

Structural Change in European Economy and Commerce, 1660-1800

Lessons from Scotland's and Hamburg's Overseas Trades*

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ヨーロッパ経済・商業の構造変化 1660～1800年
——スコットランドとハンブルクの外国貿易からの教訓——

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Trade has been named an “engine for growth” by various historians and economists¹⁾. During the eighteenth century trade was particularly dynamic. European trade increased significantly faster than during the sixteenth and seventeenth centuries. Between c. 1740 and 1780 European commerce also expanded faster than population levels and the agrarian sector, so that it might not be too far off the mark to speak about structural change prior to the industrial transformation. It was Atlantic commerce in particular that drove this cycle of expansion. Dominated by the large “three”: England, the Netherlands and France, these trades were driven by imports of colonial goods such as sugar, tobacco, coffee etc.; commodities that were to an increasing degree redistributed on continental markets. Smaller nations and competitors, such as Denmark-Norway, Scotland and Sweden, entered the game and at times – mainly when the larger three were mutually engaged in war – took away larger shares in the colonial import trades²⁾. The Asian re-export trades were buoyant, too³⁾, as were the trades with the Baltic and Northern Europe⁴⁾. But it seems generally accepted that during the eighteenth century the Atlantic connection was more significant⁵⁾.

The following paper is mainly to be understood to provide a tentative ‘re-calibration’ of some of the more current standard views and models of eighteenth-century foreign commerce. If one studies the available trade figures for the larger – or more important – players of the commercial scene more closely, a rather odd but in a sense very characteristic pattern unfolds. The first growth cycle – driven by re-exports of colonial goods of the larger powers (England-Scotland; France, Holland, Denmark-Norway, Sweden) – ran its course during the 1730-1770 period, prior to collapsing towards the mid-1770s. Thereafter

the dynamics switched to a decidedly different candidate on the scene: *Hamburg* experienced by far the highest increase in terms of imports after the 1780s and exhibited what has to be seen as Europe's most dynamic branch of commercial activity. Thus, we have two very characteristic phases within the eighteenth-century European commerce which, rather than being directly connected – i.e. running parallel to the big growth cycle of the colonial trades, c. 1736-1776 – unfolded precisely after the first pattern had come to its end and collapsed. This quantitative evidence is bound to at least challenge some of the current models of commercial development within the late pre-modern economy.

The paper will proceed as follows: a first section will present a 'bird's eye view' on the commercial dynamics exhibited by the chief trading nations of western Europe, c. 1660-1800 (I). The second section will critically review some of the current models on commercial growth and development within early modern Europe and place the Hamburg and the Scottish evidence within the analytical framework (II). The position of Hamburg and Scotland in early modern 'world' trade will be scrutinized in more detail in the following section (III), prior to a discussion of direct mutual links between the two in the commodity trades (IV). A somewhat alternative if suggestive explanation of differing timings and schedules in the commercial trajectory of Europe will be offered in section (V), drawing attention to Scotland as a case study. Section (VI) will conclude. The paper should be understood as suggestive, rather than definitive; it is hoped to trigger fresh research in the working mechanisms of the early modern Atlantic economy.

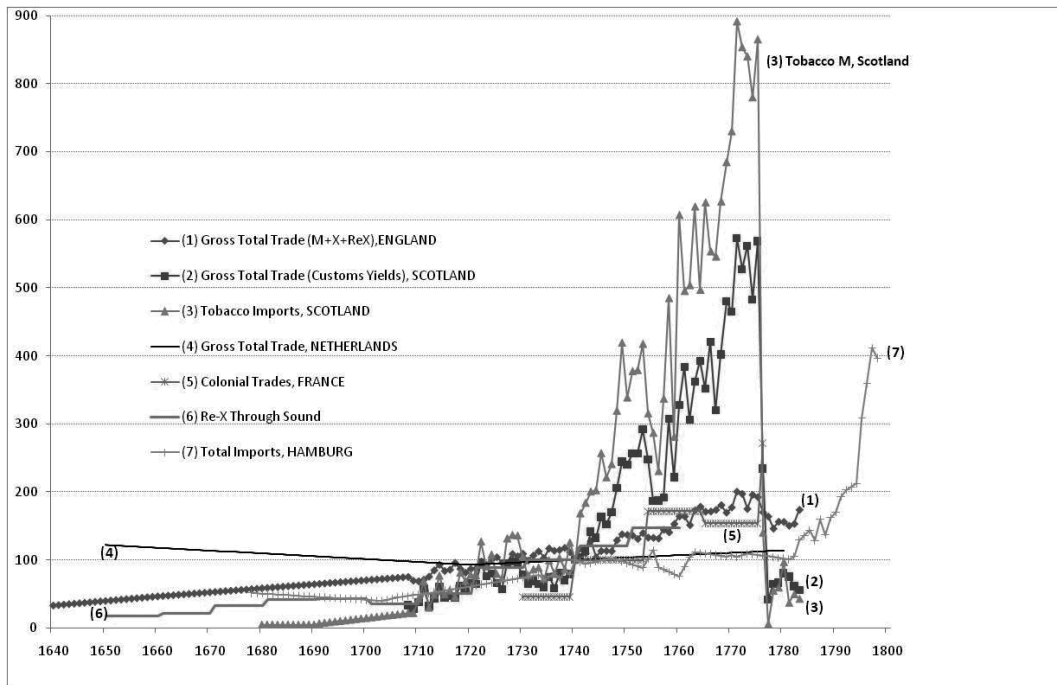
I

Converting different figures and estimates for the main European foreign trade branches – figures that were all derived by contemporaries using different accounting schedules and different currencies – into a common denominator, thus attempting to quantify Europe's balance of trade, is a task still left for future research. If one tries to synopsise the more reliable estimates for trade levels of the larger trading nations and the dynamic branches of trade in the period comparing them using their growth rates rather their absolute values – thus tracing their dynamics, rather than their weight in European commerce, a rather interesting picture obtains (Fig. 1).

From this sketchy picture the following hypotheses can be derived.

1. If one sets all the available figures for commercial activity against known population levels in Europe (Figure 1), assuming that European per capita income did not grow significantly over the period⁶, then overall European commerce went at least through two phases: (a) Until about 1700 population and trade levels grew at very similar rates: *there was no significant structural change*. (b) But after 1700, espe-

Figure 1: Structural Change in European Overseas Commerce, 1640-1800 (1740=100)



Sources: Philipp Robinson Rössner, *Scottish Trade in the Wake of Union 1700-1760. The Rise of a Warehouse Economy* (Vierteljahrschrift für Sozial- und Wirtschaftsgeschichte-Beihefte Nr. 198), Stuttgart 2008, appendices; Philipp Robinson Rössner, *Interloping, Economic Underdevelopment and the State in Eighteenth-century Northern Europe: How Scotland became a Tobacco Entrepôt*, in: M. A. Denzel / Jan de Vries / Philipp Robinson Rössner (eds.), *Small is Beautiful – Interlopers and Smaller Trading Nations in the Pre-industrial Period* (Vierteljahrschrift für Sozial- und Wirtschaftsgeschichte, Beihefte 213), Stuttgart 2011, pp. 103-130; Philipp Robinson Rössner, *Small is Beautiful? Dutch Economic Prominence and Scottish Economic Development in the “Long Seventeenth Century”, 1600-1750: Fisheries and the Foreign Trades*, in: Denzel / de Vries / Rössner (eds.), *Small is Beautiful*, pp. 131-153; Nina Ellinger Bang / Knud Korst (eds.), *Tabeller over Skibsfart og Varetransport gennem Øresund 1661-1783 og gennem Storebælt 1701-1748: Vol. 1.1: Copenhagen / Leipzig 1939; Vol. 1.2: Copenhagen / Leipzig 1945; Niels Steensgard, The Growth and Composition of the Long-Distance Trade of England and the Dutch Republic*, in: James D. Tracy (ed.), *The Rise of Merchant Empires. Long-Distance Trade in the Early Modern World, 1350-1750*, Cambridge et al. [1990] 1993, pp. 102-52; Paul Butel, *France, the Antilles, and Europe in the seventeenth and eighteenth centuries: renewals of foreign trade*, in: *ibid.*, at pp. 160-164. Hamburg figures prior to 1733: Karin Newman, *Anglo-Hamburg Trade in the Late Seventeenth and Early Eighteenth Centuries*, London School of Economics Ph.D. Thesis, London 1979. Hamburg data post-1733: Jürgen Schneider / Otto-Ernst Krawehl / Markus A. Denzel (eds.), *Statistik des Hamburger seewärtigen Einfuhrhandels im 18. Jahrhundert. Nach den Admiraltätzoll- und Convoygeld-Einnahmebüchern*, St Katharinen 2001.

cially since 1740, there was significant structural change. European trade levels grew much faster than total economic activity – here: approximated using population increase. This was the time of “High Mercantilism” and the “Atlantic economy”, particularly re-exports of colonial goods, branches that were particularly buoyant.

2. Of course, a comprehensive balance sheet for European overseas trade cannot be compiled. This is mainly due to the problem of sources and conceptions of what “trade” and “commerce” were in the eyes of contemporaries. Such concepts were neither fixed within the European economies nor particularly well-understood amongst the contemporary economists and politicians. But it is contended here that the above figures at least reliably capture the main trend in the European overseas trades. Generally speaking, the “long seventeenth century” was an “age of crisis” (de Vries) : with stagnating population levels, times of famine, times of war and plague and coin debasement continental Europe seems to have been stuck in a rather unpromising situation for a protracted period. Apart from the northern fringes, of course: the Netherlands and later on England rose to global dominance in the carrying trades precisely at the time that was identified as critical and depressive for the rest of the continental economies. They went through their “golden ages” of commerce (Netherlands: c. 1600-1700; England: c. 1660-1700 and 1740-1780), times and patterns that were marked or increasingly dominated by the intra-European bulk trades, as well as exchanges with Asia and later on the Americas. The policy of Mercantilism, the “beggar-thy-neighbour” -game was developed out of and adapted to a situation of macroeconomic stagnation when stimulation for the domestic economy might be obtained using a combination of subsidizing (encouragement of domestic production) and protection (prohibitive tariffs and accompanying regulation) ; exports – foreign markets – were seen as the paramount tool, as not too much was to be expected from a stagnant domestic market. After all, one of the central or key axiomatic ideas of the seventeenth- and eighteenth-century Mercantilists was that the competitiveness of the domestic economy could only be obtained by low real wages. Therefore structural underemployment, keeping labour supply in excess of demand, was seen as a prerequisite to that ‘model’ of development. Too much could therefore not be expected from the domestic consumer. Overseas commerce was seen as the only significantly effective way out of the poverty trap of economic underdevelopment. But the concept of trade was not understood in a way that trade levels could mutually increase with every nation benefiting from commerce in a virtuous cycle or upwards spiral. Thus the main players in the game safeguarded their colonies and trading policies by means of war and coercion (Colonial System, Navigation Acts). The state fostered and actively promoted economic development on the basis of additional incomes gained from the foreign trades.

3. And in fact, England’s rates of increase were quite respectable after the 1660s, when the Restora-

tion Customs System as the “mainframe” of English Mercantilism was finally established (1660). England’s overseas trade increased in a sustained way thereafter; somewhat at the expense of the Netherlands. France’s colonial trades grew at a similar rate, even though the literature seems to suggest the French colonial trades were somewhat more dynamic⁷. (Due to the very shaky nature of the available source material, such as commercial statistics or customs accounts, too much should not be read into growth rates that differ from each other by only small fractions or percentage points.) Dutch trade on the other hand appears to have gone through a protracted period of stagnation, which however, was partly offset by Amsterdam’s role as an international financial clearing centre⁸.

4. The fastest commercial growth, however, after 1740 was experienced by *Scotland*, a small and fairly insignificant economy at the northern periphery of Europe. As I have developed elsewhere, Scotland – for a relatively brief time frame – developed into Northern Europe’s main tobacco entrepôt⁹. Scottish foreign commerce was clearly driven by re-exports of tobacco. It far surpassed all the other commercial indices assembled in Figure 1. Here, the dynamics of the eighteenth-century Atlantic economy and the colonial framework made themselves felt particularly strongly, in combination with the institutional framework set by states that were almost constantly at war with one another.

5. Hamburg went through a protracted cycle of expansion *only after 1780*, i.e. *when the full cycle of expansion of the British-Scottish colonial trades (1738-1776) had already run its course and finally collapsed in the 1770s*. The Scottish colonial trades collapsed almost precisely at the time when Hamburg’s foreign imports increased. The latter development has been explained with the “gateway” function of Hamburg and the increase of direct trading with the former British colonies in the Americas during and after the War of Independence (1776-1783)¹⁰; but there are several more aspects to the story that I shall be tracing out below.

6. Clearly therefore there was a reshuffling process in European trade during the eighteenth century. During a first phase, there was the relative loss in terms of commercial dynamics experienced by the Dutch, mainly at the expense of England’s and France’s trade (c. 1660-1740). This phase was followed by a second phase, marked by the take-over by Scotland, carving out a niche – however small in absolute terms (gross total trade measured in Sterling) in Europe’s Atlantic trades (1740-1780). The rapid and significant increase of Hamburg as an entrepôt – the third phase – only came after 1780, when the Franco-British cycle had petered out.

7. French exports and Hamburg’s imports seem to have moved virtually in unison, c.1720-1790. This underlines the strong French-Hamburg connection and Hamburg’s function as a “gateway” (Tamaki) for colonial imports (mainly obtained using the French port of Bordeaux). But as has been said above, the

real dynamics were not to be seen prior to the 1780s.

II

Recent explanations of trade flows and models of commerce have sought to interpret the structures, trends and fluctuations in intra- and extra-European commerce in terms of “networks” – of goods and people mainly – stressing the fact that in the pre-industrial period transaction costs, transportation costs and risks were high and institutional density reducing transaction costs and increasing levels of trust and security and improving property rights was low. In consequence, actors – rather than turning to institutions such as stock exchanges, law courts (Admiralty Courts etc.) – handled their transactions and built their decisions on knowledge and mutual trust derived from operating extensive networks or ‘weak ties’¹¹⁾.

Whilst these assumptions have proven extremely attractive to historians, they deal away with one fundamental issue. The *need* for trade is not derived from networks or social capital. In order for trade to take place – or even make economic sense – at least one of two conditions need to be fulfilled: either (a) one particular commodity x needs to be absent at place y, or (b) commodity x is produced and available at both places, say y and z, but cheaper to obtain at place z, however, than at place y. Both conditions will make it profitable to trade between place y and place z, so long as transport costs do not eat up the price differential prevailing between y and z. Only then will a merchant even begin to contemplate trading and activating all his networks and social capital. In the end his yearly balance sheet needs to show a profit, even though particular branches of the merchant’s trades, singular ship voyages etc. may yield negative or zero profits.

Thus network theory will perhaps be good in explaining *how* trade is organized, whereupon the super-ordinate question “*why* does trade take place?” can only be answered in terms of comparative advantage and differential factor endowment – so it seems! A rather fascinating alternative comes from a quasi-New Institutional Economics perspective. Lindberg has recently argued that the City Council of Hamburg in the eighteenth century provided by far the most attractive institutional framework for merchants within the north-German/Hanseatic area¹²⁾. Whilst the Lübeck and Danzig merchants, it is argued – conceptually located midway between a free-market situation and rent seeking deadlock of interests – safeguarded their “club goods” and thus restricted access to the trades to those holding commercial privileges, a long tradition of ‘free trade’ finally transformed Hamburg into a Northern entrepôt. Hamburg’s growth in terms of population, as is implicitly assumed, was due to the rise in her foreign trades over the eighteenth century, which in turn were due to the favourable institutional setting (or “internal political economy”, as

phrased aptly by Lindberg) that applied within the Free Imperial City of Hamburg. Whilst this hypothesis is attractive and in theoretical terms well grounded, it misses out on two basic facts. Firstly, covariance should not be equalized with correlation *a priori* (even though exactly this has proven one of the most tempting and in a sense very deceptive temptation for economic historians). The applicable mechanisms behind covariance to be interpreted as a sign of correlation have to be worked out in precise terms, before any conclusions may be drawn from data that simply exhibit co-movement. Secondly, Hamburg's rise as a commercial entrepôt came far too late to make the institutionalist argument *as the main cause* for growth particularly credible. These aspects will have to be considered in more detail, before the analysis proceeds with the structural aspects of Hamburg's and Scotland's trade in the seventeenth and eighteenth centuries.

In fact, as Wrigley has shown, population levels are neither an unambiguous proxy for economic (or commercial) growth; nor can an increase in urbanization levels of commercial cities be *a priori* ascribed to – or explained by – an increase in these cities' commerce. Without proper evidence in terms of trade statistics the argument becomes somewhat circular. A good example of this counterintuitive reasoning comes from mid-eighteenth-century Scotland. In circa 1755 the “Western” region of Scotland, focusing on the Glasgow area, whilst still harbouring only about 14 per cent of the Scottish population¹³, *channelled about 60 per cent of Scotland's gross total overseas trade*. Of course, the share of the West had risen very quickly over the first six decades of the century. Whilst in 1708/12 Glasgow's share in total customs duties paid in Scotland had stood at around 50 per cent, this share had risen (on average) to about 80 per cent in and around 1760 and more than 90 per cent in the 1770s. It was the tobacco trades, concentrated in Glasgow, which in a sense inflated the customs yields in those places handling the tobacco, as imported tobacco was charged with a nominal duty in the order of 240 per cent of its value or “first cost”¹⁴ – a duty that grotesquely overstates the share of customs duties yielded in ports active in the tobacco business, if measured against those ports that were geared towards more traditional avenues of exchange, such as bulk goods (coal, salt, grain) or textiles. These trades were dominated by the two out ports of Glasgow, Portglasgow and Greenock. These two ports alone accounted for 52 per cent of Scotland's gross total trade (in 1754 / 55) – out of a total of 28 outports that could be used for legal trading! *Population levels, however, in Scotland at that time still concentrated in the area of the capital* (Edinburgh), i.e. the east of Scotland, where overseas commerce *was not concentrated*. From this it is hard to see how urbanization figures would supply a reliable *general* indicator for economic and commercial dynamism within a general model.

Table 1: Dynamics and Change in a Seemingly Stagnating World, c.1700-1760

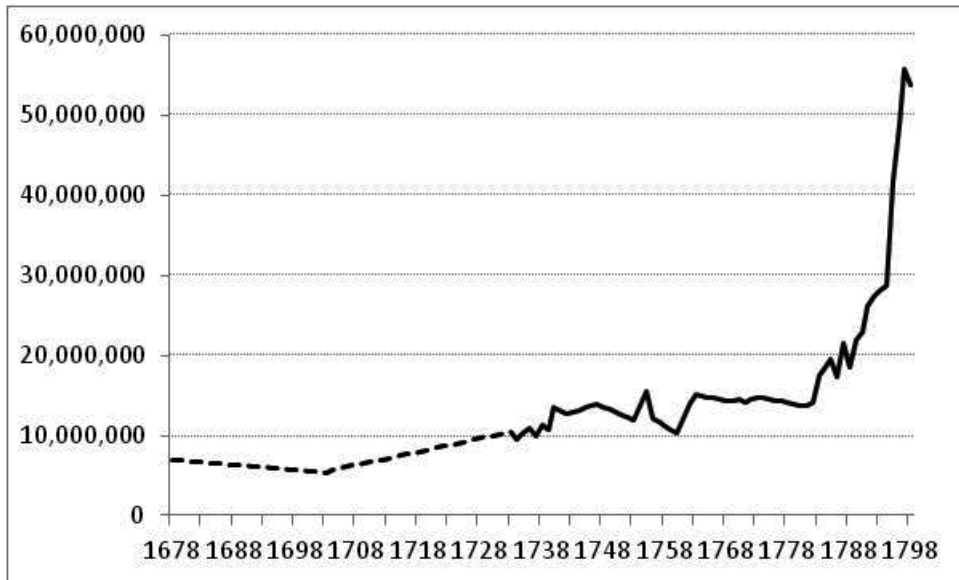
	c.1700	c.1755	Change 1755 / 1700 (dynamics)
Edinburgh: population	35,500	57,200	+61%
Glasgow: population	12,000	23,550	+100%
The East: share in Scotland's GTT	70%	34%	-50%
The West: share in Scotland's GTT	20%	63%	+215%
Total Customs Duties paid at Leith (Edinburgh) (Sterling)	17,754	34,176	+92%
Total Customs duties paid at Glasgow (Sterling)	48,029	366,853	+664%
Hamburg: Esslingen Toll Yields (Marks)	c.6,000	c.5,000	-17%
Hamburg: Population	c.75,000	c.75,000	0%

Sources: Population Edinburgh, Glasgow: Sir John Sinclair, *Statistical Account of Scotland*, 21 vols. Edinburgh 1791-1799, Vol. VI (1791), pp.559-564. Share of Trade: c.1707: T. Christopher Smout, *Scottish Trade at the Eve of Union*, Edinburgh / London 1963, App. 1; 1755: NAS, E501 series. Hamburg: Newman, *Anglo-Hamburg Trade*. Hamburg Population: Lindberg, *Club Goods*, p. 609, Fig. 1.

Of course, absolute figures are no particularly good indicator of economic or commercial performance and shifts in the distribution of economic power (which is what *dynamics* are about). What the historian and the economist is usually after, therefore, are relative values or figures, such as *relative prices* (in terms of goods) or *growth rates* between two or more benchmark dates. Clearly, the West of Scotland, in terms of urban population (Glasgow) or share in overseas trade, was more dynamic than the east, even in the 'depression' period, c. 1660-1740, as virtually all indicators in the above table exhibit a stronger dynamic in the eastern part of Scotland during the first six decades of the eighteenth century (Table 1). But as late as 1760 – and in fact for the rest of the century – the Glaswegian colonial trades were a mere, and in quantitative terms basic – appendix to a Scottish export economy that was geared towards its traditional avenues, i.e. exports of cattle, linen, coal, herring and salt, and connected to the traditional markets: England, the Netherlands, France, Germany, and the Baltic. It would be hard to postulate a strong direct connection between urban growth in the West (Glasgow and her satellites) and commercial dynamics within the same region, which was geared towards the importation and re-exportation of tobacco. These activities had a decidedly low impact on the domestic economy of Scotland.

Likewise the above table dispels the notion of absolute stagnation or 'crisis' through which (most parts of) continental Europe went until about 1740. At least certain emporia or gateways, such as Glasgow *did* manage to increase their trades considerably – even prior to the 1760s and 1770s, which were the heydays of the colonial trades. There were some dynamics, even though overall the macroeconomic framework until the late 1730s still pointed towards depression or stagnation. And it must be borne in mind, that a lot of the increase given in the above figures was realized in the post-1736 phase. Hamburg's trade, on the other hand, based on evidence drawn from the *Werkzoll* and the Esslingen Toll Records, appears to have stagnated in the long run, c.1660-1760.

Figure 2: The Development of Hamburg's Seaborne Imports, c.1678-1800 (Marks Banko)
Newman, Anglo-Hamburg Trade; Krawehl et al. (eds.), Statistik



If we assume that Hamburg's particularly favourable legislation and institutional design would have caused her population and trade levels to increase significantly, we should have to expect these two phenomena to have happened much earlier than the 1780s and 1790s, i.e. roughly at or after the time when the favourable set of institutions was laid, in the sixteenth and seventeenth century perhaps¹⁵⁾, but at latest in the 1710s and 1720s, when the last great waiving of import tariffs and restrictions took place that transformed Hamburg into a proper free port. Quite obviously – however marred and biased the whole set of figures derived from the *Admiralitätszoll-* and *Convoygeldeinnahmebücher* might be – the contrary was the case. Hamburg did not share in the expansionary late Mercantilist cycle that ran its course between the century or so of crisis (1620-1740) and the fall of the British Colonial System that (roughly) coincided with the beginnings of the English industrial revolution (post-1780 period). At least in the long run, c. 1678-1778, the beneficial internal institutional framework did not result in any *considerable* sustained increase in Hamburg's commerce. Dynamics were exhibited by those players in the game that had direct access to the 'fruits of empire'; Hamburg on the other hand remained on the receiving end (phrased in Wallersteinian terms, Hamburg would have been the periphery or semi-periphery until at least 1780).

In Scotland, on the other hand, the dynamic trade-cum-urban-and-economic-growth model seems to have worked much better. Scotland had somewhat become part of Wallerstein's core (after 1707) by the

adoption to the English colonial system. The obvious question therefore is: *why did Hamburg's trade levels increase that late?* The "institutionalist" argument of a favourable institutional setting and the absence of rent seeking and club goods therefore cannot be taken as a primary cause for Hamburg's growth; but it might well have played a role as a secondary factor. It seems much more plausible to pinpoint the *external macro-political framework* as the prime cause for growth, i.e. the rules and restrictions relating to shipping, exports and imports, such as tariffs, bounties, drawbacks and other measures developed and employed by the 'stronger' players in the game. These were states that marked out the core areas or 'mother countries' with colonial appendages, such as England-Scotland, France, Denmark-Norway etc. I shall work this out more clearly below using eighteenth-century Scottish evidence as *pars pro toto* in order to tease out some aspects of eighteenth-century Mercantilism and Empire or 'colonialism' that have been overlooked by scholars.

Another actor comes into the game, then – on top of comparative and competitive advantage, productivity differentials and Heckscher-Ohlinian differential factor endowment: *that is the state*. Eighteenth-century Mercantilist states were remarkably apt at levying duties and channelling trade flows using an intricately composed and well-designed set of rules, particularly import duties, restrictions and prohibitions, particularly in the case of colonial goods. Colonial goods had two major attractions to the state: 1) they could not be obtained (at least not in sufficient quantities at sufficient quality) in the home country; and 2) they were frequently, if only mildly, addictive, or at least very pleasurable and desirable to the masses. This was the case in particular, whenever their price was sufficiently reduced, as was the case with coffee, sugar and tobacco after the 1740s. Initially, i.e. during the early ages of Mercantilism (England during the seventeenth century), those social classes that could afford the high purchasing price for these items were also thought to be able to bear a high level of customs duty on top of that. It was only during the second phase of High Mercantilism, i.e. the period between ca. 1740-1800, when things did change, as section V will work out clearly with regard to Britain. Whilst prices for colonial goods fell rapidly, the old structure of duties from the first age of Mercantilism (England: 1660-1740) remained in place which led to a considerable if not extreme increase in real taxation levels for these goods – in Scotland¹⁶). Most of the European nations with trading companies or "colonies" in the eighteenth century then chose a two-fold strategy. By restricting access and shipping routes to members of the respective nation they channelled the physical volumes into a geographically and institutionally regulated trade pattern. By setting high duties on top of these restrictions they let the customers pay for the protection of these "colonies" and trade flows, thus increasing the price for these consumables beyond their hypothetical free market price marked by the intersection of a real supply curve and a hypothetical demand curve that would have applied with-

out the costs of colonialism¹⁷. Very often colonial goods had to be re-routed through ports of the motherland or the 'imperial core', notwithstanding whether they were to be shipped out again subsequently. The cost of taxation, as well as the incomes accruing to ship-owners, captains and insurers of the mother country consequential to these re-routings and additional shipping voyages (warehouse economy) represented the income of the state, of the society of the mother country and the cost of imperialism to be borne by the consumer.

Thus we have at least three major actors in eighteenth-century trade: the consumer – who decides about what is shipped in from abroad – as well as the state that sets the institutional framework mainly by the “Mercantilist” design of the customs system and the applicable Navigation Acts. A merchant, being the third actor in the play, in the long run will not import a commodity which (s) he thinks will in the end be unsalable. The state on the other hand will not base its income – here approximated by customs yields – on branches of trade from which it expects no financial (fiscal) reward. And, as has been empirically proven, the switch to direct taxation, such as taxes on income or property, represented no real or viable alternative to eighteenth-century Mercantilist states¹⁸. Moreover, as has been stated recently, the state amongst its seventeenth- and eighteenth-century rivals did not even have a real choice between free trading and a Mercantilist taxation framework¹⁹.

The following sections will work out these aspects more clearly using eighteenth-century Scotland and Hamburg as an example, pointing out some of the aspects that have previously been overlooked by scholars. They will in a sense re-contextualize two sets of arguments: first, trade was not primarily determined by networks or singular actors (merchants), and secondly: commercial growth was not (primarily) triggered by the endogenous set of institutions. Streams, structures and levels of commerce during the eighteenth century were first and foremost determined by macro-politics, i.e. the *exogenous institutional framework*. The growth rates – i.e. the dynamics – of the (known) European trade branches bear out this basic and in a sense simple truism. Tracing dynamics rather than comparing absolute figures – in the same way as economists and economic historians are usually interested in relative not absolute prices – is a better indicator of structural change and significant patterns in European economy and commerce.

A last word or warning may be in order: Of course, there might be problems with commercial statistics. As anyone familiar with seventeenth- and eighteenth-century trade statistics will know, commercial statistics of the time have largely been derived from taxation records that were prone to under-recording and misreporting²⁰. The Hamburg *Admiralitätszoll- and Convoygeldeinnahmebücher* – the source on which any quantitative discussion of Hamburg's import trades in the eighteenth century must be based – are no exception. Their dubious set of valuations and assessment basis for the applicable taxes which they were

meant to account for, as well as the nebulous commodity classification schedules employed should make the researcher cautious when it comes to using them for singular years or particular branches of commerce. Overall, however, and in the long run they can be assumed to have reflected the global trends in Hamburg's seaborne imports as well as any other contemporary set of customs accounts and trade statistics²¹. So they will be used here mainly for the rough and global trends in the main branches of her overseas imports, i.e. the imports of tobacco, sugar and coffee from France, Britain and the Netherlands, c. 1733-1800. The records on the British side are clearly better – they are more precise and most comprehensive – but they will be heavily biased by smuggling in the same way as most available records of the time²².

III

Let us look at the comparative position of Scotland and Hamburg in the early modern European economy. First of all, some speculative arithmetic may be applied to put Hamburg's eighteenth-century overseas commerce into perspective. As is reasonably well-known, the famous Hamburg import statistics derived from the *Admiralitätszoll- und Convoygeldeinnahmebücher* provide rough estimates as to the total (estimated) value of Hamburg seaborne imports (excluding the transit, third-party and some other trade branches). These values were accounted for in Marks Banko, the Hamburg Bank money applied at that place in official calculations and valuations, as well as many transactions carried out by the larger overseas merchants. From the work of Markus A. Denzel the movement of the exchange on bill transactions for Hamburg on foreign places such as London can be derived²³. Even though these transactions are a far cry from what we would today define as 'exchange rates', they provide a better evidence than the precious metal parities of the local currencies. The latter may be derived by calculating the price ratio for the precious metal contents of the Pound Sterling for England and the Marks current money at Hamburg. As exchange rates tended to fluctuate around their 'specie points' (precious metal parity) depending upon the discount (below precious metal parity) or premium (above precious metal parity) enjoyed by paper money in comparison to 'hard cash' or coin, exchange rates on bill transactions somewhat give a more accurate picture than precious metal parities. Comparing those broad minimum estimates for Hamburg imports with the better-preserved English and Scottish figures – which have also been liable to fierce debate and hotly-contended 'recalculations'²⁴ – the broad dimensions or shares of the larger players in the Atlantic game may be broadly estimated (Table 2).

Table 2: Import Values at Current Exchange Rates (£ Sterling, rounded estimates)

	Hamburg	England	Scotland
1730	£1,190,000	£7,478,000	[£200,000]
1771	£1,190,000	£13,000,000	£1,386,000
1783	£1,271,000	£12,115,000	£1,008,000
1795	£4,545,000	£22,000,000	£1,269,000

From this table – and given all the possible hazards, biases and mistakes that come with that type of calculation – it would seem at least clear that (1) Hamburg’s share in European imports was respectable in the 1730s, handling between one-fourth and one-third of the known ‘official’ English figures, before (2) somewhat dwindling down to a sixth of the English figures at best in the 1770s. This was due to the growth of England’s (and Scotland’s) Atlantic trades during the period of High Mercantilism, during which Hamburg’s trade stagnated (1730-1780). (3) Thereafter, however, Hamburg’s import trades expanded much faster than England’s, at about double the English speed, c. 1780-1800.

Scotland’s overseas imports were much humbler and always surpassed by Hamburg’s imports. In official values, Scotland’s gross total trade (imports plus exports plus re-exports) amounted to about five per cent of England’s trade towards the middle of the eighteenth century (Rössner), yielding a per capita trade differential 4:1. This meant that the average Englishman handled about four times more trade (in value terms) than his Scots counterpart. England was the stronger economy of the two, of course. In fact, Scotland’s gross total trade is unlikely to have amounted to more than one per cent of European trade around the middle of the eighteenth century (even though all of this is very speculative, of course. But the dimensions are clear!). It must be kept in mind however, that Scottish total imports were larger than (recorded) seaborne imports due to the omission of Scottish-English cross-border trade after 1707²⁵). Overall, Hamburg and Scotland might – if the above figures are in any sense reliable- over the pre-1770 period have handled roughly similar amounts of trade. Only after the War of Independence, the break-down of the old colonial system of England, the growth trajectories and commercial developments diverged. Scotland made no real gain over the 1780-1800 period (in the 1790s, the losses of the 1770s due to the War would have been made good for). But England’s trade increased considerably (by about 80 per cent), and Hamburg’s commerce expanded by a rate of close to 400 per cent, c. 1780-1800. This marks out Hamburg as one of Europe’s most active and prolific entrepôts or ‘gateways’ of the revolutionary period. But prior to 1780 not much of this was felt. In fact the figures would not have enabled contemporaries to foresee the kind of hyper-dynamics experienced after c. 1780.

Hamburg was in several ways favoured for the distribution of goods across northern Europe and the

Atlantic. Located at the mouth of Germany's second-largest river, goods passing from southeast, western and central Europe towards the coast using the Elbe River had to pay a considerably smaller amount of tolls on their way than elsewhere. Compared to the Rhine, or the Weser (where between Bremen and Minden up to 21 toll duties had to be paid), goods coming down the River Elbe only had to pay about 20 per cent of the fees to be paid using the Weser, and about 33 per cent of those applicable upon the Rhine in the 1720s²⁶). Hamburg was according to contemporaries, "with respect to GERMANY, what AMSTERDAM is to EUROPE, a magazine of the different produce, and merchandize of the trading world."²⁷ It was the largest German port in terms of incoming traffic, with around 2,000 ships calling in annually; followed by Lübeck, totalling up to 950 and Bremen, which recorded up to about 500 ships calling in per annum during the second half of the eighteenth century²⁸). Hamburg supplied large parts of Germany and continental Europe with colonial staples, such as tobacco, sugar, coffee, cocoa, tea and spices²⁹). Hamburg also appears to have provided neutral shipping, services happily resorted to by Glaswegian merchants during times when French privateers were active in the English Channel, which endangered the regular supply of British re-exports to continental markets³⁰). Due to its policy of religious tolerance and relative political and economic liberty, Hamburg was during the later seventeenth- and the early eighteenth century an attractive hotchpotch for religious refugees and entrepreneurs of all kinds. The majority of Hamburg's multi-ethnic community of merchants around 1700 were religious refugees. Last but by no means least, hard economics also played a role. (But what in the present context is not hard economics?) : contemporaries noted the wage levels or west-east differentials in labour costs that were considerably lower in northern Germany than for instance in the Netherlands, where per capita income levels stood at more than twice the German and continental European levels³¹).

Hamburg's main markets reached from Westphalia (mainly for linen) in the north-west, as far south as Franconia (iron) and Bavaria, and to Thuringia in the South-east (via the Brunswick fairs)³²). The Leipzig Fairs, where Hamburg merchants usually ranged amongst the largest group of regular visitors, extended the Hamburg market area far into eastern and central-eastern Europe, into areas such as Prussia, Silesia and Russia. The same could be said about the Elbe route that was connected to the Oder and Silesia through a system of canals built by the Brandenburg rulers in the seventeenth and eighteenth century³³). Accordingly Hamburg was until the 1750s the principal source of Prussia's sugar imports³⁴). Sugar and coffee traded on the Brunswick fairs were usually consigned via Hamburg. 50 per cent of foreign commodities regularly available at Hamburg, mainly colonial groceries and beverages, were usually quoted in the price currents at the Brunswick fairs³⁵). Hamburg was even reported to be Austria's principal source of imports overseas, supplying goods such as English manufactures and even Mediterranean

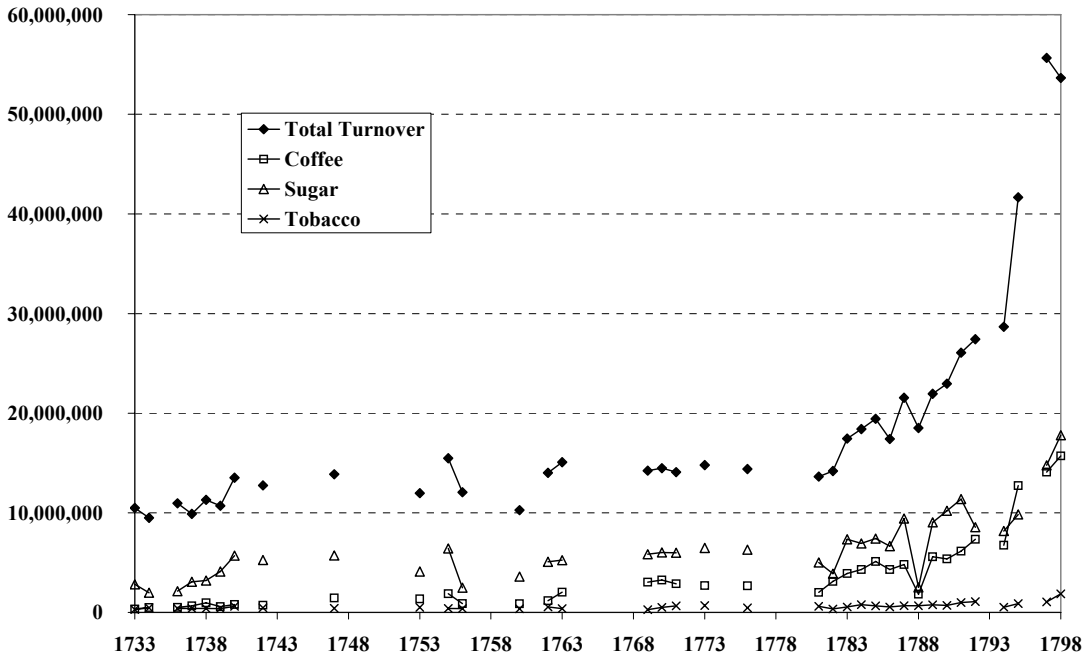
goods more cheaply than the Mediterranean port of Trieste³⁶).

In the long term it cannot be doubted that a well-designed institutional framework greatly facilitated Hamburg's commercial expansion. In 1711, a treaty with Great Britain was signed which granted British subjects the same favourable conditions upon import for their fish as the Dutch, i.e. exemption from the *Admiralitätszoll* and *Convoygeld*. Effectively this meant duty-free access for British fish traders to the Hamburg fish market³⁷. The Shetland fisheries profited from this mainly, as Hamburg and Bremen were their largest foreign markets up to the 1750s. More beneficial legislation was to follow. In 1713, duties were abolished on transit commodities to be re-exported from Hamburg within six months. In 1727 duties on re-exports were waived in general, and in 1747 the grain staple legislation was waived. Hamburg had become a virtually free port³⁸.

Accordingly, Hamburg's "trade began to increase at the expense even of Danzig and Amsterdam, especially in the boom years after the Seven Years' War had ended in 1763."³⁹ Some structural changes were apparent from the early decades of the eighteenth century. Whereas Britain had been Hamburg's largest supplier of imports roughly between the late 1670 and the 1710, sometime after the later date France took over that role. In the 1750s Hamburg's largest trading partner in terms of imports, particularly of sugar and coffee, was France⁴⁰. This pattern applied vice versa: during the first half of the century about one quarter of total French colonial imports of sugar, coffee and others were sold on the Hamburg market⁴¹. This pattern, however, changed once again with the Seven Years' War and finally with the American War of Independence. During the Seven Years War, niche players such as Scotland gained shares in Hamburg's import trades; the British position increased somewhat at the expense of the French. After 1790 Britain and her former possessions in the Americas finally attained the dominance they had had during the early decades of the eighteenth century, with trade levels that were much higher – about five times as high – than during the early period. The decisive stimulus clearly came from the opening up of the direct trades with the former British colonies in the Americas, as, as the structure of the Hamburg import volume remained roughly constant throughout, regardless of the macro-institutional change around 1780 (break-up of the old colonial system, see Figure 4 below).

Figure 3: Total Turnover (Imports) in Hamburg, 1733-1798 (Marks Banko)

Source: Kraweuhl et al. (eds.), Statistik.



Hamburg's imports expanded only very slightly after the 1730s (Fig. 3 and 4) ; in the long run, however, these figures were unimpressive and rates of increase very low compared to the explosive past 1780-development. Thus, the time lag between the initial foundations of Hamburg's success during the later seventeenth century and the "take-off" after c. 1780 needs some explanation or elaboration⁴²⁾.

The more reliable standard accounts have identified two significant structural changes in the institutional framework that would have triggered Hamburg's commercial expansion after 1780: (1) first the breaking-apart of the English Atlantic Empire in the wake of American independence – which provided the option of legal free trading, which Hamburgers were quick to act upon by official recognition of the US as an independent state. (2) The French Revolution, which caused some restructuring within the French trades, particularly the French occupation of Dutch ports 1795, would have drawn Dutch merchants to the other northern entrepôt⁴³⁾.

The picture sketched out so far also closely corresponds with the number of ships registered at Hamburg, as well as excise yields. The numbers of Hamburg-registered ships increased from 134 (1765) and 138 (1775) to 194 in 1785 and 213 in 1795. Excise yields and other fees due to the City Council (*Kämmerereinnahmen*), which may serve as a very broad and rough index for general economic activity at Hamburg, support the general picture. They were as follows: c. 3,100,000 (1716), 2,502,000 (1746),

3,293,000 (1775) and 5,854,000 (1800). In fact, as Kopitzsch has noted, the period between 1763 and 1788 was marked by a long depression in Hamburg's commerce and economic activity⁴⁴.

There were, therefore, at least three distinctive phases in the development of Hamburg's commerce and the North Sea commercial economy. Whilst the real dynamics came towards the end of the period under consideration, i.e. between 1780 and 1800, as the above graph suggests, there still was some growth in Hamburg imports between 1730 and 1760 / 1770, even though the long-run trend between 1730 and 1780 was fairly unspectacular, compared to the two decades after 1780. The growth rates in Hamburg imports prior to the 1770s roughly matched the growth trajectory of England's and France's re-export trades, i.e. the largest players in the game. And the treaties and agreements made with the British state in the 1710s and 1720s seem to confirm a rather close cooperation between Hamburg and Britain, which led to a synchronous expansion in moderate terms between c. 1700 and 1740. France's position however, was equally strong, as noted by Tamaki, at least in terms of colonial goods. Apart from the tobacco trades that were dominated by Britain, Hamburg between c. 1740 and 1790 received most of her coffee, sugar and indigo from French ports⁴⁵. The fact that in the 1750s there were about 200 sugar refineries, compared to 90 refineries in Amsterdam and 30 at Rotterdam seems to bear out the heavy dominance of Hamburg as a northern entrepôt for British (and French) colonial sugar at the time⁴⁶.

The important lesson borne out by these quantitative facts is that Hamburg did not (yet) share in the "second" growth cycle or phase of the colonial trades driven by the Anglo-Scottish colonial trades in the time frame of High Mercantilism (1740-1780). Hamburg's time came precisely when the long eighteenth-century trade cycle of Scotland and England collapsed, when and Mercantilism had withdrawn at least from the Atlantic with the fall of the Old Colonial System in 1776 / 83 and British trade went through the depression of the 1770s and 1780s. This depression was, of course, chiefly attributable to the loss of the colonies and the collapse of the Atlantic system that had created the economic rent for the imperial merchants and additional incomes for the state (Figure 1 above). A clear indication for this is that sugar and coffee imports from London only started to overtake imports from Bordeaux in the 1790s⁴⁷. Hamburg's function as a gateway was never as pronounced as during the 1780s and 1790s.

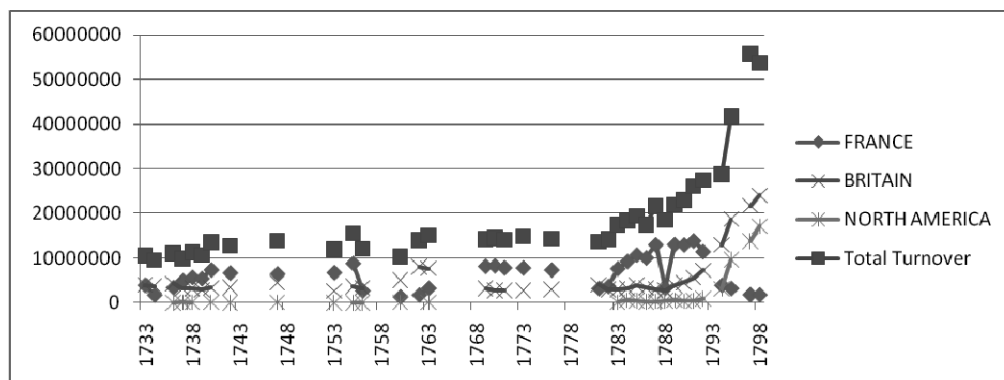
But just how strong was the direct connection between Scotland and Hamburg during the period of 'High Mercantilism'?

IV

Even though Hamburg clearly took away some shares from Amsterdam in British re-exports to the continent after 1700⁴⁸), it must be stated at the outset that neither England, nor Scotland or Britain were Hamburg's chief trading partner in the period. English exports to Germany had been quite considerable in the 1670s and 1680s according to the fragmentary sources that exist. Between 1662 / 3 and 1699 / 1701, English exports to Germany increased from about £192,000 Sterling to £551,000 Sterling – by a factor of 2.86, whilst imports from Germany into England rose from circa £182,000 Sterling to £818,000 Sterling (factor 4.42). Only English re-exports to Germany prior to 1700 showed no particularly fast expansion from £209,000 Sterling to £263,000 (1699-1701). Thereafter they are said to have expanded by c. 130 per cent⁴⁹ (even though, as has been stated above, it is clear that the available source material, such as the London port books, the English inspector general's ledgers of imports and exports, or the Hamburg Admiralty Toll Records are anything but particularly reliable: all they give are *broadly conceived trends* in the main commodity flows that were carried overseas)⁵⁰. Between 1700 and the 1720s English exports to Germany and Hamburg declined, as did imports. Anglo-German trade recovered after the crisis of the seventeenth century had ended (around 1740), but Hamburg's import trade overseas was dominated by a strong French and to a much lesser extent Dutch connection. The combination of Hamburg trade data with French mirror data seems to suggest that France would have been equally large or even more important than Britain during key phases of the eighteenth century. Around 1755 Hamburg's imports of colonial goods from French ports – above all Bordeaux – surpassed colonial imports from the Netherlands. In 1789 close to 50 per cent of the produce of the French colonies went to Hamburg. During the 1780s French ports re-exported about 20 per cent of French colonial goods to the Netherlands – and 34 per cent to Hanseatic ports, mainly Hamburg⁵¹).

This pattern, however, changed with the acceleration of Hamburg's commercial activity towards the end of the century. The share of French ports declined decisively towards the end of the century, whilst this share was clearly taken over by direct imports from America and Britain.

Figure 4: Hamburg's Imports by Countries, 1733-1798 (Marks Banko)



Furthermore, Britain's – and especially Scotland's – share was clearly above average during the period of the Seven Years War. Using eighteenth-century Scotland as an example the applicable mechanisms can be worked out more clearly. The choice of Scotland can be justified for the following reasons: (a) as shown in figure 1, Scotland was – for a relatively brief time framework, c. 1736-1776 – arguably the *most dynamic* commercial nation of the time, even though in absolute terms her trade levels were small compared to England, France and the Netherlands. But growth rates are better in explaining patterns of structural change than absolute figures. (b) Scotland precisely during that time – the long eighteenth-century trade cycle – rose to become Europe's second-largest, and at times even largest purveyor of colonial tobacco. The sugar trades she was never able to take away from England, but in the tobacco trades she did in fact carve out a niche in world trade which led to a peculiarly eighteenth-century Scottish trade pattern. (c) Scotland has by far the best contemporary statistical material, allowing the researcher to trace out these patterns in much more precise terms than for any of the other commercial nations of her time. The post-1743 port books in fact recorded every import and export that was made legally (smuggling apart) ; the same applies for the contemporary aggregate, the famous trade statistics or balance sheets of the Inspector General of Imports and Exports who from 1755 onwards compiled the data sent to him from the various outports of Scotland and aggregated them into a contemporary "balance on current account" or "trade balance" (as invisibles were left unrecorded)⁵². Even though the figures might be profoundly biased by smuggling, they nevertheless bear out the overall and long term trends rather reliably – at least more reliably than the commercial statistics of any other contemporary nation.

There are two ways, then, of measuring the Scotto-Hamburg connection. One would be to establish Scotland's share in Hamburg's seaborne imports as calculated from the Hamburg side (*Admiralitätszoll- and Convoygeldeinnahmebücher*). The other way would be the same exercise using the 'mirror data', i.e.

the Scottish customs accounts, which are invariably more detailed, thus estimating Hamburg's share in Scotland's trades, which for the post-1743 period can be broken down in a detailed way into imports, exports and re-exports in yearly series⁵³.

Bearing in mind all applicable pitfalls that apply to eighteenth-century customs accounts and trade statistics, from the Scottish mirror evidence – which clearly is the more reliable part here, even though it is clear that not all Scottish exports declared for Hamburg in the end would actually reach Hamburg – the following basic synopsis can be formulated⁵⁴. German ports – or rather the north-western German ports of Bremen and Hamburg – on average accounted for figures below ten per cent of Scottish imports and exports. In certain years, however, figures in excess of ten per cent might well be yielded, such as 1757 or 1761 for re-exports. Clearly Scotland used her position as an interloper when the big fish (England, France) were at war and their navies engaged in battles at sea. Most of Germany's trade with Scotland went through Hamburg, as could be established by a full examination of the Scottish customs records for 1743-1755⁵⁵. But it is also clear that a distinction needs to be made according to the commodities traded. Whilst German linen exports to Scotland and exports of Scottish salt to German ports were during the 1730s, 1740s and 1750s chiefly routed through Bremen, the colonial trades, mainly re-exports of tobacco on Scotch account, chiefly went through Hamburg. The linens came from the west German areas (Tecklenburg, Lingen etc.) predominantly, and the Scots salt imports into Germany might have been predominantly used in pastoral agriculture in the Friesland area. Therefore the port of Bremen would be chosen as the preferable point of entry / leave. Scotland's fish exports on the other hand focused almost exclusively on the Shetland islands, from whence the fish went exclusively to either Bremen or Hamburg. Overall, German ports in the Baltic, including those ports under foreign rule, such as Stralsund and Wismar, had no relevance in Scottish-German trade any more (they had been much more significant during the sixteenth and seventeenth century).

Hamburg on the other hand was a great gateway for the colonial trades⁵⁶. With re-exports of tobacco and sugar dominating Scottish exports to Germany, and German linens dominating the trade flows in the reverse, Germany represented an intrinsic component of the British Atlantic or "triangular" trade pattern (a pattern that was in fact "multi-angular", i.e. usually involved more than three links or angles). Imports from "Germany" usually consisted to 60 to 80 per cent (in 1755 Sterling figures) of the standard classification "Narrow German Linens", a schedule applied by the British customs to an utmost variety of different classes of linens that cannot be disaggregated any more by the modern researcher on the basis of contemporary customs records. And re-exports to Germany were dominated by British colonial tobacco (Tables 3, 4).

Table 4: The Share of "Germany" in Scottish Trade
Rössner, Scottish Trade with German Ports

	Totals (Scotland)				Trade with German Ports							
	Imports	Exports	Re-exports	TotalX	Imports	%	Exports	%	Re-exports	%	TotalX	%
1755	465,412	284,691	250,876	535,567	22,270	5%	8,588	3%	5,141	2%	13,729	3%
1756	480,425	285,892	339,088	624,980	24,344	5%	12,490	4%	21,629	6%	34,119	5%
1757	619,836	348,686	472,778	821,464	24,125	4%	10,249	3%	55,979	12%	66,228	8%
1758	659,165	399,661	449,013	848,673	23,718	4%	11,314	3%	38,182	9%	49,496	6%
1759	605,888	416,896	529,090	945,986	13,902	2%	8,178	2%	49,248	9%	57,426	6%
1760	850,793	437,384	648,968	1,086,352	14,318	2%	5,772	1%	31,558	5%	37,330	3%
1761	748,640	424,479	741,335	1,165,814	12,002	2%	8,599	2%	74,212	10%	82,811	7%
1762	708,925	347,890	650,347	998,237	9,621	1%	32,073	9%	58,056	9%	90,129	9%
1763	903,891	n/a	n/a	1,091,436	4,842	1%	n/a	n/a	n/a	n/a	20,650	2%
1764	886,353	426,758	817,170	1,243,927	8,804	1%	6,621	2%	23,410	3%	30,032	2%
1765	922,401	400,928	779,940	1,180,868	6,025	1%	3,794	1%	38,469	5%	42,263	4%
1766	980,990	355,627	808,077	1,163,704	10,049	1%	6,893	2%	60,112	7%	67,005	6%
1767	1,023,197	452,298	793,192	1,245,490	12,697	1%	5,793	1%	35,167	4%	40,959	3%
1768	1,236,648	454,757	1,047,392	1,502,150	19,742	2%	7,862	2%	47,491	5%	55,353	4%
1769	1,225,530	n/a	n/a	1,563,053	18,434	2%	n/a	n/a	n/a	n/a	50,131	3%
1770	1,213,360	510,576	1,217,341	1,727,918	24,825	2%	6,029	1%	79,015	6%	85,044	5%

Table 5: The Structure of Scottish-German Trade as Seen from the Scottish Side

Source: 1743-1755: Scottish customs accounts (NAS, E504) ; 1755-1770: Inspector General's Ledgers of Import and Export (TNA, Customs 14)

Scottish Exports to Germany							
	Stockings	Cereals	Salt	Lead	Coal	Fish	
1743/1755	17%	13%	5%	6%	2%	44%	
1755/1770	10%	11%	2%	4%	8%	43%	
Scottish Re-Exports to Germany							
	Tobacco	Sugar					
1743/1755	82%	70%					
1755/1770	80%	12%					
Scottish Imports from Germany							
	Linen	Timber	Cereals				
1743/1755	78%	10%					
1755/1770	72%	3%	11%				

As has been shown elsewhere⁵⁷, the larger Scottish merchants trading to Germany had firm vested interests in the colonial trades, importing tobacco, sugar, rice etc. from the American colonies which they would send on to continental markets, amongst which the larger free ports of Bremen and Hamburg might be found. Examples of this pattern were firms such as Buchanan&Simson, as well as Thomas Douglas & Co. These firms or partnerships were less involved in the exports of domestic products, such as Scots salt and fish, but took full benefit of Scotland's recent inclusion (1707) in the institutional framework

of the English Navigation Acts and the profit opportunities – as well as potential risks – this Atlantic business had to offer.

Although the source material, such as merchants' letter and account books is limited, it seems as though the profit opportunities, as well as the merchants' particular motives for practising multilateralism were obviously different, varying with scale and scope of the individual firms and business units. The smaller Scottish merchants for instance traded with Germany in order to raise cash for the pipe staves they needed for the wine they intended to buy in the Iberian Peninsula. If it would not have been for the purchase of the pipe staves, they would have had no particular occasion to send a ship with Scottish salt over to a German port. Some of the larger firms on the other hand were not necessarily led by pure cash flow in their decision to incorporate a German port into their overall plans. Within their business, the German market was only one minor branch amongst others, one small component of the overall item "sale of American staples on the Continent". If they did not think it to be worth – because they expected a price increase and good sales therefore – they would not send ships to Germany. Unfavourable balances with the Baltic would be settled at Amsterdam, where the manufactures to be picked up for sale and purchase of slaves in Africa were also to be had, sometimes cheaper than in Germany or the Baltic⁵⁸.

Limited as it may appear, the available evidence seems to suggest that multilateralism was a general phenomenon in intra-European trade, quite regardless of the actual firm size (or the size of the merchants' transactions). There was no such thing as "Scottish-German trade" or "English-German trade", as there was no "German linen trade", or "Scottish salt" trade etc. These terms represent historian's fictions or ex post manipulations based on modern statistical aggregates made to facilitate the analysis of a particular subject – the "Atlantic economy", the "North Sea trades", trade with "the Baltic" etc. Similar to a commodity chain, merchants spun chains of transactions across Europe that best fitted their economic decisions relating to gross profit levels. If a merchant for instance expected to gain a profit from the purchase of Portuguese wine in Porto, for which he needed German pipe staves, he would even send over salt to Germany at a total sales value below the balance he needed for the staves. He might thus risk a small loss from this component of the trade, which he was more than willing to incur if he expected the *overall profit* of this multi-angular venture to be positive in the end⁵⁹.

The "European" contingencies of early modern Scottish trade are also clear. Whilst large and smaller merchants alike had to incorporate the rate of exchange for bills from Hamburg on London into all their planning and profit calculations, the prime mover for a small merchant to send over fish or salt to Germany could well be an anticipated bill from Hamburg on Amsterdam or a purchase on the Iberian Peninsula etc. Often it was the French market that needed to be considered as well, when assessing German

conditions of demand and supply: how much tobacco would the French buy in Glasgow and London, i.e. how much was available during the next months to be sent over to Bremen? How much sugar and coffee had come directly to Hamburg from France, i.e. what were the likely profit margins for British sugar and coffee sent to the Hamburg market? – And so on.

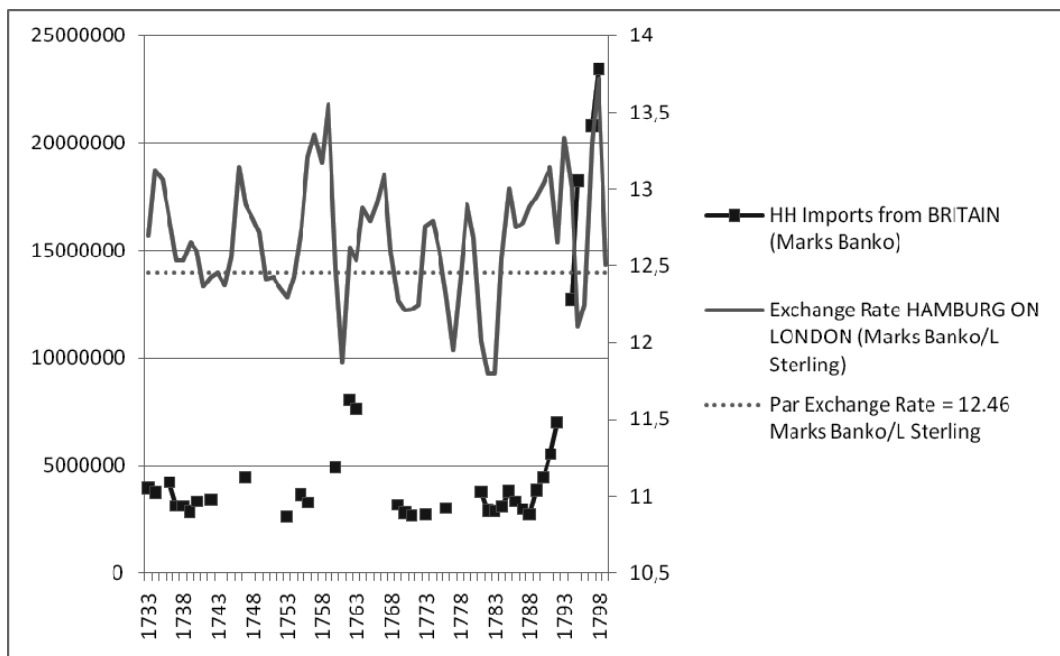
Thus, in the first instance merchants based their economic decisions on profitability arising from comparative advantage and differential factor endowment. Another basic – and largely under-researched – component within their decision matrix must have been the exchange rate (Fig. 5). We know that profits from sales of British goods on the Hamburg market, which were accounted for in Marks Banko, were usually remitted to Britain using either Amsterdam or London. If one plots the movement of the exchange rate of Mark Banko against Sterling for bill transactions from Hamburg on London together with imports of colonial goods from Britain to Hamburg onto the same graph, the following picture obtains:

Unsurprisingly – even though practically no research has been done here – the movement of British imports and the exchange rate Hamburg on London were largely similar, i.e. very probably positively cor-

Figure 3: The Movement of the Hamburg-London 'Exchange Rate' and Hamburg Imports from Britain, 1733-1800

Source: Exchange Rate: M. A. Denzel, Handbook of World Exchange Rates, 1590-1914, Farnham 2010, Tab. 4.1.1; Imports: Krawehl et al. (eds.), Statistik.

Left Axis: Imports (Marks Banko) ; Right Axis: Exchange Rate, precious metal parity at 12.46 Marks Banko/£Sterling



related. When imports from Britain increased or were high, Mark Banco depreciated against the Pound Sterling and vice versa. The main reason for this seems to be reasonably clear: increasing sales of British (colonial) goods at Hamburg resulted – with profits to be remitted to London – in an increase of demand for Sterling, which manifested itself in a depreciation of Hamburg money and an appreciation of the Pound Sterling (for bill transactions on London).

It is clear that future research should work out the multilateral contingencies of European trade more clearly than has been done previously. Micro-analyses of Scottish trade with the Netherlands would be especially desirable, as it is clear that a lot of external finance seems to have been settled via either Amsterdam or Rotterdam⁶⁰. The long eighteenth-century trade cycle under consideration here (Scotland's commercial dynamics) seems to have evolved along a Dutch-Scottish basis. But much more than the absolute level of Scottish or British exchange with Hamburg is the pattern of dynamics: the rise of commerce in the late period of Mercantilism – as approximated by the growth rates of England's, Scotland's and French colonial trades (Fig. 1) – was a development not shared by the port that was named as Europe's more significant entrepôt. These were the trades that went under their relative umbrella, i.e. the British and French colonial systems and their multifaceted regulations and systems of coercion and force. To this branch of the eighteenth-century colonial import trades of Europe the discussion will now turn. This will reveal the working mechanisms of state, government and colonial trading that in a sense created and determined the applicable commercial patterns.

V

In and around 1760 Scotland handled about one to two per cent of total European trade. Yet she was, after England, Europe's second largest purveyor of American tobacco. In the later 1750s Scotland re-exported about 15 million lbs of American tobacco on average per annum to continental Europe. In 1773, when the highest figure ever was recorded in the eighteenth century, 46 million lbs were shipped to continental destinations. At a yearly level of two lbs for per capita consumption these figures would have sufficed to supply about eight to 22 million Europeans, i.e. six to seventeen times the Scottish population. Tobacco ranged, alongside some other colonial goods, amongst the most significant foreign imports into eighteenth-century Europe. It accounted for up to 40 per cent of Scotland's total imports and exports at the time, most of which was re-exported to the Continent. The Atlantic colonial trades lay at the heart of Scotland's commercial success in the pre-industrial period. And Scotland by the mid- eighteenth century had developed into a formidable northern European tobacco entrepôt. How did this pattern emerge?⁶¹

Scholars have underlined the geographical advantages of Glasgow over London and the western

ports of England, especially the comparatively short and safe passage across the Atlantic to the English tobacco colonies of Virginia and Maryland⁶²). Through a sophisticated and innovative forward purchasing system, asymmetrical ('colonial') credit relationships were developed, enabling Glaswegian "tobacco lords" to control both the purchasing price of tobacco in America, as well as the prices they charged for the domestic manufactures they sold in return⁶³). To this may be added a comparatively well-developed financial infrastructure in the Glasgow area, as well as a wage-rate differential between Scotland and England, as lower wages of a developing economy created a competitive advantage. A lenient Customs administration prevailed at least into the 1730s, which greatly facilitated the rise of the Scottish colonial trades. Smuggling levels reached a staggering 62 per cent of legal imports in Scotland during the first half of the century⁶⁴). Several other elements need to be added, such as regional specialization of British ports, the need of foreign monopolist buyers such as the French for central places such as Glasgow and Edinburgh for conducting their bulk purchases, and trends towards concentration in business and larger firms⁶⁵). Even then the list would be far from complete, as scholars have also named improvements in shipping procedures and ships' design, improved harbour facilities at the Glasgow outports (Greenock and Port Glasgow), developments in human capital (skills, commercial training), as well as the demise of Whitehaven, the main and only serious rival of Glasgow in the Northwest of England, in the American tobacco trades⁶⁶). If one were to sum up and classify these different facets, the list could be grouped according to the following points: human and financial capital, natural endowment and physical geography, commercial geography and infrastructure, micro-economics and business techniques, and cash flow.

One crucial aspect, however, has rather been overlooked in the discussion so far, and this is the *administrative framework of Scotland's trade* that changed in 1707. It can be argued in fact that there were certain beneficial technicalities built into the contemporary Customs system which facilitated the rise of an entrepôt economy focused on tobacco, which proved advantageous within a domestic economy that had yet little else to offer in world markets. And in a sense this macro-institutional phenomenon or system – or rather its working mechanisms – may shed some more light on the commercial trajectory of places and actors at the 'receiving end', such as Hamburg (or Bremen, or Lübeck, or Königsberg etc.).

With the Union of the Parliaments in 1707 central parameters of Scottish foreign trading were altered. The main aspects of the Treaty of Union⁶⁷) which are supposed to have stimulated Scottish commercial and economic success after 1707 include: direct access of Scots traders and ships to the products and markets of the English colonies overseas (mainly for tobacco, sugar, rum, rice, indigo, and coffee) and thus admission to what was Europe's "biggest free trade zone" at the time (Devine). By the same token, full protection by the English navy was granted, as all Scots ships were as of May Day 1707 to pass as Brit-

ish.

But most important, Article VI of the Treaty stipulated that ‘all Parts of the united Kingdom, for ever, from and after the Union, shall have the same Allowances, Encouragements, and Draw-backs, and be under the same Prohibitions, Restrictions, and Regulations of Trade, and liable to the same Customs and Duties, and Import and Export [...]’⁶⁸. It can be argued that it was in fact this English Customs System, introduced in Scottish ports in 1707, which – alongside the aspects named above – helped trigger the rise of Scotland’s Atlantic trades in the eighteenth century. The new customs system particularly favoured the transit trades, and encouraged re-exports of colonial non-essentials, such as tobacco, somewhat at the expense of domestic exports. It did so mainly in three ways. First, while most imports of foreign commodities into British ports were either free of charge or only very moderately taxed, imports of colonial goods were taxed at prohibitive levels when retained for domestic consumption. Second, the effective level of taxation fell to very insignificant levels if these goods were re-exported again from British ports to continental European destinations. By a generous refund of import duties upon re-export (draw-back, as it was called in contemporary language) - in the case of tobacco after 1723 amounting to 100 per cent – continental European consumers were provided with tobacco and sugar more cheaply than their English or Scots domestic counterparts. Third, the imported commodities became liable to very high duties payable immediately upon landing, regardless of whether the commodities were to be retained as domestic imports or were to be re-exported subsequently. Yet, in order to alleviate what easily might have proven a considerable strain upon any firm or merchant’s cash reserves the Crown had devised an ingenious mode of payment. Under the regulation of the ‘bonding system’ the merchants were given credit on customs duties which could be offset against the subsequent tax rebate applicable upon re-exports. Thus in the Scottish tobacco trades large amounts of highly-taxed tobacco could be shipped without a single penny changing hands. A capital-intensive business, where circulating cash was extremely scarce between the purchase of the tobacco in the Americas and the re-sale in Europe, was thus freed of the need to advance large sums of cash on customs duties at a stage where the merchants or firms might be seriously short of liquid funds. In this way the new customs regime of 1707 proved the perfect counterpart to a still rather under-developed Scottish economy, which, as was the case in most northern European states, had few attractive domestic products to offer on world markets.

As of May Day 1707, English customs (and excise) rates and procedures became applicable in Scotland, with a somewhat surprisingly low number of differing rates and procedures and other exemptions⁶⁹. At that date the English Customs System consisted of the *Old Subsidy Inwards* and additional duties related to the former, as well as about eighteen recently-added (1660-1706) import duties, the *Subsidy Out-*

wards and a few further export duties. Towards the end of the period under consideration, more than fifty separate duties were charged, mainly upon imports⁷⁰. The switch from the old Scottish customs system to the 'new' English and now British system in 1707 therefore represented an enormous increase in average levels of duty for Scotland's commerce. To name but those commodities that dominated Scotland's overseas import trades after 1707, the increase amounted to *825 per cent in the case of tobacco*; 222 per cent in sugar's case; 402 per cent in the case of German linens⁷¹. For the merchants involved this was already the biggest, and in financial terms most considerable, change for eighteenth-century Scottish commerce, as after 1707, only minor changes in duty were introduced⁷².

Tobacco thus experienced the highest increase of duty in 1707, when its direct importation from the English colonies into Scottish ports became possible⁷³. It remained the most heavily taxed import during the subsequent period. In 1755 it paid more than 220 per cent duty, measured in terms of its *free on board (f.o.b.)* price,⁷⁴ when retained for domestic consumption. In tobacco's case three main characteristic techniques came to work, which in the end all had a profound impact on the risks and profitability of colonial trading on Scottish account, as well as the effect of creating and designing, or at least helping to determine, a peculiarly Scottish eighteenth-century trading pattern.

Firstly, although effectively between 1707 and 1760 the rates of import duty on tobacco remained unchanged, the commodity was taxed excessively highly, if consumed domestically. As of May Day 1707 Scottish tobacco imports were effectively taxed at 220 per cent of their free on board value. These were levels which the domestic market in Scotland was neither able nor willing to bear, as the spectacular rise in domestic smuggling shows. During the first two or three decades after 1707 it is said that not more than 60 per cent of total tobacco imported into Scottish ports was declared and taxed⁷⁵.

But a second aspect also came into play. The English customs system operated a variety of drawbacks (a kind of tax rebate) of customs duties upon re-export, provided that certain criteria were met⁷⁶. Usually drawbacks amounted to only a fraction of sums originally paid. In sugar's case 78 to 89 per cent of the import duty could be drawn back; in the case of rice 87 to 90 per cent. German linens drew back 82 to 89 per cent. These were among Scotland's main re-exports⁷⁷. Only tobacco could, after 1723, draw back 100 per cent of duties paid upon import, provided it had been shipped orderly and duty had been paid in cash⁷⁸. By the draw-back scheme one of the heaviest strains upon the merchants' cash reserves, i.e. an import duty of more than 220 per cent of the goods' value, was removed and circulating capital freed accordingly to enormous benefit.

A third aspect, however, needs to be kept in mind. The fact that import duties on tobacco were usually refunded in the end seems to be one of the ironies built into this particular system. After all, if 90 per

cent and more of the imported tobacco were re-exported again, which financial gain would accrue to the state from this type of transaction, if the Crown had to refund the duties anyway? It is important to bear in mind that frequently there were no real (i.e. cash) refunds as there had been no payments in cash! In fact there was an effective method of fund-raising built into the system, by which the Crown raised considerable sums upon interest payments, and merchants were freed from large cash burdens upon import. In something resembling a *quid pro quo*, the English and after 1707 British Customs System permitted parts of the duties due upon import to be 'bonded'. This was a promise to pay a certain amount of cash at a specified later day, plus interest on the principal for the term given in the bond, which might range from six to 18 months. Technically, a bond represented a non-tradable letter of credit issued by the Crown to a merchant upon importation of a certain cargo in lieu of cash payments towards the applicable customs duties. Upon re-export of the cargo under consideration, the sums stated on the bond were 'refunded.'⁷⁹⁾

The implications of all this become clearer if the sums involved are set in relation to contemporary commercial data. In the 1750s for instance, when the Glaswegian tobacco trade was fully developed, larger firms easily imported 100,000 lbs or more in one single ship⁸⁰⁾. A tobacco cargo of 100,000 lbs would in 1755 have been liable to a net duty of £2,292 Sterling – in cash. Such amounts were extraordinary and would have strained the cash reserves of most contemporaries, as 'the average individual share in a Glasgow tobacco company in the years before the American War was between £1,000 and £2,000.'⁸¹⁾ Especially in the colonial trades, dependent upon an intrinsically linked import and re-export business, the sums involved in import declarations would in fact have exceeded the liquidity of all but the richest merchants and companies. The incentive to provide bonds in lieu of cash payments is therefore immediately evident. Often it would have arisen out of pure necessity.

In fact, bonds provided commercial credit or circulating capital assets at low and sometimes no interest to businesses, which could be short of cash reserves. This problem most typically occurred between the purchase of cargoes in the Americas and their sale at auction in Europe a year or two later. The sum of the purchase price, fees and customs duties could reach into the tens of thousands of pounds sterling in the most extreme cases. Years could pass between the dispatch of a tobacco vessel from Glasgow to a continental port and its final sale. These were periods during which considerable sums of capital were tied up. The risks of defaults and bankruptcies were immense⁸²⁾. By providing near-free of charge access to eighteenth-century cash crops in British Atlantic trade by means of the drawback on sugar, tobacco, coffee, and rice, plus operating a generous credit system with the bonds, the British customs system thus effectively encouraged a massive transit trade in these goods. The system partly discouraged domestic consumption of those products that gained more rapidly in importance in Atlantic trade after the 1660s.

The home market was accordingly largely supplied using smuggled tobacco. However, in the re-export trades, the incentives towards illegal behaviour were considerably removed, particularly after the grip of the customs was tightened in the 1730s.

VI

As a consequence of all these aspects, Scottish tobacco imports rose from a yearly average around five million lbs in the late 1720s and 1730s to a staggering figure of 45 million lbs per year in the late 1760s. As tobacco drove the Scottish seaborne trades, Scotland's overseas trades likewise exhibited what arguably was the fastest rate of growth experienced across Europe, including England's and France's trades. Even though in absolute terms, both England's and France's overseas and colonial trade levels were much larger – a direct comparison using current exchange rates is a task not particularly profitable to the sensitive historian – the potential for dynamics clearly worked in favour of the colonial 'core' states, even smaller ones, such as Scotland (which was no state any more after 1707) or Denmark-Norway and Sweden⁸³. Given the profits to be made on tobacco, due to access being limited to those in possession of colonies producing the item (Navigation Acts)⁸⁴, the choice of procuring the item legally and re-selling it legally to continental Europeans was, if not strictly logical, at least a feasible one in financial terms. It would have been especially feasible if the domestic economy had not much to offer in turn. Export shares for most Scottish domestic industries were indeed low for most of the eighteenth century⁸⁵. In this way Scotland shared the fate of most continental European economies prior to industrialization, where low average incomes and productivity levels accounted for limited domestic (and thus overseas) markets, low levels of consumption and domestic exports.

In this way the state enters the game. Whilst for a long time the role of the state had been doubted and even discredited by scholars, pointing for instance to the abnormal level of smuggling in the colonial and Asiatic trades, or attempting to place individual actors into the historians' focus⁸⁶, recent accounts have somewhat corrected the picture. Even though at first sight this might appear somewhat like a reversal back to the 'structuralist' argumentations of the 1950s to 1990s, structural history actually explains the "big phenomena" much better than most of the more recent and slightly more fashionable studies in social history and networks of merchants. A new study on London's trade in the Restoration period by Nuala Zahedieh suggests that merchants drew more benefits than disadvantages from the prohibitive and high-duty customs regime framed by the Navigation Acts since the 1660s⁸⁷, whilst Marzagalli's work does just the same for a different point in time and space. At least in the period of the French revolution and with regard to French-American trade, "politics could, for instance, affect costs in significant ways, by changing

duties, setting prohibitions, or increasing transportation risks.”⁸⁸⁾ It has been said that “[s]tates were quite weak before World War I. They relied on taxes from goods that visibly moved or from land whose area could be measured, rather than today’s far more sophisticated taxes on incomes or wealth at source.”⁸⁹⁾ Their infrastructural power over their subjects was weak. Absolutist claims of power constantly collided or coincided with subsidiary claims, such as feudal privileges, concessions or local custom. The most pronounced example of this pattern would be represented by the extreme political and institutional fragmentation of early modern “Germany”, the Holy Roman Empire of German Nations mocked by Voltaire to be “neither Roman, nor Holy, nor Empire”⁹⁰⁾. Whilst this is certainly true in the general sense, the state could – and would – wield considerably heavy influence in certain branches or segments of socio-political and economic life or “macro-regions” (such as the Atlantic economy), branches that were vital and important for the growth and development of the overall figure or aggregate measure (such as GDP or “the state” or “society”)⁹¹⁾. One of these branches or segments in the eighteenth century surely were the Atlantic trades. And here the Scottish example – alongside the English commercial pattern which is however a slightly different story – clearly bears out the power and strength of the state in terms of designing and controlling the size and direction of foreign commerce. (Whether that is a good or a bad thing is another matter; clearly the most outspoken protagonist of a ‘free trade’ and ‘free market’ society was Adam Smith, and it may or may not be coincidence that this foundation of modern theory and ideology came from late eighteenth-century Scottish, not English, background). The debate on possible linkages between trade and economic growth is endless and inconclusive and mechanisms suggested are many. The most reliable accounts, however, seem to have worked out that foreign trade in terms of its weight in GDP or gross domestic capital formation surely remained marginal (O’Brien) : Europe was self-sufficient and disposable incomes usually hovered around the subsistence margin, thus leaving no additional reserves for spending on exports⁹²⁾. But it is also clear that on a *regional* level the impact of the foreign trades could have been considerable⁹³⁾. Lastly, trade’s lateral linkages with the economy are likely to have been much higher than borne out from calculated or imputed rates of “trade-led-growth” that appear to have been humble during the eighteenth century. At least on the regional level trade could have been a decisive factor for economic performance: just consider the Western area of Scotland, Hamburg as a “gateway” or the big ports of Amsterdam and Rotterdam.

The effect of taxation, government spending and legislature of the British state in the “long eighteenth century” (1688-1815) has been worked out lucidly by O’Brien. Without doubt, Britain at that time ranged amongst the most heavily-taxed economies of her time. This, however, might not have proved as detrimental as modern logic will have it: the present example of Scotland just proves this case. Apart from

this, it has sometimes been argued, the collateral of a high-powered taxation regime was represented by institutional security, most prominently the safeguarding of Britain's commercial empire, as well as preventing the domestic economy from wars on British soil and foreign invasions. These aspects came on top of a stable internal legal system, secure property rights and a well-developed market for credit, with the city and port of London being the hub of international commerce. Behind the design of domestic economic and fiscal policy, of course, stood a small group of domestic businessmen, traders and overseas merchants. Moreover, as O'Brien states, the "products and the materials of the most innovative sectors of industry continued to be lightly taxed."⁹⁴ By protecting British vessels with the Navy, safeguarding privileges of trade in attractive colonial goods that were high in demand in contemporary Europe, restricting access to the colonies and accordingly designing trade flows and trade routes the British state – for as long as it could hold the tobacco and sugar producing regions – channelled trade flows into directions it would have thought favourable for its denizens. In this way the story recently told by heterodox globalization theorists and development economists such as Dani Rodrik or Ha-Joon Chang⁹⁵) might be back-projected into the pre-industrial period (under slightly different parameters).

And Scotland profited from this beneficial and guarding umbrella that was unfolded by the Treaty of Union in 1707. Although smuggling levels were excessively high during the eighteenth century – the Age of High Mercantilism – the available synopsis of European trade figures (Fig. 1) nevertheless shows that the major share of the Atlantic trades was routed in the ways the state had designed and deemed economically viable. Hamburg's great rise as a gateway – with all the internal or endogenous variables set in place much earlier – only came when the main and in a sense decisive exogenous factors were changed, i.e. British imperial control over the tobacco and sugar colonies waned in 1776-1783. To quote O'Brien yet another time: "For more than a century, when the British economy was on its way to maturity as the workshop of the world, its governments concentrated public expenditures on security, trade and empire."⁹⁶) At least with regard to British Atlantic trade this pattern appears to have worked remarkably well – particularly for Scotland.

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- 1) See e. g. the most recent synopsis K. H. O'Rourke / L. Prados de la Escosura / G. Daudin, Trade and Empire, in: Stephen Broadberry / Kevin H. O'Rourke (eds.), *The Cambridge Economic History of Modern Europe*, Vol 1: 1700-1870, Cambridge et al. 2010, pp. 96-121.
- 2) Most recently the essays in: Markus A. Denzel / Jan de Vries / Philipp R. Rössner (eds.), *Small is Beautiful – Interlopers and Smaller Trading Nations in the Pre-industrial Period* (*Vierteljahrschrift für Sozial- und Wirtschaftsgeschichte*, Beihefte 213), Stuttgart 2011.
- 3) Jan de Vries, *Connecting Europe and Asia: A Quantitative Analysis of the Cape-route Trade, 1497-1797*, in: Dennis O. Flynn / Arturo Giráldez / Richard von Glahn (eds.), *Global Connections and Monetary History, 1470-1800*, Aldershot 2003, pp. 35-106.
- 4) Leos Müller / Philipp Robinson Rössner / Toshiaki Tamaki (eds.), *The Rise of the Atlantic Economy and the North Sea/Baltic Trade, 1500-1800* (*Beiträge zur Wirtschafts- und Sozialgeschichte*, Vol. 117) Stuttgart 2011.
- 5) A classic – and hotly debated and criticized – account is: Daron Acemoglu / Simon Johnson / James Robinson, *The Rise of Europe: Atlantic Trade, Institutional Change, and Economic Growth*, in: *The American Economic Review*, XCV (2005), pp. 546-579, but see the previously-cited volume for a more critical view on the Acemoglu/Johnson/Robinson thesis.
- 6) Paolo Malanima, *Pre-Modern European Economy: One Thousand Years (10th-19th Centuries)* (*Global Economic History*), Leiden 2009, makes this very unlikely. I have used the German edition: *Europäische Wirtschaftsgeschichte, 10.-19. Jahrhundert*, Köln / Weimar / Wien 2010, pp. 321-342.
- 7) E.g. Paul Butel, *France, the Antilles, and Europe in the seventeenth and eighteenth centuries: renewals of foreign trade*, in: James D. Tracy (ed.), *The Rise of Merchant Empires. Long-Distance Trade in the Early Modern World, 1350-1750*, Cambridge et al. [1990] 1993, pp. 153-173, at pp. 160-164.
- 8) Even though a decreasing share of European trade went through Dutch hands after the 1650s, a large share of European finance, especially from northern and central Germany, still went via Amsterdam and not yet London. Markus A. Denzel, *The System of Cashless Payment as a Basis for the Commercial Integration of Europe and the World*, in: Markus A. Denzel (ed.), *From Commercial Communication to Commercial Integration. Middle Ages to the 19th Century*, Stuttgart 2004, pp. 199-248, at pp. 217-221.
- 9) P. R. Rössner, *Interloping, Economic Underdevelopment and the State in Eighteenth-century Northern Europe: How Scotland became a Tobacco Entrepôt*, in: Denzel / de Vries / Rössner (eds.), *Small is Beautiful*, pp. 103-130, and Thomas M. Devine / P. R. Rössner, *Scots in the Atlantic Economy 1600-1800*, in: John MacKenzie / Thomas M. Devine (eds.), *Scotland and the British Empire*, Oxford, Oxford University Press, 2011.
- 10) Toshiaki Tamaki, *Hamburg as a Gateway: The Economic Connections between the Atlantic and the Baltic in the Long Eighteenth Century with Special Reference to French Colonial Goods*, in: Müller / Tamaki / Rössner (eds.), *Rise of the Atlantic Economy*, pp. 61-80.
- 11) Clearly the best explanations of trade within the “social network” models I have found are: Leos Müller, *The Merchant Houses of Stockholm, c. 1640-1800. A Comparative Study of Early-Modern Entrepreneurial Behaviour*, Uppsala 1998, especially chapter 1, and Cátia Antunes, *Globalisation in the Early Modern Period. The Economic*

- Relationship between Amsterdam and Lisbon, 1640-1705, Amsterdam 2004. David Hancock, *Citizens of the World: London Merchants and the Integration of the British Atlantic Community, 1735-1785*, Cambridge et al. 1997 is arguably the most famous study in that department.
- 12) E. g. Erik Lindberg, *Club Goods and Inefficient Institutions: Why Danzig and Lübeck Failed in the Early Modern Period*, in: *Economic History Review*, Second Series, LXII, 3 (2009), pp. 604-628; Id., *The Rise of Hamburg as a Global Marketplace in the Seventeenth Century: A Comparative Institutional Perspective*, in: Müller / Tamaki / Rössner (eds.), *Rise of the Atlantic Economy*, pp. 19-34.
 - 13) Anthony Slaven, *The Development of the West of Scotland 1750-1960*, London 1976, p. 58.
 - 14) For this, see Philipp Robinson Rössner, *Scottish Trade in the Wake of Union 1700-1760. The Rise of a Warehouse Economy*, *Vierteljahrschrift für Sozial- und Wirtschaftsgeschichte*, Beihefte Bd. 98, Stuttgart 2008, ch. 2.
 - 15) See the recent synopsis in: Martin Krieger, *Geschichte Hamburgs*, München 2006, pp. 52-67.
 - 16) Rössner, *Wake*, ch. 2, discusses this in precise terms.
 - 17) Stanley L. Engerman, *Mercantilism and Overseas Trade, 1700-1860*, in: Roderick Floud / Donald McCloskey (eds.), *The Economic History of Britain since 1700*, Vol. I: 1700-1860, Cambridge, 2nd ed. 1994, pp. 182-204, at pp. 199-203.
 - 18) Martin van Creveld, *The Rise and Decline of the State*, Cambridge et al. 1999, pp. 143-155.
 - 19) I am following implicitly the excellent accounts by Ronald Findlay / Kevin H. O'Rourke, *Power and Plenty. Trade, War and the World Economy during the Second Millennium*, Princeton 2007, ch. 5, and David Ormrod, *The Rise of Commercial Empires. England and the Netherlands in the Age of Mercantilism, 1650-1770*, Cambridge et al. 2003, chs. 1, 2.
 - 20) Rössner, *Wake*, ch. 3 for an extensive discussion and review of the literature.
 - 21) See the introduction in Krawehl et al. (eds.), *Statistik*.
 - 22) Rössner, *Wake*, ch. 3.
 - 23) Markus A. Denzel, *Handbook of World Exchange Rates, 1590-1914*, Farnham 2010.
 - 24) John J. McCusker, *The Current Value of English Exports, 1697 to 1800*, in: *William and Mary Quarterly*, XVII, 3 (1971), pp. 607-28; but see also S. D. Smith, *Prices and the Value of English Exports in the Eighteenth Century: Evidence from the North American Colonial Trade*, in: *Economic History Review*, Second Series, LXVIII, 3 (1995), pp. 575-590, and most recently Henning Hillmann / Christina Gathmann, *Overseas Trade and the Decline of Privateering*, in: *The Journal of Economic History*, LXXI, 3 (2011), pp. 730-761.
 - 25) Rössner, *Wake*, chs. 4 and 5.
 - 26) Klaus Weber, *Deutsche Kaufleute im Atlantikhandel 1680-1830. Unternehmen und Familien in Hamburg, Cádiz und Bordeaux*, München 2004, p. 82.
 - 27) J. Hanway, *An Historical Account of the British Trade over the Caspian Sea. With the Author's Journal of Travels from England through Russia into Persia; and back through Russia, Germany and Holland*, Vol. II, London, 2nd ed. 1754, p. 17.
 - 28) F. Kopitzsch, *Zwischen Hauptrezeß und Franzosenzeit 1712-1806*, in: W. Jochmann / H.-D. Loose (eds.), *Hamburg: Geschichte der Stadt und ihrer Bewohner*, Hamburg 1982, pp. 351-490, at p. 376.
 - 29) H. Kellenbenz, *The Rise of the European Economy. An Economic History of Continental Europe from the Fif-*

- teenth to the Eighteenth Century, London 1976, pp. 285s.; North, *Kommunikation*, p. 19; Id., *Von der Atlantischen Handelsexpansion bis zu den Agrarreformen*, p. 162.
- 30) Rössner, *Wake*, ch. 8.
- 31) Weber, *Kaufleute*, pp. 239-259. On per capita income differentials, see A. Maddison, *The World Economy: A Millennial Perspective*, Paris 2001, reprint 2006. According to Maddison's (highly fictitious) figures, the Netherlands around 1700 would have enjoyed per capita incomes of about 2130 1990 \$, whilst "Germany" at that time had a per capita income of no more than about 910 \$ and the UK about 1250\$. See Maddison database on the WWW.
- 32) M. A. Denzel, *Die Braunschweiger Messen als regionaler und überregionaler Markt im norddeutschen Raum in der zweiten Hälfte des 18. und im beginnenden 19. Jahrhundert*, in: *Vierteljahrschrift für Sozial- und Wirtschaftsgeschichte*, LXXXV (1998), pp. 40-93.
- 33) N. Brübach, *Die Reichsmessen von Frankfurt am Main, Leipzig und Braunschweig (14.-18. Jahrhundert)*, Stuttgart 1994, pp. 487-514. F. Kopitzsch, *Aufklärung in Hamburg. Grundzüge einer Sozialgeschichte der Aufklärung in Hamburg und Altona*, Hamburg, 2nd ed. 1990, pp. 178-185; H. Liebel, *Laissez-faire vs. Mercantilism: The Rise of Hamburg & The Hamburg Bourgeoisie vs. Frederick the Great in the Crisis of 1763*, in: *Vierteljahrschrift für Sozial- und Wirtschaftsgeschichte*, LII (1965), pp. 207-238, at pp. 213-215.
- 34) T. Kuster, *500 Jahre kolonialer Rohrzucker- 250 Jahre europäischer Rübenzucker*, in: *Vierteljahrschrift für Sozial- und Wirtschaftsgeschichte*, LXXXV (1998), pp. 477-512, at p. 496.
- 35) Denzel, *Braunschweiger Messen*, pp. 46-47; pp. 68-69, p. 89.
- 36) Hermann Kellenbenz (ed.), *Ludwig Beutin, Gesammelte Schriften zur Wirtschafts- und Sozialgeschichte*, Cologne / Graz 1963.
- 37) Hamburg, 31 January 1711. A copy of the treaty can be found in: NLS, Pamphlet Series, 1.22 (96).
- 38) E. Wiskemann, *Hamburg und die Welthandelspolitik von den Anfängen bis zur Gegenwart*, Hamburg 1929, p. 112; Krieger, *Geschichte Hamburgs*, pp. 62-63.
- 39) Kellenbenz, *Economy*, p. 286; W. Vogel, *Handelskonjunkturen und Wirtschaftskrisen in ihrer Auswirkung auf den Seehandel der Hansestädte 1560-1806*, in: *Hansische Geschichtsblätter*, LXXIV (1956), pp. 50-64, at p. 62.
- 40) Markus A. Denzel / Hans Jürgen Gerhard, *Global and Local Aspects of Pre-Industrial Inflation: New Research on Inflationary Processes in XVIIIth-Century Central Europe*, in: *Journal of European Economic History*, XXXIV, 1 (2005), pp. 149-185, at pp. 157-158; Michael North, *Hamburg: the 'Continent's Most English City'*, in: Id., *From the North Sea to the Baltic: Essays in Commercial, Monetary and Agrarian History 1500-1800*, Aldershot 1996, paper VI, pp. 1-23, pp. 7s., Tab. 3; Id., *Von der Atlantischen Handelsexpansion bis zu den Agrarreformen (1450-1815)*, in: Id. (ed.), *Deutsche Wirtschaftsgeschichte. Ein Jahrtausend im Überblick*, Munich, 2nd ed. 2005, pp. 112-196, at p. 155, Table; Wiskemann, *Hamburg*, p. 118; Liebel, *Rise*, pp. 217-118.
- 41) E. Klessmann, *Geschichte der Stadt Hamburg*, Hamburg 2002, pp. 226-227. A good example of a merchant firm involved in re-exports of colonial goods to "the North" is given in: Markus A. Denzel, *Der Preiskurant des Handelshauses Pelloutier & Cie aus Nantes (1763-1793)*, esp. pp. 14-20.
- 42) In fact, if the number of ships registered at the port of Hamburg can be taken as a reliable proxy for the long-term trend in this port's commercial activity (gross total trade), the period prior to the 1760s appears, in comparison to the last four decades of the century, rather unspectacular. Kriedte, *Trade*, pp. 118-20, Fig. 4.1.

- 43) But, as Tamaki has observed, one must be cautious not to treat the period – or rather these two elements – on identical terms: whilst the French Revolution certainly drove exile traders from Dutch ports to Hamburg, the later Napoleonic system and the blockades harmed Hamburg's commerce after 1800 in a similar way as they had done some considerable harm to Dutch commerce. See Toshiaki Tamaki, *Amsterdam, London und Hamburg – A Tale of Three Cities*. *Niederländische Beiträge zur europäischen Wirtschaft und zum Aufstieg des britischen Empire*, in: *Hamburger Wirtschafts-Chronik*, NF, VII (2007/2008), pp. 61-90, at pp. 69-71, and 86-87; Eckart Klessmann, *Geschichte der Stadt Hamburg*, 2nd ed. Hamburg 2002, p. 329.
- 44) See Franklin Kopitzsch, *Zwischen Haupttrezeß und Franzosenzeit 1712-1806*, in: Hans-Dieter Loose (ed.), *Hamburg. Geschichte der Stadt und ihrer Bewohner*, Vol. I: *Von den Anfängen bis zur Reichsgründung*, Hamburg 1982, pp. 351-414, at pp. 374-375.
- 45) Tamaki, *Hamburg as a Gateway*, Table 1.
- 46) Weber, *Kaufleute*, p. 228.
- 47) Tamaki, *Hamburg as a Gateway*, Tab. 1.
- 48) Tamaki, *Amsterdam, London und Hamburg*, pp. 84-85.
- 49) Newman, *Anglo-Hamburg Trade*, p. 84, 86, quoted in: Margrit Schulte Beerbühl, *Deutsche Kaufleute in London. Welthandel und Einbürgerung (1660-1818)*, München 2007, p. 90, 92.
- 50) Rössner, *Wake*, ch. 3, for a detailed analysis.
- 51) Peter Höfer, *Deutsch-Französische Handelsbeziehungen im 18. Jahrhundert. Die Firma Breton frères in Nantes (1763-1766)*, Stuttgart 1982, pp. 21-24.
- 52) The history of the office and the technicalities of contemporary statistical procedures are discussed at length in P. R. Roessner, *Scottish Trade towards the End of the Pre-industrial Period, 1700-1760*, University of Edinburgh PhD Thesis, 2 Vols., Edinburgh 2007 and – slightly abridged – in Rössner, *Wake*, chs. 2 and 3.
- 53) Rössner, *Wake*; Id., *Scottish Trade with German Ports, 1700-1770. A Study of the North Sea Trades and the Atlantic Economy on Ground Level*, Stuttgart 2008.
- 54) Based on Rössner, *Scottish Trade with German ports*, chapter 3, 4 and tables in the Appendix.
- 55) *Ibid.*
- 56) Tamaki, *Hamburg as a Gateway*.
- 57) Rössner, *Wake*, ch. 8.
- 58) A more thorough discussion of these aspects may be found in Rössner, *Wake*, ch. 8.
- 59) *Ibid.*
- 60) J. Newman, 'A very delicate Experiment'. *British Mercantile Strategies for Financing Trade in Russia, 1680-1780*, in: Ian Blanchard / Anthony Goodman / Jennifer Newman (eds.), *Industry and Finance in Early Modern History*, Stuttgart 1992, pp. 116-142.
- 61) The following draws, unless otherwise indicated, on Rössner, *Wake*, chs. 2, 5 and 6, an argument further refined in Id., *Scottish Trade with German Ports*, pp. 61-75, and Id., *Interloping, Economic Underdevelopment and the State*, and most recently in the appropriate sections in Thomas M. Devine / Philipp Robinson Rössner, *Scots in the Atlantic Economy 1600-1800*, in: John MacKenzie / Thomas M. Devine (eds.), *Scotland and the British Empire*, Oxford, Oxford University Press, 2011.

- 62) Jacob M. Price, *The Rise of Glasgow in the Chesapeake Tobacco Trade, 1707-1775*, in: *William and Mary Quarterly*, II (1954), pp. 179-199, esp. at p. 187s.; Thomas M. Devine, *The Tobacco Lords. A Study of the Tobacco Merchants of Glasgow and their Trading Activities 1740-1790*, Edinburgh 1975; Id., *The Scottish Nation. A History 1700-2000*, US ed., New York 1999; Id., *Scotland's Empire, 1600-1815*, London et al. 2003, ch. 4
- 63) Devine, *Tobacco Lords*, passim, esp. pp. 55-68; Devine, *The Scottish Nation*, pp. 119-123.
- 64) Robert C. Nash, *The English and Scottish Tobacco Trades in the Seventeenth and Eighteenth Centuries: Legal and Illegal Trade*, in: *Economic History Review*, 2nd series, XXXV (1982), pp. 354-372, at p. 363. (Table 5 on p. 364); p. 368-370.
- 65) Price, *Rise of Glasgow*, pp. 185-193; Id. /P. G. E. Clemens, *A Revolution of Scale in Overseas Trade: British Firms in the Chesapeake Trade, 1675-1775*, in: *Journal of Economic History*, XLVII, 1 (1987), pp. 1-43, at p. 9; 30-31; 37-38.
- 66) A comprehensive survey may be found in Devine, *Scotland's Empire*, ch. 4
- 67) The most recent accounts on the issue of Union include Christopher A. Whatley with Derek Patrick, *The Scots and the Union*, Edinburgh 2006; Allan I. Macinnes, *Union and Empire. The Making of the United Kingdom in 1707*, Cambridge et al. 2007. See also the two essay collections, T.M. Devine (ed.), *Scotland and the Union 1707-2007*, Edinburgh 2008, and S. J. Brown and Christopher A. Whatley (eds.), *The Union of 1707: New Dimensions*, Edinburgh 2008, *Scottish Historical Review*, Vol. LXXXVII, Supplement.
- 68) The Article of Union of 1707, incl. the amendments as quoted in Christopher A. Whatley, *Bought and Sold for English Gold? Explaining the Union 1707*, East Linton, 2nd ed. 2001, pp. 101-103.
- 69) Customs rates and manuals, see below, and Rössner, *Wake*, ch. 2. On excise rates, see S. West, *The Exciseman's Pocket Book* [electronic source], (London, 1769) and J. Figgess, *The Excise-Officer's Vade-Mecum [...]*, (London, 1781), pp. 66-70. On the political economy of British taxation, see for instance P.K. O'Brien, *Inseparable Connections: Trade, Economy, Fiscal State, and the Expansion of Empire, 1688-1815*, in: P. J. Marshall (ed.), *The Oxford History of the British Empire*, Vol. II: *The Eighteenth Century*, Oxford 1998, pp. 53-77; R. Harris, *Government and the Economy*, in: Roderick Floud / Paul Johnson (eds.), *The Cambridge Economic History of Modern Britain*, Vol. I: *Industrialisation*, Cambridge et al. 2004, pp. 204-237; John Brewer, *The Sinews of Power. War, Money and the English State, 1688-1783*, London 1989.
- 70) Exports – which had not been heavily or comprehensively taxed anyway – in compensation were nearly completely freed from duty in 1722/3. A small but admittedly rather insignificant group of domestic exports, such as horses and lead, remained liable to duty, as did a small number of re-exports, mainly foreign dyestuffs. Rössner, *Wake*, pp. 52-54.
- 71) Rössner, *Wake*, ch. 2.
- 72) For the period of concern the duties and changes therein may be traced using contemporary manuals composed for customs officers: H. Crouch, *A Complete View of the British Customs [...]*, Part I (London, 1725, Part II (London, 1728) ; 2nd ed. 1731; 3rd ed. 1738; 4th ed. 1745; 5th ed. 1755; S. Baldwin, *A Survey of the British Customs [...]* (London, 1770). Wherever these manuals are lacking, information can be obtained from 'merchants' digests', for instance T. Langham, *The neat Duties (All Discounts and Abatements deducted of all Merchandize Specify'd in the Book of Rates*, London, 1708; 3rd ed. 1715; 7th ed. 1754.

- 73) As discussed earlier, there had been a lively, yet from the standpoint of English mercantile law illegal, traffic between Scotland the English tobacco colonies since the 1640s. Thomas C. Smout, *The Overseas Trade of Scotland With Particular Reference to the Baltic and Scandinavian Trades 1660-1707*, Unpublished PhD Thesis, University of Cambridge, 1959, pp. 60-62.
- 74) A term used in international commerce, meaning that the seller pays for the transportation of goods up to the port of departure. Then the purchaser pays the cost of marine freight transport, insurance, unloading and transportation from the arrival port to the final destination. If goods are priced in c.i.f. terms (cost, insurance, freight), the seller pays for the cost of transportation, insurance and unloading the goods at their final destination, i.e. the country, where the respective goods are imported. In national income accounting terms, especially regarding foreign trade in historical perspective, imports given in c.i.f. terms are more desirable, as they reflect the true cost of imported goods in the importing country more accurately.
- 75) Nash, *Tobacco Trades*, p. 364, Tab. 5.
- 76) These criteria were mainly that the importers, their ships and the ships' crews were deemed British (meaning that at least 75 per cent of the crew had to be of British birth) ; the commodities had either originated within the British plantations, or were shipped from their point of production directly to Britain without prior re-landing; and the commodities concerned left Britain no later than three years after importation.
- 77) These goods were also not as heavily taxed as tobacco. Foreign Muscovado sugar was taxed at 60 per cent. Muscovado sugar from the British plantations still paid about 20 per cent of its nominal value in 1755 current Scottish prices, when retained for domestic use. Rössner, *Wake*, chs. 2, 3, 5
- 78) In 1723, by the otherwise unsuccessful 'Excise Bill', the half-penny on tobacco retained by the Crown was abolished. Jacob M. Price, *The Excise Affair Revisited. The Administrative and Colonial Dimensions of a Parliamentary Crisis*, reprinted in: Jacob M. Price, *Overseas Trade and Traders. Essays on Some Commercial, Financial and Political Challenges Facing British Atlantic Merchants, 1660-1775* (Aldershot, 1996)
- 79) E. E. Hoon, *The Organisation of the English Customs System 1696-1789* (Newton Abbot, 2nd ed., 1968), pp. 256-264.
- 80) National Archives of Scotland, E504/28 (Port Glasgow port books), E504/15 (Greenock port books). Price / Clemens, *Revolution of Scale*, pp. 31-33.
- 81) Devine, *Tobacco Lords*, p.10 (quote) and ch. 6 for sources of capital and capital requirements in the tobacco trades.
- 82) Rössner, *Wake*; Devine, *Tobacco Lords*.
- 83) See the essays in Denzel / de Vries / Rössner (eds.), *Small is Beautiful*.
- 84) The full set of economic implications and the applicable price mechanism under the English Navigation Acts are summarised in S. L. Engerman, *Mercantilism and Overseas Trade, 1700-1860*, in: Roderick Floud / D. N. McCloskey (eds.), *The Economic History of Britain since 1700, Vol. I, 1700-1860*, Cambridge 2nd ed. 1994, pp. 182-204.
- 85) Thomas M. Devine, *The Modern Economy: Scotland and the Act of Union*, in: Devine / Lee / Peden (eds.), *Transformation of Scotland*, pp. 13-33.
- 86) Most prominently Hancock, *Citizens of the World*, and Margrit Schulte Beerbühl / Jörg Vögele (eds.), *Spinning the Commercial Web. International Trade, Merchants and Commercial Cities, c. 1640-1939*, Frankfurt-on-the-Main

- et al. 2004.
- 87) Nuala Zahedieh, *The Capital and the Colonies. London and the Atlantic Economy 1660-1700*, Cambridge et al. 2010.
- 88) Silvia Marzagalli, *Trade Networks in Time of War: Bordeaux and the United States, 1793-1815*, in: *The Business History Review*, LXXIX (2005), pp. 811-844, at p. 814.
- 89) Michael Mann, *Globalization, Macro-Regions and Nation-States*, in: G. Budde / S. Conrad / O. Janz (eds.), *Transnationale Geschichte. Themen, Tendenzen, Theorien*, Göttingen 2006, pp. 21-31, at p. 22.
- 90) B. Altena / D. van Lente, *Gesellschaftsgeschichte der Neuzeit. 1750-1989*, Göttingen 2009, p. 51.
- 91) Classical account: Douglass C. North, *Institutions, Institutional Change and Economic Performance*, Cambridge et al. 1990, and the review in: Jan Luiten van Zanden / E. Horlings, *The Rise of the European Economy 1500-1800*, in: Derek H. Aldcroft / Anthony Sutcliffe (eds.), *Europe in the International Economy 1500 to 2000*, Cheltenham / Northampton 1999, pp. 1-15, at pp. 20-22.
- 92) Carlo M. Cipolla, *Before the Industrial Revolution. European Society and Economy 1000-1700*, 3rd ed. London 1993, pp. 59-52.
- 93) See for instance N. Rosenberg / L. E. Birdzell, Jr., *How the West got Rich. The Economic Transformation of the Industrial World*, New York 1986, pp. 71-112.
- 94) Patrick-Karl O'Brien, *Central Government and the Economy, 1688-1815*, in: Roderick Floud / D. N. McCloskey (eds.), *The Economic History of Britain since 1700, Vol. 1: 1700-1860*, 2nd ed. Cambridge 1994, pp. 205-241, at p. 212.
- 95) See, for instance Dani Rodrik, *The Globalization Paradox: Democracy and the Future of the World Economy*, New York 2011; Ha-Joon Chang, *Bad Samaritans: The Myth of Free Trade and the Secret History of Capitalism*, New York 2008; Id., *Kicking Away the Ladder. Development Strategy in Historical Perspective*, London 2007.
- 96) O'Brien, *Central Government*, p. 216.