

Not “easy to win”: The British war on French trade, 1716-1822

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Savez-vous Messieurs ce qu’est une bataille navale ? On se rencontre, on se salue, on se canonne et la mer n’en reste pas moins salée.

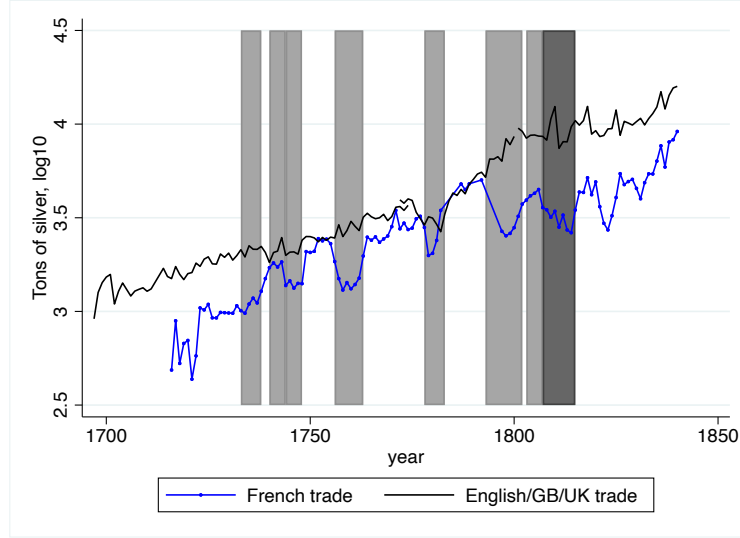
Maurepas, Navy Minister of Louis XV,
1718-1748

International trade is one of the main issues at stake in the rivalry between powers. The British war on French trade from the War of Austrian Succession to the fall of Napoleon gives us a lesson on how to win it when outright destruction is not an option. We suggest a measure of the achievements of a war on French trade. We present the policies implemented by Britain to wage it: establishment of naval supremacy, overseas territorial capture, predation on French ships and extension of this predation to neutral carriers. We show that long term success implied a durable change in the structure of French trade. Finally, we compute that, compared to losses inflicted on the French economy, waging this war on trade was a costly endeavour.

(11) famously noticed that European nations *were nations of eternal war*. Indeed, from 1700 to 1825, two years out of three experienced a conflict between major European powers (13). Rivalry between Great-Britain and France was central, so much as the period between 1688 to 1815 was called the “Second Hundred Years War”. Mercantile rivalry was an important motivation of French

*This paper is not part of my PhD dissertation. It is the continuation of my master’s thesis which I am now trying to publish with my previous supervisor, as my co-author. My present supervisor in Trinity College is not involved in this project.

Figure 1: French, British trade and Anglo-French wars



Source: French trade up to 1821: (Charles et al.). French trade 1822-1840: (8) / (7),
 England/British trade up to 1800: (6). UK trade from 1801 to 1840: (8) / (7),
 Livre tournois silver value: (5) and (9); Pound sterling silver value: (3) and (10)

wars ((4; 15)). Each nation was jealous of the other's commercial success. The British believed war was a good way to curtail French trade. The French believed it could be a good way to curtail British trade, but were more wary of wars because they did not have much naval success. It is not obvious whether and how any of the long list of wars between France and Britain after the death of Louis XIV achieved their mercantile goal effectively. Figure 1 shows that French trade, despite a decrease in wartime, was recovering quite fast after each of these four wars. French Revolutionary Wars (1792–1802) and Napoleonic Wars (1803–1815) were much more decisive in that respect. Computing a loss function for French trade, however, reveals a slightly different picture. Loss is defined as the percentage loss of trade compared to past peace time trend:

$$Loss = \frac{Expected\ value\ based\ on\ past\ peace\ trend - Observed\ value}{Expected\ value\ based\ on\ past\ peace\ trend}$$

Figure 2 shows the annual loss function for the period of interest. Figure 3 shows the mean loss function by peace or war period.

Figure 2: Annual Loss Function

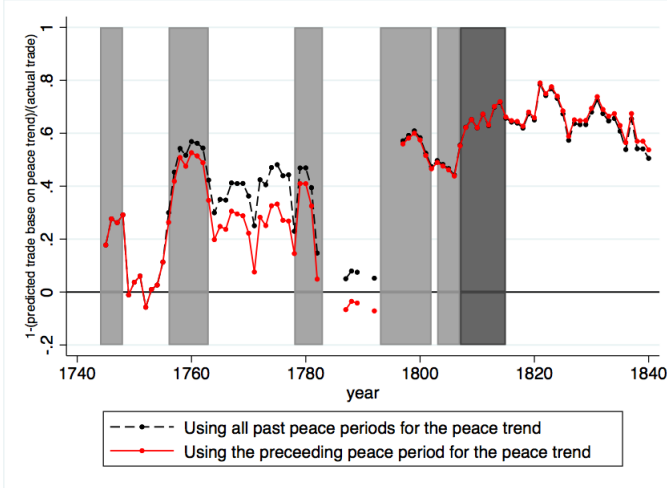
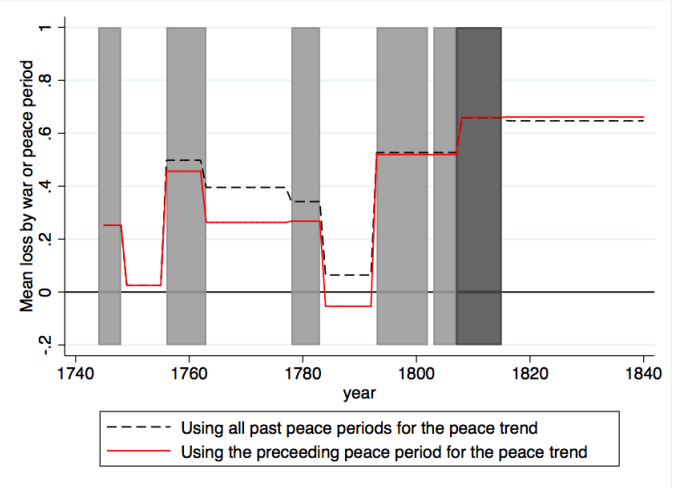


Figure 3: Mean Loss Function



These two figures suggest that the peace percentage loss of the Seven Years Wars and that of the Napoleonic Wars, were comparable to wartime loss, as opposed to faster recoveries in other post-war periods. What made these wars so effective in terms of trade disruption? To answer this question we establish a link between the loss function and the most common strategies used to curtail trade. We also provide a measure to quantify their success and ease the comparison with the loss function. We examine in detail the following four possible channels: 1) ship building and alliance making, 2) capture of colonies 3) predation on shipping 4) predation on neutral.

Ship building and alliance making To have a sense of the superiority of the British navy over its enemies, we compare the number of warships available to Great Britain and its allies with that available to France and its allies, as provided in (12). We see here that the most favourable war for France, its allies and neutral countries was the Seven Years War, when the number of neutral warships or ships on the French side was more than twice as much that of Britain and its allies. We argue that there is no clear relationship with the loss function and the supremacy of the British navy.

Capture of Colonies West Indian French colonies were a major source of production of colonial goods, which were widely imported and then re-exported by France to other European countries. Their loss was bound to be disruptive for French trade, as it reduced both imports and re-exports. We provide a measure to quantify the importance of this source of trade, by observing the evolution of its colonial empire. We find that, despite loss of colonies was very heavy on French trade, this was not enough to make a successful trade war. In fact, the loss of colonies does not explain the peak in loss after the Seven Years War.

Predation on enemy’s shipping Most of French international trade was conducted by sea. Great Britain had three ways of affecting sea trade: outright destruction of merchant vessels, ransoming, and prize taking. Because direct destruction was rare and ransoming was limited, the overall value of prizes captured by the British navy and privateers provides a good measure of the the pressure war-time predation exerted on trade. Data from (?) and (?) on prizes captured by the English navy show that the share of privateering activity was very significant until Seven Years War but became marginal during the Revolutionary & Napoleonic Wars. It follows that there is no obvious correlation with the loss function.

Predation on neutral shipping The role of neutrals during wars, and especially during trade wars, was very important. On the one hand they were the only ones who could provide goods that were not otherwise available due to the war (Hedberg and Karlsson (2015)). On the other hand, they were an expedient for merchants who hid their cargoes as neutral cargo and could continue to trade. (see (1), (14)). Even without a proper quantification of the variation in policy towards neutral trade, the fluctuation of the degree of hostility shows a good correlation with the loss function. During Seven Years War, the British introduced the *Doctrine of Continuous Voyage* along with the *Rule of War of 1756*, that was a first step against neutral trade in wartime. They also claimed and exercised the right to seize neutral shipping to look for contraband. During the Revolutionary & Napoleonic wars, France itself became more and more hostile to neutral shipping as a way to try and isolate Great Britain.

So far, we argued that fight on neutral trade was a major source of disruption in overall trade. We now show the underlying mechanism. Our hypothesis is that long lasting changes in trade structure made a trade war successful. We exploit new data from the TOFLI18 project, bilateral flows available at product level, and show that, even when controlling for a time trend and the contemporaneous effect of war, the changing level of total French trade losses is associated with changes in the industrial structure of trade. We also find similar changes in the partner share of French trade. This has led us to conclude, so far, that the most effective strategy of a trade war was not simply to disrupt trade during the war, but to cause permanent changes in its structure. We believe that the treatment of neutral trade (which, when possible, allowed French trade to keep its existing structure) and French cooperation (during the blockade period, the French state actively worked to reorient the geography and structure of its trade) were central in achieving this result.

Keywords: international trade, 18th century, France, neutral trade, trade war

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