

The futility of mercantilist wars. starting from France and Hamburg

Elisa Tirindelli, Guillaume Daudin

2 September 2016

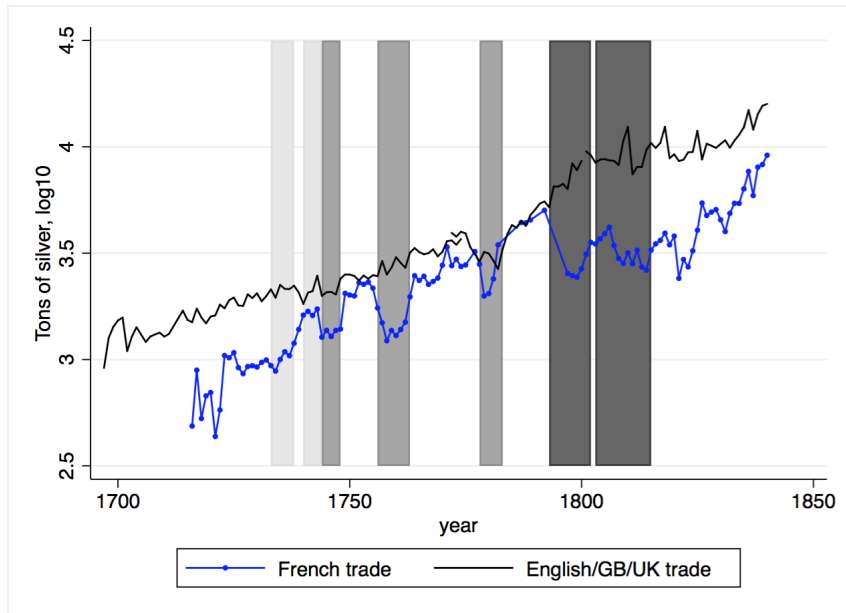
European nations were nations of eternal war (Jefferson, 1823).

- 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



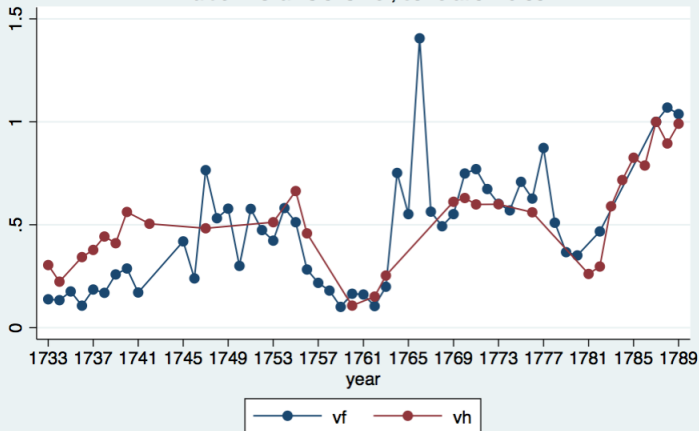
- How come the pre-1792 wars did not have a lasting effect on French trade?
- Why is it relevant?
 - Important to understand the effect of wars in general
 - Important to understand (and contrast) the geopolitical history of the 18th and 19th century
 - Important to understand the globalization/deglobalization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

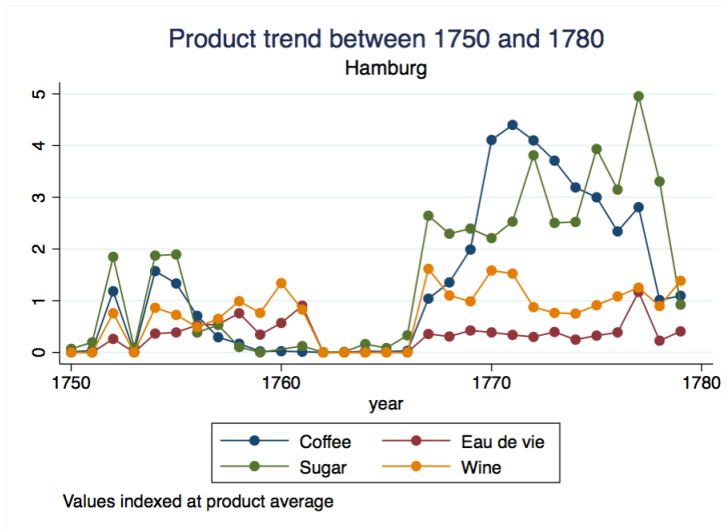
$$\exp(Exports_{i,t}) = \beta_0 + \beta_1 Year + \beta_2 WarCoffee + \beta_3 WarEauDeVie + \beta_4 WarSugar + \beta_5 WarWine + \beta_6 WarOther$$

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

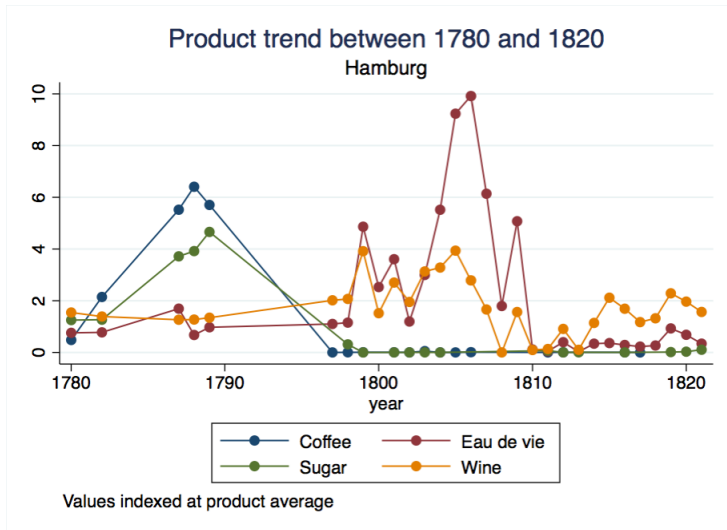
Impact of wars on Hamburg series (2)

	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 Hamburg series (3)



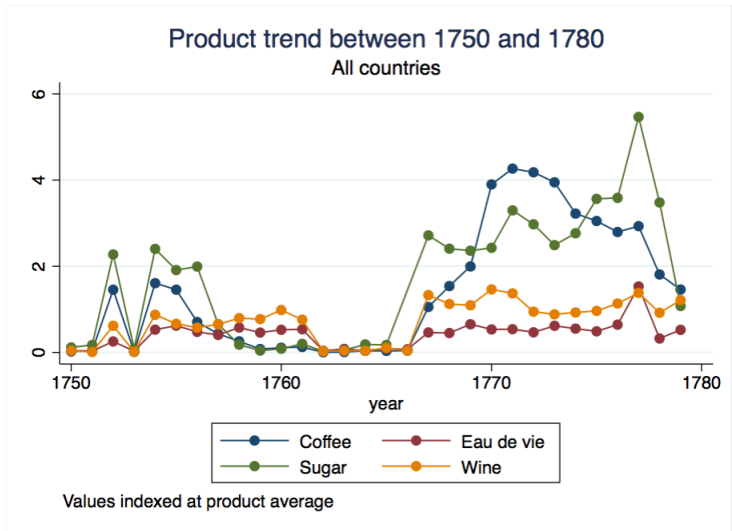
Impact of wars on Hamburg series (4)



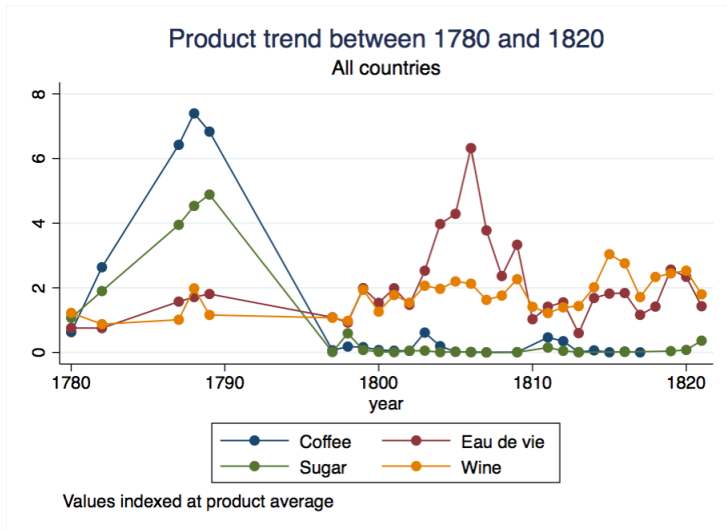
Impact of wars on all neutral trading partners

	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 all neutral trading partners (3)



Impact of wars on all neutral trading partners (4)



Impact of Continental blockade vs Mercantilist War

	No breaks	One Break	Two Breaks
Mercantilist War Foes	-2.811 (-6.08)***	-1.347 (-2.96)***	-1.348 (-2.96)***
R&N War Foes	0.098 (0.44)	0.098 (0.44)	0.098 (0.44)
Mercantilist War Neutral	-2.572 (-5.69)***	2.577 (-5.71)***	-1.238 (-2.99)***
R&N War Neutral	0.074 (0.59)	0.074 (0.59)	0.075 (0.60)
Cons	-23.09 (-2.01)*	109.7 (1.94)	278.7 (3.03)**
Obs	3145	3145	3145
R^2	.787	.800	.815

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!