more importance to them than the old Empire which had disintegrated in 1783 had been to their predecessors. To begin with, it was larger and it contained an unparalleled variety of natural resources and raw materials. Moreover, its population, which was certain to increase in the future, was already very much greater than that of the old Empire. Canada and Australia, New Zealand and South Africa, were rapidly developing from colonies into countries with a recognised status in the world, and the total white population of the Empire outside of the Mother Country was increasing every year. Besides the Dominions there were the Crown colonies and India to be considered, as yet almost untouched, but undoubtedly valuable, both as areas for economic development and markets for British goods.

This trend of thought was helped on by contemporary developments on the Continent. France, Germany and Italy began to carve up Africa, and England was drawn into the scramble. The close of the nineteenth century thus witnessed a violent revulsion of feeling against the doctrines of the Manchester School, which had predominated in the 'forties, 'fifties, and 'sixties. Indeed, the

extreme hostility of that School to colonies and to the Empire, its persistent opposition to expansion and its advocacy of ridding England of colonial encumbrances, were partially responsible for the revival in imperial sentiment which prevailed at the close of the Victorian age.

While the reaction from extreme *laissez-faire* principles was beginning to affect England's outlook on the Empire, the self-governing colonies had already incorporated the promotion of trade within the Empire as a fixed principle in their economic policies. Great Britain was their best market and the chief source upon which they drew for the capital they required for internal development. Indeed, at that time it was even more important to them than to the Mother Country that inter-imperial trade should expand. As far back as 1887, when the colonial delegates met in London at the first Colonial Conference, the divergence in outlook between England and her colonies was made all too evident. The Mother Country was anxious to promote imperial solidarity, and she felt this could best be done by the elaboration of a common defence policy. Lord Salisbury declared in his opening speech that union for purposes of defence was the real and most important business which would engage the attention of the members. He held out little hope of progress in the direction of closer trade relations within the Empire.

I fear that we must for the present put in the distant and shadowy portion of our task any hope of establishing a Customs Union among the various parts of the Empire. . . . The resolutions which were come to in respect to our fiscal policy forty years ago set any such possibility aside; and it cannot now be resumed until on the one side or the other very different notions with regard to fiscal policy prevail from those which prevail at the present moment.<sup>1</sup>

<sup>1</sup> Cd. 5091, pt. 1.

The colonies, however, to whom British trade was more important than their trade was to Great Britain, did not share this pessimistic view, nor did they share England's obsession on the subject of defence. Sir Samuel Griffith, Prime Minister of Queensland, advocated a system of Imperial Trade Preference, while Mr. Jan Hofmeyer of South Africa favoured the erection of a Customs barrier round the Empire against foreign goods, which would help to pay the cost of the navy, and to that extent enable the Empire to grapple with that problem of defence to which the Imperial Government attached such importance. The other colonial representatives were also in favour of freer trade within the Empire, but the home government remained unconvinced, and so the Conference dispersed.

Seven years later, in 1894, another Conference met at Ottawa which was solely concerned with economic questions. The imperial government, however, still maintained its attitude of detachment and was represented by Lord Jersey alone, who, moreover, had only a watching brief, and was not allowed to express any opinions for his government or to make any suggestions. The colonies represented, recognising that Great Britain would not alter her attitude on the subject of imperial tariffs, turned their attention to the consideration of inter-colonial trade and to the development of inter-imperial communications. A resolution passed by this Conference expresses the point of view which has prevailed in the Dominions ever since:

Whereas the stability and progress of the British Empire can best be secured by drawing continually closer the bonds which unite the colonies and the Mother Country and by a continuous growth of practical sympathy and co-operation in all that pertains to the common welfare; and whereas this co-operation can in no way be more effectually promoted than by the cultivation and extension of the mutual and profitable interchange of their products; therefore . . . this conference records its belief

in the advisability of a customs arrangement between Great Britain and her colonies by which trade within the Empire may be placed on a more favourable footing than that which is carried on with foreign countries . . . that until the Mother Country could see her way to enter into customs arrangements with the colonies it is desirable that when empowered so to do, the colonies of Great Britain take steps to place each other's products on a more favourable customs basis than is accorded to the like products of foreign countries.

Though the colonies only gradually gave substance to this resolution, the next few years witnessed a steady growth throughout the Empire of the desire for closer trade relations. In spite of many and great difficulties, Rhodes continued to work for a Customs union in South Africa, which he hoped in time would include all British territories in that continent, and ultimately extend to the whole Empire. Joseph Chamberlain assumed control at the Colonial Office in 1895 and a new spirit of enterprise was at once manifested in colonial policy. In 1897, Canada, now weary of so many fruitless missions to Washington, announced her intention of granting a preference of 12½ per cent., later to be raised to 25 per cent., to all countries which admitted Canadian goods practically duty free. This in effect meant the United Kingdom and New South Wales. The position was seriously complicated by the terms of certain treaties of Great Britain with Belgium and with Germany, under which any preferences enjoyed by Britain in her colonial markets were to be shared by those countries.

When the third Colonial Conference met in 1897, the year of the Diamond Jubilee, the advocates of closer trade relations within the Empire were in a much stronger position than they had been three years before. In his opening speech the Secretary of State for the Colonies intimated that the British Government would be prepared to denounce the German and Belgian treaties, provided

that there was a general desire on the part of the colonies that this should be done. At the same time he reminded the Conference that the trade of Great Britain with the countries concerned was greater than that of all the colonies combined. The response of the Conference to this statement was a resolution, which declared that the Premiers of the self-governing colonies unanimously and earnestly recommended the denunciation at the earliest convenient time of any treaties which now hampered the commercial relations between Great Britain and her colonies. The representatives present also undertook to discuss with their respective Governments the advisability of granting preferences to Great Britain as a means of promoting inter-imperial trade, but for the time being Canada alone was ready to take definite action. Mr Reid, of New South Wales, recommended the policy of Free Trade, which his Colony had adopted, as the best way of helping the Mother Country, but against this view it was pointed out that Free Trade would benefit Great Britain's competitors equally with herself. Some of the representatives declared themselves ready to advocate Imperial Preference provided there was some indication of a *quid pro quo*, while Victoria was prepared to promote British trade by increases in her rates against other countries.

Shortly after the Conference broke up, the Queen's Speech which prorogued Parliament announced the determination of the British Government to denounce the German and Belgian treaties "by which I am prevented from making with my Colonies such fiscal arrangements within my Empire as seem to me expedient." By this decision Great Britain signalled her recognition of the new world situation in so far as her trade was concerned, and her renewed interest in the colonies was a significant triumph of the new imperialism.

On 1st August, 1898, the new Canadian tariff, which granted a preference of 25 per cent. to British imports,

came into effect, and on 1st July 1900 the rate was raised to 33½ per cent. This new departure in Canadian fiscal policy was intended to emphasise the Dominion's firm adhesion to the Empire, and Sir Wilfrid Laurier was careful to explain at the time that there was in the mind of his Government no *arrière pensée* in the shape of expectations of reciprocal favours to come. Yet it would be erroneous to regard the Canadian concession as a purely sentimental gesture in favour of the imperial connection, for it had its business side.

To secure low freight rates on your products [said Sir Wilfrid Laurier], it is necessary that the ships carrying them should bring back cargoes of English goods. This is the vindication of our preference policy.

Canada's action was warmly praised throughout the Empire, and before a decade had passed all the self-governing colonies and Dominions had followed her example. During the Boer War, as a purely temporary war measure, the British Government imposed a duty of 1s. a cwt. on all imported wheat, which the friends of inter-imperial trade hoped would be retained on foreign wheat after the conclusion of hostilities as a preference to Canada.

At the Conference of 1902 the promotion of inter-imperial trade received particular attention. To Joseph Chamberlain, Imperial Preference seemed a very poor second-best, and he expounded at length his belief in Free Trade throughout the Empire, which, he contended, would render England independent of foreign supplies of food and raw materials. The overseas representatives, however, were not convinced by his eloquence and his sincerity. Indeed, it is doubtful whether Free Trade within the Empire was ever feasible, even in the years immediately prior to 1846, but certainly by 1902 it had become impossible. The Conference, therefore, declared



itself in favour of Imperial Preference, which would stimulate and facilitate mutual intercourse, and, by promoting the development of the resources and industries of the various sections of the Empire, would strengthen the whole. It was felt that those colonies and dependencies which had not yet done so should grant preferences to the products of Great Britain, and that these preferences should be of a substantial nature. The Conference resolved

That in all Government contracts, whether in the case of the Colonial or of the Imperial Government, it is desirable that, as far as practicable, the products of the Empire should be preferred to those of foreign countries.<sup>1</sup>

Finally, the colonial Prime Ministers, while ready to urge on their respective Parliaments the desirability of tariff concessions in favour of the Mother Country, respectfully pressed upon the home government the expediency of granting in the market of the United Kingdom preferential treatment to the products and manufactures of the other parts of the Empire.

For a short time the movement in favour of closer trade relations within the Empire seemed certain to achieve results of lasting importance. Joseph Chamberlain resigned his office of Colonial Secretary in order to prosecute his crusade for that reform. The South African Customs Union, after so many delays and set-backs and so much loss of blood, at last came into existence in 1903. All the British provinces south of the Zambesi, including Southern Rhodesia and the native protectorates, granted a preference of 25 per cent. to a number of British products, free admission to others, and offered to conclude reciprocal trade arrangements with other parts of the Empire. In the same year New Zealand granted a preference of 10 per cent. to certain British commodities and

<sup>1</sup> Cd. 9177, *Imperial War Conference*, 1918, p. 171.

greatly extended their number in 1907, but these in reality were fictitious, since they were obtained by a rise in the duties imposed on similar products from foreign countries. In 1908, Australia followed the example of the other Dominions and granted a preference of 5 per cent. on 60 per cent. of British imports into the Commonwealth, but here again the concession was of little value to the British trader, for, as the whole tariff wall had been raised, the net result to him in spite of the preference was the obligation to pay a higher rate than before.

Imperial Preference came up once more for discussion at the Imperial Conference of 1907, but by that time the enthusiasm which had prevailed five years earlier had largely disappeared, and for the next decade the advocates of inter-imperial trade were destined to fight a rear-guard action. Chamberlain's great crusade was a gigantic failure. It brought schism among his friends, victory for his political adversaries, and debased the imperial ideal to a party cry. All his eloquence and matchless energy could not turn the British people from their adherence to Free Trade, and it was the evil fortune of that great imperial statesmen to do more harm than good to the cause to which he had consecrated his life.

The colonial representatives of 1907, therefore, in pressing the claims of Imperial Preference, intimated that they might be driven to conclude treaties with foreign countries which, unlike Great Britain, were anxious for reciprocal trade concessions. This veiled threat, however, had no effect upon Liberal Ministers still flushed with an unprecedented victory at the polls, won mainly on the Free Trade issue. It was natural that those who saw in Imperial Preference an instrument for the promotion of imperial solidarity should be disappointed at the turn of events, but both in the Dominions and in Great Britain much unfair criticism of British policy was indulged in. Even though the Imperial Government made no response

to the Dominions in the form of fiscal preferences, she gave them privileges of even greater value. She alone bore the weight of imperial defence, her consular and diplomatic services were free to the Dominions, and her trustee legislation was specially designed to give them preferential treatment in the flotation of loans. It is nevertheless true that South Africa and Canada, by granting preferences to Great Britain, aroused profound resentment in Germany, which, as far as Canada was concerned, led to a trade dispute that lasted several years. Rightly or wrongly there were many who would have echoed the words of Lord Milner contained in a letter written to Chamberlain in 1903:

It is, I know, too much to expect that the latter [the Mother Country] should protect her Colonies against being punished by foreign nations for going out of their way to do Great Britain a good turn. But they do expect some decided mark of appreciation. Any reciprocal advantage, however small, or even the hope of it some day, would encourage the sentiment here, which is very strong, but will not live permanently on nothing.<sup>1</sup>

Lord Milner's forebodings were soon justified by Canada, which as early as 1904 showed that, much as that country valued imperial trade as opposed to foreign trade, she placed the interests of her own manufacturers above both. In that year, in response to the appeals of Canadian manufacturers, particularly those in the textile trades, the minimum duty on British woollens was raised from 25½ per cent. to 30 per cent., while that on other classes of goods was increased from 16⅔ per cent. to 20 per cent., and two years later the defensive policy in relation to Canadian manufactured goods was extended. While reducing her preferences on British goods, Canada turned to the development of closer trade relations with various foreign countries, and for this purpose made use of an

<sup>1</sup> *The Milner Papers*, vol. 2, pp. 451-2.

intermediate tariff which, though higher than the British preference rates, was lower than the general tariff level.

After 1907 Australia and the other Dominions retained British preferences in their fiscal systems, but they were unalterably opposed to any scheme of inter-imperial Free Trade, a policy which they declared would make them mere herdsmen, miners and farmers. The Imperial Conference of 1911 contented itself with the recommendation that a Royal Commission should be appointed to report on the resources of the Empire and the possibility of their development. It was also recommended at the same time that any suggestions which such a Commission might make as a result of its investigations must be consistent with the existing fiscal policies of Empire countries. Its work, therefore, was doomed from the beginning to be of little more than academic interest. Great Britain was determined to retain Free Trade, the Dominions were enthusiastically Protectionist, and with the best will in the world on both sides to promote Empire trade, the ideal of inter-imperial reciprocity was for the moment remote indeed. During all these years Great Britain continued to view the question of Empire co-operation and solidarity from the standpoint of defence, and while the Dominions talked in terms of wheat, wool, mutton and dairy produce, England persisted in thinking in terms of battalions, army corps and dreadnoughts.

During the War the prolonged effort of the whole Empire in a common cause, the sacrifices of that great struggle as well as the achievements and final victory, stimulated imperial sentiment and the belief that at all costs the unity of the Empire must be maintained. When, therefore, the Imperial War Conference met in 1917 it at once became clear that the desire for the promotion of trade within the Empire was widely felt. The question of Imperial Preference was discussed at length, and the Conference resolved that

the time has arrived when all possible encouragement should be given to the development of imperial resources and especially to making the Empire independent of other countries in respect of food supplies, raw materials and essential industries.

With a view to the realisation of these objects the Conference declared itself in favour of

the principle that each part of the Empire, having due regard to the interests of our Allies, shall give specially favourable treatment and facilities to the produce and manufactures of other parts of the Empire.<sup>1</sup>

The same point of view prevailed at the Conference of 1918, and, indeed, it has been present at every meeting of Empire representatives since that time.

The War, however, served to stimulate the opposite tendency. For several years the normal channels of trade were directly affected by the struggle, and the Dominions could not rely completely on the ability of the British exporter to supply them. The result was that a certain proportion of Dominion trade was deflected to other countries, but still more important was the encouragement the War period gave to the expansion of domestic industries. In addition to the requirements of trade, the demands of war led to industrial development in many new directions. These industries required encouragement, and the inevitable result was the raising of tariff walls, and these increases fell on both English and foreign exporters. Though at the close of the War there was a tendency to scale down certain special war-time preferences, the stimulus which the industrial expansion of the period of hostilities had given to the Dominions continued to affect their tariff policies in the succeeding period.

Down to the meeting of the Ottawa Conference in 1932, in fact, these same tendencies continued to govern Empire

<sup>1</sup> Cd. 8566, p. 114.

fiscal policy. Since the War there has also been a widespread movement among Empire countries to promote inter-imperial trade. Thus Canada in 1920 renewed and extended her trade agreements with the British West Indies, which were still further expanded in 1925. The result of this has been that the post-War period has witnessed a great expansion in the mutual trade of the two North American sections of the Empire. In 1922, Australia and New Zealand, having first drifted into fiscal rivalry, came to an arrangement by which trade between those two Dominions was freed of many restrictions. But in the negotiation of this treaty it became clear that the pathway of imperial reciprocity was beset by many snares. New Zealand and Australia had each its own local industries to think about, and they were to a certain extent industrial rivals, but in spite of the necessary limitations to which these facts gave rise, it was felt that the arrangement would be valuable to both. In 1925, Canada and Australia negotiated a trade treaty whose concessions were automatically extended to South Africa, and New Zealand was included later. In the meantime, the various Crown colonies granted substantial preferences to Great Britain and to a lesser extent to the Dominions. From this it may be seen that the movement in favour of inter-imperial preference has been a marked feature during the post-War period of Empire fiscal history.

Following on the resolution passed by the Imperial War Conference of 1917, the United Kingdom began to offer certain slight preferences to different varieties of Empire products. The Free Trade doctrine, however, still held the field in Britain, and the concessions that were made were therefore slight. In 1922 the number of articles upon which Great Britain offered preferential treatment to Empire products was increased, and at the Imperial Conference of 1923 the Conservative Government undertook to extend the list substantially. In the elections which

followed, Free Trade once more triumphed over Imperial Preference, and the first Labour Government took office as determined advocates of the former policy.

The reaffirmation by Great Britain of faith in Free Trade was received in the Dominions with irritation. Both in the Canadian and in the Australian Parliaments, motions were introduced which proposed the abrogation of the preferences hitherto granted by those two countries to British products, and although in both instances these proposals were defeated, the fact that they were seriously discussed was significant. In South Africa the Nationalist Government in 1925 definitely turned its back on Imperial Preference, and announced that in future any fiscal concessions it made would be granted on the basis of *quid pro quo*. Indeed, throughout the Empire the idea of bargaining with the Mother Country replaced the former desire of granting concessions merely as a gesture symbolising imperial sentiment. Generally speaking, the Dominions seem to have regarded themselves as suffering in some curious way from the fiscal policy which the United Kingdom continued to pursue. In all the Dominion Parliaments threats of reprisals were heard, and in none of them was there any general recognition of the fact that, even if Great Britain reverted to a wholly Free Trade policy, the Dominions would still receive from her advantages infinitely more substantial than any which they would be willing to afford her. England was unquestionably their best customer and the British market undoubtedly offered them the greatest field for further expansion. Moreover, as has already been suggested, the Mother Country granted them particularly favourable conditions for the flotation of loans, and without the cost of a penny to themselves they had the use of the British Consular and Diplomatic Services. In addition, should the need unfortunately arise, they knew they could always rely upon the defence forces of the Empire to

supplement their own inadequate military and naval defence systems.

On the other hand, when examined closely the preferences which the Dominions offered the Mother Country, and of which they made so much, were, after all, of slight importance. A preference which was obtained by the lowering of a tariff of 90 per cent. or 100 per cent. by 10 per cent. or 15 per cent. still left the barrier against British trade impossible to pass. In Australia there was much talk of the need on the part of Great Britain to grant substantial preferences in order to prevent the Commonwealth from seeking trade alliances outside of the Empire; but it should be remembered when such suggestions are considered that between 1907 and 1930 the Australian tariff was raised on seven separate occasions, after each of which the British exporter found himself confronted with a greater obstacle than before. It was of little use to the Mother Country to know that, bad as her position in relation to Dominion trade was, that of foreigners was still worse.

The Balfour Report in 1926 emphasised the amazing fact that in the post-War period the Dominions actually went further than foreign nations in erecting fiscal barriers against British trade. The average *ad valorem* rates on British exports in the Dominions rose by two-thirds, while the average rise of non-Empire countries was only one-fifth. If the United States, whose mania for protection was as pronounced as that of the Dominions, is left out, the average for the world outside of the Empire would be even less. All these young nations were captured by the ideal of economic self-sufficiency, a policy which was already working such havoc in the world. Once the system of high protection called into existence industries which could only exist behind soaring tariff walls, the Dominions found themselves in a vicious circle. High tariffs begat uneconomic industries, and these in turn



required higher tariffs. With the acceptance of the ridiculous policy of economic nationalism, ordinary canons of economic common sense and long established principles in political belief had to go by the board. Everything in public policy had to be subordinated to the central but ever unattainable ideal of self-sufficiency. In the very era when all the nations of the world, including those of the British Commonwealth, were committed as never before in history by their solemn undertakings to international co-operation and friendship, they were busily engaged in the elaboration of economic policies calculated to foster suspicion, hatred and war.

Declarations in favour of Imperial Preference sounded strangely on the lips of men who, in their fiscal policies, were doing their best to render trade between the Mother Country and her Dominions impossible. Thus the offer of one Prime Minister to extend Imperial Preference by some slight concessions immediately after his Government had raised the tariffs of that Dominion higher than they had ever been in the past, was, to say the least of it, audacious. Yet it would be unfair to doubt the sincerity of Dominion statesmen, for they, in common with almost everyone else in the world, were engulfed by currents which they could not control. It seemed as if the world had been captured by a force which most sane people recognised to be wicked, but which none were strong enough to control.

Or is it that some power, too wise, too strong  
Even for yourselves to conquer or beguile,  
Whirls Earth, and Heaven, and men, and gods along,  
Like the broad rushing of the insurged Nile?  
And the Great Powers we serve, themselves may be  
Slaves of a tyrannous necessity.

Thus when the Imperial Conference met again in 1930 the outlook for trade within the Empire was black indeed. Two years before, South Africa followed up her repudia-

tion of Imperial Preference except on the basis of a *quid pro quo* by concluding a treaty with Germany, which precluded her from granting any further preferences to Empire countries without at the same time extending them to the Reich. In 1930, as so often before, the Dominion representatives extolled the value of Imperial Preference and some, at least, of the delegates departed from their traditional attitude, and warmly pressed upon the British Government the need of extending the tariff system of the United Kingdom in order that more preferences might be possible for Dominion exporters. All of them made eloquent speeches in praise of the Empire; they expressed the pride that the Dominions felt in their membership of the greatest political system that had ever existed, but these were merely post-prandial effusions. When uplifted by draughts of champagne, they looked through a haze of Corona cigar-smoke, it was easy to think of all Britons as brothers indeed. So after much talk, the 1930 Conference, as far as imperial economic policy was concerned, was another failure, though the members agreed that their discussions on this subject should be continued at some future date in Ottawa.

Before the Ottawa Conference met in 1932 the world had entered the greatest economic depression of modern times, and the situation of Dominion primary producers became desperate. Great Britain, at last, decided to drop that maternal attitude toward the Dominions which she had heretofore adopted, and to show them that she too could bargain. This in itself was a favourable omen, for so long as the members of the Commonwealth considered it so delicate an organism that the slightest indication of bickering would cause its dissolution, nothing of any significance could be done.

Ottawa was the scene of much hard bargaining and some irritation, for the position was much too serious for mere platitudes about "our great inheritance", "hands

across the sea" and the other *clichés* which had formerly made up the stock-in-trade of imperial statesmen at these gatherings. The Dominions, Canada and Australia in particular, were feeling the effects of over-industrialisation, and their primary producers were on the verge of economic collapse. For the time being the whole world had gone Protection mad, and there was no longer an easy-going Free Trade Great Britain upon whom the Dominions could rely for the disposal of their products. The Mother Country, like the other British nations at Ottawa, made it clear that her first care must be for her own people, and that no matter what the result to the Empire might be, she would judge each Dominion offer by the extent to which it would be direct material advantage to British interests. She was ready to talk business with her daughters and with India, but it was to be understood that the time had forever gone by when all the substantial concessions were to come from her, though as it afterwards turned out the Dominions once more received more than they gave.

Great Britain undertook to continue to the Empire the privileges which it enjoyed under the Imports Duties Act and to maintain a 10 per cent. *ad valorem* duty on a group of Empire products such as timber, fish, leather, lead and zinc. She also agreed to raise her existing duties against foreign cheese, butter, fruit, eggs, maize, rice and copper. Thus, in the interests of Empire trade and in anticipation of reciprocal advantages to come, Great Britain undertook to continue her policy of moderate Protection.

In comparison with these undertakings the actual concessions made to the United Kingdom seemed slight, but the future developments to which they may lead may prove to be of substantial importance. The success or failure of the Ottawa Conference will, from the British point of view, largely depend upon the policies adopted by the various Dominion Tariff Boards. The kind of con-

cession which the Dominions as a whole were anxious to make was the further raising against the foreigner of tariff walls already ridiculously high. This, however, was not a tendency which Great Britain was anxious to encourage. A policy which results in giving the British importer a preference obtained by a general levelling-up, followed by a percentage cut in favour of the Mother Country, is, as has been said, a fictitious advantage, for the Dominion tariff still remains prohibitive so far as the British producer is concerned. This was apparently the only direction in which South Africa was prepared to move, and at Ottawa, as so often in the past, she was chiefly concerned in the defeat of any proposal for the establishment of imperial machinery, either of a political or of an economic nature. To a lesser extent, all the Dominions, in fact, with the possible exception of New Zealand, have been mastered by this same spirit of suspicion. They are quite ready and anxious to vote money for the maintenance of a permanent secretariat at Geneva, because by so doing they seem to give a tangible proof of their separate national identity. To vote money for a committee to carry on work between the Imperial Conferences, or, as in the case of the Empire Marketing Board, to promote Empire trade, is not to be thought of, for in some obscure way they seem to think that this will mean their subjection to Great Britain, though to the impartial observer it must appear that what is sauce for the League of Nations goose is emphatically sauce for the Imperial gander.

Canada made 223 tariff concessions to Great Britain, and though some of these are of little or no importance, others are quite substantial and the value of all of them may increase in the future. In New Zealand the changes agreed to at Ottawa consisted mainly in the lowering of duties against British goods. That Dominion was, in fact, the only one that accepted the British principle that

tariffs should be so adjusted as to enable the British and local manufacturers to compete on equal terms. The Australian representatives went to Ottawa with their hands tied in so far as reductions were concerned, for, as Mr Bruce explained, his Government was bound by its election promises not to lower any duty except upon the express recommendation of the Australian Tariff Board. For the time being, the only direction in which the Australian representatives could move was to propose an increase of duties on foreign imports and to undertake that the Australian Tariff Board would consider the feasibility of future reductions of Australian duties in return for the concessions made by Great Britain, India for the first time in her history accepted the principle of Imperial Preference, and the concessions which she made promise well for the future.

In addition to the actual concessions, not the least important result of Ottawa was the clarification of Dominion fiscal policy. In both Australia and New Zealand certain irksome surcharges and primage duties disappeared. Canada agreed to repeal an Act of the Dominion Parliament which permitted the arbitrary valuation of British products, and she also undertook to simplify her Customs regulations as well as their administration, in order that the British importer might have exact information as to the charges which he will be required to pay.

Canada and New Zealand also pledged themselves that protection by tariffs shall be afforded against United Kingdom products only in those industries which are reasonably sure of sound opportunities of success, and further, that the protective duties shall, except in the case of young industries needing shelter, be such as will give to United Kingdom products full opportunity of reasonable competition on the basis of the relative cost of economic and efficient production. The Dominion Tariff Boards, moreover, before which the British exporters were to have

the right of appearing, were to review the tariff systems of their respective countries and to make recommendations to the Dominion Parliaments. Just how far exact definition of the kind agreed upon is possible remained undecided at Ottawa, for such phrases as "economic and efficient production", "young industries" and "those needing shelter" offer a wide field for speculation and disagreement. Further, the Dominion Tariff Boards can only work in the way intended when quite free from economic and political pressure, a condition which may turn out to be impossible.

If Ottawa did something in the direction of arresting the upward tendency of tariffs it was worth while, but as, in addition, it actually resulted in the substantial lowering of barriers in various parts of the Empire, it was more than justified. At Ottawa the Empire completed the full circle in its fiscal history. In the seventeenth and eighteenth centuries there was a common fiscal policy, but dictated and conceived in the interests of the Mother Country. Then, after a period of reciprocity still mainly determined from Downing Street, there came a period of complete fiscal separatism in which each self-governing colony went its own peculiar way, unmindful of the Empire as a whole. Then came a reaction in favour of the development of inter-imperial trade, but now it came in response to the acknowledged need and wish of the self-governing units of the Empire to co-operate. A kind of Neo-Mercantilism has appeared, though the ideal of a self-sufficing self-contained Empire has gone for ever. It may be that one of the most important ways in which the British peoples may serve mankind in the days to come is by the conviction which its example and practice may promote throughout the world, that security, peace and friendship between the nations are best promoted by an all-round reduction in tariff barriers.

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