

# The development of british overseas trade over the period 1740- 1830



**Analyse the development of British overseas trade over the period 1740-1830, and assess its impact upon the growth of the domestic economy.**

In these hundred years between the eighteenth and nineteenth century, overseas trade developed quite significantly. Trade became an integral part of the British economy; it became ultimately a driving force of economic activity. And the role it played in the domestic economy was solidified in time. The proportion of trade more than trebled throughout this period. However, trade also changed in composition and in the pattern of distribution. Britain enlarged its markets, with the newly acquired colonies and also started trading new products. Where as, Europe in the 1740s was Britain's major market with the turning of the century this had changed; British trade had now been 'Americanized'.

In the late 1740s up to around the 60s, overseas trade seems to have increased suddenly. However, following the American War of Independence, a depression hit the flow of British overseas trade. After, there were two main phases of trade growth between 1783 and 1800 and another major increase that occurred around the mid-nineteenth century. However, in the years between these two periods 1805-1842, Britain, somewhat, experiences stagnation.

This world-wide growth of British trade occurred because of two factors mainly: the Industrial Revolution and British Empire.

Britain was the first country to under go Industrialization, she was way ahead than other European countries. The amount of industrial production per worker increased tremendously, since production became more efficient.

Manufacture was no more confined to family based workshops but this evolved into a factory. Since manufacture was now being mass-produced. This meant that the cost of productions fell and so did the prices. So, many more people could afford to buy it -increasing the demand. This increase in the demand naturally meant that more raw materials were needed to be imported and also primary products to feed the growing population and labourers. Since mass-production was now all over, industries ended up with a lot of surplus in manufactures. However, the domestic markets became saturated with the production of the goods produced in the factories. So, the search for new markets was essential into which to sell the extra products. The new markets were needed to keep prices stable not falling rock bottom and maintain profits. “ And a dawn of the eighteenth century the fraction of industrial manufactured goods exported grew from about one-fifth to one-third by the close of the century.” Pg 39

Britain had acquired a number of colonies in the 1700s , s many disputes had erupted over those colonies, that by the end of the century Britain had fought against all major empires- Spain, Netherlands and France. She managed to defeat them all, and as a result won over many new territories to the Empire. She also had secured her dominance over India, defeating the French in the Carnatic Wars. Basically, by the early nineteenth century Britain’s dominions, colonies, trading posts and protectorates were all over the globe, America, Africa, Australasia,-North, South and East, West.

The combination of Industrialization and Colonization was an invincible potion. Colonization removed every barrier to trade. Britain had a blank cheque and could export and import freely within her Empire. These colonies <https://assignbuster.com/the-development-of-british-overseas-trade-over-the-period-1740-1830/>

were not only important because they were a cheap source of getting raw materials and primary products, but, also they were markets ready to absorb her exports. So, Britain had now established new markets that could take in the surplus in fabricated goods. A periphery is created around Britain.

However, after the boom in trade in the beginning of the 1800s, because of the French Revolutionary wars and Napoleonic Wars the country went through a post-war economic depression, and massive unemployment was everywhere. The levels of exports and imports declined and high taxes were imposed to make-up for the debts. We cannot forget that 18th century British history was characterized by a number of wars: Anglo-Dutch Wars, the Seven Years' War and American War of Independence. The American war of Independence did not put a stop to any future Anglo-American trade relations American merchants still continued to look to Britain for the supply of goods. It was only a temporary depression.

Indeed, however, Britain was already indebted from these wars that she had to borrow even more money. By 1815 her national debt was more than £800 million much more burdensome than that of defeated France.

After the post-war economic depression in Britain there was a renewal of industry that began around the 1818 such a revival was due, because, British industries had a monopoly during this time. For amongst the Europeans, Britain only had a developing industrial sector producing surpluses of goods ready for exportation and an ever growing Empire.

British trade seemed to have no boundaries, her networks extended far into the Orient through the monopoly the East India Company. The largest of all

markets in the east was that of India. Britain was becoming a global trader - fast and before the other European countries.

It was not until the 1820s the Britain fully recovered from the effects left upon her economy from the Napoleonic Era. From around the 1810s up to the late 1830s Europe's share of British exports had gone down from 48 per cent to 38 per cent. Like wise the West Indies also experienced a decline from 16 per cent to 9 percent nearly half. However, Latin America, Asia and especially North America's share increased. Also, during this time we see the emergence of new countries into the trading networks of Britain- Australia and the Near East. If we then go to analyse the imports, we see that Europe's share in British imports went up from 35 per cent to 37 per cent, however the imports from North America experience a higher increase from- 10 per cent to 24 per cent. West Indies and Latin America experience a decline, the imports from these areas had been replaced.

In the Southern Colonies and Caribbean a market had developed to cater for the needs of the great rich families owning plantations -the plantocracy. They opted for European styles of clothing and European ways of conducting their lives, they wanted luxury goods e. g. porcelain, chinaware. Ultimately, more over, all their basic needs were being imported in from Britain like cutlery, stationery etc. However, there was a also a substantial demand in mostly textiles for the slaves working on the plantations “[for] the negroes were bought “ vast quantities of check linen, stripped holland, fustian, tobacco pipes etc...”

The trade patterns which determine where trade was directed changed. Europe was no longer on the forefront even though it was still important. The British trade became more varied this was because Britain had colonies from the four corners of the world. Such a varied amount of colonies having all different climates meant that different types of products could be cultivated and eventually sold off. Her colonies in the tropical regions commanded luxury goods, such as cocoa, spices, tobacco sugar etc. However, it was North America which dominates the trade scene at this point, lots of timber was imported off to Britain. New regions of recent settlement also start to participate in these trade patterns Australia in wool, Africa and Near East and North America in cotton. "The most significant industry with a high ratio of exports to production was cotton, which sold 50 per cent of its manufactures abroad in 1760 and 62 per cent in 1801. American consumers particularly bought cotton and linen printed cloths..." Britain became the international provider of cotton goods. It doubled the supply of cotton goods-yard thread (to be woven) cotton cloths (wholly fabricated). Cotton became the greatest exported good replacing wool. Cotton manufacture was therefore clearly directly driven by the transatlantic trade. The countries on the tropical zones like the West Indies after being at the height of trading transactions no longer were important in British trade. "The West Indies was still the first supplier of sugar, though its share had fallen to 80 per cent, and North American timber had replaced European as market leader."

The contribution overseas trade had over the domestic economy was one of a motivator. However, it is very imperative to mention that at the beginning the locally-based manufacturers-the small workshops went through a hard

time when the textile manufactured goods export increased, for the hand - made goods of the locals could not compete with the very cheap ware factories were producing in bulk. “ This happened with British cotton textiles and Indian calicoes during the late eighteenth and early nineteenth century, though on balance in Britain at this time led to a net increase in the volume of cotton goods traded internationally.”

The levels of trade that Britain had been reaching by the mid-nineteenth century nourished the production of manufacture at home. “ According to Deane and Cole’s indices real output of industries orientated to foreign trade rose by 444 per cent during the eighteenth century (by 146 per cent up to 1780), whilst industries orientated to domestic industry rose by 52 per cent (23 per cent to 1780).

Trade was no longer import-led but export led. It was all part of a wider cycle. Raw materials and primary products were used to fabricate goods; these were imported from the periphery of the British Empire. These resources then were turned into manufactures and were partly sold off in overseas markets and partly in home markets. Another important consideration to make is that Britain was the leader in the re-export trade. Sugar, teas, coffee, rice, dyestuffs were cultivated and produced in particular, in the plantations in the Caribbean and in the Orient and these were then imported into the mother country and most of the bulk was exported outside the country into European markets were tropical goods were not found. Britain had the lead in re-export trade, and was very crucial to the British economy. For Britain spent much more money on imports than it received from her exports, it did not balance out. So, this trade in re-export

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made it possible and easier for Britain to pay out her imports by the money collected from her re-exported goods.

Seeing how the developments and growth in trade and industry, and noticing how many profits such an activity garnered- people of course were more optimal at opening up new factories, because the demand was never a problem. Entrepreneurs widened their industries and new ones were opened up, creating a lot o job opportunities so trade indirectly and directly did definitely generate employment. Another impact of trade over the domestic economy was the income derived from the invisible goods such as insurances, and shipping. The ships transporting goods needed to be defended and insured against any piracy or mishap. Even though not many records have been found it is suggested that income derived from these invisible services were very good. Many more, insurance companies were being opened up, whole businesses rotating around the world of trade, had been started. Merchants were making huge amounts off trade. Some of the merchants had also invested in the financing of commercial banks, and other related businesses. “ Families that transferred funds from their Jamaican sugar estates to domestic industrial enterprise the Pennants (who invested in slate quarries in North Wales) and the Fullers (who owned iron works and gun foundries in Sussex).” While some invested in land “ Caribbean-based wealth raised aggregate demand in the British economy.”

Trading activities also affected and augmented art of ship building. Because trade increased substantially, more and more raw materials, goods and wares were being transported, from Britain to and fro any part of the World, of course this increase in world shipping had to be sustained with ships, and <https://assignbuster.com/the-development-of-british-overseas-trade-over-the-period-1740-1830/>



so as to meet the demand many more ships started being built. Ship building was certainly a home industry.

Returning back to where it started; at the factory, since as we have definitely understood that trade and industry were mutual dependant. For trade to keep on flourishing, manufactures needed to keep on being made increasing the economic growth of Britain. Of course, factories were being used to the full potential to meet the demand of the population and of trade. But when that was not enough- production came to a bottleneck. So taking cotton into example the demand for products was so high that production could not meet the demand, such a dilemma triggered the inventions of the machinery that would increase the production like the spinning wheel (that of course augmented cotton goods). “ It was in cotton that rising demand, domestic as well as export, created bottlenecks serious enough to stimulate the first experiments with spinning industry machinery. So did overseas demand make necessary or at least hasten the technological transformation of several long-established branches of British Industrial life.

Another, effect of the development of British foreign trade on the domestic economy was the expansion of towns like Bristol, Liverpool, and Newcastle. As a result of the ongoing trade with the Atlantic-primarily North America, these ports flourished into busy, trading, commercial economic hubs. In deed, this did result in shifting some of the importance and limelight away from London, since Europe had lost its predominance in British overseas trade. “ London’s merchants, shippers, warehousemen, and financiers more or less ran Britain’s transcontinental trade. The capital’s hegemony over Western ports diminished over the eighteenth century as Londoners made <https://assignbuster.com/the-development-of-british-overseas-trade-over-the-period-1740-1830/>

economic space for the prosperity of Bristol and for the rise of Glasgow and Liverpool." In particular, Liverpool also expanded as a result of the Atlantic slave trade. The Slave trade was a very lucrative business; they were the back bone of the colonial plantations in the Americas and the Pacific. Some most notably figure Eric Williams sustained that the profits obtained by the slave trade financed the Industrial Revolution. Many debates have arisen as regards to this statement but no one seems to be in accordance. One thing is definite though that the incomes generated from the trans- Atlantic trade, made so that bankers and merchants be able to supply credit, perhaps to young entrepreneurs who wanted to start an industry. The most important - indeed perhaps the only important-supply of such capital came from commerce, especially from merchants who invested large sums in the industries producing the goods they sold."

American demand and European demand working together. All other imperialistic countries did not have economies that acted together all of these colonies worked together with middling sort in wanting same luxury goods.

At the end of the Napoleonic wars Britain was clearly the world's leading manufacturing nation, Moreover, as a result of both its lead in manufacturing and its role as the world's overwhelmingly superior sea power, achieved during the late wars, it emerged as the world's leading commercial nation as well, accounting for between one-fourth and one-third of total international commerce-well over twice that of its leading rivals. Britain retained its dominance as both an industrial and trading nation for most of the nineteenth century.

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By the 1820s Britain had the lead in manufacture production, “ producing about one-quarter of the total world industrial production according to some estimates.” Britain had gone through a time of turbulence during this period, however, she managed to oust all her rivals and surfaced up as a great maritime commercial power. “ Most of this [overseas] trade was monopolized by Britain, whose superior naval power gave her open door to it. Her foreign export trade trembled between 1789 and 1815 and after 1815 her trade tended to become more and more predominantly a maritime, overseas trade” (Europe since napoleon: 90)

The growth and success of overseas trade pushed Britain away from agriculture and more towards manufacture and industries- embracing capitalism. Certainly, export dependency started to be a major feature in 1850 and 1870 British economy. Unlike other empires Britain traded with America, Europe, Africa and Australasia, contemporaneously her trading networks were like an intertwined cobweb.

Overseas trade motivated investment, work, incomes and innovations Britain was the first industrial nation and sooner became the workshop of the world.