AMERICAN ECONOMIC SANCTIONS AGAINST GREAT BRITAIN 1806-1812.

Graham E. Watson M.A.(Edin.)

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American Economic Sanctions against Britain, 1806-1812.

Summary of Thesis

As the most important neutral maritime nation in the wars of the French Revolution and Napoleon, the United States endured much abuse of its neutral rights as Britain and France tried to use the considerable commercial power of the United States as a weapon against each other. The failure of American diplomacy and the lack of a strong navy caused Thomas Jefferson to impose economic sanctions, using American commercial strength in order to win their respect for American neutrality and independence.

The first efforts at coercion apparently failed. The weak Non-Import--ation Act of 1806 and the much more radical Embargo Act of 1807 were swept away in 1809 as a result of American mercantile protests against the effects of sanctions upon the American economy. The Embargo Act also seemed to have failed against Britain. Though some economic dislocation was caused, this was overcome by the British development of the Latin American market. The failure of the Embargo Act increased the scorn with which the British government viewed the American position. In 1809, an even weaker measure, the Non-Intercourse Act, was imposed but it was re--voked in 1810.

In the long-term, however, these early efforts at sanctions had a cumulative effect which laid the foundations of future success. The Embargo and Non-Importation Acts had encouraged British trade with Latin America: a market less able to sustain a growth of British exports and much more speculative than the North American market. The repercussions of this weakening of the base of British trade were not felt until the summer of 1810 when the losses sustained in Latin America precipitated a depression. The actual and potential effects of sanctions helped to create a Whig opposition movement against the government's maritime policies. Though unsuccessful, the basis for a stronger movement was laid. In addition, the Non-Intercourse Act, together with the Continental System and inflation created a general uncertainty in British international trade which made it more difficult to weather the depression of 1810.

This slump was essential for the ultimate success of sanctions. The cumulative effect of earlier sanctions had helped cause the depression, the imposition of an effective Non-Importation Act early in 1811 lessened the possibility of a quick recovery, and in the consequent Whig campaign against the British government sanctions become linked politically with

the restoration of prosperity. The Whigs argued that the re-opening of the American market would restore prosperity and that the only way to achieve this was to end sanctions by revoking the Orders in Council, the essential and controversial part of the government's maritime policies. With this argument, against a background of growing economic and social distress, the opposition to the Orders in Council policy grew rapidly in the early months of 1812. The movement became strong enough to force the government to agree to a parliamentary inquiry on the subject.

This concession was the first major indication that the British government was responding to the pressures created by sanctions. Until then the government had remained contemptuous of the United States, had not been overly concerned about the economic dislocations caused by sanctions, and was little moved by the possibility of war with the United States if sanctions were to fail. The belief that the sanctions were more damaging to the American economy, and that the war against Napoleon must take priority dominated government thinking. Only the growth of opposition, combined with the increasing parliamentary weakness of the government in 1812 led to concessions being made in order to keep the government in power. The parliamentary inquiry, the assassination of Spencer Perceval, and the consequent emergence of a weak administration under Lord Liverpool after a month-long crisis, anxious to avoid further crises and achieve popularity, produced the atmosphere in which concessions to American economic pressure were possible. To remain in power, Liverpool revoked the Orders in Council in June 1812. One of the main aims of sanctions had been achieved, but, coincidentally, despairing of success from sanctions, the Americans declared war on Britain to protect their neutrality.

Sanctions were a qualified success. Directed widely against the whole British economy for limited periods, instead of being directed in strength against points of greatest vulnerability, such as the Peninsular campaign, sanctions achieved a success comensurate with the effort involved.

PREFACE

The object of this thesis is to study the political and economic effects on Britain of the various measures of economic sanctions passed by the United States government between 1806 and 1812. Previous work on Anglo-American relations in these years has tended to concentrate upon the formulation of American policy the details of the diplomacy of the United States, and the effects of these same sanctions upon the United States. The treatment of the political and economic effects of these sanctions upon Britain has been scanty, with little discussion of any details of the effects of specific sanctions. The general discussion of sanctions has been confined to sweeping observations which reflect contemporary American opinion that sanctions were an abysmal failure. As there has been no detailed examination of Anglo-American commerce in the Napoleonic period, an analysis of the economic consequences of sanctions has been lacking. Without this essential basis no discussion of the political effects of sanctions upon Britain is possible. The principal aim of the thesis is to fill these gaps by establishing the basic pattern of American and British trade and then the specific economic and political effects of the sanctions which were directed against Anglo-American trade. As a result of this, the degree of success attained by sanctions can be estimated.

While the subject of the thesis has been neglected, much of the material has been used previously by historians, but only in the course of writing on more general themes or on other aspects of Anglo-American relations. In this thesis, sources used previously (such as the Foreign Office records) have been brought together with others not used to any great extent before (such as the Board of Trade records) to obtain information on the economic and political effects of sanctions. Most of the material employed was found in Great Britain: in the records of government departments at the Public Record Office: in the papers of leading political figures at the British Museum; and in a wide range of contemporary newspapers and journals. One leading American source has been used to obtain insight into conditions in Britain: the despatches of American ministers and consuls in London. Two new efforts have been made in the use of sources: to make use of much statistical material, from contemporary and near contemporary sources, to build up the patterns and changes in Anglo-American commerce; and, as regards the more general economic and political effects of sanctions, to employ a broader range of materials, such as American sources, and journalistic opinion outside London, to obtain a broader knowledge of political events in Britain.

This thesis, therefore, attempts to study a neglected aspect of Anglo-American relations, not so much by using a vast range of new sources, but by looking at accessible sources in a new way, with different questions to be answered.

List of Abbreviations used in Footnotes in the Thesis

ADM.	: Admiralty records in the Public Record Office.
ASPCN.1.	: American State Papers, Commerce & Navigation, vol.1.
BT.	: Board of Trade records in the Public Record Office.
CO.	: Colonial Office records, P.R.O.
Customs	: Customs & Excise Office records, P.R.O.
FO.	: Foreign Office records, P.R.O.
Mayo	: B.Mayo: "Instructions to the British Ministers to Washington 1791- 1818", Annual Report of the American Historical Association, 1936, vol.3.
PP 1808	: Parliamentary Papers 1808 (119).x.81, "Minutes of evidence on petitions on the Orders in Council".
PP 1812	: Parliamentary Papers 1812 (210).iii.1-688, "Minutes of evidence on petitions on the Orders in Council"
US Dip.Ins.	: US Department of State, Diplomatic Instructions, All Countries.
US Dip.Desp.	: US Department of State, Diplomatic Despatches, Great Britain.
US Consular	: US Department of State, Consular Letters, London.
WO.	: War Office records, P.R.O.

INTRODUCTION

In the French Revolutionary and Napoleonic Wars, the United States was the most important neutral nation, principally because of its extensive commerce. The preservation of its neutrality and status as an independent nation was the foundation of American foreign policy from 1793. Although this position was maintained until the declaration of war on Britain in 1812, the United States found it increasingly difficult to remain aloof from the hostilities in Europe. The two maritime belligerents, Britain and France, adopted policies designed to use the trade of the United States as a tool in the world-wide struggle against each other. The Americans wanted to remain neutral because of their weakness as a new republic, and to protect their trade. This commerce, however, made the American task much more difficult because of its size, prosperity and utility.

Until 1806, the government of the United States tried to protect American rights and ships by diplomacy. The military stalemate in Europe and the intensification of economic warfare between Britain and France, combined with the continued disrespect for American neutral rights, brought about the imposition of economic sanctions between 1806 and 1812. This effort to turn the cause of the dispute, the neutral American commerce, into the means by which neutral rights were to be upheld, was directed particularly against Britain. In several forms and for variable periods, sanctions were imposed on Britain in an effort to bring about a change in British policy by causing much economic hardship to that trading nation. By 1812, the Americans could not detect any such policy change. So they abandoned their neutrality to

fight a war to preserve their rights as an independent nation, including the rights to be neutral and to trade freely on the high seas.

The purpose of this thesis is to study the economic and political effects of the series of sanctions against British commerce. Both the particular commercial and the more general economic effects of the American actions will be studied. In turn this will provide a sound basis for an examination of their political impact and especially the degree to which they influenced the position and policies of the British government. From this study some indication of the general effectiveness of this American effort to use economic sanctions as an alternative to war will be obtained. In turn, this should shed light upon the necessity for war in 1812.

Superficially, sanctions were regarded by the Americans as a failure because they did not cause any apparent change of British policy, and in consequence they resorted to war. Yet, in the same month as the declaration of war, Britain removed one of the major American grievances the Orders in Council. This coincidence suggests that the United States was too hasty in abandoning sanctions, and that the sanctions came close to success. Therefore, one major objective will be to determine what part the economic and political impact of economic coercion played in the decision to repeal the Orders in Council. If they played an important part, then sanctions were more successful than realised by the Americans, and it was not the failure of sanctions, but American impatience which caused the War of 1812. This war produced few tangible results, apart from a new national pride in the United States, and the peace which followed did not resolve the maritime issues over which it was fought. This lack of

positive results casts doubt on the necessity of the American declaration of war in June 1812, and, if it can be shown that sanctions were successful, then the case for war will be even weaker. While this thesis will concentrate upon the economic and political effects of sanctions upon Britain, the results should be of value for answering more general questions about th War of 1812, like the reasons for the failure to observe the success of their alternative to war and for their decision to fight rather than wait any longer for the desired changes in British policy. More generally, perhaps this case study of the employment of sanctions by the United States will give some indication of the requirements for the successful pursuit of any sanctions policy.

Students of American foreign policy have given little attention the question of the effectiveness of sanctions. Most have adopted the beliefs of the American government in 1812 about the failure of coercion, and concentrated on other aspects of foreig policy. They have tended to restrict their vision to events which directly affected the United States, such as the formulation of American foreign policy, the details of diplomatic negotiations, and the effects of American internal politics upon foreign affairs. In consequence, for example, the effects of the Embargo Act of 1807, on New England are better known than the effects of the same measure on Britain. One of the few exceptions has been Bradford Perkins who has made extensive use of British sources. However, the scope of his work has been too broad to permit him to make any detailed treatment of economic sanctions.

In contrast to the need for a wider vision and a greater range of sources on the part of American historians, from the British viewpoint the problem is one of isolation. The effects of

sanctions have to be found in the mass of material available on British politics and economic development in the age of the Industrial Revolution, the French Revolution and Napoleon. The years 1806-12 are not a distinguishable segment of the history of industrialisation in Britain and the effects of sanctions have to be discerned in an economy which was subject not only to the upheavals of the growth of industry but also those created by war and by the Continental System of Napoleon. Similarly the effects on politics have to be isolated from the multitude of issues which influenced party politics and government in Britain.

After a discussion of the American desire for neutrality, the international importance of American commerce in the European wars, the disputes over American neutral rights at sea, and the general development of economic warfare up to 1807, the economic basis of the study of sanctions will be set out. This will be done by setting out the 'normal' patterns of British and American commerce, with the emphasis on the transatlantic trade between the two countries. Since the period 1783-1793 is too short and is affected by the need to readjust commerce after the War of Independence, the period 1793-1805 has been taken as the basic period for establishing the 'normal' or pre-sanctions patterns of trade. Of course, this is not as satisfactory as any comparison between peacetime trade and commerce 1807-12, but, despite the war, a pattern can be established from which the deviations caused by sanctions can be traced.

The economic effects of the American coercion can be traced in four stages. Firstly, the direct impact of each measure

adopted by the American government on the commerce of Great Britain, whether it be in terms of imports, exports or shipping requirements, will be set down. Secondly, the wider effects of a disruption of trade upon the economy of Britain, and especially in the new industries, will be examined. Thirdly, these economic effects of each effort at imposing sanctions must be placed alongside the effects of war, the Continental System and industrialisation. After this, a broad assessment of the overall economic effect of sanctions can be made.

The political impact of sanctions can be dealt with in two stages It must be determined to what extent the sanctions, and the economic effects of them, stirred up British public interest in American neutral rights and whether they encouraged criticism and opposition to the maritime policies of the British government. In particular the role of sanctions in encouraging a political movement against the Orders in Council will be examined. As the ultimate aim of sanctions was to bring about a reversal of British policies on American neutral rights, the influence of sanctions upon the British government is of considerable importance. The views of the government on the imposition, and on the actual and potential effects of sanctions will be ascertained. Such an analysis will help to supply answers to questions such as the degree to which economic coercion induced a greater respect for the United States as an independent nation, as a neutral with an extensive trade: whether they brought about any changes in the operation of British maritime policies, and especially, whether they contributed to the decision to repeal the Orders in Council in 1812. The answers will enable conclusions to be drawn about the success or failure of these sanctions as an effort to redress American grievances against Great Britain.

CHAPTER ONE

ECONOMIC WARFARE 1793-1807

The policy of economic coercion, as devised and carried out by Jefferson and Madison, was the result of the need of a weakly armed nation to uphold its rights and protect its trade from the restrictions imposed by British and French maritime policies. Although a sovereign nation since 1783, the integrity and the independence of the United States were not secure. In spite of the geographic distance from Europe, the United States was a weak and exposed nation on a continent in which Britain and Spain had extensive possessions. A democratic republic in a world of hostile monarchies, the United States lacked the wealth, strong government and armed forces necessary to maintain its security. In consequence, preservation of American freedom meant neutrality in European wars where the United States would be exposed to the ambitions of the major powers. This neutrality, which was declared in 1793, required constant diplomatic effort to maintain.

The existence of a growing overseas commerce, which became increasingly prosperous after the outbreak of war in Europe, brought both wealth and problems. Wealth came from the advantages of being a neutral trader because of increased demand for American produce and vessels, from the comparative freedom of movement accorded to neutrals, from the inability of the belligerents to trade normally or use their own ships. This commercial wealth constituted a vital part of the American economy, but the acquisition of profits could not be separated from the problem of neutral rights. The desire of Britain and France to use American shipping for their own

advantage and the indefinite nature of international law on neutral rights at sea were the main causes of these problems. To the British and the French, the United States was a weak nation with a valuable commerce and merchant fleet whose neutrality was to be respected only when it did not curtail the war effort of one side or the other. American goodwill and trade were to be employed by each side in the Anglo-French struggle. As neither side accorded the Americans the respect for their neutrality which they demanded, the United States felt its rights were being abused and its independence as a republic endangered. Only constant diplomacy and then sanctions could alleviate the situation.

This chapter will trace the emergence of this difficult position by analysing the deficiencies in international law, and the respective positions of the United States, France and Britain, ar then outline the early development of the sanctions policy.

The evolution of a doctrine of naval power was an essential part of the rise of Great Britain to maritime supremacy in the eighteenth century. This was a 'big navy' doctrine which envisaged the extensive use of that power to achieve several important war aims: the defeat and destruction of an enemy fleet: support of military forces and allies in Europe; the protection of British shipping and the destruction of enemy commerce. Britain liked to employ her naval power to the maximum in order to achieve these aims and did not look with favour upon any efforts to restrict its power, such as reliance on international law. Concurrently with the rise of British seapower, international law was being developed to meet the needs of the now frequent maritime warfare between the major powers of Europe. In spite of this, by the end of the

eighteenth century, this law was no more than a set of principles subject to conflicting interpretations. The law tried to lay down the rights of both belligerents and neutrals, with the aim of protecting the rights of the latter by imposing some restraints on the exercise of seapower by the belligerent country. As a result of the vagueness of the law and the lack of general agreement on many points, two general interpretations of the law were extant by the end of the eighteenth century. The strict interpretation of the law which favoured and was accepted by potential or actual neutrals, and by the weaker naval powers, was that adopted by the United States. The strong naval power of Great Britain favoured and used an interpretation which would impose the least restrictions on the use of seapower, even though this required the denial of the rights claimed by neutrals. Though France was a substantial naval power until Trafalgar in 1805, its position varied between the two extremes of Britain and the United States: the French view was more opportunist and dependant on the relative strengths of British and French seapower As French power diminished, the American position was favoured but not always practised by Napoleon.

The lack of agreement on the terms of international law was most crucial for two areas of dispute between Britain and the United States. These involved not only the legal rights of the two powers but also the methods by which seapower was exercised. In dispute were the right of the American neutral to trade with the enemies of Britain, and the British right to use its seapower to destroy the commerce of an enemy: France and her dependencies. On the latter point, the methods rather than the legal right were the subject of greater argument with the United States. The absence of an agreed legal basis for the employment of seapower

aggravated Anglo-American relations and made the solution of the maritime differences between the two countries much more difficult. This general difference in the interpretation of respective rights under international law lay behind the particular controversies which arose after the outbreak of war in Europe in 1793.

The British use of seapower rather than the size of American trade was the more important source of difficulty in the early years of the European war.[1] Britain employed her naval strength in the 1790's to destroy French (and later Spanish) trade with the French overseas possessions and to prevent neutral shipping replacing French vessels in such commerce. Direct trade between a neutral, such as the United States, and France was not banned but it was subjected to severe restrictions which created opposition in the United States. Britain and the United States disagreed on such matters as contraband, the right of a belligerent warship to stop and search a neutral ship, the protection given to enemy personnel and property by the neutral flag, the type of blockades which a belligerent could impose, the impressement of seamen into British naval service, and the right of neutrals to trade with belligerent colonies normally closed to them in time of peace.

Britain acknowledged the right of neutral ships to trade with France, provided that this trade was carried on between the ports of the neutral country and France alone, and that this

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1. The history of the rise of British seapower is treated full in:-

   A.T.Mahan: The Influence of Seapower upon History (1890).
   A.T.Mahan: The Influence of Seapower upon the French Revolution and Empire.(1894).
   G.J.Magnus: A Naval History of England vol.1: The Formative Years (1961).

trade did not include contraband. Thus American vessels could trade between the United States and France but could not participate in a more general carrying trade between France and the rest of the world. For Britain, this would prevent France from taking advantage of neutral ships to circumvent the blockade imposed by the British navy.

In permitting this direct trade, Britain demanded the right to control this trade as the price of this concession. In particular, Britain desired to regulate this trade through its own interpretation of contraband. All sides agreed that, under international law, the term 'contraband' covered arms and other supplies of direct military value to an enemy. Legally Britain could use her seapower to prevent France from receiving such cargoes, even if carried in neutral ships. Britain, however, tried to widen the range of contraband goods to cover naval stores and foodstuffs. Enforcement of this definition of contraband required the regulation of neutral trade through the imposition of blockades, and the employment of British warships to stop and search neutral merchant vessels. Both were practised on a large scale by the British navy and caused much opposition in the United States. The Americans based their case on two points; the restricted definition of contraband and the protection given to all other cargoes bound for France by the neutral flag of the United States. The British practice was regarded as an affront to the sovereignty of the United States. In addition to the principles involved, the Americans took exception to the manner in which the British navy and the Admiralty courts enforced British policy, as these involved much financial loss, inconvenience and lengthy legal proceedings.

Often American merchants were prepared to submit to such inconveniences because of the high profits from neutral trade, but the administration of President Thomas Jefferson, was unwilling to tolerate the extensive and continued abuse of the American flag. To Jefferson, the flag made the cargo neutral and not subject to seizure by Britain.

International law was unclear on the types of blockade which could be adopted by a belligerent. In practice, two types of blockade were used by Britain: and 'open' and a 'close' blockade, of which only the latter was acceptable to the United States under the strict construction of the law. A 'close' blockade was defined as the complete closure of an enemy port by the physical presence of blockading warships outside it, thus physically preventing the flow of ships in and out of that port. This was an effective blockade and legal because it met the law's requirement that the only permissible blockades were those which were effective. The complete blockade of the French coastline on this scale was beyond the capacity even of the Royal Navy. So Britain, wishing to achieve the effects of such a close blockade, but lacking the means to do so, imposed an 'open' or 'paper' blockade. Ships were to be prevented from entering all French ports by a general system of patrols to intercept all vessels bound for France, and often long before reaching the vicinity of French ports. Britain justified this by saying that this type of 'open' blockade conformed to international law because the frequency of British patrols made interception of ships a strong possibility and, therefore, that such a blockade was effective. The United States' position was that this was only an excuse to justify British abuses of American rights, and that such actions were illegal because of the lack of an effective 'close' blockade.

The main method by which France, and her European allies, tried to circumvent the British ban on their colonial trade was to allow the entry of neutral ships into the carrying trade between the colonies and the mother country: a trade from which foreign ships were banned in peacetime, under mercantilist doctrine. This issue had arisen in earlier wars in the eighteenth century and to counter this, Britain had promulgated the 'Rule of 1756', by which all trades normally closed in peacetime could not be opened to neutrals in wartime. The absence of a sizeable neutral in previous wars had led to acquiesence of the British doctrine. The colonial trade, however, was lucrative and brought in essential supplies of tropical goods, such as sugar, and the United States had a large mercantile marine and an ambitious merchant class, geographically close to the principal French and Spanish colonies in the Carribean and South America. The outbreak of war in 1793 permitted large-scale American entry into the colonial carrying trade against which Britain retaliated by issuing severe Orders in Council 1793-4. The American government did not accept the 'Rule of 1756' and tried to overcome it, not so much by trading directly between these colonies and Europe, but by exporting the colonial produce via American ports in American ships. Under this concept of a 'broken voyage', French colonial goods would be made neutral by landing at and reshipment from an American port. At first this practice was reluctantly accepted by Britain and was even given legal support in the 'Polly' decision in 1800.

The colonial carrying trade was an important source of resentment on both sides between 1793 and the Orders in Council in 1807, not only because it involved interpretations of international law and strategic needs, but also because of greed, envy and

particular economic interests. The value of this trade, which accounted for nearly one-third of all American exports between 1790 and 1814, made American merchants very reluctant to give it up. The prosperity of the trade and the strong competition which it gave to the British West Indies created pressure on the British government to take a harsh view of this circumvention of the British blockade. Because of American pressure after 1794, the British government refrained from so doing until 1805 when internal pressure and the demands of the war led to a reversal in the 'Essex' decision. So, unlike other restrictions on American trade, this one was mitigated in practice for most of the early years of the war with France.

Differences affecting American rights and property were embittered by what the United States regarded as an unwarranted interference with the liberties of its citizens: impressment. The British navy needed ships and crews in increasing numbers as the war against France became more intense. This demand was not diminished by the victory in 1805 at Trafalgar: the navy had to be maintained and losses and wastage of manpower replaced. Most of the recruits for the harsh conditions of British naval service came from the press-gang and from the impressment of seamen from British merchant ships. The harsh conditions led to desertions which, together with the fear of impressment and the high wages on American ships, created a flow of British seamen into American employment. The need to block this drain of trained manpower led to the impressment of seamen, American as well as British, from ships flying the flag of the United States.

International law lacked a proper definition of citizenship. A large percentage of the citizens of the United States were of

recent British origin. The American government took the view that an immigrant who became a citizen of the republic, owed his allegiance to the United States, and that by so doing, he severed all legal ties and obligations with his country of birth. This view was not accepted by the British government which contended that a British subject could not renounce his allegiance to the Crown and, furthermore, that residence in the United States, or employment on board an American ship did not give him protection from his obligations to the Crown. As a new nation trying to establish its sovereignty, and composed of citizens of many origins, the United States was determined to oppose the British doctrine and practice of impressment. Impressment, in American eyes, was a gross infringement of sovereignty. The legal difficulties were compounded by the widespread inability, in the absence of legal proof, to make a distinction between Americans and Britons. Independence had been too recent to permit the emergence of a man who was recognisably American by his speech and manners. The practical effect of these difficulties was the forcible impressment of Americans into the British navy. Britain justified her stand by pointing to the lack of proof of citizenship, the practical difficulties at sea, the British view of citizenship, and, above all, pleaded the necessity of maintaining a strong naval power with which to fight France, whose power endangered both the United States and Britain.

The issue of impressment was brought constantly to the attention of the American public by the seemingly insatiable demands of the British navy, and the frequency with which this practice involved American ships and citizens. This created much

bitterness, especially when Americans were impressed within sight of the American coast: it was a visible abuse of American national sovereignty and liberties, which nearly led to war over the 'Chesapeake' incident in 1807.

British policy on American commerce was not applied consistently between 1793 and 1807, because of the requirements of the war, and the need to retain American friendship, and pressure from the United States over British regulation of the colonial carrying trade. A pattern emerges of initial severity 1793-4, followed by a more tolerant policy after the Jay Treaty The renewal of war with France in 1803 leads to new demands and a much harsher policy by 1805.

The colonial carrying trade followed this pattern most closely. The initial American entry into the commerce of the French West Indies led to the severe British Orders in Council in June and November 1793 and in January 1794. The strong manner in which these Orders were implemented created American demands for acti against Britain. In March 1794 Congress passed a one month embargo on foreign shipping which was later extended by one month. There were threats of even more serious reaction, but Alexander Hamilton was able to calm the Americans by bringing about the appointment of John Jay as minister to Britain.[2] This reaction led to a relaxation of British policy. Thereafter, Great Britain tolerated American participation in the rich carrying trade of the French and Spanish colonies, provided it conformed to the doctrine of the 'broken voyage': an attitude which was given legal approval in the 'Polly' case in 1800.[3]

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2. J.C.Miller. The Federalist Era (1960), 140-154.
3. B.Perkins: The First Rapprochement (1955), 88-89, 183.

This relaxation had several important effects on American public opinion which influenced their views of the later trend back to more severe measures. Tolerance encouraged extensive American involvement in the colonial trade, generating much wealth for American merchants. In 1790, American exports to Latin American had amounted to $6.3 million, but by 1800, this had grown to $23.3 million: most of these exports consisted of foodstuffs required by all West Indian colonies, and some re-exports of British manufactures. More important was the American re-export trade in colonial goods to Europe. Americans had a financial stake in this trade and an expectation of further growth under British tolerance; hence their bitterness at the reversal of British policy from 1805. They claimed that British tolerance had undermined the moral and legal position of the 'Rule of 1756' which they did not accept anyway.[4] This American bitterness was paralleled by growing British envy at American success. This was instrumental in reversing British policy from 1805.

American success in the colonial trade gave rise to demands by British shipping and West Indian interests for the reimposition of the 'Rule of 1756'.[5] British shipowners feared not only the loss of the colonial trade to the Americans, but also the trade with Europe itself. This trade was passing into the hands of American shipowners whose vessels were more economical to operate in spite of higher labour costs. American shipping was slowly establishing a virtual monopoly on the North Atlantic trade routes. All this created a demand for the British

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4. J.H.Coatesworth: 'American Trade with the European Colonies in the Caribbean and South America 1790-1812', William and Mary Quarterly, 1967, 243-66.

5. E.Heckscher: The Continental System (1922), 101-110.

government to use its naval power to restrict American growth and redress the balance in favour of British shipowners; mercantile interests looked to naval power to restrict American growth and redress the balance in favour of British shipowners; mercantile interests looked to naval power to overcome their own economic inefficiency. An even more powerful and related pressure group in London was the 'West India interest' composed of merchants and the owners of sugar plantations living in Britain. The American entry into the West Indian trade enabled the French and Spanish islands to export to Europe in competition with the inferior produce from the British West Indies. Closure of trade with their rivals at a time of a world glut of sugar would aid the British West Indian trade and enable them to counterbalance their inefficiency. Therefore the 'West India interest' also supported a reversion to the 'Rule of 1756', forgetting that the people actually producing the sugar in the colonies were heavily dependant upon supplies of food from the United States, and who would be hurt by any American retaliation. Therefore British envy and self-interest combined to create a powerful pressure group which demanded that the British government use its seapower to restrict American trade for their benefit. They found an effective spokesman in James Stephen, who put the case for restriction in more general terms in his pamphlet 'War in Disguise', published in 1805.[6]

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6. J.Stephen: War in Disguise (London 1805).

Stephen argued that American commercial activities aided France greatly by bringing supplies and money to France and by saving French shipping from British attack. The American participation in the colonial trade, which was closed to them in peacetime, was an un-neutral commerce which would cease at the end of the war. Therefore, the participants in this trade could not claim protection as neutrals. By conforming to the idea of a 'broken voyage' the Americans had, in effect, acknowledged and submitted to the 'Rule of 1756', and could not object if that rule was enforced more strictly. Stephen did not demand the complete ban of this trade, rather he preferred it to continue under strict British regulation and inspection, so that Britain could control Europe's imports. He dismissed the fears of giving offence to the United States by imposing such severe controls, arguing that a quarrel was preferable to any sacrifice of British maritime rights. Besides which, the American demand for British goods would prevent the United States taking this quarrel over principle too far. Correctly he interpreted the reaction of the American merchants but forgot President Jefferson. Stephen's work crystallised the views of the 'interests' and had some influence on the government because of his friendship with Spencer Perceval.

British policy, under this domestic pressure and because of the needs of the war, had begun to change even before Trafalgar and the publication of Stephen's pamphlet. The reversal of British policy began with the reversal of the 'Polly' decision in the 'Essex' case in May 1805. The court decided that trade from the foreign colonies in the West Indies via American ports to Europe constituted a 'continuous voyage' and was thus in contravention of the 'rule of 1756' which banned such commerce. This decision swept away the legal protection of the American

re-export trade and subjected it to all the controls and hazards which the Royal Navy could impose on neutral trade with France and her allies. The trade was controlled rather than banned and the controls were increased in the Orders in Council of 1807. This sudden reversal of policy and the consequent threat to their prosperity created much alarm in the United States and reactivated all the American fears for their neutral rights at a time when the increased dimensions of the European war was leading to greater vigour in the use of British seapower against neutral trade. This dramatic reversal of British policy began a serious deterioration in relations between the United States and Great Britain. The changes began in 1805, however, did not create a crisis until 1807 because of a change of government in Britain, and because Jefferson was still determined to negotiate a favourable treaty through his emissaries, James Monroe and William Pinkney.

The death of William Pitt in January 1806 led to the formation of a Whig ministry in the following month, under Lord Grenville, with Charles James Fox at the Foreign Office. This government, and Fox in particular, was generally conciliatory but firm with the United States, slowing down British naval activity, only adopting new measures when necessary and conducting talks with Monroe and Pinkney for a treaty which would make some concessions on controls but none on impressement. Despite this favourable attitude, the Whigs were influenced by their weak political position and by the need to respond to the policies of Napoleon. All this only delayed the break with the United States.

After the renewal of war, Britain had imposed blockades on the Elbe and Weser in 1803 and on French ports in 1804. Now, in May 1806, Fox declared an open blockade which would cover all the Channel ports from Ostend to the mouth of the Seine: neutral

vessels were permitted to trade outside this coastline.[7] This blockade was in retaliation for the Prussian seizure of Hanover and the Prussian ban on imports from Britain, adopted under pressure from Napoleon. The effect, however, was to employ British seapower in a manner considered objectionable by the United States: namely and 'open' blockade. After the death of Fox in August 1806 attitudes hardened. Napoleon replied with the Berlin Decree, in November 1806, which alarmed British Merchants because it put Britain in a state of blockade by France. Ignoring the French inability to make the decree effective, they pushed Grenville into replying with an Order in Council in January 1807, which was aimed against the colonial trade and against European coastal shipping. In both trades American vessels were employed extensively.[8] The Order, together with earlier measures, had a cumulative effect on American trade which provoked American retaliation and might have nullified the Monroe-Pinkney Treaty had not Jefferson rejected it anyway. So the Whig administration, in spite of its good intentions, extended British power at the expense of American goodwill. The Whig actions tended to restrict their later opposition to Tory policies on American trade. The Whigs fell from power in February 1807 and were replaced by a Tory or Pittite government under the nominal leadership of the Duke of Portland.

The ultimate infringement of American neutrality, the full operation of British maritime policies to control trade, and the beginnings of a large-scale sanctions policy followed in the wake of this transfer of power. Dedicated to victory over France, the Tory administration was much less conscious of American

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7. E.Hecksher: The Continental System (1922), 108.
8. ibid, 108-110

feelings than its predecessor. It was the author of the Orders in Council of November 1807 which were the most stringent efforts to use American trade for British war and commercial purposes. It was the government in power at the time of the 'Chesapeake' incident in which, under the policy of impressment, an American frigate was fired upon and boarded off the American coast.

The campaign for stronger measures against neutral trade arose partly from the need to provide effective retaliation against the Berlin Decree but mostly because of domestic pressure to regulate the obviously profitable neutral trade. The former remained the official reason, in spite of the ineffectiveness of that decree, and the real reason was the desire to control and use American shipping as an aid to the British war effort. British interests who resented American competition were placated. American neutral rights were disregarded and the United States made into a de facto ally.

The principal author of the November Orders in Council was the Chancellor of the Exchequer, Spencer Perceval, who accepted the advice of James Stephen and London business interests.[9]

Perceval presented his views to the Cabinet on October 12th.[10] He justified the new regulations as retaliation for the French action, and, although he admitted that neutrals would be harmed, he argued that their complaints should be directed against France: the neutrals' acquiescence over the Berlin Decree gave

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9. Perceval MSS, BM Add.MSS 49,177: Writer believed to be Stephen, from the handwriting, to Perceval 5th October 1807.

10. Perceval MSS, BM Add.MSS 49,177: Memo to Cabinet, 12th October 1807.

Britain the right to expect forbearance of her own policy. Perceval's plan did not constitute a complete ban on neutral trade. He was aware of the undesirable possibility of war with the United States and only wanted to use neutral commerce to further the economic and strategic interests of Britain. Advantage was to be taken of neutral shipping to convey British goods into the markets of Europe by forcing neutral vessels to call at British ports where they would load cargoes of British manufactures. Perceval summed up:

> "Therefore as France says no nation shall trade with Great Britain, Great Britain might retaliate by saying that no nation shall trade but with Great Britain."[11]

This meant the complete British control of American participation in the carrying trade: only direct trade between a neutral and France in a narrowly defined range of non-contraband goods would be left relatively uncontrolled.

The Cabinet's response revealed a range of opinion regarding the Orders in Council. While all favoured some measure of retaliation, only a few showed any regard for possible American reaction.[12] Lords Hawkesbury (later Earl of Liverpool) and Westmorland were advocates of strong action and betrayed no respect for neutrals, while Lord Castlereagh and George Canning a more limited policy which would show respect for neutral rights. But even Castlereagh demanded control of the neutral participation in the carrying trade. In these discussions, as in all later developments of British policy, the Earl Bathurst as President of the Board of Trade, adopted

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11. Perceval MSS, BM Add. MSS 49,177: Memo to Cabinet, 12th October, 1807.

12. Papers accompanying the above Memo to the Cabinet, October and November 1807.

the views which were the most conciliatory to the United States. Bathurst wanted less use of the right of search of neutral cargoes and, after initially favouring the Orders in Council, he condluded that they would not harm Napoleon and only would provoke quarrels with the Americans. He felt that the main object of the Orders in Council was American neutral trade since the retaliation against France was part of the reasoning behind the Order in Council of January 1807. He feared that the United States would declare war and that this would harm British industry. However, his views were not accepted by his colleagues and the Orders in Council were issued on November 11th.

So by the end of 1807, Britain was applying its seapower with vigour against American shipping, and by the practices of impressment blockade and control had made American shipping a valuable weapon in the struggle against Napoleon at the cost of disregarding American neutrality and sovereignty. The war made this justifiable in the eyes of the British government, but the cost was a deterioration in relations with the United States whose resentment and humiliation was increased. Both Britain and the United States recognised the strategic importance of American trade. British efforts to use it as a weapon led the United States to use that same power against Britain in order to retain its prosperity, neutral rights and self-respect.

As British maritime policy was being formulated, Napoleon was developing his own policy with which to fight British commercial and maritime power: the 'Continental System'. Earlier French policy, together with the actions taken by the French Emperor 1806-7, suggests that his main aim was to weaken the British economy, and thus the war effort, rather than retaliation. The imposition of import duties on cotton goods in 1803, the

confiscation of British goods in Holland in January 1804, and the codification of prohibitive customs duties in early 1806, all indicated a French attack on the entry of British goods into the European markets. The Berlin Decree, by imposing an unenforceable blockade on the British Isles, set up a self-imposed French blockade designed to exclude British commerce.[13] Napoleon's reasons for setting up the Continental System have been the subject of some dispute. After Trafalgar, French seapower could no longer threaten Britain. Economic warfare was the only way in which the military master of Europe could harm Britain and thereby cause the removal of the British blockade against France. In addition, the French economy would be protected against British competition in Europe. Napoleon did not intend to starve Britain into surrender: his sales later of French grain to Britain and his lack of seapower and his concentration of restrictions upon British exports suggest this.[14] Nor was it a mere theatrical gesture designed to reduce the British policy of a paper blockade to an absurdity.[15] The mercantilist idea of inducing a drain of bullion from Britain by cutting off her export markets had some basis but it was not the hard core of French policy: Europe was not Britain's sole market. Support for this view comes from the harsh fiscal measures which Napoleon often imposed as part of the Continental System. The reason for this lay in his need for money to finance his campaigns rather than in economic doctrine. Bullion was flowing out of Britain after 1808 but this was the

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13. The history of the Continental System can be found in:
E.Heckscher: The Continental System (1922)
F.Melvin: Napoleon's Navigation System (1919)

14. J.H.Rose: Napoleonic Studies (1904).

15. E.Heckscher: The Continental System (1922), 92

result of the requirements of the Peninsular War. Therefore, Napoleon's basic aim was to turn the British export markets in Europe into a weapon for substantially weakening the British war effort. Such a policy was based on two false assumptions: firstly, Britain's absolute dependence on European markets for her exports; and secondly, Napoleon's ability to keep the ports of Europe closed. The latter was achieved rarely and Napoleon's efforts in Spain, Russia and elsewhere to enforce the System contributed to his ultimate downfall.

In 1807, the Berlin Decree was reinforced by the Warsaw Decree and the Milan Decree. From the Polish city, in January, the French leader ordered the confiscation of all British goods in northern Germany while the decrees issued in Milan in November and December were a recognition of the extended boundaries of the French Empire and a retaliation for the Orders in Council. The latter tried to control American shipping in order to force British goods into Europe. The second Milan decree unleashed French privateers and declared th t any neutral ship which conformed to the British regul tions was "denationalised" and, as a consequence, subject to capture and confiscation by the French. All this was part of Napoleon's main aim of stopping British exports, and in this task the French Emperor was not prepared to respect the rights of the United States.[16]

The French efforts at economic warfare involved the ebuse of the rights of the United States just as much as the British exercise of seapower, but the effects on American opinion were different.

16. E.Heckscher: The Continental System (1922), 122-126.

France did not practice impressment of American seamen and many of her decrees could be enforced only within French controlled ports where ships were normally subject to French municipal laws rather than the international law which applied on the high seas. The United States government often chose to regard French actions in this light while demanding her full international rights from Britain. Nevertheless, the Milan Decree posed a threat to American neutrality by denying the protection which the American flag gave to American ships. While other abuses such as denial of entry into ports could be tolerated this latter could not. In theory, therefore, French disregard of American rights was the same as that of Britain: neutral rights were to be ignored and neutral commerce used as a tool of economic warfare. In pursuit of this policy, French violations of American neutrality and the number of seizures of ships were as great, if not greater than those by Britain. Between 1803 and 1812, Britain seized a total of 917 American ships; but of these only 389 were captured after November 1807. France, on the other hand, took 558 in the same period of which no fewer than 352 were seized after the Berlin Decree.[17] British actions had greater impact on the United States than those of France. French action, although capricious, was less frequent and under a municipal law which the United States accepted. In contrast, British abuses of American sovereignty had been frequent, widespread, and in American eyes, grossly arrogant and highly visible: British interceptions and impressments had taken place

17. B.Perkins: Prologue to War (1961), 72: Monroe to Congress, 6th July,1812, quoted from American State Papers, Foreign Relations, vol.III,583-585

within sight of the American coast, culminating in the 'Chesapeake' incident.

British trade with the United States was valuable to American merchants and the United States government had employed patient diplomacy to counter the increasing pressure from British maritime power. The failure of that diplomacy, the British actions in 1807 and the belief in British vulnerability to economic coercion led to demands for action on the part of the United States government. This had been forecast already in the unenforced Non-Importation Act of 1806 against Britain. Since both belligerents had been acting in a cavalier fashion against American shipping, President Jefferson decided in December 1807 to turn the economic power which both coveted and abused against Britain and France in order to protect and uphold American neutral rights. He put forward the proposal for an embargo. Intended to be an impartial measure of protection and coercion, the Embargo Act, together with the re-activated Non-Importation Act, was an anti-British measure. The power whose policy had been more constant and visible and who was the more vulnerable to sanctions was the main target of this positive American entry into the growing economic struggle between the two powers in Europe.

In 1793 Washington's administration decided upon a policy of strict neutrality in order to protect and preserve the independence and the security of the United States. The Americans relied on the European preoccupation with the war and on their own diplomacy to exploit that situation in the

interests of American, and, from 1793 the diplomats of the United States achieved some important successes.[18] By 1807, however, diplomacy seemed inadequate to meet the new scale of economic warfare. The United States had kept out of the war but had failed to prevent the constant violations of her neutrality. The neutrality which was designed to protect independence had failed. The successes achieved by American statesmen were of great long-term importance for the United States but were unrelated to the immediate problems posed by the war in Europe. Jay's Treaty had led to the British military withdrawal from the North West Posts and Pinckney's Treaty had clarified rights of passage on the Mississippi. Most spectacular of all, was the purchase of Louisiana in 1803 from Napoleon. Admittedly Jay's Treaty had achieved some minor British concessions and a more tolerant attitude on the part of Britain, but it had taken an undeclared naval war 1797-99 to obtain similar respect from France. Neither step had solved the problems created by American neutrality and neither had induced any basic changes in the maritime policies of the belligerents. The new outbreak of war in 1803 and the intensification of economic warfare only served to underline the failure of American diplomacy. This lack of success culminated in the Monroe-Pinkney Treaty.

James Monroe and William Pinkney were instructed to obtain a treaty in which Britain would promise to respect American rights

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18. The diplomatic history of the United States in this period is described best in:-

B.Perkins: The First Rapprochement (1955)

B.Perkins: Prologue to War (1961)

by desisting from employing maritime practices such as blockades, seizures and impressment. Negotiations with the friendly Whig administration failed to obtain anything more than some British confessions on the operation of the blockade. Britain made no concessions on impressment or on the basic principles of her maritime policy, and said nothing on impressment. Jefferson, therefore, refused to submit the treaty for ratification by the Senate. Shortly thereafter the Tories returned to power. This failure of diplomacy contributed to a combination of feelings: of nationalism, resentment, frustration and humiliation. In this type of atmosphere there was a demand for a new type of policy to uphold United States' interests. Jefferson chose economic sanctions rather than war which most Americans were calling for in 1807.[19]

The United States had used both sanctions and naval force before but in 1807 sanctions were the only alternative to continued national humiliation. This was the result of the views of Thomas Jefferson. An idealist dedicated to the creation of a new democratic republic in North America, free from all but commercial links with the Old World, Jefferson tried to transform his ideals into political reality. In domestic affairs this meant minimal government, power in the hands of the majority, low taxes and no permanent military establishment. In this fashion the

19. For the background on the development of the idea of economic sanctions in the United States, see -
L.M.Sears: Jefferson and the Embargo (1927)
W.Jennings: The American Embargo (1921)

the liberties of the individual could be attained by a democratic system. To protect this growing democracy, Jefferson wanted peace, neutrality and no entangling alliances. He was very conscious of the experimental nature of American democracy. Facing the clamour of war after the failure of diplomacy in 1807, Jefferson chose a course of action more suitable to his ideals and the one most suitable to the realities of the American situation. Submission was unthinkable as this would throw away all the gains of independence and war was rejected by the president who abhorred hostilities which would be equally dangerous by embroiling the United States in the ambitions of Europe.

War was not possible in 1807 anyway because of American naval weakness and the maritime strength of Britain. Jefferson had been responsible for this lack of naval strength. The strong naval force built by President Adams to uphold American rights against France had been reduced to a position of impotence. Jefferson feared the dangers to democracy of a permanent naval establishment, and had been anxious to cut the tax burden and pay off the National Debt and so reduced the navy to the few ships necessary to protect American vessels from the depradations of the Barbary States. Instead of a fleet, the United States was to be protected by a large fleet of coastal gunboats. As a result the United States did not have the naval power either to protect trade or to harm Britain. Naval weakness, therefore, ruled out war as a practical alternative to neutrality by law and diplomacy.

The use of economic power was not entirely new to Americans. Both Jefferson and Madison, his Secretary of State, had been early advocates of this type of policy. After 1783 the United States, to its commercial disadvantage, had found itself outside the British navigation laws. Consequently, in 1789 and 1791 Madison had put forward plans for discriminatory duties against British ships and goods in order to force a commercial treaty on Britain, obtain British compliance with the 1783 peace treaty, and oblige Britain to establish normal diplomatic relations with the United States. Although successfully opposed by Alexander Hamilton, Secretary of the Treasury, these proposals did influence Britain to send a minister to the United States in 1791, and helped to create apprehension amongst British merchants, which the growing commercial strength of the United States did nothing to abate. In 1793, in a report on foreign trade, Jefferson expressed support for the idea of commercial retaliation to protect American rights.

The successful threat of sanctions played a part in the decision to send John Jay to Britain in 1794. This created an important precedent for Jefferson but the imposition of a one month embargo had been too short for its practical effects to be known. Familiarity with the idea and with past successes were kept alive in the years after 1794 when Jefferson repeated his views in 1801. In 1805, Madison restated his faith in the use of commercial retaliation as an "intermediate course between submission and war". [20]

20. I.Brant: James Madison, Secretary of State (1953)397-399

The first major attempt to put economic pressure on Britain was the Non-Importation Act of 1806.[21] This was a response to the 'Essex' decision and Fox's blockade of May 1806. Passed in November 1806, it was in operation for only one month before being suspended as a result of pressure from American merchants who had suffered from the abrupt loss of trade. They objected also to the ambiguities in the act. The measure was limited in intention as well as in effect. It did not constitute a total ban on imports from Britain. Only a selection of goods, such as woollens were involved. Other commodities, such as cotton textiles, metal goods and tropical produce, were still admitted. The act was a recognition of the importance of the American export market for the British economy, but this realisation was tempered by the American need for British manufactured goods. The act remained in suspension until December 1807 when it was put into operation along with the Embargo Act. Even so, a revised version did not pass until February 1808, and this did not become effective until June of that year. Its commercial effects tended to be obscured by the operation of the Embargo Act. It did not prevent the attack on the 'Chesapeake' and it seems to have played no part in deterring the issue of the Orders in Council in November 1807.

Jefferson's principal effort at sanctions was the Embargo Act which was enacted in December 1807 and remained in force until March 1809. In aims, scale and duration this was the greatest single effort of the whole sanctions policy. In addition

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21. H.Heaton: "Non-Importation,1806-1812" in Journal of Economic History,November 1941,178-198.

to the failure of diplomacy, and the desire to avoid war, Jefferson was influenced by reports from London newspapers which indicated the possibility of new British action against neutral trade, and the concurrent news from France that the United States was not exempt from the operation of the Berlin Decree.[22] On December 12th, news of the Orders in Council reached New York and this news, when it reached Washington, enabled Jefferson to decide on an embargo. His proposal was accepted with alacrity by Congress and the Embargo Act took effect on December 21st,1807.

Jefferson hoped to achieve American aims by confining the American merchant fleet to port. This would serve two purposes; protect the ships of the United States from further violations, and force the two maritime belligerents to change their policies by depriving them of American shipping and trade. Primarily defensive in its aims, as Jefferson had intended, it proved to be coercive and anti-British. It was defensive and coercive in a negative manner. Withdrawal of American shipping would protect vessels and neutral rights, but this was to be achieved through the implicit renunciation of one major neutral right: the liberty of a neutral to trade freely anywhere. As Britain and France had wanted to use American shipping, the act would operate negatively to protect American shipping from their actions by withdrawal. At the same time pressure would be

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22. I.Brant: James Madison,Secretary of State (1953),393-395.

put on the belligerents by depriving them of their intended weapon.

The effect of this negative coercion was more harmful to Britain than to France. The French would lose the benefit of using American vessels in the colonial carrying trade, but the value of this had been diminishing since the 'Essex' decision. British naval power now had the French West Indies at its mercy also. The Berlin Decree had been an essentially negative effort to frighten American merchants into non-co-operation with Britain, rather than an attempt by France to employ American shipping for more positive ends. The Embargo achieved the same French aims more effectively. As a coercive measure, the Embargo would affect Britain negatively and positively. Britain had intended to use American shipping to force British goods into European markets. Withdrawal of American ships would make this task more difficult and less profitable. Trade between the United States and Britain was dominated by American vessels. Here the Embargo would have a positive effect for Britain, in order to maintain trading links, would have to supply ships from her own already over-stretched resources. It was hoped that the loss of North American trade would harm the British economy and so create pressure within Britain for the government to change its maritime policies in favour of the United States. This positive action was limited by practical considerations which tend to show the basically defensive nature of the Embargo. Only American ships were withdrawn. Trade did not cease completely as British ships could still bring in those commodities not banned by the Non-Importation

Act.

However, enforcement of the embargo was dependant upon the ability of the American government to keep American vessels in port and to convince American merchants that their loss of profits would be made worthwhile by the expected British concessions. This was to prove to be the "Achilles Heel" of the embargo policy. For domestic political reasons the positive rather than the defensive aspects of the Embargo Act were stressed by Jefferson, giving rise to hopes of a speedy effect on the British government. The economic losses, the failure of any change of British policy to manifest itself, and the coercion which Jefferson had to use to enforce the Embargo, together with the virtual abdication of leadership by Jefferson in the winter of 1808-9, led to the repeal of the Act in March 1809. American pressures rather than lack of success against Britain had ended the most extensive experiment in economic sanctions. Before a study of the political and economic effects of the embargo on Britain is made, the commercial position of both the United States and Great Britain will be examined to determine the trading patterns, strengths and weaknesses of each.

Thus, by the end of 1807, all three countries were using measures of economic regulation and coercion. Britain and France as part of their respective war effort, and the United States to protect its rights and independence. The link between all three policies was the legal and practical status, value and utility, of the mercantile marine and foreign trade of the United States of America.

CHAPTER TWO

THE PATTERN OF AMERICAN TRADE

From the early 1790's the foreign trade of the United States grew rapidly in value of exports, imports and in tonnage employed. The requirements of the war in Europe created a demand for American ships and produce which the enterprising American merchants were eager to provide. American domestic produce, colonial re-exports, and ships to carry the increased trade and replace belligerent vessels, were in heavy demand. Furthermore, neutrality gave businessmen the incentive and opportunity to invest money and effort to obtain the profits of wartime trade. This growth was encouraged by the demand from the growing population of the United States, still largely agrarian, for manufactured goods, especially from Britain. In turn, the needs of British industry for cotton continued to grow and were met from American sources. Independence had left the United States with empty shipyards and the need for a merchant navy. Investment, especially after 1793, created this fleet. Thus American commerce was of growing national and international importance. In addition to growth, the two most obvious features of American commerce were the continued links with Britain and the normally adverse balance of visible trade. This latter was more than balanced by high 'invisible earnings'. In much greater detail this chapter will outline the general pattern of American trade so that the potential and actual impact of sanctions can be assessed.[1]

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1. The most useful treatments of American economic history in the early nineteenth century are:

   C.Nettels: The Emergence of a National Economy 1775-1815. (1962).
   D.C.North: The Economic Growth of the United States 1790-1860. (1961)

The Balance of American Trade 1790-1815.

The normally adverse trading balance, with the exceptions of 1811 and 1813, can be seen in the following table.

Table 1: The American Trading Balance 1790-1815[2]
(all values expressed in millions of dollars).

Year	Exports	Imports	Balance
1790	₰ 20.20 m	₰ 23.00 m	- ₰ 2.80 m
1791	19.00	29.20	- 10.20
1792	20.75	31.50	- 10.75
1793	26.11	31.10	- 4.99
1794	33.03	34.60	- 1.57
1795	47.99	69.70	- 21.71
1796	67.06	81.44	- 14.38
1797	56.85	75.38	- 18.53
1798	61.53	68.55	- 7.02
1799	78.66	79.06	- 0.41
1800	70.87	91.25	- 20.38
1801	94.12	111.36	- 17.24
1802	72.48	76.33	- 3.85
1803	55.80	64.67	- 8.87
1804	77.69	85.00	- 7.31
1805	95.56	120.60	- 25.04
1806	101.53	129.40	- 27.87
1807	108.34	138.50	- 30.16
1808	22.43	56.99	- 34.56
1809	52.20	59.40	- 7.20
1810	66.75	~~89.30~~ 85.40	- ~~85.40~~ 18.65
1811	61.32	53.40	7.92
1812	38.52	77.00	- 38.48
1813	27.85	22.00	5.85
1814	6.92	12.97	- 6.05
1815	52.55	113.00	- 60.45

The changes in the balance of trade generally comprise periods of small imbalances interspersed with a few years of substantial deficits. The years before 1807 show a much more favourable situation than that which prevailed during the years of sanctions and regulations. The large deficits of 1791-2 of

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2. Export data from ASPCN 1. Import data from Heckscher, The Continental System, 146, and from Nettels, Emergence of a National Economy, 396. A different set of import figures is in North, Economic Growth of the United States, 228-9, but this shows the same variations in the balance of trade.

about eleven million dollars in each year are followed by much smaller deficits 1793-4 because of the upsurge of exports at the time of the outbreak of war and the invention of the cotton gin. The American entry into the colonial trade would have little effect on the balance as re-exports would cancel out imports. A time-lag of two years takes place before the profits from the higher level of exports are translated into a similar upward surge of imports. The three years following the Jay Treaty, 1795-7, are poor years in spite of the continued growth of exports, with the greatest deficit in 1795. The sluggishness of trade 1797-99 is probably a reflection of the uncertainties of the naval war with France. From 1798 to 1804 the adverse balance is relatively small, except in 1800-1 when the rise in exports is matched by an even greater rise in imports, coinciding with the settlement of difficulties with France and the British approval of the colonial trade in the 'Polly' case. The relationship between commercial growth and war is seen in the fall in exports and imports in 1802-3, the brief period of peace in Europe, which also sees a return to small deficits.

There was usually a large adverse balance of trade 1805-15, except in 1809,1811, and 1813-14. This would indicate that economic warfare affected exports more than imports. The data for the years of the Embargo Act indicate that sanctions probably made a negative contribution to the balance by fostering the considerable improvement in 1809. The sanctions would be felt first in exports, which dropped by eighty-six million dollars in 1808 and rose by thirty millions in 1809. Imports did not improve by any noticeable amount in 1809; the Embargo Act was repealed half-way through the fiscal year and time must be allowed for British exporters to react to the news. The small

favourable balances of 1811 and 1813 are also the result of sanctions and war. In 1811 the Non-Importation Act was in force during the latter half of the fiscal year and this would account for the drop of thirty-one millions in imports with no corresponding drop in exports. In 1813, the favourable balance means little because of the drastic drop in trade which followed the outbreak of war with Britain.

This table shows that the greater the uncertainties of war, the larger the adverse trading balance, and indicates the greater impact of war on American exports. In spite of the adverse balance and the war, and perhaps because of the war, American trade increased considerably between 1790 and 1815, illustrating the profitability of American efforts to meet the demands for trade and shipping. Without the profits from 'invisible earnings' the adverse balance might have discouraged this expansion.

American Exports.

The gradual rise in exports in the early 1790's was followed by a substantial rise in the export of domestic produce in 1795 and a very similar rise in re-exports in 1796. This suggests that the demand for cotton and the invention of the cotton gin in 1793, together with the new British tolerance of American participation in the colonial carrying trade after Jay's Treaty had a considerable impact on American exports. This increased flow of goods is maintained, except in 1797 when there is a reduction of ten million dollars, and in 1798 when the recovery is small. As re-exports maintained a high level and domestic exports fall, a glut or a shortage of a commodity such as cotton is suggested, rather than any interruption as a result of the naval war with France. While re-exports played a small part in American exports

in 1790, by 1800 they were more valuable than the export of American goods: the result of war and a profitable neutral trade.

The annual variations in exports are illustrated in Table 2 below.

Table 2: American Exports 1790-1815[2]
(all values in millions of dollars)

Year	Total Exports	Re-Exports	Domestic Exports
1790	$ 20.20 m	$ 0.54 m	$ 19.67 m
1791	19.00	0.50	18.50
1792	20.75	1.75	19.00
1793	26.11	2.11	24.00
1794	33.03	6.50	26.50
1795	47.99	8.49	39.50
1796	67.07	26.30	40.76
1797	56.85	27.00	29.85
1798	61.53	33.00	28.53
1799	78.66	42.25	33.14
1800	70.97	39.13	31.84
1801	94.12	46.64	47.47
1802	72.48	35.78	36.71
1803	55.80	13.59	42.21
1804	77.69	36.23	41.47
1805	95.56	53.18	42.39
1806	101.53	60.28	41.25
1807	108.34	59.64	48.70
1808	22.43	13.00	9.43
1809	52.20	20.80	31.41
1810	66.75	24.39	42.37
1811	61.32	16.02	45.29
1812	38.52	8.50	30.03
1813	27.8	2.85	25.01
1814		0.15	6.78
1815		6.58	45.97

There was much more variation in exports after 1800. The large fall in total exports in 1802 can be attributed to the temporary peace in Europe, which hit both types of exports equally. The export of American goods recovered quickly but the re-export trade did not pick up until after 1803, further illustrating the relationship of that trade to war. The renewal of war is reflected in the doubling of total exports between 1803 and 1807. After this

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2. ASPCN 1, pp.502,543,566,590-1,671-2,696-7,721-3,738-9,815-6, 869-70,892-3,965-6.
North, Economic Growth of the United States, 221.
Hecksher, The Continental System, 146
Seybert, Statistical Annals, 93
Macgregor, Commercial Statistics, vol 3, 767
Pitkin, Statistical View, 50-56

there is a much stronger relationship between variations of export totals and economic controls. Relaxation of sanctions in 1809-10 produced a rise in exports whilst the embargo of 1807-9, sanctions 1811-12, and war 1812-14 all coincide with decreases. Re-exports continued to be very valuable until the impact of British controls, sanctions, and, more important, as the decline continued after 1808, the loss of French colonies to Britain, and the alliance of Spain, Portugal and Britain eliminated much of this once prosperous trade. That the re-export trade was a wartime phenomenon is seen in its failure to recover in 1815, when domestic exports were restored to their pre-1812 level.

Is there a general upward trend in exports 1790-1815? Averaged out for successive five year periods, the annual figures show an increase which is dramatic in the 1790's and then slows down considerably between 1800 and 1810, and then drops by 40 per cent during 1811-14 before peace begins a recovery in 1815.

Table 3	Average Annual Exports[4]
1790-94	£ 23.82 millions
1795-99	62.42 "
1800-04	74.21 "
1805-09	76.01 "
1810-15	44.27 "

On the whole, the export of American produced goods is less prone to drastic variation than the re-export trade: indicating greater freedom from wartime influences and a more permanent basis for growth. This is seen in the comparative smallness of the annual changes. In the 1790's there are only two periods of sharp change: the rise in 1795, possibly the result of the demand for cotton, and the fall in 1797, possibly due to an oversupply of cotton. After this a slow recovery is made until 1801 when the dispute

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4. Tables 3 - 9 are based on the figures in Table 2.

with France ends. The effects are nullified by the Peace of Amiens. Thereafter there is a period of growth and stability until 1807, after which the effects of war and sanctions are more evident. Peace brings a substantial recovery in 1815. This steadier pattern of domestic exports is illustrated by the average annual exports for five year periods. The rise and decline of the re-export trade is clearly illustrated also.

Table 4 : Average Annual Domestic Exports and Re-Exports.

	Domestic Exports	Re-Exports
1790-94	£ 23.52 m	£ 2.23 m
1795-99	34.35	28.00
1800-04	39.94	34.27
1805-09	34.63	43.38
1810-14	29.89	10.38

The re-export trade was mainly a flow of colonial goods to Europe, but nearly one-third consisted of British manufactures bound for the West Indies.[5] In 1802-1804, out of a total of £6.4 millions re-exported, the United States sent £2.2 millions of British manufactures to the Carribean. Coffee, sugar, tea, peppers, cocoa and wine were also very important items in this trade.[6]

A geographical analysis of the destinations of American exports shows the importance of Great Britain and the British colonies as purchasers of American exports. Except for 1809, which includes the last six months of the Embargo Act, Britain and her colonies were the most important customers of the United States. However, several other countries were of considerable importance. Until the Continental System took

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5. A.Baring, Inquiry into the Causes and Consequences of the Orders in Council, (1808), 140-144.

6. Pitkin, Statistical View, 151.

took effect in 1807, both France and the Netherlands were major customers, while the Hanse Towns and Scandinavia were not unimportant. In later years, there was a substantial rise in exports to Portugal and Spain. In spite of the embargo, exports to Spain in 1808 are marginally greater than those to Britain, while in the years of the Peninsular War, exports to the Iberian countries were greater than those to the British empire: but most of these exports were to support British allies and British troops. Attemps to circumvent the Continental System and follow British regulations are evident for 1809-10 in the sudden rise of exports to Scandinavia and Russia.

Table 6 : American Exports by Destination 1802-1812[7]

(in millions of dollars)

Country	1802	1803	1804	1805	1806	1807	1808
Britain	16.0	17.5	13.2	15.4	15.6	13.1.	3.2
British Emp.*	23.9	25.3	21.8	23.0	23.2	31.0	5.1
France	14.5	8.2	12.7	21.0	18.5	19.2	4.5
Holland	5.9	5.5	16.4	17.8	20.5	17.6	2.7
Spain	11.2	4.5	6.7	12.6	14.8	18.2	5.9
Portugal	2.1	2.3	2.5	2.1	2.5	1.7	0.5
Denmark	1.7	1.9	3.3	4.0	4.1	4.5	0.4
Sweden	0.2	0.2	0.7	0.4	0.3	1.4	0.2
Hanse Towns	6.1	3.2	4.4	3.2	6.2	3.1	0.2
Russia	-	-	-	0.1	-	0.4	-
West Indies	1.2	1.7	3.3	3.5	1.7	1.5	0.4
China	0.8	-	0.8	0.3	0.4	0.2	-
Totals**	72.5	55.8	77.7	95.5	101.5	108.3	22.4

* includes exports to Britain as in first line.
** total different from sum of the above countries since minor nations are omitted. European countries include their colonies.

7. ASPCN 1 pp 502,543,566,590-1,671-2,721-3,738-9,815-6, 869-70,892-3,965-6

Macgregor, Commercial Statistics, Vol.3,769

Country	1809	1810	1811	1812
Britain	5.5	12.3	13.7	6.1
British Emp.	8.1	16.5	21.8	10.2
France	-	0.1	2.3	2.8
Holland	1.3	0.2	-	-
Spain	10.3	14.9	12.5	9.3
Portugal	8.3	7.7	11.4	9.4
Denmark	4.3	10.5	0.4	0.1
Sweden	9.1	7.9	1.6	2.1
Hanse Towns	2.4	1.1	-	-
Russia	0.8	3.4	6.1	1.7
West Indies	0.1	0.3	0.3	1.0
China	0.9	0.3	0.6	0.2
Totals	52.2	66.7	61.3	38.5

The effects of the Continental System can be seen also in the exports to Denmark and the Hanseatic ports of Northern Germany which fell drastically after 1810 and 1806 respectively.

On the whole, Europe bought a much higher proportion of American re-exports than did Britain whose main interest was in American goods such as cotton. British supplies of tropical goods came from her own colonies.

Table 7 : Exports by Type and Destination 1811[8]

	Domestic Exports	Re-Exports
Northern Europe	£ 3.05 m	£ 5.34 m
British Isles	20.30	1.57
Iberia	18.26	5.77
France	1.19	1.72
Other countries	2.46	1.62

The minimal importance of re-exports to Britain is illustrated in the data on American exports to Britain.

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8. Monthly Magazine, vol.33, 1st March 1812, 204.

Table 8 : American Exports to Britain 1802-1812[9]

Year	Total	Domestic Goods	Re-exports
1802	$ 16.08 m	$12.06 m	$ 4.01 m
1803	17.50	16.45	1.34
1804	13.20	11.78	1.41
1805	15.41	13.93	1.47
1806	15.59	12.73	2.85
1807	23.14	21.12	2.02
1808	3.20	3.09	0.10
1809	5.56	5.32	0.23
1810	12.26	11.38	0.89
1811	13.73	13.18	0.55
1812	6.08	6.05	0.03

During 1802-1812, American goods exported to Britain ranged from 10.5 per cent in 1809 to 31.3 per cent of the total of American exports in 1803. The average annual percentage of the total American exports sent to Britain was 27.4. The importance of American supplies for the British lay in the United States being the source of American produce rather than re-exports of colonial goods. During each year of the decade, an average of $ 16.85 millions of American goods were sent to Great Britain out of a total of $18.66 millions of exports to that country.[10] Thus Britain was the most important customer for American exports in this decade, although the British lead over other countries was quite small. More important, the United States was more dependant on Britain as the major purchaser of American produce.

The generally adverse balance of American visible trade has been discussed already. A major cause was the considerable deficit on trade between the United States and Britain.[11]

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9. ASPCN 1, same references as note 7
Seybert, Statistical Annals, 223
Pitkin, Statistical View, 179-180

10. Seybert, Statistical Annals, 155

11. Official American figures do not give the value of total imports from Britain, only for those goods paying duty "ad valorem". The deficit, therefore, will be greater than shown in Table 9.

Table 9 : The Balance of Anglo-American Trade 1802-1812.

Year	A. American data[12] (£ millions)		B. British data[13] (£ millions)	
	Exports to U.K.	Imports ex U.K. (ad val. only)	Exports to U.S.A.	Imports ex U.S.A.
1802	16.08	25.73	5.32	1.92
1803	17.50	26.31	5.27	1.91
1804	13.20	26.14	6.39	1.65
1805	15.41	31.87	7.14	1.76
1806	15.49	35.78	8.61	2.00
1808	3.20	15.81	3.99	0.83
1809	5.56	17.64	5.18	2.20
1810	12.28	29.12	7.81	2.61
1811	13.73	24.13	1.43	2.30
1812	6.08	7.66	4.31	1.29

As the two countries used different fiscal years, it is not possible to make a direct comparison between the British and American data. The former, however, does show a small balance in favour of the United States in 1811, the year of the Non-Importation Act, as a result of the fall in British exports. This is not shown in the American figures except perhaps, as part of the narrowing balance in 1812. The American data shows that proportionately the gap between American exports and imports was not as great as the gap revealed by the British data, but the omission of all imports from the American figures indicates that the British data is a more accurate portrayal of the relative values of eastbound and westbound transatlantic trade.

The bulk of American produce sold overseas came from the farms of the United States. The various sources of American exports were affected differently by war and sanctions. Although badly hurt

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12. Compiled from ASPCN 1
13. Crouzet, L'Economie Britannique et le Blocus Continental, appendix 2, tables 1 and 7.

by the Embargo Act, the farmer made a speedy recovery and his sale of goods only declined again in 1812. The fishing industry did not recover from that act, while the forester experienced the same pattern of change as the farmer. In addition there was a small export trade in manufactured goods, but these were mainly of foreign origin.

Table 10 : American Exports by Origin, 1803-1812[14]

Year	From Sea	From Forest	From Farm
1803	$ 2.63 m	$ 4.85 m	$ 32. 99 m
1804	3.42	4.63	30.89
1805	2.88	5.26	31.56
1806	3.11	4.86	30.12
1807	2.80	5.47	37.83
1808	0.83	1.33	6.74
1809	1.71	4.58	23.23
1810	1.48	4.97	33.50
1811	1.41	5.28	35.55
1812	0.93	2.70	24.55

The most important and most valuable commodity in the list of American agricultural exports was cotton. The export of cotton grew dramatically from 1795, with the invention of the cotton gin. Cotton exports grew fairly steadily until 1807 after which it was as subject to the variations caused by war and sanctions as any other commodity. Britain was the major consumer of American cotton, and the cotton export trade was of much greater significance for Anglo-American trade than it was for the total export trade.

Table 11 : American Cotton Exports 1805-1812[15]

Year	Domestic Exports	Farm Exports	Cotton Exports
1805	$ 42.39 m	$ 31.56 m	$ 9.44 m
1806	41.25	30.12	8.33
1807	48.70	37.83	14.23
1808	9.43	6.74	2.22
1809	31.41	23.23	8.51
1810	42.37	33.50	15.10
1811	54.29	35.55	9.65
1812	30.03	24.55	3.08

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14. Pitkin, Statistical View, 116-117

Table 12 : American Cotton Exports by Volume 1791-1815[16]

(data in millions of pounds)

1791	0.19m lbs	1800	17.78m lbs	1809	53.21m lbs.
1792	0.13	1801	20.91	1810	93.87
1793	0.48	1802	27.50	1811	62.18
1794	1.60	1803	41.10	1812	28.95
1795	6.27	1804	38.11	1813	19.39
1796	6.10	1805	40.38	1814	17.80
1797	3.78	1806	37.49	1815	82.99
1798	9.36	1807	66.21		
1799	9.53	1808	11.06		

Table 13 : Volume of Cotton Exports to Britain 1803-1812[17]

(data in millions of pounds)

Year	Total Exports	Exports to Britain
1803	33.89m lbs	27.75m lbs
1804	34.64	25.77
1805	38.22	32.57
1806	35.42	24.25
1807	63.70	53.19
1808	10.58	7.99
1809	49.22	13.36
1810	92.46	26.17
1811	60.48	46.87
1812	28.53	26.08

Note that the recovery of cotton exports to Britain after the embargo is slower than the recovery of total cotton exports. This may be the result of difficulties in Britain, sanctions, a glut sufficiency of cotton in Britain after the good year of 1807, or of the development of new sources. By the outbreak of war British dominance was restored.

Of the other American agricultural exports, grain is second only to cotton for Anglo-American trade. This was not so much the result of Britain consuming American grain; British purchases were very variable. American grain was exported in significant quantities to British colonies, in the West Indies, and to the Iberian Peninsula in the years of Wellington's efforts in the

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16. E.Baines, History of the Cotton Manufactures of Great Britain (1835), p 302.

17. Pitkin, Statistical View,136.

campaign there. American grain was more important to British overseas interests than to Britain itself. Together Britain and these overseas interests constituted the most important market for grain in the decade before 1812.

Table 14 : American Grain Exports 1803-1812[18]

(data in thousands of barrels)

Year	Total	To Britain	To Br.Colonies	To Spain	To Portugal
1803	1,125	203	298	145	122
1804	759	7	251	110	54
1805	736	36	199	103	22
1806	629	127	180	19	91
1807	1,186	323	295	39	76
1808	248	2	70	30	41
1809	738	159	71	40	65
1810	705	92	99	144	88
1811	1,385	38	237	306	529
1812	1,304	?	?	381	557

Apart from tobacco, Britain did not consume large quantities of other American exports such as sugar and coffee as the British demand for such tropical re-exports was met from the exports of the British colonies. The export of tobacco, sugar and coffee tend to follow the same pattern as other exports and like them, reveal a relationship between the annual fluctuations of exports and the war and sanctions.

This completes the brief survey of the American export trade which has shown the overall upward trend until 1810 and the much greater fluctuations which mark the rise and fall of the re-export trade. In an adversely balanced transatlantic commerce, Britain was the principal market for American exports and particularly for the produce of the American farmer. The most valuable single commodity for the prosperity of American commerce and for trade with Great Britain was cotton, while grain was of considerable importance also.

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18. G.W.Galpin, "The American Grain Trade to the Spanish Peninsula 1810-1814." American Historical Review, 1922, 22-44.
Pitkin, Statistical View, 119-120.

American Imports

Like exports, American imports rose rapidly in the middle and late 1790's, partly because of a short upward surge in American demand for goods, but mainly as a result of American entry into the colonial trade and the consequent profits from wartime commerce. Thereafter imports followed a pattern similar to that of exports, responding to the war situation.

Table 15 : American Imports 1790-1815[19]
(in millions of dollars)

Year	Total Imports	For American Consumption.
1790	$ 23.0 m	$ 22.4 m
1791	29.2	28.1
1792	31.5	29.7
1793	31.1	28.9
1794	34.6	28.0
1795	69.7	61.2
1796	81.4	55.1
1797	75.4	48.3
1798	68.5	35.5
1799	79.0	33.5
1800	91.2	52.1
1801	111.3	64.7
1802	76.3	40.5
1803	64.6	51.0
1804	85.0	48.7
1805	120.6	67.4
1806	129.4	69.1
1807	138.5	78.8
1808	56.9	43.9
1809	59.4	38.6
1810	85.4	61.0
1811	53.4	37.3
1812	77.0	68.5
1813	22.0	19.1
1814	12.9	12.8
1815	113.0	106.4

The Peace of Amiens brought a reduction from 113 million dollars in 1801 to only 65 millions in 1803, most of the loss being the result of a return to peacetime conditions in the colonial trade. The renewal of war started a steady rise in

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19. E.Heckscher, The Continental System, 146
C.P.Nettels, Emergence of a National Economy, 396.

imports until 1808, the first year of sanctions, when the total bill fell by 86 million dollars. After this, there was a small increase in 1809-10 before the renewal of sanctions. Surprisingly there was an increase of 21 millions in 1812, when sanctions were in force and war declared. This was possibly a reflection of the return of American ships which had left before the Non-Importation Act went into effect, the inflow of unrestricted goods under that Act, and the flight of American ships to the United States under the ninety-day embargo before the outbreak of war.

Imports for consumption within the United States were all important in the early 1790's but decline relatively as the re-export trade grew in value. But the decline of this trade in the later years restored the dominance of imports for home consumption. For example, in 1790 almost all imports were consumed within the United States, but by 1801 just over half were so used. By 1812, however, the original balance was evident with only 8.4 millions intended for the re-export trade.

There was a general upward trend in imports until 1810 when the start of renewed sanctions, then war, reversed the increase.

Table 16 : Average Annual Imports into United States.[20]

	Total	For US consumption.
1790-94	$ 29.9 m	$ 27.4 m
1795-99	74.8	48.3
1800-04	85.7	51.4
1805-09	100.9	59.7
1810-14	50.1	39.7

20. Based on data in Table 15.

Imports for consumption within the United States followed a pattern similar to that of total imports, with a rise to 1810 and then a decline. This increase took place at a lower rate than that for total imports, thus indicating the growing importance of imports for re-export which rise took up a large percentage of total imports but declined at a much faster rate than domestic imports after 1810. This further illustrates the greater vulnerability of the re-export trade to the changing conditions of the war. In 1815 total imports and imports for American consumption recovered but not imports for re-export. The general increase in American imports which underlay all these fluctuations was similar to the general rise in exports but never sufficient to overcome the adverse trading balance.

A very large percentage of American imports came from Great Britain. Britain was the principal source of many goods, especially those which paid duty "ad valorem": a term which covers manufactured goods rather than tropical produce or temperate commodities such as wine and spirits. Important as a purchaser of American exports, Britain was of much greater importance as the supplier of American imports.

Unfortunately, information on total imports from Britain is not available, as the official American figures only give the financial value of goods paying duty "ad valorem": the rest are in volumes. The result would tend to overestimate the importance of imports from Great Britain except, that

most of the goods not paying duty, apart from wine and spirits, were tropical goods, the bulk of which were re-exported. Totals available for the relatively stable years 1802-1804 reveal that nearly half of all imports came from Britain (see Table 21). It will also be shown later that a high proportion of imports consumed within the United States were manufactured goods of British manufacture.

Table 17 : American Imports by Origin 1801-1812[21]

Year	Total Imports "ad valorem"	ex British Empire total	percentage*	ex Great Britain total	percentage*
1801	$ 56.25 m	$42.22m	75	$37.67m	65.2
1802	43.92	29.30	66.6	25.73	58.5
1803	37.05	29.12	78	26.31	71
1804	40.56	30.57	75	26.14	64.4
1805	45.30	34.32	76.6	31.87	70.3
1806	54.39	39.95	74	35.78	66
1807	58.65	43.55	74	38.91	66.3
1808	29.01	20.29	70	15.81	54.5
1809	20.39	18.93	92.6	17.64	86.5
1810	43.57	32.89	75.7	29.12	66.8
1811	39.87	28.71	72	24.13	60.5
1812	16.97	8.94	50	7.66	45.1

* percentage of total imports "ad valorem"

The important position of Britain as a supplier of imports remained relatively unchanged until 1812. The Embargo Act, apparently, made little impression on imports from the British Empire, but did reduce the percentage from Great Britain a little, while both declined in absolute terms. The greater vulnerability of imports from Britain to sanctions is shown in the changes 1811-12 when trade from Britain and her colonies declined relatively and absolutely. Comparing the decline in exports and imports in 1812, the effect of sanctions is much more apparent on imports: i.e. British exports to America.

American importers were dependent upon American shipping

21. ASPCN 1, 512,519,558,565,576,579,628,634,675,681, 705,711,749,762,770,785,798,805,845,855,861,902,915,932, 963,969,970,983,986.

since the bulk of all imports and an even higher percentage of imports from Great Britain, were carried in ships flying the American flag. Except during the embargo when the percentage dropped to 62.5 in 1809, the latter employment of ships in trade from Britain was steadier than the use of ships in the total import trade. The American vessels in the trade with Europe suffered more from restrictions than did the vessels trading with Britain under the supposedly restrictive Orders in Council.

Table 18 : American Ships and Imports 1801-1812[22]

Year	Imports in US ships		Imports ex Britain in US ships	
	total	percentage	total	percentage
1801	$50.90 m	91	$ 36.16 m	95
1802	40.11	91	24.86	97
1803	34.80	94	25.34	96
1804	38.37	94.8	25.85	98.8
1805	42.88	94.5	31.61	97
1806	52.50	96.5	35.57	99
1807	50.07	84.8	38.77	99
1808	20.65	71	15.66	99
1809	11.55	56.3	11.10	62.5
1810	40.03	98.7	28.90	99
1811	30.97	77.5	23.60	98
1812	12.68	74.4	7.66	99.5

In contrast to the wealth of information on the composition of exports that on American imports is rather meagre. Imports paying duty "ad valorem", which comprised a large part of the import bill, consisted mainly of manufactured goods from Britain. In 1807, for example, out of total imports of 144 million dollars, which is the same sum given for imports of manufactured goods in that year. Of this latter sum about 43.5 million dollars worth came from Britain.[23] A more detailed breakdown of the origins of imports in 1802-1804

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22. ASPCN 1, same reference as note 21.

23. Pitkin, Statistical View,151.

shows the supremacy of Britain.

Table 19 : Average Annual Imports of Manufactures 1802-4[24]

Total Imports of Manufactured Goods	:	£ 9.00 millions
of which : Ex Britain and Colonies	:	6.84 or 76 per cent
Ex Russia	:	0.28
Ex Germany & Scandinavia	:	0.55
Ex Holland	:	0.25
Ex France	:	0.27
Ex Spain, Portugal & Italy	:	0.27
and from all other countries	:	0.52

As regards other commodities, the import and export of sugar in 1807 illustrates the size of the re-export trade and the small domestic consumption of at least one tropical product.[25] The United States imported 215 million pounds of sugar, of which some 200 million pounds came from the West Indies, and out of this 137.5 million pounds were re-exported. Information on other tropical products is not available, but a comparison of total imports for American consumption with imports of manufactured goods shows the importance of the latter.

Table 20 : Manufactures and Imports for American Use.[26]

Year	Imports for US Consumption.	Imports of Manufactures.
1801	$ 66.7 m	$ 56.25 m
1802	42.5	43.92
1803	52.0	37.05
1804	50.7	40.56
1805	72.3	45.30
1806	76.2	54.39
1807	85.0	58.65
1808	45.1	29.01
1809	40.2	20.39
1810	44.9	43.57
1811	41.8	39.87
1812	70.3	16.97

Thus imports of manufactures were a substantial proportion of American imports, tending to increase relative to other imports in 1810-11, but falling dramatically in 1812 as

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24. A.Baring, Inquiry..., 139
25. Pitkin, Statistical View, 148-9
26. ASPCN 1 references as Note 21 North, Economic Growth of the United States, 229.

non-importation was imposed on Britain, the main supplier.

Information of the average annual American trade for the relatively stable years of 1802-1804 reveals a geographical pattern which confirms the importance of Britain. Exports to Britain were greater than those to her nearest rivals, France, Holland and Spain. British importance as the supplier of American imports was even more marked. The cause of the adverse trade balance was the inability of exports to countries other than Britain to offset the flow of imports from Britain.

Table 21 : Average Annual American Commerce 1802-1804.[27]

	Exports	Imports
Totals:	$ 68.47 m	$74.84r
therefore adverse balance of:		$6.37m
Britain and Colonies:	$ 23.70 m	$35.73r
Britain	15.69	27.40
India	0.01	3.53
Canada	1.00	0.54
British West Indies	6.48	4.75
therefore adverse balance of:		$12.03m
Rest of the World:	$ 44.47 m	$39.11
Russia	0.02	2.10
Prussia	0.55	0.12
Sweden	0.41	0.58
Denmark-Norway	2.32	2.39
Germany	4.66	1.77
Holland and Colonies	9.31	6.26
France and Colonies	11.33	12.35
Spain and Colonies	7.49	6.19
Portugal and Colonies	2.32	1.05
Italy and Trieste	2.01	0.66
China & Asia	0.43	4.85
All other countries.	3.38	0.71
therefore favourable balance of:		$5.36m

27. Seybert, Statistical Annals, 252-255

The overall increase in imports and of goods for American consumption and the considerable flow of manufactured goods from Great Britain have been noted in this survey. The importance of Britain as the main supplier of imports and the large scale employment of American vessels in that trade were established also.

American Shipping.

Before the War of Independence, the commerce of the American colonies was controlled by British merchants, although many of their ships were constructed in North America. After independence, a fleet of merchant ships had to be created which would meet the commercial needs of the United States as well as keeping American shipyards in business.[28] This growth was slow until 1793 because of the post-war slump and exclusion from former markets and trade routes by the British navigation laws. This was overcome partially by the development of new trading links with countries such as Germany and China, the profits of which stimulated further expansion as well as work for the shipyards.[29] The outbreak of war in Europe was the principal cause of the growth of American commerce. As trade increased the size of the merchant fleet grew to meet the new demands. American neutrality was partially responsible for this, but the high profits of wartime trade and the economic and technical superiority of American vessels was important also.[30] Despite individual hardships, losses and controls by the two belligerents, American neutral trade was

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28. J.G.B.Hutchins, The American Maritime Industry and Public Policy 1789-1914, (1941), 170-179.

29. W.L.Marvin, The American Merchant Marine,(1902),39-47.

30. Hutchins, op cit, 184,185.

profitable because of the shortage of ships, and the additional dangers raised freight rates and commodity prices while shipping costs remained low. Even in colonial days American shipyards had produced cargo vessels superior to those built in Britain, and because of this, insurance and depreciation charges were low enough to offset the higher labour costs and reduce costs by as much as sixty per cent below that of similar British ships.[31] The obstacle of British and European navigation laws was overcome by similar American laws and by the needs of war, which brought the American entry into the colonial carrying trade.[32] This produced a growth in tonnage which made the American shipping industry important not only for the United States but also for world trade. In some trades such as the transatlantic trade with Britain, American vessels enjoyed a virtual monopoly.

Table 22 : American Shipping Tonnage 1800-1815.[33]

Year	Registered Tonnage	Tonnage in Foreign Trade.
1800	972,000	669,000
1801	947,000	632,000
1802	872,000	560,000
1803	949,000	597,000
1804	1,042,000	672,000
1805	1,140,000	749,000
1806	1,208,000	808,000
1807	1,268,000	848,000
1808	1,242,000	808,000
1809	1,350,000	910,000
1810	1,424,000	984,000
1811	1,232,000	768,000
1812	1,269,000	760,000
1813	1,666,000	674,000
1814	1,159,000	674,000
1815	1,368,000	854,000

31. Hutchins, op cit, 170,186,221-223.
32. Hutchins, op cit, 221-223
    Marvin, op cit, 38
33. Pitkin, Statistical View, 361
    Macgregor, Commercial Statistics, vol.3,740.

Shipping tonnage grew substantially over a fairly brief time-scale and the comparative lack of variation in registered tonnage shows that the ownership of vessels was not greatly affected by war and sanctions until the war with Britain. Employment of these vessels in overseas trade was much more susceptible to change. Shipping tonnages are slower to reflect economic changes because of the inelasticity of capital goods such as ships, only their employment will reflect the situation more immediately. A very high proportion of American vessels were employed in the overseas trades, as opposed to the coastal trade, and as a result the American merchant marine as a whole was influenced by the war and by controls.

In ownership there was a long term trend upwards towards a larger merchant fleet, but the growth in the employment of vessels in overseas trade declined after 1810, no doubt because of the war with Britain.

Table 23 : Average Annual Tonnages 1800-1815[34]

	Registered	In Foreign Trade
1800-1804	956,000	625,000
1805-1809	1,241,000	822,000
1810-1815	1,350,000	772,000

The employment of American vessels is more important for a study of sanctions than the growth of tonnage owned by American merchants.

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34. Based on Table 22.

Table 24 : Tonnage entering American Ports 1789-1815[35]

Year	U.S. Tonnage	Foreign Tonnage		US percentag
1789	124,000	110,000		53
1790	355,000	251,000		59
1791	364,000	241,000		60
1792	415,000	244,000		63
1793	448,000	164,000		73
1794	526,000	83,000		86
1795	580,000	57,000		91
1796	675,000	47,000		94
1797	608,000	77,000		88
1798	522,000	86,000		85
1799	626,000	110,000		85
		British	Others	
1800	644,000	71,000	50,000	81
1801	799,000	111,000	46,000	83
1802	799,000	104,000	41,000	84
1803	787,000	104,000	59,000	83
1804	1133,000	73,000	49,000	90
1805	922,000	65,000	22,000	91
1806	958,000	69,000	22,000	91
1807	1020,000	64,000	22,000	92
1808	492,000	34,000	13,000	91
1809	576,000	71,000	28,000	85
1810	876,000	52,000	28,000	91
1811	922,000	10,000	23,000	96
1812	456,000	1,000	46,000	93
1813	234,000	none	113,000	67
1814	59,000	5,000	47,000	55
1815	700,000	145,000	72,000	70

While the American vessels entering the ports of the United States would include those employed in the coastal trade, as the bulk of American ships were engaged in overseas trade, the dominance of such vessels in American foreign trade is apparent in the above table. Except in the earliest years and after the outbreak of war in 1812, American ships enjoyed a virtual monopoly of the trade of their own country.

Just as in numbers and tonnage, American maritime leadership was seen in the value of the cargoes carried in American

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35. Hutchins, American Maritime Industry..., 250
Pitkin, Statistical View, 352-3
Nettels, Emergence of a National Economy, 399 (Table 21).

vessels. The figures for the percentage of American trade carried in American ships reveals a slightly greater superiority in the import trade than in the export trade.

Table 25 : Percentage Value of American Trade in U.S.Ships.[36]

Year	Imports	Exports	Total Trade.
1790	41.0	40.0	40.5
1795	92.0	88.0	90.0
1800	91.0	87.0	89.0
1805	93.0	89.0	91.0
1810	93.0	90.0	91.0
1815	77.0	71.0	74.0

The employment of American vessels varied in a pattern similar to the other aspects of American trade, exports and imports. Employment rose rapidly to a dominant position from the middle 1790's to a peak in 1805-1807. Then the regulations and contrds and then war, cause a decline from which recovery is not complete until 1815. The sudden rise in the use of non-British foreign tonnage after 1812 to replace British and American vessels should be noted, as it suggests that this might be American vessels in employment under false colours. The changes in employment are confirmed by Professor North's "shipping activity index".

Table 26 : American Shipping Activity Index.[37]

Year	Index	Year	Index	Year	Index	Year	Index
1790	91	1797	100	1804	113	1811	106
1791	91	1798	87	1805	114	1812	77
1792	93	1799	96	1806	121	1813	32
1793	117	1800	105	1807	125	1814	9
1794	115	1801	115	1808	68	1815	76
1795	106	1802	125	1809	64		
1796	114	1803	120	1810	90		

36. Nettels, Emergence of a National Economy,399,Table 21.
37. North, Growth of the American Economy,: Base year is 1797. The index is calculated by dividing tonnage entering the United States ports into total registered tonnage.

Although the annual changes in American shipyard output bear little relation to the actual changes in tonnage, the pattern of change is similar, with a steady rise to 1807 and variations thereafter. New construction is only one aspect of tonnage changes; losses, sales and the scrapping of ships all influence annual tonnage figures. A clear relationship between shipyard output and the war situation is seen in the table below.

Table 27 : American Shipyard Output 1803-1815[38]

Year	Tonnage	Year	Tonnage
1803	56,000	1810	102,000
1804	73,000	1811	108,000
1805	97,000	1812	58,000
1806	93,000	1813	18,000
1807	71,000	1814	13,000
1808	11,000	1815	106,000
1809	72,000		

The national and international significance of American ships have been outlined briefly and this has shown the growth in tonnage and in employment, and the susceptibility of the latter to changes arising from the war in Europe.

Conclusions

From the middle of the 1790's there was a rapid increase in the size of American commerce because of the demand for American ships, the entry into the colonial carrying trade, the demand for cotton, and the growth of the United States as a market for manufactured goods.

After a period of uncertainty, independence and the growth of trade did not alter the close economic links with Britain.

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38. Seybert, Statistical Annals, p.310.

The British supplied the United States with most of her imports and, in turn, bought a substantial proportion of American exports. The adverse trade balance with Britain made the overall balance of visible trade unfavourable. The deficiency was made up, not by trade with other countries, but by the profits of American shipping.

Despite annual fluctuations there was a steady increase in American exports between 1790 and 1815. Although the export of domestic goods increased steadily, the wartime re-export trade was subject to much greater variation, rising sharply after 1795 and declining beyond recovery after 1812. This trade was a phenomenon resulting from the neutrality of the United States, and consisted of a flow of tropical products to Europe and one of British manufactures to America's southern neighbours.

Unlike Europe, Britain was the main market for American produce, of which cotton was the most important commodity. The bulk of American cotton exports went to feed the mills of Britain. American re-exports went to Europe as Britain obtained her supplies of tropical goods from her own colonies. Both trades involved the extensive use of American vessels, which increased British mercantile envy of the United States.

There was a similar growth of American imports which was halted only by the advent of sanctions and war. The bulk of American imports were consumed in the United States. Variations in imports were the result of the needs of the re-export trade as imports for American use rose steadily. Britain was the most important supplier of imported goods, especially manufactured goods. The United States was heavily dependent on Britain as a source of supplier.

Almost all American trade was carried in American ships. American ownership of ships rose steadily under the impetus of war and brought considerable prosperity to the United States. In the later years, this growth was modified by greater variations in the employment of this fleet. In the trade with Britain the supremacy of American vessels was even more apparent, thus forging a third vital economic link between the two countries. The use of American vessels, American exports of cotton, and American imports of British manufactures are the most important aspects of American commerce in the years before 1812, together with the susceptibility of all to respond to the pressures of the European war.

CHAPTER THREE

THE PATTERN OF BRITISH TRADE

In contrast to the United States, Britain did not emerge suddenly as a great trading power at the end of the eighteenth century. Britain had a substantial foreign trade which exercised a considerable influence on the formulation of British policy and was the basis of the country's wealth. The eighteenth century saw a steady growth in the value and importance of British commerce.

The annual rate of growth of overseas trade was small but steady until the last decades of the century when that rate began to accelerate, coinciding with the Industrial Revolution. In 1701-1730, the annual rate of growth of overseas trade of England and Wales was only 1.2 per cent; in 1750-1780, the rate was slightly lower at 1.1 per cent, but by 1770-1800 it had risen to 2.3 per cent and it continued to rise during the nineteenth century.[1] In value British trade more than doubled between 1750 and the end of the century.

Table 28 : British Foreign Trade in the 18th Century.[2]
(average annual trade in £ millions)

England & Wales			Great Britain		
	Net Imports	Exports*		Net Imports	Export
1750-59	£ 8.25m	£ 8.75m	1775-84	£12.47m	£ 9.24m
1755-64	9.27	9.62	1780-89	15.76	10.88
1760-69	10.63	10.04	1785-94	19.52	14.20
1765-74	11.89	9.84	1790-99	21.19	17.68
1770-79	11.81	9.28	1795-1804	24.30	21.93

* Exports of British produce only.

1. Deane & Cole, British Economic Growth, (1959), p29, Table 8.
2. Deane & Cole, op cit. p48, Table 14.

An analysis can be made of British trade in this period similar to that on American trade to reveal the main features of that commerce and the importance of the United States and the degree of vulnerability to sanctions.

The Balance of British Trade.

The British trading balance can be established for 1797-1812 by the figures for imports and exports which are available at both "official values" and "real values".[3] The former gives a picture of a consistently favourable balance even in times of economic adversity, although the size of the gap is subject to several interesting variations. The narrowness of the gap between exports and imports in 1803, during the Peace of Amiens, was the result of a substantial drop in re-exports with the end of hostilities. With the renewal of war, the trade gap remains comparatively steady until 1809 when the upsurge of exports after the repeal of the Embargo Act and the easing of the Continental System, increases the surplus from £7 millions to £17 millions. The later severity of sanctions and French regulations does coincide with a decrease in the favourable balance by 1811 as a result of a greater fall in exports, an increase in which restores a more favourable balance in 1812.

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3. See Appendix A for explanation of origins of the two sets of figures.

Table 29 : The Balance of British Trade 1797-1812.[4]
(official values)

Year	Exports	Imports	Balance
1797	£26.31 m	£21.01 m	£5.30 m
1798	30.29	27.85	2.44
1799	33.64	26.83	6.81
1800	38.12	30.57	7.55
1801	37.78	32.79	4.99
1802	41.41.	31.10	10.31
1803	31.43	27.04	4.39
1804	34.45	26.91	7.45
1805	34.30	28.91	5.39
1806	36.52	27.79	8.73
1807	34.56	27.72	6.84
1808	34.55	27.55	7.00
1809	50.28	32.47	17.81
1810	48.87	39.86	9.01
1811	32.41	28.62	3.79
1812	43.24	27.73	15.51

For 1805-1812, the "real values" of exports and imports not only show higher totals than "official values" but they also reveal that the trade gap was smaller and that, more often than not, it was adverse rather than favourable.

Table 30 : The Balance of British Trade 1805-10.[5]
(real values)

Year	Exports	Imports	Balance
1805	£ 51.10 m	£ 53.58 m	- £ 2.48 m
1806	53.02	50.62	2.40
1807	50.48	53.50	- 3.02
1808	49.69	55.71	- 6.02
1809	66.01	59.85	6.16
1810	62.70	74.53	- 11.83

The years of the Berlin Decree and the Embargo Act witnessed a decline in exports of some £3.5 millions, while imports grew by a slightly greater amount. The letter, indeed, show a steady rise to 1810 while the former show greater variation. This is perhaps an indication of the greater impact of war and controls

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4. Compiled from Customs, File 17, volume 30,(17/30), 'State of Commerce, Navigation and Revenue 1808'.
Crouzet, L'economie Britannique....Appendix 2,Tables 1 & 7.

5. Crouzet,op cit, Appendix 2, Tables 1 & 7
Quarterly Review,March 1812,pp 15-17.

upon exports. The sudden upsurge of exports in 1809, consequent on the opening of the South American trade and the repeal of the Embargo Act, created a favourable balance. In fact the adverse balance of £6 millions was converted into a surplus of £6 millions in that year. In 1810, however, this temporary advantage was eliminated, not so much by a loss of exports but by a sharp rise in imports of quite substantial proportions. This change is not nearly so evident in "official figures" and comparison of the two sets of figures at this point may shed light on the differences between "official" and "real" values.

Although the Whigs queried the accuracy of the "official" trade statistics, falsification is probably of a very minor nature. The answer probably lies in the nature of the two sets of figures. "Official values" being more of an indication of volume, while "real values" are a more accurate indication of contemporary monetary values.(see Appendix A). It can be suggested, therefore, that the volume of exports was greater than its value, while the value of imports was greater than its volume. The "official" statistics for 1810 show that the volume of imports was lower than the volume of exports. On the other hand, "real values" show that imports were more valuable than exports. Thus the price of British imports was greater than the value of exports. In 1810 there was speculation in the South American trade which created a glut and a fall in export prices in that market. This would account for the unprofitability of the export trade. Speculation helped to increase the price of imports. In 1810, British importers used

the difference between British and Continental prices, brought about by inflation, to attract commodities into the British Isles at high prices.[6] Therefore, the main reason for the different balances of trade lies in the nature of the statistics used.

In volume of trade, Britain was able to maintain a steadily favourable balance. Variations in the prices of exports and imports tended to nullify this advantage at times and created an adverse balance of payments. This was probably offset in the long term by invisible earnings on shipping and insurance. The adverse balance of payments coincided with the years of economic pressure from France and the United States. Unfortunately, "real values" are not available for years before 1805 to test this idea of the coincidence of financial imbalance and economic warfare. So Britain does not provide a complete contrast to the permanent adverse balance of American trade.

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6. Crouzet, op cit. 633-635.

British Exports

During the eighteenth century, exports from England and Wales grew from £6.5 millions in 1700-1701 to £12.5 millions in 1750-1751, while exports from Great Britain rose from £17 millions in 1772-1773 to £30 millions in 1797-1798; all indicative of a steady rise in exports.[7]

The annual variation in exports in the decade before 1812 is shown by the official totals from the customs records.

Table 31 : Exports from Britain 1801-1812.[8]
(official values)

1801	£ 37.78 m	1807	£ 34.56 m
1802	41.41	1808	34.55
1803	31.43	1809	50.28
1804	34.45	1810	45.87
1805	34.30	1811	32.41
1806	36.52		

Exports tended to fluctuate according to the events of the European war. The drop in 1803 coincides with the Peace of Amiens and after the outbreak of war there is a steady rise until 1806, although the previous high point of 1802 is not attained. The combined effects of the French decrees and the Embargo Act in reducing total exports is quite small, but the level of exports in 1809 should be noted. The rise above normal levels suggests that the American measures prevented an expansion rather than caused any significant decline. The much greater variations in annual export figures after 1809 coincide with the more severe measures of France and the United States.

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7. Deane & Cole, op cit, p87, Table 22 (based on Customs records)
8. Crouzet, op cit, Appendix 2, Table 1: Customs 17/30; Annual Register, issues of 1809, 1810, 1812; Monthly Review, May-August 1812; Quarterly Review, March 1812.

The "real value" figures for exports reveal a similar pattern of annual change with a small decline of £3-4 millions in 1807-1808, and much greater variations thereafter. Most noteworthy is the substantial decline of nearly £20 millions in 1811, the year in which the Non-Importation Act is renewed.

Table 32: Exports from Britain 1805-1811.[9]
(real values)

1805	£51.10 m	1809	£66.71 m
1806	53.02	1810	62.70
1807	50.48	1811	43.93
1808	49.69		

There was a basic upward trend in total exports in spite of the difficulties of the later years. The only apparent effect of economic warfare is to slow down the rate of increase by a small amount. While not as spectacular as the growth in American trade, the increase in exports shows the steady pressure of an expanding economy succeeding against wartime restrictions.

Table 33: Average Annual British Exports.
(official values, based on table 31)

1801-1803	£ 36.87 m
1804-1806	35.09
1807-1809	39.77
1810-1812	41.50

Whether in "official" or "real values, the breakdown of the export figures into exports of British manufactures and exports of foreign produce shows a similar pattern of annual variation. The bulk of British exports comprised goods made or produced in Britain, although re-exports were not unimportant. In 1804, for example 28 per cent of exports consisted of re-exports, and by 1812 this had fallen slightly to 24 per cent. Re-exports did tend to be more vulnerable

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9. Crouzet, op cit, Appendix 2, Table 2.

to restriction as the percentage fell to 19 per cent in 1808 under the embargo, and to 21 per cent in 1811. The much higher percentage of British made exports remained much more constant, except in 1810-11. Only in 1811 did the export of British goods suffer a greater percentage loss than did re-exports of foreign and colonial produce.

Table 34 : British Exports and Re-exports 1801-1812.[10]
(official values)

Year	British Goods	Re-Exports
1801	£ 25.69 m	£ 12.08 m
1802	26.99	14.41
1803	22.11	9.32
1804	23.93	10.51
1805	25.00	9.30
1806	27.40	9.12
1807	25.17	9.39
1808	26.09	7.86
1809	35.10	15.18
1810	34.92	10.94
1811	24.13	8.27
1812	31.24	11.99

The greater variation in re-exports suggests several lines of thought. These include the possibility that Britain found it easier to find alternative markets for her own goods up to 1811: Latin America being a good example. Since the French decrees affected both exports of British goods and re-exports to Europe, while the American sanctions tended to affect the former only, it would appear that the Continental System had a greater impact on British exports than did sanctions before 1811. The drop in domestic exports in 1811, coinciding with the Non-Importation Act, appears to support this argument.

At "real values" the two classes of exports exhibit the same pattern of annual variation.

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10. Crouzet, op cit. Appendix 2, Table 1.

Table 35 : British Exports and Re-Exports 1805-1811.[11]
(real values)

Year	British Goods	Re-Exports.
1805	£ 41.06 m	£ 10.04 m
1806	43.24	9.78
1807	40.48	10.00
1808	40.88	9.08
1809	52.24	15.77
1810	49.97	12.72
1811	34.91	9.02

The only difference seen in the above table is that the percentage of re-exports at "real values" tended to be a little less than but more steady than those at "official values". In 1805, some 20 per cent, and in 1809, about 23 per cent, and in 1812, 20 per cent of exports were exports of foreign produce.

In the short term, the annual figures for exports at "real values" reveal a steady upward trend to 1809 after which there was greater annual fluctuations. But this is too restricted in time to be of much value in ascertaining the basic trends in exports. In terms of volume or "official values",1801-1812, British exports rise at an increasing rate because of the growth of exports of manufactured goods. Re-exports remained stable in absolute terms for most of the period and then declined in relative terms in the later years. This fall in British re-exports was not as drastic as that suffered by American re-exports in the same years. Thus, the export of British-made commodities was the more dynamic and expanding sector of British exports.

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11. Crouzet, op cit, Appendix 2, Tables 4 & 6,
Heckscher, The Continental System,245
Seybert,Statistical Annals, 287.

Table 36 : Average Annual Domestic Exports and Re-Exports.
(official values: based on Table 35)

	Domestic Exports	Re-Exports
1801-1803	£ 24.93 m	£ 11.93 m
1804-1806	25.26	9.64
1807-1809	28.78	10.81
1810-1812	30.10	10.40

In terms of individual geographical markets for British exports, North America was consistently the best customer for British exports during the 18th century, both before and after the War of Independence. In terms of regions rather than countries, the Europe, and the "Rest of the World"(all non-European areas except North America) were greater customers. This was particularly true of the latter during the years of sanctions and regulations. Nevertheless, in the long term, the United States was the best purchaser of British exports.

Table 37 : Geographical Distribution of Exports in the 18th Century.[12]
(official values)

	1700-1*	1730-1*	1750-1*	1772-3	1780-1	1789-90
N.W.Europe	£3.2m	£3.2m	£4.2m	£5.3m	£3.5m	£5.2m
Baltic	0.3	0.2	0.4	0.5	0.4	0.8
S.Europe	1.7	2.5	3.8	2.5	0.8	2.4
Ireland	0.3	0.6	1.3	2.2	2.1	2.3
N.America	0.3	0.5	1.3	3.2	1.8	3.6
West Indies	0.3	0.5	0.6	1.3	1.5	1.9
East Indies	0.1	0.1	0.6	0.9	0.8	2.1
Africa	-	0.2	-	0.6	0.2	0.8

* England & Wales only.

By 1798, exports to North-West Europe had risen to £10 millions, whilst those to North America had risen to £6.2 millions, and export to the West Indies to £5 millions.[13]

12. Adapted from Deane & Cole, British Economic Growth, p87, Table 22.
13. Ibid.

The continued importance of the United States as a market for the exports of Great Britain can be seen in the "real" and "official" values of British exports in the decade before 1812. As a national market the United States is very important and compares favourably in size with regional markets such as Europe and the "Rest of the World". No other national market consistently surpasses the United States.

Table 38 : Destinations of British Exports 1802-1812.[14]
(official values)

Year	Northern Europe	Southern Europe*	United States	Rest of the World.
1802	£ 17.4 m	£ 5.2 m	£ 5.3 m	£13.3 m
1803	12.5	2.7	5.2	10.8
1804	12.7	3.0	6.4	12.3
1805	13.0	2.4	7.1	11.7
1806	10.5	2.6	8.6	14.7
1807	9.4	3.2	7.9	13.9
1808	4.7	6.5	4.0	19.2
1809	13.6	10.0	5.2	21.3
1810	11.9	7.6	7.8	18.4
1811	2.7	12.1	1.4	16.0
1812	6.4	14.5	4.1	18.1

* includes Spain and Portugal.

Table 39 : Destinations of British Exports 1805-11[15]
(real values)

Year	Europe	Asia	Africa	U.S.A.	Other areas
1805	£20.4m	£3.1m	£1.1m	£11.4m	£8.5m
1806	17.5	3.2	1.6	12.8	11.8
1807	15.4	3.5	1.0	12.0	11.3
1808	13.9	3.7	0.8	5.3	18.1
1809	27.1	2.9	0.9	7.4	19.8
1810	24.2	3.1	0.6	11.2	17.6
1811	18.5	3.0	0.4	1.8	12.8

A more detailed view of the place of the United States as a national market for British exports can be seen below.

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14. Crouzet, op cit, Appendix 2, Table 1.

15. Monthly Magazine, 1st July 1812, 592-4
Crouzet op cit, Appendix 2, Table 6.

Table 40 : Destinations of Exports 1801-1812.[16]
(official values)

Country	1801	1802	1803	1804	1805	1806
Russia	£ 0.8m	£ 1.3m	£1.3m	£1.2m	£1.5m	£1.7m
Holland	3.9	4.4	1.7	2.3	0.4	1.2
France	1.2	2.4	1.2	-	-	-
Germany	9.2	8.8	6.6	5.2	6.7	6.0
Norway-Denmark	0.3	0.4	1.7	3.8	4.3	1.4
Sweden*	-	-	-	-	-	0.2
Spain*	-	-	-	-	-	0.1
Portugal*	+	-	-	-	-	1.4
Mediterranean*	-	-	-	-	-	0.8
U.S.A.	7.5	5.3	5.3	6.4	7.2	8.6
Br.West Indies	4.4	3.9	2.4	4.3	3.8	4.7
Canada*	-	-	-	-	-	1.0
South America*	-	-	-	-	-	1.8

Country	1807	1808	1809	1810	1811	1812
Russia	£ 1.7m	£ 0.4m	£0.9m	£0.9m	£0.7m	+
Holland	-	-	-	-	-	-
France	-	-	-	-	-	-
Germany	0.6	1.6	6.6	4.8	0.2	0.3
Norway-Denmark	4.9	-	0.3	0.2	0.7	-
Sweden	0.7	2.4	3.5	4.9	0.5	-
Spain	0.1	0.9	2.4	1.4	1.2	1.1
Portugal	1.0	1.1	1.4	2.0	5.1	-
Mediterranean	1.6	4.3	5.8	4.3	5.8	8.7
U.S.A.	7.9	4.0	5.2	7.8	1.4	4.1
Br.West Indies	4.6	5.9	6.0	4.8	4.1	4.8
Canada	1.1	1.1	1.7	1.8	1.9	1.4
South America	1.3	4.8	6.4	6.0	3.0	-

* data not available for 1801-1805

The above tables reveal several points of interest. The importance of the continent of Europe as a market for British exports is considerable, but subject to fluctuations during the years of economic warfare. Although it is the largest regional market, it is best studied by a division into northern and southern areas because these two areas were affected differently by the Continental System, and did develop in different ways during the decade. At first, Northern Europe formed a very important market but it declined in utility and profitability under the pressures of war and the rule of Napoleon. Southern Europe

16. Compiled from information scattered throughout Gayer, Rostow & Schwartz, Growth and Fluctuation of the British Economy 1790-1850, (1953), volume 1, chapter 2.

became a more important market as Britain tried to find new markets and circumvent the Continental System. The growth of trade with Southern Europe more than compensated for the losses further north. During the decade as a whole, exports to Europe rose in spite of the short-term losses incurred through war and restrictions.

The United States was the best national market. This position, however, was not unchallenged in the short-term, as exports across the Atlantic were surpassed from time to time by exports to other countries. Britain, perhaps, was a little less dependent on the United States as a market for exports as a whole, than the Americans were on the British market and British industry. The greater importance of the United States as an export market lies not just in its size but as an alternative area of compensation and expansion as the markets of Europe were closed by Napoleon. Sanctions were to prevent the full use of this alternative. Exports to the United States rose after the renewal of war in 1803, but a small decline in this growth in 1807, before sanctions, can be seen. After 1807 the relationship between exports and sanctions is quite marked. The sudden rush of exports in 1812 might be the result of the rush of American vessels back to the United States before war broke out.

The percentage of exports to the "Rest of the World" tended to rise during the decade, and became particularly obvious from 1808. This can be attributed to the search for alternative markets, especially in Latin America, but, as with all increases in exports, the pressures from a fast growing industrial economy must not be underestimated.

Returning to Europe, the area of greatest effort by British exporters was in Germany and in Scandinavia, but these markets were not secure or free from French influence as the fluctuations and eventual decline of British exports to German and Scandinavian ports reveal. This was balanced by the considerable rise in exports to Portugal and Spain, but this was more a response to the needs of the Peninsular War rather than to market demand, and this was complemented by a similar rise in exports to Italian and other Mediterranean ports as an effort to circumvent the Continental System.

Outside Europe, three points of more detailed interest can be seen. The relative unimportance of Canada, possibly because of the smallness of its population in comparison with the United States, meant that no alternative market of any consequence was developed there. Throughout the decade, exports to the British West Indies remained at a steady and high level. Although not as important as the United States as a market, its steady purchase of British goods was a reliable and stabilising influence in the changing pattern of exports. Finally, the sudden and sharp rise in exports to Latin America in 1808-9 and its relative decline after the glut of 1810 is readily apparent. Its importance lay in its use as an alternative market and in its consequent inability to absorb all the excess British exports during the period of sanctions and of depression in Great Britain.

While the bulk of British re-exports went to Europe, a considerable proportion of the exports of British manufactures were sent to the United States.

Table 41 : Percentage Geographical Distribution of Exports.[17]
(based on "real" values,

Year	British Goods			Re-Exports		
	Europe	U.S.A.	Rest	Europe	U.S.A.	Rest.
1805	37.8	30.5	31.7	78.7	5.1	16.2
1806	30.9	31.3	37.8	72.9	5.7	21.4
1807	25.5	33.4	41.1	80.0	3.1	16.9
1808	25.7	15.0	59.3	71.1	0.9	28.0
1809	35.4	16.2	48.4	83.1.	1.4	15.5
1810	34.1	23.9	42.0	76.9	2.7	20.4
1811	42.9	6.2	50.9	83.6	0.4	16.0

The export of British goods and re-exports to Europe as a whole underwent some fluctuation but suffered no drastic decline during the years of the Continental System, possibly because of the change from the markets of northern Europe to those further south. In contrast, the impact of sanctions on the large-scale export trade in British goods to the United States is apparent in the decline in the percentage sent across the Atlantic. As re-exports to the United States were negligible, British industry would be the sufferer in any economic war with the Americans. The steady rise in the percentage of British goods exported to the "Rest of the World" confirms the search for alternative markets and underlines the vulnerability of British domestic exports to sanctions. This basic pattern of exports is confirmed by "official" and "real" figures for exports of British goods and foreign produce. They further illustrate the rise of the Latin American and Southern European markets from comparative obscurity to places of value during the last years of the decade before the War of 1812. Of these two markets, both purchase British manufactures, while only the latter tends to buy British re-exports of foreign or colonial produce.

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17. Heckscher, The Continental System, 325
Gayer, Rostow & Schwartz, op cit, chapter 2.

Table 42 : Destination of British Exports at both values.

A. Official Values 1802-12

1. British Manufactures[18]

Year	N.Europe	S.Europe	U.S.A.	Rest of World
1802	£ 6.9m	£ 4.2 m	£5.1 m	£ 10.6
1803	5.9	2.2	5.1	8.8
1804	5.7	2.5	6.2	9.5
1805	7.0	2.0	6.8	9.0
1806	4.9	2.3	8.2	11.8
1807	3.6	2.6	7.7	11.2
1808	1.6	4.9	3.9	16.1
1809	4.6	7.8	8.0	17.6
1810	6.3	5.7	7.6	15.3
1811	1.1	8.5	1.4	13.0
1812	1.9	10.2	4.1	14.9

2. Re-Exports[19]

1802	10.5	0.9	0.1	2.7
1803	6.6	0.5	0.1	2.0
1804	7.0	0.5	0.2	2.2
1805	6.0	0.3	0.2	2.6
1806	5.5	0.3	0.3	2.8
1807	5.7	0.6	0.1	2.7
1808	3.0	1.5	0.6	3.1
1809	9.0	2.2	0.1	3.7
1810	5.6	1.2	0.2	3.1
1811	1.6	3.7	-	2.9
1812	4.5	4.2	-	3.2

B. Real Values 1805-11

1. British Manufactures[20]

Year	N.Europe	S.Europe	U.S.A.	South Am.	Rest
1805	£ 10.3 m	£ 3.3 m	£ 11.0 m	£ 7.7 m	£ 8.7 m
1806	7.5	3.8	12.3	10.8	8.6
1807	5.0	3.9	11.8	10.4	9.2
1808	2.1	6.8	5.2	16.6	10.1
1809	5.7	10.1	7.2	18.0	9.1
1810	7.7	7.9	10.8	15.6	7.8
1811	1.5	11.3	1.8	11.4	8.5

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18. Customs 8/1, Export of British manufactures by Article; Crouzet, op cit, Appendix 2, Table 3. d'Ivernois, The Effects of the Continental Blockade, (1810), 26-7, 66-8

19. Customs 10/1-10/4, British Re-exports by Country. Crouzet, op cit, Appendix 2, Table 5.

20. Heckscher, The Continental System, 245 Porter, Progress of a Nation, 479 Crouzet, op cit, Appendix 2, Table 4.

2. Re-Exports[21]

Year	N.Europe	S.Europe	U.S.A.	Rest(incl.S.America)
1805	£ 6.3 m	£ 0.4m	£0.4 m	£ 2.8 m
1806	5.8	0.3	0.4	3.1
1807	5.7	0.6	0.2	3.3
1808	3.2	1.7	-	4.0
1809	8.8	2.4	0.2	4.2
1810	6.1	2.4	0.3	3.8
1811	1.9	3.7	-	3.2

The importance of British manufactured goods in the British export trade with the United States is the most important point to emerge from this brief survey. Britain depended on the export of her own goods rather than on the re-export of colonial and foreign goods for the health and wealth of British exports. Of the markets for the former, the United States was easily the most important and most consistent national market. The marked fluctuations in this export trade to the United States 1807-12 underline its importance and its vulnerability to American economic coercion. The table below further illustrates the importance of the United States as a consumer of British goods.

Table 43 : Exports of British Goods to the United States[22]
(official values)

Year	Total Br.Exports to U.S.A.	Total Br.Goods to U.S.A.
1802	£ 5.23 m	£ 5.14 m
1803	5.27	5.14
1804	6.39	6.19
1805	7.14	6.66
1806	8.61	8.28
1807	7.92	7.74
1808	3.99	3.93
1809	5.18	5.02
1810	7.81	7.60
1811	1.43	1.41
1812	4.31	4.09

Among the other points gleaned from this geographical analysis of

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21. Crouzet, op cit,Appendix 2, Table 6.
Annual Register,1812,p224.

22. Crouzet, op cit,Appendix 2, Tables 1 & 3.
Macgregor,Commercial Statistics, vol 3,800.
Sears,L.M. Jefferson and the Embargo,(1927),294-6.

British export trade, the export of both British goods and re-exports to a European market which changed in geographical importance as Britain tried to overcome the French regulations by concentrating on southern Europe, and the search for alternative markets for British made goods in the "Rest of the World" are of considerable importance. All reflect the impact of war and economic coercion on the export trade. It remains to be seen whether exports were more susceptible to external influences than British imports.

British Imports

British imports rose steadily during the eighteenth century, with a marked acceleration in the rate of growth in the last two decades. Under the impact of industrialisation the flow of imports doubled. In 1700-1701, the official value of imports into England and Wales was £5,819,000; by 1780-1781 this had risen to £11,189,000 of imports entering the ports of Great Britain; and by 1797-;798 British imports had grown to £23,903,000.[23]

In the decade prior to the War of 1812, British imports were comparatively steady with only small annual variations. The one exception was the sudden drop in imports in 1811, which was the probable result of the speculative inflow of goods in 1810 because of price differences between Britain and Europe. The drop in demand resulting from the depression in Britain prolonged the sluggish flow into 1812.

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23. Deane & Cole, British Economic Growth, p.87, Table 22.

Table 44 : British Imports 1805-1810.[24]
(real values)

1805	£ 53. 85 m
1806	50. 62
1807	53. 50
1808	55. 71
1809	59. 85
1810	74. 53

Table 45 : British Imports 1801-1812.[25]
(official values)

1801	£ 32.79 m	1807	£ 27.72 m
1802	31.10	1808	27.55
1803	27.04	1809	32.47
1804	2[illegible]91	1810	39.86
1805	28.91	1811	28.62
1806	27.79	1812	27.73

The speculative inflow in 1810 is more marked in "real values" than in "official values" which tends to reinforce the point that the change was the result of price changes rather than any substantial change in the volume of imports.

Between 1801 and 1812 there was a slight upward trend in British imports which became much more marked during the years of boom and slump 1809-1912. Apart from this there seems to be little connection between annual changes in total imports and the incidence of war and regulations. But, in comparison with the eighteenth century, the war against Napoleon almost stopped the rapid growth in imports.

Table 46 : Average Annual British Imports 1801-1812.[26]

1801-1803	£ 29.97 m
1804-1806	£ 27.87 m
1807-1809	£ 29.24 m
1810-1812	£ 32.07 m

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24. Quarterly Review, March 1812, pp15-17.

25. Customs 17/30, State of Commerce, Navigation and Revenue. Crouzet, op cit, Appendix 2, Table 7.

26. Based on Table 45.

Imports can be divided into those for re-export and those for consumption within Britain. Although no direct figures are available for the latter, a rough guide can be obtained by subtracting re-exports from the total value of imports. Like the total inflow of imports, imports for home consumption remained fairly steady until the crisis years of 1809-1812. Then, imports changed as the result of developments in the British economy, and not as the direct result of any American sanctions which had begun in 1807. There was a substantial rise in imports for home consumption in 1810, probably the result of speculation in Britain, and an equally sharp fall in 1811-12, probably as a result of the slackening of demand in Britain as the economic depression began to curtail business and private expenditure.

Table 47 : Imports for Home Consumption and Re-Export.[27]
(official values)

Year	Total Imports	Re-Exports & Percentage		Home Consumption.
1802	£ 31.10 m	£ 14.41 m	46.3 %	£ 16.69 m
1803	27.04	9.32	34.4	17.72
1804	26.91	10.51	39.0	16.40
1805	28.91	9.30	32.1	19.61
1806	27.79	9.12	32.8	18.67
1807	27.72	9.39	33.8	18.33
1808	27.55	7.86	28.5	19.69
1809	32.47	15.18	46.7	17.29
1810	39.86	10.94	27.4	28.92
1811	28.62	8.27	28.9	20.35
1812	27.73	11.99	43.2	15.74

The imports of commodities for re-export showed a similar steadiness in the early and middle years of the decade, after the upsets of the Peace of Amiens which caused a sharp drop in 1803. During these years approximately one-third of all imports were re-exported. From 1808, however, this trade

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27. Crouzet, op cit, Appendix 2, Tables 5 & 7.

experienced sharp fluctuations in volume and in the percentage of total imports. The very sharp rise in 1809 coincides with the end of the Embargo Act and a relaxation of the Continental System. The later variations 1810-1812 mark the increased severity and then the break-up of the Continental System. Imports for re-export do not follow the same pattern as imports for home consumption 1810-12 but both reflect the demand and ability to reach their respective markets.

In general, like total imports, imports for consumption within Great Britain were much less variable than British exports. This is, perhaps because exports were more subject to the vagaries of economic warfare than imports. In other words, Britain was more vulnerable to action against her exports than against her imports.

Throughout the eighteenth century, but especially in the later decades, the principal suppliers of goods bought by British merchants were not in Europe or in the American colonies and United States, but in the areas of the "Rest of the World", such as the West Indies and the East Indies. In 1772-3, for example, out of a total import bill of £13.59 millions, approximately £5.5 millions came from these tropical regions and only £1.9 millions from North America and £4.5 millions from Europe.[28]

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28. Deane & Cole, British Economic Growth, p87, Table 22.

This pattern was continued in the early nineteenth century, even during the years of economic warfare. After the "Rest of the World", Europe as a whole was a more important supplier of imports than the United States. Like exports, Europe was divided into northern and southern markets whose relative importance changed under the pressures of war. Northern Europe, which included the whole coastline from France to Russia, originally provided many of Britain's needs. But imports from this region dropped during the periods of strong French action in 1808 and 1810-11, and these losses, unlike exports, were not balanced by any increase in imports from southern Europe. During the whole decade imports from the latter region remained comparatively static. They did not increase when most needed and actually fell in 1808-9, but unlike exports which can be sold in most markets no matter what sort of commodity is exported, imports depend more on the nature of the supplying country and, therefore, southern Europe may not have been able to replace northern Europe as a source of supply because of climate and geography.

Imports from the United States remained small and reasonably steady except during the embargo 1807-9: a reflection of the American desire to strike at British imports while retaining the benefits of their own export trade. Imports from the United States derived their importance not from total value but from the nature and importance of the individual commodities supplied by the United States.

Losses in Europe and the United States were more than compensated by a steady rise in imports from the "Rest of the World". This remained true until 1811 when the sharp decrease i the possible result of a contracting British demand as a result of the depression. So total imports were comparatively unaffected by restrictions until the slump which was brought about in part by the loss of export markets caused by France and the United States. So long as Britain could purchase goods from the "Rest of the World" there was little that France or the United States could do to affect the total inflow of goods: but an analysis of the main commodities may reveal weaknesses.

Table 48 : Origins of British Imports 1802-1812.[29]

(official values)

Year	Northern Europe	Southern Europe	United States	Rest of World
1802	£ 6.34 m	£ 2.81 m	£1.92 m	£19.88m
1803	5.82	3.04	1.91	16.25
1804	6.57	2.07	1.65	16.61
1805	7.60	2.40	1.76	17.04
1806	6.04	2.15	2.00	17.59
1807	5.66	2.30	2.84	16.90
1808	2.33	1.89	0.83	22.51
1809	6.39	3.19	2.20	20.30
1810	8.02	4.45	2.61	24.77
1811	2.68	1.66	2.30	21.96
1812	3.92	2.24	1.29	20.27

Two commodities of vital importance in the composition of imports were cotton and grain. The former was essential to the growth of the industrial areas of Britain while grain imports reflect a degree of dependence on foreign supplies of foodstuffs. As records are usually in volume rather than monetary value, it is difficult to ascribe exact orders of importance but for both

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29. Customs 4/5-4/8, Record of Imports by Country. (for U.S.A.)
Crouzet, op cit, Appendix 2, Table 7.
Macgregor, Commercial Statistics, vol.3, 800.

commodities the figures for volume give indications of annual fluctuations and sources of supply.

Britain imported substantial quantities of cotton during the years before the War of 1812. In spite of the difficulties of war and the restrictions, British cotton imports rose during the decade as a whole. The greatest annual variations in imports took place during the years of dispute with the United States. But relations with the United States were not the sole determinant of the scale of imports as the size of the crop, the market price and the British demand for cotton were all important. However, in those last years of the decade the variations during the years of dispute with the United States show that the normal rate of increase of cotton imports was slowed down and partially reversed. In contrast to the long term growth then, the diplomatic entanglement with the United States and economic sanctions caused a short-term reversal of the normal trend.

Table 49 : Average Annual Imports of Cotton.[30]

1803-1804	57.84	million pounds
1805-1807	64.26	" "
1808-1810	87.63	" "
1811-1812	77.34	" "

The annual fluctuations in British cotton imports confirm the pattern of upward growth and greatest variation during the years of controversy with the United States. There is a steady rise in the volume of cotton imports until 1807. Imports fall drastically in 1808 when the effects of the embargo would be felt and then rise beyond the normal levels in 1809-10 which suggests that the end of the embargo opened a floodgate of

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30. Heckscher, The Continental System, 242.

cotton imports. This was followed by a considerable decline 1811-12, and then during the war with the Americans a levelling off occurs with cotton imports at their pre-1807 level.

Table 50 : British Cotton Imports 1802-1816.

Year	Millions of Pounds.[31]	Bags of Cotton.[32]
1802	-	281,353
1803	53.81	238,898
1804	61.86	241,610
1805	59.86	252,620
1806	58.17	261,738
1807	74.92	282,667
1808	43.60	168,138
1809	92.81	440,382
1810	132.48	561,173
1811	91.66	326,141
1812	63.02	261,205
1813	-	249,526
1814	-	287,631
1815	-	270,189
1816	-	369,462

The United States was the greatest single supplier of cotton but the Americans did not enjoy a monopoly situation. During the years of sanctions imports of cotton from Brazil and India, although there is not enough data to differentiate between Brazilian and American cotton 1809-10 sufficiently to say that Britain found an alternative source in the Portuguese colony.

At first the United States was not the principal source of cotton. Prior to 1790, the British West Indies supplied over 70 per cent of Britiah's imports. The relative importance of these islands declined during the 1790's as the United States grew into a dominant position which was confirmed during the following decade. By 1806-10, over half of Britain's cotton imports originated in the United States. Not quite as dramatic in the total pattern of imports but of considerable local importance

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31. Heckscher, The Continental System, 242.
32. Seybert, Statistical Annals, 92
N. Buck, The Development and Organisation of Anglo-American Trade, (1925), p34-37.

was the growth of imports from India and Brazil.

Table 51 : Origins of British Cotton Imports 1802-12.[33] (in bags)

Year	U.S.A.	Brazil	India	Other Countries
1802	107,494	74,720	8,535	90,634
1803	106,831	76,297	10,296	45,474
1804	104,103	48,588	2,561	86,358
1805	124,279	51,242	1,983	75,116
1806	124,939	51,034	7,787	77,987
1807	171,267	18,981	11,407	81,010
1808	37,672	50,442	12,512	67,512
1809	301,107		35,764	103,511
1810	389,605		79,382	92,186
1811	128,192	118,514	14,646	64,789
1812	95,331	98,704	2,607	64,563

Table 52 : Origin of Cotton Imports by Percentage.[34]

	1784-90	1796-1800	1806-1810
U.S.A.	0.16	24.08	53.14
Brazil	7.87	11.43	16.07
British West Indies	70.75	35.23	16.23
Mediterranean	20.44	18.47	1.28
East Indies(India)	0.78	8.90	12.79
Elsewhere	-	1.89	0.49

The United States had not only become the supplier of the greatest volume of cotton imports but also as imports rose the value, and hence the importance,of the cotton trade grew. Between 1800 and 1807 the value of cotton imports from the United States trebled. In the same period the quantity of cotton imported rose by only 70 per cent, thus indicating a tremendous rise in cotton prices during the war and thus much prosperity to the United States.

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33. Seybert,Statistical Annals, 92
Buck, op cit, 34-37

34. Ellison,Cotton Trade, p86 (quoted from Buck)

Table 53 : Value of Cotton Imports from U.S.A.[35]
(official values)

1800	£ 517,083	1805	£ 911,155
1801	£ 612,012	1806	£ 845,936
1802	£ 865,559	1807	£1, 532,531
1803	£ 881,961	1808	£ 425,925
1804	£ 817,081		

Note the drastic fall in 1808 when the Embargo Act took effect.

British imports of grain varied considerably between 1800 and 1812. The large-scale imports at the beginning of the decade took place in years of very bad harvests and much distress. As conditions improved, grain imports slackened off. In the years of war and sanctions, two points were observed. The large imports of grain in the relatively prosperous years of 1809-10, and the sharp drop in imports during the depression years of 1811-12: the reversal of the previous pattern. This can be explained partly by Napoleon's policies and by changes in British agriculture. The available evidence points to an improvement in farm output in this decade and to less severe shortages in 1811-12 than in 1800-1. Hence there is less dependence on imports. Napoleon forced grain into Britain 1809-10, by using the licence system, because of high production and low prices in Europe (aided by British speculation), but when Britain had a greater need for grain, supplies were cut off.

Table 54 : British Grain Imports 1800-1812.[36]

1800	2,130,000 quarters.	1807	1,270,000 quarters.
1801	2,400,000 "	1808	700,000 "
1802	1,280,000 "	1809	1,700,000 "
1803	940,000 "	1810	2,320,000 "
1804	1,240,000 "	1811	700,000 "
1805	1,480,000 "	1812	850,000 "
1806	860,000 "		

35. Compiled from Customs 17/22-17/30, State of Commerce, Navigation and Revenue 1800-1808.

36. W.F.Galpin, The Grain Supply of England during the Napoleonic Wars(1925),238-256.

Ireland was the largest single source of grain and was safely under British control. The other important suppliers were in northern Europe and shipments from them, Germany, Prussia, Russia and what had been Poland, declined as a result of the enforcemen of the Continental System. As a source of grain supplies the United States was comparatively unimportant. Its importance was potential rather than actual. French restrictions therefore, were more destructive than American sanctions to British supplies of grain.

Table 55 : American Grain Supplies to Britain 1800-1812.[37]
(volume in thousands of quarters)

Year	Quantity	Percentage	Year	Quantity	Percentage
1800	90	4.2	1807	250	20.0
1801	372	15.4	1808	13	1.8
1802	80	6.2	1809	172	10.0
1803	109	11.6	1810	98	4.2
1804	4	0.3	1811	18	2.5
1805	13	0.8	1812	11	1.3
1806	79	9.1			

Unimportant as these supplies were, the effect of the Embargo Act is apparent in 1808. The quantity imported in 1808, however, was not unique as the other small imports in several years testify.

Without accurate information about agricultural production, it is difficult to estimate the importance of grain imports into Britain. The high price of grain at times of distress and the demands to end the distillation of grain indicate that the lack of grain imports could have made Britain's position very difficult. As the United States was an unimportant supplier, sanctions were not a serious threat to Britain's food supplies.

37. Galpin, Grain Supply..., 238-256

The United States was not a major source of other imports such as wool, sugar and coffee. The two tropical commodities rise steadily while wool imports vary considerably during the decade. The changes in the latter commodity were the result of British demand rather than French or American action.

Throughout the period before the outbreak of war with the United States, British imports varied much less than British exports because of the comparative steadiness of the demand for imports for consumption within Great Britain. Apart from cotton, the United States was not an important supplier of imports. The United States was of much more value to Britain as a purchaser of British exports than as a supplier of imports.

British Shipping

Between 1792 and 1814, the number of ships registered in the British Empire rose by 60 per cent. The bulk of this tonnage was owned in Great Britain, where the upward trend in tonnage was even greater. By 1814, the tonnage registered in Great Britain had doubled in spite of the war and the comparative standstill in expansion 1804-1809.

Table 56 : British Registered Vessels and Tonnage.[38]

Year	British Empire		Great Britain(*England only 1801)	
	Ships	Tonnage	Ships	Tonnage
1792	16,079	1,540,000	12,776	1,187,000
	no data 1793-1796			
1797	16,902	1,618,832	13,356	1,404,651
1798	17,209	1,664,878	13,606	1,443,967
1799	17,891	1,752,244	13,896	1,500,678
1800	18,806	1,911,928	14,721	1,643,208
1801	19,676	2,016,117	15,387	1,733,488
1802	20,490	2,123,804	16,195	1,845,364
1803	20,879	2,167,125	17,003	1,927,452
1804	21,714	2,268,568	17,809	2,018,999
1805	20,984	2,227,636	17,960	2,035,683
1806	22,006	2,263,624	18,059	2,024,369
1807	22,280	2,281,622	18,265	2,039,926
1808	22,646	2,324,818	18,476	2,071,437
1809	23,070	2,368,486	15,687*	1,870,000*
1810	23,703	2,426,044	+	-
1811	24,106	2,474,744	-	-
	no data 1812-1813			
1814	24,418	2,616,000	19,585	2,390,000

Annual admission to British registry confirms this upward trend in ownership and fills in the gap in the above table for 1812. The outbreak of war in 1812 saw a slight decrease in the number and tonnage of vessels admitted to British registry after a constant annual increase in both numbers and tonnage since 1803.

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38. Customs 17/30, State of Commerce, Navigation and Revenue, 1808
Parkinson, Trade Winds, (1948), 83
Perceval MSS, BM. Add. MSS 49,177; Budget Statement of 1810.
Porter, Progress of a Nation, 511-514.
Annual Register, 1812, 219.

Table 57 : Admissions of Vessels to British Registry.[39]

Year	Ships	Tonnage	Year	Ships	Tonnage.
1801	2,779	369,563	1807	2,764	377,519
1802	2,827	358,577	1808	3,222	448,758
1803	2,286	307,370	1809	3,547	493,327
1804	2,533	337,443	1810	3,903	534,346
1805	2,520	339,763	1811	4,023	536,240
1806	2,564	342,248	1812	3,899	513,044

As employment of ships is a much more immediate indicator of the response of the British merchant fleet to war and sanctions, two aspects of employment have to be determined. The proportion of the British merchant fleet employed in overseas trade, and the degree of dependence by Britain on foreign vessels for overseas commerce. The dependence on American vessels is crucial.

A breakdown of the employment of vessels into trade routes reveals that a comparatively small number of vessels, British and foreign were employed in the long distance trades to the Americas, Asia and Africa.

Table 58 : Vessels entering and clearing British Ports 1792.[40]

	Entered	Cleared
Long Distance Trades	1,231	1,495
(of which in US trade	202	223)
Southern Europe	1,151	878
Northern Europe	5,762	4,918
Total in Overseas Trade	8,304	6,526
Total in all Trades*	13,033	13,891

* includes Irish and coastal trades.

The official returns for entrances and clearances give equal weight to every ship, whether coaster or East-Indiaman. Ships in overseas trades were larger and therefore more valuable. Taking 1808 as a sample year (see Table 59), the record of entrances into British ports shows that the average size of a

39. Porter, Progress of a Nation, 511-514.

40. Parkinson, Trade Winds, 73.

British vessel was around 120 tons; while a British vessel arriving from the United States averaged about 180 tons. Foreign vessels tended to be larger, with an average size of 150 tons, and those arriving from the United States were the largest of all at an average of 250 tons. Smallness in numbers in the long distance trades is balanced by the greater size of the vessels concerned. This gives even greater import,nce to the numbers of foreign vessels, since the records of the movement of British ships will include those in the coastal and short-sea trades.

Foreign tonnage played a considerable role in British overseas trade. Probably about half of all the vessels in that trade were foreign. The British merchant fleet, despite the mercantile outcry at American competition and profitability, could not meet the demands of British commerce. The reliance on foreign tonnage is highlighted by the almost complete monopoly enjoyed by American vessels in the trade with the United States. Although ship movements in British records are just divided into British and foreign ships, the official American figures have shown that practically all the American trade with Britain was carried in American ships. Therefore, it is a justifiable assumption that the vessels listed as "foreign" in the trade with America in Tables 59 and 60 are American owned.

Ship movements in 1808 and in 1811 indicate that American ships not only dominated British trade with the United States but also played an important part in British trade with other parts of the world. In 1808, for example, entrances into British ports from the United States fell from 653 vessels to 134 vessels whilst entrances of all foreign ships fell from

4,087 to 1,925. The decline in American trade was not solely responsible for the latter decrease, thus suggesting that the withdrawal of American vessels under the Embargo Act probably played a part in the decline of total foreign entrances. In other words, British commerce was indebted to the United States on many routes other than that across the Atlantic. As total clearances and entrances in 1808 of British ships only rose slightly, it would appear that the embargo did damage Britain by depriving British merchants of the use of American tonnage.

Table 59 : Entrances into British ports 1797-1812.[41]

A. British Vessels.

	Total Number		Number ex USA.	
	Ships	Tons	Ships	Tons
1797	9,081	1,121,704	+	-
1798	9,537	1,289,144	-	-
1799	10,557	1,375,169	-	-
1800	10,496	1,379,807	77	17,244
1801	10,347	1,378,620	131	25,950
1802	13,626	1,794,333	100	19,770
1803	12,060	1,620,286	135	30,638
1804	10,508	1,396,387	72	17,243
1805	11,414	1,494,290	70	16,003
1806	12,118	1,482,664	53	11,347
1807	11,213	1,436,607	84	18,229
1808	11,316	1,314,241	12	2,188
1809	12,656	1,539,573	34	7,918
1810	13,557	1,609,088	36	8,195
1811	12,908	1,522,692	77	18,969
1812	-	-	2	514

41. Customs 17/22-17/30 and 4/5-4/8.
Huskisson MSS,BM Add MSS 38,759,f226
Annual Register,1812,219
Monthly Magazine,1st July,1812.

B. Foreign Vessels

	Total Number		Number ex USA	
	Ships	Tons	Ships	Tons
1797	3,447	451,084	-	-
1798	3,112	420,028	-	-
1799	3,012	476,596	-	-
1800	5,512	763,236	550	124,014
1801	5,497	780,155	723	159,412
1802	3,728	480,251	375	91,348
1803	4,253	638,104	483	115,427
1804	4,271	667,299	363	89,500
1805	4,517	691,883	392	102,366
1806	3,793	612,904	508	135,634
1807	4,087	680,144	653	167,814
1808	1,925	282,892	134	34,186
1809	4,922	759,287	582	140,938
1810	6,876	1,176,243	669	156,752
1811	3,218	687,180	430	121,044
1812	-	-	366	101,013

Table 60 : Clearances from British Ports 1797-1811.[42]
(no data for 1812)

A. British Vessels

	Total Number		Number to USA.	
	Ships	Tons	Ships	Tons
1797	9,121	1,074,835	-	-
1798	10,565	1,139,151	-	-
1799	11,085	1,302,551	-	-
1800	11,867	1,455,271	62	14,351
1801	10,282	1,345,621	141	29,252
1802	13,012	1,626,966	135	29,410
1803	11,179	1,453,066	89	21,090
1804	11,131	1,463,286	58	13,738
1805	11,608	1,485,209	49	12,682
1806	12,251	1,486,302	39	8,731
1807	11,428	1,424,103	38	8,332
1808	11,923	1,372,810	56	14,204
1809	12,499	1,531,152	-	-
1810	13,090	1,624,120	-	-
1811	12,774	1,507,353	-	-

42. Customs 17/22-17/30 and 4/5-4/8
Huskisson MSS, BM Add MSS 38,759,f226
Annual Register,1812,219
Monthly Magazine,1st July 1812

B. Foreign Vessels

	Total Number		Number to USA	
	Ships	Tons	Ships	Tons
1797	3,002	392,766	-	-
1798	2,645	365,719	-	-
1799	2,392	414,774	-	-
1800	4,893	685,051	507	112,596
1801	5,626	804,880	718	158,916
1802	3,352	461,723	397	93,523
1803	3,672	574,542	472	111,857
1804	4,093	587,849	412	100,778
1805	3,832	605,821	433	108,083
1806	3,459	568,170	536	138,856
1807	3,846	631,910	676	183,385
1808	1,892	282,145	217	52,499
1809	1,530	669,750	-	-
1810	6,641	1,138,527	-	-
1811	3,350	696,232	-	-

The dependence of a considerable part of British overseas trade upon foreign tonnage seems to have been accepted, apart from the outcry about American competition. British shipbuilding output did not rise during the decade. Output bore no relation to the annual changes in registered tonnage, presumably because losses, sales and scrappings were taken into consideration. In 1797, 630 vessels of 78,250 tons were built in Great Britain. A peak of 1,194 vessels constructed was reached in 1803, and by 1808, the last year about which data is available, only 455 ships were built.[43]

The dependence on foreign tonnage is the principal point to emerge from this brief survey. Large as the British merchant fleet was, it could not cope with the increasing demands of British commerce and could not compete with American vessels.

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43. Customs 17/30, State of Commerce, Navigation and Revenue.

Conclusions

In terms of volume, British trade was balanced favourably, but in terms of cash value of trade there are some doubts about this balance in the later years of this period. The invisible earnings of British shipping are difficult to assess but they were probably not as beneficial as American shipping profits were to the United States.

The basic trend of British exports is upwards despite the annual fluctuations which tend to slow down the rate of growth in the later years of the decade. While the bulk of British exports consisted of manufactures, the importance of the variable re-export trade must not be overlooked. The export of British manufactures rose steadily and, until 1811, was less affected by economic warfare than the re-export trade, which declined under the pressure of restrictions: an indication that French regulations had a greater impact than American sanctions prior to 1811.

The United States was the largest single national market for British-made goods. Re-exports tended to be sold in the markets of European countries. Exports to Europe as a whole were greater than to the United States, while substantial quantities were sent to the "Rest of the World". There was a steady rise in exports to this latter region, partly as a result of Britain's search for alternative markets during the periods of French and American restrictions. On the whole, British exports to America were more important than British imports from the United States. British exports tended to switch from northern to southern Europe during the years of Economic warfare, although Germany and Scandinavia remained fairly constant customers. As trade with northern Europe declined,

the importance of Portuguese, Spanish and other Mediterranean markets grew: a result of Britain's efforts to circumvent the Continental System. The two main features of the export trade with the "Rest of the World" are the large and steady West Indian trade, and the sudden rise and then relative decline of the Latin American market. The persistent search for markets underlined the crucial importance of the export of British manufactures for the British economy.

Imports tended to be much steadier than exports and showed little overall upward trend. There was not such a definite relationship between imports and economic warfare as there was with exports. Mostly there was a large and steady inflow of goods for consumption in Britain. The main fluctuations occurred in imports for re-export.

The largest supplier of imports was the "Rest of the World" with the continent of Europe following ahead of the United States. Except for the year of the Embargo Act, imports from the United States were steady but not large-scale. Their value lay not in quantity of total imports but in their commodity composition. The United States was the most important supplier of cotton, needed by Britain's growing textile industry. Cotton could be obtained from Brazil and India, but not in sufficient quantities. Unlike exports, imports from northern Europe were not compensated by imports from further south.

Thus Britain depended upon the United States as the most important customer for her manufactures, and only a little less for the smaller but very valuable import trade in raw cotton. In both cases, American shipping dominated the trade. American ships generally played a vital part in the flow of Britain's commerce because, in spite of the size of the British merchant fleet, it was never able to handle all of the commerce of Britain, and help her war effort, nor could it compete with the more economical American vessels. American purchases, supplies and ships were essential to the British economy, whereas only British supplies of manufactures and her purchases of cotton were similarly important for the American economy. Great Britain was more dependent on the United States and thus was more vulnerable to economic sanctions.

CHAPTER FOUR

BRITAIN AND THE EMBARGO 1807-1809

Between December 1807 and March 1809, Britain was subjected to two forms of American economic sanctions: the Non-Importation Act which prohibited the entry into the United States of a selected number of British manufactured goods, and the Embargo Act which confined all the ships flying the American flag to harbour and thus deprived Britain of their employment. The effects of these two measures were both economic and political. The former can be traced through the impact of sanctions on British trade and then on the economy as a whole. But the main aim of Jefferson's policy was to induce a change in the British maritime policies towards the United States, and consequently, the political effects of sanctions on the government and its opponents must be examined.

According to official sources the balance between British exports and imports was more favourable in 1808 than it had been in 1807 because of a slight fall in imports. In 1807 there had been a surplus on the balance of trade of £6,840,000 which was increased to £7,000,000 during the year of the embargo.[1] So the American efforts had no apparent adverse effect on Britain's overall trading position: sanctions might have been expected to affect the balance by shutting off British export markets in the United States. This conclusion,however, is not confirmed entirely by the value of exports and imports at "real values." This reveals that a small cash surplus of £2,400,000 in 1806 was turned into a deficit of £3,020,000 in 1807, which plunged to £6,020,000 in 1808. Though exports fell by nearly £3,000,000

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1. Crouzet, op cit. Appendix 2, Tables 1 & 7.

in 1806-7 the fall between 1807 and 1808 when sanctions were in operation was less than £1,000,000. The deficits of 1807 and 1808 were the result of a rise in British imports from some £50,000,000 in 1806 to over £55,000,000 in 1808.[2] As the American measures would have greatest effect on British exports, whether to the United States or whether in American ships to Europe, they cannot be held responsible for this deficit in 1808. Despite the differing conclusions from the two sources, both show that American coercion had no visible impact on Britain's trade as a whole.

In total British exports in 1808 did not differ significantly from the total value of exports in previous years. Exports had totalled £34,000,000 in both 1804 and 1805, according to official sources, had risen to £36,520,000 in 1806, and then dropped slightly to £34,5000,000 in 1807. The total value of British exports in 1808 was £34,550,000: a drop of only £10,000 from the previous year.[3] This pattern is confirmed by the "real value" of British exports in these same years. A total of £50,480,000 worth of goods had been exported in 1807, and this fell to £49,690,000 in 1808.[4] On this basis the Embargo Act and the Non-Importation Act cannot be said to have caused any significant fall in the total outflow of British exports.

Changes in the composition and destination of British exports and more important, the impact of sanctions on the potential growth of British exports suggest,however, that Jefferson's policy was not a total failure economically. A general relaxation of trade

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2. Crouzet, op cit,Appendix 2, Tables 1 & 7.
   Quarterly Review,March 1812, 15-17.
3. Crouzet, op cit,Appendix 2,Table 1; Annual Register,1809,181
   & 1812;Monthly Review,May-August 1812;Quarterly Review,March 1812.
4. Crouzet,op cit,Appendix 2,Table 2.

occurred in 1809 with the repeal of the two American acts and an increased laxity in the enforcement of Napoleon's decrees. This would lead to an increased flow of trade, but the sharpness and size of the rise in British exports in 1809 suggests that the French and American policies may have acted as a brake on the growth of Britain's export trade; that potential rather than actual growth was the main victim of American sanctions. In 1808 exports had been officially valued at £34,550,000 but in the following year the outflow had risen to £50,280,000 which was not only a sharp rise on the previous year but also a total considerably above the norm for the years prior to 1808. "Real values" show a similar jump from £49,690,000 to £66,010,000.[5] As there had been no real fall in exports in 1808, this suggests that production for exports had grown considerably during that year and that sales of this new production had been held up until the relaxation of American and French restrictions on trade. Although the removal of sanctions was not the sole cause of this sudden upsurge of exports, as speculation boosted exports to new markets such as Latin America, a comparison of the increases in exports and imports in 1809 suggests that the removal of restrictions was not unimportant. Speculation because of higher prices in Britain, did lead to an increase in imports in 1809, but this rise was not nearly as great as that for exports. Whereas the official value of exports rose from £34,550,000 in 1808 to £50,280,000 in 1809, imports only rose from £27,550,000

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5. Crouzet, op cit, Appendix 2, Tables 1 & 2.

to £32,470,000 which added £10,000,000 to the balance of payments surplus.[6] This sharp growth in exports, after speculation is taken into account, indicates that the restrictive measures of the United States and France had acted as a brake, and had kept exports static in 1808 rather than caused any decrease in the total of exports.

The relative impact of the American and French measures on actual and potential exports in 1808 can be ascertained through the breakdown of export data into exports of manufactures and of colonial goods. As the United States was only an important purchaser of the former, and the European markets absorbed both types of goods, the effects of the sanctions can be distinguished best in the changes in the outflow of British manufactures.(although much of Britain's trade with Europe was carried in American vessels and would also be affected by the Embargo Act).

Officially, the export of British manufactured goods in 1808 totalled £26,090,000 which was a rise of nearly £1,000,000 over the total for 1807: a year which had seen a fall of over £2,000,000 from 1806. There had been a steady growth in the export of manufactures until 1806, and the total for 1808 represents a swing back to the normal pattern. This suggests that the Berlin Decree, in spite of the difficulties of its enforcement, had a greater impact than the Non-Importation Act and the Embargo Act combined. The small increase in exports

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6. Crouzet, op cit,Appendix 2, Table 2.

and the reversal to normal levels is also seen in the rise in the "real value" of the exports of British goods of £400,000 in 1808 over a total of £40,480,000 in 1807.[7]

In spite of the Berlin Decree, re-exports rose slightly in 1807 and only fell significantly in 1808 from £9,390,000 to £7,860,000 ; a pattern confirmed by "real values."[8] This suggests two related possibilities: the Berlin Decree was ineffective in stopping the flow of colonial goods into Europe and that the losses only took place in 1808 when the Embargo Act caused the withdrawal of the American vessels in which that trade was carried normally. This tends to contradict the probable effect of the Decree on the export of British manufactured goods. It is possible that some other factor such as the slackening of production in 1807 or the emergence of other export markets in 1807-8 disguised the full effects of the French and American policies on the export of British manufactures. Comparing the general impact of both American and French restrictions on the two types of exports, British manufactures underwent fairly small annual fluctuations and actually rose in 1808, whereas the re-export trade suffered proportionately greater changes, especially the loss in 1808. Both types of exports experienced sharp increases in 1809 whilst re-exports rose from £7,860,000 in 1808 to £15,180,000 in 1809.[9] The increase of over 100 per cent in re-exports compared with a 30 per cent increase in the exports of manufactures indicates that the former benefited most from

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7. Crouzet, op cit, Appendix 2, Tables 1, 4 & 6.
   Heckscher, The Continental System, 245
   Seybert, Statistical Annals, 287
8. same sources as footnote 7.
9. Crouzet, op cit, Appendix 2, Table 1.

the relaxation of the French Decrees and the re-employment of American vessels.

Both types of exports were at a substantially higher level than normal in 1809 which confirms the overall impression that speculation and increased production for exports contributed to the sharp overall growth in exports. The lack of American shipping and the restrictions of the French would lead to a stockpiling of colonial goods for Europe's markets. Relaxation led to a flow of re-exports in 1809, but as this was not sustained in 1810, it would seem that stockpiling was responsible for the sharp rise in 1809. The export of manufactures, on the other hand, continued at a high level in 1810 indicating that more than just stockpiling and speculation were the causes: an increase in production for export and in demand for British products took place 1808-10. The benefits of this growth might have been felt earlier had it not been for French and American restrictions, of which the latter, because of the Non-Importation Act was more likely to affect British industry. A geographical analysis of the changes in British exports will help to confirm whether American sanctions or French Decrees had the greater impact upon the growth of British production for world markets. So far it can be seen that sanctions had relatively little impact in cutting back exports, but their role as a brake on expansion has not been proved conclusively.

Table 61 : Geographical Distribution of British Exports.[10]

(official values ; £ millions)

Region	1806			1807			1808		
	A.	B	C	A	B	C	A	B	C
N.Europe	10.5	4.9	5.5	9.4	3.6	5.7	4.7	1.6	3.0
S.Europe	2.6	2.3	0.3	3.2	2.6	0.6	6.5	4.9	1.5
U.S.A.	8.6	8.2	0.3	7.9	7.7	0.1	4.0	3.9	0.6
Rest of World	14.7	11.8	2.8	13.9	11.2	2.7	19.2	16.1	3.1

	1809			1810		
	A.	B.	C.	A	B	C
N.Europe	13.6	4.6	9.0	11.9	6.3	5.6
S.Europe	10.0	7.8	2.2	7.6	5.7	1.2
U.S.A.	5.2	5.0	0.1	7.8	7.6	0.2
Rest of World	21.3	17.6	3.7	18.4	15.3	3.1

A : Total Exports

B : Exports of British manufactures.

C : Re-exports.

Exports to the northern half of Europe underwent a small decline during the first year of the Berlin Decree, because of a fall in the export of British goods from £4,900,000 to £3,600,000 which was not compensated by the rise of £200,000 in re-exports. This suggests that the decree was more harmful to the output from British factories. In 1808, however, all types of exports declined drastically, with a drop of 50 per cent. This coincided with the withdrawal of American vessels from the European carrying trade under the Embargo Act, though the continuing drop in the relative position of the export of British goods suggests that the French decrees continue to have some effect on British trade as well. The relaxation of American and French restrictions in 1809, and the extensive use of licences, created a three-fold increase in both types of

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10. Customs 8/1, 10/1-10/4
Crouzet, on cit, Appendix 2, Tables 1,2,& 5
d'Ivernois, The Effects of the Continental Blockade, (1810), 26-27, 66-68.

exports, of which only that in the export of British goods was sustained into 1810. This tends to confirm the temporary stockpiling of colonial goods in 1808, and the increased output from Britain's factories to meet increasing continental demand, and that the major obstacle to expansion in Europe was not so much the French decrees (in spite of the early effects) as the lack of American shipping in 1808. The lack of that shipping being the only new obstacle introduced and taking effect in 1808 which could account for the drastic decline in exports sent to northern Europe in that year.

The bulk of British exports sent to the southern half of Europe- the Iberian Peninsula and Mediterranean ports - consisted of British manufactures. Such exports doubled in 1808, continued to rise at a slower rate in 1809 and then declined to a level which was still above normal in 1810. This raises two related possibilities. This rise in 1809-10 above previous levels provides more evidence of the growth in British production to meet European demands. Secondly, the decline in such exports to northern Europe in 1808 was more than balanced by the flow to southern Europe in that same year. This was not paralleled by any switch in the re-export trade. Southern Europe, therefore, provided an alternative market and an alternative, if longer, method of entry into the markets of central Europe, where the demand for British goods was undiminished by Napoleonic decrees. There is no evidence of the Embargo Act having any effect on this trade: it may have been aided by the switch to this market by forcing a concentration of tonnage on this route because American ships were not available to ease trade further north. Lack of shipping might have curtailed the full exploitation of this southern market but there is no evidence of any shortage of

tonnage for this trade.

The British exports trade with the United States should be the trade where the effects of American sanctions alone would be seen distinctly. British trade with the United States, which consisted mainly of British manufactures, was cut by half as a result of sanctions. As this trade was virtually monopolised by American vessels, the results ought to have been more drastic. Certainly the number of foreign-owned vessels which cleared from British ports for the United States fell from 676 to 217, but this was partly balanced by the increased use of British vessels which rose from 38 to 56.[11] The Non-Importation Act banned the import of certain products but not others such as cotton goods. The Embargo Act prevented the departure of American vessels from American ports but not the arrival of British and American vessels laden with unrestricted commodities. Although the embargo came into effect in December 1807, the normal westward flow of vessels from Britain did not take place until the spring of 1808. As most American vessels made at least two annual voyages the effects of the loss of American vessels would not be felt until the summer and autumn of 1808, by which time Britain had found alternative markets.[12] Such technical loopholes in the American acts together with smuggling via Canada tended to mitigate the effects of the sanctions on Britain's export trade. In 1807, goods to the value of £7,700,000 had been sent from Britain's factories to the United States. In 1808 a loss of £3,800,000 was sustained. Just as

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11. Customs 17/22-17/30; 4/5-4/8.

12. Heaton"Non-Importation 1806-12", Journal of Economic Histor November 1941,pp178-198.

losses in the United States were more than compensated by a £5,000,000 increase in the flow of British manufactures to the "Rest of the World." While exports to Canada remained static, exports to the British West Indies rose from £4,600,000 to £5,900,000 and exports to South America rose rapidly from £1,300,000 to £4,800,000: a rise which continued up to a maximum of £6,400,000 in 1810. The bulk of this trade with the "Rest of the World" comprised British manufactures. While exports to the United States slowly returned to normal levels in 1809 and 1810, this rise was not as dramatic as that elsewhere and by 1810 exports were only at pre-embargo levels. In other trade-routes sanctions had acted as a short-term brake on expansion, but sanctions and the continued uncertainty about Anglo-American relations had a more permanent effect on the growth of British exports to the United States. Therefore, while the losses caused by the embargo were not as great as expected, the loss of potential growth was considerable.

Such potential losses were obscured by new British interest in Latin America where, for a time, speculative growth blunted the losses in North America. By 1810-11, the loss of the United States market as a growth point was felt when the relative backwardness of the Latin-American economy, the continued output of British industry, and much speculation proved that the temporary relief provided by Latin-America in 1808 could not compensate for long-term losses in the American trade. Official British interest in the possibilities of trade with Latin-America, which had been the colonial preserve of Spain and Portugal, had been aroused before the embargo. Castlereagh had urged the seizure of Buenos

Aires as a base for British trade.[13] This was in spite of the failure of an earlier expedition under Admiral Popham and General Whitelock in 1806-7. He was motivated partly by commercial considerations but mainly by the need to maintain some British interest on the South American continent as a counterpoise to French success in Europe.[14] The initial British seizure of Buenos Aires had whetted but not sustained British commercial interest in the area. It was the need to find an alternative market for British goods in 1808, combined with Napoleon's attempt to take-over Spain in May 1808 which opened the way for large-scale British trade with the area. With the start of the Peninsular War, British exports to Latin-America rose rapidly enough to compensate for losses in the export trade to the United States. Contemporary and later observers have remarked that this sudden change of events saved Britain from the worst effects of sanctions and the Continental System.[15] While this market did provide relief in the short-term, the American acts, by forcing British manufactures to look elsewhere for markets, substituted a less stable market for that of the United States. Although fears of a glut, expressed by George Canning in April 1808, or of the impermanence of the Latin American market, voiced in 1808 by Alexander Baring, were not unknown, the relief to British industry and the large-scale speculation in South American trade 1808-9 created a new feeling of boom and prosperity in Britain, in spite of the American sanctions and French decrees.[16] This speculative boom was one of the main

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13. Vane, Castlereagh Correspondence, Vol.8, 96-100 to Cabinet in memo of 21st December 1807.
14. C.J.Bartlett, Castlereagh, pp70-72.
15. Smart, Economic Annals of the 19th Century, vol.1, 176-177. d'Ivernois, The Effects of the Continental Blockade, 36.
16. Bathurst Papers, BM Loan 57, vol.3: letter ex Canning, 19th April, 1808.
A.Baring, Inquiry into Orders in Council..., 1st ed., p 50.

causes of the slump in the British economy in 1810-11 when circumstances made the weight of sanctions felt. Thus, as far as the effects of sanctions on British trade with the western hemisphere 1808-9 were concerned, they caused short-term losses in Anglo-American trade which were balanced by gains in Latin America: gains which were to help the policy of economic sanctions in the long run because of the speculative nature of the Latin American market.

The effect of sanctions upon British exports was not catastrophic, and, in fact, the Embargo Act would seem to have been a failure. The losses caused by direct cuts in trade with the United States and by the lack of American vessels in the European carrying trade were balanced by gains elsewhere: in southern Europe and in Latin America. Only in the export trade with the United States did losses occur in the export of British manufactures and these were balanced by gains in southern Europe and South America. Although the immediate losses were not very great, they were important in the longer term for the success of the sanctions policy. Losses were sustained not so much in actual exports as in the potential growth of British exports. Compensation for actual losses was found in the politically unstable, economically backward, and highly speculative markets of Latin America which were no substitute for the growing and stable American market in the long run. The lack of American vessels, combined with the restrictions of the Continental System, forced exporters to employ more costly British vessels on more circuitous and consequently more expensive routes; thus increasing prices and cutting back the profits on which future expansion would be based.

The American sanctions, therefore, introduced a degree of long term instability into the British export trade, even though the short term losses and dislocations had been nullified by increased exports to new markets.

The total flow of imports into Britain does not appear to have been affected by American sanctions. Officially imports totalled £27,720,000 in 1807, fell to £27,550,000 in 1808, and then rose to £32,470,000. This rise continued in 1810. This trend is confirmed by the "real value" data for total imports.[17] The Non-Importation Act had little power to effect imports other than to reduce British purchasing power by the decline in export sales to the United States. The Embargo Act would have a much greater effect as the bulk of trade with the United State was carried in American ships, which were confined to port: in 1806, 1807 and 1808 some 99 per cent of American trade with Britain arrived in American vessels.[18] In 1807 some 653 vessels mostly American, totalling 167,814 tons had entered British ports from the United States. In 1808 this was reduced to 134 vessels of a total of 34,186 tons. This reduction was not matched by any increase in the employment of British tonnage in the American trade: 84 vessels in 1807 and only 12 in 1809.[19]

Consequently, British imports from the United States which consisted of American produce for consumption within Britain, fell from £2,840,000 in 1807 to £830,000 in 1808. Even though 1807 had seen a higher volume of imports than in previous years

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17. Customs 17/30
Crouzet, on cit, Appendix 2, Table 7.
Quarterly Review, March 1812, 15-17.

18. ASPCN 1.

19. Customs, 17/22-17/30; 4/5-4/8
Annual Register, 1812, 219.
Monthly Magazine, 1st July, 1812.

the total for 1808 was substantially below that of the years before 1807. Losses cannot be measured just in terms of value, but also in terms of how far demand outran supply. This can be assessed in the cases of cotton and grain imports.

On the whole, shortages seem to have been met by increased imports from the "Rest of the World." Imports from this region rose from some £16,900,000 in 1807 to £22,510,000 in 1808, and balanced the reductions of imports from the United States and Europe caused by the withdrawal of American ships.(imports from northern Europe fell by £2,330,000 and those from southern Europe by £410,000). That this new source of imports was adequate to meet overall British demand was shown by the increase of £1,360,000 in imports for consumption in Britain in 1808 and by the total value of imports from the United States in 1809. If there had been any severe shortage of goods normally supplied from the United States then a considerable inflow in 1809 might have been expected. As it turned out, imports in 1809 only returned to their normal pre-1807 level, £2,200,000, and then only rose slowly in 1810.[20]

The United States had been the principal supplier of cotton since Eli Whitney's invention of the cotton gin as a result of which imports of cotton grew until a peak was reached in 1807. In that year Britain imported 171,267 bags of American cotton out of a total inflow of cotton of 282,667 : the

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20. Customs 4/5-4/8;
Crouzet op cit, appendix 2,table 7.

Americans' highest relative and absolute level.[21] This high level produced a temporary glut in supplies which helped to delay the effects of the embargo.[22] In spite of this relief total cotton imports fell somewhat and cotton imports from the United States fell very heavily. In 1808, out of a total import of 168,138 bags of cotton, only 37,672 were of American origin. This decline, which was very evident in the port of Liverpool, was effective in cutting back production in the Lancashire cotton industry where the resultant distress was to have political repercussions. Scarcity of cotton drove up prices, just as shortages of other commodities did in 1808.[23] Likewise the price of Sea-Island cotton which had been fairly steady in 1808 at around two shillings per pound, rose rapidly during the summer of 1808, reaching a maximum of five shillings and ninepence per pound in January 1809. A rapid reduction followed soon after the removal of the Embargo Act.[24]

The shortage of cotton and the high prices led to efforts to develop new sources of supply. Imports from Brazil rose from 18,891 bags to 50,442 bags. The Levant Company, which attributed the shortages to the embargo, imported cotton from Turkey.[25] The East India Company ordered some twenty million pounds of cotton from India, none of which arrived until 1809, as a result of which the Company sustained heavy losses about which it complained to the British government in succeeding

21. Seybert, Statistical Annals, 92.
    Buck, op cit, 30-37.
22. Perkins, Prologue to War, 26.
23. Smart, Economic Annals..., vol 1, p.183.
24. Jennings, W., The American Embargo, (1927), 72-82.
25. BT 1/41, f92, petition from Levant Company, 31st Aug. 1808.

years.[26] In spite of these efforts the high prices and above normal imports of cotton in 1809 and 1810 - when 440,382 and 561,173 bags were imported respectively - the embargo did produce an acute shortage of cotton at a time when the cotton industry was expanding rapidly as the "growth industry" of the Industrial Revolution in Britain. Only the glut of imports in 1807 mitigated the shortages for a time. Of all the industries of Britain, the cotton industry, dependent on American sources and American markets for its products, bore the brunt of American efforts to employ sanctions 1807-9.

The Irish linen industry depended upon imports of flaxseed from the United States and it was thought in 1808 that war with the United States would disrupt supplies.[27] Certainly sanctions reduced drastically, supplies to this industry. Imports from the United States fell from 48,058 hogsheads in 1807 to 38,785 in 1808 and only 10,169 in 1809.[28] This had serious repercussions not only for Irish industry but also for British seapower. In early 1809, the Navy Board complained of the scarcity of flaxseed and of hemp because "foreign supplies are precarious" and that attempts to grow hemp in Canada had failed.[29]

Contrary to the belief of ministers such as Lord Hawkesbury, in 1807 Britain suffered a bad harvest which was followed by an even worse one in 1808.[30] Britain was self-sufficient in food in years of good harvests but bad harvests made her dependent on imports of grain.[31] The Continental System cut off normal supplies from

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26. BT 1/51,f134; BT1/56,185 Letters from East India Co.1809.
27. BT 1/40,f190 Memo of 1st March 1808.
28. BT 1/42,f41,Table of Irish imports of flaxseed.
29. BT 1/42,f290; BT 1/45,f151: Memos of 28th March & 11th July 1809.
30. Liverpool MSS,BM.Add.MSS.38,571: Hawkesbury to Wellesley 3rd November,1807. Smart,Economic Annals,vol 1,182.
31. Porter,Progress of a Nation,175-177.

Northern Europe and, because of the Embargo Act, the United States could not provide an alternative source. In 1808, out of a total import of 700,000 quarters of grain, only 10,000 came from the United States. In the previous year the United States had been able to supply 250,000 quarters out of a total of 1,270,000.[32] The embargo curtailed supplies when Britain's needs were greater: thus a potential source of food was cut off As a result, grain prices rose from 68/11d per quarter in January 1808 to 80/6d in June, and to a maximum of 94/6d in March 1809.[33] In this difficult period the major source of grain was Ireland but this was not sufficient to alleviate the bad harvests as the rising prices indicate. The high food prices, to which the embargo contributed, was a major source of social unrest in 1808. That the United States could have supplied Britain if sanctions had not been in force as demonstrated by the import of 930,000 quarters of grain from that country in 1809 out of a total of 1,700,000 quarters. Though the sanctions had little apparent influence on total imports, through their effects on particular commodities, they dislocated and cut back industrial production and helped to drive up food prices.

By withdrawing American vessels from the high seas, the Embargo Act harmed British trade in two ways. Direct transatlantic trade was reduced drastically, though the effects were mitigated by the slow return of the American ships to the United States. A considerable part of British trade with Europe, and particularly to those parts of northern Europe under French influence was carried in American ships. This

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32. Galpin, Grain Supply.... 230-256.

33. Monthly prices in each issue of Gentleman's magazine.

declined as a result of the embargo. As British tonnage was overstretched by the needs of war, these losses could not be compensated. Many British shipowners actually welcomed the withdrawal of the more economical and more efficient American vessels.[34] Certainly a greater proportion of British trade was now carried in British ships and, according to George Rose, a junior minister, earned profits totalling £4 millions.[35] But the decline in trade with the United States and Europe, together with the longer and often more circuitous routes to new export markets, put a strain on the British merchant fleet. British trade needed American vessels and suffered accordingly: longer routes, new and less stable markets and inferior ships were a less profitable substitute.

The effects of the Embargo Act do not seem to have been appreciated at the time. The British government, shipowners and journalists concentrated their attention upon the short-term benefits to British shipping resulting from the American withdrawal. Perhaps this is an indication of the strong influence of the "shipping interests" as opposed to industrialists or workers, had upon the government of the day. In a similar fashion, the American government whether under Jefferson or Madison, did not appreciate the British need for shipping: perhaps the New England opposition to the embargo prevented action. All future sanctions were aimed at depriving Britain of her most important single export market while allowing British use of American

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34. See Stephen, "War in Disguise, and the evidence of Kirkman Finlay and John Gladstone to the Commons inquiry on the orders in Council, 1808, pp 1808.

35. Annual Register, 1809, 151, George Rose to House of Common, 1809

vessels, whose owners usually accepted regulations in order to make a profit. If the Embargo Act had been repeated, and the American ships withdrawn again, when the British economy was less strong and her war-effort vital to the survival of the government, then sanctions might have worked more speedily and possibly prevented the War of 1812.

There are two basic difficulties in assessing the effects of the commercial disruptions caused by the sanctions upon the British economy as a whole. Firstly, to distinguish the effects of sanctions against the background of social and economic upheavals which characterised the process of industrialisation. Secondly, the fears expressed by politicians and businessmen of the potential economic consequences of sanctions must be distinguished from the actual effects.

In the late eighteenth and early nineteenth centuries, the British economy was undergoing a process of rapid expansion and industrialisation, the main characteristics of which were the growth of factory-based industries, especially in textiles; mechanisation and the application of steam-power; migration to the new industrial towns where an urban working class was being created; the emergence of Lancashire and of Yorkshire as industrial regions, with the Midlands growing as well, and the emergence of a new class of industrialists. Agriculture had been improved considerably and now made Britain self-sufficient

in basic food supplies, except in years of bad harvests. The social consequences of industrialisation, with the creation of towns and an urban proletariat were not as beneficial: considerable distress in the form of poor living conditions and dependence on wages for an adequate food supply created suffering and insecurity amidst economic progress. The war with France had stimulated demand for munitions but had not converted the economy into that of a "nation at war". Government financial requirements, together with expansion, had created an inflationary situation, especially through the issue of paper money from 1797. In spite of social distress there was a feeling of confidence in the dynamic strength of the economy. The main weaknesses, according to one recent authority, were the dependence of some new industries such as cotton and wool on export markets in the United States and Europe, and a dependence on foreign supplies of raw materials.[36]

The economic and social consequences of the embargo tended to be felt most in those industries and areas which were involved in manufacturing goods for export, though the general rise in prices, due to the scarcity and speculation, must have been felt throughout the economy. Food prices rose by nearly 50 per cent and even greater rises took place in the prices of imported raw materials, such as wool, which rose from 6/9d per pound in 1807 to 26/- per pound in the following year, and in cotton which rose from 1/- to 2/7d per pound.[37]

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36. Crouzet, op cit, 203-204.

37. Grain prices in the monthly issues of Gentleman's Magazine. Other prices in Smart, Economic Annals..., vol 1, 183.

Costs of production rose, cutting back profits so that employers were less able to pay the higher wages made necessary by the higher food prices. Interruption of exports generally caused short-term losses until alternative markets were found and loss of raw materials helped cut back production forced up prices and caused more unemployment. In spite of these general observations about the probable effects of sanctions, actual complaints of losses and specific examples of distress were limited in numbers and geographically. Though British commerce was placed on a less secure footing, the nation-wide effects of sanctions on the economy seem to have been so diffuse that comment on this question was confined to those who either benefited or suffered as a result of the Orders in Council and the American sanctions.

Generally, shipowners and merchants in London felt that the sanctions together with the Orders in Council, were beneficial because of the removal of American competition at sea. The evidence of the House of Commons Committee of Inquiry in the spring of 1808 brought forth views of both the beneficiaries and the sufferers. The former included the Liverpool shipowner and merchant, John Gladstone, the London Merchant, Robert McKerral, and the Glasgow manufacturer, Kirkman Finlay. This inquiry revealed that those who complained of the losses caused by the sanctions were almost entirely composed of merchants engaged in trade with the United States, and that they blamed the Orders in Council rather than sanctions for their losses. Those engaged in trade with Europe, such as the men named above, which was also decreasing, supported the Orders in Council and saw no reason to blame sanctions. This

type of evidence indicates the limited nature of the economic losses caused by sanctions.[38] Those who complained against the Orders in Council were less concerned with actual losses, which only stimulated the later successful search for new markets, than with potential losses. They feared that the Americans would be unable to pay for future imports from Britain, and they dreaded an even greater breach with the United States. The observations of William Pinkney, the American minister, illustrate this. A Birmingham correspondent of Pinkney wrote that war with America would cause considerable unemployment in that city, yet the same man thought that it would be humiliating to repeal the Orders in face of American pressure.[39] This fear of potential losses was echoed by political figures such as Alexander Baring who feared the growth of American industry. This evidence, mostly from witnesses from Lancashire, tends to confirm the idea that whatever actual losses the Embargo and Non-Importation Acts caused to British exports, their role as a brake on industrial and commercial expansion was equally, if not more important.

The limited effects of sanctions on specific industries and regions was seen in the economic and social distress amongst the new urban proletariat. Only in a few areas was distress attributed to the cutback in exports. The principal sufferers were the weavers in the Lancashire cotton industry, but even here the connection between sanctions and the distress is not clear. As manufacturers incurred losses they began to cut back wages, but they began to do this in the autumn of 1807

38. PP1808, Commons Inquiry into the Orders in Council.
39. US Dip.Desp.vol 15, Pinkney to Madison, 11th March, 1808.

when supplies were good and the American market open.[40] This suggests that the initial hardship was the result of the Continental System. Hardship in the cotton industry found political expression in parliament in March 1808 when the subject of the Orders in Council was debated. Though this hardship and outcry took place before the embargo could have had effect on the cotton industry (which was unaffected by the Non-Importation Act) again fears of future losses were expressed and much rhetoric was expended in attacks on the Orders in Council. At this early stage little evidence of distress was produced, and it was confined mostly to Lancashire. The weavers of that county continued to suffer as the cotton industry really felt the bite of sanctions in the early summer of 1808. As a result, Sir Robert Peel presented a bill which would prescribe a minimum wage for weavers whose bad condition he attributed to the lack of foreign trade.[41] In support of this bill, rioting occurred in the towns of Manchester, Bolton, Bury and Rochdale. In all cases, wages rather than prices were the principal grievances of the weavers. The government replied by using troops to suppress the riots. This was the only militant action taken over economic conditions that arose in part from economic sanctions. Thus the social distress of 1808 was not seen to be caused by sanctions alone. The link between sanctions and distress was to be seen only in the cotton industry. In that industry, apart from a few riots, the reaction of the workers was peaceful. Sanctions did not cause the widespread distress or social revolution, but their more limited effects did have a considerable political impact on the

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40. Gray, D. Spencer Perceval, 176-7.
Sears, L., Jefferson and the Embargo, 278-290.
41. Smart, Economic Annals..., vol 1, 185.

Opposition and the on the government whose "de facto" leader, the Chancellor of the Exchequer, Spencer Perceval, did consider important policy changes as a result of the social unrest and economic dislocation.[42]

The disruption of trade and the social distress of 1808 had two related political consequences. Firstly, the creation of a movement composed of Whig politicians and businessmen who opposed Britain's policies towards the United States. In particular, this group demanded the withdrawal of the Orders in Council which had been issued in November 1807. Although the Embargo Act did not produce any drastic reversal of British policy, the results of sanctions played a considerable part in inducing the Tory administration to reconsider and modify its policy: a limited political result for an American policy whose economic results had been limited also.

Although fears of distress, economic losses and social unrest had been expressed by Lords Grenville and Auckland, the Whig leaders, in the autumn of 1807,[43] the first large-scale opposition to government policy manifested itself in the spring of 1808 when, as a result of petitions from merchants, manufacturers and hard-hit areas, the effects of American sanctions relations with America, and the Orders in Council were debated in parliament.[44] The debates provided an opportunity for the Whigs to present their arguments against the Orders in Council.

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42. Gray, Spencer Perceval, 174-6.

43. Auckland to Grenville 16th October 1807, L.M.Sears, "British Industry and the Embargo," Quarterly Journal of Economics, 1919-20, p89.
T.Grenville MSS, BM.Add.MSS 41,852, Lord Grenville to T. Grenville, November 1807.

44. Gray, op cit, 172-4, for details of petitions.

Although this had no apparent effect upon the government, they were successful in forcing a parliamentary inquiry into the complaints outlined in the petitions. Ultimately this inquiry was to do little more than provide a forum for the opponents and supporters of the Orders in Council to air their views. This presentation of the arguments against the Orders in Council by politicians and businessmen laid the foundations of the later successful campaign against the government in 1812. Sanctions, together with the Orders in Council, stirred up a political movement in Britain which was to achieve ultimately the main aim of American policy. This was the most important political effect of sanctions in 1808.

The Whigs did not oppose the American decision to employ economi coercion. Instead they reserved their wrath for the Orders in Council which they saw as the main cause of sanctions and of poor relations with the United States. They countered the claim of the government that the Orders in Council had been issued in retaliation for the Berlin Decree by saying that, since the Berlin Decree had been ineffective against British trade, retaliation was unnecessary. Retaliation was also very offensive to neutrals since they rather than France suffered as a result of British policy.[45] Alexander Baring claimed that the Orders in Council had made the Berlin Decree effective.[46] The Whigs contended that the embargo was causing serious losses to British trade and that the Embargo Act had been the direct

45. Baring's Speech to House of Commons, 1st April, 1808, Baring Inquiry into the Orders...., 1-9.
Lord Auckland, 15th February 1808, Gentleman's Magazine, March 1808, 245-9.
Edinburgh Review, January 1808, 484-498.

46. Baring's Speech, op cit., p53.

result of the Orders in Council. As a result the Orders in Council were more destructive than the Berlin and Milan Decrees. The distress about which the petitioners from Lancashire and elsewhere complained was caused by the policy of the British government.[47]

The opponents of the Orders in Council were concerned not only with the economic and social results in Britain. Fears were expressed about the decline of Anglo-American relations. Lord Grenville feared war with the Americans whilst Lord Holland thought that the Orders in Council were not conducive to good relations with the United States, the goodwill and prosperity of that country being advantageous to Britain. In the same debate in the House of Lords, Lord Lauderdale felt that the Orders in Council were tantamount to a declaration of war against the United States. Alexander Baring wrote that the Orders, by restraining American commerce, not only harmed British Trade but also made the United States an economic dependency of Britain: something which would not be tolerated by the Americans. Baring believed that the United States would resist the Orders even if it meant war. In a pamphlet addressed to British merchants trading with America, a Mr.Mann thought the Orders would encourage American hostility to Britain because they encroached on American independence: Britain needed American friendship and trade to balance the commercial losses in Europe.[48]

The Orders in Council were part of the Tory government's efforts

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47. Baring's Speech on [illegible], pp48-60
Brougham, Memoirs, vol 2, p4, pp7-8
US Dip.Desp. vol 15, Pinkney to Madison, 23rd November, 1807.

48. Gentleman's Magazine, February 1808, 151, and May 1808, 441-5.
Annual Register, 1808, pp80-82; Baring, Inquiry..., 15-22 (&58-2ed
FO 5/61, 53-63; Pamphlet by Mr.Mann copy in FO files.

to win the war against Napoleon, but the Whigs felt that these regulations actually aided the French Emperor. Firstly the Orders made the Berlin Decree effective. More important, many felt that the Orders in Council created hostility amongst potential friends of Britain and drove them into common cause with Napoleon. This view was even expressed by Lord Sidmouth, a Tory outside the government, who characterised the Orders as a "doubtful expedient"which could unit all nations against Britain. Lord Auckland expressed similar views in February 1808 and in his pamphlet Alexander Baring felt that Britain had thus given up an opportunity to cause disunity amongst her opponents.[49]

Of all the opponents of the Orders in Council, only Baring, in his important speech in the Commons on 1st April,1808, expressed fears at the long term effects of the Orders in Council upon Anglo-American trade. He warned that the supporters of the Orders should not rely on the continued superiority of British industry. He thought that British dominance of the American market would decrease as the American economy changed from an agricultural to a more industrial basis.[50]

Opposition to the Orders in Council because of their bad effect on British commerce and industry, hardship to the poor: the deterioration of relations with the United States; their help to Napoleon and the long-term effects on commerce with the United States were the main points which emerged from the

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49. Baring's Speech,1st April 1808,Baring,Inquiry...,128-9. Ziegler,Addington,(1965),283. Gentleman's Magazine,March 1808,245-9,Lord Auckland in House of Lord,15th February,1808.

50. Baring's Speech 1st April,1808, in Baring,Inquiry..,pp64-

parliamentary debates between February and May 1808. The debate had been initiated because of the economic and social consequences of sanctions. Although opposition was expressed by many Whig aristocrats, members of the Commons, businessmen before the Committee of Inquiry, and by periodicals such as the Edinburgh Review and the Monthly Review - driving force and the most eloquent opponent of the Orders in Council was Alexander Baring. A Member for Liverpool since 1806, Baring owed his influence to his position outside the arena of politics as a member of a family firm of merchant bankers, which had had long and extensive connections with the United States. At this time a liberal and free-trader (he became a Conservative in the 1830's as Lord Ashburton) he gave much strength to the movement against the Orders in Council but, at the same time, he was an illustration of some of the liabilities which hampered the movement in 1808-9. His business background gave him considerable knowledge of Anglo-American trade. His own constituency gave him a background in an industrial area with strong links with the American market. As such, the distress in Liverpool gave him a direct political interest in achieving the restoration of trade with the United States. His business connections with the United States, however, exposed him to charges of self-interest. His firm had been the principal financial agent in Europe for the American government since 1803, and powerful American merchants such as Stephen Girard of

Philadelphia numbered amongst his clients. So it could not be said that Baring's opposition to the Orders in Council, the removal of which might lead to the withdrawal of sanctions, was entirely disinterested. The same was true of most of those who spoke against the Orders in 1808: the businessmen who testified before the committee of inquiry, which Baring helped to set up, opposed the Orders because their own specific business interests had been hit.[51] This hampered efforts to widen support for their case at a time when other business "interests" were more powerful and when, in general, the economy, though damaged, had not been put in jeopardy.

The leadership provided by the Whig aristocrats such as Lords Grenville and Auckland was somewhat different. Although deeply concerned about the effects of the Orders and of sanctions, they were less devoted to particular business interests or to the interests of the United States. Party politics rather than economic self-interest was their motive. On occasion they lifted the debate to a higher level. Lord Erskine declared his opposition after a lengthy legal analysis of neutral rights.[52] This leadership, however, lacked the sharp edge of debate and the devotion to a cause which was to be found amongst Baring and his friends. While in government, Grenville and his colleagues had been responsible for policies which had restricted American

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51. Hidy, The House of Baring...., pp24-54.
PP1808, Evidence and List of Witnesses.
Horsman, The Causes of the War of 1812, (1962), 132.

52. Sears, Jefferson and the Embargo, 269-70, Erskine in House of Lords on 8th March 1808.

commerce: and in opposition the Orders in Council was only one stick with which to beat the Tories. So economic self-interest, party politics, and past policies, made it difficult for Baring, Grenville and their supporters to obtain widespread support.

The opponents of the Orders in Council faced the difficulty of attacking a vital part of the government's war effort without doing anything to create national disunity in face of the threat from Napoleon with his armies and his Continental System. This inhibited many in their opposition to the government and may have prevented others from lending their support. Repeal of the Orders in Council in face of American sanctions and Napoleon's power was thought to be too much of a national humiliation by many. It is difficult to estimate how much support was lost in this way, but an indication can be found in the speeches of Lord Grenville. The Whig leader said that war with the United States was preferable to any sacrifice of British maritime rights; and even Baring could not see any retreat on the issue of impressement. If the leaders were inhibited, the rank and file of the movement, such as the Birmingham merchant who had written to William Pinkney to express his fears of economic loss and his view that Britain should not back down, were even more reluctant to commit themselves to complete opposition to the government.[53]

It has been suggested that the opponents of the Orders in Council harmed their case by their failure to propose any alternative method by which the government could oppose the Contintal System.[54]

53. Gentleman's Magazine, February 1808, Grenville in Lords, 4th Feb. Baring, Inquiry ....., 97-99.
U.S.Dip.Desp, vol 15, Pinkney to Madison, 11th March, 1808.

54. Cunningham, British Credit in the Last Napoleonic War, (1910), p68.

Alternatives to the Orders in Council are not easily found amongst the statements of the Whigs, but the Edinburgh Review did suggest that the best way to combat the French decrees was to encourage neutral trade with Europe: continental demands for British goods would increase resentment in Europe against Napoleon's policy.[55] Apart from this, the lack of any alternati suggestions probably contributed to the failure of the opposition to the Orders in Council in 1808-9.

The debates on the Orders in Council ended in the early summer of 1808 with the parliamentary recess and the revival of trade following Napoleon's invasion of Spain. Discussion was resumed briefly in early 1809 but, with a stronger economy, some small concessions from the government, and the repeal of the Embargo Act, the opposition achieved little other than the opportunity once more to restate their views. The improved economy and the strength of the Tory administration provided the essential background to the short-term failure of the movement.

The passage of the Embargo Act and the implementation of the Non-Importation Act did not lead to panic or outright hostility to the United States amongst members of the British government. Sorrow rather than anger seems to have been the feeling amongst leading Tories about this decline in relations with America. Regret, combined with a reluctant acceptance of the prospect of war, was balanced by a firm determination to maintain British maritime rights, including the Orders in Council and

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55. Edinburgh Review, January 1808, 484-498.

impressment. On the whole, this stand was maintained in the face of economic distress in some parts of the country and of political outrage from those who opposed the Orders in Council.

With few apparent reservations, leading members of the Tory administration actually welcomed the embargo; war had been considered as a strong possibility and relief was felt at the imposition of sanctions. More positively, like the shipowners who welcomed the withdrawal of American competitors, Tories believed that the embargo benefited Britain. In the spring of 1808, Viscount Castlereagh expressed the view that the embargo operated more favourably than any British measure to curb the commerce of America. From the point of view of diplomatic relations with the United States, Castlereagh hoped that the embargo would continue. Its unpopularity in America would undermine the position of the American government and of the "Jeffersonian Party."[56] Writing to James Madison in May 1808, William Pinkney stated his belief that the British government felt that the embargo was more harmful to the United States, and that as a consequence, concessions would not be forthcoming.[57] Later in 1808, he believed that Britain was encouraging American discontent by allowing American trade with Spain and Portugal.[58]

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56. Perceval MSS, BM.Add.MSS.49,177; Memo by Castlereagh, March 1808.
57. US Dip.Desp.vol 15, Pinkney to Madison 10th May, 1808.
58. US.Dip.Desp.vol 15, Pinkney to Madison 7th September, 1808.

Lack of fear over the embargo was combined with a continued belief in the correctness of the policy of the Orders in Council Belief in this policy was justified by the need to retaliate against the French decrees.[59] Perceval and his colleagues argued that such retaliation was necessary, even though it was harmful to neutrals.[60] More positively members of the government believed that the Orders in Council harmed Napoleon. Early in 1808, the President of the Board of Trade, Lord Bathurst, assured Perceval that the Orders in Council had stopped all trade in European manufactures.[61] In the parliamentary debates of 1809, George Rose made a strong defence of the Orders by contending that British policy had deprived Napoleon of colonial goods to the value of £9 millions at a cost of less than one half of British trade with the United States, which to him was ample proof of the ineffectiveness of the embargo.[62] The positive benefits of the Orders in Council were reinforced by the arguments of Tory backbencher, James Stephen, who believed that the Orders in Council had saved British trade from the effects of the Berlin Decree.[63]

Furthermore, Spencer Perceval believed that the British maritime policy had not given the United States any cause for offence. The Order in Council did not harm the United States, therefore, there was no need to repeal them in order to be conciliatory.[64]

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59. Annual Register, 1808, p74; Perceval to Commons, 5th Feb. 1808.
60. Mayo, 284; Canning to Jackson, 1st July, 1809, Number 3.
61. Bickley, Bathurst Papers. Bathurst to Perceval, February 1808.
62. Gentleman's Magazine, April 1809; Rose to Commons, 3rd Mar. 180[illegible]
63. Annual Register, 1807, 227-8.
64. Perceval MSS, BM. Add. MSS. 19, 177; Notes for Speech, 5th Feb. '08

Lord Liverpool thought that the government was being conciliatory to the Americans as far as the rights of the country would allow. While deploring any rupture of good relations with the United States, Lord Sidmouth believed that British efforts to ensure good relations were being thwarted by American partiality for France.[65] There is no evidence amongst these confident, even arrogant, statements of any effort at understanding the American sensitivity on the issue of neutral rights.

The confidence of the government was not so apparent when they gave consideration to the possibility of war. Lord Hawkesbury (later Lord Liverpool) and Lord Bathurst thought the war with America would damage British commerce and industry quite seriously.[66] Most felt little regret at the prospect of war, viewing it as a means of checking American maritime growth.[67] This comparative lack of apprehension at the prospect of war made it easier for the government to accept the embargo. Castlereagh felt that the firm stand in face of hostilities had made a considerable impression upon the American government and so helped avoid a war.[68] The hesitations felt by some members of the government were not shared by Tory members such as James Stephen who had dismissed the possibility of war, much earlier. He believed that the Americans would understand both Britain's position in Europe as the "protector of liberty and the

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65. Annual Register,1809,p28: Liverpool and Sidmouth in Lords, 19th January,1809.
66. Liverpool MSS,BM.Add.MSS.38,242,Hawkesbury to Lord North,9th January 1808.(Hawkesbury became 2nd Earl of Liverpool later in 1808).
67. US Dip.Desp.vol 15; Pinkney to Madison,24th January 1808.
68. 00 43/22,Castlereagh to General Craig in Quebec,7th July,1808.

vulnerability of American commerce to British attack.[69]

British attitudes to the United States in 1808 were not only influenced by the conviction that the Orders in Council were a necessity and that war was unlikely to occur, but also by the belief that the Americans were complaining about the methods used to enforce the Orders rather than the principles behind them.[70] This view played a very important part in government discussions during 1808 and 1809 about possible changes in the Orders in Council.

In 1808, therefore, the attitude of the British government on the embargo, Orders in Council and relations with the United States created an atmosphere in which the embargo's main objective of inducing a change in British maritime policy would be very difficult to achieve. The apparently strong stand by the government was illustrated by the relative lack of concern over the economic effects of sanctions. Chancellor of the Exchequer Spencer Perceval was apparently satisfied with the economic situation with his optimism in January 1808 and his feeling in 1808 that "neither Decrees nor Embergoes can materially affect our trade."[71] This is not to say that American sanctions had no effect on British policy. The Tory administration was less firm and more flexible than it appeared in public. Changes in the Orders in Council were discussed or enacted several times

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69. James Stephen, War in Disguise, 153-4, 176.

70. Mayo, 284, Canning to Jackson, 1st July 1809, Number 3.

71. Smart, Economic Annals, vol 1, p185: quoted from Hansard XII, 3-5. (January 1809).

between early 1808 and April 1809. This was seen in Perceval's ideas on possible changes in the Orders in Council in the first months of 1808; the American Intercourse Bill in mid 1808; in the continued discussion on possible changes in the Orders in Council in the winter of 1808-9, which led to some public expectation of a change; and in the issue of a new Order in Council in April 1809.

The member of the government who was most persuaded by sanctions to consider some changes was Spencer Perceval. As a result he made two sets of proposals which would change some of the methods by which the maritime policy was enforced. Firstly, in February 1808, he proposed some minor changes such as the removal of duties paid by American vessels when forced, under the Orders in Council, to pass through British ports. It was hoped that this would remove some of the financial burden incurred by American merchants as a result of the Orders.[72] These changes were accepted but Perceval's main proposal in March 1808 to revise the Orders in Council to conciliate the Americans was not. Perceval's proposition did not concede any principle to the United States as a consequence of the embargo. The Embargo Act certainly stimulated a desire for change but not at the expense of sacrificing the main principles of British maritime policy. Instead of concession, Perceval hoped that he could force a

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72. Gentleman's Magazine, March 1808,245-9; Perceval in the Commons,19th February,1808.

relaxation of the embargo by making some practical changes which would make American merchants less inclined to accept the embargo. He felt it was desirable that America should relax the embargo as it affected Anglo-American trade. Therefore, a new Order in Council would cut down on the frequency with which American ships were searched or seized, would give assurance and confidence to American merchants that Britain was basically friendly. It was hoped that this would make the embargo less popular in New England and induce Jefferson to make concessions instead of Britain.[73]

Although Perceval obtained the support of Lord Bathurst, he was opposed successfully by the majority of the cabinet who were against any concession in face of the embargo. Foreign Secretary George Canning opposed change because he believed that the embargo was working in favour of Britain, and Castlereagh agreed with him. Canning, who did not fear war with America, opposed concession for two tactical reasons; he wanted no concessions on the eve of his talks with William Pinkney, and he felt that the parliamentary battle over the Orders in Council had been won in the debates of February and March. In face of this opposition, Perceval did not press his case for changes whose effect on the United States would be indirect but which might also be construed as a direct concession to the embargo policy.[74]

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73. Perceval MSS, BM.Add.MSS 49,177, Memo to Cabinet, March 1808.
74. Perceval MSS, BM.Add.MSS 49,177, Comments attached to above memo.

In the summer of 1808 a change was made in Britain's navigation laws as a direct result of the embargo, but this change in no way was a repudiation of the Orders in Council. The American Intercourse Bill allowed American vessels to trade with the British West Indies, as the islands were suffering considerable hardship from the embargo. The colonies were dependent on American food supplies and no alternative source was to be found in Britain or Canada. Between 1793 and 1803, for example, 164,680 barrels of flour had been imported from the United States, while only 1,570 barrels came from Britain during those years. In 1808 American exports to the British West Indies totalled $1,500,000 as compared with $5,900,000 in 1807. The outcry from the islands was loud enough to cause the introduction and passage of the American Intercourse Bill. But this was only a minor concession.[75]

Discussion of possible changes in the Orders in Council continued intermittently during the second half of 1808 and, although no change took place, the talks do show that the members of the government were prepared to discuss the possibility amongst themselves: they were not rigidly trying to maintain the Orders of November 1807. The main force for change now came from Bathurst rather than Perceval, while Canning still opposed any concessions. In fact Bathurst was more concerned with changing the Orders to meet the new situation in Europe now that Spain and Portugal were allies.

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75. Monthly Review, May-August 1808, 347-8.; Edinburgh Review, Jan. 1809 Baring, Inquiry..., 59-60;
BT 1/32-1/44 (many references); BT 1/45, ff199, 204, 220 Newfoundland; J.H. Coatesworth, American Trade with European Carribean Colonies..., William and Mary Quarterly, 1967, 243-266.

He did not favour repeal in face of American pressure and wanted to balance changes in the Iberian Peninsula with stronger regulations against France alone. This anticipated the Order in Council of April 1809 which Bathurst felt would remove American objections without conceding the main objective of the embargo.[76]

Although there was no reversal of policy, by the beginning of 1809 William Pinkney was hopeful of a change, not through any knowledge of government discussions, but partly because of Madison's election to the presidency, and partly because he thought that Britain feared the loss of American markets. Although there is no evidence that the government felt like this, Pinkney's comments are either wishful thinking, or an indication of a slow change in the political climate: the intermittent government discussion suggests the latter. With the repeal of the Embargo Act, the Whigs decided to press for repeal of the Orders in Council.[77] Shortly thereafter, the government made considerable changes in the Orders in Council. Was this the response to the embargo?

The Order in Council of April 1809 was issued in some haste following news of the repeal of the Embargo Act. George Canning urged haste before any receipt of news of worse developments from the United States.[78] In this sense, therefore, the Order was not

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76. FO 5/61, 205-8, Bathurst Memo of 29th July 1808. Perceval MSS, BM.Add.MSS.49,177, Bathurst to Perceval, 21st October 1808, and Canning to Perceval, 31st December, 1808.

77. US Dip.Desp.vol.15: Pinkney to Madison, 23rd January, 1809. Auckland Correspondence; Grenville to Auckland, 1st April, 1809

78. Rose MSS, BM.Add.MSS.42,773, Canning to Rose, 7th April, 1809. Bathurst MSS, Volume 3, f276, Canning to Bathurst, 7th April, 1809.

so much a concession induced by the embargo, but more an effort to conciliate the Americans and prevent any more drastic action being taken by the United States following the repeal of the Embargo Act. This was to be done by making extensive changes in the operation of British maritime policy, but the principles of that policy, including the rights of search, seizure and impressment remained. In effect the Order lifted restrictions on neutral trade with Baltic and Mediterranean ports. No longer were American vessels trading to those ports to be forced to call at British ports before proceeding. On the other hand, the British blockade of the coastline of France and Holland remained in force. It was hoped that this change in practice would conciliate the Americans without endangering British maritime rights.[79]

Although the haste displayed by Canning, the comments in journals, and Canning's later comments on the Order suggest that it was issued in order to improve Anglo-American relations, there is little evidence of these motives in the cabinet discussion in April 1809. On 12th April, Bathurst outlined his reasons for wanting to change the Order in Council of November 1807. Nowhere in his lengthy memorandum was there any suggestion of conciliating the Americans. In fact he was rather apologetic about diverting the attention of the cabinet from other matters. After outlining reasons of parliamentary tactics, he based his case upon the changes in the war situation in Europe since 1807: Spain and

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79. Gray, Spencer Perceval, 450-1.
New, Life of Henry Brougham, 58
Perkins, "George Canning, Great Britain and the United States 1807-9" American Historical Review, 1957, p2.

Portugal were now allies and have thus created a gap in the control of colonial trade with Europe; Turkey and Austria were friendly once more, and in consequence changes were required in the regulation of trade in the Mediterranean. There had also been some changes in imports from France and Holland. Towards the end, he voiced the opinion that any proposal to extend American trade with the West Indies should be kept separate from this Order. Generally the rest of the cabinet agreed with Bathurst. Perceval showed some concern for American public opinion regarding trade with the French West Indies but Lords Liverpool and Eldon firmly opposed any such concession. Apart from this there was no discussion of the effects of the new Order upon the United States, nor any expression of the government's hopes for a favourable change in relations with the Americans.[80]

After the Order was issued, George Canning did admit that the Order was an effort to remove those features of the old Orders which had been most objectionable to the Americans: the requirement to call at British ports before proceeding to Europe. In none of his comments, nor in any by his colleagues, was there any suggestion that concessions be made at the expense of the principles behind the Orders in Council: impressment, search and seizure, and open blockades. Only tactical concessions were to be made to sooth American public opinion.[81]

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80. Bickley, Bathurst Papers, 87-90, Bathurst Memo and attached comments 12th April, 1809.

81. FO5/63; Canning to Erskine, 2nd May 1809, Number 9. Mayo, 285, Canning to Jackson, 1st July 1809, Number 3.

In some quarters the new Order in Council was seen as a complete abrogation of the previous Orders,[82] whilst others saw it as a direct response to the American substitution of the Non-Intercourse Act for the Embargo Act.[83] These views were all British. President Madison did not see the changes in naval practice as being the equivalent of a complete reversal of previous British policy. Although the Embargo Act achieved so little - only a few practical concessions - Madison continued to oppose the British use of naval power when it infringed on American neutral rights, and continued to try and find some form of economic coercion which would put pressure on Britain without stirring up further dissension within the United States. Such opposition had been the main reason for the withdrawal of the Embargo Act.

Thus the Embargo and Non-Importation Acts did help to bring about some practical concessions from the British government whose leaders had become more aware of the need for American friendship in spite of their initial disinclination to meet coercion with concessions. Yet this softening of attitude did not mean a reversal of policy. This would have been too much to expect from an embargo whose economic effects were limited, and especially as the political position of the British government and the apparent prosperity of the British economy became more visible towards the end of 1808. As the embargo did not induce any greater changes, the United States government chose to regard it as a failure: most observers have agreed with them without understanding

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82. Monthly Review, May-August 1809, p76.
83. Annual Register, 1809, 254.

the two related points of limited economic effect and a strong British government. The most important political result of the Embargo Act was the creation of an opposition in Britain to the Orders in Council. Although this opposition was unsuccessful in 1808-9, its members were given the opportunity to come together in united political action, state their case, and find leaders such as Alexander Baring, who would persist in opposing the government's policies until success was achieved.

Although limited, the political effects of sanctions contained the seeds of future success. Similarly, though economic effects seem to have been limited to dislocation rather than to severe losses, the foundations for future success were laid. This was not so much due to exposing the vulnerability of Britain's export trade to such coercion or to the withdrawal of American ships, but more to the effect of sanctions upon an expanding economy. The pressures of expansion had to be met by large-scale efforts to find new and alternative markets to replace the American market. The result of this was to place the British economy on a more unstable basis because of the excessive speculation and greater poverty of these markets. This led to a slump 1810-11 which provided a more critical economic and political situation in which sanctions could work to greater effect. The results of the embargo were not confined to the short-term economic and political impact of 1808-9. The Embargo Act made possible the future economic and political success of the American sanctions policy.

CHAPTER FIVE

SANCTIONS AND ECONOMIC CRISIS 1809-11

Considerable public discontent, especially in areas such as New England whose economies had suffered because of the non-employment of the American merchant fleet, together with the lack of strong political leadership from Jefferson, brought about the repeal of the Embargo Act in March 1809. Contributing to the failure of the act was its apparent lack of success against Britain, which contemporary opinion attributed to laxity in enforcement of the Act,[1] and to the American resentment at the self-denial of prosperity and the government interference with individual liberty which enforcement entailed. A climate of opinion was created in the winter of 1808-9 in which James Madison, convinced that the embargo had failed, suggested its substitution by a non-intercourse Act.[2] Such a step would relieve Americans of the burdens of the Embargo Act without abandoning sanctions, for the alternatives were capitulation to Britain or war with that country. In power, President Madison attempted to retain sanctions without damaging the American economy in the way that the embargo had done.

The successive measures of economic sanctions between 1809 and 1812 displayed two general characteristics in the nature of their operation. As a reaction against the Embargo Act, sanctions were made weaker in the Non-Intercourse Act of 1809 and became merely a threat in Macon's Act in 1810. Following the apparent success

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1. FO 5/61,F233-9,Letter from a London merchant to an American friend, 17th September 1808.(intercepted?).

2. I.Brant,James Madison,Secretary of State,(1953),pp124-5,478.

of this 1810 Act in securing the withdrawal of the Berlin and Milan Decrees, the use of sanctions was increased with the renewal of the Non-Importation Act against Britain in 1811. Finally a ninety-day embargo was imposed in April 1812. The new Non-Importation Act was directed solely at Britain, illustrating the second characteristic: the changing target for coercion. Although the Embargo Act was intended to be impartial, the simultaneous enforcement of the 1806 Non-Importation Act had made the measure anti-British. The provisions of the Non-Intercourse Act and Macon's Act, whose impartiality was welcomed in London,[3] applied equally to Britain and France. Just as the apparent reversal of French policy brought a change to greater severity, it refocussed American attention against Britain with the renewed Non-Importation Act. As a result Britain bore the brunt of American sanctions 1811-12 at a time when the British economy was not as strong as in 1808, because of a depression which the earlier sanctions had helped to create.

The principal measures employed 1809-11 were the Non-Intercourse Act, Macon's Act No.2, and the renewed Non-Importation Act. Initially to operate for one year, the Non-Intercourse Act of March 1809 allowed American vessels to trade with all countries except the British and French empires. In addition, British and French ships and cargoes (including all goods imported from these two countries, even in neutral ships) were banned from the ports of the United States. As an inducement to the British and French

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3. Times, (London), 9th June 1810.

governments, these provisions would be lifted if either the French Decrees or the British Orders in Council were repealed: the Act continuing in force against whichever country maintained its regulations after the other had repealed its acts. Madison hoped, also, to put pressure on the British government by subjecting British supplies from the United States to the expense of double voyages, close the American market to British exports and, consequently, aid the growth of American industry.[4]

The Act had three basic handicaps in conception and operation. As the embargo had failed to induce the British government to make fundamental policy changes, then the expectations of this act cannot be very great: this suggests that Madison saw the Act not so much as a potential success but more as a means of retaining a sanctions policy. The Act laid down no methods by which American ships could be controlled after leaving American waters. This led to considerable evasion: vessels cleared for Scandinavia or the Azores but, eventually they or their cargoes reached Britain. Similar deceptions were employed to maintain British exports to the United States.[5] The Act was further weakened by a lack of continuity in its enforcement. Normally the bulk of Anglo-American trade was conducted between the spring and autumn of each year. The Non-Intercourse Act went into effect on May 30th,1809, but was suspended on June 10th as a result of the agreement between the United States government and David Erskine, the British Minister in Washington. Although reimposed on August 9th after Canning's repudiation of Erskine's agreement, American vessels caught in Britain by the sudden reversal of policy were allowed to return

4. US.Dip.Inst.Vol.7: Madison to Pinkney,10th February,1809.

5. ASPON 1, pp873-4,Gallatin's Report to Congress,2nd December,1811

with British goods until late 1809. In effect, the Act operated only during the winter of 1809-10 and would have become effective in the spring of 1810 had it not been superceded then by Macon's Act.

In the spring of 1810 Madison had had hopes of strengthening the Non-Intercourse Act, but instead Congress passed Macon's No.2. Bill which was much more negative than any preceding measure.[6] American ships were permitted to sail anywhere to trade freely with all countries. Instead of positive sanctions only the negative threat of the reimposition of the Non-Intercourse Act remained. It would be reimposed if one of the two powers refused to withdraw its regulations after the other belligerent had done so in response to the Act. Taking advantage of this Act to worsen relations between Britain and the United States, Napoleon agreed to withdraw his decrees. In August 1810, the French foreign minister, Cadore, wrote to the United States government stating that the Berlin and Milan Decrees had been revoked and that they would cease to have effect after November 1st 1810, provided Britain had repealed her Orders in Council, and if not, the United States must uphold her rights. This was a conditional offer contained in a private letter and not a public repeal of two of the fundamental laws of the French Empire, and no mention was made of other French decrees which involved American shipping such as the Rambouillet Decree and the still secret Trianon Decree. In spite of the lack of formal confirmation of the withdrawal of the Berlin and Milan Decrees, and anxious to use the occasion to

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6. R.Brown, Republic in Peril, (1964), p22.
I.Brant, James Madison, The President, p138.
E.Heckscher, The Continental System, p139.

impose harsher measures against Britain, which had not responded to Macon's Act, the president announced the reimposition of the Non-Importation Act in November 1810. This would take effect in February 1811. He was fearful also that any delay in implementing Macon's Act might result in a reversal of position by Napoleon. Because Macon's Act was unclear, in March 1811, Congress passed a new Non-Importation Act rather than revive the Non-Intercourse Act. Like its predecessor of 1806, this Act was designed to undermine the British export trade, without damaging the prosperity of American shipping. All imports from Britain were banned whilst American vessels were permitted only to carry American exports to Britain. This Act remained in force until the outbreak of war between the two countries in June 1812.[7]

The aims and methods of economic pressure employed by sanctions in 1809-11 were not identical with those of the Embargo Act since the various measures used by President Madison were not as all-embracing as Jefferson's experiment had been. Indirect pressure was to be put on the British government by dislocating trade between the two countries. British exports, and consequently the manufacturing industries which produced those goods, were the most important target. Much less effort was made to prevent American exports to Britain or to prevent British use of American tonnage. The Non-Importation Act, indeed, was intended to foster American exports and shipping in order to encourage prosperity and prevent domestic opposition to the sanctions policy. There was no effort to put direct pressure on the British government by hampering that country's war effort. American grain supplies and the employment

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7. I.Brant, James Madison, The President, pp195-200.
H.Heaton, "Non-Importation 1806-12", Journal of Economic History, 1941, pp194-7.

of American ships in support of Wellington's army in the Peninsula was the most important target left untouched by Madison. Altogether, British trade was subjected to intermittent restrictions in 1809, none in 1810, and a total ban on exports to the United States 1811-12.

The changing balance of British trade 1809-12 suggests that the American sanctions had a considerable influence on exports but very little on the total flow of imports. In 1809, officially Britain enjoyed a favourable trading balance of £17,610,000, but by 1811, this had been reduced to only £3,790,000, which the available "real value" information suggests might even have been a deficit. The balance of payments in 1809 was above the average for the pre-embargo years because of a much greater rise in exports than in imports after the repeal of the embargo: export commodities which had been stockpiled were being sent to the United States. The bulk of this increase was sustained in 1810, but in 1811, the year of the new Non-Importation Act, the export bill had fallen from £50,280,000 in 1809 to £32,410,000: a drop of 40 per cent in two years. In contrast imports rose slowly in 1809 before accelerating sharply in 1810, the year when differences in continental and British prices and Napoleonic policy led to a substantial speculative inflow of goods into the British Isles. The considerable drop to pre-embargo import levels in 1811, and the continuing drop at a decreased rate in 1812 - from £39,860,000 in 1810 to £28,620,000 in 1811 and to £27,730,000 in 1812 - would appear to be the result of the bursting of the bursting of the speculative boom and the start of the economic crisis in Britain in the autumn of 1810, rather than the result of sanctions whose initial impact would be on exports. Therefore, the main contribution of the sanctions to Britain's balance of

payments would appear to be the substantial drop in exports in 1811 which left Britain on the borderline of a deficit balance.[8]

The extent to which sanctions were responsible for the decline in British exports can be ascertained from the total flow of exports, the changes in the types of exports, and in the destinations of exported commodities. Officially, the total value of British exports fell by only £4,410,000 in 1810, but this was followed by a drop of £13,460,000 in 1811, after which an increase of £10,830,000 took place in 1812. In a similar way, in terms of "real values", the fall in 1810 was only £3,310,000 as compared with the drop of £18,770,000 in 1811.[9]

Since the bulk of British exports to the United States consisted of the products of British industry, the effects of sanctions will be most discernable in the changes in the outflow of British goods. The fall in exports in 1810 was due primarily to a decrease in the flow of re-exports, the bulk of which went to Europe. During 1810 Napoleon tightened up the operation of his decrees against British commerce. As American vessels sailed freely and participated in British trade with the continent, this fall in the re-export trade was not caused by the sanctions. The fall continued in 1811 and the re-export trade only grew again with the slackening of the French regulatory system in 1812. While re-exports fell by £4,240,000 in 1810, the fall in British exports of manufactured goods was an insignificant £180,000.

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8. Data from Crouzet, op cit, Appendix 2, Tables 1 & 7. Full details in Chapter 3.

9. Crouzet, op cit, Appendix 2, Table 2.
Annual Register for 1809, 1810, & 1812.
Monthly Review, May-August 1812.
Customs 17/30.
Quarterly Review, March 1812.

In contrast the outflow of goods from Britain's factories decreased by £10,790,000 in 1811, thereby providing the bulk of the total loss of over £13 millions in that year.[10] Like re-exports, British domestic exports rose substantially in 1812, suggesting that sanctions were an important but not the only influence on British exports. The role of sanctions can be better defined by a geographical analysis of the annual changes in the exports of Britain.

In 1810 the losses sustained by the re-export trade took place in the markets of northern Europe, the principal market for such goods. In contrast, the export of British-made goods underwent considerable regional variations, with losses of £2,100,000 in southern Europe and of £2,300,000 in the "Rest of the World"; these were balanced by gains of £1,700,000 in northern Europe and £2,600,000 in the United States. The exports to the United States in 1810 were comparable with pre-embargo levels, and being above the outflow in 1809 suggest that the principal effect of the Non-Intercourse Act was to delay the recovery of the British export trade until 1810, the year of Macon's Act, as there was a rise in American purchases of British goods of only £1,090,000 in 1809. The negative influence of sanctions 1809-10 was to create a rise in British exports to the United States sufficient only to balance losses in other markets for British goods and to help in this way lighten the effects of losses in the re-export trade on total British exports.[11]

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10. Crouzet, op cit, Tables 4 & 6.
Heckscher, The Continental System, p245.
Seybert, Statistical Annals, p287.

11. Customs, 8/1, 10/1-10/4.
Crouzet, op cit, Tables 1, 3, 5.
d'Ivernois, Effects of the Continental Blockade, 26-7, 66-8.

Out of a total loss of £10,790,000 in domestic exports in 1811, some £6,200,000 was lost as the result of the decline in trade with the United States after the re-imposition of the Non-Importation Act. Substantial losses were incurred in the trade with northern Europe, where the loss was partly balanced by an increase of £2,800,000 in the flow of British goods to southern Europe. With a loss of £2,300,000 the "Rest of the World" failed to provide an alternative to the American market.[12] Whilst the Latin American market had acted as a cushion against losses in 1808, it failed to do so in 1810-11 because of over-exploitation and speculation in 1809-10: exports to Latin America fell by 50 per cent to £3,000,000 in 1811.[13] The main source of relief in 1811 was to be found in southern Europe-Portugal, Spain and the Mediterranean ports - where a market was found for British exports. This was insufficient to offset the loss of the American export market. The Non-Importation Act, therefore, caused considerable losses in the export trade in British-made goods and this was not balanced by the discovery of alternative markets as in 1808; these losses constituted the bulk of the decrease in exports in 1811.

The drastic effects of the Non-Importation Act appear to be less severe in 1812 because of a rise of £2,700,000 in the flow of British goods to the United States. This, together with modest increases in all other areas, improved Britain's exports. The existence of this increase does not undermine the argument that

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12. same references as 11.

13. see Table 40 on page 68.

the Non-Importation Act was the most important cause of British losses, as the upsurge in 1812 was short and sharp. The repeal of the Orders in Council, in June, encouraged the departure of many British and American ships, laden with goods for the United States, before the news of the American declaration of war was known. Practically all of the £4,100,000 of British-made goods sent to the United States in 1812 left British ports in June and July.[14] The sudden release of this flood of exports is ample evidence of the effectiveness of the Non-Importation Act. Whereas earlier sanctions in 1809 had slowed down the flow of exports to the United States, this act caused substantial losses to British exporters, creating a stockpile of goods because of the lack of alternative markets at a time when Britain was deep in a slump.

The start of a slump in Britain in 1810, after the speculative bubble had burst, together with the operation of the Continental System, were the most direct influences upon British imports. Sanctions played an indirect role through the closure of the American export market which caused a slackened demand in Britain for raw materials and a decrease in British purchasing power as a result of increased unemployment and low profits. The sharp rise in imports intended for re-export to £46,700,000 in 1809 and the subsequent fall to £27,400,000 in 1810 and the slight rise to £28,900,000 in 1811, coincide with the alternate slackening and tightening of the operation of the French decrees. Imports for

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14. H.Heaton,"Non-Importation 1806-12",Journal of Economic History, 1941,p197.

home consumption were less affected, as a whole, by changes in French policy, and indicate the speculative rise in 1810, and the fall in 1811-12 as a result of decreased demand in Britain. The very high total of £28,920,000 in 1810 fell to £20,350,000 in 1811 and slumped to only £15,740,000 in 1812.[15] The importance of British demand rather than either French decrees of American sanctions for the fluctuations in British imports can be seen in the changes which took place in all the main commodities and in all the main sources 1810-12. Imports from all parts of the world fell considerably in 1811 and perhaps it is an indication of the effectiveness of American sanctions in promoting American exports that imports from the United States fell by the smallest amount; by only £310,000.[16] The loss of American supplies became more evident in 1812 when war prevented the recovery which took place elsewhere. The decline of British cotton imports from 561,173 bags in 1810 to 326,141 bags in 1811 and to 261,205 bags in 1812; in grain from 2,320,000 quarters in 1810 to 700,000 in 1811 and only up to 850,000 in 1812, all indicate a general decline in demand for imports.[17] Some of these goods were influenced by Napoleon's policy, such as grain and wool, and while much of Britain's supply of cotton was purchased from the Americans, the widespread decline in all types of commodities, including those under complete British control, indicates a general fall in demand as British prosperity fell during the slump of 1811. In this indirect way, sanctions did have some effect on British imports.

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15. Crouzet, op cit, Tables 5 & 7.
16. see Table 48
17. see Tables 50 and 54.

Although British imports of cotton decreased in 1811 as a result of the inability to sell goods to the United States, the proportion of cotton imports originating from the United States actually increased, because American shipowners were still permitted to export American produce to Britain. The Non-Importation Act was making British cotton importers more dependent on American supplies.[18] Sanctions strengthened the link between planter and industrialist.

The distress and unemployment in Britain in 1811 was accompanied by a substantial rise in food prices because of scarcity. This distress might have been relieved by grain imports from the United States. This did not occur due to the negative influence of sanctions. Unable to sell goods in America, British mercants were unable to purchase supplies of grain there. The British government, with great difficulty, scraped together enough bullion, which was very scarce, to buy food for the army under Wellington in the Peninsula. In normal times, the United States only supplied 5 per cent of British grain imports, but the ability to buy American grain in 1811 might have alleviated some of the distress. Sanctions and British policy prevented this. So, on the whole, American sanctions had an important negative influence on British imports.[19]

Sanctions did not affect the employment of American vessels in the foreign trade of Britain. American supremacy on the Atlantic sea-lanes continued. There was no observable decrease in

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18. see Tables 13 and 51.
19. see Tables 55 and 14.
Gentleman's Magazine 1809-12 gives monthly grain prices (Appendix B).
Heckscher, The Continental System, 335-340.
Melvin, Napoleon's Navigation System, 81-3.

American tonnage in trade with Europe either.[20] American merchants no longer enjoyed the prosperity which this dominance had given them in earlier years, and there was a tendency to try new markets such as Russia or to abide by the Orders in Council and concentrate on British controlled trades. This lack of huge profits, however, did not discourage the Americans, and British merchants continued to resent the American shipowner. This was seen in the many protests by British merchants against the entry of American and other foreign vessels into the licensed trade with Europe.[21]

The two most important general changes in the pattern of British commerce 1809-12 were the result of French controls rather than American sanctions. These were the system of "licences" and the need to use more circuitous routes to reach the markets of Europe. The Order in Council of April 1809 had limited the operation of British controls, but the French decrees remained in force. To counteract Napoleon's policy in areas not covered by that Order in Council, such as northern Europe, the British government greatly extended the system of licences or permits which allowed ships to participate in a particular trade. Whereas only 2,606 had been issued in 1807, and 4,910 in 1808, the number of licences issued in 1809 rose to 15,226 and to 18,356 in 1810, before falling to 7,602 in 1811. Until 1810 this method was successful in employing both British and foreign vessels to force British goods through the French system of regulations. But its success brought retaliation in 1810-11

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20. see Tables 25 and 59-60.

21. J.Reinoehl,"Post Embargo Trade...," Mississippi Valley Historical Review,1955,pp236-9.
Courier(London),14th January,1812.
Smart,Economic Annals...,May 1810,Francis Horner in Commons.

when the French seized British ships and goods all over northern Europe. This tightening of the Continental System was one reason for the slump in Britain in 1811. Licences brought only short-term relief from the rigours of economic warfare. In effect, they gave as much control over British commerce as the Orders in Council of 1807 and, in consequence, many Whigs opposed the issue of licences because of the power which was being exercised by Perceval's administration. Licences were issued to American vessels but it is difficult to estimate what percentage of this trade was carried in such ships; certainly British shipowners made very frequent complaints against the issue of licences to foreign vessels but many Scandinavian and German ships were involved also. So the possible consequences of any American embargo on the licence trade cannot be estimated. Therefore sanctions had no actual effect on this safety-valve for British trade, and the potential damage cannot be assessed. The licence system did distort the pattern of British trade by imposing a government-controlled effort to channel British goods into Europe. This was one way of beating the Continental System, the other was to send ships on longer and more circuitous routes to ports not under French control.[22]

The pattern of trade with northern Europe, stimulated by the system of licences, led to the development of entrepot ports from which British goods could be sent directly into western Europe. The most notable of these were Heligoland and the ports

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22. Quarterly Review, May 1811, 457-471.
Monthly Review, Sept.-Dec. 1811, 408-411.
Monthly Magazine, 1st April, 1812, 305-6.
Liverpool MSS. BM. Add. MSS. 38, 362; Monthly Issue of Licences 1809-1812
Heckscher, Continental System, 205-13.
Smart, Economic Annals..., vol. 1, 218.
Courier, 12th January & 19th Feb. 1812.
Perceval MSS, BM. Add. MSS. 49, 177; Dundee merchants' protest 24/2/1
US. Consular Desp. vol. 9 Beasley to Monroe, 27th Sept. 1811

of Sweden. Until French pressure was put on Sweden in 1810-11 that country was the main transit point for British goods. Goods sent under the guise of British exports to Sweden were sent later as Swedish exports to Europe: a British use of the idea of "broken voyages" the American use of which Britain had opposed under the "Rule of 1756". So successful was this scheme that the British minister in Stockholm reported that Swedish warehouses were overflowing with British goods.[23] This scheme overcame the difficulties imposed by the French decrees at the cost of some inconvenience and lowered profits, but its success brought French re'aliation in 1810: in June, 600 British vessels were seized in the Baltic and pressure was put on the Swedish government. This effectively stopped British trade with Europe via the Baltic and a substitute had to be found. In 1811-12 goods destined for western and central Europe were shipped to Mediterranean ports from which they were shipped via the Danube basin to their ultimate destinations. British shipowners complained that such routes were risky and expensive but that they would tolerate such conditions if the government banned neutral vessels from the trade. So at a time when the American market was being closed by the Non-Importation Act, Britain's commerce with Europe was becoming more risky and less profitable: it was not a market capable of balancing the loss of the American market. In a negative sense, then, sanctions operated to worsen the overall position of British commerce at

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23. BT 1/59,f253; Report from Augustus Foster in April 1810.

a time of increasing difficulties in Europe, by removing the United States as the principal alternative customer to the European countries. Difficulties in Europe could have been borne if the Americans had been willing to continue buying British goods: because they were not, Britain's difficulties were compounded.[24]

The repeal of the Embargo Act and the subsequent passage of the Non-Intercourse Act and Macon's Act took place during a period of apparent prosperity in Britain. The re-imposition of the Non-Importation Act, however, coincided with a severe depression in Britain. This slump had begun in the summer of 1810 and continued into 1812. So, for the first time, effective sanctions were imposed at a time of weakness in the British economy. Sanctions were an indirect cause of the slump and helped to prolong it by preventing the revival of Britain's exports.

The most immediate cause of the slump was the bursting of the speculative "bubble" in the summer of 1810. This caused financial losses to many and was a considerable blow to business confidence. Although there had been speculation in importing food into Britain, and although the lack of orders from the United States and uncertainty in the European markets contributed to this loss of confidence, the main reason was the

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24. Hecksher, The Continental System, 230-235.
Smart, Economic Annals..., vol 1, 219-222.
BT 1/64, f36; letter from British merchants on Mediterranean trade, 3rd April, 1812.
J.H. Rose, "British West India Commerce...." Cambridge Historical Journal 1929, p45 (has material on Sweden).

poor results from the export trade with South America. A glut on this new market had been forecast by some observers previously.[25] After 1810 commentators focussed their attention on the South American losses. The Annual Register attributed the slump to general causes such as economic warfare and apprehension about the state of the currency, the evils of which were "not a little aggravated" by speculation in South America.[26] Another journal, The Monthly Review, blamed the speculation in South America, the end of which coincided with the gradual loss of orders from the United States.[27] Not all put the blame on losses in South America. Nicholas Vansittart, writing to the South American nationalist, Miranda, thought that the crisis was the result of general changes in trade with Europe and the United States between 1808 and 1810.[28]

The British entry into the South American market had been the result of the coincidence of the Embargo Act and Napoleon's invasion of Spain in 1808. The former created an intense desire to find new export markets to replace the United States while the latter, by making an ally of Spain and by loosening the imperial links between Spain and South America, created a political atmosphere conducive to commercial success. In spite of the warning given by earlier failures such as the expedition to Buenos Ayres in 1806, British merchants eagerly seized this chance and poured goods into South America. In 1807 British exports had totalled £1,300,000 but this rose to £4,800,000 in

25. Bathurst MSS, vol 3, f244, Canning to Bathurst, 19th April, 1808. d'Ivernois, Effects of the Continental Blockade, 64
26. Annual Register, 1810, 266-7.
27. Monthly Review, May-August 1812, 380.
28. Vansittart MSS. BM. Add. MSS. 31, 320, Vansittart to Miranda, 19th March 1811.

1808, and £6,400,000 in 1809, but falling to £6,000,000 in 1810. After the "bubble" burst, the total fell to £3,000,000 in 1811.[29] The desire for commercial success in South America sprang largely from the need to find new markets for British-made goods sufficiently large to compensate for losses in Europe and North America. This task was made easier by the availability of credit facilities because of the general inflation of the British economy at this time. Easy credit facilities permitted speculation, and as other markets were closed or uncertain, South America was seen as an opportunity to obtain riches from a new and unexploited market.[30] The lack of alternative markets, easy credit, and the desire to maintain factory production and commercial wealth led to too many British merchants entering this trade 1808-10. This was not apparent immediately as the relief from the losses of the embargo, the large-scale speculation, and ignorance of the market created an atmosphere of confidence. In 1809, the repeal of the Embargo Act added to this feeling of prosperity. In consequence the effects of over-exploitation were obscured until the first definite financial results were known in 1810: this news precipitated the slump.

Exploitation of the South American market was made more difficult by the ignorance of most of the traders and by the economic and political difficulties in South America. There was a large speculative element in trade with the United States; the bulk

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29. See Table 40.

30. Crouzet, op cit. 558-562.

of the goods despatched to the Americans was not the result of the receipt of specific orders but the visible evidence of a merchant's hope for a sale in the United States. This speculation was successful because of knowledge of the American market gained over many years by specialists in this trade, and because of confidence in the American ability to pay for these goods.[31] Speculation in South America had neither of these advantages. So much ignorance of the market, the absence of assurance about payment, combined with the entry of too many merchants hoping to recoup losses suffered elsewhere, made the South American market less stable than that of the United States. The speculative fever created by the embargo and the Continental System led to the despatch of too many goods, many of which were totally unsuited to the South American market. Because of the long distance of the market the financial impact of these mistakes was not felt until 1810.[32]

The economies of the Spanish and Portuguese colonies in South America were less advanced than that of the United States. They were often subsistence economies with little need and no ability to pay for manufactures, or cash crop economies whose ability to pay for British goods depended on world markets. The Brazilian cotton crop had provided an alternative to American supplies in 1808 and also gave the Brazilian planters the means by which to purchase British goods for a short time. The resumption of American supplies and later sanctions which prevented British exports of cotton goods led to stockpiling of cotton in Brazil, and consequently, a reduction in the Brazilian ability to pay for British goods.[33] The diversity of the

31. N.Buck, Development and Organisation of Anglo-American Trade, 104-17.
32. BT/ 1/42, f82, Letter from British merchant in Brazil, 16th August, 1808.
33. BT 1/64, f42, Memorial from British merchants in Brazil, 22nd April, 1812.

United States' economy made that market less dependent on world markets for single cash crops. The hierarchical social structure in South America also helped reduce purchasing power since wealth was concentrated in fewer hands than in the United States. These economic characteristics reduced the South American ability to absorb British products at a time when British merchants were trying to create a substitute for the American market.

South America did not have the political stability of the United States. The French invasion of Spain had been a great stimulus to the independence movements in the Spanish colonies. The struggle between the Spanish imperial authorities and the revolutionaries created political problems for the British government, but from the point of view of British commerce, difficulties were created by consequent political uncertainty and a division of authority between the two sides. The British government was aware of these difficulties and hoped to ease the situation by trying unsuccessfully to obtain the consent of the Spanish Junta for trade with South America, as under Spanish navigation laws, all such trade was illegal.[34] Both political groups in South America tended to be harsh and capricious in their attitude to British trade, and thus added to the merchants' difficulties. In 1809, for example, the local government in Buenos Ayres imposed a duty of 24 per cent on all imports and confined all trade to Spanish merchants. In 1810, the Spanish Viceroy of the

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34. BT 1/42,f98,27th November 1808.
Wellesley MSS, BM.Add.MSS.37,292,3 letters from Henry Wellesley in Cadiz, August 1810.

same region ordered all British merchants to leave after payment of duty on imports.[35]

While the political difficulties with Spanish America were considerable, those with the colony of Britain's Portuguese ally, Brazil, were no better. Though the Portuguese government now resided in Rio de Janeiro, and there was no nationalist movement, that government did much to impede British trade with Brazil. This was due to the imposition of import duties upon goods from Britain and of transit duties on the flow of goods to South America via Lisbon. These duties caused considerable discontent amongst British merchants in Brazil and were the subject of lengthy negotiations between the British minister in Rio, Lord Strangford, and the Portuguese government. In spite of the conclusion of a commercial treaty between Portugal and Britain in 1809, these duties were maintained and must have aggravated the financial burdens felt by British merchants in the South American trade. More seriously, the Portuguese government, for whom Britain was conducting a war in the Peninsula, impeded payment of British goods which had been sold in South America. Dollars sent by British merchants in Buenos Ayres to British merchants in Rio for shipment to Britain were bought up by the Portuguese government and by Brazilian merchants in order to prevent an outflow of bullion. In addition the export of gold from Brazil was forbidden.[36]

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35. Wellesley MSS, BM.Add.MSS 37,292, Letter from Mr.Mackenzie in Buenos Ayres, 1810.
BT 1/49, f90, 6th February, 1810.
BT 1/52 f160, Letter from Admiral de Courcey, 3rd May, 1810.

36. BT 1/45, f327, 24/7/09
BT 1/46, f143, 13/8/09.
BT 1/47, f29-114, Aug. 1809
BT 1/51, f26, 30/4/10.
BT 1/53, f81-88, 11/10/11
BT 1/54, f41-55, 14/11/10.
BT 1/55, f269, 15/6/11
BT 1/55, f290, 25/5/11.
BT 1/61, f18, 28/8/11
BT 1/52, f160, 3/5/10.

As a result of ignorance, economic difficulties, and political troubles, the South American market did not live up to the expectations of the speculators and as financial losses became known, confidence was lost, firms went bankrupt, and bankers withdrew credit. The speed of this process from July 1810 burst the "bubble" and plunged Britain into a full-scale depression by November 1810.[37] The losses in South America caused this rapid turn of events and sanctions had played an important part in forcing British exporters into that market. Sanctions, therefore were an important factor behind the depression of 1810-12: the slump which was essential for the ultimate success of sanctions. It was ironic that the "bubble" burst soon after the passage of the least effective American measure, Macon's Act, but the "bubble" had originated in the Embargo and Non-Importation Acts. The financial losses were felt by London financiers and more immediately by firms in the export trade with South America. The depression spread rapidly in the summer of 1810 as firms suffered losses and cut back production, but severe and widespread as these losses were, the main casualty of the sudden change from boom to slump was business confidence. The crisis might have been weathered if British industry had had the ability and confidence to initiate a recovery, but this was not possible. The lack of alternative markets and the shaken confidence from South American losses coincided with a growing anxiety about Britain's currency and the precarious situation arising from economic warfare. The crisis of 1810-12 was not just commercial, it involved a crisis of confidence in the monetary system which made recovery even more difficult.

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37. Crouzet, op cit. 628-630.

In spite of the removal of all effective sanctions in May 1810 and the upsurge of trade with the United States since the repeal of the Embargo Act, there were signs that the American market was less certain than it had been in previous years: in consequence, it was unable to act as a cushion for South American losses. The differences between Britain and the United States remained, and Macon's Act contained the threat of further sanctions. In addition, orders for British goods from America were not as numerous due to declining American ability to pay for British manufactures. From 1809-10, American farmers suffered a decline in the world market prices for their produce, which constituted the bulk of American exports, because of the uncertainties of trade with Britain and Europe. American restrictions from 1808 had a general effect of raising the prices of imports from Britain, thus adding to the decline in American purchasing power. Resentment against Britain, particularly in the western states, also contributed to the decline in orders being placed in Britain.[38] As a result of years of uncertainty, regulation and sanctions, the normal pattern of payments in Anglo-American trade had been upset. The trade balance between the United States and Britain was in favour of the latter in normal times. The deficit in American trade with Britain had been made up by the despatch to Britain of the profits derived from the sale of American produce in Europe. This, together with drafts drawn from business firms and banks in Britain, was used to

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38. Smith & Cole, Fluctuations in American Business, 18-19.
Smelser, The Democratic Republic, 207-8.
Perkins, Prologue to War, 287-8.

purchase British goods for export to the United States. The uncertainty in Europe led to a decline in profits and made the despatch of bullion to Britain more difficult. This led to a reduction in the American ability to buy British goods which was serious enough for British merchants to complain to the Foreign Secretary.[39] So a combination of declining purchasing power within the United States in 1810 and a decline in the flow of American profits into British hands made the short-term prospects of the American market seem less attractive in 1810. This situation had not improved, rather it had worsened, by the time of the new Non-Importation Act in 1811, which effectively closed the market in the United States for British exports. By contributing to the uncertainties of economic warfare, sanctions had made indirectly the American market less prosperous before sanctions finally closed that market.

Without the guarantee of renewed prosperity from the American market, the prospect of recovery from the South American losses was not encouraging. Nor were the prospects of two other markets for the exports of British-made goods any better. The renewed severity of the French controls, such as the Schonbrunn Decree, the annexation of Holland, and the closure of the French frontier with Germany, combined to make a considerable reduction in British trade with northern Europe.[40] Since expansion could not be expected in the domestic market either immediately in the summer of 1810 or throughout the slump due to a decrease in the domestic purchasing power, no relief could be expected from that quarter. Inflation

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39. Baring, Inquiry..., 142-3.
FO 5/73, f306-10, Memorial from British merchants, 15th Nov. 1810.
Buck, op cit, 117.
Reinoehl, op cit, 236-9.

40. Hecksher, The Continental System, 183.

in Britain since the suspension of cash payments by the Bank of England in 1797 had severely reduced the value of the pound and thus depressed the standard of living as wages lagged behind the cost of living. Bad harvests since 1808 had increased food prices: in January 1809 the price of a quarter of grain was 90/6d., but this had risen to 116/2d by August 1810. A greater proportion of income had to be spent on food, and in many cases income declined as a result of unemployment or reduced wages caused by the slump. The income of the upper classes declined as a result of the losses incurred through speculation while the high taxes needed to finance the war further eroded purchasing power. As a result the domestic market was unable to absorb losses incurred in the export markets of South America and elsewhere. This failure prevented the recovery of business confidence which, even before the summer of 1810, had been undermined by a growing concern over the state of Britain's currency.[41]

American trade with Europe provided Britain with a large amount of bullion which was sent to Britain as payment for British goods. This contributed to a favourable British balance of payments.[42] The uncertainties of economic warfare which reduced direct American trade with Europe caused this source of bullion to dry up and contributed to an unfavourable balance of payments which became evident from 1809.[43] This balance was upset further by the

41. Grey MSS, Erskine to Grey, 5th September 1811.
Crouzet, op cit, 558-562.
Grain prices in Appendix B.
42. FO 5/73, f306-310, Memorial from British merchants.
43. Annual Register, 1810, 565-9, Abstract from Bullion Committee Report.

need to export bullion to pay for grain imports from France in 1808, to pay for subsidies to allies, and to support overseas military campaigns such as that in the Peninsula.[44] As a result, by 1810, considerable alarm was being expressed at the scarcity of gold in Britain: one observer wrote to Lord Liverpool reporting that the shortage of bullion "has nearly laid an embargo on the trade of the whole country."[45] Amongst others, William Huskisson attributed the scarcity of gold to the inflationary issue of paper money which, together with overseas needs, was driving bullion out of Britain. He thought that the resumption of gold as a circulating medium through purchases by the Bank of England at market prices, would stop the outflow and restore confidence in the currency.[46] The growing shortage of gold, with prices rising from £3.17.10½d per ounce in 1808 to some £4.12.0d. per ounce in 1810, and to £5.9.0d. per ounce in May 1812, combined with the increasing issue of paper money (which allowed the extension of credit needed to finance speculation and the war effort) caused considerable unease from 1810.[47] Many disliked reliance on paper money because of inflation and the power given to the government as a result. Others saw the issue of paper money as the main cause of the currency depreciation.[48] Certainly, since 1797 when William Pitt had suspended cash payments by the Bank of England because of a drain of gold from Britain, wartime needs had led to an increased issue of paper by the Bank of England and other banks. The Bank had issued an average of £10 millions in notes annually before 1797, but by

44. Gentleman's Magazine, 1812, p164, Rose in Commons, 7th January, 1812. A. Cunningham, op cit, 75.
45. Liverpool MSS, BM.Add.MSS. 38,243, unknown writer, late 1808.
46. W. Huskisson,.. Depreciation of the Currency. (1810), 41-47, 88-9, 94.
47. Gentleman's Magazine, 1812, 452.
48. Huskisson, op cit, 41-47; Monthly magazine, 1/6/11, 479.

1809 this had risen to £19 millions, with a further £4-5 millions being issued by the country banks.[49]

The high price of gold and the uncertainty about the currency led Francis Horner, a leading opponent of paper money, to press for a parliamentary committee in the spring of 1810. The report of this committee was published just before the prorogation of parliament in August 1810, as a result of which it was not debated in parliament until May 1811. Consequently no decision was taken for several months on its controversial recommendations. This prolonged uncertainty over the future of the currency and delayed restoration of business confidence.[50] In spite of the evidence from bankers that the high price of gold was due to the war, the political composition of the committee, chaired by Horner, led to blame for depreciation being put on the "excessive" issue of paper money. The committee, therefore, advocated a return to cash payments: a return to gold as the basis of the currency.[51] Although Horner was supported by George Canning, the government opposed the resumption of cash payments. Castlereagh stated that paper money had given the country credit sufficient to ensure prosperity and to finance the war; whilst Lord Liverpool thought that resumption would paralyse military operations at a crucial time. Vansittart criticised the publication of the report because it undermined business confidence in the currency.[52] The government successfully opposed the committee's recommendations

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49. Smart, Economic Annals..., vol 1, 250-1.
50. Gentleman's Magazine, December 1810, 545-6.
Walpole, Life of Spencer Perceval, vol.2, 105-6.
51. Annual Register, 1811, 63-76,88-93.
J.Silberling,"Financial & Monetary Policy..." Quarterly Journal of Economics,1924, 430-1, 438-9.
52. Annual Register, 1811, 88-93.
C.D.Yonge,Life of Liverpool, vol.1, 369.
Smart, Economic Annals..., vol.1, 292-304.

in 1811 and thus ended the uncertainty. Perceval's administration did try to restore confidence in 1811 when, as a result of much business pressure, a committee to investigate commercial credit was set up. This body reported in March 1811 that the crisis was due to overspeculation and it asked that Perceval issue £6 millions in exchequer bills to aid manufacturers. In spite of opposition from Huskisson who continued to blame inflation, and from Baring who advocated the new export markets demanded by witnesses before the committee, the prime minister agreed to this limited government aid. It did little to relieve distress as the main need was for confidence and an outlet for British exports.[53] Continued uncertainty and the unsuccessful government action prolonged the crisis, and in 1811, economic and social distress grew. The losses in South America, partially created by sanctions had occurred when the absence of other markets and diminishing confidence in the currency made recovery more difficult. The renewal of the Non-Importation Act in 1811 retarded recovery even further by closing a normally large and prosperous export market: sanctions helped cause and prolong the slump.

Some idea of the nature and extent of the distress in 1810-12 can be gained from the growth of unemployment, poverty, bankruptcies, and the rise in prices in those years.

It was recognised that the introduction of the factory system made the industrial areas of Britain more susceptible to fluctuations

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53. Annual Register, 1811, 56-63.
Scots Magazine, March 1811, 227.
Walpole, op cit, 207-8.
Smart, Economic Annals..., vol 1, 263, 266-72.

caused by even small changes in the international scene. This was seen when the cotton industry - the most advanced industry - was affected first by the slump in 1810. As the depression deepened, unemployment and poverty became most evident in Lancashire: the home of that industry. It was the worst period of unemployment yet in the history of Liverpool when about 19,000 people, constituting one-sixth of the labour force, required poor relief. In the rest of Lancashire, one-fifth of the work force was on poor relief, and this does not include those whose wages had been cut as an alternative to unemployment. Evidence of distress in other areas is not so full or continuous (highlighting the position of cotton) but by May 1812, one thousand weavers were out of work at Spitalfields in London. Unemployment in Birmingham had been averted by stockpiling goods, but this was a short-term solution. One half of the Birmingham labour force depended on trade with the United States and the industrialists of that city claimed that they had lost over £1,200,000 by May 1812, as a direct result of sanctions. Such losses were not compatible with maintaining a normal labour force. Glasgow was affected less and, after some difficulty, the wages of the weavers were maintained in that city.[54] The need to provide increased poor relief laid a greater strain on the taxpayer and this, together with the lack of work, reduced purchasing power at a time of a general rise in prices due to the lack of bullion and the scarcity of food. Except for that of 1810, successive poor harvests caused a steady rise in

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54. Annual Register, 1812, 54-6. ; Zeigler, Addington, 310-12.
The Examiner, 23/2/12. ; Caledonian Mercury, 16/3/12.
Monthly Magazine, 1/4/11, 299; 1/6/11, 485.; 1/3/12, 189.
1/4/12, 294; 1/5/12, 377; 1/6/12, 492.
1/7/12, 585.

prices from 1808, reaching a peak in the winter of 1811-12, when the full effects of the depression and of American sanctions were being felt. In January 1809, a quarter of wheat sold for 90/6d in London, but by August 1812, the price had risen to 155/- per quarter; the steepest rise taking place in the early months of 1812.[55]

Indicative of the spreading effects of the depression was the rapid rise in the number of bankruptcies in 1810-12. In December 1804, the total number of failures was 60, by December 1809 this had risen to 113, and in December 1810 it was 229 and although the total fell to 172 in December 1811, by the end of 1812 it had risen to 225. The total number of bankruptcies in 1809 of 1,089 rose to 1,670 in 1810 and to 2,000 in 1811 before falling to 1,616 in 1812. In effect the slump doubled the annual rate of business failures.[56] The depression, therefore, was characterised by growing unemployment, poverty, rising prices and an increasing number of bankruptcies; sanctions were responsible partly for this situation.

The British government remained optimistic and tried to minimise the effects of the crisis. Following his glowing budget speech of May 1810, in his budget of May 1811, Spencer Perceval claimed

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55. see Appendix B.
56. Monthly Magazine, 1st March 1811, 197 (for December figures)
Annual Register, 1809, 633.
" " 1810, 514.
" " 1811, 314.
" " 1812, 227.

that the prosperity of the country was increasing. Lord Liverpool believed that the distress in the manufacturing areas was the result of temporary causes which he regretted because of the inconvenience caused to the government's attempt to raise more taxes. This optimism was not dimmed by their awareness of the food shortage which was making it difficult to obtain supplies for British troops overseas. For this response many criticised the administration and came to blame the crisis on Perceval and his colleagues. As this criticism spread and as distress continued to increase, the Whig campaign against the Orders in Council was revived. Instead of having to demand changes amidst prosperity they could now draw attention to the widespread effects of the slump and point to their favourite solution to the crisis which was the re-opening of the American market to British exports: this could be achieved only by the repeal of the Orders in Council and the withdrawal of sanctions.[57] This crisis was partly created and was prolonged by economic sanctions. It revived British opposition to the Orders in Council at a time when Britain was more vulnerable to political and economic pressure. The main objective of this opposition was the removal of the Orders in order to persuade the Americans to withdraw their sanctions. Thus sanctions had both a positive and a negative role in the economic crisis: as a cause and as a solution to the slump.

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57. Annual Register, 1810,96 and 1811, 49-55.
Gentleman's Magazine, July 1810, 65-69.
Liverpool MSS,BM.Add.MSS.38,326,Liverpool to Wellington, 28th April,1812.
BT 1/64,ff48-55; BT 1/65,f1.
Monthly Magazine, 1st July 1811,563 and 1st March,1812, 203-4.
The Examiner, 12th April and 10th May 1812.

CHAPTER SIX.

SANCTIONS AND THE BRITISH GOVERNMENT 1810-12.

In public the members of Spencer Perceval's administration were optimistic about the economic crisis facing the country.[1] The widespread distress had neither produced any public acknowledgement of the severity of the crisis nor any change of policy towards the United States whose economic coercion was thought of as prolonging the slump. Consequently the government was accused frequently of complacency and insensitivity over the plight of the industrial areas.[2] Was this lack of concern in public a reflection of the private opinions of ministers or did they respond by re-assessing the government's American policy? An answer requires evidence of the private views of ministers on policy towards the United States, on the opposing needs of American neutrality and the maintenance of British maritime supremacy, and on their awareness of the problems created as a result of poor relations with the United States. The most vital problems for the government were not purely economic but arose out of the political and strategic needs of Britain: the effects of the American-induced economic dislocations upon the British military effort in the Iberian Peninsula, and the possibility and consequences of a war with the United States, which would divert attention and resources

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1. see pages 155-6.
2. see page 156.

away from the struggle with Napoleon. In general, the response of the British government was more flexible, less optimistic and more aware of the problems created by sanctions than would appear in it public statements.

The views held by British ministers about the United States, as an independent nation with which relations had been deteriorating were expressed infrequently. Perhaps this is an indication of the relative unimportance of the American republic in the thinking of a government whose principal concern in foreign policy was the struggle against Napoleon. Whilst there is no overall uniformity of opinion, the Tory leaders of Britain tended to display hostility and a lack of understanding about American sensitivity towards their independence and neutrality. In 1808, in the first year of sanctions, the Lord Chancellor, Lord Eldon, speaking in the House of Lords, showed awareness of the importance of the United States for Britain and displayed no hostility to that country.[3] In contrast, Viscount Sidmouth, a leading Tory outside the government in 1808, thought of the United States as "a country in which there is little authority in the rulers, and as little public spirit and virtue in the people".[4] In the years between 1808 and 1812, there were few expressions of ministerial opinion about the United States. Conciliatory gestures tended to be tactical whilst the general tone remained hostile. There was no favourable view of the Americans to match the opinion of Lord Liverpool in a memorandum written shortly after the outbreak of

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3. US.Dip.Desp.v15 Pinkney to Madison, 17th February,1808.
4. Gray,Spencer Perceval,p172.

war in 1812. He felt that "The whole of the inhabitants of the United States are ill-disposed toward Great Britain. In this all parties agree, and they differ only in their degree of hatred and jealousy."[5] The view of the Prime Minister reflected not only hostility to the Americans as he went on to demand action to curb American power, but also the tendency to blame the United States for the poor relations between the two countries. In earlier years this hostility had been blamed on French influence over Jefferson, but Madison was castigated for being the unwitting tool of France because of his acceptance of the letter withdrawing French restrictions on American ships, written by Cadore in August 1810. The cabinet regarded American dislike of Britain and American action against Britain as the result of French action rather than the consequence of British infringements of American neutrality.[6]

While there was obvious British resentment at this American hostility, arrogance and a lack of understanding were the most common themes in government expressions of opinion 1810-12.[7] In February 1811, Richard Marquis Wellesley, the Foreign Secretary, drafted a letter to William Pinkney, the American minister, which revealed his contempt for American neutrality. Replying to Pinkney's letter of 14th January, 1811, Wellesley contended that the violation of American neutral rights was incidental to the operation of the Orders in Council, that these

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5. Liverpool MSS, BM.Add.MSS.38,362, undated memo of about mid 1812.
6. Wellesley MSS, BM.Add.MSS.37,292, Cabinet memo on letter to Pinkney, 10th December, 1810.
7. US.Dip.Desp.v18, Russell to Monroe, 3rd Feb. and 9th May, 1812.

violations were the result of French action, and that Great Britain could not repeal her Orders in Council to please the Americans without any reference to the conduct of France.[8] Blaming France was a constant theme in the exchange between Britain and the United States. A similar insensitivity and a rather patronising attitude was seen in the opinions of Spencer Perceval. Speaking in the House of Commons on January 8th,1812, the premier made claims that the government's attitude towards the United States had been "too moderate, too forbearing" and that he was more tolerant towards the United States than to any other country.[9]

Amidst this general hostility and insensitivity only a few conciliatory gestures occurred. In January 1811, Lord Bathurst suggested to Perceval that the government try to explain its position to all those merchants engaged in the American trade.[10] Bathurst, although prepared to be conciliatory, and usually the member of the cabinet most sympathetic to the American position, was not prepared to sacrifice British maritime rights to achieve peace.[11] In April 1812, the new Foreign Secretary, Viscount Castlereagh, stated his desire to revive amicable relations and commerce with the United States and rescue the Americans from French influence. In so doing, he also stated his belief that Britain had been friendly to the United States and that the

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8. Wellesley MSS, BM.Add.MSS.37,292, draft of letter to Pinkney, Feb.1811.
9. Courier, 9th January,1812.
10. Wellesley MSS, BM.Add.MSS,37,295, Bathurst to Perceval, 2/1/11
11. Wellesley MSS,BM.Add.MSS,37,292,Memo of Cabinet, 10/12/10.

Orders in Council were the result of French action.[12] Like his more hostile colleagues, he showed no understanding of the American position. During the period of sanctions, such general expressions of a desire for more amicable relations were the only positive response to American demands. The government remained generally hostile, arrogant and insensitive, and frequently regarded the United States, not as an independent neutral nation, but as a tool of the French Empire.

Sanctions produced no real change of general attitude partly because the British government thought that this effort at economic sanctions had failed. The Embargo had failed and had been replaced by a much weaker series of measures whose failure was predicted by reports sent to the government, all of which tended to show that sanctions were more harmful to the United States than to Great Britain. In July 1810, Francis Jackson, the British minister in Washington, had reported a great increase in trade and in American prosperity following the end of the Non-Intercourse Act: implying that this act had hurt the American economy.[13] Augustus Foster, his successor, stated his belief in August 1811, that the Non-Importation Act had failed and he illustrated his remarks by reporting on the difficulties of New England merchants who exported food to the British West Indies. In his view, this failure would be compounded by a strong British stand against America.[14] The adverse effects of sanctions upon

12. Mayo, 363: Castlereagh to Foster, 10/4/12, No.4.
13. BT 1/52, Extract from despatch from Jackson, 10/7/10.
14. FO 5/76, Despatch from Foster 5/8/11; see also same despatch in BT 1/60.

the American economy were brought to the British government's attention by a letter which Lord Melville passed on to the Foreign Secretary in September 1811. Originally written by a Mr.Hossack in New York to a fellow merchant in Britain, Mr.Hope, the letter described the economic situation in the United States. Mr.Hossack gave a vivid description of the slump in the United States which was ruining the commercial class. He blamed this on the policies of the American government and felt that the situation would improve only when the United States government ended its sanctions policies. He believed that a firm stand by Britain would end the policy of economic coercion.[15] Newspaper reports reinforced this flow of information to London. In November 1811, the Caledonian Mercury stated that sanctions had hurt the American economy, and in the following year, the Courier, a strong Tory paper, carried a report from New York city that business was stagnant, with many bankruptcies and much poverty as a result of poor relations with Britain.[16] Whilst these reports came only from New York, the most important seaport and a Federalist city, in the absence of reports to the contrary from other parts of the United States, together with the diplomatic despatches, they presented the cabinet with information to balance the reports of distress within Britain. Optimism about distress was increased by knowledge of the adverse reaction of sanctions in the United States.

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15. Wellesley MSS.BM.Add.MSS.37,296; letter enclosed from Melville 30/9/11.
16. Caledonian Mercury,4th November,1811.
Courier, 14th March 1812.

Positive evidence about the government's views on the effectiveness of sanctions is very scanty. The lack of concern from the United States, the apparent absence of any cabinet discussion of the effects of sanctions, and the determination to retain the Orders in Council tend to show that the effects were either not sufficient to provoke discussion or were minimised by the belief that the United States was also being hurt. The important cabinet meeting in December 1810 did not refer to the economic impact of sanctions.[17] The few positive sources centre upon Marquis Wellesley, but his views and actions were not followed by any official reaction. In late 1810, he wrote to Wellington, in Portugal, stating that recent American measures may require British retaliation and he asked Wellington for ideas on possible military, naval and political measures to adopt.[18] Any reply from Wellington has not been found. This letter is not supported by any cabinet discussion or any other minister expressing the need for retaliation at this time. In the spring of 1811, Wellesley wrote to Foster that a continuation of American policy would bring about British retaliation.[19] Again in January 1812, just before his resignation, Wellesley wrote that sanctions were almost as injurious as war.[20] This lone view was not as serious as it appears because the British government did not regard war with the United States as too harmful.[21] Apart from this, the only

17. Wellesley MSS, BM.Add.MSS.37,292; Memo of Cabinet 10/12/10.
18. Wellesley MSS,BM.Add.MSS.37,292; to Wellington late 1810.
19. Mayo, 324; Wellesley to Foster,April 1812, No.8.
20. Wellesley MSS,BM. Add. MSS. 37,293; Notes for despatch to Foster, January 1812.
21. See below, pages 207-219.

other indication of a positive reaction to reduce the effects of sanctions is a report that the government was aiding efforts to smuggle goods into the United States from Canada.[22] Therefore, regarded as more harmful to America, sanctions were not effective enough to force Britain to consider the causes of American grievance.

British stubbornness was reinforced by the government's view of the nature of American hostility. In his despatches, Jackson was the first to draw the government's attention to the widespread dislike of Britain by the American government and people. Commenting on Madison's administration he felt that "it was founded on principles essentially hostile to British interests and feels that it must support itself by keeping up a constant state of irritation against that country." But this feeling would not push Madison into war with Britain.[23] This view was accepted by Marquis Wellesley in 1811 when he wrote that America "is evidently most hostilely disposed towards this country."[24] The British government's view was shared by journals such as the Quarterly Review, admittedly a Tory organ, which voiced the opinion that the quarrel began with the "advent of Jefferson."[25] In addition to Jackson's comment on the possibility of war, reports reaching the British government from the United States tended to under-rate the gravity of the quarrel by highlighting the weaknesses of Madison's administration

22. US.Cons.Desp.v9,Beasley to Monroe, 2nd and 9th Nov.1811.
23. FO 5/69, General Report on USA by Jackson,15/9/10.
24. Melville,Wellesley Papers,p55,Wellesley 15/5/11 on the state of Europe.
25. Quarterly Review, March 1812, 1-34.

and the size of the opposition to it. The role and power of the Federalists, as the pro-British party, was observed by Jackson in his general report in 1810. Whilst not very strong, the Federalists provided an important check on Madison as well as acting as vocal supporters of the British position.[26] It was also felt that the existence of the Federalist party in Congress helped tone down British irritation at American hostility.[27] The Federalist party showed that Americans were not united in opposition to Britain and that the Americans who were"superior in talent, property and respectability of character" supported Britain.[28] The picture of a divided America was enlarged by reports of the dislike voiced by American mercantile interests of Madison's administration. In 1810, Jackson had noted the pro-British sentiments amongst the mercantile community.[29] His successor, August Foster, commented on this same point in 1812. In his view, the American merchant class did not take the warlike noises from the Congress and President seriously enough to discontinue the dispatch of vessels to Britain at very low insurance rates.[30] He believed also that the American people had been so long "amused" by the warlike noises of their government that they no longer believed them.[31] Combined with this view of the lack of united public support was Foster's view that Madison would be satisfied with some small concessions because sanctions had failed and an unwanted war was the only alternative.[32] Madison's demands were not serious

26. FO 5/69, General Report by Jackson,15/9/10.
27. Annual Register, 1810, 152-6.
28. FO 5/69, General Report by Jackson, 15/9/10.
29. FO 5/69, Report from Jackson,19/6/10.
30. FO 5/84, Despatch from Foster, Feb.1812.
31. FO 5/85, Despatch from Foster, 22/3/12.
32. FO 5/77, Despatch from Foster, 29/11/11.

in their effects on Britain and his diplomatic position was weak because even the Americans felt that economic coercion had failed.

In considering their policies on American neutrality and the Orders in Council, the British government was influenced, not by a firm and united American stand supported by really effectiv economic sanctions, but by evidence which suggested that sanctions had failed; that they had less to do with the slump in Britain than with the depression across the Atlantic; that the United States whilst generally hostile was not united in a determined stand against Britain; and that Madison's administration was weak and desperate for a solution which would avoid war. In spite of the economic crisis, most of the British people supported Perceval's government in its determination to maintain British seapower, including the Orders in Council. So strong was this feeling, the American charge d'affairs, John Spear Smith, reported to Monroe, that most people in Britain would prefer war with the United States rather than give up the Orders in Council which defended"the liberties of the world". British merchants, except those in the American trade, and the Royal Navy were strong supporters of the Orders. Smith believed that only "necessity or the conviction of the manifest impolicy of the present system" would bring about a change.[33] Reuben G.Beaseley, the American consul in London, had already reported on the strength of British mercantile support for the Orders in Council, and the

33. US.Dip.Desp.vol.17 , Smith to Monroe,17th October,1811.

desire for retaliation against the renewal of the Non-Importation Act.[34] He also felt that British maritime policies would not be changed so long as Perceval remained in power.[35]

Evidence of any cabinet discussion on the question of retaining the Orders in Council in face of the American sanctions is confined to comments made in the margin of a letter drafted by Wellesley in reply to a letter from the American minister, William Pinkney, in December 1810.[36] Pinkney had asked whether the British government would repeal the Orders in Council in consequence of the letter from the French foreign minister, Cadore, to the United States government conditionally withdrawing the Berlin and Milan Decrees. This cabinet discussion took place after the onset of the economic crisis in Britain, just after the decision of Madison to reimpose sanctions against Britain, but before these sanctions became operative. After the Non-Importation Act was re-imposed no further discussion apparently took place, and the British position until the early summer of 1812 was confined to public and private statements defending the policy of the Orders in Council. In general, the discussion shows that the British government did not favour repeal in face of American coercion, but that ministers were at least willing to go as far as discussing possible changes.

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34. US.Cons.Desp. vol 9, Beaseley to Monroe,27th September,1811.
35. US.Cons.Desp. vol 9, Beaseley to Monroe,15th February,1812.
36. Wellesley MSS. BM.Add.MSS.37,292, Cabinet discussion of a letter to Pinkney on 10th December,1810.

Much of the cabinet's discussion centred around the nature of Cadore's letter to the United States government offering conditional repeal of the Berlin and Milan Decrees. Spencer Perceval and the Earl of Harrowby, Minister without Portfolio, pointed out the conditional nature of the letter, and the former criticised the Americans for accepting it as an actual repeal and as the basis for re-imposing sanctions on Britain. The Earl of Westmorland, the Lord Privy Seal, saw the letter as a trick to bring about war between Britain and the United States. Earl Bathurst observed that the letter was so worded as to look like a formal repeal, which would make the British case very difficult to sustain. Bathurst was the only member of the Cabinet to comment on the growing unpopularity of the Orders in Council and that their terms and operation were difficult to defend: being opposed by those who want no trade with France and by those who want no restriction on trade. Spencer Perceval, pointing out the success of the Orders in Council in forcing British goods into European markets, said that he would support repeal only when he was assured that the Berlin and Milan Decrees were fully revoked. He opposed any change to favour the Americans, believing that a firm British stand was less likely to cause a war with the United States than concessions in face of coercion. In this view he was supported by the First Lord of the Admiralty, C.P.Yorke, and by Bathurst, the most conciliatory of ministers, who opposed any repeal in face of American and French threats and trickery, although he was critical of the Orders in Council as such. The only indication of recognition of public discontent can be seen in the change of

tactics suggested by the Earl of Westmorland in order to keep the Orders in Council. He suggested that the government stress the benefits Britain was gaining from the Orders in Council rather than the retaliatory principle behind them.

The continued determination of Spencer Perceval's administration to retain the Orders in Council was reflected in the American disappointment at the lack of change following the assumption of power by the Prince Regent who was thought to be more benevolent towards the United States than George III.[37] The firm British stand was echoed not only in statements in Parliament but in the Foreign Secretary's instructions to Augustus Foster in Washington. Wellesley said that there could be no abandonment of British maritime rights. He believed that the burden on American merchants was the result of the actions of the American government. He stated that the Orders were designed to protect British trade.[38] Later he disallowed any idea of a partial repeal of the Orders in Council as far as their operation along the American coast was concerned.[39] Even in face of mounting discontent and opposition in 1812 there is evidence of this continued stand, when even such prominent Tories as Sidmouth, Canning and even Wellesley had turned against the Orders in Council. In a draft of a speech, dated 11th May, 1812, the day of his assassination, Perceval defended the Orders in Council and maintained that they were not responsible for the loss of the American trade.[40] Nowhere is there any evidence of government consideration of British maritime policy and its effects on the United States between December 1810

37. US.Dip.Desp. Rpt.vol.3, Pinkney to Smith 5th Nov.1810.
US.Dip.Desp. vol.18; Russell to Monroe, 20th Feb.1812.
US.Dip.Inst.vol 7, Monroe to Russell, 6th May, 1812.
38. Mayo, p.317, Wellesley to Foster, 10th April 1811, No.1.
39. Mayo, p.345. Wellesley to Foster, 28th Jan.1812, No.2 (secret).
40. Perceval MSS, BM.Add.MSS.49,177, draft of speech, 11th May, 1812 but draft too sketchy to permit further observations on the nature of Perceval's defence.

and the final crisis of May and June 1812. The public and private views of Perceval's administration show continued support for the Orders in Council in spite of the economic crisis and the vital renewal of American sanctions early in 1811.

In considering its policy towards the United States, was the British government swayed by any awareness of the importance of the American market for the British economy or by the prospect of the Americans developing industry in order to make themselve more self-sufficient? These two points were stressed by many of the government's opponents in Parliament and in the industrial areas.[41]

One major report by Jackson, in New York in 1810, on Anglo-American trade was capable of more than one interpretation: the large outflow of goods and ships to Britain after the end of th Non-Intercourse Act could be interpreted as an indication of British need for American goods or of American dependence on trade with Britain.[42] Apart from this one exception, despatches from the United States did not dwell on the importance of trade The government's information about the importance of the American market, before the evidence of the parliamentary inquiry in May 1812, is difficult to assess; only newspapers and reports in Parliament, and the evidence of the previous inquiry in 1808.

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41. See below, Chapter 7.
42. BT 1/52. Extract from despatch from Jackson, 10th July, 1810

Whatever the extent of this information, the indications of government views are scanty and contradictory. In the cabinet discussion of December 1810, Bathurst had recognised the importance of trade with America: "Added to this, as our trade with Europe diminishes, our trade with the United States rises in importance: and the trade with other parts of America would be seriously interrupted by an American war." No one else took up this point.[43] The other source of government opinion was Reuben G.Beasley, the American consul in London, who reported in February 1812 that the British government "now boast that we cannot do without their manufactures" and that, in consequence, many merchants expecting an end of sanctions, were preparing to send goods to the United States.[44] The lack of comment and the above meagre evidence suggests a general lack of awareness of the importance of the American market for the British economy.

The British government did not display much interest in the growth of American industry and the American desire for economic self-sufficiency until the winter of 1811-12. This was in spite of important evidence from the United States during 1810. In September 1810, Francis Jackson commented on the growth of American industry as part of his general survey of the United States. He related that it was an established and popular policy of the United States government to encourage industrial growth in order that America be independent of Britain. He qualified his remarks by commenting on the difficulties impeding

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43.Wellesley MSS, BM.Add.MSS.37,292. Cabinet discussion 10th December,1810.

44.US.Cons.Desp.vol 9, Beasley to Monroe 15th Feb.1812.

such growth, of which the high cost of labour and the low quality of American products were the most important.[45] To support his report he enclosed a copy of a paper which the American Secretary of the Treasury, Albert Gallatin, had presented to the House of Representatives on 19th April,1810. In this he listed the commodities in which American production was felt to be adequate to meet home demand: this included all goods made of timber, and all leather goods, soap, earthenware and sugar. He then listed those industries which could meet the bulk of American demand: iron, cotton goods, and woollens being the most prominent. The Secretary also detailed the number of cotton mills in production and under construction: 62 in production and 25 being built.[46]

In spite of this information there is no evidence of any further discussion on the matter until two contradictory reports arrived from Augustus Foster at the end of 1811. In the first, Foster described the rapid growth of American manufactures, especially in textiles, and he commented that much of this success was due to the migration of skilled workers from the West of England. He also reported that politicians in Washington wanted the government to aid industry in order that America be free from economic dependence on Britain. "From every quarter I have accounts of the rapid progress which the manufacturers are making in these states, particularly of course cloth and of cotton".[47]

45. FO 5/69, General Review of the USA by Jackson, 15th Sept.1810.
46. FO 5/69, Copy of Gallatin's report appended to above report.
47. FT 1/62, Extract from despatch from Foster, 26th Nov.1811.

The effect of this despatch was balanced by his next report which made some general comments on economic distress in the United States being the result of American government policies.[48] The British government's response was one of suspicion about the validity of these reports: a suspicion which must have led to an underestimation of the seriousness of American intentions. In January 1812, the Board of Trade criticised the methods and depth of Foster's report on American industry and voiced suspicion of the American purpose in giving this information to Foster.[49] Following this, Wellesley asked Foster for more information on American industrial growth as he suspected that the reports of growth were propaganda to influence relations with Britain.[50] In turn, Foster toned down his earlier report by observing that this industrial growth was not too serious as it was not adequate to supply the demands of the American people, many of whom were in distress because of the lack of supplies from Britain.[51] No further communication on this topic took place before the outbreak of war. The tone of this exchange of views, and the lack of comment on the earlier report from Jackson, and the limited period in which such matters held the attention of Wellesley, indicates an air of complacency on the part of the British government about the short-term and long-term effects of American industrial growth. Since reports were treated with suspicion and the importance of the American market was not realised, fear of the loss of the American trade did not play any part in the deliberations of

48. FO 5/77, Despatch from Foster, 21st Dec.1811.
49. BT 3/11, Letter to Foreign Secretary, 8th Jan, 1812.
50. Mayo p347, Wellesley to Foster, 1st Feb.1812.
51. BT 1/65, Extract from despatch from Foster, 23rd April, 1812.

the British government on its policy towards America. Together with the attitude of the government towards American neutrality, American hostility and the need to maintain the Orders in Council as a major weapon in the war against Napoleon, this complacency meant that for the first two years of the depression the government did not alter its maritime policy. The mere renewal of economic sanctions and their consequent effects on the British economy, had not induced the British government to submit to or even consider, the American demands.

Did sanctions aggravate any of the important problems faced by Great Britain in the struggle against Napoleon sufficiently for the British government to become aware of American needs and the dangers of continued poor relations with the United States? This question can be answered by examination of the impact of sanctions upon the problems of the Peninsular War, and then by consideration of the views of British ministers on the consequences of war with the United States, if the Americans felt that their economic coercion was not producing results.

The British government was well aware of the strategic significanc of the war in Portugal and Spain and regarded it as the most important form of military aid which Britain could contribute towards any European efforts to defeat Napoleon. As such it took priority over other areas of military operations and remained in the forefront of the government's deliberations throughout

1809-13. Towards the end of 1810 Wellesley, the Foreign Secretary, put the British position very succintly when he observed that Britain had taken advantage of the Spanish revolt against Napoleon to send an army which could effectively pin down French troops so that the other powers of Europe could build up their strength for the next coalition against the French emperor.[52] He remarked also, at this time, that the wisdom of the war had been proved by the military and political cost to Napoleon.[53] The Secretary of War, Lord Liverpool, denied Lieutenant General Stuart, in Sicily, any reinforcements by citing the priority of Wellington's forces over all other efforts.[54] In the spring of 1811, Liverpool assured Wellington that a renewal of war in northern Europe would not divert attention and resources away from the Peninsula.[55] To reinforce this view of the government's determination to give priority to the Peninsular War, in August 1811, Wellesley wrote to the Russian government, whose relations with Napoleon were now very low, that the best way in which Britain could help Russia in any war against France was to continue the effort in Spain where French troops would be too preoccupied to be of any value in any French struggle with Russia.[56]

The value which the British government put on the Peninsular War was underlined by the constant reassurances given to Wellington that he would be supported in spite of the considerable military and especially financial difficulties which the government was

52. Wellesley MSS. BM.Add.MSS.37,292; Notes on the State of Europe 1810.
53. Wellesley MSS. BM.Add.MSS.37,292,Memo of October,1810.
54. Liverpool MSS. BM.Add.MSS.38,245,Liverpool to Stuart,6th Dec. 1810.
55. Liverpool MSS,BM.Add.MSS,38,325,Liverpool to Wellington, 11th April,1811.
56. Wellesley MSS,BM.Add.MSS.37,293,Wellesley in note to Russia, 16th August,1811.

facing. As early as December 1809 Liverpool assured Wellington that the war in the Peninsula constituted the greatest military and financial effort made by Britain. "The expenditure of this country has become enormous, and if the war continues we must look to economy. I do not believe so great a continued effort has been made by this country, combining the military and pecuniary aid together, as His Majesty is making for Portugal and Spain..."[57] Again, in the autumn of 1810, he wrote to Wellington of Perceval's tremendous difficulties in finding enough money to finance the war and that, serious though this was, the government's determination to prosecute the war remained constant.[58] Further reassurance came in the spring of 1811 when Liverpool wrote:"You know our means both military and financial are limited, but such as they are, we are determined not to be diverted from the Peninsula to other objects."[59] Even in the increasingly difficult political situation in the spring of 1812, the government remained firm in its support for a campaign which many of its opponents criticised.[60]

British success in the Peninsular War was considered essential to the survival of Perceval's administration and the government, in consequence, made considerable efforts to dampen criticism. In 1811, Marquis Wellesley considered that the main parliamentary effort in that year was given to gaining support

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57. Liverpool MSS, BM.Add.MSS.38,245,Liverpool to Wellington, 15th December,1809.
58. Liverpool MSS, BM.Add.MSS.38,245,Liverpool to Wellington, 10th September,1810.
59. Liverpool MSS,BM.Add.MSS.38,246,Liverpool to Wellington, 11th April,1811.
60. Wellesley MSS,BM.Add.MSS.37,296,Liverpool in Minute of 17th May,1812.

for the Peninsular campaign when he urged Perceval to make clear the principles behind that campaign clear in the House of Commons.[61] With a worsening economic situation, with general stalemate in the war against Napoleon, with the uncertainties over the future of the Tory government as a result of the Regency crisis, and lacking the support of powerful and able Tories as George Canning and Viscount Sidmouth, success in Portugal and Spain was essential to the survival of Perceval and his colleagues. A not unbiased observer, Jonathan Russell, the new American representative in London, reported to James Monroe that the war in the Peninsula kept Perceval's ministry in power at a time of great difficulty, and also noted that the needs of the Peninsular War played an influential role in determining the government's attitude to the United States: these needs prevented Great Britain from taking any strong action against the United States.[62] The Peninsular War, in spite of the problems which it created, was of vital military and political significance to the British government.

Much of the correspondence between Wellington and his political superiors was concerned with problems arising from the cost of the war in the Peninsula. In the later half of 1809 and in the first half of 1810, especially, all those concerned with the campaign were preoccupied with its cost. In 1810, the total cost of the campaign was £9,110,051, of which some £6,061,055 was in the form of specie or bills of exchange: provisions and

61. Wellesley MSS, BM.Add.MSS.37,295,Wellesley to Perceval, 15th July,1811.
62. US.Dip.Desp.vol 18,Russell to Monroe,14th January,1812.

transport costs accounted for the balance.[63] The main difficulty was not so much with raising taxes, though even here not enough money could be procured, probably owing to the depreciation of paper currency, the economic crisis and the commercial disruptions upsetting the sources of taxes.[64] The greatest obstacle was the lack of bullion, the political effects of which in the form of the "Bullion Report" have been discussed already. There was insufficient bullion in Britain and in Portugal, partly because of high prices and the depreciation of paper money, and partly because the disruption of normal trading patterns had dried up the flow of bullion into Britain. Normally American merchants sent the proceeds of their sales in Europe to London where the bullion was used to obtain British supplies. This created a reserve of bullion in Britain, on which the government could draw. This flow diminished as a result of the coincidental lack of supply and the demands of the Peninsular War.[65] As sanctions helped to create the disruption of American trade with Europe, they had contributed to the lack of specie in Britain by 1810. The government had high hopes of obtaining considerable new supplies of bullion from South America as a result of the upsurge of trade with that continent. In this hope they were disappointed within a very short time.[66] The renewal of sanctions would aggravate the problem.

Viscount Wellington was not backward in making known to the British government the adverse effects of the lack of specie. In March 1810 he complained of the great distress being caused to his forces

63. Liverpool MSS, BM.Add.MSS.38,361, Paper on Cost of Peninsular War
64. Melville, Wellesley Papers, vol 1,317; Villiers to Wellesley, 19th March,1810.
65 see above, p152.
66. Liverpool MSS, BM.Add.MSS.38,244, Liverpool to Graham, April 1810. Wellesley MSS, BM.Add.MSS,37,295, Perceval to Wellesley, 4th March and 19th April,1810. Perceval MSS, BM.Add,MSS.37,295, Liverpool to Wellington, 15th June,1810.

because of the lack of bullion with which to buy supplies and pay the troops. He urged the Treasury to buy bullion and send it to Lisbon rather than let this transaction remain in private hands.[67] The situation was serious enough for both Wellington and the government to realise that, unless more funds were forthcoming, withdrawal of the British army would be inevitable. This was discussed in the summer of 1810 and the situation was still under review when sanctions were renewed in 1811.[68] It is indicative of the government's determination to support Wellington that, in spite of the slump and sanctions, this threat did not materialise. Whilst sanctions must have contributed to this problem by disrupting the normal flow of goods and bullion since 1807 there is no reference in official correspondence that the British government realised that there was any connection between sanctions and the lack of bullion. The bulk of the correspondence was written in 1809-10, before the renewal of sanctions. Although the problem must have remained acute, judging by the few references for 1811-12, the renewal of sanctions did not stimulate any more correspondence or aggravate an acute situation, about which the government was well aware, to the point of noticing the sanctions and taking measures to curb their effects on the gold supply. Perhaps this relationship between sanctions and the cost of the campaign was too indirect to effect any reconsideration of policy.

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67. Liverpool MSS, BM.Add.MSS.38,244, Wellington to Liverpool, 21st March, 1810.
68. Liverpool MSS, BM.Add.MSS.38,245, Wellington to Liverpool, 23rd May, 1810.
Wellesley MSS, BM.Add.MSS.37,295, Liverpool to Wellington, 15th June 1810 and Perceval to Wellesley, 23rd July, 1810.
Liverpool MSS, BM.Add.MSS.38,325, Liverpool to Wellington, 20th February, 1811.

There were few specific references to the United States in the correspondence on the lack of bullion. With one exception, the government showed little awareness of American sanctions posing any obstacle to the solution of this crucial problem. In June 1810 Liverpool suggested to Wellington that he might ease his financial situation by selling bills to the American merchants wh traded with Lisbon in return for their supplies. "The Americans who will bring flour to both Lisbon and Cadiz would be too glad to receive Bills upon England for it!"[69] This was too optimistic. The American merchants would not take bills as they could be used only to buy goods in Britain for export to the United States: the renewal of the Non-Importation Act made such bills worthless.[70] Since American supplies were vital and the Americans had to be paid in bullion, the financial crisis was still acute by late 1811.[71] Wellington realised that the imposition of Portuguese duties on imports from the United States would stop supplies rather than aid the financial situation and seeing that the drain of bullion would continue as long as the Non-Importation Act was in effect, turned over the solution to the government.[72] Shortly afterwards, Liverpool suggested that the best long-term solution to end the drain of bullion and ensure the flow of supplies was to encourage the sale of British manufactured goods to the United States and to Latin America. He hoped that the latter market had recovered from the earlier glut of British goods. He based his hopes of trade with the United

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69. Liverpool MSS, BM.Add.MSS.38,325,Liverpool to Wellington 26/6/10.
70. Wood,Wellington Despatches15-6 Wellington to Charles Stuart 25/10/11.
71. FT 1/60,Extract from despatch from Charles Stuart,Lisbon, 5/10/11.
72. Wood,Wellington Despatches,45-6,Wellington to Charles Stuart, 25/10/11.

States on the opinion that the Americans were most anxious to buy British goods in spite of sanctions.[73] He did not think that sanctions could halt such a trade because of the widespread demand for goods from Britain and, in consequence, he felt no need to make any British concessions to end sanctions: not realising that this would help the financial position of Wellington, and the British economy as well. The inconveniences created by sanctions were not sufficient to cause any change of policy.

Wellington faced the problem of obtaining sufficient supplies, especially of food, and came to rely on the United States as the main source of basic essentials such as grain. Poverty and devastation in Portugal and Spain, difficulties with contractors and manufacturers in Britain, and bad harvests in Britain forced Wellington into this position.[74] As early as 1808 the British government had allowed American merchants to trade directly with Portugal.[75] From this beginning the army under Wellington came to be totally dependent on American supplies: in the spring of 1812, the Duke commented "all this part of the Peninsula has been living this year on American flour."[76]

The scale of American trade to Portugal can be assessed by analysis of the numbers of vessels entering the port of Lisbon in 1811: the only year for which such information is available. Data compiled in Lisbon for the Board of Trade gives details of the names, numbers and cargoes of all ships arriving at Lisbon in 1811: the year during

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73. Liverpool MSS, BM.Add.MSS.38,326,Liverpool to Wellington,21/11/11
74. Annual Register,1809,183; Vane,Castlereagh Memoirs, VIII, Castlereagh to Gordon 20/11/08: US.Dip.Desp. vol 18,Russell to Monroe 14/1/12.
75. BT 5/18, Letter to Thomas Baring,12th August,1808.
76. Wood,Wellington Despatches,416-7,Wellington to Graham,8th May, 1812.

which the sanctions were re-imposed. A grand total of 2,121 vessels entered the port, about two-thirds arriving between January and June. Approximately one-third of all arrivals were ships flying the flag of the United States. Some 797 American ships arrived, of which 513 arrived in the first half of the year. The total was surpassed only by British vessels which numbered 817. Most of the remaining vessels were Spanish or Portuguese, with another 46 flying Turkish or Moorish colours, and only 26 from the countries of northern Europe.

Over one half of the British vessels came from ports in the United Kingdom: 309 from England, 24 from Scotland, and 145 from Ireland. Most of the remaining British vessels were on short voyages from Gibraltar and other Iberian ports. Whilst the majority carried foodstuffs in early 1811, in the second half of the year, when arrivals were fewer, only a small number brought supplies of grain: and this during the months of the harvest. The cargoes other than grain were very varied: coal, wine, dried fish, rum, tobacco and government stores.

A more definite pattern emerges from the analysis of American shipping. As American vessels were normally of a greater tonnage, the small British numerical superiority was probably meaningless. Of the 797 American vessels, some 587 arrived direct from the United States. Another 142 had sailed from ports in Britain and Ireland, and only 68 from other countries: like the British vessels they came from other Iberian ports. The growing dominance

of the port of New York was already apparent: 114 of the 587 arrivals from thirty-seven American ports had cleared from New York. Some 668 American vessels brought cargoes of grain, of which 566 came from American ports. In comparison only 353 British vessels had brought grain, mostly from Britain. In addition 104 American ships had participated in the grain trade from the British Isles. This data suggests that Wellington was very dependent on American sources for his food supply, and upon American vessels to bring those supplies not only from the United States but also from Great Britain and Ireland.[77]

The American trade with Spain and Portugal was extremely profitable: the merchants obtaining bullion in payment instead of purchasing British manufactures. Augustus Foster reported that this profitable situation did much to help American merchants accept the reimposition of sanctions against Britain.[78] This important trade was not subject to sanctions until the general embargo of ninety days which was imposed in April 1812. The possibility of the loss of this valuable source of supply, whose importance Wellington acknowledged and disliked because of the consequent dependence upon the United States, did not disturb Wellington too much.[79] Writing to Henry Wellesley in May 1812, he voiced the opinion that the embargo would not work but gave no reason for this assertion. As a precaution, however, he had taken steps to obtain supplies of corn from South America and from Mediterranean countries. In spite of this threat, he opposed any British concessions on the

77. BT 1/60, ff261-278; BT 1/62,ff189-198; Full details in Appendix C.
78. FO 5/76, Despatch from Foster,7th July,1811.
79. Wood,Wellington Despatches, 416-7, Wellington to Henry Wellesley,10th May,1812.

Orders in Council.[80] Although he saw the settlement of relations with the United States as the best solution to his problems, he would not support any concessions concerning British maritime rights.[81] The general's apparent nonchalance in face of threats from the United States 1811-12 must have carried great weight with the British government. In opposition to him, and only as late as April 1812, Charles Stuart, the minister in Lisbon, recommended that because of the shortage of food in Portugal the Orders in Council should be repealed as this would end sanctions and release supplies from America.[82] This was probably an immediate reaction to the April embargo and not to sanctions as a whole, and, whilst it may have had some effect on the government, this recommendation would not have the prestige and influence of Wellington behind it.

Wellington's strong stand on sanctions and the Orders in Council must have made the government more sanguine about American threats to the logistics base of this vital campaign, and reinforced British contempt for the sanctions policy. The only official reaction to this dependence on the United States was that statement by the Earl of Liverpool already noted: that the only way to ease the situation was to sell more goods to the United States in spite of the Non-Importation Act.[83] Such contempt for the efficiency of sanctions against British trade would not encourage fears for the Peninsular campaign where sanctions did not even become a reality until the spring of 1812. Prior to that date, sanctions had exercised an indirect

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80. IBID.
81. Weel, op cit, 415-6, Wellington to Stuart, 25th October,1811
82. FT 1/64, letter from Charles Stuart, 18th April,1812.
83. Liverpool MSS. BM.Add.MSS.38,336, Liverpool to Wellington, 21st November,1811.

disruptive effect. The embargo of April 1812 was followed so quickly by war that this, together with the lack of evidence on the thoughts of ministers on this subject in May and June 1812, make it impossible to assess properly the effects of the embargo on Wellington's forces and whether it had any influence in changing British Policy on the Orders in Council. Despite the importance of the war to the government, the views of Wellington and Liverpool indicate that a change of policy would not have occurred quickly. Only external sources such as Henry Brougham and Jonathan Russell, neither of whom were impartial, said that such was British dependence on American supplies that sanctions would have produced a speedy change if they had been operated against American trade with the Peninsula.[84] Brougham was motivated by his strenuous opposition to the Orders in Council and Russell was, perhaps, concerned with strengthening the morale of his own government when he stressed British dependence in the Peninsula on American supplies. He believed that the Orders in Council would be repealed only "from a fear alone of an immediate embargo or war, which would cut off our supplies from the armies in Spain and Portugal."[85]

In the long-run the imposition of sanctions on the American grain trade to Portugal and Spain would have caused, probably, sufficient distress to this vital campaign to cause a change in British policy towards the United States. Because of the importance of the campaign for the Tory government this change might have taken

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84. Brougham in House of Commons 16/6/12-
US.Dip.Desp. vol.18, Russell to Monroe,14th January,1812.
85. US.Dip.Desp. vol 18, Russell to Monroe,14th January,1812.

place much more quickly than the results of direct sanctions against the British economy which seemed to have so little effect on the government. In the pre-1832 Reform Act situation, the British government was more likely to react in the fields of interest where it normally operated, such as war, than it would t the pressures of distress in the industrial areas of Britain. In imposing sanctions, perhaps Jefferson and Madison tended to be influenced by their ignorance of British politics and more especially by their experience of American politics. In the more democratic American republic the mercantile class had a considerable influence as Federalists or as Jeffersonians: witness their successful opposition to the Embargo Act 1807-9. Perhaps they over-estimated the power of economic interests such as the industrialist over the British government in the decision to concentrate on general action against British exports rather than employ sanctions against the vital strategic interests of Britain. The report of Jonathan Russell in January 1812 shows that James Madison, and Secretary of State James Monroe, were not kept unaware of the importance of the Peninsular War. While there is no evidence for the reasons for this failure to understand the priorities of the British government, Madison was probably influenced by the needs of American domestic politics The successful mercantile opposition to the Embargo Act and the continued dislike of later sanctions was noted. As a result, Augustus Foster reported that:-

> "The Middle States are obtaining a very great profit on their flour in Portugal and Spain, and that the importation of bullion from the British Dominions in exchange for the produce sent to them, reconcile a considerable proportion of people to the measures."[86]

This suggests either that Madison, remembering the fate of the Embargo Act, feared mercantile opinion so much that he dare not

86. FO 5/76, despatch from Foster, 7th July, 1811.

impose sanctions against Britain by allowing American merchants to make large profits on the grain export trade to the Iberian Peninsula. Another indication of the strength of opposition again comes from Foster. He reported that the embargo of April 1812, as first proposed by Madison was "calculated for the purpose of producing distress in the Peninsula" and that it had been defeated in Congress by the efforts of Randolph and others.[87] Foster also under-rated this embargo by reporting that news of its possible passage by Congress had stimulated the export of grain to Lisbon.[88]

The goodwill of the United States, therefore, was crucial to the British hopes of success in the Peninsula. The indirect effects of sanctions on the financial basis of the campaign, the lack of any serious efforts to impede the flow of supplies to Iberia, and the comparative nonchalance of the British government and Wellington when opposed by the actual and potential threats to the campaign, indicate that the United States missed a good opportunity to employ economic coercion effectively and quickly. Just as the employment of sanctions against the British economy 1810-11 did not change the attitude of the British government towards the questions in dispute with the Americans, the impact of sanctions on the vital Peninsular campaign produced no apparent change of policy.

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87. FO 5/76, despatch from Foster, 7th July, 1811.
88. FO 5/86, despatch from Foster, 21st May, 1812.

Throughout 1810-12 there were rumours of war with the United States. The belligerent "noises" from the other side of the Atlantic, and the possibility of war if sanctions failed, were discussed in many papers and journals. In general, editors adopted views on the possibility of war which reflected their respective opinions on the government's maritime policies. Whig journals feared that hostilities would come if the government retained the Orders in Council and that war would harm Britain very much. On the other hand, Tory papers tended to support the government, displaying no fear of a war which they believed would be much more harmful to the United States. Two journals reported the "warlike disposition of the United States." The Annual Register saw in President Madison's message to Congress in December, evidence of hostility while the Gentleman's Magazine felt that the contents of Foster's despatches left no doubt as to the warlike disposition of the United States. Like many journals, the latter voiced no fears of war.[89] In December 1811, the Times did not envisage the possibility of war in the near future.[90] Another major supporter of the government, the Courier felt that, despite public agitation, the United States would not declare war.[91] In opposition to them, the Examiner, a London weekly, expressed the opinion that was was inevitable unless the Orders in Council were repealed.[92] Rumours of war reached a peak in the early months of 1812 and, by the spring, had moderated when Madison's message had obviously produced no immediate action. As the

89. Annual Register, 1812, 142-3; Gentleman's Magazine, vol.82, I 79-136.
90. Times, 5th December 1811.
91. Courier, 25th January 1812.
92. Examiner, 23rd February,1812.

United States gradually moved towards war, British public opinion became less concerned about an ultimate break with the United States. As William Cobbett remarked in his Political Register, the American embargo in April 1812 was a clear preliminary to war but the majority in Britain still felt that war was remote.[93] Was this disregard of the warnings from the United States a reflection of the views of the British government? In turn, did the government's views on war have any effect in altering its rather complacent views on the effects of sanctions?

Evidence of government views on war can be derived from three major sources: the papers of ministers, American reports of British attitudes, and the type of information which the government received from Foster on American intentions. The reports from Foster expressed a complacency which the Americans in London reported was also the main attitude of the government. The few indications of private views illustrate a mixture of concern and arrogance over the possibility of war.

In 1810 George Canning had been pessimistic, believing that war was most probable because of the obstinacy of both sides.[94] Such pessimism was not evident in the critical winter of 1811-12. Foster had reported that war was very unlikely because of the mild American reaction to the "President-Little Belt" incident and because he believed that the United States, having lost the

93. Cobbett's Political Register, 16th May 1812.
94. Huskisson MSS, BM.Add.MSS.38,738,Canning to Huskisson, January 1810.

diplomatic initiative, was waiting for a response from Britain:-

> "It is not difficult indeed to perceive that all hopes of the Government are built on a change of policy being affected in His Majesty's Government, if not previously to the report of the warlike attitude of the United States reaching England, at least as soon as it shall be known there.."[95]

In consequence, to an American observer, the British government in 1812 displayed no apprehension of war, considered it an improbability, and was making no preparations for war. In February 1812, Jonathan Russell wrote to Monroe to say that he could not perceive any apprehension on the part of the British government at a possible rupture and war with the United States.[96] In the same month, Reuben Beasley, his consular colleague in London, reported that Britain was making no preparations for war.[97] As late as May 1812, only two days before Perceval's assassination Russell reported that there was still no apprehension of war nor any preparations for war.[98] Even the removal of Perceval did not change the situation.[99]

Foster's reports of American weakness and inability to make war seem to have had some effect on the government's attitude. Foster reported that the United States government was not firm but weak, lacking any initiative, and vacillating on the issue of war.[100] He also presented a picture of the American inability to make war: "To any man of sound understanding the absolute want of means in this country to make war on us is so palpable that the very idea seems almost ridiculous."[101] This view found a welcome in

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96. US.Dip.Desp. vol 18, Russell to Monroe,20th February,1812.
97. US.Cons.Desp. vol 9, Beasley to Monroe,15th February,1812.
98. US.Dip.Desp. vol 18, Russell to Monroe,9th May 1812.
99. US.Dip.Desp. vol.18,Russell to Monroe,8th June,1812.
100. FO 5/77,18th Dec.1811; FO 5/84,16th Jan.1812; FO 5/86,22nd May 1812, despatches from Foster.
101. FO 5/79,18th Dec.1811, despatch from Foster.

the British government which was perceptible to Jonathan Russell when he reported that Britain was disregarding the possibility of war because of the "conviction here of our total inability to make war..."[102] As a result the British government gave the impression that it did not consider that the Americans were serious when they spoke of war.[103]

The two American diplomats in London felt that the government's complacency was being reinforced by the activities of the Federalists in the United States, and by the belief that New England was so opposed to war as to make any consideration of war impossible: war would only lead to the disruption of the Union.[10] This apparent complacency must have been reinforced by another item in Foster's reports: that the agitation for war was only a political tactic by Madison to help ensure his re-election in November 1812.[105]

The views of individual ministers about the possibility of war do not seem to have been put down on paper. Only Lord Wellesley, the Foreign Secretary, made any comments. This absence of discussion would indicate the lack of concern on the part of individual members of the government. In January 1812, Wellesley expressed some unease at the tone of American "noises"for war and expressed his desire for peace.[106] This concern was short-lived for he was soon thinking that war could be avoided by making the British case for maritime rights, for the Orders in Council, clearly and publicly known.[107] Apart from initial

102. US.Dip.Desp. vol.18,Russell to Monroe, 20th February,1812.
103. US.Cons.Desp. vol.9, Beaseley to Monroe,15th February,1812.
104. US.Dep.Desp. vol.18,Russell to Monroe,9th May & 8th June,18
US.Cons.Desp. vol.9, Beaseley to Monroe,15th February,1812.
105. FO.5/77,28th December,1811, despatch from Foster.
106. Wellesley MSS, BM.Add.MSS.37,293,Notes for despatch to Fost January,1812.
107. Wellesley MSS,BM.Add.MSS.37,296,Wellesley to Perceval, 6th February,1812.

uneasiness the rumours of war either had no effect on the government or produced increased determination to maintain the British position. Convinced of American weakness, lack of determination, and inability to make war, the British government barely took note of the American threats and remained unaware of the seriousness with which the Americans themselves were considering the possibility. This attitude of complacency was not favourable for any rumours of war to reinforce sanctions and bring about a change in British policy.

On the issue of whether a war would be worse than the repeal of the Orders in Council, which would represent the abandonment of a major weapon in the war against Napoleon, British journals tended to follow their normal political line. The Courier, although tending to think war unlikely, considered war would be better than the repeal of the Orders in Council.[108] Gentleman's Magazine felt war would produce no more harm than sanctions which were not a reason for repeal.[109] No leading Whig paper seems to have commented on this matter. William Cobbett felt that war would not be avoided merely by ending the practice of impressement and by repealing the Orders in Council, such was the American desire to remove British influence from the western hemisphere.[110]

The Foreign Secretary desired peace with the United States, provided war could be avoided without any surrender of British rights, honour, and maritime principles.[111] He wrote to Foster deprecating the

108. Courier, 25th January, 1812.
109. Gentleman's Magazine, vol.82, pp179-186.
110. Cobbett's Political Register, 15th February, 1812.
111. Wellesley MSS, BM.Add.MSS.37,293. Notes for despatch to Foster, January 1812.

idea of war with the Americans and said that sanctions had been almost as harmful as war.[112] Considering how little effect sanctions had had on the government, this statement implied that war would be little more than a nuisance, and that Britain would not sacrifice the benefits of her seapower to remove a possible nuisance. Spencer Perceval took a more serious view of the consequences of war. Hostilities, he believed, would be more harmful to Britain but would not be as ruinous to British interests as repeal of the Orders in Council and the consequent continuation of the Continental System.[113] The lack of any other observations by members of the government, and the apparent lack of any cabinet discussion, strongly suggests that rumours of war, like sanctions, did not induce the British government to reconsider its policies towards the United States.

Reinforcing this position were the views of Tory leaders upon the outcome of any war between Britain and the United States. Whig and independent observers thought that such a war would harm Britain. In his memoirs, Henry Brougham recalled that his correspondence in early 1812 showed evidence of apprehension in the manufacturing districts that war would lead to upheavals amongst the workers.[114] In retrospect he may have been confusing Luddite activity with general distress resulting from sanctions for no other contemporary source attributes such fears, which existed, to war with America. More penetrating were the

112. Mayo, 340-44, Wellesley to Foster, 25th January 1812.
113. Courier, 14th February 1812, Perceval in Commons, 13th Feb.
114. Henry Brougham, Memoirs, vol.2, pp8-13.

observations of William Cobbett. He thought that war could mean the permanent loss of the American market, of the colonies in Canada, and would put Latin America in the American sphere of influence. War would aid Napoleon by diverting ships, troops and resources away from Europe.[115] The leading Whig paper in Edinburgh, the Caledonian Mercury, expressed the opinion that war would greatly damage British trade.[116]

The British government did not dwell upon the consequences for Britain in 1812, and only expressed the occasional opinion of the results for the United States. Earlier, fears for the prosperity of British commerce had been expressed. In 1808, Lord Hawkesbury, shortly to be Lord Liverpool, viewed a simultaneous war against the United States and France as a serious threat to British trade and industry.[117] Bathurst, President of the Board of Trade, considered that war would seriously disrupt British trade.[118] But such cautionary views were not apparent in 1812. Armed with evidence from the United States that war could split the Union because of the strong New England attachment to Britain, the Prime Minister told the Commons that war would be evil to both sides but more so to the United States because American prosperity was dependent on trade with Britain, although Perceval would also be sorry to see the United States "crushed, impoverished or destroyed."[119] Apart from this solitary statement there is no evidence of the views of any minister before the outbreak of war. Only after that event did a leading minister, probably Liverpool,

115. Cobbett's Political Register, 15th February 1812.
116. Caledonian Mercury, 20th July,1811.
117. Liverpool MSS, BM.Add.MSS.38,242, Hawkesbury to Lord North, 9th January,1808.
118. Wellesley MSS, BM.Add.MSS.38,292, Bathurst in cabinet memo in December 1810.
119. FO 5/82, Letter from Mr.Foley, via Foster,9th October,1811. Cobbett's Political Register,18th January,1812.

put his views down on paper. He saw a great advantage for Britain in having a war with the United States in 1812. Realising the natural strength and wealth of the United States would make the Americans a formidable danger to British interests in the western hemisphere when that potential strength was built up into powerful armed forces, he favoured a war before this took place in order to curb the growth of American power. Failure would be serious: "Unless the natural power of the United States, therefore, can be effectively and permanently disabled and paralysed it is mathematically evident that Great Britain must sooner or later be involved in expensive and ruinous wars to defend her Transatlantic possessions, and must finally lose them."[120] If this is the long-term view of a cabinet minister after the outbreak of war, the complacency before the war becomes more difficult to explain. Perhaps the serious consequences of war only occurred to the government when the United States, contrary to British expectations, actually declared war.

The complacency of the British government over the possibility of a war in North America is confirmed by the lack of discussion over the difficulties which such a war would impose on the armed forces, and by the lack of preparedness for war. There was no discussion of the degree of vulnerability of British trade to attack by American privateers, or of the need for naval reinforcements in North American waters, and only a little on the need to reinforce the army in British North America. Apart from

120. Wellesley MSS, BM.Add.MSS.38,362, undated memo, judged by internal evidence to have been written after June 1812. It is also unsighed but could have been a memo drawn up by Liverpool himself.

the comments of C.J.Yorke, First Lord of the Admiralty, in 1810, there is no evidence of any realisation on the part of the government of the effects of a war on British strength. In 1810, Yorke had commented that a war "would strain the already fully employed military, naval and financial resources..."[121] Perhaps this was the result of weak political leadership at the head of the armed forces, or preoccupation with the Peninsular campaign, or arrogant confidence in the British forces, or the result of the feeling that the Americans were bluffing or were too weak to make much of an effort against Britain. It was not the result of having too few forces available. In December 1811, the British army, which had 153,000 men deployed around the Empire and in the Iberian Peninsula, still had 66,000 regular troops available in the United Kingdom.[122] Between January 1810 and January 1812, British naval strength in North American waters fell from seven ships-of-the-line and twenty five frigates to three ships-of-the-line and seventeen frigates. By July 1812, only two ships-of-the-line and nineteen frigates were in those waters out of a total fleet of 261 battleships and 236 frigates, less than half of which were at sea.[123] The threat of war had brought no reinforcements and war would not place an impossible strain on the Royal Navy, considering the tiny American naval force.

The possibility of an American invasion of the Canadian colonies, Upper and Lower Canada(present-day Ontario and Quebec) had been

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121. Wellesley MSS, BM.Add.MSS.37,292, Yorke in Cabinet discussion December 1810.
122. Monthly Magazine, 1st June 1812, p470.
123. Scots Magazine,August 1810,p630.
Monthly Magazine,1st May 1812.
Vane, Castlereagh Correspondence, V111,pp286-292.

of some concern to the government since the first war-scare in 1807, after the "Chesapeake" incident. In 1807, Castlereagh, as Secretary for War and the Colonies, had laid down a policy for the defence of Canada which his successors largely adhered to up to 1812. It was a defensive strategy based on the expectation of an American invasion which would have to be met by the garrison and local militia only. Writing to General Craig, the Commander-in-Chief in Quebec, and to Lord Chatham in 1807, Castlereagh expected the Americans to counterbalance their weakness at sea by attacking Canada. Craig's first objective was to retain the city of Quebec; the defence of Upper Canada being left to his own discretion. War in Europe meant that Craig would not be sent reinforcements in time of war: he would have to rely upon the 9,000 regular troops of the garrison and the Canadian militia, whose quality was felt to be superior to any American force. Castlereagh was not over-optimistic of the British ability to retain Canada and consequently did not want to waste too many regular troops.[124]

Between 1807 and 1812 there was very little correspondence upon the question of Canadian defence. In May 1810 Lord Liverpool, then Secretary for War and the Colonies, asked General Craig for details of the strength of his forces and of the fixed defences of Canada.[125] Craig's lengthy replies during the course of 1810 concentrated exclusively upon internal unrest amongst the French population of Quebec and made no mention of any fear of American invasion.[126]

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124. CO 43/22, Castlereagh to Craig, 1st September 1807. Vane, Castlereagh Correspondence, VIII, Castlereagh to Chatham, 31st December 1807.
125. CO 43/22, Liverpool to Craig, 12th May 1810.
126. Liverpool MSS, BM.Add.MSS.38,244, Craig to Liverpool, various despatches 1810.

This lack of correspondence did not mean that the government was not unaware of the importance of the Canadian colonies. Interest lay dormant until the early months of 1812 when the possibility of war with the United States loomed larger. So far as Canada was concerned the proximity of war did provoke some reaction in London. Lord Liverpool, in a despatch to General Prevost the new commander at Quebec, said that the British government attached great importance to the defence of Canada in this time of poor relations with the United States. Consequently he requested Prevost to send him full details of the forces available in Canada, and to comment especially on the defences of the city of Quebec and on the capability of the Canadian militia.[127] The defence of the Canadian colonies, however, remained subordinate to the requirements of the war in Europe. In April 1812, Liverpool sent two regiments to Canada to replace two which were to return home. He told Prevost that the two regiments, the 41st Foot and the 49th Foot, which were being replaced by the 60th Foot and the 193rd Foot, could be retained in Canada only if "there is strong ground to apprehend an immediate rupture with the United States, that the consequences of that rupture would be the invasion of North America."[128] These fears for Canada must have been alleviated by the reports of General Brock, the military commander in Upper Canada, in May 1812 to Bathurst, Liverpool's successor. Brock reported the general determination in the province to resist an American attack. The defensive nature of British strategy was underlined by Brock's efforts with the Indians to see that "no just cause of umbrage is given" to the United States government.[129] The concern for the Canadian colonies, the

127. CO 43/23, Liverpool to Prevost, 13th February 1812.
128. CO 43/23, Liverpool to Prevost, 2nd April, 1812.
129. Bickley, Bathurst Papers, pp174-5, Brock to Bathurst, 25th May, 1812.

realisation of European priorities, and the implied uncertainty about the future of Canada in a war, were seen in Bathurst's letter to Prevost after the news of the American declaration of war. Bathurst thought the repeal of the Orders in Council would bring peace and in consequence he asked Prevost to suspend all defensive preparations and asked him to keep the forces under Brock and Sherbrooke on the defensive to avoid "any premature measures of hostility" with the Americans.[130] Thus the possibility of war with the United States induced some concern upon the part of the British government: a concern which manifested itself in a cautious defensive policy in which the future of Canada was clearly subordinate to the war against Napoleon. This limited concern must be balanced against the more general views of the government upon the possibility and outcome of a war with the United States. Concern for Canada was not sufficient to overcome the complacency in face of American demands for war, and the prospect of the possible loss of the Canadian colonies did not stimulate any fear of war, nor did it reinforce the effects of sanctions which the government was happily ignoring.

In general, the American resumption of sanctions in the form of a renewed Non-Importation Act in 1811, which coincided with and prolonged the slump in Britain, did not make much impact upon the British government. Directly through their mere existence and through their operations against the trade, industry, business and working classes of Britain, and indirectly through the actual and

130. CO 43/23, Bathurst to Prevost, 4th July, 1812.

potential difficulties which they posed for the success of the Peninsular campaign, and through the spectre of war if sanctions did not succeed, the American attempt at economic coercion, by itself, failed to induce any change in British maritime policy towards American neutral trade. The British government ignored the effects of sanctions upon Britain, ignored the American case which sanctions highlighted, and dismissed the long-term effects of sanctions and poor relations on Anglo-American commerce. Aware of the great difficulties facing Wellington, the government tried to alleviate them and in doing so showed some awareness of the actual and potential obstacles created by sanctions. As the Americans failed to impose any sanctions directly on the Peninsular trade, the small actual and potential threats were ignored. The government did not realise the seriousness with which the Americans desired war: a war which would do more than a little harm to Britain. Apart from some concern about the far-away and not very wealthy Canadian colonies, British ministers were very sanguine about a war: they were not sufficiently shocked by American threats to change their attitude and policy towards the United States. On the whole, the American efforts tended to reinforce the Tory government's support for the Orders in Council by increasing their contempt for a country which resorted to sanctions and to threats of a war which it could not fight. Since sanctions, directly by themselves could not achieve the American desires, the reasons for the eventual and fairly sudden reversal of British policy on the Orders in Council must be found elsewhere.

CHAPTER SEVEN

THE REPEAL OF THE ORDERS IN COUNCIL, 1812.

By the winter months of 1811-12 Britain was in the depths of the slump with high unemployment, lack of orders for the factories, food shortages, high prices, low wages and much "distress" in the industrial areas. As the Tory government remained complacent the political response to this situation came from Whig politicians and from businessmen in the worst affected areas. The Whigs and their business allies saw a close connection between the depression and the government's maritime policies and, consequently, believed that prosperity could be restored by changing those policies; and especially by the repeal of the Orders in Council. Created at the height of the depression, the renewed opposition to the Orders in Council prospered and made its influence felt because of the essential background of widespread misery in the industrial regions such as Lancashire and the English Midlands.

Earlier parliamentary opposition to the Orders in Council in 1808-9 had been the result of the Embargo Act. This movement had failed partly because of the lack of widespread business and political support but mainly because the Embargo Act had failed to cause great commercial difficulties for Britain.[1] Without a slump the movement had failed to generate sufficient political opposition to change the maritime policy of a newborn Tory administration. Since 1809 the critics of the Orders in Council had been quiet. Circumstances were not conducive to success: a

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1. Alexander Baring, Inquiry..., (1808), pp4-5

return to prosperity 1809-10, much weaker sanctions, and the relative strength of Spencer Perceval's administration. Other issues were adopted by the aristocratic Whig leaders as means of attacking the Tories. The Walcheren debacle, the lack of military success in Portugal, the Catholic question, and the uncertainties and opportunities of the Regency were of more direct interest to parliamentarians and office-seekers than the intricacies of commerce and international law. The economic decline from late 1810, poor harvests, and the renewal of sanctions produced a depression by late 1811 sufficient to reinvigorate an old cause which would demonstrate a relationship between the Orders in Council and the slump. Alexander Baring and the other leaders of the abortive movement of 1808-9 re-emerged to give organisation and direction to the new campaign.

Leadership of the movement came from Whig members of the House of Commons who had a particular interest in restoring trade with the United States.[2] Of these, the two most prominent were Alexander Baring, of the merchant banking form of Baring Brothers which handled not only the accounts of many American merchants but also of the United States government itself, and, secondly Henry Brougham, a member from Liverpool, the port that was most dependent on the trans-atlantic trade, Others included Samuel Whitbread and many members from badly effected constituencies. Not all Whig members wholeheartedly supported the cause: some opposed concessions to the Americans whilst others saw the panacea as a return to hard currency. The great aristocrats who led the Whigs, such as Lords Grenville,Grey,Auckland,Erskine and Lansdowne, played an

2. Crouzet, L'Economie Britannique..., pp827-9.

important role in opposing the government as they had done earlier. They seem, however, to have lacked the dynamism of Baring and Brougham: not directly affected politically or economically, to the the Orders in Council was just one more stick with which to berate the Tories. Important moral support came from Tories who were disenchanted with the government: George Canning, Lord Wellesley after his resignation in February 1812, and Viscount Sidmouth who had serious doubts about the propriety of the Orders in Council as they affected the United States.[3]

Outside parliament the most prominent and vocal opponents of the Orders in Council were drawn from three groups.[4] The industrialists of the North of England and the Midlands, but not so much those from London or Scotland, expressed considerable anxiety about the economy and were not slow to come forward to testify to the extent of the depression and to support the case which Baring and Brougham presented to parliament. They had a strong interest in a return to prosperity and mahy were dependent upon the American market. Allied to them were the merchants and bankers, usually from outside London again, who were engaged in the American trade: the great commercial interests of London remained opposed to repeal.[5] Finally, the case against the Orders in Council was voiced in many Whig journals such as the Edinburgh Review and the Examiner. The pen of Alexander Baring had earlier produced a massive case against the Orders in Council which was re-issued.[6] Even the mere coverage of distress, riots, high prices and the parliamentary debates of 1812 in the Tory newspapers must have added publicity

3. Gentleman's Magazine, vol.82,p372,Sidmouth in Lords,28th Feb. 1812.
4. Crouzet, op cit,p813.
US.Cons.Desp.vol.9,Beaseley to Monroe,27th September,1811.
5. See Witnesses and Evidence at Parliamentary Inquiry on the Orders in Council of May 1812 - discussed below.
6. Baring, An Inquiry into the Causes and Consequences of the Orders in Council,1808,second edition,1812.

about the Orders in Council and the depression.

Unlike the abortive opposition of 1808-9, that of 1811-12 had a wide popular base and a much stronger political position.[7] A wide range of businessmen and industrialists had been affected by the slump and were vocal and more aware of the nation's problems than in 1808. Business opposition to the Orders in Council was no longer confined to those who would gain immediate commercial advantage from repeal, such as Baring himself. Unity and publicity, dynamism and leadership came from the alliance of Brougham and Baring at a time when the political position of the government was weaker: Perceval could no longer command the allegiance of all Tories. The principal new advantage was the widespread depression which had been caused partly by sanctions and was being prolonged by the reimposition of the Non-Importation Act. Concern for the results of the depression and the ability to exploit the situation were the decisive advantages in 1812.

The United States had imposed economic sanctions in order to force Britain to respect her neutrality by desisting from the practice of impressment, which was the most serious infringement of American sovereignty, and by repealing the Orders in Council and other barriers such as the "Rule of 1756". Sanctions, through the depression in Britain, had helped to create a movement which was dedicated to the restoration of British prosperity and the ending of sanctions by repeal of the Orders in Council only. Although specific evidence is lacking for this concentration of attention on the Orders in Council, some tentative suggestions can be made.

7. See list of witnesses at parliamentary inquiry below.

Since the failure of the Embargo Act, the United States government had concentrated its diplomatic efforts on the removal of the Orders in Council. The issue of impressment, being less easy to compromise, was rarely mentioned and no repetition of the "Chesapeake" incident highlighted the problem. Together with the widespread belief in the weakness and lack of initiative of President Madison, which many reports from the United States encouraged, this must have encouraged the view that only a partial concession, such as repeal of the Orders in Council, would be necessary to end sanctions and open the American market. Of all the government's maritime measures, the Orders in Council were the most vulnerable. Not enshrined in legal decisions or precedents such as the "Rule of 1756", they appeared less necessary to the war effort than impressment. The governments reasons for issuing them, retaliation against France and commercial advantage for Britain were open to considerable debate about their utility in the struggle against Napoleon. The large-scale issue of trading licences had undermined the basis of the government's case. The Orders in Council were connected more directly with trade and prosperity and, therefore, were much easier to identify with the slump. The commercial benefits of their removal could be more easily related to the restoration of prosperity.[8] Repeal could reopen trade while the effects of an end to impressment on commerce were less easy to forecast, and most Whigs, in any case, favoured the retention of impressment as the main method of maintaining naval manpower. The mercantile and

8. Crouzet, op cit, pp816,822-3.

shipping oligarchies of London supported the Orders in Council, and it is possible that this led the rising industrial class outside London and the merchants who felt excluded to see repeal of the Orders in Council as a blow against the oligarchies in the name of free trade. A staunch Tory newspaper, the Times believed that the manufacturing interests wanted repeal because they could not influence the real cause of their troubles, the French Decrees.[9] The apparent concentration of effort against the Orders in Council supports the opinion of Jonathan Russell that the opposition was moved not so much by the wrongs done to the United States as by the harm done to British trade by sanctions.[10] Restoration of British prosperity rather than liking for the Americans was the opposition's main motive and this was seen in the case against the Orders in Council which was presented to parliament and public.

A concern for the United States and an acceptance of the American view of neutral rights were not themes in the argument for repeal of the Orders in Council. In his pamphlet in 1808, Alexander Baring had praised the national unity and pride of the American people.[11] In 1809 Samuel Whitbread felt that the United States had an inherent power to make Britain a match for the rest of the world.[12] Such views were part of the first campaign but no similar public statements emerge from the second campaign. Perhaps more typical of Whig views was the private comment of Lord Erskine in 1811. Writing to Lord Grey, he voiced a dislike

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9. Times, 2nd March 1812.
10. US.Dip.Desp. vol.18, Russell to Monroe,20th March,1812.
11. Baring, Inquiry..., p126.
12. Gentleman's Magazine, April 1809, Whitbread in Commons,3rd March 1809.

of the American form of government which was tempered only by his greater dislike of the British government.[13] This lack of enthusiasm for the United States did not prevent a recognition of the benefit of American friendship and commerce. Whilst the latter was stressed, the general need for good relations was often implied. Lord Grey urged conciliation in 1810 because the United States was the only trading power remaining outside Napoleon's control.[14] Instead of conciliation the Whigs argued that the Orders in Council had been responsible for the general deterioration in relations with the United States. In 1811, Lord Auckland wrote "that we have nearly driven the United States into a situation embarrassing to our subsistence, disrupting to our commerce, and irrevocably fatal to some of our manufactures."[15] Like his colleagues Auckland was concerned primarily with the effects on Britain of such a deterioration. Only Baring made a big plea for the Americans when he said that the Orders in Council were a selfish means of advancing British commerce at the expense of American neutral trade.[16]

The Whig arguments were concerned essentially with British prosperity and were frequently negative in their approach to the subject. They stressed the adverse economic effects of the Orders in Council: the direct effects in loss of trade, the unemployment and distress in the manufacturing regions and the indirect effects of the current and possibly permanent loss of a valuable export market. They emphasised the social and political unrest in Britain and saw the

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13. Grey MSS. Erskine to Grey, 5th September, 1811.
14. Annual Register, 1810, p149, Grey in Lords, 13th June, 1810.
15. Grey MSS. Auckland to Grey, 25th September, 1811.
16. Courier, 4th March, 1812, Baring in Commons, 3rd March 1812.

cure for Britain's economic ills in the restoration of trade with the United States. This could be achieved by repealing the Orders in Council in the hope that the Americans would then remove their sanctions. Their aim was negative in concentrating upon the repeal of British maritime regulations and the American sanctions played an important negative role in being the obstacle to prosperity whose removal was sought. Unlike the Tory administration they displayed much less concern about preserving British maritime rights in the struggle against Napoleon. They felt the Orders in Council to be ineffective in that struggle against what they considered to be an ineffective Continental System and, therefore, the repeal of the Orders in Council would make little difference to the war effort except by encouraging the restoration of British prosperity and amity with the Americans. Placing domestic peace and well-being before the war against Napoleon, they offered no alternative means by which Britain could defeat Napoleon's efforts against British trade. In this and in their opposition to the expense of the war in Portugal and Spain, the Whigs showed themselves to be more introverted than the Tories for whom the war had the greatest priority.

The Whigs countered the government's claim that the Orders in Council were an effective retaliation against France with two related arguments: firstly that the Orders in Council were designed to promote British commercial interest,[17] and secondly, that the Orders in Council had made the Continental System effective by ruining British trade and industry.[18] Much more immediate and much stronger and more effective was the theme that the Orders in

17. Courier, 4th March 1812, Baring in Commons, 3rd March 1812.
18. Courier, 29th April, 1812, Lord Stanley in Commons on 28th April: a view supported by a public petition from London, reported in the Monthly Magazine, 1st April, 1812, pp281-6.

Council were responsible directly for distress and depression. In speeches and in private correspondence the Whigs reiterated this constantly and this argument received widespread acceptance throughout the country. As early as June 1811, Lord Auckland voiced his opinion that the economic dislocation had been caused by the Orders in Council.[19] In February 1812, in a debate in the House of Commons, Alexander Baring cited the widespread misery and distress as proof of the bad effects of the Orders in Council.[20] Two months later, Lord Stanley, in a later debate in the Commons, repeated this argument by blaming the Orders in Council for the distress which was so prevalent.[21] Related to the general distress was the loss of trade caused by the Orders in Council, this loss being the main cause of distress. Lord Lansdowne said that a vast trade with the United States had been destroyed because of the government's efforts to eliminate the small-scale trade between the United States and France.[22] The loss of the American trade brought about an overall loss because South America and Canada could not provide sufficient compensation.[23] As a result of the slump numerous complaints were sent from the manufacturing districts, which Samuel Whitbread and others brought to the attention of Parliament.[24] All blamed the Orders in Council for causing the misery to the general exclusion of other arguments, thus making more effective this major theme in the Whig case against the Orders in Council. As early as June 1811, petitions from Paisley and Glasgow had blamed the economic troubles on the government's maritime policy.[25]

19. Grey MSS, Auckland to Grey, 30th June, 1811.
20. Courier, 14th February, 1812, Baring in Commons, 13th February, 1812.
21. Gentleman's Magazine, vol.82, p649, Lord Stanley, 28th April, 1812.
22. Gentleman's Magazine, vol.82, p371, Lansdowne in Lords, 28th Feb. 1812, and Scots Magazine, March 1812, pp.219-222.
23. Baring, Inquiry.... 2nd.ed.1812, Brougham in Commons, 16th June, 1812.
24. Courier, 14th Feb.1812, Whitbread in Commons, 13th Feb.1812.
25. Scots Magazine, June 1811, p459, Petition of 8th May, 1811.

Even more influential, in April 1812, the London Common Council said that the distress was the result of the decline in industry brought about by the Orders in Council and the consequent closure of the American trade.[26] From Liverpool, one of the worst affected areas, there came a petition in May 1812 which attributes distress to the Orders in Council: a view supported by the London Weekly Examiner.[27] The argument that the Orders in Council had brought about economic dislocation by ensuring the closure of the markets of the United States, and that repeal would restore prosperity by re-opening these markets was the most consistent theme in the evidence presented to the parliamentary inquiry on the Orders in Council in May 1812.[28]

Whilst the relationship between economic hardship and the Orders in Council was a potent short-term argument, the Whigs did not neglect to point out the long-term effects on the British economy of continued poor relations with the United States. Brougham recognised the vital importance of the United States as a consumer of British exports and forecast that, unless the Orders in Council were repealed, massive unemployment would take place as industrialists released men now retained on the expectation of repeal and a renewal of transatlantic commerce. This would create a mass of men who would be hungry, riotous and seditious.[29] The Monthly Review also felt that the United States was the best customer of Britain.[30] Lord Lansdowne thought that the Orders in Council were a permanent barrier to amity with the United States: a view already expressed by the Caledonian Mercury.[31] Most

26. Courier, 18th April, 1812, report of meeting of 17th April.
27. Examiner, 3rd May 1812.
28. Details of this inquiry are given below.
29. Baring, Inquiry.... 2nd. Ed. 1812, Brougham in Commons, 16.6.1812
30. Monthly Review, May-August, 1812, p59.
31. Courier, 29th February 1812, Lansdowne in Lords; Caledonian Mercury, 18th September, 1811.

persistently, the Whigs voiced concern at the permanent damage which could be done to British trade if the ban on trans-atlantic trade encouraged American economic self-sufficiency. Baring had given voice to this fear as early as 1808.[32] And even the Times expressed some concern in 1810.[33] Just as the government displayed some interest in the growth of industry in the United States at this time as a result of reports from the United States, the Whigs used this development as part of their argument against the Orders in Council. In his speech in the House of Lords on February 28th,1812, Lord Lansdowne stated that the Orders in Council had driven the Americans to create their own industries which were now exporting successfully to Europe. This would do permanent damage to the trading position of Britain.[34] Shortly afterwards, Baring took up this theme. American industry was a long-term threat to Britain and he believed that Britain had more to fear from the "manufactures of Massachussetts" than from French industry.[35]

More immediately, the threat of war was taken up by the Whigs who felt that war was inevitable and harmful. In the second edition of his pamphlet, Baring argued that was the infallible consequence of the retention of the Orders in Council, and that such a war would not be beneficial to Britain. The Edinburgh Review was convinced of the ruinous consequences of war which would compound the distress already created by sanctions. Likewise, the Examiner felt that war was inevitable.[36] More independent of the

32. Baring, Inquiry..., 1808, Baring in Commons,1st April,1808.
33. Times, 21st June 1810.
34. Courier, 29th February,1812, Lansdowne in Lords, 28th Feb. Caledonian Mercury, 2nd March 1812.
35. Annual Register, 1812,p140.
Courier, 4th March 1812, Baring in Commons on 3rd March.

36. Baring, Inquiry..., 2nd.Ed.1812.; Edinburgh Review,Feb.1812, 290 -316; Examiner,23rd March , 1812.

movement, William Cobbett arrived at the same conclusion in 1812.[37]

Amongst the results which the Whigs expected to obtain as a result of repeal was the end of distress and an end to the considerable shortage of food as soon as American supplies were obtainable again.[38] But the most important result was expected to be the end of American sanctions. Before and after repeal of the Orders in Council, the Whigs hoped that this British action would induce the United States to withdraw its sanctions. This would reopen the trade routes and the United States market to British exports and, in this manner, restore Britain to economic health by enabling American orders for goods to be accepted and by restoring employment to many workers.[39] It would also avoid a disastrous and unnecessary war with the United States. This whole argument was based not just on the realisation of the importance of the American market for Britain but also on the hope that the government of the United States would respond to this repeal; this hope was not voiced as frequently as the assertions against the Orders in Council but the whole case against those regulations would be voided if that hope were not fulfilled. The Whigs just managed to obtain repeal through these arguments, which were repeated frequently before the parliamentary inquiry in May 1812, before news of the American declaration of war was received in Britain.

37. Cobbett's Political Register, 18th January, 1812, pp65-77.
38. Baring, Inquiry..., 2nd. Ed. 1812, Brougham in Commons, 16th June, 1812.
39. Courier, 29th April, 1812, Baring in Commons, 28th April.
Caledonian Mercury, 27th June, 1812.
Edinburgh Review, July 1812, pp213-233.

The American sanctions were not mentioned frequently by themselves but there was a recognition in the Whig arguments, whether explicity or implicit, of the dual role of sanctions. Sanctions had been caused by the introduction of the Orders in Council and they had closed the vital American market to British exports. More negatively, the removal of sanctions, which the Whigs felt could be accomplished only by repealing the Orders in Council, would restore prosperity by reopening the market. Sanctions therefore, were the most important influence in the campaign against the Orders in Council.

As the opposition to the Orders in Council grew in strength and voice in the early months of 1812, the position of the Tory administration became weaker as the economic depression continued to deepen in contrast to the government optimism, with rising unemployment and high food prices.[40] At first determined to retain his maritime policy, in these months, the political position of Perceval deteriorated and some signs of concession began to appear. Throughout 1811 the government had rejected the argument that the suspension of the French decrees against the United States, as outlined in Cadore's letter, was sufficient grounds for repeal. While privately wanting repeal, the Foreign Secretary, Lord Wellesley, and his colleagues felt that the French action was too conditional, unproven and not effective enough to warrant a drastic change in policy.[41] This public position was maintained at first, with government refusals to consider change

40. See Appendix B for food prices.
41. FO 5/81, Wellesley in draft letter, 5th January 1811.
FO 5/82, Bathurst to Foreign Office, 28th July, 1811.

and a great reluctance to have the matter discussed in Parliament. Perhaps this was a sign of Perceval's growing insecurity.[42] Perceval continued to enjoy the support of Tory newspapers and journals. The Courier felt that Britain must not give up its right of retaliation just because of neutral protests as this would harm the honour and security of the country.[43] The Times believed that the Orders in Council were "wise and politic.[44] Despite this support and the government's determination, the political situation changed as the government began to show signs of retreat as criticism grew: much of which was directed against Spencer Perceval himself who was regarded as the main obstacle to repeal.[45]

In the early part of 1812 the condition of the economy and of the people in the manufacturing areas was dramatised by a series of riots in the North of England which had to be suppressed by troops This, together with the arguments of the Whigs, and the later evidence from businessmen at the parliamentary enquiry in May must have had some effect in drawing the government's attention to the serious condition of the country. Newspapers reported some twenty-eight major disturbances, mostly in Yorkshire, Derbyshire and Nottinghamshire in the first four months of 1812. No such reports had appeared during 1811. The riots continued in May and June: about eighteen being reported.[46] Whilst Luddite activity was held responsible for many of the riots, public

42. See defeat of Whitbread's motion for papers, 13th Feb. 1812, and the refusal to hold an inquiry into the operation of the Orders in Council.
43. Courier, 10th March, 1812.
44. Times, 18th April, 1812.
45. Gentleman's Magazine, vol.82, p268, Mr. Curwen in the Commons, 13th February, 1812.
46. Figures based on newspaper reports, see Appendix D.

opinion felt that the depression, with its lack of work and high food prices was a major cause.[47] Many saw political conspirators as the main inspiration of the riots.[48] While the government gave some credit to the conspiracy theory, it was aware of the economic causes. In February 1812, the Home Secretary, Richard Ryder, felt that the riots in Nottinghamshire had been due to the collapse of the South American market, and Castlereagh, shortly to become Foreign Secretary, said that the riots were mainly the result of distress.[49]

Against this background of depression and violent social unrest the government underwent some significant changes which made a reconsideration of the Orders in Council more possible. At the end of January 1812, Lord Wellesley resigned from the Foreign Office because he felt that the government was not whole-heartedly supporting the military efforts of his brother in the Peninsula: but this is more likely the public reason for a fit of pique from this lazy and conceited man. The loss of such a prominent member of the cabinet must have weakened the short-term political position of the government. The resignation of Wellesley, however, did help pave the way for a change in policy by removing from office the man associated with the diplomatic defence of the Orders in Council in negotiations with the United States, and by his eventual replacement by Castlereagh a more skilled and flexible minister, and by forcing Spencer Perceval to try and broaden the base of his administration by making successful overtures to Lord Sidmouth and his faction. Perceval did so reluctantly but his approaches

47. Scots Magazine, April 1812, p312.
Caledonian Mercury, 16th April, 1812.
48. Monthly Magazine, 1st March 1812, p187.
Courier, 10th April, 1812.
Cobbett's Political Register, 16th May, 1812.
49. Annual Register, 1812, pp61-65, debate in the Commons, 14th Feb. 181

were an indication of his awareness of his weakening parliamentary position as opposition to the Orders in Council mounted.[50]

As Henry Addington, Sidmouth had been premier between the two administrations of William Pitt. A former Speaker of the House of Commons, he had served in Pitt's cabinet 1804-6 and in that of Lord Grenville 1806-7. He had not been a member of either the Portland or Perceval administrations but remained outside as the leader of a valuable but small group of Tories. After Wellesley's resignation he had begun to demand office for himself and followers such as Nicholas Vansittart.[51] Sidmouth had disapproved of the application of the Orders in Council against the United States.[52] In his negotiations with Perceval, places for himself and his group, and the future of the Orders in Council were the main subjects under discussion.[53] The evidence is too thin to say whether Sidmouth actually demanded the repeal of the Orders in Council as a condition of his entry into the government. It seems that Sidmouth felt that if the operation, but not the principles of the Orders in Council were changed by the abandonment of the extensive licensed trade with Europe, then the United States would give up sanctions. Britain he thought, should propose to give up the issue of licences if the Americans would reopen their ports. Perceval agreed with this view.[54] On these terms, in April 1812, Viscount Sidmouth became Lord President of the Council. Outside the government it was felt that Sidmouth had joined the

50. Bathurst MSS, BM.Loan 57, vol.5, Perceval to Bathurst, 3.3.1812.
51. Bathurst MSS, BM.Loan 57, vol.5, Perceval to Bathurst 3.3.1812.
52. Pellew, Sidmouth Correspondence, vol.3, p85. Zeigler, Addington, p284
53. Examiner, 24th April, 1812.
54. Pellew, op cit, vol.3, pp74-5, Sidmouth to Perceval and Perceval to Sidmouth, 15th March, 1812.

Cabinet on condition that the Orders in Council were to be relaxed.[55] With this change in the cabinet, reluctantly accepted by Perceval, it was felt that the government was more likely to be friendlier towards the United States.[56] A change of policy on the Orders in Council seemed more possible. Whether the influence of Sidmouth would have hastened repeal cannot be assessed, for shortly after his entry into the cabinet, the most drastic and dramatic change of all took place: the assassination of Spencer Perceval on 11th May.

A further indication that the government was moving gradually towards repeal came on April 21st, when the British government made a public declaration of the conditions under which it would repeal the Orders in Council. Repeal would take place when the government received evidence that the Berlin and Milan Decrees had been authentically revoked. The government felt that this was sufficient proof of its desire for more amicable relations with the United States, but Jonathan Russell rejected it as merely an effort to placate public opinion in Britain.[58] Hopes of a government retreat, however, were dashed temporarily by the initial government response to the French reply to this declaration. France published the St.Cloud Decree, dated the 28th April,1811,annulling the operation of the Berlin and Milan Decrees in so far as they affected the United States.[59] In reply, Castlereagh rejected the decree as unsatisfactory and a "disgraceful trick", and would give no opinion on the continuation of the Orders in Council against the

55. US.Dip.Desp. vol.18,Russell to Monroe,20th March,1812. Zeigler, op cit,p303.
56. US.Dip.Desp. vol.18,Russell to Monroe,9th April,1812.
57. Courier,22nd April,1812: US.Dip.Desp. vol.18,Russell to Monroe, 22nd April,1812.
58. FO 5/90 Castlereagh to Russell, 21st April,1812; Russell to Castlereagh,25.4.1812. US.Dip.Desp.18,Russell to Monroe, 26.4.1812.
59. Scots Magazine, May 1812,p390.

United States.[60] The adverse initial response may have been the result of Castlereagh's unwillingness to commit the administration to a change of policy in the middle of negotiations about forming a new ministry after the death of Perceval. The response probably did not create too much dismay amongst the opponents of the Orders in Council who had, by this time, been successful in forcing Perceval to concede to their demands for a parliamentary inquiry into the effects of the Orders in Council. In May 1812, before and after the death of Perceval, the evidence before this inquiry, headed by Henry Brougham, was strongly supporting the arguments of the Whig critics of the Orders in Council. Before considering this, one further indication of the weakening position of Perceval and his colleagues comes from a Whig source. In April 1812, Lord Grenville felt that the Prince Regent was becoming less than enthusiastic about Perceval and the Orders in Council because he was "thoroughly frightened" at the flow of petitions describing conditions in the manufacturing districts.[61] Perceval was being attacked by the opposition, becoming less secure in his own party, and unsure of royal support, but all this did not make him change his views on the need for the Orders in Council.

The Parliamentary exchanges over maritime policy revealed the theme of initial government obstinacy and arrogance, then slow retreat, and finally concession of the opposition's demands for an inquiry. On February 7th,1812, Lord Liverpool was able to

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60. Examiner,24th May 1812,Castlereagh in Commons on 22nd May.
Courier,23rd May,1812.
Annual Register,1812,p145.
61. Thomas Grenville MSS,BM.Add.MSS.41,852,letter from Lord Grenvil
22nd April,1812.

dismiss a request by Lord Lansdowne for a debate on the effects of the Orders in Council.[62] When Samuel Whitbread, on 13th February, took note of the many complaints against the Orders in Council from the manufacturing districts and asked the government to make public the papers on the negotiations with the United States, he was defeated by 136 votes to 23 votes: a government majority of 113.[63] By 28th February, however, debate in the House of Lords was conceded, with a lengthy clash between Lansdowne and Bathurst in which Sidmouth intervened to oppose an inquiry at present because the matter was the subject of diplomatic negotiations.[64] Concession in the House of Commons followed on 3rd March in which debate the Tories were successful in rejecting Brougham's motion for an inquiry by 216 votes to 144: a government majority of only 72.[65] After the advent of Sidmouth and Castlereag to office, after the declaration of 21st April, amidst depression and riots, and after a petition from the city of Liverpool was debated on 27th April - a petition which blamed the Orders in Council for causing distress by closing the American market - Perceval gave way on Brougham's request for an inquiry on 28th April. Perceval conceded the inquiry but did not commit himself to the repeal of the Orders in Council if they were found to be among the causes of distress. While this success was the result of constant Whig pressure, it was felt that Perceval gave in because he feared losing support within his own party if the numerous petitions from distressed areas were ignored.[66] Obtaining a parliamentary platform from which to air their views and present

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62. Courier, 8th February, 1812.
63. Courier, 14th February, 1812.
64. Courier, 29th February, 1812.
    Gentleman's Magazine, vol.82, p371.
65. Courier, 4th March 1812.
66. Courier, 29th April, 1812.
    Examiner, 3rd May, 1812.

their evidence against the Orders in Council was a major tactical victory for Brougham and his associates, and a strong indication of growing government weakness.

The committee, of which Henry Brougham was the most prominent member began to hear evidence on April 29th. Between that date and June 3rd it heard evidence from a total of 101 witnesses. Considering that the committee began work the day after Perceval gave his reluctant approval and that the majority of witnesses in the early days came from the Midlands and North of England, this was an indication of the efficiency and determination of Brougham and his supporters. Eighty-three witnesses gave evidence against the Orders in Council and only eighteen testified in favour of the government's regulations. Out of this total of eighty three, twenty nine came from the Midlands, fifteen from Yorkshire, some twenty four from Lancashire and Cheshire, and the rest came from places as far apart as Gloucestershire, Scotland and the United States. Thirty six were textile manufacturers, including one senior Liverpool magistrate, twenty eight were manufacturers in other industries such as metal goods and pottery, one of the latter being Josiah Wedgewood; of the remaining nineteen, thirteen were merchants engaged in the transatlantic trade, and the rest were brokers and shipowners. The contrast between this group of witnesses and the supporters of the Orders in Council was complete. Fifteen out of the eighteen were from the City of London, two were from Lancashire, and one from Scotland. The lone Scot was a textile manufacturer, Kirkman Finlay, and the rest were merchants

and shipowners.[67] The new manufacturing class of the North of England and the Midlands was ranged against the entrenched mercantile class of London.

In general the evidence from the manufacturers amplified the charges made in parliament against the Orders in Council by giving specific evidence of the conditions in the industrial towns and counties, and by showing how widespread was the belief that the Orders in Council were the principle cause of the distress. They provided not only testimony of the extent of the slump and the views on the Orders in Council but also forecast further economic decline if the Orders in Council were not repealed. They put forward opinions about the possible extent of the recovery which they believed would occur after repeal.

From Birmingham, Thomas Attwood described how the Orders in Council had helped close American ports and stated that since the issue of these regulations the trade of Birmingham had declined considerably. Distress he said, was the result of the Orders in Council and the consequent closure of the American markets.[68] From Rochdale, William Hastings also declared that the distress was the result of the loss of the American market, but he was a bit more reluctant to put the full blame on the Orders in Council.[69] Likewise, James Ryland gave his opinion that the closure of the American market was the direct result of the government's maritime policy.[70] Many witnesses detailed the extent of unemployment and potential unemployment once manufacturing for stockholding came to an end, and most attributed their losses to their inability to export to the United States. The importance of this market was recognised by Thomas Attwood when

67. PP1812 - compiled from this. Figures in Appendix E.
68. PP 1812,pp1-15: Attwood was High Bailiff of Birmingham, a banker and manufacturer.
69. PP 1812,p206; Hastings, a woollen manufacturer,Rochdale.
70. PP 1812,p49; Ryland,leather goods manufacturer,Birmingham.

he stated his belief that the Americans would have purchased "almost the whole surplus manufacture of England."[71] This was underlined by another Birmingham manufacturer, Richard Spooner, who believed that, with an annual export of £1 million of goods from the Birmingham area to the United States, that the American market was more important to the prosperity of his city than the home market.[72] One side effect of the decline in exports to the United States was the flood of goods into the home market, causing, said Josiah Wedgewood, losses to those usually producing for the home market.[73]

Long-term fears about the future prosperity of the British export trade to the United States were expressed frequently. Thomas Potts, Richard Spooner and John Bailey all felt that if sanctions remained in force, the growth and expansion of American industry would be encouraged.[74] This long-term threat would become more serious if the United States were to impose a protective tariff, according to Thomas Withington of Manchester and John Jaffray of London.[75] Agreeing with them, Thomas Kinder, a merchant with experience of the United States, thought that American industrial growth would be stopped only if the Orders in Council were repealed and British goods allowed to flow westward once more.[76]

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71. PP 1812, p6.
72. PP 1812, p56; Richard Spooner, nail manufacturer, Birmingham.
73. PP 1812, p158; Wedgewood, pottery manufacturer, Staffordshire.
74. PP 1812, pp35, 58, 138; Potts, Birmingham merchant in U.S. trade, Bailey, manufacturer of steel goods, Sheffield.
75. PP 1812, pp290, 340; Withington, Manchester merchant. Jaffray, exporter in U.S. trade, London.
76. PP 1812, pp446-9; Kinder was in America, 1804-9.

Joseph Shore, chairman of the Birmingham Chamber of Commerce, was critical of the Orders in Council for their lack of success in forcing British exports into the markets of Europe.[77] In contrast goods and orders for the United States were awaiting shipment upon the lifting of sanctions. Many manufacturers testified to having large orderbooks of goods which could be sent immediately to the United States when the sanctions were lifted. The repeal of the Orders in Council and the consequent end of the Non-Importation Act would release a flood of good which would restore employment and prosperity.[78]

Looking to the consequences of repeal, Thomas Milward thought that this would cause the re-opening of trade, while William Thompson of Leeds was more specific in saying that the re-opening of the American markets would end the widespread distress and misery. Echoing these sentiments a London merchant, John Fry, felt that repeal would restore the country's balance of payments.[79] In this fashion Brougham effectively marshalled witnesses who blamed the depression and distress upon the Orders in Council, stressed the importance of the American market, and saw the re-opening of that market after repeal as the key to any return to prosperity in Britain.

Opposing them pro-government witnesses such as Kirkman Finlay, the Chairman of the Glasgow Chamber of Commerce, did not dwell on the merit of the American market. Conceding the extent of distress,

77. PP 1812,p42.
78. PP 1812,p22; William Whitehouse, nail manufacturer from West Bromwich was the first of many to give such testimony.
79. PP 1812,p112; Milward,Birmingham spoon manufacturer.
PP 1812,p235; Thompson, broadcloth manufacturer,Leeds.
PP 1812,p473: Fry, London merchant.

they blamed this on the Continental System and on the glut in the South American market. This contradicted the government view that the Orders in Council had promoted exports to Europe. Such points must have weakened rather than strengthened support for Perceval. Finlay and his fellow witnesses such as John Gladstone of Liverpool and Sir Alexander Mackenzie from Canada, dwelt on what they considered to be the adverse effects of any repeal. Repeal would stimulate direct American trade with Europe, and especially in the colonial carrying trade, undercut British export prices in Europe, and most of all, aid France. They felt that repeal would not induce France to scrap the Continental System.[80] These fears had some merit but the position of the witnesses was undermined by their earlier concessions and contradictions, and by the limited nature of their backgrounds: the great merchants of London. Perhaps, most important, for obtaining a hearing for views in favour of the Orders in Council was their ill-fortune in the timing of their evidence.

The inquiry which held hearings between April 29th and June 3rd was given the evidence against the Orders in Council first, and the pro-government testimony came at the end of the inquiry, from May 27th onwards. Public interest would naturally be higher in the early days of any inquiry, therefore giving a greater publicity advantage to the opposition's case. The later part of the inquiry was overshadowed by the death of Spencer Perceval and the consequent crisis in which a search for a new, stable and popular administration was carried out. Before May 11th, the day

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80. PP 1812, pp396-426 (Finlay), 481-511 (Gladstone), 593-611 (Mackenzie).

of Perceval's assassination, evidence from thirty-three witnesses, all against the Orders in Council, had been heard with the full attention of press and Parliament. Between then and 21st May when Liverpool's administration was defeated in a vote of confidence, a further thirty five opposition witnesses had given their evidence. The long and complicated search for a new government did not end until 8th June, during which time public attention was diverted to the political crisis. Sixteen further opposition witnesses were heard between 22nd May and 25th May and only between May 27th and June 3rd did the supporters of the Orders in Council have the opportunity to present their case. Thus the case for the Orders in Council was obscured as well as being undermined by the uncertainty about the political composition of the new government: an administration which might well withdraw the Orders in Council anyway.[81] Although Brougham observed that the assassination of Perceval speeded up his inquiry by diverting the attention of political leaders elsewhere, it also aided him by undermining and obscuring support for the Orders in Council.[82]

The assassination of Spencer Perceval on 11th May not only overshadowed the parliamentary inquiry but also news of the American ninety-day embargo, the seriousness of which was not considered.[83] Most important, it instituted a month-long political crisis which made positive government ineffective at a time when the evidence before the inquiry was revealing the

81. For details of this chronology see Appendix F.
82. Henry Brougham, Memoirs, vol.2,p16.
83. Times, 13th May 1812.

malevolent effects of the Orders in Council, and when the Americans were finally moving towards war. As war drew nearer there was no British government to take authorative decisions. The pre-occupation with the political crisis also dampened and put into perspective the little real interest which British politicians had in the affairs of the United States.

Whether repeal of the Orders in Council would have come if Perceval had lived, is doubtful, given the reluctance with which he accepted Lord Sidmouth, with which he authorised a parliamentary inquiry, and his personal and political identification as the author and principal supporter of the Orders in Council. In his papers there are notes for a speech, dated the day of his death, in which he continues to defend the Orders in Council.[84] The sudden removal of Perceval, together with the dramatic evidence before the parliamentary inquiry, might have brought about a speedy repeal: Liverpool later indicated that he was willing to leave the fate of the Orders in Council to the outcome of the inquiry, which is hardly the view of a staunch supporter of the Orders in Council.[85] Instead, the administration of Liverpool which had temporarily replaced that of Perceval, fell after a vote of no confidence, put forward by Mr.Wortley on 21st May, was passed in the Commons. There followed a period of intense negotiations between Whigs, Tory factions and the Prince Regent for over two weeks, during which time no effective decision could be taken.

84. Perceval MSS.,BM.Add.MSS.49,177, draft of speech 11th May,1812.
85. Examiner, 14th June,1812, Liverpool in Lords,8th June.

The discussions over a new government brought out the contrast between the members of Parliament, such as Brougham, who represented the new manufacturing areas and who were concerned about the economy and about the United States, and the more oligarchic and aristocratic leaders of the Whig and Tory parties. It also was an indication of the ignorance and contempt which leaders of both parties had for the Americans. During Wellesley's efforts to form a government, and then during Lord Moira's talks with the Whig leaders, Grey and Grenville, to form an administration, the state of the economy, the Orders in Council, and the prospect of war with the United States were rarely mentioned. Wellesley and his associate, George Canning were interested in concessions to the Catholic population and the prosecution of the Peninsular War. Wellesley concentrated upon these two points and ignored what he regarded as matters either too divisive or of less urgency. George Canning, whilst against any abandonment of British maritime rights, deferred all discussion about the United States and the Orders in Council as being too legalistic and complex for any speedy decision.[86] Although Lord Moira, who tried to form an administration in early June, regarded the Catholic question and the dispute with the United States as the most important issues, he thought that the future of the Orders in Council should be settled by the evidence produced by the parliamentary inquiry. Therefore, he concentrated on Spain and the Catholics.[87] The aristocratic Whig leaders displayed little interest in the American question in these negotiations, and concentrated, at first, on proposing

86. Rose, Diaries, II, p510; Bathurst to Rose, 24th May. Therry, Canning Speeches, pp351-76; Wellesley MSS, BM. Add. MSS. 37,296, Memo of 21st May by Wellesley.
87. Grey MSS, Minutes of Meeting with Moira and Grenville, 6th June; Wellesley MSS, BM. Add. MSS. 37,296, Moira to Wellesley, 23rd May.

concessions to the Catholics and demanding an end to the Peninsular War.[88] When actually approached to form a government, the main Whig interest was not only in securing sufficient cabinet posts for themselves but also in obtaining control over the offices of the royal household so as to gain the ear of the Prince Regent. Failure to obtain these concessions ended any efforts to bring the Whigs into the government: something which Moira felt the Whigs themselves had pre-determined.[89] With this failure, the Prince Regent had no choice but to ask Lord Liverpool to form an administration: after a long delay which Sidmouth felt had caused great inconvenience.[90] At no time in these lengthy negotiations was there any discussion or any sense of urgency about settling the fate of the Orders in Council or in determining future relations with the United States.

On its formation on June 8th, the Liverpool ministry was regarded as weak and unpopular. One Whig newspaper looked upon it as an "affliction upon the country, being the result of a weak prince and a corrupt Parliament."[91] Lord Liverpool encountered not only Whig opposition but also a lack of Tory unity, since he had refused to entertain the idea of including Wellesley and Canning in his cabinet.[92] While Liverpool recognised the weakness of his position, he felt that he had the support of the country.[93] This confidence must have played its part in delaying until June and July, efforts to increase the government's popularity.

88. Grenville MSS, BM.Add.MSS.41,853, Grenville to T.Grenville, 12th May.
Grey MSS, Grenville to T.Grenville, 12th May, and Grey & Grenvill to Wellesley, 24th May.
89. Grey MSS, Grey to Wellesley, 3rd June; Auckland Journal, IV, Grenvil to Auckland, 6th June; Wellesley MSS, BM.Add.MSS.37,297, Moira to Wellesley, 1st June.
90. Wellesley MSS, BM.Add.MSS.37,297, Sidmouth to Prince Regent, 28th May.
91. Examiner, 14th June, 1812.
92. Liverpool MSS, BM.Add.MSS. 38,247, Liverpool to unknown person, 28.5.1812
93. Liverpool MSS, BM.Add,MSS.38,326, Liverpool to Wellington, 10.6.1812.

Certainly it seems to have delayed any decision on the Orders in Council, as there is no evidence of any cabinet discussion of the future of these regulations between June 8th and June 16th, when their conditional repeal was announced by Castlereagh in the Middle of a Commons debate on the results of Brougham's inquiry. Confidence, but perhaps more important, reluctance to finally abandon the Orders in Council must have played its part.[94]

The repeal of the Orders in Council was not unexpected. Jonathan Russell expected repeal when he wrote that "the effect of our embargo, the evidence before parliament occasioned by these Orders, and the change of ministers itself, afford both cause and colour for this proceeding."[95] He did not see how the Orders in Council could be maintained contrary to the evidence before parliament of the importance of the American trade for Britain.[96]

There is one brief piece of evidence which suggests that the government did decide on repeal before June 16th and which shows no signs of the reluctance and equivocation seen in all the rest of the evidence. In a footnote to a despatch to Foster on June 17th, the Under-Secretary of State at the Foreign Office, Mr.Hamilton, said that the government had not acted quicker on the St.Cloud Decree and repealed the Orders in Council because of the uncertainties which lasted from the death of Perceval to Liverpool's confirmation in office on June 8th.[97] This does

94. US.Cons.Desp.,9,Beaseley to Monroe,15th June,1812.
95. US.Dip.Desp.v18,Russell to Monroe,25th May,1812.
96. US.Dip.Desp.v18,Russell to Monroe,13th June,1812.
97. Mayo,p382,Castlereagh to Foster,17th June; footnote by Hamilton.

not explain the contemporary evidence of reluctance, the delay until June 16th, the circumstances of Castlereagh's announcement, the conditional repeal and then the forced decision on complete repeal on June 23rd. Despite the evidence of the parliamentary inquiry, the popular dislike of the Orders in Council, the weakness of Liverpool's ministry, the Tory government remained stubborn to the end.

This reluctance is underlined by the manner of Castlereagh's announcement on June 16th when, probably in fear of an adverse vote in the Commons' debate on the inquiry's findings and a renewed political crisis caused him to make public the "suspension of the Orders in Council in the middle of the debate.[98] Although he admitted that Mr.Brougham had made out a grave case of national distress as affecting our manufactures, and that there was reasonable ground to believe, that if the American market was not opened within a limited period, the pressure would increase, Castlereagh's main reason was different. He based his case for suspension on the St.Cloud Decree which he had rejected in May and suspended the Orders in Council on condition that the United States withdraw her sanctions and make representations to France: this was a very reluctant acknowledgement of the important role of sanctions.[99] The use of the St.Cloud Decree, the use of "suspension" rather than "repeal", and the ignorance of the details of the Orders in Council and of the American case which

98. Cobbett's Political Register, 20th June,1812,pp19-20 Brougham,Memoirs,II,pp19-20.
99. Annual Register,1812,p150; Courier,17th June,1812.

Castlereagh and other ministers displayed in the debate all point to a reluctant decision taken hastily during the debate. Government weakness overcame reluctance, and this situation became even more apparent in the complete revocation of the Orders in Council on June 23rd. On June 19th, Earl Fitzwilliam had pointed out to Sidmouth that revocation of the Orders in Council had to be absolute if the act was to aid the manufacturers who were ready to export £12 millions of goods to the United States within a week.[100] On the same day, Baring pressed Castlereagh for clarification of the conditional nature of the repeal.[101] Finally the Foreign Secretary announced complete and unconditional repeal because the word "suspension" did not appear in the Non-Importation Act. This was an indication of the weakness, initial ignorance and desire to end sanctions and gain political strength as this announcement was made long before the United States would even receive news of the earlier conditional suspension.[102]

Government weakness and the force of public opinion was apparent in contemporary discussion of the causes of repeal. The government based the defence of their decision on the previously rejected St.Cloud Decree. On June 17th, Castlereagh wrote to Foster that conditional repeal was the result of the St.Cloud Decree and was an effort to test the sincerity and intentions of the American and French Governments.[103] Lord Liverpool repeated this assertion in the House of Lords on June 24th when he also denied that repeal

100. Pellew, Sidmouth Correspondence, pp85-6, Fitzwilliam to Sidmouth 19th June, 1812.
101. Courier, 20th June, 1812.
102. Courier, 24th June, 1812; Annual Register, 1812, p151.
103. Mayo, pp381-2, Castlereagh to Foster, 17th June, 1812.

was a recognition of errors in past policy: he warned that the government still had the option of reviving the Orders in Council.[104] Jonathan Russell thought that the government's argument was weak and that the real cause of repeal was the American sanctions which had produced an intolerable degree of distress amongst manufacturers.[105] In Scottish papers, the opinion was the Castlereagh had given way "on account of the general distress of the country" and was trying to re-establish trade with America.[106] The Times felt that repeal had prevented a war with the United States which had been inevitable.[107] The Monthly Review saw repeal as a voluntary recognition by the government of past errors in policy and that repeal had been caused by the change of government and by the realisation of the bad economic effects of the Orders in Council: the hasty abandonment of which cast doubt upon the earlier claims for the maintenance of British maritime rights.[108] More scathingly, the Examiner saw repeal as part of a series of concessions being made by the weak Liverpool ministry to stay in power. It was the "final achievement of these ghosts of a ministry before the laughter of their opponents."[109] On a more personal level, credit was given to Henry Brougham as the successful leader of the movement for repeal.[110]

Whatever the views of the government or its critics, the repeal of the Orders in Council came too late to avoid war with the United States. Despairing of a successful sanctions policy, on

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104. Courier, 25th June,1812.
105. US.Dip.Desp.v18,Russell to Monroe,31st June,1812.
106. Caledonian Mercury,20th June 1812; Scots Magazine,June 1812, 468 -
107. Times,25th June 1812.
108. Monthly Review,May-August,1812,pp372-4.
109. Examiner,21st June 1812.
110. Grey MSS,William Roscoe to Grey,30th June 1812.

June 1st, President Madison had asked Congress for a declaration of war against Britain on the grounds that British maritime policy had been infringing on American sovereignty. The House of Representatives agreed on June 4th, the Senate on June 17th, and Madison signed the declaration of war on the 18th; two days after Castlereagh's conditional repeal.

The Non-Importation Act of 1811-12 and its predecessors played a considerable role in the success of the campaign to remove one major source of grievance to the Americans: the Orders in Council. The Act prolonged an economic crisis which had been brought about partly by the Embargo Act and the Non-Intercourse Act. The slump was essential to a successful movement against the Orders in Council from the ranks of the Whigs and manufacturers. The importance of the American export market was emphasised by its closure as a result of sanctions, and the Whigs were able to use this to show how the Orders in Council, the main cause of sanctions had created distress and how prosperity could be restored by a repeal which they hoped would end sanctions. They put over this point of view in parliament, and in the press, and especially through the device of a parliamentary inquiry, the time and result of which was crucial to the success of the campaign. The inquiry provided sweeping evidence to a weak and unpopular government of the bad economic effects of the Orders in Council and of sanctions. The inquiry, through its evidence, generated sufficient opposition to bring

down the government unless the Orders were repealed. In an effort to maintain power, and knowing the extent of the distress caused by sanctions, and the unpopularity of the Orders in Council, the government reluctantly gave way to the demands of their opponents and abandoned a crucial part of their staunchly defended maritime policy: but only this part. This process of sanctions operating against the government to effect the removal of the American grievances through economic upheaval and popular pressure, however, was too slow for American patience. So the United States, at the moment of the greatest success for sanctions, declared war on Great Britain. The repeal of the Orders in Council was the main result of the sanctions policy. Economic coercion had worked after five years of hesitant application when the right political and economic conditions had prevailed in Britain.

CHAPTER EIGHT

CONCLUSION

SANCTIONS, SUCCESS OR FAILURE?

The American policy of economic sanctions was devised by President Thomas Jefferson as a peaceful solution to the difficult problems posed by the American position as the most important neutral trading nation on the seas during the Napoleonic Wars. This policy was designed to use the commercial power of the United States to protect the commerce, neutral rights, independence and sovereignty of the United States from the maritime policies of France and, more especially, Britain. In the eyes of Jefferson, such maritime policies as impressment the "Rule of 1756" and the Orders in Council were infringements of American sovereignty. The problem could not be ignored because of the size and prosperity of the American merchant marine and because of the nature of the struggle between France and Britain. Lacking an adequate navy, fearful of war, Thomas Jefferson, and his successor, James Madison, imposed sanctions between 1806 and 1812. Such coercive measures were enforced intermittently and with various degrees of severity, varying from a complete ban on American shipping to action against the export trade of Britain, according to American domestic political pressures. This lack of consistency made enforcement more difficult and

success less easy to obtain.

The commercial links between Britain and the United States were strong and were becoming increasingly vital as Britain's fight against France intensified. Britain became dependent on the United States and was, therefore, vulnerable to American coercion in three ways. Least important, Britain required supplies from America. Overall this was not as important as the other two, but in terms of individual commodities, Britain needed American cotton, and, after 1808, American grain supplies for the war in the Iberian Peninsula. Secondly, the United States was the most important single national market for British exports: a dependence which became of greater importance as the Continental System made the export trade to Europe more difficult. Finally,Britain needed the use of American tonnage. American ships dominated the transatlantic trade and were used to a substantial extent on other British trade routes. Britain therefore, was vulnerable to sanctions. Consequently it might have seemed in 1807 that Jefferson could expect with some degree of confidence that Britain would quickly succumb to coercion in the form of the Non-Importation and Embargo Acts.

In the short-term, failure seems to have been the outcome of Jefferson's experiment. In 1809 the Embargo Act, and the original Non-Importation Act with it, were replaced by the much weaker Non-Intercourse Act. Britain still maintained her maritime policies. Although the withdrawal of American shipping from the high seas caused some disruption to the

British economy, it did not promote any change in British policy because of the British success in finding alternative export markets: in particular Latin America. British cotton requirements were met from stockpiles and other foreign sources such as Brazil and India. The lack of American ships was alleviated by American evasions and by a reduced British need as the American market was closed, and by some changes in trade with Europe. As a result, distress in Britain was comparatively small and short-lived. It was not this lack of success but American internal opposition, from the seaports of New England and the Middle Atlantic states, which brought the Embargo Act to an end: an apparently futile end.

The effort at coercion in 1808-9 did play an important part in the eventual success of sanctions. The large prosperous and growing American export market was replaced by exports to newer but less stable and less prosperous markets such as Latin America which, in the long-run, could not sustain the same scale of British exports as the United States could. The realisation of this, together with the hard financial losses of 1810, precipitated the slump of that year: a depression, the existence of which was essential to the success of sanctions. These new markets had encouraged frantic speculation by merchants anxious to recoup losses incurred in America and Europe. The news of the South American losses burst the speculative bubble, was a great blow to business confidence, and accelerated the onset of the slump. Also sanctions, while affecting British prosperity little in 1808, had raised the spectre of British vulnerability and the seriousness of the consequences of sanctions in the eyes of many businessmen and Whigs. This encouraged a Whig

opposition to the government's maritime policies, which although it did not succeed, never forgot the potential perils revealed in 1808. They directed their efforts at removing the threats of sanctions by campaigning for the repeal of the Orders in Council. The existence of this body of opinion made the generation of an opposition movement during the slump of 1810-12 much easier. The Embargo Act, therefore, had these two long-term consequences.

Sanctions, even in the form of the Non-Intercourse Act, made a further contribution to the depression of 1810. As one major reason, together with the Continental System, for the general uncertainty and instability of international trade at this time economic coercion upset the normal channels of international payments. This caused not only growing losses to American merchants but also cut down on American ability to buy British exports. This continued even when sanctions were lifted 1810-1811. The unsettled balance of payments situation contributed to the growing disquiet in Britain over the increasing depreciation of the currency. This anxiety coincided with the onset of the slump in the summer of 1810 and heightened the recession by further undermining business confidence.

The depression of 1810-12 was crucial to the success of American economic sanctions. Causing widespread unemployment, high prices social distress and business losses, it created a favourable economic climate in which such economic coercion could work. As the most immediate cause had been the financial losses in export

markets opened as alternatives to the United States, the closure of the American market by the Non-Importation Act in 1811 could not be compensated in the same way as in 1808. Sanctions helped cause and prolong the slump. The distress provided the political climate in which the Whigs could rise up against the government's maritime policies and do so with popular support this time, since they could draw a link between these maritime policies and the slump. Thus began the successful campaign against the Orders in Council. American sanctions played two complementary roles in this slump. They were an important long-term cause and, in a negative sense, they were seen as the solution to the depression. The removal of sanctions by changes in the maritime policies of Great Britain as they affected the United States would end the slump, claimed the Whigs in their campaign against the Orders in Council.

The positive effects of the continued imposition of various degrees of sanctions on the British government were not really discernable until 1812. Until then, the British government upheld its maritime policies and refused to abandon the Orders in Council because of the American opposition. Arrogance and contempt characterised the government's response to sanctions. This attitude was encouraged by the apparent inability of sanctions to cause great harm to the British economy before the winter of 1812; by the needs of the war against Napoleon which the government regarded as the first priority; and by the views of the government on sanctions and on the Americans. Neutrals who demanded rights, unclear in international law, were looked upon as pro-French, and as

commercial rivals who were making a profit out of their neutrality. Sanctions were seen as part of French-inspired American hostility towards Britain. They were regarded by the government as weak and ineffective, as the tools of a weak and divided nation of no military or naval consequence. Indeed, British ministers felt that sanctions harmed the American economy more than they did the British one. The slump in Britain and the news of the growth of American industry did not change such opinions. While the government was aware of the importance of American ships and trade, and American-generated bullion, for its most important military enterprise, this did not induce any concessions to the American point of view: all they did was to prevent British retaliation for the imposition of sanctions. Just as sanctions were seen as ineffective and more harmful to the United States, the Tory ministry was not swayed by the prospect of war with the United States if sanctions failed. The threat of war did not produce any change of maritime policy. So the effects of the sanctions policy were delayed by the stubborness of the British government. Though these considerations of war an the Peninsula may have had some cumulative effect in the decision to repeal the Orders in Council, there is no evidence that they played an important role before June 1812.

The most immediate reasons for the success of the campaign against the Orders in Council were the growing weakness of the government in the early months of 1812, and against a background of continued slump, the increasingly vocal and articulate and popular opposition to the Orders in Council. The resignation of Wellesley, the advent of Sidmouth, the death of Perceval with

the consequent month-long political crisis out of which emerged a ministry under Liverpool were the main indications of government weakness. The Liverpool ministry was anxious for popularity and concerned about avoiding any further crisis. It was now a government prepared to sacrifice the Orders in Council to ensure political survival. As the government retreated, the opposition gained ground and reached its ultimate peak in the parliamentary inquiry of May 1812 in which the relationship between the Orders in Council and the slump, and the beneficial consequences of the removal of sanctions, were stressed. Under such pressure the government gave way just as the American government finally despairing of sanctions declared war. The success of the campaign against the Orders in Council was the result of sanctions. American coercion helped to create the depression in which the Whigs could attack the government successfully. The direct links between maritime policy, sanctions, the slump, and the return to prosperity, were highlighted by the economic effects of sanctions, and publicised by the Whigs, brought about a desire to encourage the removal of sanctions by changing British policy. Sanctions by playing a positive and a negative role, were the long-term cause of the repeal of the Orders in Council.

Contrary to American feeling in 1812, sanctions were successful, although this was overshadowed by the outbreak of war between the two countries. This achievement, however, must be put in perspective. It was a qualified success: only the Orders in Council had been repealed. The British government

did not abandon the principles behind the Orders in Council, only the methods by which such principles were enforced against American shipping. Impressment remained as an important violation of American neutral rights, partly because Britain was not divided on the necessity for impressment as it was on the Orders in Council, and partly because the United States government had not pressed this question strongly since the flashpoint of the "Chesapeake" incident in 1897. The Rule of 1756, although now of less importance, and the issues of blockade and contraband remained.

This qualified success of the sanctions policy, however, must be matched against the limitations of the American efforts at economic coercion. Not only were they imposed intermittently and in varying degrees of severity, but also, until 1811, they were employed indiscriminately against the whole British economy. Until the 1811 Non-Importation Act was directed against British exports to the United States, coercion was not selective enough to achieve speedy success, although its effects were cumulative enough to lay the essential foundations for the comparatively quick success of the Non-Importation Act. Perhaps as a result of transposing American political pressures into British politics, in their planning, Jefferson and Madison relied largely upon the indiscriminate and widespread use of coercion, and made little effort at concentrating upon areas of vital interest to the Tory ministry such as the American grain trade with the Iberian Peninsula. Therefore, considering the limitations imposed on the application of sanctions by the Americans themselves, the repeal of the Orders in Council was a creditable success for the policy of economic sanctions.

The history of American economic sanctions against Britain between 1806 and 1812 leads to some general conclusions about the requirements for a successful sanctions policy. Through a proper understanding and knowledge of the victim country's economy and politics, sanctions should be focussed directly on the areas of greatest vulnerability: selective rather than undiscriminating. For success within a fairly short period of time, sanctions ought to be imposed within a favourable economic and political climate: against a country with a weak government, a strong opposition, and with economic difficulties and social tensions. The country which imposes sanctions must have faith and patience in its policy as the employment of economic sanctions is not swift. Once imposed, they must also be enforced consistently and firmly if they are to be effective. Such requirements were naturally not apparent to the innovators of such policies on an international scale, Jefferson and Madison, and, as a result, humiliation and impatience obscured the growing possibilities of success from sanctions and led to the war which sanctions were designed to prevent. Unnecessary because of the success of sanctions, and largely inglorious in execution, with a few exceptions, the war did do what sanctions failed to do: restore American self-respect, confidence and independence. Sanctions achieved their limited results after five years of hesitant operation, but too slowly for the United States.

Appendix A : Notes on the Use of Trade Statistics

The purpose of these notes is to point out some of the difficulties encountered in using the commercial data in the third and fourth chapters.

There are two obvious points of difference between the British and American information: the employment of two currencies whose rates of exchange are not known, and the use of different fiscal years. The American year ends on September 30th (i.e.1801 is year ending 30/9/01) while the British year ends on January 5th (i.e. 1801 is year ending 5/1/02). Hence direct comparisons for the same year are difficult.

Not all primary sources agree on the same data, but where they do they have been combined into one table. Generally the differences are small and different sources reveal the same patterns of change and the same relative importance of differing sectors.

Two different sets of figures are available for American imports. The government figures show the VALUE of "imports paying duty ad valorem" (mainly manufactures) and the VOLUME of all other goods, and do not give total values or volumes - this information has had to be gathered from a wide variety of sources.

British sources give two different sets of figures. Values are given at "official values" - that normally used by the government - and at "real values" - an alternative method in use from 1805. "Official values" were based on prices fixed at the end of the 17th century and, therefore, do not reveal the true value in the 1800's. As they were widely used for a long time they have considerable use in indicating changes in volume as the cash value is fixed artifically. They are not subject also to price changes due to inflation. "Real values" are usually higher and represent the actual cash value, but they are not available before 1805 and are subject to inflationary pressures.

British imports and exports are not directly comparable as imports were overvalued and exports undervalued. The value of imports included cost-price, shipping and handling charges up to the point of entry, while the value of exports only showed the cost price, the other charges being left out. The result is that the balance of trade was more favourable than it would appear from a straightforward comparison of official import and export figures.

Appendix B : Monthly Grain Prices in Britain 1809-12.

The prices given in the following table are the monthly prices of a quarter of wheat in London. The table has been constructed from monthly prices given in each issue of "Gentleman's Magazine" and "Annual Register"

	1809	1810	1811	1812
Jenuary	90/6d	101/10d	96/-	105/11d
February	92/5d	99/11d	95/-	105/1d
March	94/6d	102/3d	92/7d	113/1d
April	92/4d	104/11d	88/7d	128/11d
May	90/3d	110/1d	88/9d	133/7d
June	88/8d	?	86/9d	133/10d
July	88/8d	114/-	87/4d	146/-
August	94/3d	116/2d	91/1d	155/-
September	101/9d	116/2d	96/4d	132/9d
October	108/10d	101/1d	100/4d	110/1d
November	101/9d	101/1d	105/5d	128/8d
December	102/9d	95/11d	106/8d	121/-

Appendix C : Vessels entering Lisbon 1811

Nationality	Total	Jan-June:	July-Dec.	Origin	No.
British	817	572	245	British Isles	512
				Iberian Ports	187
				U.S.A.	1
				Mediterranean	39
				Newfoundland	72
				Other Ports	3
American	797	513	284	U.S.A.	587
				British Isles	142
				Iberian Ports	38
				Mediterranean	9
				Other Ports	21
Portuguese	320	150	170	Iberian Ports	75
				Brazil & Azores	140
				Mediterranean	41
				British Isles	50
				U.S.A.	7
				Other Ports	6
Spanish	116	80	36	Iberian Ports	105
				British Isles	11
Turkish/Arab	46	26	20	Mediterranean	46
German States	25	20	5	Mostly Britain	
Sweden	1	1	0	Ireland	1

Source:

BT 1/60,ff 261-278
BT 1/62,ff 189-198

Appendix D : Riots and Disturbances 1812

Month	Number	Location & Number		Cause & Number	
January	4	Notts. & Derby	4	Luddite	4
February	4	Notts & Derby	3	Luddite	4
		Yorkshire	1		
March	4	Derbyshire	1	Luddite	3
		Yorkshire	2	Unknown	1
		Lancashire	1		
April	16	Yorkshire	7	Luddite	6
		Lancashire	4	Food prices	7
		Cheshire	2	others	3
		Birmingham	1		
		Carlisle	1		
		Cornwall	1		
May	9	Yorkshire	3	Luddite	5
		Lancashire	2	unknown	4
		Cheshire	2		
		Notts.	1		
		Carlisle	1		
June	6	Yorkshire	3	Luddite	4
		Lancashire	2	Unknown	2
		Elsewhere	1		

Sources:

Compiled from news reports in the Courier

Monthly Magazine

Examiner

Gentleman's Magazine

Appendix F : Witnesses at Parliamentary Inquiry 1812 on the Orders in Council

A Geographical & Occupational Analysis

1. Geographical

Area	For Repeal	Against Repeal
Midlands	29	0
Yorkshire	15	0
Lancashire	20	2
Cheshire	4	0
Leicestershire	3	0
Gloucestershire	1	0
London - Spitalfields	3	0
London - City	3	15
Scotland	2	1
North America	3	0
	83	18

2. Occupational

Manufacturers:	Metals & others	28	0
	Textiles	36	1
Merchants:	In U.S. trade	13	0
	Other trades	6	17
		83	18

Source: PP 1812

Appendix F : The Parliamentary Inquiry & The Political Crisis

A Chronology of Events 1812

Date		Inquiry Events	Political Events
April	28	Perceval grants inquiry	
	29	2 witnesses	
	30	5 "	
May	4	6 "	
	5	13 "	
	6	2 "	
	7	4 "	
	11	1 witness	Perceval assassinated
	13	8 witnesses	Attempt to broaden Tory ministry under
	14	9 "	Liverpool
	15	11 "	
	20	7 "	
	21		Fall of Liverpool Govt
	22	3 "	Rejection of St.Cloud.
	25	13 "	Negotiations on new
		(all above for repeal)	Govt. until June 8th.
	27	2 "	
	28	3 "	
June	1	4 "	(Madison's War Message
	2	6 "	
	3	3 "	
		(all against repeal)	
	6		Failure of negotiations with the Whigs
	8		Liverpool Govt.formed
	16	Debate on the Report and Castlereagh's announcement of conditional repeal of the Orders in Council.	
	18	American Declaration of war.	
	23	Unconditional Repeal of the Orders in Council.	

Sources: PP 1812 and newspaper accounts of the political crisis.

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Summary of Thesis

As the most important neutral maritime nation in the wars of the French Revolution and Napoleon, the United States endured much abuse of its neutral rights as Britain and France tried to use the considerable commercial power of the United States as a weapon against each other. The failure of American diplomacy and the lack of a strong navy caused Thomas Jefferson to impose economic sanctions, using American commercial strength in order to win their respect for American neutrality and independence.

The first efforts at coercion apparently failed. The weak Non-Import--ation Act of 1806 and the much more radical Embargo Act of 1807 were swept away in 1809 as a result of American mercantile protests against the effects of sanctions upon the American economy. The Embargo Act also seemed to have failed against Britain. Though some economic dislocation was caused, this was overcome by the British development of the Latin American market. The failure of the Embargo Act increased the scorn with which the British government viewed the American position. In 1809, an even weaker measure, the Non-Intercourse Act, was imposed but it was re--voked in 1810.

In the long-term, however, these early efforts at sanctions had a cumulative effect which laid the foundations of future success. The Embargo and Non-Importation Acts had encouraged British trade with Latin America: a market less able to sustain a growth of British exports and much more speculative than the North American market. The repercussions of this weakening of the base of British trade were not felt until the summer of 1810 when the losses sustained in Latin America precipitated a depression. The actual and potential effects of sanctions helped to create a Whig opposition movement against the government's maritime policies. Though unsuccessful, the basis for a stronger movement was laid. In addition, the Non-Intercourse Act, together with the Continental System and inflation created a general uncertainty in British international trade which made it more difficult to weather the depression of 1810.

This slump was essential for the ultimate success of sanctions. The cumulative effect of earlier sanctions had helped cause the depression, the imposition of an effective Non-Importation Act early in 1811 lessened the possibility of a quick recovery, and in the consequent Whig campaign against the British government sanctions became linked politically with

the restoration of prosperity. The Whigs argued that the re-opening of the American market would restore prosperity and that the only way to achieve this was to end sanctions by revoking the Orders in Council, the essential and controversial part of the government's maritime policies. With this argument, against a background of growing economic and social distress, the opposition to the Orders in Council policy grew rapidly in the early months of 1812. The movement became strong enough to force the government to agree to a parliamentary inquiry on the subject.

This concession was the first major indication that the British government was responding to the pressures created by sanctions. Until then the government had remained contemptuous of the United States, had not been overly concerned about the economic dislocations caused by sanctions, and was little moved by the possibility of war with the United States if sanctions were to fail. The belief that the sanctions were more damaging to the American economy, and that the war against Napoleon must take priority dominated government thinking. Only the growth of opposition, combined with the increasing parliamentary weakness of the government in 1812 led to concessions being made in order to keep the government in power. The parliamentary inquiry, the assassination of Spencer Perceval, and the consequent emergence of a weak administration under Lord Liverpool after a month-long crisis, anxious to avoid further crises and achieve popularity, produced the atmosphere in which concessions to American economic pressure were possible. To remain in power, Liverpool revoked the Orders in Council in June 1812. One of the main aims of sanctions had been achieved, but, coincidentally, despairing of success from sanctions, the Americans declared war on Britain to protect their neutrality.

Sanctions were a qualified success. Directed widely against the whole British economy for limited periods, instead of being directed in strength against points of greatest vulnerability, such as the Peninsular campaign, sanctions achieved a success comensurate with the effort involved.