

The futility of mercantilist wars, starting from France and Hamburg

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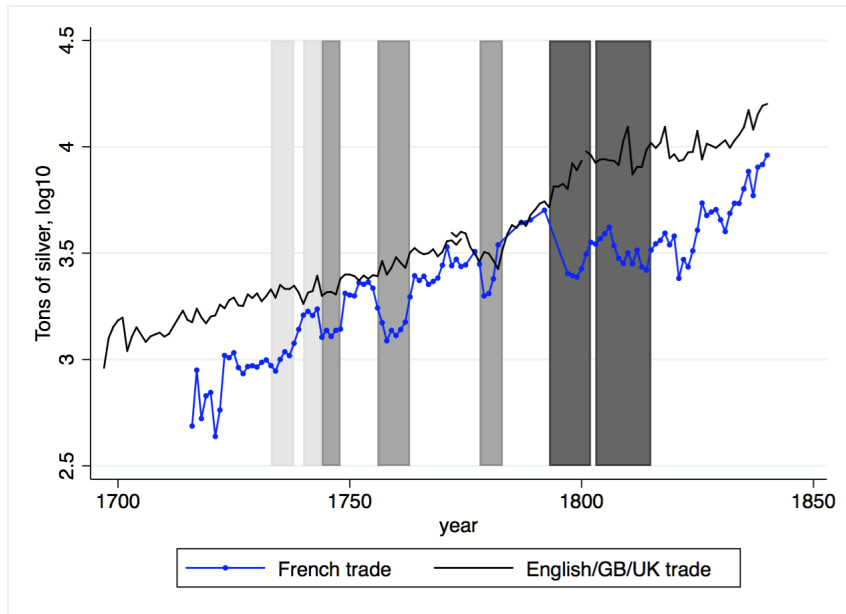
European nations were nations of eternal war (Jefferson, 1823).

- Indeed, from 1700 to 1825, 2 years out of 3 experienced conflict between major European powers.
- Rivalry between Great-Britain and France was central (2nd Hundred Years War 1688-1815).
- Especially after the death of Louis XIV, mercantile rivalry was an important motivation of Anglo-French wars. (Crouzet 2008, Wallerstein 1980).
- Each nation was jealous of the other's commercial success and the British believed war was a good way to curtail them.

European nations were nations of eternal war (Jefferson, 1823).

- War of the Polish Succession (1733-1738)
- War of the Austrian Succession (1740(44)–1748)
- Seven Years' War (1756–1763)
- War of American independence (1775(78)–83)
- French Revolutionary Wars (1792–1802)
- Napoleonic Wars (1803–1815)

Total silver trade France GB



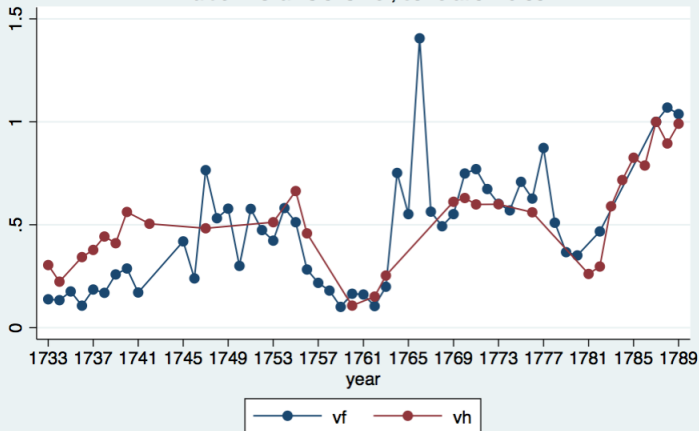
- How come the pre-1792 wars did not have a lasting effect on French trade?
- Why is it relevant?
 - Important to understand the effect of wars in general
 - Important to understand (and contrast) the geopolitical history of the 18th and 19th century
 - Important to understand the globalization/deglobalization cycle from 1490s to 1840s

- Most of the works are on the 19th and 20th century
- No agreement on the exact effect, but most believe there are long-lasting effects of war (Blomberg & Hess (2004), Glick & Taylor (2005), but not Barbieri & Levy (1999)...
- The only one of 18th century: Rahman (2007)
- The resilience of French trade has been remarked by historians (Riley (1984))

- We distinguish trade with neutrals, allies and foes
- First study at the sectoral level
- Focus on Hamburg, which was neutral during the period (double check)
- Conclusion:
 - Distinguishing between goods is very important
 - War was indeed (very) bad for entrepot trade... but not so much for the rest before the Napoleonic war (Trafalgar? Blockade? Continental system?)

- French dataset:
 - Data from the *Bureau de la Balance du Commerce*
 - 3407 bilateral flows between 1713 and 1815
 - 868 different goods are found in the dataset only 4 of which appear more than 31 times
- German dataset:
 - The data come from the Hamburg import toll register
 - 1609 observations of aggregate exports flows between 1733 and 1798
 - They appear as category of goods, not as single products

Sum of French exports
Value in Grams of silver, correlation: 0.88



- I first run a regression on the aggregate exports, distinguishing two wars:

$$\exp(Exports_{i,t}) = \beta_0 + \beta_1 Year + \beta_2 War$$

- I then split exports into different products:

$$\exp(Exports_{i,t}) = \beta_0 + \beta_1 Year + \beta_2 WarCoffee + \beta_3 WarEauDeVie + \beta_4 WarSugar + \beta_5 WarWine + \beta_6 WarOther$$

- I do so both on Hamburg trade and all French trade.

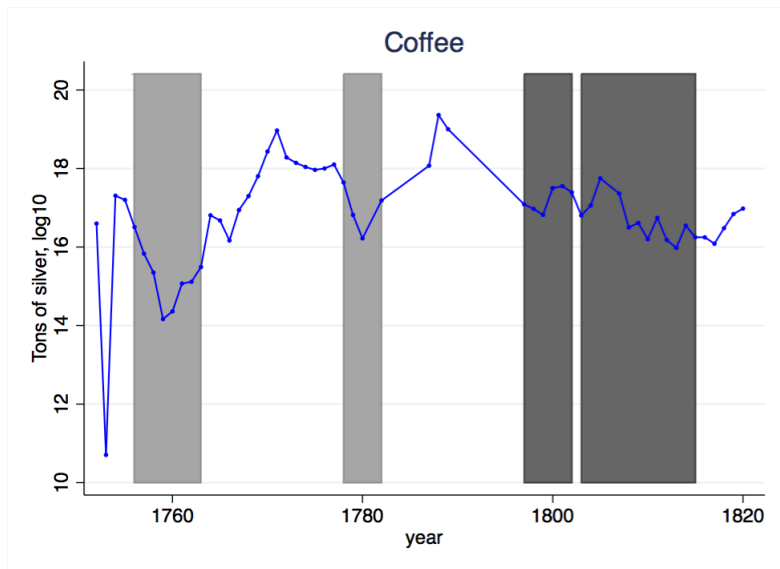
Impact of wars on Hamburg series (2)

	Aggregate	No breaks	One Break	Two Breaks
All wars	-0.545 (-4.57)***			
Coffee		-2.436 (-5.08)***	-1.403 (-5.25)***	-1.444 (-5.20)***
Eau de vie		1.387 (4.34)***	1.387 (4.34)***	1.387 (4.34)***
Sugar		-1.874 (-4.25)***	-1.874 (-4.25)***	-1.136 (-3.45)***
Wine		0.0711 (.41)	0.0711 (0.41)	0.0711 (0.41)
Cons	6.022 (1.56)	-10.14 (-0.59)	-26.70 (-1.61)	-111.3 (-7.55)
Obs	76	347	347	347
R^2	.319	.460	.556	.645

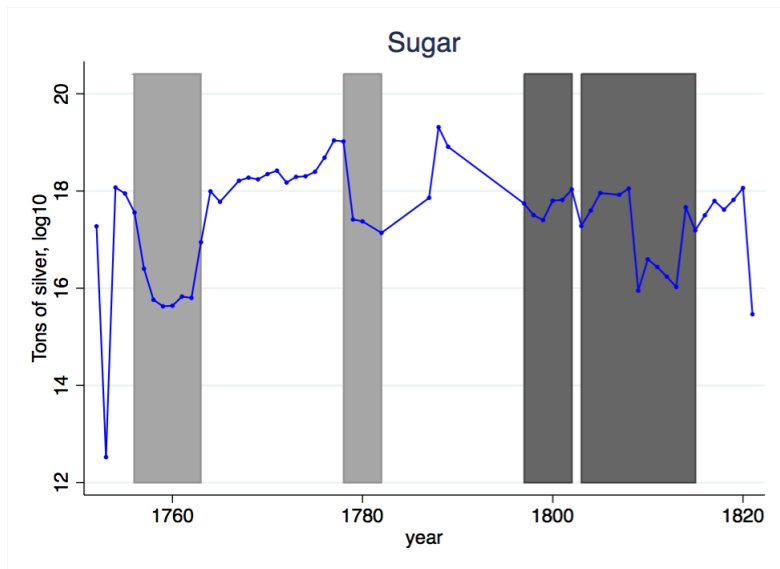
Impact of wars on all neutral trading partners

	Aggregate	No breaks	One Break	Two Breaks
All wars	-0.373 (-3.92)***			
Coffee		-1.991 (-6.67)***	-1.188 (-7.32)***	-1.188 (-7.32)***
Eau de vie		0.953 (5.50)***	0.952 (5.50)***	0.953 (5.50)***
Sugar		-1.657 (-6.12)***	-1.656 (-6.12)***	-1.066 (-5.12)***
Wine		0.061 (0.49)	0.061 (0.49)	0.062 (0.50)
Cons	-40.993 (-7.19)***	-23.09 (-2.01)*	109.7 (1.94)	278.7 (3.03)**
Obs	789	3145	3145	3145
R ²	.623	.787	.800	.815

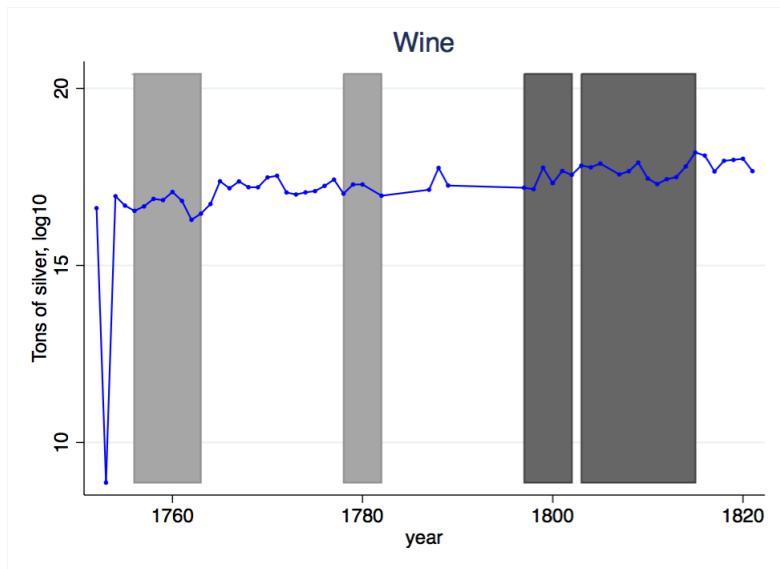
Impact of wars on Coffee



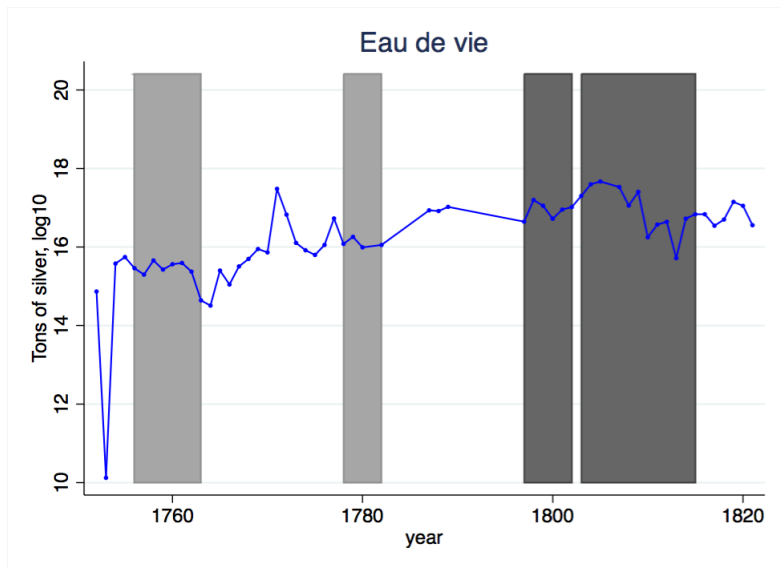
Impact of wars on Sugar



Impact of wars on Wine



Impact of wars on Eau de vie



Conclusion

- We have known for some time that French trade was resilient to war.
 - Use of the neutral flag.
 - Re-routing of exports.
- This was becoming more and more difficult, as the treatment of neutrals was becoming stricter and stricter.
- What other questions?
 - When was the turning point? The 1790s or the 1800 (and the Continental System and the Blockade).
 - Probably not the loss of colonies by itself.
 - Maybe the loss of positive effects for some goods?
- All in all, the trading system seems to have been quite resilient.

Thank you!