

# The futility of mercantilist wars, starting from France and Hamburg

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2 September 2016

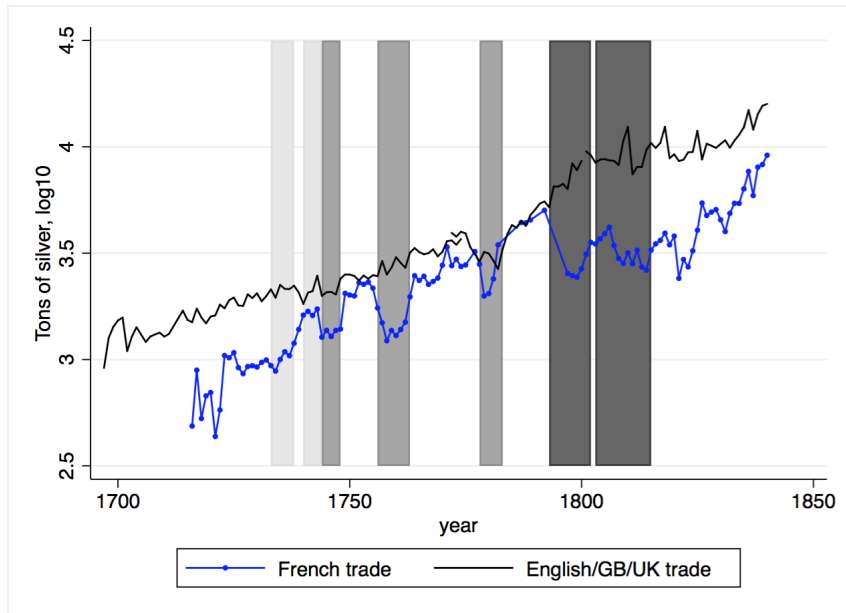
## *European nations were nations of eternal war* (Jefferson, 1823).

- 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



- What is the precise effect of war?
- 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

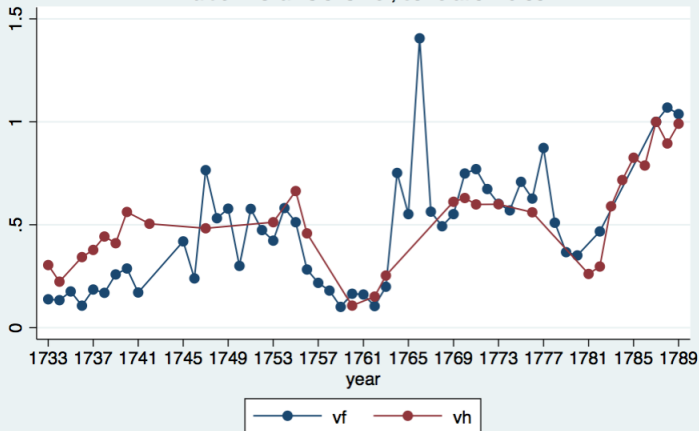
- Most of the works are on the 19th and 20th century
- No agreement on the exact effect, but most believe there are long-lasting effects of war (Blomberg & Hess (2004), Glick & Taylor (2005), but not Barbieri & Levy (1999)...
- The only one of 18<sup>th</sup> century: Rahman (2007)
- Juhasz (2014) analyses textile industry.
- The resilience of French trade has been remarked by historians (Riley (1984)).
- O'Rourke points out that the Continental Blockade.

- 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 for so long and not 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



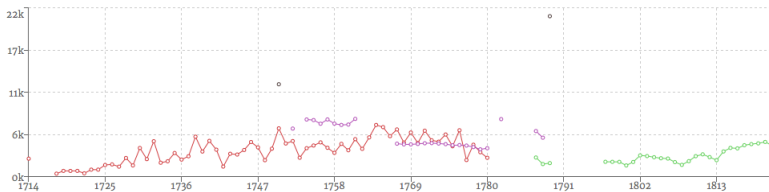
Total flows - (source type: Local) ✕

Total flows - (source type: National par direction) ✕

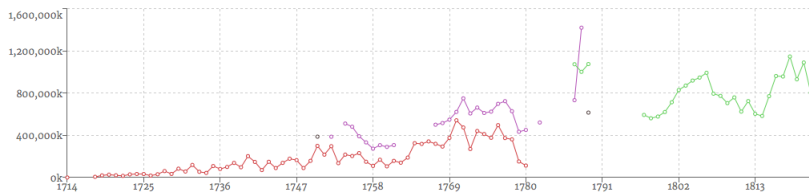
Total flows - (source type: Objet Général) ✕

Total flows - (source type: Résumé) ✕

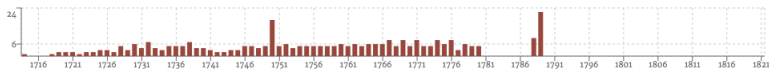
## Number of flows per year



## Total value of flows per year



## Total number of directions per year



Entrées				Sorties			
Marchandises.	Pais.	Valeur de chaque espèce.	Total.	Marchandises.	Pais.	Valeur de chaque espèce.	Total.
A				A			
Amore	arab. Hollande	16710.	20068.5	Amore	gris. Hollande	55.	55.
	Hollande	31.5					
	gris. Nord	72.					
	Portugal	72.					
	Belgique	375.					
Ameçons	Hollande	58.	125.	Ameçons	France		260.
	Nord	2,800.					
Andon	Danemark	257.	1,050,000.11	Andon	Belgique	1884.15	5036.15
	Hollande	505,78.16				361.12	
	Nord	18,551.12				1677.	
	Suede	2185.				10851.16	
Anabas	Hollande		120,220.	Andon	Hollande	985.	716.
						3177.	
Anpois	France	1,223.5	1,101.	Anpois	France	654.	6066.12
	Hollande	62.				280.	
	France	1,255.15				185.15	
	Portugal	380.				1,304.10	
Ancres p.	Belgique	28.	70011.8	Ancres p.	France	180.	2560.
	France	35125.8				120.11	
	Hollande	9677.				127.4	
	France	1,8210.				610.10	
	France	800.				181.5	
	Suede	3400.				1,304.10	
Anis	Hollande	3668.	16209.9	Anis	France	97.10	6070.5
						1,081.16	
						1,138.10	

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

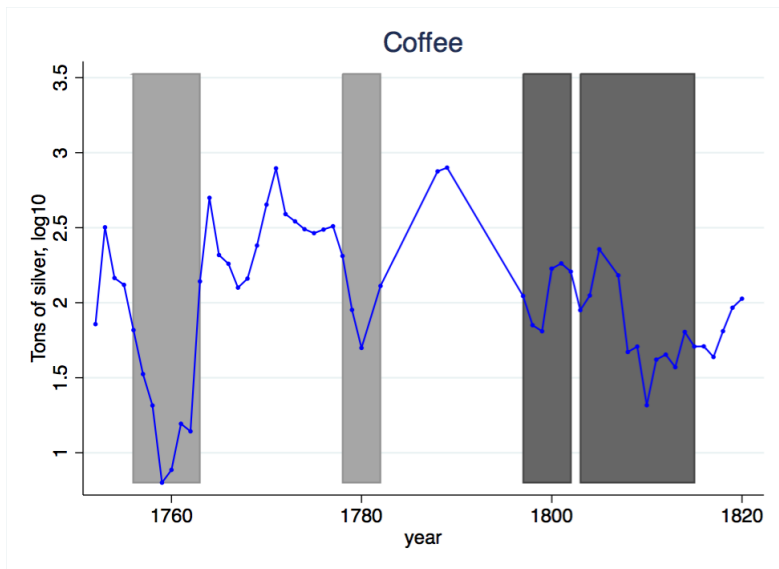
$$\exp(Exports_{i,t}) = \beta_0 + \beta_1 Year + \beta_2 War$$

- I then split exports into different products:

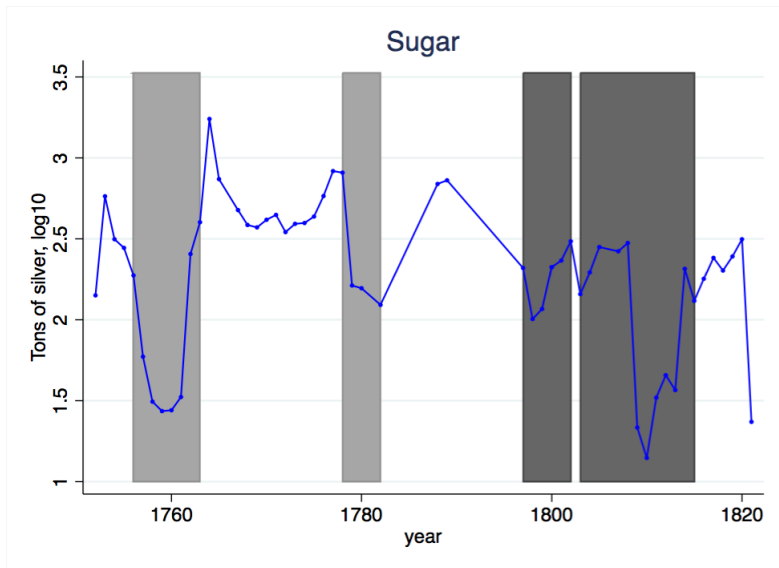
$$\exp(Exports_{i,t}) = \beta_0 + \beta_1 Year + \beta_2 WarCoffee + \beta_3 WarEauDeVie + \beta_4 WarSugar + \beta_5 WarWine + \beta_6 WarOther$$

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

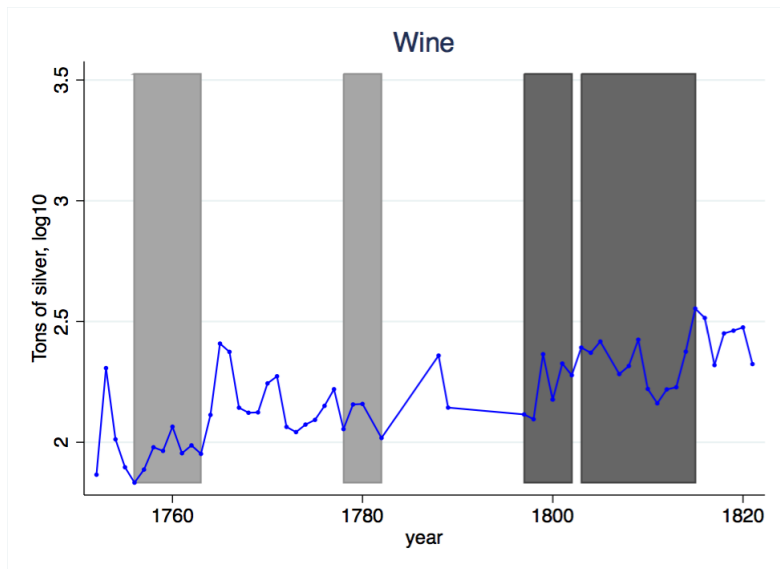
# Impact of wars on Coffee



# Impact of wars on Sugar

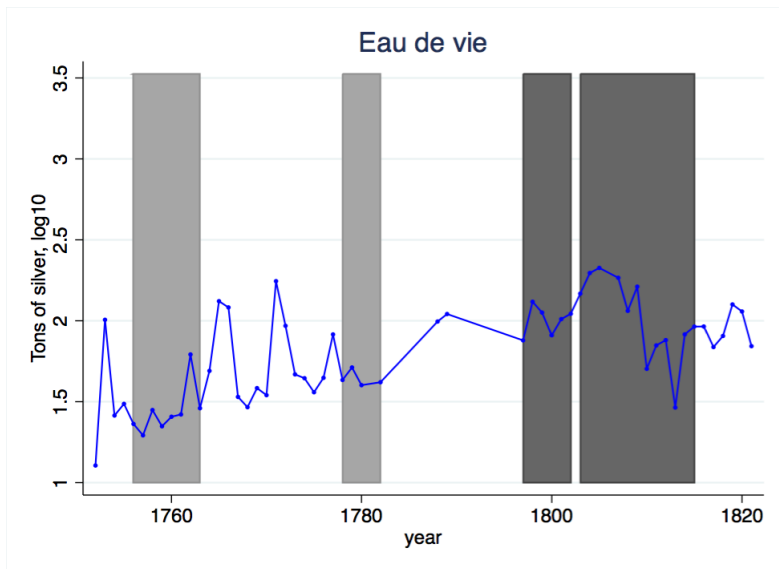


# Impact of wars on Wine





# Impact of wars on Eau de vie



# Impact of Continental blockade vs Mercantilist War

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Mercantilist War Foes	-1.347 (-2.96)***
R&N War Foes	0.098 (0.44)
Mercantilist War Neutral	2.577 (-5.71)***
R&N War Neutral	0.074 (0.59)
Cons	109.7 (1.94)
Obs	3145
$R^2$	.800

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# 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!