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# 1 Introduction

The master thesis is going to deal with the economic and socio-economic development of Great Britain and the US colonies from the beginning in the 16<sup>th</sup> century onwards to the first independent steps of the United States after the treaty of Paris in 1783 up to the year 1815 with the end of the Anglo-American war of 1812. What were the reasons for such an enormous progress in the economies and societies of both countries? Was it pure luck that helped the British to find the way out of the Malthusian constraints into economic growth and the rise of wealth? Or was there a plan behind the colonisation and the development of the New World? What factors were supportive to the progress and how could trade help the British to become a leader on the way to industrialisation?

To analyse these questions I made use of the concept of ghost acreage by Kenneth Pomeranz who claims that the underlying reason for the successful economic development of Great Britain was the land from the colonies that provided fields for agriculture where resources could be produced and a new market for British manufactured goods.

Firstly, I will explain how the colonies in the New World came into being and what their early economy looked like. In the 17<sup>th</sup> century the agricultural concept of the plantation complex had to be trained in the US colonies to augment the yields and production in general before a sustainable growth in trade could be achieved. A product that was of great importance at that time was tobacco. Therefore I am going to take a closer look at the luxury good and describe the affects it had on the opening up of transatlantic trade. I only want to concentrate on certain parts of trade between Great Britain and the New World and I will give some regional examples concerning the development of the US colonies on the east coast. The different socio-economic factors as for example financing or labour systems will also be part of the analysis because I believe them to be the most important achievement the British made in their economic rise.

Secondly, I look at the concept of ghost acreage in the 18<sup>th</sup> century when the production of another important cash crop began in the New World – cotton. Great Britain is still famous for its cotton machines and I will take a closer look at the production and the spread of cotton coming from the American colonies. Here the land concept becomes really important due to the sophistication in the plantation economy and the spin-off effects of resource production like the rise in merchant capital and the investments and innovations made by the British in the transatlantic trade connections. I want to show that having land was not enough, but the

British had to decide what to do with their resources to foster economic growth leading to industrialisation.

Finally, Pomeranz' concept will be examined more closely in respect to the development of Great Britain and North America due to the existence of available land and the possible resource production. I have to emphasise that I chose the British colonies in North America on the east coast of the United States to research the concept because they were the first economic periphery of Great Britain that was available for development. Other territories were acquired later on as for example India or countries in Africa. The US colonies were a special case in the rising British Empire because the native population was driven away from the land, Europeans came to the New World to settle there and black slaves were brought to the South to work on the plantations. One has to bear in mind that the settlers came from different European countries as for example Ireland or also France and not only from England or Scotland. The case of North America is a very interesting one due to the special situation of settlement and furthermore the status amongst the British. The state taxed the US colonies heavily in the 17<sup>th</sup> and 18<sup>th</sup> century and when the Americans started to refuse the payments and finally received independence. What is striking is the fact that even after the separation the British kept on trading with the North American merchants. The US colonies were an important stimulant for transatlantic trade and development.

As one will remark during reading my thesis does not aim at providing complete facts and figures of trade and statistics of wealth and development. It rather focuses on the reasons for economic growth and social progress and points out different structures in both regions, Europe and the United States. Enough additional literature is provided in the bibliography where one can look up all the necessary numbers if they can be provided. Data for this period of time is often unreliable or simply not existent as many scholars say in their books. I am of the opinion that calculations would have made my thesis even longer and more complicated than the topic already is. Therefore only the most important statistics will be provided to show for example the influence of trade. Another part I will not touch are the technological innovations of the pre-industrial and industrial times. Although this is an important period in history when technology helped to strengthen British industrialisation the focus of my text will be on socio-economic structures and the development of trade. There are many excellent books about this topic and here it would go far beyond the scope of my thesis.

What also needs to be clarified is the terminology of the countries Great Britain and the United States. In Pomeranz' book this is not always clear therefore I wish to explain the

terms more detailed before starting my analysis. This is a difficult task due to the chosen time span. In the 16<sup>th</sup> and 17<sup>th</sup> century Great Britain did not exist – there were only two countries: England and Wales. Back then England was the power that made the first English voyages to the New World and that colonised the US territories. Until the beginning of the 18<sup>th</sup> century I am therefore going to write about England. With the Act of Union under Queen Anne in 1707 England and Scotland were united and we can now call the country Great Britain. For the United States it was much easier. Before the War of Independence the overseas territories were called the US colonies. There was gradually added more territory after the establishment of the first colony Virginia in 1607 and the US finally counted 13 different colonies. With the Declaration of Independence in 1776 the United States claimed their autonomy from Great Britain that was made official with the Treaty of Paris in 1783. After the Declaration we may safely call the territory United States of America.

The thesis will analyse a part of the current debate in global and economic history about the reasons for the development of Great Britain and the unique way to industrialisation. Many great historians like Kenneth Pomeranz, Jack Goldstone, Thomas Benjamin, Robert Brenner or Patrick O'Brien have been discussing these problems for years now and the outcomes are an important addition to historian scholarship. In the text I will try to conclude many of these different approaches to a big picture of British and American development by looking at the acquiring of land and establishing trade connections and focussing on the reasons for British economic and social development, the planning period and the hard work that was needed to create sustainable growth and more wealth for the people in Great Britain and the United States.

## **2 Development of the English Colonies in the US, 16<sup>th</sup> – 17<sup>th</sup> century**

At the turn of the 16<sup>th</sup> century big European empires started to roam the seas in search of new territories and trading posts as well as desired goods from overseas. Like their forefathers and different peoples all over the world did long before them ships were equipped for journeys across the little known oceans driven by the hope to find spices and new countries. At first it was mere belief that led the kings as well as the crews of the many ships and after a long hardship of travels they found a new and promising land called the “New World”. New peoples, animals and plants were discovered and soon the rising curiosity swept across the whole continent of Europe. The leaders of the various European kingdoms became interested in the oversea lands and carefully started to get a hold of the new territories. The Iberian Empires, Spain and Portugal, were the first to come and in the beginning also the strongest force on the new continent. Other important European countries like France and the Netherlands joined them some decades later especially in the Northern Atlantic where they hoped to gain control over the flourishing trade in cod and furs from Canada. Some rulers hesitated for a longer time due to the high costs and especially the risks involved. Best example was the Queen of England Elizabeth I. (1533-1603) who did not dare to send official voyages to the New World at first. Though she welcomed the journey to the Americas and especially the goods people brought back to England she always stayed on the safe side until the development of the newly discovered territories could get more clearly.

With the end of the 16<sup>th</sup> century competition arose in the Atlantic and the quest for suitable lands and market places initiated a run on the colonies mostly exercised by privateers and their crews of the different European kingdoms. The system of privateering was a safe way of conquest for the already heavily competing European countries like France and England. Constant war or warlike actions were launched against the enemy and this behaviour continued in the New World and also on the Atlantic Ocean. The ongoing rivalry forced the different countries to be innovative and to discover new places and trading posts or markets. Competition on the Atlantic was vital for the development of the newly found territories and the people who migrated there. In the beginning of English participation during the struggle for the New World the Europeans mostly fought about land and ownership as well as about the Spanish ships that were filled with gold and other desired goods which the numerous pirates in the Atlantic region seized to bring back the loot to their king or queen in the mother country. Soon enough the English established permanent posts in North America and started trading. In exchange for agricultural goods the newly formed colonies got manufactured

goods and especially tools from England to cover their needs. Soon the trade switched from simple farming goods to higher value commodities like tobacco or indigo in the 17<sup>th</sup> century and later in the 18<sup>th</sup> and 19<sup>th</sup> century to cotton. The American colonies still provided raw materials for the mother country but they were higher in value and therefore in price and so trade became an important part of the colonial economy.

In the first part of my thesis I will look at the early development of the trade between the US colonies and the mother country England. In the text some of the different important systems that helped to create the successful American territories will be discussed. First the privateering system that was a helpful part of the struggle for power between the European kingdoms and later the plantation system that holds many interesting features for the flourishing trade between America and Europe. Then one needs to talk about the economic system of England and the colonies concerning imports, exports and especially re-exports. I do not want to provide mere statistics as they can be looked up by the reader him- or herself, but offer an answer to the question why land and the production in the US colonies were important for the development of England and later Great Britain. My intention is to talk about the importance of the land and its resources for the development of Great Britain. Therefore it is also necessary to talk about the socio-economic factors that influenced trade and vice versa. Innovations in finance and the strengthening of the English power are important spin off effects from trade that affected both the colonies and the mother country and marked the British dominance in global trade over centuries.

## **2.1 Development of the US economy in the early days**

In the beginning colonization was a slow venture towards the New World without real success for the English and their Crown. Nevertheless people equipped ships and went overseas to the newly discovered territories. They faced great difficulties there, but still they carried on with their activities hoping to get plenty of returns for their efforts. Interesting in this time is the behaviour of the English Crown towards the discoverers and adventurers and how parliament and the emperor tried to legally back up early colonization.

### **2.1.1 Sir Walter Raleigh's voyages and their meaning for England**

Starting points were the first more or less successful voyages to the New World by Sir Walter Raleigh (1554-1618). He was one of the first English noblemen to take the risks of a journey across the dangerous Atlantic Ocean to see the new lands and find valuable goods for his Queen. Queen Elizabeth I. herself was one of his patrons, but she only supported him moderately with Letters of Marque and official positions for his achievements. She had

personally lost money in supporting the first voyages of Martin Frobisher who failed to settle in North America. Raleigh undertook several voyages to the New World in the 1580s and brought back reports from the Indians and new products he praised as being interesting for England, but he was not the national hero he expected himself to be. Instead he faced many difficulties in his own country concerning the overseas journeys. Raleigh wanted to persuade the English nobles to invest in settlements in the colony he had founded and named in praise of his own Virgin Queen – Virginia. But many upper class people opposed his ideas on behalf of the complaints by former settlers of the new colony. They argued that they had to starve due to inappropriate food and that life in the New World was not safe due to Indian tribes and little defence for the English<sup>1</sup>.

There were two groups of interest: the first was the group around Raleigh that favoured the new settlements and saw possibilities in the new land. The other was the group around Walsingham and Lane that mostly financed Raleigh's voyages in the beginning and who doubted Raleigh's optimism. To be effective against his adversaries Raleigh asked a friend of his, Thomas Hariot – an educated man, to write a report to present Virginia in a flattering way. "Colonization offered access to great wealth and power, Raleigh believed, and he had to convince the English nation that planting a colony in Virginia would benefit England economically."<sup>2</sup> This report became widely known and cited though it is believed to be mostly speculations and romantic description of a Virginia that never existed<sup>3</sup>. On the other hand the Walsingham/Lane group argued that: "...Virginia was a land with no immediate commercial value that was inhabited by hostile natives."<sup>4</sup> They often had a more realistic view in the topic of settling Virginia and were more careful in sending their people abroad on dangerous voyages with little prospects.

Thomas Hariot started his report "*A Briefe and True Report of the New Found Land of Virginia*" with an evaluation of the Native peoples in North America. "Politically, Hariot made it clear, the Indians were no match for the English because the natives were fragmented into such small, isolated political units."<sup>5</sup> Nowadays scholars have proven this to be untrue, showing that there had been many alliances between the different tribes against either each other or against the foreign powers and they were partially successful in the fights. Still this

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<sup>1</sup> Moran, Michael G.: *Inventing Virginia. Sir Walter Raleigh and the Rhetoric of Colonization, 1584-1590*. New York 2007, pp. 95f

<sup>2</sup> Ibid.: p. 96

<sup>3</sup> Ibid.: pp. 95-137

<sup>4</sup> Ibid.: p. 100

<sup>5</sup> Ibid.: p. 105

opinion suited Hariot and he continued with attracting missionaries in explaining that native beliefs had some similarities with the Christian religion. “These themes appealed especially to Anglican ministers such as Hakluyt the Younger who were advocates of converting the natives.”<sup>6</sup> In Hariot’s view religion should ease up conversation and interaction with the Natives. Here his opinion also differed from Lane’s: “While Lane had portrayed the natives encountered as dangerous, Hariot questioned the validity of that portrayal by creating a series of fantasy themes suggesting their powerlessness compared to the English.”<sup>7</sup>

The next part of Hariot’s report was about the landscape and what it could offer to the English especially concerning commodities<sup>8</sup>. All his ideas were designed to persuade the English to agree to the value of the new colony and he listed many goods that were needed in England partially desperately like wood for ships and also for the iron industry as well as naval supplies that had to be shipped in from Russia and the Baltic. Many commodities had to be imported from other parts of Europe which was not agreeable to the English. A good example here is also wine that posed a huge problem for the British Isle because it had to be imported from the whole of Europe and being in a constant state of war did not make this situation easier. Other goods that were needed were dyeing stuffs and alum (mordant) for the English textile industry. Formerly cloth was sent as “white” (unfinished) to Antwerp to be sold on the market, but with new dyes and enough alum the English could produce higher added value goods and gain more money with their finished cloth. Some ideas became true later on for the American colonies, but in reading this report one has to be careful and keep in mind that it was written as a kind of advertisement for the new colony and is therefore sometimes fictional. “Hariot’s primary purpose was to prove that Virginia could supply England with cheap commodities, which would enrich English industries and their owners. Hariot’s emphasis throughout was on commercial value.”<sup>9</sup> Still this document had some influence on the behaviour of English discoverers and merchants. Moran even claims: “Hariot’s *Report* is the most influential early commercial document written by the Raleigh circle.”<sup>10</sup> It is definitely an important piece of work that helps historians to understand the colonial rhetoric of the early days and shows how difficult it was to get financing in England for the pioneer voyages to the New World.

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<sup>6</sup> Moran, Michael G.: *Inventing Virginia. Sir Walter Raleigh and the Rhetoric of Colonization, 1584-1590*. New York 2007, p. 105

<sup>7</sup> *Ibid.*: p. 108

<sup>8</sup> Found in: Moran, Michael G.: *Inventing Virginia. Sir Walter Raleigh and the Rhetoric of Colonization, 1584-1590*. New York 2007, pp. 109-136

<sup>9</sup> *Ibid.*: p. 135f

<sup>10</sup> *Ibid.*: p. 135

### 2.1.2 Voyages of discovery in the Elizabethan Era

In the 16<sup>th</sup> century the run for the colonies in North America started in the whole of Europe. Spain and Portugal were the first empires to claim land overseas and got a papal bull for legalizing the new possessions. The English came later and therefore the first voyages needed a legal backup in the view of Queen Elizabeth. It was a necessary step and with this move she avoided to support further battles with the other European kingdoms over the New World territories.

The first steps towards colonial enterprise were small starting with Humphrey Gilbert and his attempt to colonize Newfoundland in 1583 to gain control over the fisheries there which were important in international trade at this time already. He got a royal charter for colonization in 1578 and soon Gilbert possessed St. John's harbour, but his colony was never established. His half brother Sir Walter Raleigh took up the charter and established the colony on Roanoke Island that had disappeared by 1590 without a trace and gained the notorious name the "Lost Colony". With the start of the Anglo-Spanish war 1585-1604 Elizabeth's attention was drawn to Spain and not to the colonies. Only with the reign of James I. (1566-1625), who initiated peace with the Spanish Empire, colonization became more important for the British ruler. "In 1606 James I authorized the Virginia Company of London and Plymouth to settle North America using the joint-stock model."<sup>11</sup> In 1607 a permanent settlement was founded in Virginia – Jamestown. Also the interest in the colony of Newfoundland and its fisheries arose again in want of making profits in trade to Europe in cod. The demand for fish rose in Europe due to an upward trend in population especially in the east, so the trade in dried cod got more competitive in the last years of the 16<sup>th</sup> century. And the English wanted to get the upper hand in the struggle with the Basques and the French. Most attractive was the establishment of trading posts and not necessarily settlements due to the problems of defence: "Fish, fur and the northwest passage all offered lucrative prospects, whereas settlement would prove far more troublesome [...]"<sup>12</sup>

King James I. himself was rather hostile to the ventures towards the Atlantic and the products that streamed into England shortly after the establishment of the Virginia Company such as tobacco. Under his reign people restarted to get interested in the matter of colonization in the New World, but still little support was provided from official side. During "James I's reign,

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<sup>11</sup> MacMillan, Ken: Sovereignty and Possession in the English New World. The Legal Foundations of Empire, 1576-1640. Cambridge 2006, p. 3

<sup>12</sup> Andrews, Kenneth R.: Trade, plunder and settlement. Maritime enterprise and the genesis of the British Empire, 1480-1630. Cambridge 1984, p. 307

there was an unprecedented boom in joint-stock company shares, and project requests poured into the Privy Council.”<sup>13</sup> Therefore private initiatives were needed to cover the costs of the voyages and for the settlers.

“James thus took the plunge in 1606, committing the crown to the colonial enterprise, but he did so in response to pressure from below and seemed more concerned to assert royal sovereignty over the colonies than to govern them.”<sup>14</sup>

The Crown took no responsibility for failures or whatsoever, but it still got a share of all the products and goods that America provided. All private investors hoped for a good return of their investments. Therefore the early settlers started to dig for gold and forgot to build up a working colonial post that would nourish and defend them in times of need<sup>15</sup>. The cooperation with the Indians helped the English to survive the first years. So the first colonies of Raleigh and also John Smith were rather a difficult adventure than a real project for permanent settlement. The hesitant involvement of the English Crown in commercial matters was due to the fear of financial risks and the difficult political situation. In the end this led to the establishment of chartered companies that were granted to one or several private investors who owned the land and could produce revenue from it. The first colonies were rather a *dominium* than part of an *imperium*<sup>16</sup>.

### 2.1.3 Chartered Companies

For the English rulers it was important to set the legal basis for their newly gained territories to defend them against the enemies from Spain and France. The English basically relied on common law and not Roman law like the empires on the continent. Therefore they had a totally different conception of land owning and tenure. In the 16<sup>th</sup> century the English had formed enclosures from their common land that they had used together as a big field or mostly a pasture for farm animals. These enclosures were most of the time not created voluntarily, but the law and the ruling class demanded them. The land was fenced and one could only rent the patch from the owner. Only a few common pastures in for agriculture rather unimportant territories were left for the farmers. The common law provided in the opinion of many scholars a sufficient basis for the justification of possessing land in the New

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<sup>13</sup> Shamma, Carole: English commercial development and American colonization 1560-1620. in: Andrews, K./Canny N. (eds.): The Westward Enterprise. English activities in Ireland, the Atlantic, and America 1480-1650. Liverpool 1978, p. 164

<sup>14</sup> Andrews, Kenneth R.: Trade, plunder and settlement. Maritime enterprise and the genesis of the British Empire, 1480-1630. Cambridge 1984, p. 312

<sup>15</sup> Ibid.: pp. 316f

<sup>16</sup> MacMillan, Ken: Sovereignty and Possession in the English New World. The Legal Foundations of Empire, 1576-1640. Cambridge 2006, pp. 6f

World<sup>17</sup>. Furthermore the English could oppose the Papal Bull that granted the Americas to the Iberian Empires due to God's will. As the philosopher Hakluyt wrote in his *Discourse*: "No Pope had any lawful authority to give any such donation at all."<sup>18</sup> To legalise the process of colonisation in the New World the initiation of chartered companies was a necessary mean to legalise the possession of overseas territories by the English.

It was very common in these days to build up a chartered company that regulated trade and exchange with the colonies or trading territories e.g. in Venice, the Ottoman Empire or Russia, the most famous one being the East India Company concerned with the commerce in Asia. A chartered company meant that the one who had some interest in the land and wanted to establish a colony there received a royal privilege to possess a company that took care of the business and settlers in the region. There was no real interference by the monarchy and the merchants could decide for themselves how to lead the company. Many of the companies were trading companies that received a monopoly in a certain specialised field of trade which made them powerful in commerce. Furthermore the chartered companies could also be plantation companies that were allowed to tax their subjects in the new territory and also administer justice on their land. "Merchant adventurers – that is, the same people who invested in privateering – believed there was profit to be found in American "plantations," and the English monarchy was quite willing to authorize, although not finance, colonization."<sup>19</sup> The Netherlands for example emphasised the commercial aspect concerning their companies whereas the French were more state interfered. Soon also most of the English chartered companies represented certain state interests and therefore they were not mere commercial enterprises, but also military and political ones. "The English companies fell between these two extremes: private profit and state interests were both objects of these joint-stock companies."<sup>20</sup> They were organized as joint-stock companies with limited liability which meant that they offered and sold shares of the companies on a market if necessary. In the long-distance trade they had certain monopolies to secure their commerce with the mother country as well as imperialism in the New World. If the provided money was not enough they could use "extra-economic means"<sup>21</sup> like looting or slaves for acquiring wealth.

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<sup>17</sup> MacMillan, Ken: *Sovereignty and Possession in the English New World. The Legal Foundations of Empire, 1576-1640.* Cambridge 2006, p. 13

<sup>18</sup> Ibid. p. 67

<sup>19</sup> Benjamin, Thomas: *The Atlantic World. Europeans, Africans, Indians and Their Shared History, 1400-1900.* New York 2009, p. 238

<sup>20</sup> Ibid.: p. 238

<sup>21</sup> Ibid.: p. 238

The first English chartered company in North America to be established was the Virginia Company in 1606. The territory was first discovered and named by Sir Walter Raleigh in 1583. The region (today's North Carolina) Virginia was named after the Virgin Queen Elizabeth. Already in 1607 the Virginia Company arranged an expedition up the James River leaving the coastal line of the Chesapeake Bay and founded a settlement named Jamestown after King James I. He himself divided the eastern coast of North America with the acceptance of the chartered company in Virginia into a northern part, the one of the Londoners, and a southern part, the one of the people from Plymouth. In 1620 the northern part was ruled by another company, established by Protestants, the Massachusetts Company. The settlers finally did not encourage further chartered companies because of their little success in acquiring capital and leading the colonies into more wealth and a sophisticated trade system. In Virginia the settlers began to plant tobacco as a cash crop for export to England and in 1611 the first ships with tobacco left for the mother country. "Tobacco became virtually the colony's sole crop for export. This development, however, was vigorously opposed by the colonizing company."<sup>22</sup> The English monarchy under the rule of King James I. opposed the consumption of tobacco due to health reasons. Nevertheless, shortly after the beginning of the planting the American settlers experienced a tobacco boom raising the exports from 20,000 pounds in 1617 to 350,000 pounds by 1621.<sup>23</sup> So the companies were soon able to establish a sustained economy in the new colonies which helped them to get wealthy and provide goods to England. "Indeed in the later 1620s Virginia entered the long period of expansion and prosperity associated with the hey-day of the tobacco plantations."<sup>24</sup> Finally, the chartered companies wanted to free themselves of unnecessary administration of the new territories and their settlers to even increase their wealth.

Other alternatives to the companies were proprietary colonies and Crown colonies. The proprietary or private colonies were owned by a private person who was granted a royal privilege to buy land and establish settlements there. These proprietors were often (in)famous people, rather unwanted by the English ruler due to their religious beliefs as for example William Penn, who had enough money to afford territories in the New World where land was still cheap enough to receive vast amounts of it with little money. The other legal option for colonies was to become a Crown colony. These territories were directly owned by the English

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<sup>22</sup> Beer, George Louis: *The Origins of the British Colonial Systems 1578-1660*. Gloucester 1959, p. 243

<sup>23</sup> Benjamin, Thomas: *The Atlantic World. Europeans, Africans, Indians and Their Shared History, 1400-1900*. New York 2009, p. 239

<sup>24</sup> Andrews, Kenneth R.: *Trade, plunder and settlement. Maritime enterprise and the genesis of the British Empire, 1480-1630*. Cambridge 1984, p. 326

ruler. Most of the American colonies were finally given to the Crown due to financial or security problems. The following list will give a short survey over the more important colonies and the changes in legal status<sup>25</sup>:

- **Virginia** – chartered company 1607 → Crown colony 1624  
**Massachusetts** – chartered company 1620 → Crown colony 1691
- Maryland – proprietary colony 1632  
**Pennsylvania** – proprietary colony 1681, Delaware split away 1704
- **New York** and **New Jersey** were first established by the Netherlands, taken by the English in 1664 after the 2<sup>nd</sup> Anglo-Dutch war → Crown colony both in 1689
- **Carolina** – proprietary colony 1663 → Crown colony 1725
- **Georgia** – proprietary colony 1732 → Crown colony 1752

In the following years the first colonies built up local assemblies that were elected by the community members in the colonies and advised the governor of the colonies. They created laws for the new territories and regulated daily life in the settlements. This form of administration was quite natural for the English and also shows on the other hand the extent of a certain independence North America was able to gain and which they intended to keep.

Not only chartered companies were a possibility for the English ruler to control trade and territories in the New World. There was also another form of semi-legalized concessions for the seafarers from England granted by the Crown – privateering. This was an interesting way of dealing with the enemies on the Atlantic Ocean without violating diplomatic codes and it helped the English to gain an advantage in the struggle for the new overseas possessions and the trade involved. Therefore I will dedicate a small part of my thesis to the work and achievements of the privateers and pirates. Both were people that went around on the Atlantic Ocean with ships that tried to interrupt trade from other European countries by intercepting the routes of others and raiding foreign ships. The loot was used for financing the own expeditions and a part of it was provided to the Crown. The line between being a privateer and a pirate was very thin and often the status of the people changed quickly. Generally a privateer had a legal paper from his ruler – the Letter of Marque – that allowed him to raid and capture ships in the name of the respective country. But the privateers could not effectively rely on the word of the king or queen because if the political situation became difficult or changed (in case of war or conflict) the men could soon become pirates. Pirates

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<sup>25</sup> found in: Meyers Universallexikon. Mannheim 2007

were lawless and could easily be arrested or executed by any court. Still the expeditions were worth the risk due to profits and the political titles in case of success.

#### **2.1.3.1 Piracy in the Atlantic**

In the 1560s the first acts of English piracy occurred especially in the waters of the Caribbean. The famous captain Francis Drake (to the Spanish known as “El Draque”) undertook several expeditions to the Spanish territories in the Caribbean. There he seized some Spanish ships, but his actual plan was to steal the annual Spanish bullion shipment from South America to Europe. Though this task could not be completed successfully Drake was able to raid several big cities on the American coasts and he even came to the Pacific and circumnavigated the world. The incidents between the Spanish and Drake were kind of a model for the whole situation in the Atlantic and the relationship between the two Crowns. Piracy was especially in the Caribbean a very common action committed by both sides and also by the other two sea powers, France and the Netherlands. They also played a role in the shipping around the Chesapeake area where pirates sometimes became a fundamental problem in trade with the mother country. But most of the pirates were not the lawless men one always thinks of, but they had a very crucial role in the destiny of the empires.

#### **2.1.3.2 Privateering in the Atlantic region and the Caribbean Sea**

A captain who sailed with a ship to the New World waters had to bear the expenses he had taken or find a sponsor who gave him money to equip a ship. Therefore the crew tried to get either products worth trading with Europe or to raid other ships mostly foreign ones. In the 16<sup>th</sup> century this common behaviour received a form of legal backup – the Letters of Marque. This made a normal pirate a privateer who served the Crown of his country. They were also called “buccaneers” resembling a word from the Tupí language (natives in Brazil) or “freebooters” which is close to the Dutch word *vrijbuiter*, the French named them *flibustiers* and the Germans *Freibeuter*<sup>26</sup>. Privateers were in fact not always respectable men to the English society, but they did an important job for their country. In times of war or conflict with for example Spain the English Crown allowed some captains of their merchant fleet to attack and raid Spanish ships and ports to seize treasure. Therefore the captain got a Letter of Marque and he had to return a share of the raid to England. “This legal document required that the privateer captains deliver to an admiralty court their captured ships, where upon everyone would legally carve up a share of the spoils from king and the admiralty to captain

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<sup>26</sup> Benjamin, Thomas: *The Atlantic World. Europeans, Africans, Indians and Their Shared History, 1400-1900*. New York 2009, p. 264

and crew.”<sup>27</sup> There was a thin line between a privateer and a real pirate. One could say that the privateer was rather dependent on his ruler due to the legal backup with the Letter of Marque and the final distribution of the treasure to the Crown to get the crew’s share. A pirate could do all the raiding without any need for permission of an authorized institution though it was more dangerous. But both of them – privateer as well as pirate – had no official diplomatic relation to their mother country and they were not helped in case of capture. For the ruler these privateers were a very valuable force in times of war because there was no official navy at that time. The privateers provided ships, knowledge and sailors for the country to defend their territory.

A good example for this development is the conflict with Spain in 1588. Here a first peak arose in the hostility between the two Crowns. In 1588 the Spanish Armada sailed to England prepared for an attack and the following conquest of territories on the island. To avoid this fate England ordered privateers to provide their ships and crew for the battle. Though they were outnumbered they were much more experienced in sailing in the stormy English Channel and control the ships in these waters. “The English deflected the Armada in the channel and severe storms scattered it in the North Sea and on the rocky coasts of Scotland and Ireland.”<sup>28</sup> The battle had a lucky end for the English and drove Spain away from the British Isles. Since this event England tried to build up a huge fleet of her own. The ports saw a shipbuilding boom that stimulated the westward expansion into the Atlantic heavily.

The system of pirates and privateers is an important topic because of its connection to the system of commerce in the Atlantic. Trade was sometimes the only way for the colonists to get manufactured goods and tools they needed in the new lands. Henceforth the shipping of goods from the mother country to the colonies and the exchange of foreign goods bought by England was in the beginning of the 17<sup>th</sup> century necessary for the overseas territories and their people to live properly and to basically survive. Privateers or pirates could intercept these routes and hurt the economy of the other country considerably. And without trade the new colonies could not have developed. Only with the end of piracy in the Atlantic trade could begin to flourish.

The next chapter is going to look at the different streams of trade that provided goods to both the mother country and the colonies and it will try to show the exchange of products vital to the development of the uprising Atlantic economy. “The overseas settlements were portrayed

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<sup>27</sup> Benjamin, Thomas: *The Atlantic World. Europeans, Africans, Indians and Their Shared History, 1400-1900*. New York 2009, p. 263

<sup>28</sup> *Ibid.*, p. 233

as being a crucial part of the general effort that was already clearly under way to expand English commerce.”<sup>29</sup>

#### **2.1.4 Trade Connections**

The first voyages were rather done by English adventurers than merchants who were looking for raw materials on the new continent. After the first unsuccessful attempts to build up permanent settlements in the New World and furthermore to produce certain staple goods like wine or sugar cane the colonies got more commercial in the beginning of the 17<sup>th</sup> century<sup>30</sup>.

“Not until the second decade of the seventeenth century, when Virginia planters started to send regular shipments of tobacco back to the mother country, could the English be sure of a permanent New World settlement.”<sup>31</sup>

Soon land was taken for the hope of revenue and people started to stream steadily into the new territories in the search for wealth and new products for England: “In the Elizabethan period they had left England hoping for some kind of conquest which would bring them easy wealth.”<sup>32</sup> In the first years of trade the system stayed rather simple sometimes even with barter of tobacco and the much needed English textiles. But English merchants started to get their hands on the valuable staple goods like the Virginian tobacco and often the American settlers faced disadvantages in price and production for example in fishing. Merchants gained certain monopolies granted by the Crown and therefore tried to limit competition for this good or product:

“Merchants who had managed to secure monopolies over specific foreign markets often tried to minimize the profitability of the trade in order to keep down the number of those who might attempt to enter it and reduce their share.”<sup>33</sup>

Therefore the American planters were often in debt to the English merchants which lessened their possible wealth considerably. But even though both sides faced many difficulties, trade carried on and grew over the years to finally make up a considerable share of the colonies’ incomes and wealth as well as it provided many goods, either new, as for example tobacco, or desperately needed, like for example wood or grain, to the English mother country.

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<sup>29</sup> Shammas, Carole: English commercial development and American colonization 1560-1620. in: Andrews, K./Canny N. (eds.): The Westward Enterprise. English activities in Ireland, the Atlantic, and America 1480-1650. Liverpool 1978, p. 171

<sup>30</sup> Beer, George Louis: The Origins of the British Colonial Systems 1578-1660. Gloucester 1959, p. 259

<sup>31</sup> Shammas, Carole: English commercial development and American colonization 1560-1620. in: Andrews, K./Canny N. (eds.): The Westward Enterprise. English activities in Ireland, the Atlantic, and America 1480-1650. Liverpool 1978, p. 151

<sup>32</sup> Ibid.: p. 173

<sup>33</sup> Ibid.: p. 164

In England a certain appreciation of mercantilization began slowly but steadily: "...it involved the integration of the New World economies with those of the homelands."<sup>34</sup> Commercial development was very interesting to the English, partly due to the competition with the Dutch, who achieved wealth because of their mercantile enterprises especially in the Indian Ocean<sup>35</sup>. So the idea switched from conquest to a gradual colonization: "Settlers in fair numbers began to go to America as planters rather than as soldiers."<sup>36</sup> Trade was an important way of sustaining the colonies and finally helped to increase the standard of living for both sides of the Atlantic. In the 16<sup>th</sup> century "Gentlemen on the whole did not specifically connect trade with the national or their own prosperity."<sup>37</sup> Several reasons for the augmentation in commerce are given by economic historians that are mostly social<sup>38</sup>. Firstly the rise in population in England suggests a certain affinity to emigration into the New World to find land and labour there. People had high hopes for the new territories and wanted to make their fortune there. In the first years some managed to do this more than others, especially due to the possibility in the American colonies of acquiring private property for planting or holding livestock, some became normal settlers who made their living. Others became planters and gained a higher standard of living and more influence in English politics.

"They were drawn principally from the impoverished and unemployed of urban slums, poor rural workers from southern and central England, women domestic servants, and men from semi-skilled and, in fewer cases, skilled trades who had decided that prospects were brighter in the colonies."<sup>39</sup>

Also the more secured property rights were a reason for the rise in security concerning land-owning and in further consequence trade. Planters could build up a production more securely and manage their revenues more efficiently. Another important reason for trade is demand. In England as well as in the colonies demand rose steadily what encouraged further trade either in commodities for the colonies or luxuries for the mother country. "They [the Hakluyts] argued that America could provide a market for English goods, particularly cloth, could employ idle, and could supply England with commodities she currently had to obtain at high

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<sup>34</sup> Shammass, Carole: English commercial development and American colonization 1560-1620. in: Andrews, K./Canny N. (eds.): *The Westward Enterprise. English activities in Ireland, the Atlantic, and America 1480-1650*. Liverpool 1978, p. 173

<sup>35</sup> *Ibid.*: p. 166

<sup>36</sup> *Ibid.*: p. 174

<sup>37</sup> *Ibid.*: p. 162

<sup>38</sup> *Ibid.*: pp. 167f

<sup>39</sup> Horn, James: *Tobacco Colonies: The Shaping of English Society in the Seventeenth-Century Chesapeake*. in: Canny, Nicholas: *The Origins of Empire. British Overseas Enterprise to the Close of the Seventeenth Century*. Vol. I, Oxford 1998, p. 177

prices from foreigners.”<sup>40</sup> So trade was a stimulant for wealth and vice versa. Another reason that is highly discussed are the sinking transaction costs in the 17<sup>th</sup> century for shipping across the Atlantic Ocean. Financial systems got more efficient at that time and ships were better equipped or already built in the colonies where they stayed to handle trade between the mainland and the islands.

In the first years the settlers were not really successful in planting enough crops to have a sufficient diet. Therefore food stuffs and manufactured goods had to be imported from England to feed the colonists in America. “The most celebrated images of Virginia’s disasters centre around food, or its absence;”<sup>41</sup> Soon the settlers learned to plant different crops like grain or rice and found it to be sufficient to even export a part of their production. Also the cooperation with the Native Americans in certain parts of the country was helpful to find new ways for agriculture. With time more goods were produced for export especially to the mother country like tobacco or fish for Europe. “The American settlers all depended to some extent on European manufactured goods, and the first requirement of a successful plantation was to find a way to pay for them.”<sup>42</sup> The English upper class was not so much in favour of this development and they wanted to encourage the building of manufactories that suited the people in England for example ironworks were desperately needed<sup>43</sup>. Due to a beginning lack of wood in the mother country whereas the colonies had plenty of lumber the idea of factories overseas was not a bad one, but still, there was little iron ore found in the New World territories. Therefore the English decided to rather export wood to England instead of bringing iron ore to the colonies.

After the English conquest of the New World territories two possible ways of living slowly developed for the settlers. The new colonies offered vast quantities of land that were on the one hand suitable for agriculture on the other hand they led the production of agricultural goods to a system of trade. Both began to secure the connection to the mother country because of its worth for the English people. The American settlers either became farmers or often better said planters or merchants travelling around on the Atlantic Ocean establishing the Transatlantic Trade. Both of these systems will be the subject of the next few chapters which

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<sup>40</sup> Shammass, Carole: English commercial development and American colonization 1560-1620. in: Andrews, K./Canny N. (eds.): *The Westward Enterprise. English activities in Ireland, the Atlantic, and America 1480-1650*. Liverpool 1978, p. 160

<sup>41</sup> Games, Alison: *The Web of Empire. English Cosmopolitans in an Age of Expansion 1560-1660*. Oxford 2008, p. 127

<sup>42</sup> Zahedieh, Nuala: *Overseas Expansion and Trade in the Seventeenth Century*. in: Canny, Nicholas: *The Origins of Empire. British Overseas Enterprise to the Close of the Seventeenth Century*. Vol. I, Oxford 1998, p. 403

<sup>43</sup> Beer, George Louis: *The Origins of the British Colonial Systems 1578-1660*. Gloucester 1959, p. 258

are concerned with the issues of economic development of England and the colonies via the vast American lands and its possibilities.

### **2.1.5 Development of Agriculture**

Land is a crucial factor for the development of the American colonies and furthermore for the socio-economic progress of the mother country. The ghost acreage<sup>44</sup> that was provided to England helped to broaden trade and increase wealth of the people on both sides of the Atlantic. New products were provided by the colonial planters and exports as well as imports were rising constantly. The new settlers in America mostly stayed at the coast during the beginning colonization. Only with the improvement of the relations to the Indian tribes and the possibility to produce enough food to gain subsistence the colonists were able to establish a system of planting and selling the first cash crops. This plantation system will be the next important factor in my analysis.

#### **2.1.5.1 Plantation System**

After the first failures in colonizing the New World soon enough land was acquired to build up a sustained agriculture. The more settlers came the more interesting it got to seek self-sufficiency concerning food stuffs and manufactures. These finished products at first could only be bought from the mother country and had to be paid for in some way. Therefore plantations with cash crops like tobacco or indigo that sold on a higher price were suitable to pay for the traded goods. The idea of the plantation economy is to plant cash crops like for example cotton, sugar or tobacco on huge monocultural farms in mass production. The harvest was then sent to the western European countries where they were processed and made to finished products with a high added value. In the early years troubles were various due to a wrong handling of production and trading in goods. “The earliest returns from Virginia were small quantities of various kinds of wood, soap ashes, pitch, tar, and some vegetable dyes. Attempts were also made to find gold and silver.”<sup>45</sup> With the implementation of the chartered companies, plantations became the favourable way of agriculture in the agrarian US colonies of the south. Due to the large quantity of land intensive cultivation was possible and goods of higher value could be produced for export to England. The important fact to know is that the plantation system was already a trained and approved method of production. The Canary Islands for example were an important territory for the first steps of colonization and plantation systems already in the 15<sup>th</sup> and 16<sup>th</sup> century. On these islands the Europeans –

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<sup>44</sup> Pomeranz, Kenneth: *The Great Divergence. Europe, China, and the Making of the Modern World Economy*. Princeton 2000, pp. 313ff

<sup>45</sup> Beer, George Louis: *The Origins of the British Colonial Systems 1578-1660*. Gloucester 1959, p. 241

mostly coming from the Mediterranean countries – learned how to build and sustain monocultural farming estates. Because of the incorporation of the Canary Islands the Spanish were able to sail to the New World, conquer new land there and develop an agricultural system leading to a certain wealth for the settlers. With the whole knowledge they had gained in the Atlantic Islands they used to impose a European system in the Americas. The “Islands off the West African coast have long been regarded by historians as training grounds.”<sup>46</sup> So the idea itself was not new to the English but still the plantation system had to be adapted to the new conditions they had found in the North American territories. This system manifested itself in several aspects. Regionality especially concerning climate, a particular system of labour and the production of monocultural goods are its features.

First there was a huge difference between the colonies in the northern parts and the southern ones beginning with the climatic circumstances. In the North colonies like for example New England services especially concerning shipping were provided for the English. The climate was too cold for planting the famous cash crops e.g. tobacco or cotton. The North could provide lumber which English were eager to get due to a shortage of wood on the British Isles. “One of the chief sources of New England’s later wealth were the forests.”<sup>47</sup> Also furs and fish were provided by the Northern colonies not only to England but also to the whole of Europe. Plantations as one usually thinks of were established in the southern parts of the North American continent. These areas had a warmer climate, generally hot and humid weather that was suitable for plants like tobacco or cotton. The vast grounds that were needed for big plantations were provided by colonies as for example Virginia, the Carolinas and Georgia. The owners of extensive grounds were always able to further enlarge their estates by going west.

A second aspect that makes the plantation system special was the labour system used to work the farm grounds. Both African slaves and indentured servants had to run the fields and cash crop production for the planters. The first African slaves were brought to Virginia in 1619<sup>48</sup> and had to work hard on the tobacco and indigo plantations of the southern colonies. But it was not until the end of the 17<sup>th</sup> century when the impact of slavery grew recognizably.

Indentured servants came from England as well as Scotland or sometimes Ireland. They were offered a job with a contract that obliged the emigrant to work for the one who paid for his

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<sup>46</sup> Galloway, J.H.: The Sugar Cane Industry. An Historical Geography from its Origins to 1914. Cambridge 1989, p. 48

<sup>47</sup> Beer, George: The Origins of the British Colonial Systems 1578-1660. Gloucester 1959, p. 287

<sup>48</sup> Ibid.: p. 266

passage for several years. The planter practically lent the worker the money to come to the colony and therefore he had to work on the plantation to earn a wage that would pay back his debt. And after having finished his service he was allowed to be a free man again and settle down with a family and a household of his own in the new territory. These people were called indentured servants. Often it was not that simple to get out of the contract because they had to afford clothes and working material in the New World as well as food and lodging. Either they borrowed some more money from the owner of the plantation or they were not able to do their job properly. They were caught in the plantations not being allowed to leave before returning the money. These indentured workers were very important for the first English planters of the New World but still there were a lot of problems to them. Too few people really decided to go to the colonies and work there. Others that went to the new territories often refused to obey their landlord for example in private matters or in work hours. Especially the indentured workers coming from Ireland were soon feared as being rude and simple people as well as difficult in working with due to their character and the often occurring misuse of alcohol.

Other peoples that were sometimes used as workers for the English were the Native Americans. Indian tribes were not regarded as infidels and primitive peoples by the English settlers, but the newly arrived rather regarded them as community that needed assistance in development by Puritans and other Christian groups. "Furthermore, it appears that English promoters of colonization wished to modify rather than destroy native cultures, [...]"<sup>49</sup> Mostly Indian women and children were used as domestic servants; men were not so much appreciated due to their behaviour towards the English settlers<sup>50</sup>. But with the ongoing arrival of new settlers also diseases like smallpox were brought to the New World to which the native peoples had too little or no resistance. Henceforth many Indian people died and trade in Indian slaves was not profitable enough anymore to carry on.

So the planters began to search for new possibilities concerning workers. "With land everlasting but labor scarce, the returns to labor were relatively high."<sup>51</sup> So in the 17<sup>th</sup> century the English started to buy African slaves for their plantations. In North America the first blacks started to work on the plantations in the middle of the century. These people were very valuable for their owner as worker as well as property. They could be forced more easily to

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<sup>49</sup> Canny, Nicholas: *England's New World and the Old, 1480s-1630s*. in: Canny, Nicholas: *The Origins of Empire. British Overseas Enterprise to the Close of the Seventeenth Century*. Vol. I, Oxford 1998, p. 152

<sup>50</sup> Weir, Robert: "Shaftesbury's Darling": British Settlement in The Carolinas at the Close of the Seventeenth Century. in: Canny, Nicholas: *The Origins of Empire. British Overseas Enterprise to the Close of the Seventeenth Century*. Vol. I, Oxford 1998, p. 387

<sup>51</sup> Benjamin, Thomas: *The Atlantic World. Europeans, Africans, Indians and Their Shared History, 1400-1900*. New York 2009, p. 373

adapt to the foreign culture and religion than the European indentured servants to the new working conditions. Still indentured servants were higher-skilled labourers due to their experiences made in England and therefore appreciated by the planters. Henceforth, both slaves and indentured servants were important for the plantation system and its development in its first years. Many cash crops needed intensive work until they could be finally sold on the market or brought to England.

The colonies “depended on large-scale emigration from English provinces to maintain their populations and support economic growth. Without sustained immigration they would have collapsed.”<sup>52</sup>

The third aspects of the plantation system are the crops that were meant for export to the mother country which were planted and produced on the farmlands especially in the southern colonies. These made up most of the revenue the Americans made by trading with Europe because some of them were added value goods. Though they were finally processed in England and later on Great Britain goods like tobacco or cotton gained a good price in trade. At first the settlers did not properly know which plants to choose and then how to grow them. Therefore they trained for several years and improved their methods. “American colonies were testing grounds for all sorts of new projects”<sup>53</sup> These projects were encouraged by the mother country not only for the sake of new goods, but also to get products that usually had to be shipped to England from far places in Asia. To import products or raw materials from the American colonies was cheaper than going all the way to the Indian or Pacific Ocean. “Products traditionally imported into England from Europe and Asia could instead be procured at much lower cost from the colonies.”<sup>54</sup> This mostly concerned cotton textiles that had already been dyed in India which were the best quality of cloth in these days. The land in the New World colonies was a lot closer to the English mother country and therefore much more appreciated for the receiving of raw materials than the Middle or Far East. This geographical aspect was vital for the further development of the American territories that depended, in certain areas, on trade with England and Great Britain. And also the mother country found advantages in the nearness of the new colonies to their own land and favoured their products and raw materials. Wealth was acquired on both sides of the Atlantic with the new plantation complex and its products that positively affected many parts of society in England as well as in the American colonies.

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<sup>52</sup> Horn, James: Tobacco Colonies: The Shaping of English Society in the Seventeenth-Century Chesapeake. in: Canny, Nicholas: The Origins of Empire. British Overseas Enterprise to the Close of the Seventeenth Century. Vol. I, Oxford 1998, p. 177

<sup>53</sup> Ibid.: p. 173

<sup>54</sup> Ibid.: p. 174

In the first years of the building of the plantation complex the Americans in Virginia, the Carolinas and Maryland backed on the planting of tobacco on their fields to bring the settlers enough money to pay for the imports from England. Only in the middle of the 18<sup>th</sup> century the planting of cotton became more popular, which had a considerable influence on the wealth of England – then already the United Kingdom of Great Britain. Therefore I will start with looking at the formation of the tobacco plantations due to the chosen timeframe of this chapter and talk about the growing of cotton in the second part of my thesis. “Little can be understood of the development of Chesapeake society without reference to the remarkable growth of the tobacco industry and expansion of plantation agriculture.”<sup>55</sup>

#### **2.1.5.1.1 Tobacco Plantations**

Tobacco was already known to the Indians before European conquest though they smoked the plantes quite differently than the English did. The famous peace pipes amongst Indian tribes are still a sign of the early use of tobacco. The English first wanted to plant a temporary crop before they could find something more suitable and profitable for export to the mother country. The first tobacco plants were brought from the West Indies to the mainland Chesapeake region in the 17<sup>th</sup> century. “Rather than silk and wine, however, it was the introduction of a strain of tobacco, *Nicotiana tabacum*, imported from the West Indies, that was the key to the Chesapeake’s prosperity.”<sup>56</sup> The growing of tobacco was intensive work. Much land was needed especially for expansion of the fields and farms, but fortunately land was cheap in these days and easily affordable. The beginning tobacco production was very labour-intensive and much capital was needed to support the plantations. Growing, harvesting and processing the tobacco plant required a lot of labour and there were too few workers amongst the American settlers to do the job. Therefore indentured servants and slaves, who were already mentioned in the previous chapter, were brought to the plantations to do the job. With the use of slaves production became cheaper and the product got more profitable for the planters. The seeds were first grown in seedbeds with fertilized soil and after some time planted into the fields. Tobacco plants were harvested altogether and then the leaves were dried in the sun, fermented, and tied up in bundles in which they were shipped to England. The yields per acre of tobacco plants were high and therefore rewarding. Merchants bringing tobacco to the mother country had found a very lucrative good for European markets and the Americans a possibility for acquiring more wealth. “The commercial intercourse with

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<sup>55</sup> Horn, James: Tobacco Colonies: The Shaping of English Society in the Seventeenth-Century Chesapeake. in: Canny, Nicholas: The Origins of Empire. British Overseas Enterprise to the Close of the Seventeenth Century. Vol. I, Oxford 1998, p. 183

<sup>56</sup> Ibid.: p. 176

England was of vital importance, and the business relations between the colonial planters and the English merchants were very close and intimate.”<sup>57</sup>

Still there were also some troubles to the planting of tobacco. The plant requires rich soils and a warm climate. Henceforth the colonies in the north were not suited for the planting of tobacco. The plantations in the south on the other hand sometimes lacked the fertility needed. For example in Virginia soils were soon exhausted and new goods or plants had to be found to keep on trading with the mother country and Europe. Crop rotation was not very popular on southern American plantations and therefore some farmers had to reorient themselves towards the growing of either grain as for example wheat that was shipped to England or indigo and rice plantations that were mostly found in the territories of Carolina. In the depression years for tobacco production and exports around 1680 many small planters had to find new sources of revenue<sup>58</sup>. But soon enough tobacco exports became valuable again in the 18<sup>th</sup> century and the production of tobacco rose again. The tobacco plantations were the first ones to secure survival and to bring wealth to the colonies although just to certain parts of the country. “Tobacco shaped the seventeenth- and eighteenth-century Chesapeake. “Tobacco is our meat, drinke, cloathing and monies,” Hugh Jones wrote in 1699.”<sup>59</sup>

Tobacco was the first sufficiently valuable good the plantations of the New World could produce. The demand for the leaves in the mother country as well as in Europe encouraged trade and further development of commercial relations across the Atlantic. The with tobacco trade established shipping routes and trading connections remained important throughout the whole period of affairs between England and the American colonies. Furthermore, in the beginning years tobacco provided enough capital to sometimes reach a trade balance that was very important for England’s mercantilists. The import of raw materials and export of manufactures was supportive for English commercial development.

On the other hand one can best understand how the American economy developed when looking at the different regions of the new continent. The regional progress differed a lot between north and south as I have already mentioned above. Therefore it is necessary to take

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<sup>57</sup> Beer, George Louis: *The Origins of the British Colonial Systems 1578-1660*. Gloucester 1959, p. 251

<sup>58</sup> Horn, James: *Tobacco Colonies: The Shaping of English Society in the Seventeenth-Century Chesapeake*. in: Canny, Nicholas: *The Origins of Empire. British Overseas Enterprise to the Close of the Seventeenth Century*. Vol. I, Oxford 1998, pp. 184f

<sup>59</sup> Walsh, Lorena: *Slave Life, Slave Society, and Tobacco Production in the Tidewater Chesapeake, 1620-1820*. in: Morgan, Philip D.: *Cultivation and Culture. Labor and the Shaping of Slave Life in the Americas*. Virginia 1993, p. 170

a closer look at the different territories and their development to round up the chapter about plantations and lead on to trade.

### **2.1.5.2 Regional Specialization**

My aim is not to discuss every single American colony in detail, but to give a short overview over every major part of the east coast and the development in these regions. There are some obvious similarities but also many differences in their progress from an agricultural producer to an important trading partner of England, Great Britain and Europe as well as later on to the whole world. I will again work chronologically and show the different regions from their emergence to the phase of their first significant growth.

#### **2.1.5.2.1 Virginia – The First Colony**

The first colony to be set up was Virginia in 1607 with the foundation of Jamestown, finally a permanent settlement in the New World. In the beginning living in Virginia was more than difficult due to a lack of food and agricultural possibilities. Many people died in the hard winters and they desperately needed the help of the indigenous people to survive. Only with the implementation of the plantation system and the planting of food stuffs and tobacco, the colony was able to provide a living for the settlers. “The story of Virginia’s early years is a tale of death, of experimentation, of trial and error, and ultimately, of the success of plantation agriculture and of England’s first permanent colony.”<sup>60</sup> Virginia was an agricultural colony that relied on the predominantly monocultural production of food stuffs like grain or rice and higher value goods like tobacco for exports. The vast farms with their huge fields were built up and worked to create revenue for the settlers and to satisfy the needs of the English mother country that told the planters several times to produce something that would suit the markets and demands at home. “The Company’s instructions for the new government reiterate the words “Colony and Plantation” in tandem, and the Letters Patent speak of the “severall[sic!] colonies and plantations.””<sup>61</sup> As was already mentioned the first years in the new colony were hard due to a permanent lack of food. There were many unknown plants and the soils differed from the English ones. Also settlers were more adventurers and had not enough understanding of farming and food production to feed their companions. On their first arrivals the English traded with the Indians to get food stuffs or some simple manufactured goods. “Trade justified English presence in the region and legitimated their access to foreign territory –

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<sup>60</sup> Games, Alison: *The Web of Empire. English Cosmopolitans in an Age of Expansion 1560-1660*. Oxford 2008, p. 119

<sup>61</sup> *Ibid.*: p. 124

theirs not through theft, but through exchange.”<sup>62</sup> But soon the native population turned against the settlers under the reign of chief Wahunsonacock (Powathan). The newly arriving English did not want to communicate with the Indians due to different reasons, mostly created by fear of the unknown, but they rather felt superior to the indigenous people: “The English instead sought dominion.”<sup>63</sup> The relation to the Native Americans deteriorated and warlike fights occurred between the English and several indigenous tribes. Henceforth English settlers faced different pressures either internal for example concerning the lack of food or external concerning the need for security and protection against the Indians<sup>64</sup>. The planting of food crops was essential for the success of the colony to feed the newly arriving people and those already settled. Only with a sustained agriculture the colony could survive and prosper. With the introduction of the tobacco fields and the upcoming success of its production and the emerging commerce the Americans again disregarded the focus on food plants and livestock<sup>65</sup>. The demand for tobacco in Europe grew and therefore also the production in the colonies rose.

“But not until the emergence of tobacco monoculture did the Company focus so fully on the settlement’s economic structure. The Company tried to limit tobacco production and force people to plant corn, but tobacco was the only reliable lucrative crop the colonists could produce.”<sup>66</sup>

Only with the farms’ expansion on formerly untilled land the settlers could be fed properly. The already mentioned ghost acreage was again an important factor to the development of the colonies and the following upcoming of the system of commerce. The extensive training grounds could only be found in the little settled territories on the east coast.

With the possibility of producing enough staple goods to export them to the mother country trade with Europe grew. The Virginians offered tobacco and several food stuffs to England and on the other hand they could import manufactures from the British Isles which they desperately needed for working their fields and sustaining their households. This worked mostly due to the introduction of slave labour in 1619 in Virginia. Black slaves and indentured servants from Europe maintained the farms and fields of the Virginian planters and were another key to the growth of the tobacco export sector.

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<sup>62</sup> Games, Alison: *The Web of Empire. English Cosmopolitans in an Age of Expansion 1560-1660*. Oxford 2008, p. 128

<sup>63</sup> *Ibid.*: p. 142

<sup>64</sup> *Ibid.*: p. 134

<sup>65</sup> *Ibid.*: p. 139

<sup>66</sup> *Ibid.*: p. 140

An agricultural system connected with trade in cash crops and manufactures characterized the rise of the colony Virginia. Achieved by slave labour and the tilling of vast territories of land the early settlers could build up a sustained economy for the sake of English and early American economy<sup>67</sup>.

#### **2.1.5.2.2 New England – The Multiple Producer**

New England was another place that was settled early due to its value for the English. At first the colonies there seemed worthless due to their cold climate and their poor soils. Little agriculture could be provided and there were no expensive raw materials to be found. The first colonial companies there were the Plymouth Company in 1620 and the Massachusetts Bay Colony in 1630 which were a success for the early settlers. The settlers there mostly came from a Puritan background which shaped their attitude towards labour and trade. They “nurtured a strong ideological commitment to their colonies, soliciting funds and recruiting settlers from among their co-religionists.”<sup>68</sup> Puritans did their work in small family units without using servants or slaves mostly because of their chosen form of production, domestic agriculture. “New England competencies were gained through the labour of family members, not indentured servants or slaves.”<sup>69</sup> Not many people moved there, only pious Christians with their families and therefore labour force was always scarce. These Puritan colonies were a refuge for the many unwanted religious groups in England but they still respected the Crown and Parliament. “New Englanders valued the colonial charters that granted them extraordinarily broad powers of self-government precisely because these documents offered King and Parliament little role in their affairs.”<sup>70</sup> Henceforth the Puritan settlers were eager to find crops or raw materials for their mother country. These were mostly wood and furs from Indian tribes as well as codfish in the early years.

These three products were eagerly wanted by the English as well as many European countries on the mainland. In the beginning the Puritans started to plant fields with foodstuffs and to keep livestock to secure their own survival. “Settlers transplanted English animals more successfully than grains. Livestock-raising suited a society short on labour.”<sup>71</sup> Concerning this aspect the New Englanders were more careful to feed their companions than the early settlers in Virginia and the Chesapeake area. To pay for the seeds and their other expenses like

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<sup>67</sup> Games, Alison: *The Web of Empire. English Cosmopolitans in an Age of Expansion 1560-1660*. Oxford 2008, p. 128

<sup>68</sup> Anderson DeJohn, Virginia: *New England in the Seventeenth Century*. in: Canny, Nicholas: *The Origins of Empire. British Overseas Enterprise to the Close of the Seventeenth Century*. Vol. I, Oxford 1998, p. 195

<sup>69</sup> *Ibid.*: p. 210

<sup>70</sup> *Ibid.*: p. 193

<sup>71</sup> *Ibid.*: p. 209

manufactures and tools from England they exported furs which they bought from the indigenous people. The Puritan settlers supported good relations to the Indians because of their need for local products and in the first years especially for food<sup>72</sup>. But very soon these connections were shaken by the English urge to colonize the Natives.

“Indians initially assumed that they could incorporate the English into established networks of exchange, using trade to cement bonds of mutual protection as well as profit. But the natives’ vision of reciprocal relations among equals was not shared by the colonists, or at least not for long.”<sup>73</sup>

In the second half of the century the Puritans were keen on gaining more land for settlements and also for agriculture and livestock-raising. This too affected the Indians that were already decimated by epidemics brought to the New World by the European settlers. Many of the indigenous tribes were not strong enough anymore to fight off the run for their land. The wars that were fought for the Indian territories were won by the settlers and they could finally augment their farms to increase their wealth<sup>74</sup>.

Furthermore the New Englanders traded wood to the mother country for the shipping industry that built ships for trade and for war. “They planted crops and began to pay off their debts to English investors by cutting timber and trading with Indians for furs.”<sup>75</sup> Lumber was an important product in the first years of colonization of the New England territories. It was not only exported, but soon used for building ships in wharfs in New England<sup>76</sup>. These vessels took over the trade with the West Indies that needed provisions from the mainland to sustain their plantations and the workers. Traders, fishermen and planters brought their products to England in their own ships now, built in the American wharfs, sailing under the English flag. The harbour steadily became bigger to build more ships and so wood did not need to be transported long distances before being used. “By 1660 New England fishermen obtained nearly all of their boats locally; by the end of the century colonial shipbuilders supplied the English market as well.”<sup>77</sup> Providing these services to England and the territories in America increased the colonies’ importance in trade significantly.

The third important export good was codfish. This product was highly demanded in Europe especially in the poorer south and the Atlantic Islands because it was not easily perishable due

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<sup>72</sup> Anderson DeJohn, Virginia: New England in the Seventeenth Century. in: Canny, Nicholas: The Origins of Empire. British Overseas Enterprise to the Close of the Seventeenth Century. Vol. I, Oxford 1998, p. 212

<sup>73</sup> Ibid.: p. 212

<sup>74</sup> Ibid.: p. 214

<sup>75</sup> Ibid.: p. 197

<sup>76</sup> Beer, George Louis: The Origins of the British Colonial Systems 1578-1660. Gloucester 1959, p. 282

<sup>77</sup> Ibid.: p. 209

to the added salt. After some decades the New Englanders took the cod fisheries into their own hands and became the dominant exporter of fish from America<sup>78</sup>. Still the territory of New England had troubles to amount enough wealth to see a noticeable development in the first half of the 17<sup>th</sup> century. “Their region generated far less wealth than the Chesapeake or Caribbean plantation colonies. Lacking a staple crop such as tobacco or sugar, the economy relied on capital brought by settlers [...]”<sup>79</sup> The Crown did not support them as well as it would have been necessary because King James II. was occupied with managing his own troubles in the mother country – the Glorious Revolution. But by the turn of the century New England had a diversified economy because of all the different branches they participated in like trade in several goods, offering naval services and building ships<sup>80</sup>. This development finally equipped the New Englanders to withstand crises and slumps in certain trades and ameliorated their relation to England. “England no longer ignored the ‘poor, cold, and useless’ region whose shipping industry and West Indies trade made it a vital part of the Imperial economy.”<sup>81</sup>

Unlike the territory of Virginia New England was settled by pious groups that carried a certain ideology with them remarkably in their behaviour towards the indigenous people and their conduct towards the English officials. Their economy did not depend on a sole product grown on monocultural plantations, but rather a mixture of different branches that included services like shipping and sometimes also financial help in the West Indies trade. This diversified economy made the New Englanders less susceptible to fluctuations in the Atlantic trade.

#### **2.1.5.2.3 The Middle Colonies – Quaker Grounds**

These colonies did not have a certain date of foundation, but emerged slowly over several years<sup>82</sup>. They were settled by religious groups like the Quakers, most famously William Penn who bought the colony of Pennsylvania. The four colonies being New York, New Jersey, Pennsylvania and later Delaware were founded in the low and moderate regions of the east coast and therefore they were best suited for agriculture. The settlers started with cultivating

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<sup>78</sup> Anderson DeJohn, Virginia: New England in the Seventeenth Century. in: Canny, Nicholas: The Origins of Empire. British Overseas Enterprise to the Close of the Seventeenth Century. Vol. I, Oxford 1998, p. 209

<sup>79</sup> Ibid.: p. 208

<sup>80</sup> Ibid.: pp. 208f

<sup>81</sup> Ibid.: pp. 215f

<sup>82</sup> Landsman, Ned: The Middle Colonies: New Opportunities for Settlement, 1660-1700. in: Canny, Nicholas: The Origins of Empire. British Overseas Enterprise to the Close of the Seventeenth Century. Vol. I, Oxford 1998, p. 371

grain and rarely some other food stuffs that were finally sold as provisions to the West Indies<sup>83</sup>.

Farming was best suited for the aspirations the settlers of the Quaker lands had. These immigrants rather emigrated as whole families than as individuals and therefore they needed a stable income from the land they cultivated to feed their children. They sought to get a smaller property where they could live and be religious in the ways they found best<sup>84</sup>. These societies were made up by many different pious groups coming from various countries like for example Ireland or the Netherlands and were allowed and encouraged by the proprietor to settle in the territory of Pennsylvania. "Penn recruited widely."<sup>85</sup> This mixture of different societies and religious groups proved to be fruitful for the relations to other colonies and especially the Indian tribes in the hinterlands. "All contained populations diverse in nationality and religion, alongside substantial toleration."<sup>86</sup> In improving their rural economy the settlers spread out into the hinterlands where they built several villages for living on their small single-family farms<sup>87</sup>. There the Quakers met the indigenous people with whom they enjoyed good relations. Mostly their interactions were peaceful, with some exceptions. "In part, that was a product of Penn's policy of peace in his relations with his Indian neighbours and the alliance he forged with the local Delawares."<sup>88</sup> This rather tranquil relation proved to be helpful to the small farming estates that could enlarge and prosper when necessary.

The only big market centre for trade with the West Indies was Philadelphia. Commerce also stretched out to the ports of England like Bristol or London. Quaker merchants were eager to take part in the Transatlantic Trade as well as in the slave trade from Africa<sup>89</sup>. Mostly brought by Dutch merchants black slaves also came to the Middle colonies and played an important role in the development of the region<sup>90</sup>. The provision trade to the West Indies especially in grain was made possible on the one hand due to the ready markets that could be found in the colonies and also on the other hand because of the growing interdependence between the American colonies. "The character of Middle Colony society was owing in no small measure to its relatively late date of settlement and the existence from the beginning of well-

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<sup>83</sup> Landsman, Ned: *The Middle Colonies: New Opportunities for Settlement, 1660-1700*. in: Canny, Nicholas: *The Origins of Empire. British Overseas Enterprise to the Close of the Seventeenth Century*. Vol. I, Oxford 1998, p. 361

<sup>84</sup> *Ibid.*: pp. 361f

<sup>85</sup> *Ibid.*: p. 361

<sup>86</sup> *Ibid.*: p. 371

<sup>87</sup> *Ibid.*: p. 362

<sup>88</sup> *Ibid.*: p. 363

<sup>89</sup> *Ibid.*: p. 363

<sup>90</sup> *Ibid.*: p. 363

established colonial societies nearby.”<sup>91</sup> The middle colonies were an interesting project of proprietors that succeeded at first in their small rural economy before the settlers could take part in the Atlantic trade and become an important centre of North America.

The Middle Colonies, especially Pennsylvania, too, were settled by religious groups, but due to the state of the land they specialized in agricultural production. Not like Virginia with its cash crops the people in this region concentrated on food stuff production which they so traded to the West Indies. These colonies were proprietary territories which were bought by one private person with enough money to afford the land. Their relations with the Indians were mostly peaceful and slave trade only affected the Middle Colonies by the turn of the century.

#### **2.1.5.2.4 The Carolinas – Noble Lands**

The Carolinas were settled at the end of the century mostly because of the problems the sugar island Barbados faced in its development<sup>92</sup>. Carolina provided one of the biggest and best situated harbours in the southern colonies that were close to the West Indies – the sound of Port Royal. Provisions that were needed on the sugar islands ran through this port and were mostly produced in the Carolinas at the end of the 17<sup>th</sup> century.

With the switch to sugar on Barbados the population on the island exploded. On the one hand planters wanted to move there and on the other hand more and more slaves were brought to the West Indies for work. The rise in wealth enabled the plantation owners to buy and run large estates which they could hardly leave to their numerous heirs without parting them and therefore decreasing the value of the land and its revenue. The proprietors of the Carolinas gave land to the wealthy sons of planters to build up a rather noble society that would control the colony and plant cash crops for export to England and food stuffs for the West Indies. With the authorisation of slave labour permitted by the settlers of the Carolinas the territory was on its way to become one of the typical southern plantation colonies.<sup>93</sup>

The Carolinas provided on the one hand food stuffs to the sugar islands as for example corn and meat and on the other hand lumber for building and heating in the sugar mills. “This trade

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<sup>91</sup> Landsman, Ned: The Middle Colonies: New Opportunities for Settlement, 1660-1700. in: Canny, Nicholas: The Origins of Empire. British Overseas Enterprise to the Close of the Seventeenth Century. Vol. I, Oxford 1998, p. 363

<sup>92</sup> Weir, Robert: “Shaftesbury’s Darling”: British Settlement in The Carolinas at the Close of the Seventeenth Century. in: Canny, Nicholas: The Origins of Empire. British Overseas Enterprise to the Close of the Seventeenth Century. Vol. I, Oxford 1998, p. 376

<sup>93</sup> Ibid.: p. 389

continued throughout the entire colonial period, but it never proved especially lucrative.”<sup>94</sup> Particularly the raising of livestock was easily developed due to the geographical possibilities (savannahs and woods) the colonies provided. Like the settler in New England the Carolinians engaged in several other branches of commerce as for example provisioning pirates or slave trade. “Provisioning pirates, pursuing the perquisites of office, and trading with the Indians were among the more remunerative activities, albeit not always the most edifying.”<sup>95</sup> Only in the beginning of the 18<sup>th</sup> century the Carolinas reached the phase of noticeable economic growth due to its recognition as largest producer of naval stores in America and the introduction of rice plantations that made this crop the major export good of the colony<sup>96</sup>. Also the establishment of the colony Georgia in the 1730ies was a major breakthrough in securing the Carolinas against other colonial powers like France (Louisiana) and Spain (Florida) that settled in the south. “Despite military weakness, royal control, increasing political stability, and somewhat better military security – especially after the establishment of Georgia in the 1730s – contributed to greater prosperity, particularly in South Carolina.”<sup>97</sup>

For all the branches of colonial production slaves were needed to do the hard work and lower the price of the goods due to lower labour costs. At first the black slaves were brought to the Carolinas not necessarily as plantation workers, but to help in the raising of livestock as cowboys<sup>98</sup>. Sometimes also ex-indentured servants were able to prosper in the colony<sup>99</sup>. But with the rise in the planting of cash crops acquiring slaves became more important. “In some rice-producing areas slaves outnumbered whites by as much as eight to one.”<sup>100</sup> In the late 17<sup>th</sup> century the Carolinians also traded in Indian slaves especially women and children that were wanted for the farm estates as domestic servants. “This trade was profitable as long as there were Indians available who might be enslaved, but the dwindling supply, restive captives, and opposition from the Proprietors limited the business.”<sup>101</sup>

The Carolinas mostly consisted of noble and rich people that established plantation farming and slave trade on the southern mainland. Like the New Englanders they engaged in different economic trades to support their growing commerce, but they faced several security problems

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<sup>94</sup> Weir, Robert: “Shaftesbury’s Darling”: British Settlement in The Carolinas at the Close of the Seventeenth Century. in: Canny, Nicholas: *The Origins of Empire. British Overseas Enterprise to the Close of the Seventeenth Century*. Vol. I, Oxford 1998, p. 387

<sup>95</sup> Ibid.: p. 387

<sup>96</sup> Ibid.: p. 388

<sup>97</sup> Ibid.: p. 387

<sup>98</sup> Ibid.: p. 389

<sup>99</sup> Ibid.: p. 394

<sup>100</sup> Ibid.: p. 390

<sup>101</sup> Ibid.: p. 387

because of the attacks launched by Indian tribes and other European powers coming from the south as France or Spain.

All the different regions started off as agricultural colonies and carried on by becoming a part of the trading system with the mother country, the West Indies and in the beginning the European mainland. Their territories provided the cash crops (tobacco, rice, grain) and the various goods (lumber, furs, fish) the Europeans needed and received through the Atlantic trade with the colonies. Although the regions achieved their participation in commerce with different prerequisites and various ways of settling the American coast all of them finally prospered and increased their standard of living as well as the one in England.

#### **2.1.6 Development of Trade and Commerce**

With the ability of conquering new territories in the New World and settling those, the English also opened up the possibilities and a necessity for trade with other parts of the Atlantic. Because of the lack of former trade connections established by the native population the settlers and planters had to raise a system of commerce on their own only using the few routes that had already been established mostly by Europeans like the trade in cod fish and furs from northern America<sup>102</sup>. The first trades were done by ship captains on the occasion of bringing new colonists to America or taking some goods back to the mother country<sup>103</sup>. This opportunistic trade was soon overcome and the first merchants took part in the ventures to the New World hoping to find suitable products that would bring enough revenue to pay for the shipping costs and bring additional money. “It became increasingly common for produce to be shipped on the planters’ own account, to be sold on commission in England or by merchants in colonial ports operating on their own or a correspondent’s behalf.”<sup>104</sup> In general the Atlantic trade was open to all the people in the first years, but soon merchants were keen on monopolies and certain preferences and also the Crown quickly demanded its share of the newly built commerce and its profits<sup>105</sup>. The first commodities being shipped to England were rather bulky goods and therefore needed more space than the value could compensate. Only with the expansion of production and the getting cheaper of prices for export goods the

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<sup>102</sup> Zahedieh, Nuala: Overseas Expansion and Trade in the Seventeenth Century. in: Canny, Nicholas: The Origins of Empire. British Overseas Enterprise to the Close of the Seventeenth Century. Vol. I, Oxford 1998, p. 402

<sup>103</sup> Ibid.: p. 403

<sup>104</sup> Ibid.: p. 403

<sup>105</sup> Zahedieh, Nuala: “Regulation, rent-seeking, and the Glorious Revolution in the English Atlantic economy”, Economic History Review Vol. 63, 4 (November 2010), p. 870

shipping costs got better affordable and trade became more profitable for both sides of the Atlantic<sup>106</sup>.

The new variety of goods that were found and grown in the American colonies stimulated demand in the English mother country as well as in the whole of Europe and henceforth motivated merchants to trade in these products. What scholars often argue is that this demand was also fostered by the beginning cheapness of the colonial goods<sup>107</sup>. Planters in the American colonies produced more and therefore prices sank and made the commodities affordable for a wider range of customers from the middle class in England than before. For example tobacco was cheap enough to be sold to almost everyone in the mother country as soon as 1630. Prices went down to a penny a pound which even led to an overproduction crisis that had to be overcome by the planters in the colonies<sup>108</sup>. New orientation towards other products and modes of production was being fostered and soon sufficient markets appeared for the colonial goods in Europe as well as in the islands in the Caribbean mostly dependant on provisions from the mainland and manufactures from the mother country.

Markets in these days expanded due to a certain price revolution and the growth of demand among the different classes in England. But also the American market developed gradually because of the rising requirement for manufactures for the colonies and their workers. In reverse the exports to the mother country paid for the import of English goods to the colonies. "The colonies provided a market in which English manufactures were protected, in which they had little native competition, and which had an absorptive capacity rapidly extending as colonial exports grew."<sup>109</sup> Market expansion was not steady because of several disturbances of war and other conflicts in Europe<sup>110</sup>. Still trade grew and the first statistics were introduced to measure growth. At the end of the century officials tried to establish collections for the numbers of Atlantic trade. But for the early period of commerce there were hardly any reliable sources to be found<sup>111</sup>. One of the more famous ones is the Book of Tables in the British Museum that contains statistics for the goods imported and exported by the port of London. The information is only partially available and not found very credible by several

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<sup>106</sup> Zahedieh, Nuala: Overseas Expansion and Trade in the Seventeenth Century. in: Canny, Nicholas: The Origins of Empire. British Overseas Enterprise to the Close of the Seventeenth Century. Vol. I, Oxford 1998, p. 407

<sup>107</sup> Davis, Ralph: "English Foreign Trade, 1660-1700", Economic History Review, Vol. VI (1954), p. 151

<sup>108</sup> Ibid.: p. 152

<sup>109</sup> Ibid.: p. 154

<sup>110</sup> Ibid.: p. 161

<sup>111</sup> Ibid.: pp. 155ff

scholars that worked with these tables<sup>112</sup>. Hardly any comparison with other sources can be done and therefore historians cannot account for the correctness of the books. Many errors, for example in the value of commodities and the amounts that were shipped to both sides of the Atlantic, were identified by Ralph Davis in his calculations about early English trade statistics<sup>113</sup>. Still some partially credible estimations were made for the years of 1663/69 and 1699 that were compared to prove a certain expansion of trade in the 17<sup>th</sup> century.

**Table 2.1: London transoceanic trade (£ 000)**

	<b>1663/69 (£)</b>	<b>1699-1701 (£)</b>
<b>Imports of plantations</b>	421	863
<b>Exports of plantations</b>	163	410
<b>Re-exports from plantation goods</b>	—	254

*Source:* Zahedieh, Nuala: Overseas Expansion and Trade in the Seventeenth Century. in: Canny, Nicholas: The Origins of Empire. British Overseas Enterprise to the Close of the Seventeenth Century. Vol. I, Oxford 1998, p. 399

Even though merchants in these times could not be sure of success of their ventures they invested large sums into commerce and the development of the Atlantic trade<sup>114</sup>. Trade with the Americas was vital for the mother land's markets and therefore credits were available for voyages and import of goods. Capital was accumulated by the English merchant class and re-invested into further import-export journeys to get enough resources and foster a balance of trade. Henceforth not only trade grew but also the shipping sector and the financial one developed as well as officials had to find a way to secure English trading routes and offer certain restrictions to commerce when necessary – for example the Navigation Acts. In 1651 and 1660 the first efforts were made to keep the other Empires out of the Atlantic trade with North America and the West Indies. The English wanted to dominate the shipping between the northern continent and Europe, especially the British Isles also due to the need for colonial

<sup>112</sup> Zahedieh, Nuala: Overseas Expansion and Trade in the Seventeenth Century. in: Canny, Nicholas: The Origins of Empire. British Overseas Enterprise to the Close of the Seventeenth Century. Vol. I, Oxford 1998, p. 398

<sup>113</sup> Davis, Ralph: "English Foreign Trade, 1660-1700", Economic History Review, Vol. VI (1954), pp. 150-166

<sup>114</sup> Ibid.: p. 162

resources on their own markets. “English trade as a whole now depended to a great extent upon the extra-European world.”<sup>115</sup> The commodities that were often considered as the most important here are sugar from the West Indies, tobacco from the North American colonies and calicoes from India. The Indian Ocean always posed a certain problem to the English striving for commercial domination because of other powerful players, but the Atlantic was suitable for the implementing of laws for the restriction of several trading routes to English supervision. These laws will be part of a later revision on the importance of power innovations for securing trade. They encouraged economic growth and improved social standards in the mother country as well as in the colonies.

“The rapid rise of England’s colonial commerce in the late seventeenth century expanded the nation’s resource base, stimulated efficiency improvements across the economy, and was important for long-term growth.”<sup>116</sup>

Trade was one reason for the English as well as the American economy to grow, to get more commercialized and to foster innovation in several related sectors like financing and power structures.

“England’s extensive growth in the New World can be viewed as bringing windfall gains that did much to explain the long period of increasing commercialization and Smithian growth which culminated in the industrial revolution.”<sup>117</sup>

In the next chapters I want to write about the various goods and on which routes they were traded as well as about the meaning for the English mostly due to the re-export commerce to the rest of Europe. But two fields of trade concerning English commercial interests are still underrated in scholarship – the trade in codfish from Newfoundland and the slave trade *in* Africa<sup>118</sup>. Therefore I want to name the North American fisheries when coming to the import trade of England, but I will leave out the African trade system due to the regional frame I have set to the thesis that mostly concerns the North American English colonies. The codfish trade is one of the starting sectors where North America proved to be important for the English or sometimes the European economy.

### ***2.1.6.1 Exports from England and Great Britain to the Colonies***

In the beginning of English export trade merchants mostly were seeking markets to sell their manufactured goods, especially looking for those that would provide a possibility for vending

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<sup>115</sup> Davis, Ralph: “English Foreign Trade, 1660-1700”, *Economic History Review*, Vol. VI (1954), p. 150

<sup>116</sup> Zahedieh, Nuala: “Regulation, rent-seeking, and the Glorious Revolution in the English Atlantic economy”, *Economic History Review* Vol. 63, 4 (November 2010), p. 865

<sup>117</sup> *Ibid.*: p. 890

<sup>118</sup> *Ibid.*: pp. 153f

woollen cloths that were produced in the British Isles<sup>119</sup>. “In the Tudor era the major agricultural issue centered around rising wool prices.”<sup>120</sup> Pasture was the favourable form of production to agriculture due to the higher revenues. But with the turn of the century from the 16<sup>th</sup> to the 17<sup>th</sup> prices in wool sank and agricultural products became more valuable also because of the introduction of new crops in the Americas<sup>121</sup>. Still woollens were important for the English: “woollens accounted for 90 per cent of London’s exports in 1640 and still made up 75 per cent of exports to Europe in the 1690s.”<sup>122</sup> The problem was that the trade in wool and wool cloth was always a difficult one due to the poor quality of the material and the little demand for the product. Especially in the own country English preferred the much finer calicoes from India that were printed in colours and well processed. “As the English were to learn later during their own Industrial Revolution, consumers around the world had a seemingly insatiable demand for a cheap, light, and washable cotton cloth.”<sup>123</sup> Therefore woollen cloth soon stood back against the export of other manufactured goods that were needed in the American colonies<sup>124</sup>.

***Table 2.2: Exports of English goods from London to plantations, 1686 (£ sterl.)***

<b>New England</b>	40,700
<b>Chesapeake Area</b>	35, 107
<b>Middle Colonies</b>	17,152
<b>Carolina</b>	5,495
<b>Total</b>	98,454

*Source:* Zahedieh, Nuala: Overseas Expansion and Trade in the Seventeenth Century. in: Canny, Nicholas: The Origins of Empire. British Overseas Enterprise to the Close of the Seventeenth Century. Vol. I, Oxford 1998, p. 415

A new product diversity developed in cloth as well as in fashion. Other textiles like linens, cottons or rarely silk were chosen for different clothes that were exported to the colonies<sup>125</sup>. From these fabrics fashionable clothes like hats, stockings, ribbons or gloves were made to satisfy demand in America. Also other manufactures for lifestyle and house building were

<sup>119</sup> Walton, Gary/Shepherd, James: The economic rise of early America. Cambridge 1979, p. 17

<sup>120</sup> North, Douglass/Thomas, Robert Paul: The Rise of the Western World. A New Economic History. Cambridge 1973, p. 150

<sup>121</sup> Ibid.: p. 151

<sup>122</sup> Zahedieh, Nuala: Overseas Expansion and Trade in the Seventeenth Century. in: Canny, Nicholas: The Origins of Empire. British Overseas Enterprise to the Close of the Seventeenth Century. Vol. I, Oxford 1998, p. 416

<sup>123</sup> Walton, Gary/Shepherd, James: The economic rise of early America. Cambridge 1979, p. 74

<sup>124</sup> Davis, Ralph: “English Foreign Trade, 1660-1700”, Economic History Review, Vol. VI (1954), p. 154

<sup>125</sup> Zahedieh, Nuala: Overseas Expansion and Trade in the Seventeenth Century. in: Canny, Nicholas: The Origins of Empire. British Overseas Enterprise to the Close of the Seventeenth Century. Vol. I, Oxford 1998, p. 416

imported in bulk shipping across the Atlantic as for example: coaches, glasses, all kinds of furniture, beds, and window glass<sup>126</sup>. Furthermore metal works made from brass, copper, and iron were shipped to the colonies to provide them with tools, nails, pots and pans<sup>127</sup>. Demand for these products was high in the New World due to the lack of resource mining concerning metal and the few processing possibilities that were mostly situated in the mother country where machines and know-how was available. The English rarely encouraged colonial production of manufactures to not lose their market. The goods that were made in the factories of the British Isles were badly sold on the Asian market due to the lack in demand for these commodities. “Meanwhile, European traders in Asia were unable to market Western products at prices that would generate a large demand for them.”<sup>128</sup> So the export of manufactures to North America suited the settlers as well as the English and encouraged a rising production in these commodities leading further to innovation in machinery, financing and quality (standardization of products).

Merchants were able to use the established markets on both sides of the Atlantic by the middle of the 17<sup>th</sup> century to acquire enough capital for further commodity trade expansion and reinvestments into the import-export connections. The developing credit system refined trade between the colonies and England<sup>129</sup>. This topic will be further discussed in the chapter on financing.

### **2.1.6.2 Imports into England and Great Britain**

The import of colonial goods into England was predominantly characterized by several rather luxurious products that were highly demanded in the mother country. There were only a few commodities cheaper in price, but greatly needed by the English either for their own use or for re-exports – lumber and fish.

In the first years of colonization lumber was one of the most appreciated goods imported by the English from America, due to the lack of woods on the British Isles. This material was mostly used for shipbuilding to provide ships for merchants in Transatlantic Trade and soldiers from the Royal Navy. Some of the wood was used for typical Malthusian necessities like food, fibre, building materials and fuel. A further commodity appreciated by the English

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<sup>126</sup> Zahedieh, Nuala: Overseas Expansion and Trade in the Seventeenth Century. in: Canny, Nicholas: The Origins of Empire. British Overseas Enterprise to the Close of the Seventeenth Century. Vol. I, Oxford 1998, p. 416

<sup>127</sup> Walton, Gary/Shepherd, James: The economic rise of early America. Cambridge 1979, p. 83

<sup>128</sup> Zahedieh, Nuala: Overseas Expansion and Trade in the Seventeenth Century. in: Canny, Nicholas: The Origins of Empire. British Overseas Enterprise to the Close of the Seventeenth Century. Vol. I, Oxford 1998, p. 418

<sup>129</sup> Ibid.: p. 419

was salted codfish from the northern regions between Newfoundland and New England. Fishing and selling salted cod was a sufficiently profitable form of trade for the early settlers. This product was highly esteemed by the Europeans to feed poorer European regions and to provide calories to the sailors going back and forth between the Atlantic Islands. Furs and hides were a further fine supplementary commodity to supply enough capital to the northern colonies for importing English products. For the first developmental years of the colonies these forms of exports were enough to survive and trade with the mother country. But soon merchants' interests grew to enforce the export of other goods with higher added value and more capital and also elevated profits involved.

For the mainland of North America the most important plant was tobacco followed by the exportation of dyeing-woods and furs and hides. The biggest export good from the islands was sugar which was highly demanded in England as well as in the whole of Europe. Tobacco mainly came from the Chesapeake area and became fashionable to the end of the 17<sup>th</sup> century<sup>130</sup>. The falling prices made this luxury affordable for a wider range of consumers and henceforth raised the export rate to England. Only a few merchants were involved in this trade of luxuries as the statistics by the London port books suggest.

**Table 2.3: Merchants in London's trade, 1686 (£ sterl.)**

<b>Value of trade £</b>	<b>0-99</b>	<b>100-999</b>	<b>5,000-9,999</b>
<b><i>North America Exports</i></b>			
<b>Number of merchants</b>	476	176	1
<b>Value of trade £</b>	13,379	51,500	5,881
<b>% of total</b>	13,3	51,3	5,9
<b><i>North America Imports</i></b>			
<b>Number of merchants</b>	339	172	5
<b>Value of trade £</b>	10,972	57,923	32,992
<b>% of total</b>	5	28	16

*Source:* Zahedieh, Nuala: Overseas Expansion and Trade in the Seventeenth Century. in: Canny, Nicholas: The Origins of Empire. British Overseas Enterprise to the Close of the Seventeenth Century. Vol. I, Oxford 1998, p. 404

<sup>130</sup> Zahedieh, Nuala: Overseas Expansion and Trade in the Seventeenth Century. in: Canny, Nicholas: The Origins of Empire. British Overseas Enterprise to the Close of the Seventeenth Century. Vol. I, Oxford 1998, p. 411

These merchants had large amounts of capital at hand and accumulated even more due to the rise in trade<sup>131</sup>. But they did not only trade in tobacco as the statistics might suggest. “Tobacco was an important crop, but cotton, fustic, and other dyeing-woods were also shipped to England.”<sup>132</sup> Cotton exports grew only markedly in the course of the 18<sup>th</sup> century and are therefore not yet subject to my analysis. But the export of dyes such as indigo already developed in the 17<sup>th</sup> century and brought further possibilities to the colonial settlers and merchants. On the other hand the imports of furs, hides, raw materials for textile production like flax or cotton, and dyes encouraged the development of English and soon British textile industry: “Hides to leather-workers; and indigo and dye-woods to dry-salters, stimulating England’s infant textile-finishing industries.”<sup>133</sup>

***Table 2.4: Imports of London from the Plantations, 1686***

	<b>North America</b>	<b>North America</b>	<b>West Indies</b>	<b>West Indies</b>
	<b>£ (sterl.)</b>	<b>%</b>	<b>£ (sterl.)</b>	<b>%</b>
<b>Tobacco</b>	141,606	68	7,548	1
<b>Skins/hides</b>	20,588	10	3,997	1
<b>Sugar</b>	16,675	8	586,528	87
<b>Dye-woods</b>	1,982	1	9,754	2

*Source:* Zahedieh, Nuala: Overseas Expansion and Trade in the Seventeenth Century. in: Canny, Nicholas: The Origins of Empire. British Overseas Enterprise to the Close of the Seventeenth Century. Vol. I, Oxford 1998, p. 410

The swing to trade in higher added value goods helped the American colonies to not only further develop their economy, but also to raise enough capital for the financing of the trade balance with England. The British Isles and Europe were on the other hand offered a greater diversity in products and sinking prices because of a rise in production of colonial goods. This did not only enlarge the English market and broaden demand for luxuries, but also encouraged manufactories and especially textile production to innovate and raise quality of their products. Henceforth, both economies profited from the development of colonial exports.

<sup>131</sup> Zahedieh, Nuala: Overseas Expansion and Trade in the Seventeenth Century. in: Canny, Nicholas: The Origins of Empire. British Overseas Enterprise to the Close of the Seventeenth Century. Vol. I, Oxford 1998, p. 416

<sup>132</sup> Beer, George Louis: The Origins of the British Colonial Systems 1578-1660. Gloucester 1959, p. 265

<sup>133</sup> Zahedieh, Nuala: Overseas Expansion and Trade in the Seventeenth Century. in: Canny, Nicholas: The Origins of Empire. British Overseas Enterprise to the Close of the Seventeenth Century. Vol. I, Oxford 1998, p. 411

### **2.1.6.3 Re-Exports of GB**

When it comes to colonial goods there is an important sector to which not always enough attention is paid – re-exports. Especially the huge import quantities of tobacco into England were not just meant for the British market, but for the European one since two thirds of the plantations exports were re-exported to other European countries<sup>134</sup>. Then these colonial commodities were exchanged for other European goods that were needed in Britain like for example wine or grain as well as naval supplies coming from Russia and the Baltic or the first product from France or the Atlantic Islands. This development enlarged market possibilities considerably. The re-export trade was mainly profitable for merchants because they could raise more capital that was again reinvested into the Transatlantic Trade.

“This re-export trade did little to stimulate English manufacturing but did generate profits for English shipping, ports, and merchants in the form of freight, commission, and handling charges.”<sup>135</sup>

The rising demand in colonial products did not only stimulate production and markets in North America, but furthermore enlarged English markets due to the commercial connections with other European countries. It refined quality and security of transactions and broadened trade considerably. The shipping sector grew, as well as colonial production, and English manufactures were demanded in reverse in a much higher quantity than it would have been possible without overseas colonies. “England’s transoceanic trade was not large; even in 1700 it accounted for about 20 per cent of total overseas commerce. It was the rapidity of growth rather than its absolute scale which drew fascinated attention from contemporaries and later historians.”<sup>136</sup> This rapid growth did cause a rise in wealth for several societies on the Atlantic coasts and foster the exchange of new goods that broadened taste and prosperity of Europeans as well as Americans. Ships brought the world to England and England to the world.

## **2.2 Socio-Economic Factors**

Concerning the economic growth that started in the 17<sup>th</sup> century I do not only want to name the advantages for commerce, but also the wealth and social progress of the people. Many scholars talk at length about the trading development in numbers and the new colonial commodities and their prices, but rarely any economic historian looks at the social meaning of this growth. Some writers dedicate a small chapter to the topic, but it is often easier to analyze

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<sup>134</sup> Davis, Ralph: “English Foreign Trade, 1660-1700”, *Economic History Review*, Vol. VI (1954), p. 152

<sup>135</sup> Zahedieh, Nuala: *Overseas Expansion and Trade in the Seventeenth Century*. in: Canny, Nicholas: *The Origins of Empire. British Overseas Enterprise to the Close of the Seventeenth Century*. Vol. I, Oxford 1998, p. 411

<sup>136</sup> *Ibid.*: p. 420

economic data and find sources for trade and production. To measure wealth is more difficult due to all the factors that have to be considered before drawing a structural picture of this socio-economic history. It is a very recent development to try and find ways for doing so and broaden the view of economic history on the development of the British Empire in socio-economic matters. Therefore I will try to draw some conclusions from the previous chapters and analyze the effects on social growth in England and the American colonies due to the economic progress.

### **2.2.1 Society**

The new settlers to North America were mostly coming from different religious groups as the Puritans, the Quakers, or other smaller Protestant groups. They brought traditional English beliefs and manners to the New World in being born in the mother country and moving to the colonies to practice their way of life freely<sup>137</sup>. The pious settlers brought their families with them and made it the underlying unit for living in the colonies. “The family was a political as well as social and economic unit, and orderly family life, it was believed, ensured an orderly society.”<sup>138</sup> Women and men had the same chores as they would have had in England and patriarchy was the basic principle of rule. Women married earlier than in Europe, but they also died earlier due to the initial problems of the lack of food and agricultural production. Hunger and death were constant companions in these days.

#### **2.2.1.1 Regional Difficulties**

The northern colonies were cold and the small agriculture could not manage to feed all the arriving settlers. At first the people in the region of New England were discouraged, but the trade with the Indian tribes helped them to survive in the first hard years and develop enough subsistence production to lead a normal life in the colonial territory. The southern plantation owners did not so much face the problem of an unsuitable climate for a sufficient agricultural production, but rather concentrated much on the production of possible export goods, to be sold to England, so that they took too little care about their own needs. Furthermore, their hunger for land brought conflicts with the indigenous population. “This led to conflict with native peoples who were also settled on the land, practiced agriculture and were willing to

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<sup>137</sup> Horn, James: Tobacco Colonies: The Shaping of English Society in the Seventeenth-Century Chesapeake. in: Canny, Nicholas: The Origins of Empire. British Overseas Enterprise to the Close of the Seventeenth Century. Vol. I, Oxford 1998, pp. 189ff

<sup>138</sup> Ibid.: p. 190

defend their homelands.”<sup>139</sup> With further growth of the colonies more conflicts between the English settlers and the Indians arose.

### **2.2.1.2 Contact with the Indigenous Peoples**

There are many accounts from the seventeenth century that treated the topic of Indian life and culture. These reports vary heavily depending on the writer and the times<sup>140</sup>. There were friendly and peaceful encounters to establish trade with the natives mostly in food and fur, but there were also conflicts, especially in the southern regions. The famous attack of chief Powhatan on English settlers in 1622 cost many lives and did not ameliorate the relation between the two. But I do not want to set the focus on the conflict between the English and the Indians, and instead rather point out their connections and the attempts on both sides to get along with each other.

Early Puritan settlers were eager to be missionaries among the natives because they saw a “good purpose”<sup>141</sup> in the indigenous peoples. The Indians were encouraged to adapt to English culture and language as well as some English children were given to the native tribes to learn their language and help understanding of the unknown customs<sup>142</sup>. Also the connection of both societies with treaties and even intercultural marriages were welcomed, most famous example being Powhatan’s daughter Pocahontas. She was sent to England to learn about English civilization and finally married the settler John Rolfe<sup>143</sup>. Indians became partners of settlers in battle as well as in trade: “In the northeast as well as the southeast, rival Europeans needed native nations as business partners and military allies.”<sup>144</sup> Natives assisted in several wars with the French and on the other hand provided goods to colonialists as for example furs or food stuffs. But the indigenous peoples were also a good consumer of English products and manufactures like all kinds of metal tools and woollens<sup>145</sup>. The higher quality of the metals like iron ore compared to traditional copper and the possibility to wash the woollen and sometimes cotton cloths compared to the traditional clothing made of hides and skins. But the most desirable goods for the natives were also the ones that changed their lives in a

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<sup>139</sup> Benjamin, Thomas: *The Atlantic World. Europeans, Africans, Indians and Their Shared History, 1400-1900*. New York 2009, p. 297

<sup>140</sup> *Ibid.*: p. 290

<sup>141</sup> Canny, Nicholas: *England’s New World and the Old, 1480s-1630s*. in: Canny, Nicholas: *The Origins of Empire. British Overseas Enterprise to the Close of the Seventeenth Century*. Vol. I, Oxford 1998, p. 155

<sup>142</sup> Benjamin, Thomas: *The Atlantic World. Europeans, Africans, Indians and Their Shared History, 1400-1900*. New York 2009, p. 311

<sup>143</sup> Canny, Nicholas: *England’s New World and the Old, 1480s-1630s*. in: Canny, Nicholas: *The Origins of Empire. British Overseas Enterprise to the Close of the Seventeenth Century*. Vol. I, Oxford 1998, pp. 158ff

<sup>144</sup> Benjamin, Thomas: *The Atlantic World. Europeans, Africans, Indians and Their Shared History, 1400-1900*. New York 2009, p. 313

<sup>145</sup> *Ibid.*: p. 319

negative way: “There were no native counterparts for guns, mirrors and alcohol, which proved to be extremely popular consumer items.”<sup>146</sup> When the English supported this demand they gained certain control over the Indian markets and furthermore were able to dispossess the indigenous people of their land to use it for plantation farming and livestock breeding or settlements. Some of the settlers, mostly planters and businessmen like merchants, totally ignored the good relations to the natives and deprived them of their living space. The religious English societies were more careful to not drive the Indians away, but rather integrated them into their own society.

“Historians have also frequently contrasted the supposedly spiritually motivated New Englanders with the materialistic settlers of the Chesapeake who, they suggest, were indifferent to religion and had no moral scruples about destroying native institutions and peoples whenever these stood in the way of profit.”<sup>147</sup>

In the end the English profited the most from the positive relations with the Indians and forced the natives to adapt to their culture and economy.

### ***2.2.1.3 Population Growth and Trade Expansion***

The growing population was one of the reasons for several English to emigrate to the New World. The increase in colonial residents is explained by immigration from England and soon other European countries as for example Germans to Pennsylvania and on the other hand by natural growth. With the establishment of a rather stable system concerning infrastructure and laws as well as the providing of enough food for the settlers birth rates rose and death rates went down slightly<sup>148</sup>. Still there was no dense settling of the New World territories and the plantation system lacked labourers. Especially in the peripheries of the colonies problems arose when the settlers of other European countries tried to enlarge their territory. The defending of the borders for example in Georgia or the Carolinas against the French was sometimes difficult without a rising number of settlers. “On the frontier the main problem was not overpopulation, but rather underpopulation and labor scarcity, and this fact of American life persisted throughout the colonial period.”<sup>149</sup> With the slow but steady increase in population in the colonies and the rising number of English people, markets were soon enlarged due to the simple amount of new costumers. Falling prices played a vital role in this

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<sup>146</sup> Benjamin, Thomas: *The Atlantic World. Europeans, Africans, Indians and Their Shared History, 1400-1900*. New York 2009, p. 319

<sup>147</sup> Canny, Nicholas: *The Origins of Empire. British Overseas Enterprise to the Close of the Seventeenth Century*. Vol. I, Oxford 1998, p. 163

<sup>148</sup> Population growth statistic see: Walton, Gary/Shepherd, James: *The economic rise of early America*. Cambridge 1979, p. 51

<sup>149</sup> *Ibid.*: p. 51

respect which provided products to an ever enlarging public. “The size of colonial market grew tremendously because the population grew.”<sup>150</sup> In the American colonies the stimulation of trade caused ports to expand and furthermore, people more often settled there. More facilities for commerce had to be established like warehouses or docks. In the following years the American settlers launched the coastal trade that mostly served to provide provisions for locals with either regional goods or imported ones from the mother country. But on the other hand merchants also collected colonial goods that were meant for export and brought them to the ports of New York or to Philadelphia, Charleston, and Boston where the goods were stored in warehouses and only then shipped to England<sup>151</sup>. The port cities did not only grow in size, but also in importance as for example being a centre for financing or shipbuilding. Others gained political power and became centres of administration.

The increase in population and the rising social variety favoured and augmented trade and commercial relations and vice versa. With more connections society grew more diversified and in return demanded various goods and a large supply of foreign products. The rise in trade on the other hand stimulated the sophistication of the financial system and the administrative sector that helped to develop a rather complex and wealthy society.

### **2.2.2 Financing**

To understand the world of finance in these days one needs to understand the general framework that characterized these centuries – mercantilism. “Our concern here, of course, is simply that British mercantilist ideology and policies provided the framework within which colonial trade took place.”<sup>152</sup> Mercantilism states that colonization was helpful to make a country less reliant on foreign goods and products and be more self-sufficient. This could be achieved by acquiring new land and implement sustained agricultural production. Especially when it came to times of war, this independency offered advantages<sup>153</sup>. Mercantilism was just a periodical system, but it marked these times, economically and socially.

During the course of the 17<sup>th</sup> century prices started to get lower mostly because of sinking transaction costs in shipping and commercial relations. These dropping costs were on the one hand made possible due to lowered insurance rates, on the other hand thanks to a rising security of transatlantic shipping because of improvements in the shipping sector and the declining of the importance of pirates. Insurance was not as expensive anymore since piracy

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<sup>150</sup> McCusker, John/Menard, Russell: *The Economy of British America, 1607-1789*. London 1985, p. 277

<sup>151</sup> Walton, Gary/Shepherd, James: *The economic rise of early America*. Cambridge 1979, p. 87

<sup>152</sup> *Ibid.*: p. 66

<sup>153</sup> *Ibid.*: p. 36

and privateering were more or less suppressed and merchants could trade more freely without fear of attacks<sup>154</sup>. With all these sinking costs also product prices lowered and demand for colonial goods increased. The rise in import-export movements needed an increasing amount of credits that provided money to the long-distance enterprises in advance. Bills of exchange were introduced and refined the credit system by lessening monetary financial transactions<sup>155</sup>. Also precursors of custom houses were established that took over the financial transfers between certain regions gathering the bills and credit papers necessary. They were mostly found in the New World due to the location of the territories, far away from the mother country.

The following commercialization of the English economy stimulated innovation of the financial as well as the trading sector and new legal systems were created. The organization of credit and insurances was refined and more money could be accumulated by merchants used for reinvestment into the expanding overseas trade. But this trade increasingly needed regulation and further laws to protect it.

### **2.2.3 Administration and Power**

The most famous laws enacted by the Crown to regulate and protect trade were the Navigation Acts. In 1651 the first Act stated that all products had to be carried in English ships no matter from which place they were coming or where these goods were going to. Still colonists in North America were allowed to trade in provisions on their own, but some commodities, for example sugar, tobacco, cotton or indigo, were exceptions to this trade and had to be shipped only by English vessels<sup>156</sup>. With the additions in the 1660ies the Navigation Acts additionally prohibited import of foreign goods into the colonies that hadn't landed in England before<sup>157</sup>.

The first Act was designed to increasingly hinder the Dutch in trading with the colonies and to enlarge English influence in the Atlantic trading net<sup>158</sup>. There were three Anglo-Dutch wars (1. 1652-1654, 2. 1665-1667, 3. 1672-1674) that tried to establish England as the new power in Atlantic commerce. This furthermore encouraged a rise in shipbuilding and the establishment of a bigger English fleet. The Royal Navy became an important factor of power

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<sup>154</sup> Walton, Gary/Shepherd, James: The economic rise of early America. Cambridge 1979, p. 129

<sup>155</sup> Zahedieh, Nuala: Overseas Expansion and Trade in the Seventeenth Century. in: Canny, Nicholas: The Origins of Empire. British Overseas Enterprise to the Close of the Seventeenth Century. Vol. I, Oxford 1998, p. 419

<sup>156</sup> Craven, Wesley Frank: The Colonies in Transition 1660-1713. New York 1968, p. 35

<sup>157</sup> Ibid.: p. 38

<sup>158</sup> Benjamin, Thomas: The Atlantic World. Europeans, Africans, Indians and Their Shared History, 1400-1900. New York 2009, p. 260

in these times to support the English trade system and sustain supremacy on the Atlantic Ocean. With this increasing power and the legal backup of the Navigations Acts the English ports served as entrepôts, here especially London, and suited the mercantilist ideal of the people concerned with trade and exchange<sup>159</sup>. The English got wealthy through trade and with the newly secured power status they basically held a monopoly of commerce in colonial goods from the 13 North American colonies<sup>160</sup>. "He [Jacob Viner] notes that wealth and power mutually support one another."<sup>161</sup> Economic historians in America generally acknowledge the positive affects the Navigation Acts had on the development of trade for both, mother country and colonies<sup>162</sup>. These Acts certainly contributed to the rise in power of English commerce and also to innovation in economic and socio-economic fields that concerned society.

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<sup>159</sup> Craven, Wesley Frank: *The Colonies in Transition 1660-1713*. New York 1968, p. 36

<sup>160</sup> *Ibid.*: p. 35

<sup>161</sup> Walton, Gary/Shepherd, James: *The economic rise of early America*. Cambridge 1979, p. 65

<sup>162</sup> Craven, Wesley Frank: *The Colonies in Transition 1660-1713*. New York 1968, p. 38

### 3 US Colonies in the 18<sup>th</sup> century – The Age of Cotton

While the Northern states provided the Empire with diversified products and services the South was characterized by an agricultural society. The North exported fish and wood as well as it offered financial and administrative services for the mother country. In the North financial centres like New York or Philadelphia developed that offered merchant credits to the different traders or ship owners to be able to pay for the import of foreign goods from Great Britain or Europe. Many products from all over the globe could only be bought via the British before the Independence. Great Britain controlled the import-export connections of the United States very well to not lose money. The South was concentrated more on the plantation system to produce raw materials that could be exported to England, were processed there and resold on foreign markets with higher added value. The production of the Southern colonies rose with the introduction of several new products such as cotton instead of tobacco. Furthermore new land was taken under the plough and used for the production of agricultural goods. The newly acquired land, for example Alabama or Louisiana (1803), was the key to an increasing amount of products for export that could pay for the trade balance between the colonies and the mother country. North and South hereby specialized in different fields which they are still famous for in our days – the North-East is well known for its political and financial centres such as Washington and New York, the South on the other hand is often equated with rural regions and plantation farms such as the cotton farms in Georgia or Alabama. The chapter on ghost acreage states the reasons for occupying new land, the following section will look at the production on these territories and what this meant for both sides of the Atlantic.

#### 3.1 The importance of Ghost Acreage

Ghost acreage is a concept that was developed by Kenneth Pomeranz in his book *The Great Divergence: China, Europe, and the Making of the Modern World Economy* (2000)<sup>163</sup>. This acreage is land that lay in the peripheries of Great Britain and was used for agricultural production – in this case we are talking about the US colonies. These acres helped to increase productivity and revenues for the state by offering a relief to the Malthusian land constraint. Only good soil could be used due to the elevated availability of farm land in the US and therefore yields were relatively high for example when we look at sugar or cotton. Farm land was not only there for mere output, but one has to add more acres of grounds for feeding the animals that were ploughing the soils and for food for the workers that sowed and harvested.

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<sup>163</sup> Pomeranz, Kenneth: *The Great Divergence. Europe, China, and the Making of the Modern World Economy*. Princeton 2000 Appendix D, pp. 313ff

British land was under a rising pressure and with the additional acreage the land constraint could be overcome. Food could be produced in sufficient quantities and cash crops provided further revenue that was re-invested into buying and opening up new land – ghost acreage.

The availability of free and tillable land as an important key for agricultural production is undeniable in the 18<sup>th</sup> century. Europe and also the British Isles did not have enough existing land for productivity and housing anymore. The rise in population and therefore the augmenting need for land to provide housing, energy, food and clothing, which are in the Malthusian view necessary for everyday life, led the Europeans to find new land and especially new resources. Land is the basis for further development in production, economy and furthermore politics (administration, state power) and social progress (wealth, health).

### **3.1.1 The underlying concept**

Kenneth Pomeranz' concept of ghost acreage<sup>164</sup> as it is defined in chapter 3.1 deals with the topic of additional land for additional agricultural production and resources in the New World. The new periphery for the English brought development and wealth to both sides of the Northern Atlantic. The American continent provided enough cheap land and a suitable climate for cash crops like tobacco, sugar and cotton. In chapter 6 of his book he states the reasons for the success of the concept and how the English managed to become wealthy and leaders in trade. One has to bear in mind that the regions Pomeranz compared Great Britain to were China and Southeast Asia in general, which are not part of this thesis in any kind. Therefore I will try to mention his arguments in a very general way.

Land was the basis of the new development on both sides of the Atlantic. This land for Pomeranz was acquired by a “windfall”<sup>165</sup>, a very lucky coincidence that brought new agricultural territory to the British by chance. Colonies were not the result of hard work or good armies, but rather accidentally received and used for the production of new resources. The author believes that in the 16<sup>th</sup> and 17<sup>th</sup> century the pressure on English soil or European in general was already high, due to the rise in population and therefore the people were not able anymore to produce enough goods to satisfy demand of the basic needs after the Malthusian pillars: food, housing, clothing, heating. The people had to find new territories to be properly supplied with the necessities and those were found in the New World. The American continent was very close to Europe and therefore more easily accessible to build up

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<sup>164</sup> Pomeranz, Kenneth: *The Great Divergence. Europe, China, and the Making of the Modern World Economy*. Princeton 2000, pp. 313ff

<sup>165</sup> *Ibid.*: p. 11

a new economy there with plantations and markets and settlements. Pomeranz emphasises the hunger of the people for new land and the need for overcoming the constraint with a new periphery. But land itself was not enough. On additional land additional resources could be produced and these were the important factors in his opinion.

“In other words, a demographic catastrophe, colonial legislation, and slavery combined to create a periphery that was an ever-expanding source of raw materials in an era before most production required expensive capital goods and when most people still had some connection to subsistence production.”<sup>166</sup>

Resources were necessary to not only feed all the people, but also to provide a sufficient living to them. With the growing of grain and rice people could be fed and also the introduction of corn was found to be good due to the high yield per acre and besides it grew well in many countries. Pomeranz also names other resources like sugar coming from the Caribbean that reduced caloric needs<sup>167</sup>. Furthermore he talks about fibres and the importance of cloth production for British development. For a long time Britain produced woollen cloth for export, but their quality was not very popular amongst the Europeans and besides it was too heavy for the tropical regions of Africa or South America. “Until the tremendous development of the cotton industry in the Industrial Revolution, wool was the spoiled child of English manufactures.”<sup>168</sup> Pomeranz also claims that the needed territory for feeding sheep for the maintaining of wool production would have been too high for competing with cotton cloth.<sup>169</sup> He also emphasises the importance of precious metals as a significant raw material coming from the New World that was necessary for trade, but one cannot be sure which part of America he is talking about. In North America the finding of gold was pursued after the end of the westward expansion as for example the Klondike gold rush at the turn of the 19<sup>th</sup> to the 20<sup>th</sup> century.

But Pomeranz does not only write about the importance of land and its resources, but he also looks at the form of labour that was used in the New World to produce raw materials for the export to Great Britain where they were manufactured. The resources in America were mostly compiled by African slaves until the beginning of the 19<sup>th</sup> century before the serious slave uprisings started. “The New World’s farm exports were largely slave grown.”<sup>170</sup> Slaves were

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<sup>166</sup> Pomeranz, Kenneth: *The Great Divergence. Europe, China, and the Making of the Modern World Economy*. Princeton 2000, p. 268

<sup>167</sup> *Ibid.*: p. 276

<sup>168</sup> Williams, Eric: *Capitalism & Slavery*. North Carolina 1994, p. 65

<sup>169</sup> Pomeranz, Kenneth: *The Great Divergence. Europe, China, and the Making of the Modern World Economy*. Princeton 2000, p. 276

<sup>170</sup> *Ibid.*: p. 264

cheap and hard working and for the planter they were a good investment. Workers from Europe were hardly needed, as Pomeranz states, or wanted because they came as indentured servants and were free again after some time to go where they want and to buy a patch of land to produce for themselves. African slaves were better suited for the hard work than the indigenous people because those were regarded as being fragile “creatures” that die immediately of diseases<sup>171</sup>. Africans could be bought and resold and also bred on the own farm if necessary or possible. Some planters allowed slave families on their plantation to have the babies born in the country and they belonged to them then. The needs slaves had, created a market for the British they could use to sell their manufactures like tools or clothing. Food and other basic things were acquired locally.

This brings the author to the next point – markets and money. In Pomeranz’ view land and resources paid for everything as for example the trade balance or the credits or the army. This money was acquired mostly by exporting goods from the US to the mother country, but also by taxes that were imposed on the incoming goods and raw materials that were imported into Great Britain. All food stuffs like sugar or tea and furthermore tobacco were heavily taxed and brought money into the British economy. This money was mostly used to pay for imported goods or for leading wars and paying soldiers. Businessmen always a trade balance between Great Britain and the US colonies. This trade balance guaranteed that there was enough money available to pay for new imports via exports. But merchants often could not meet these expectations and therefore credits had to be established to carry on trading. This additional money paid for necessary imports when exports could not raise enough revenue. Therefore credits were established, but for Pomeranz it was mostly the elites that paid for the deficits. The military for example did well during the development of the transatlantic trade and so former soldiers could become businessmen. “It also helped create European military commanders and paymasters who became influential partners of local elites and often later their colonial masters.”<sup>172</sup>

But money should not be the only factor for a certain development in pre-industrial times. Also innovations are a necessary feature for countries to enlarge their importance and wealth.

“The third would be the wave of industrial innovations themselves – something still not fully understood and, as we have seen, of vastly greater significance

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<sup>171</sup> Pomeranz, Kenneth: *The Great Divergence. Europe, China, and the Making of the Modern World Economy*. Princeton 2000, p. 265

<sup>172</sup> *Ibid.*: p. 282

because it was combined with both plentiful coal and the easing of other resource constraints made possible by the New World.”<sup>173</sup>

These innovations did not only provide machines for the production of manufactured goods, but also led to a decline in shipping costs and a revolution in transport like for example with the railroad<sup>174</sup>. For Pomeranz it is also important that the acquiring of new land was a method to ease the problems of lacking innovations in the pre-industrial time. He states that Great Britain would have hardly been able to develop with their standard of knowledge and the institutions back then so the increasing of the amount of land was a basic method to start developing towards an industrial society<sup>175</sup>.

### **3.1.2 Ghost acreage in the periphery**

On the new territory enough free land was available due to little settlement before colonial times. When the English settlers came to America they could start to take or buy land to build up farms and fields. In the beginning around the 17<sup>th</sup> century these farms were rather small and not always very productive. The first settlers rather tried to pursue subsistence farming to survive throughout the year. Especially in the North and the Middle Colonies farming with grain fields was not very successful. That was also a reason why the extreme north abandoned agricultural production mostly meant for export very soon. Most of the first farmers needed help from the indigenous population in the hinterlands to survive. Only with the introduction of new cash crops the American settlers could start to build up sustainable farms that had enough yield to sell the surplus on local and foreign markets. These crops like tobacco or rice came from different regions of the globe, but still the farmers found ways to adapt the plants to their needs. The more successful they became in planting, harvesting and selling the more land they could buy to increase output. Finally, the farms were huge, for European dimensions, also because so much land was available and the plantations brought money to both the US colonies and the mother country. These large territories made the production of land intensive crops possible like for example tobacco, indigo and cotton. Tobacco plantations constantly need new soils because the plant is exhaustive in nutrients. And tobacco was one of the most important export products in the early times of the American economy. The production of cash crops led to an expansion in transatlantic trade that satisfied both markets, the European and the American. England got resources that they gradually processed to finished products with a higher added value. These goods were sold to other European

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<sup>173</sup> Pomeranz, Kenneth: *The Great Divergence. Europe, China, and the Making of the Modern World Economy*. Princeton 2000, p. 283

<sup>174</sup> *Ibid.*: p. 284

<sup>175</sup> *Ibid.*: p. 280

countries in need or want for the commodities and luxuries from the New World or also exported back into the colonies. There the finished products like sugar or cotton cloth satisfied the everyday needs of the settlers and furthermore the slaves.”Thus, despite their poverty, the everyday needs of slaves created a significant market for imports;”<sup>176</sup>. On the American continent food stuffs for slaves were generally acquired locally, but more sophisticated products frequently came from the mother country. Cheap, light and easily washable clothing made of cotton cloth provided the slave owners with one of the necessary products to sustain their slave society. The rising sophistication concerning the production and sale process led to a development in infrastructure and labour. A certain specialisation took place between centre and periphery that lead to the expansion of wealth in both countries. People worked in those fields they were best in and therefore many new branches especially in the service sector were introduced to increase specialisation. Without additional land – ghost acreage – this development wouldn’t have been possible.

### **3.2 Cotton and the Agricultural South – from Trial to Importance**

After establishing the plantation system on the new continent the British or maybe better put the Americans improved the system in ways that brought them wealth and a good reputation. The first failures were soon followed by the success of the tobacco plant. In the late 18<sup>th</sup> century the market for this crop was saturated and also the soils were not good enough anymore for further production due to the loss of minerals and other nutrients the plants had drained from the earth. Therefore the planters started to buy and occupy new land to have sufficient acres for their plantations. The following westward expansion should shape the American continent in the way we know it today. But soon planters realized that taking new land and increasing yields of the soils was not enough to keep up with European demand. For some time tobacco was fashionable and soon a broad number of people could afford smoking the New World leaf. The time had come for a new product that should affect and change many parts of European as well as American society and later on the African continent too – cotton.

With the opening up of trade between India and Britain a new cloth came to Europe. It was light, therefore well fitted for hot temperatures and easily washable. The Indian cotton was a luxury good in the beginning of the trade with the subcontinent mostly due to the good quality cotton and exclusive prints that were typical for the region. The problem for the British was

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<sup>176</sup> Pomeranz, Kenneth: *The Great Divergence. Europe, China, and the Making of the Modern World Economy*. Princeton 2000, p. 266

the high price that drew money from England to the colonies. From a mercantilist point of view this was unacceptable therefore the British tried to get production into their own hands. But still the raw cotton had to be imported from somewhere and was not available to the British in sufficient quantities in the first place. “British manufacturers might be able to spin miles of thread efficiently, but a reliable source for raw cotton did not exist.”<sup>177</sup> When the American planters began to face difficulties in tobacco production and selling some of them changed their plantations to cotton fields. American colonies were the major producer and exporter of raw cotton meant for the British market beginning in the 18<sup>th</sup> century until well throughout the 19<sup>th</sup> century. The already established trading networks, running from Great Britain to the rest of Europe and to the coasts of Africa where cloth and other manufactures were exchanged for slaves or from the mother country to the colonies in the US, helped the expansion of the cotton trade in the Atlantic and the upcoming global trade.

“The white gold served as the major commodity trade of the early nineteenth century and observers credited it with sparking (or at least greatly accelerating) industrial revolutions in Western Europe and the United States. Raw and finished cotton created networks of trade that circled the globe many times over and expanded European empires while destroying, reshaping, and at times empowering individuals’ economic livelihoods.”<sup>178</sup>

Cotton became one of the most important commodities with the beginning of the 19<sup>th</sup> century.

### **3.2.1 Cotton Cultivation**

Before we can look at the influence the new seed had on the Atlantic markets, I want to explain the process from planting cotton on a plantation to the finished product – cloth.

The cotton plant is apt for tropical or subtropical regions because it needs a rather warm and dry climate to grow. Constant water supply is necessary and the level of nutrients acquired is markedly lower than for other plants like tobacco. This quality made the cotton plant suitable for the southern regions in the US territory. Enough sunshine throughout the year, moderate rainfall and possibilities for irrigation made the cotton plantations a very suitable type of farm for the southern planters. Cotton can grow in different varieties and colours. Well known today is the white type of the fibre, but there are also brown forms that were not so popular amongst the British. The plant and seeds had to be cultivated in forms so that all the expectations of the production could be met. The hybridization of the cotton fibre was an achievement of the US planters that needed high and reliable yields as well as good quality. Also the techniques in planting were adapted for the US plantations via experimentation. As

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<sup>177</sup> Schoen, Brian: *The Fragile Fabric of Union. Cotton, Federal Politics, and the Global Origins of the Civil War*. Baltimore 2009, p. 23

<sup>178</sup> *Ibid.*: p. 2

with grain the seeds were drilled into the ground and sowed in rows along ridges which should help the plant to grow more efficiently and make higher yields possible.<sup>179</sup>

Cotton first came from Asia especially from the Empires around the Indus valley. In the early times of British colonization in Asia the weaving skills of the Indian cotton cloth producers were unmatched. They produced the finest cotton with different printing patterns and colours that were eagerly brought to England for the European market. But soon the British wanted to produce the cotton cloth themselves and export it to their foreign and colonial markets. In the 17<sup>th</sup> century the factories imported the raw cotton from the Indian subcontinent, but with the augmentation of production the demand could not be met properly anymore. The Indian regions were politically unstable and therefore not apt for the great plans Britain had with cotton. “The best chance for an imperial source of cotton remained the Indian subcontinent, but intra-imperial tensions and economic rivalries prevented that region from providing a sufficient supply.”<sup>180</sup> The British wanted to produce another export good apart from tobacco and cloth like wool or linen to stimulate the demand of the consumer in Europe and abroad. First they could build up sufficient spinning and weaving factories in the regions of Lancashire and Manchester, but the raw material was scarce. Therefore the British turned to the US planters in the South for the production of raw cotton. There was plenty of land available that could be turned into cotton plantations which only needed sufficient workforce and capital. And even though the US colonies had started to break away from the mother country with the War of Independence the economic ties were still strong between the two sides of the Atlantic. One economy could not properly flourish without the other also thanks to cotton.

The US plantations were mostly charged with the planting of cotton and the exhausting picking of the fibre. In the first decades it was hard work to harvest cotton because the small seeds which were in the cotton bolls were problematic. They had to be picked out by hand first which was a tiresome job. By 1793 the schoolteacher Eli Whitney built the first suitable cotton gin – a machine that can remove the seeds with wired teeth without greater effort<sup>181</sup>. The slaves were trained in using the machine and achieved a higher output of clean raw cotton by it. The machine was constantly improved so that the results got better. After that the cotton fibre was put into a carding machine that cleaned the cotton from dust and lined up the fibres

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<sup>179</sup> Schoen, Brian: *The Fragile Fabric of Union. Cotton, Federal Politics, and the Global Origins of the Civil War*. Baltimore 2009, p. 42

<sup>180</sup> *Ibid.*: p. 30

<sup>181</sup> *Ibid.*: p. 42

into a kind of rope for proper spinning. Then four of these small ropes were put together and combined for a better quality of the thread – this was called drawing. The yarn was then spun into threads again by putting several threads together to get one with a higher quality and finally weaved into cloth. The finished cloth was then printed with different patterns mostly fashionable for the women of the higher society or for the export into African countries. The cotton cloth that was meant for the slaves in the fields on the American plantations were not printed, but still of better quality than the woollen cloth before. Cotton is easily washable, dries fast and is breathable which makes it apt for the hot climate of the South.

Cotton was important for society and economy on both sides of the Atlantic which will be shown in the next chapters. Without the introduction of the cotton plant the American economy might not have developed well and the people would still be stuck with scratchy woollens from the British Isles.

### **3.2.2 Importance for the US Colonies**

With the independence of the US colonies from the mother country Great Britain the production of cotton started to flourish. There were different reasons for the success of this plant that will be further discussed in chapter 3.4, but they all have in common that it was hard work to build up an efficient production and an advantageous trade network in this field. The situation for the US changed completely in the 18<sup>th</sup> century. The states began to open up new markets as for example in France and they were for the first time really allowed to take the economic development into their own hands.

In the 18<sup>th</sup> century the demand in cotton by the Europeans and especially the British one grew significantly. There was a need to open up new sources for raw cotton which were found in the southern plantations of the US colonies. With the rise of the cotton exports the planters became more influential in trading matters. The Americans had to provide the raw material to a growing market and a significant rise in demand for the finished cotton cloth came from the British regions of Manchester.

**Table 3.1: Textiles in merchant stocks (in %)**

Type of textile	Pennsylvania 1730s	Pennsylvania 1760s	South Carolina 1730s	South Carolina 1760s	Louisiana 1730s	Louisiana 1760s
Cottons	14,68	19,78	9,45	20,43	21,03	30,36
Woollens	28,17	32,87	57,82	32,82	14,15	6,77

**Source:** DuPlessis, Robert: Cottons Consumption in the Seventeenth- and Eighteenth-Century North Atlantic. in: Riello, George/Parthasarathi, Prasannan (eds.): *The Spinning World. A Global History of Cotton Textiles, 1200-1850*. Oxford 2009, pp. 230f

It was difficult for the British to acquire enough raw material to satisfy demand and increase the output rate. Firstly, more land was needed to grow enough cotton. This land was again found in the US starting as a colonial project. The American planters kept on establishing cotton farms and plantations in the southern territories like Georgia or the Carolinas and not even the War of Independence could stop production. It only hindered trade for a short period of time. After a short term decline in producing raw cotton the market wanted to be provided with cotton again. So the war was not a turning point for British-American economic relations, but rather an interlude between the old system and the new development.

During the war of Independence the American settlers were not alone in their fight against the British soldiers. The French helped the United States with knowhow in war and additional soldiers. Although they were not too eager in the beginning the French finally started to establish good connections with the former British colonies. First they connected politically and diplomatically later on they built up economic and commercial relations. After the British had driven away the French from the US colonies at the end of the 18<sup>th</sup> century and the beginning of the 19<sup>th</sup> century, for example from Canada or in buying Louisiana, they eventually had the chance to take a more important part in the Atlantic trade next to the British merchants. The American planters also exported cotton into the markets of France and so competition in Europe for the US cotton arose and the prices were good enough to expand production in the New World to meet the demands of the consumers. This expansion was mostly achieved by buying up new land and installing farms and fields there. But we have to keep in mind that the largest part of the trade with Europe was still with Great Britain.

The own markets in the United States were rather small and not apt for the distribution of cotton cloth on such a large scale, but Europe had an ever increasing demand for the finished product. After the independence the Americans started to produce their own cloth, but they

sometimes lagged behind after the sophisticated methods of production invented by the British scientists and manufacturers. Therefore skilled workers and inventors from Great Britain had to be brought to the New World to fix the problems and invent new strategies and machinery for the expanding cotton economy. The Americans were not bad in finding new ways of harvesting and producing cotton as for example Eli Whitney who invented the cotton gin in 1793, but still they needed capital and new ideas from Europe. So even though the United States and Great Britain were political rivals in the days after the War of Independence they were still trading partners that needed and wanted each other. “As such, the cotton revolution perpetuated a positive association with the American experiment even as it increasingly depended on trade with a political rival.”<sup>182</sup> For some time trade went on unhindered by the British and both markets needed goods from the other. But in the beginning of the 19<sup>th</sup> century (1803) war began to hinder the merchants to trade and therefore they started to look for new economic partners that they found in France that willingly bought up the US stocks of raw cotton. The reintroduced tariffs on the American cotton by British parliament were not productive for an increase in trade between the two countries. “While highly protective tariffs on raw materials aided British wool and wheat producers and West Indian planters, they made little sense to Liverpool merchants and Manchester manufacturers.”<sup>183</sup>

Secondly, the plant did not only need bigger amounts of land for farming, but was also labour-intensive. Especially the harvesting was an intricate part of the work that had to be done mostly due to the small seeds that had to be picked out of the fibre ball before selling the raw cotton. So the cotton pickers were again black slaves as in all the other plantations that could be bought on markets for reasonable prices and were suited for the exhausting work in the hot fields. “In addition to preserving slavery in established areas, cotton’s profitability ensured slavery would expand across the North American continent.”<sup>184</sup>

Since the planters had more influence now due to the importance of cotton it was also easier for them to get money and credits. Therefore more farms could be built more slaves bought and more cotton sold to Europe. Merchants provided money to the planters and henceforth the market could steadily increase in size and importance. There are no detailed figures for the

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<sup>182</sup> Schoen, Brian: *The Fragile Fabric of Union. Cotton, Federal Politics, and the Global Origins of the Civil War.* Baltimore 2009, p. 52

<sup>183</sup> *Ibid.*: p. 53

<sup>184</sup> *Ibid.*: p. 54

increase in trade due to the lack of sources, but some tables suggest a steadily rising production and sale of cotton cloth.

“A lack of detailed records and inventories makes it difficult to know the precise details of the Anglo-American cotton trade prior to 1820, but sources suggest that the earliest direct cotton shipments were consigned by planters to British merchants, who then shipped the crop directly to Glasgow or Liverpool.”<sup>185</sup>

The central regions for investment in the United States were the south-western plantations. Most of the slaves traded to North America worked on these fields and the capital flows were running into the planters’ pockets. “The centralization of labour and capital on south-western cotton plantations demonstrated slavery’s continued viability, even economic vibrancy, in the face of revolutionary aspirations.”<sup>186</sup> The effects for the planters were not only more wealth for themselves, but also the people created an elite for the political background in the US. Many planters became politicians themselves and could therefore more easily influence the legal basis to their own favour.

“But for whites in that region and elsewhere, cotton had a very positive and immediate impact, returning elites to the prosperity they had experienced during the colonial period and allowing others to experience their first taste of commercial profits.”<sup>187</sup>

Cotton was traded all over the world and demand was global. Also known in the region of India and in Africa the cloth could be traded for receiving foreign products or could be brought to other countries to learn new techniques as for example in Ghana where the printing process for cotton was refined and cotton clothes were an important part of their culture. Especially the tropical regions of the world hungered for the light and breathable cloth. “With cotton cloth being preferred in tropical regions of Africa, it became a major currency for the late eighteenth-century and nineteenth-century slave trade.”<sup>188</sup> Cotton was not only known to the Atlantic region, but had already found customers before.

### **3.2.3 Importance for the Mother Country**

For the British it seemed to be impossible to acquire cotton from elsewhere than the closest colony – the United States. “The failure of imperial supplies made the Anglo-American trade an economic necessity for British manufacturers.”<sup>189</sup> Without American cotton the British

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<sup>185</sup> Schoen, Brian: *The Fragile Fabric of Union. Cotton, Federal Politics, and the Global Origins of the Civil War*. Baltimore 2009, p. 47

<sup>186</sup> *Ibid.*: p. 57

<sup>187</sup> *Ibid.*: p. 58

<sup>188</sup> *Ibid.*: p. 56

<sup>189</sup> *Ibid.*: p. 59

looms would have stood still. The former US colonies could begin to be more confident in their actions and demand certain things from Europe. The two biggest consumers of the American cotton in Europe were Great Britain and France both very influential countries.

The technological advance due to the inventing in machinery meant for the better harvesting and production of cotton was an incentive for a sophisticated development of the two countries across the Atlantic. With the Independence of the US colonies from the mother country Great Britain the trading pattern changed to a favourable trade for the United States. “Increasingly, the colonies were coming to play an important role in European power politics.”<sup>190</sup> Especially concerning cotton the New World production was essential for the whole of Europe. In the 18<sup>th</sup> century the cotton harvest was picked, seeds were removed and then transported to the manufactories of England in Manchester or Lancashire. There cotton cloth was produced and sold to foreign markets all over the world. The British cotton went to the other European countries as well as to the African coast. In Africa the cotton was appreciated as being useful due to its breathability in the hot climate zones and furthermore the different colourful dyes and patterns became part of the West-African clothing culture. British cotton cloth was also exported to the Indian region even though the people there produced cotton themselves. The domestic markets and production as well as other branches were severely damaged by the British exports. “Within a decade, producers of other fabrics, including woollens, linens, and silks, were once again complaining about the damage cottons were inflicting on their sales.”<sup>191</sup> As Philippa Levine<sup>192</sup> states in her book the British rather tried to bring their own goods and products to the far away colonies than acquire them locally to re-sell them in the same region. With this form of trade more money could be made by Great Britain and then finished cotton cloth was sold in the Asian countries where there had already been a lot of own production. “The export back to India of cheap finished cotton goods hurt the indigenous textile trade, for example,[...]”<sup>193</sup>

For Great Britain it was advantageous for the economy and trade was extended. At the end of the 18<sup>th</sup> century after the independence of the United States the American planters and merchants began to profit more from the production of cotton mostly due to the possibility of exporting to other countries. After a very short period of stagnation during the war trade went

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<sup>190</sup> Benjamin, Thomas: *The Atlantic World. Europeans, Africans, Indians and Their Shared History, 1400-1900*. New York 2009, p. 481

<sup>191</sup> Riello, George/Parthasarathi, Prasannan (eds.): *The Spinning World. A Global History of Cotton Textiles, 1200-1850*. Oxford 2009, p. 307

<sup>192</sup> Levine, Philippa: *The British Empire. Sunrise to Sunset*. London 2007

<sup>193</sup> Levine, Philippa: *The British Empire. Sunrise to Sunset*. London 2007, p. 99

on like before and even expanded. “The independence of the United States did not hamper British trade with America; in fact, it expanded in the 1780s.”<sup>194</sup> Both economies needed each other and cotton trade went on like it did before the independence. But how did the import-export trade change between the abandoning of tobacco production and the introduction of cotton in the 18<sup>th</sup> century? This question is going to be the topic of the next chapter.

### **3.3 Trading Patterns**

The production in cash crops since the middle of the 18<sup>th</sup> century shifted from the planting of tobacco in the region of Virginia and the Carolinas to the initiation of cotton plantations in the southern American territories. This development also changed trade with Europe. The rising demand in raw cotton was met by the US colonies and this branch turned out to be a very profitable one. With the export of cotton and the refinement of trading strategies the United States could very well pay for the import of foreign goods from Europe.

#### **3.3.1 Export – Import**

Cotton was a product that was strongly demanded by the British manufacturers. Therefore import duties on the ships carrying cotton were lowered by the British Parliament and it was easier to bring the good into Great Britain and sell it to the British manufactories. With the rise in trade the trade connections were multiplied and the number of merchants and ships was increased. The expansion of the transatlantic trade and the frequency of voyages across the ocean can for example be seen with the establishment of the transatlantic postal service that connected Europe with the New World and which did not only make communication easier, but also contributed to the expanding of the financial system.

“There was an expansion of regular transatlantic postal services within each of the Atlantic empire, which made communication faster and more secure. Transoceanic commercial networks of producers, planters, agents, factors and customers were created by merchants and financiers. They were often responsible for spreading new crops, tools, technologies and ideas throughout the Atlantic World.”<sup>195</sup>

The British had built up a network of credits and capital in general that was used for the expansion of the cotton production mostly due to the increased state revenue that was reached by the efficiency of the British financial system. “Britain’s financial system permitted the state to pay for its wars and expanded the pool of capital available for investment in trade and

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<sup>194</sup> Benjamin, Thomas: *The Atlantic World. Europeans, Africans, Indians and Their Shared History, 1400-1900*. New York 2009, p. 514

<sup>195</sup> *Ibid.*: p. 488

industry.”<sup>196</sup> Great Britain provided the capital and the knowhow for investments in the merchant economy. Trade was not conducted by big firms or companies but rather by small family businesses and private partnerships. “Although there were still monopoly companies and some joint-stock syndicates, most merchants trading overseas operated in small family firms and private partnerships, maintaining merchant counting houses.”<sup>197</sup> Apart from some exceptions that were still organised in monopoly companies most of the merchants only engaged in smaller enterprises that specialised in a certain field of trade and were able to provide a proper service to the economies on both sides of the Atlantic. Most of the financial side of the trade was also organised by factors that managed accounts and the trade books of the American merchants and the bills of exchange necessary for the transatlantic connections to ease monetary trade. Factors were people who provided services to the Atlantic merchants and who specialised in the branch of financial transaction. With their knowhow they were able to make good money. “[...] factorage was a good business in itself and a complement to merchants’ own trading activities.”<sup>198</sup> These factors mostly were British merchants bringing knowledge and experience from Europe to the New World. So the markets did not only develop, but also became more specialised. The organisation of the Atlantic trade was more sophisticated due to the specialisation and Great Britain had therefore a lot of influence in the region.

### **3.3.2 Re-Exports**

Before the War of Independence tobacco was still the most important export good of the United States. It was distributed by the British in the whole of Europe. With the decline in demand for tobacco products the new crop cotton became valuable for transatlantic trade. But the British did not re-export the mere raw material, but before they produced cotton cloth in manufactories and so they added value to the resource. This good was then re-sold on different markets all over the world. “The demand for these manufactures English goods increasingly stemmed primarily from the American colonies and secondarily from Ireland and India.”<sup>199</sup> These markets were countries in Europe either islands or on the continent, the coastal regions of Africa and the market of India that was very big due to the fact that cotton had been known and produced there between the 15<sup>th</sup> and 17<sup>th</sup> century already before the British did.

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<sup>196</sup> Benjamin, Thomas: *The Atlantic World. Europeans, Africans, Indians and Their Shared History, 1400-1900*. New York 2009, p. 485

<sup>197</sup> *Ibid.*: p. 485

<sup>198</sup> *Ibid.*: p. 487

<sup>199</sup> Walton, Gary/Shepherd, James: *The economic rise of early America*. Cambridge 1979, p. 75

**Table 3.2: British export markets in the 18<sup>th</sup> century (in %)**

	<b>~ 1700</b>	<b>~1773</b>
<i>Northern Europe</i>	52,3	31,8
<i>Southern Europe</i>	26,6	17,0
<i>Other British Isles</i>	5,7	13,3
<i>North America</i>	13,3	32,9
<i>East India</i>	2,1	5,0

**Source:** Walton, Gary/Shepherd, James: The economic rise of early America. Cambridge 1979, p. 75

Even America itself was a good customer of the processed cotton. The clothes were fit for the slave societies in North and South America because they were cheap and of good enough quality to withstand the strain they were exposed to for some time. Even today the typical black slave is imagined to wear clothes made out of unprinted white or brown cotton fibre. Cotton was the ideal product for global trade and the spin-off effects were very valuable for the development of Great Britain and furthermore the former American colonies: With the re-export of cotton cloth money came into the country that could again be used for merchant capital to increase transatlantic trade, it could be used for investments in the production of cotton, the buying of new land, the building of new farms and enlarging plantation fields. Money was also invested in development of the manufactories and their technological advance. To find new methods for processing cotton was vital for increasing productivity and again receiving enough revenue with the augmentation of the output. Not only more money was a positive effect of the rising cotton trade, but there are social factors as well. In the next chapters I am going to talk about these effects and examine their influence on the development of the US territories and the British Isles.

### **3.4 Socio-Economic Influence**

Cotton was not only a stimulant for economic growth, but it also started a new process of social development. With the introduction of cotton cloth into British and furthermore European society many things changed. First and most obviously fashion did, but this also added to the higher demand in cotton and therefore to a higher productivity and more revenue from trade. To fully understand the importance of cotton one must never forget that *people* bought and wore cotton for social reasons.

### 3.4.1 Hygiene, Health and Fashion

A topic that is often highly underrated by economic historians are hygienical factors of cotton and the social reasons for its spreading.

Cotton was a new clothing material that was a revolution for the people of the 18<sup>th</sup> century in Europe. Already known in Asia and Africa the use of cotton cloth finally reached Europe and the Americas. The cloth is better suited for workers than the formerly used sheep wool or linen due to its lightness and the washability. “As the English were to learn later during their own Industrial Revolution, consumers around the world had a seemingly insatiable demand for a cheap, light, and washable cotton cloth.”<sup>200</sup> The lower price also was a good incentive for the US planters to buy cotton clothes for their slaves. Cotton cloth was suitable for warmer and hot climates so the cloth was mostly re-exported from Great Britain to foreign markets. The British and the European people used the cloth mostly for underwear. It does not need to be warm, but has to be cleaned very often and very well. Due to the fact that cotton is easily washable especially women could increase their personal hygiene or the health of their babies. The medical effects were remarkable as cotton was used for bandages for wounds and could be washed and cleaned properly.

Furthermore people used the cotton cloth as clothing material for outerwear. Again mostly women were eager to get cotton clothes because it soon became fashionable. “...in the eighteenth century cotton was a fashion fabric.”<sup>201</sup> The cloth was often printed colourfully and in different patterns. Cotton was more comfortable to wear than wool and cheaper available than printed linen. “...cotton gowns were consistently ascribed a higher value than linen gowns, suggesting that the greater popularity of cotton gowns lay in their superiority in appearance and other functional qualities, not in their cheapness relative to linen.”<sup>202</sup>

All classes started to buy cotton clothes in many different ways of manufacture. The prints were so fashionable that they were not only used for dresses but also for furniture<sup>203</sup>. Cotton clothes were sold to all different classes in society in a huge variety of forms and colours and the cloth was very popular.

So cotton was not only produced in higher quantities due to its economic value, but especially because of the demand for it. By becoming fashionable demand rose and more people who

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<sup>200</sup> Walton, Gary/Shepherd, James: The economic rise of early America. Cambridge 1979, p. 74

<sup>201</sup> Riello, George/Parthasarathi, Prasannan (eds.): The Spinning World. A Global History of Cotton Textiles, 1200-1850. Oxford 2009, p. 307

<sup>202</sup> Ibid.: p. 312

<sup>203</sup> Ibid.: p. 311

could afford the fabric dressed in cotton clothes. Furthermore the relative cheapness due to the declining prices of the product was a good incentive to buy the cloth and decorate the home and the people with the fashionable fabric. The practical use was another reason for the need of a plus in production. Being easily washable and furthermore a cloth of good quality cotton was used for sensitive clothing like underwear or for bandages. The use of cotton led to an advance in hygiene and health amongst the people.

### **3.4.2 Industry, Trade and Wealth**

Cotton was also a stimulant for the development of the industrial sector. The constant innovation of the machinery led to an increase in cotton plantations and this again to a rise in wealth on both sides of the Atlantic. In the following chapter I want to discuss these reasons for the rise of wealth.

With the enlargement of cotton plantations and the buying up of new land for the production the influence of the planter families increased. They acquired more money and could afford to build up new plantations that led to a rise in cotton farming. For the plantations black slaves were needed to plant the fibre and pick the harvest. Slaves were seen as a valuable property that was moveable over large distances if necessary. Having many slaves for different kinds of work on the plantation was a sign of wealth, for example on the fields or in the household as cook or maid. Often there were so many black slaves in one United States colony that they became the majority of the American population there.

“The new slave societies were societies and economies where slave labor was critical to the economy of the entire colony. Because of this, slaves often became the majority population. Slaveowners, who were the plantation elite, became the ruling class.”<sup>204</sup>

Work force was important because land has to be worked and without the slaves the American economy wouldn't have developed the way it did. The returns from the land the slaves compiled in the US were valuable enough to go on with slavery until the 19<sup>th</sup> century. Slave trade wasn't abolished until the beginning of the 19<sup>th</sup> century – for North America in 1808 - and the inner slave trade in the United States where slaves were sold from one farm to the other and which was of great value to the southern planters of the United States went on during at least half of the century. After the independence of the United States state revenue was very important to the new nation. “The young nation was quickly to learn, after

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<sup>204</sup> Benjamin, Thomas: The Atlantic World. Europeans, Africans, Indians and Their Shared History, 1400-1900. New York 2009, p. 374

independence was won, the real financial burden of self-protection in a hostile world.”<sup>205</sup> This revenue was achieved by a surplus in trade and with the production of cash crops on the plantations. Therefore trade connections were constantly used to export products, especially cotton, to Great Britain and sometimes also to other parts of Europe. Trade was again a stimulant for development also in the industry of Great Britain and the United States. The increasing industrialisation was an important step forward into a rise in wealth and a sustained economic progress. Machinery for the cotton industry was refined and innovations and inventions were constantly made. This encouraged the transatlantic trade and the British and American merchants engaged heavily in the different enterprises across the ocean. The surrounding of the economic development after the independence of the United States was a very innovative one and many new things were established as for example machinery (steam operated, cotton processing), transport systems (railway, postal service), financial systems (merchant and industrial capitalism) and trade (merchant credits and ship innovation). All these developments in the 18<sup>th</sup> and 19<sup>th</sup> century finally led to an increase in wealth for upper and middle classes in British and the American societies.

Firstly, US planters were able to buy new land and build plantations. It was also possible to acquire investments from different people to intensify this development. The aim was to get more revenue from the land and on the one hand re-invest and on the other hand to increase private capital and importance (socially and politically). Secondly, merchants were able to become wealthier with the undisturbed trade connections importing and exporting in sufficient quantities making enough money to invest in the enterprises abroad and the shipments to different countries and empires around the globe. Historians should always keep in mind that shipping and transoceanic trade bore a high risk. Ships could probably sink or be attacked by foreign pirates, so a lot of money could be lost during a journey across the sea. Thirdly, the middle class in Great Britain was now able to buy more on the markets than mere necessities. Also luxury goods from the colonies and the New World were affordable to the people with a reliable wage as for example lawyers, doctors or parsons. The families learned the taste of sugar and tea or coffee and were partially dressed in cotton clothes or other cloth imported by merchants from Arabia or Southeast Asia. Colonial trade therefore affected a large part of society. And finally, the settlers in the United States were able to afford these luxuries as well and also the finished products coming from Great Britain or Europe in

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<sup>205</sup> Walton, Gary/Shepherd, James: The economic rise of early America. Cambridge 1979, p. 111

general. Both markets were stimulated well enough to raise more capital and achieve more wealth.

### 3.4.3 Administration and Finance

To secure transatlantic trade it was necessary to improve administration and the financial system. In the 18<sup>th</sup> century the British began to structure these systems to support their colonial enterprises and increase wealth for their own country. This was an important step towards the implementation of the free trade. The Navigation Acts that were described in chapter 2.2.3 were one possibility, but the other was to be able to finance the Royal Navy. The British navy was part of a strategic plan to secure trade enterprises and the hegemonial power on sea of Great Britain. The British had the money to build ships and train sailors and soldiers on the one hand to be able to fight against other European countries like France or Spain and on the other hand to convoy merchant ships across the Atlantic.

“The British navy was also large enough now to convoy merchant fleets in time of war as well as maintain its other duties. British naval power in the Atlantic would come to be one of the critical elements, if not the most important one, in the Anglo-French wars of the eighteenth and early nineteenth centuries.”<sup>206</sup>

The British naval budget was large enough to secure their hegemony on the Atlantic Ocean except in the War of Independence where the French navy defeated the British and made the American success possible. However, the Royal Navy stayed one of the best ways to defend the British Empire and more or less ensure the important free trade.

Financially the British were also very innovative and capital was available in ever increasing amounts. “Britain had the greater capacity to maintain credit and therefore build ships, pay armies and raise supplies.”<sup>207</sup> Wars and investments were mostly possible due to the rise in trade revenue that ran into the state budget. Trade offered larger capacities for the state to provide money. Tariffs and taxes made up a part of the capital achieved via trade. Great Britain could afford to provide credits for example for shipbuilding or supplies for trading. These credits were not secured by a king, but rather by the British state which made them more reliable. These loans were guaranteed by the 1694 established Bank of England. Financing was made more efficient by the good innovation of the national debt. Enough money could be provided to private and public enterprises. “Britain’s financial system

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<sup>206</sup> Benjamin, Thomas: *The Atlantic World. Europeans, Africans, Indians and Their Shared History, 1400-1900*. New York 2009, p. 484

<sup>207</sup> *Ibid.*: p. 484

permitted the state to pay for its wars and expanded the pool of capital available for investment in trade and industry.”<sup>208</sup>

Even after the War of Independence the British had good connections into the former US colonies and supported them with capital, knowledge and markets. The other European states were not able to cut these bonds as Walton and Shepherd state in their book. “British merchants, too, enjoyed the advantages of a common language, established contacts, and knowledge of American markets, and could thus regain a competitive edge over French and Dutch merchants after the war.”<sup>209</sup>

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<sup>208</sup> Benjamin, Thomas: *The Atlantic World. Europeans, Africans, Indians and Their Shared History, 1400-1900*. New York 2009, p. 485

<sup>209</sup> Walton, Gary/Shepherd, James: *The economic rise of early America*. Cambridge 1979, p. 191

## 4 Critique on Pomeranz' concept

The book of Kenneth Pomeranz provided the underlying idea of this thesis: How did land of the New World colonies help Great Britain to develop and furthermore industrialise in the end? I think that the concept of ghost acreage is a good idea of how things came into being between the 17<sup>th</sup> and 18<sup>th</sup> century. Land was the basis for further development, to help to overcome the land constraint and to offer space where new products for Europe and the whole world could be produced. Great Britain was fortunate to have the US colonies and use them for innovations and growth in wealth. But still there are some points to Pomeranz' thesis I do not agree with and I want to explain why.

### 4.1 Pomeranz – the person – the book

Kenneth Pomeranz is a University professor for history currently at the University of Chicago. He was born in 1958 and made his PhD at Yale University in 1988. His field of research is late Imperial and twentieth-century China and its position in the world of economic progress. He analyses the question why China did not develop the same way as industrialised Europe did although both had the same preconditions. The researched questions concern studies in labour systems, population and family connections and economic change of both China and Europe. He published many books amongst them the most famous *Making of a Hinterland: State, Society and Economy in Inland North China, 1853-1937* (1993) and *The Great Divergence: China, Europe, and the Making of the Modern World Economy* (2000). For both books he received the Fairbank Prize.

The book *The Great Divergence: China, Europe, and the Making of the Modern World Economy* (2000) wants to find out why the Chinese did not develop the same way as Europe or mostly Great Britain did. He argues that the preconditions were the same for China, but somehow economic growth was not high enough to industrialise. He found a “world of striking resemblances” before the taking-off of British economy. The main focus in his book is on the land that provided a new periphery and the production of new resources became possible. Pomeranz claims that China matched Great Britain in every way and it was not so clear from the beginning that Europe could industrialise in the 18<sup>th</sup> and 19<sup>th</sup> century and China could not.

#### 4.1.1 The California School

There are several great historians that mostly focus on China and its development in the early modern period. They provide a new focus that denies the often claimed Chinese

backwardness as the reason for failing industrialisation, but some even say that China started this process even earlier than Europe did. Part of this school are not only Kenneth Pomeranz, but also Bin Wong who writes about Chinese economic development, von Glahn writes about money, Dennis Flynn and Arturo Giraldez studied the amount and influence of silver and Robert Marks wrote about South China ecology. They provide a completely new group of scholars that left traditional ways of argumentation, but rather focus on the basic things – land and resources – the countries had and what they did with them. In their view resources are the basis for development. For industrialization for example coal was needed for the manufactories and also bullion mostly in form of silver was important for trade. All these could be found either in the country itself or in the colonies and were then used to stimulate economic growth.

## **4.2 A semi-critical review**

In my thesis I show that land is really important for the industrial, social and economic development of Great Britain and also the United States. Without the periphery of Europe the exceptional path into industrialisation wouldn't have been possible. No matter if one looks at the development of the service sector, of finance or administration or trade itself, land always has to be a part of the analysis to show the basis on which the innovations could rely. On this land resources were produced and this is the next main point of Pomeranz' idea. Land and resources helped the British to overcome the Malthusian constraint and secure economic growth and a rise in wealth. Still there are some points one has to be critical of when looking at the concept of ghost acreage and its advantages.

Firstly, one needs to be careful about the terminology in Pomeranz' book. He often talks about the development in Europe and sometimes about Great Britain, Denmark or another European country or region. This can be confusing because one does not always know exactly which territory he is talking about. Furthermore in my opinion all countries in Europe are very different from each other and there is a huge difference if one looks at Great Britain or at France even though they are neighbouring countries. Especially when coming to Great Britain there is a lot of divergence if you talk about England or Great Britain or the British Empire. It is very difficult to differentiate between all these terms, but one has to find a concept that is easily understandable for the reader. But it's not only the terms, but Pomeranz seems to be jumping around on the globe from one place to the other. "The clearing of new agricultural lands in Hungary and the Ukraine had parallels in Sichuan, Bengal, and many other Old World locales; what happened in the New World was very different from anything in either

Europe or Asia.”<sup>210</sup> Global history is a good idea, but in my opinion a historian should mostly try to focus on a smaller part of history or geography to disentangle the already complicated web of historical incidences to draw a good picture of the situation in a certain period or region.

Secondly, I have another point to criticise which is the already in chapter 3.1.1 described idea of “windfall”. The colonisation of the North American continent was surely not a coincidence and far away from luck. It took a lot of planning and there were many failures to be noted before the success of the development of trade between the two sides of the Atlantic could be seen. There was severe competition between the different European countries like Spain or France and Great Britain to claim the territories and to establish settlements and agriculture there. I do not think that the word “windfall” does this development justice, but rather downgrades it to a mere lucky accident.

“Here we do find some differences that mattered – but which would have had smaller, later, and probably qualitatively different effects without both the fortunate geographic accidents essential to the energy revolution and Europe’s privileged access to overseas resources.”<sup>211</sup>

It is clear that there always has to be a form of luck that things turn out the way they do, but it would be too easy to downplay the whole development in the Atlantic region like that.

These two points were the ones I really had to criticise and show another way how to deal with the topic. In my thesis these positions should be sufficiently described. Aim of the thesis was to show the influence of ghost acreage on the development of Great Britain and the United States. Kenneth Pomeranz’ concept of ghost acreage has already been portrayed in chapter 3.1. In the two main parts of my thesis I showed the influence of land on production and furthermore on trade and innovation and finally leading to an increase in wealth. Most importantly one can see how much hard work there was behind the colonial enterprise of the British was. Pomeranz states in his book that having colonies was a “windfall” that provided resources to the mother country. It is true that Great Britain experienced an exceptional development due to the large empire and the possibility to acquire goods and raw materials from their own territory. This was the basis for further progress, but I think Pomeranz often underrates in this respect the importance of the spin-off effects the US colonies had for Great Britain. These effects were especially socio-economic. There was an increase in wealth for the

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<sup>210</sup> Pomeranz, Kenneth: *The Great Divergence. Europe, China, and the Making of the Modern World Economy*. Princeton 2000, p. 11

<sup>211</sup> *Ibid.*: pp. 16f

people, the service sector developed further and there was a lot of specialisation concerning financing and administration. But one should keep in mind that Pomeranz tries to validate the development of Asia therefore I will leave out his comments on the economic situation of these countries, but rather focus on the European critique.

Firstly, I want to look at the agricultural sector. The agricultural production in the US colonies can be characterised as a monocultural plantation economy. Although settlers started with subsistence farming in the beginning soon the commercial value of the land became more important. Pomeranz states that British agriculture needed the colonies due to their lack in sufficient production of foodstuffs or goods for export to foreign markets. “Europe’s disadvantages were concentrated in areas of agriculture, land management, and the inefficient use of certain land-intensive products.”<sup>212</sup> This is basically true for the time before the colonisation in the 16<sup>th</sup> and the beginning of the 17<sup>th</sup> century, but one has to dig deeper to find the whole explanation for the rise in the importance of agriculture. This sector was the most important one in the beginning of the settlements due to the necessity for subsistence production and furthermore to produce cash crops to establish trade connections for receiving manufactured goods and foreign products. Most of the land in Great Britain was used as pastures for farm animals and the foodstuffs were imported mostly from the Baltic region. The British did not only rely on their own production, but they also imported necessary goods from countries that had enough agricultural land and were specialised in this production. So the agriculture was not necessarily insufficient, but rather there was a shift in the way of farming from plants to animals. The US colonies were a welcome possibility to increase output in the agricultural sector by establishing bigger farms planting cash crops and training the plantation system until it brought enough revenue to be sustainable. This form of agriculture was not developed by chance, but rather trained and thought about, constantly improved and finally it brought wealth to the people on both sides of the Atlantic with the production of tobacco or cotton. “The characteristics of Britain’s mode of production in agriculture – its preference for large scale farming, the use of animals and implements, and the ‘proletarianisation’ of much of its labour force – could *facilitate* and *ease* a process of industrialisation.”<sup>213</sup>

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<sup>212</sup> Pomeranz, Kenneth: The Great Divergence. Europe, China, and the Making of the Modern World Economy. Princeton 2000, p. 32

<sup>213</sup> Leidschrift, Historisch Tijdschrift: The role of the state in The Great Divergence. Conference Publication. 18<sup>th</sup> & 19<sup>th</sup> May 2009, Leiden University, The Netherlands, Leiden 2009, p. 39

Furthermore labour was an important factor for the development of the Atlantic region. The land that was available and the cash crops that had to be planted were worked by labourers of different countries and very different status. On the one hand efficient workers were needed and on the other also skilled ones with a greater knowledge of production. North American planters could hereby decide whether they wanted slaves or indentured servants for their plantations. Pomeranz states in his book that slaves were needed to build up a sustainable plantation economy<sup>214</sup>. These slaves were brought from Africa and sent to the Americas via slave trade by the British. In Africa the British could get the slaves from local merchant in exchange for goods, mostly manufactured, that were eagerly bought by the slaveholders. Not only did the British profit by buying slaves and reselling them on the New World markets, but they were also a stimulant to trade there to provide the planters with food and clothing for their slaves<sup>215</sup>. Slaves could not care for subsistence farming which made them dependent on their master concerning necessities. The author often emphasises the stimulus the slaveholding provided to the domestic markets and that a lot of goods were bought on the mainland to supply the Caribbean islands with their slave grown sugar production, but I often think that Pomeranz exaggerates the importance of these markets. They existed, but they were not in the main focus of the British and American merchants. Furthermore Pomeranz mentions that New World planters chose to buy black slaves from Africa rather than use people from Europe to work the fields or enslave the local population. This was due to many different reasons, one of the most influential being the fragile nature of the natives. “New World peoples were seen as fragile because so many died upon contact with Europeans; and at least some Europeans opposed their enslavement on humanitarian grounds (but not that of Africans).”<sup>216</sup> In Pomeranz’ view the planters also avoided to work with European labourers, mostly because they were not as economic as black slaves. The Europeans had to have some rights and they could not be unfree for their whole life. This made them an expensive workforce the planters of the New World could not and did not want to afford. “With outright enslavement of Europeans unacceptable, this meant indentures that would end with freedom and a grant of land.”<sup>217</sup> In the end labour was one of the keys to transform plain land into productive plantations and furthermore capital for the increase in wealth and investment in the New World.

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<sup>214</sup> Pomeranz, Kenneth: *The Great Divergence. Europe, China, and the Making of the Modern World Economy*. Princeton 2000, p. 264

<sup>215</sup> *Ibid.*: p. 266

<sup>216</sup> *Ibid.*: p. 265

<sup>217</sup> *Ibid.*: p. 264

The next point is the service sector that was a big part of the innovative path the British took with the colonisation of the New World. This is a sector that Pomeranz often underrates in my opinion. He sometimes points at its importance for the development of a country, but he does not really always dig deep enough to describe the big achievements of the British and Americans in these times. Labour is regarded as an important part of the progress both countries made, but services are also a part of this work that is in my view underrated. Services were needed for trade, the new financial system and the development of administration during the 18<sup>th</sup> century. Trade was a service that was provided by merchants to the state and the Atlantic societies. The state got a lot of revenue from the import-export connections and the societies developed socially and there was a rise in demand for consumer goods. New markets could be established and there other servicemen led the businesses. There had to be middlemen that helped the merchants and manufacturers to trade sustainably and to make profit in their branch. These intermediaries got a lot of money for their services because they dealt with financial troubles if necessary and led the account books properly. Pomeranz' focus is rather on the planters that produced the raw materials, but the real money was made in the service sector by the middlemen that encouraged trade and managed merchant capital<sup>218</sup>. Another service was the financial system. With the establishment of different banks – some specialised on trade enterprise – and the insurance sector trade was made easier and the urgent need for money could be satisfied if necessary. Merchant capital was sufficiently provided by the creditors and import-export exchanges could be paid for without problems. Also the insurances for Atlantic voyages were a relief for the merchant due to the insecure situation on sea. The newly developed financial system made trade and New World resource production far more efficient financially and helped to increase wealth and status of Great Britain and the United States. The third service was mostly provided by the state via administration and infrastructure. From incoming ships in British ports tariffs were collected and the imported products were taxed to increase state revenue. This revenue was again re-invested in the merchant capital stock where traders could get help from in times of need or to increase production and hereby trade. Infrastructure could be provided like transport facilities as for example ports or warehouses to store the raw materials. The introduction of the railroad in the 19<sup>th</sup> century helped to enlarge foreign exchange. Last but not least the state began to provide information faster to the people by the transatlantic postal service that helped to deal better with markets and changes in supply and demand. All in all

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<sup>218</sup> Leidschrift, *Historisch Tijdschrift: The role of the state in The Great Divergence*. Conference Publication. 18<sup>th</sup> & 19<sup>th</sup> May 2009, Leiden University, The Netherlands, Leiden 2009, p. 43

the service sector was an important part of the development of the British and American economies and historians should always take a closer look at them if they want to understand the whole process.

To conclude the chapter I have to say that this is not intended to be an extensive critique or a complete review on the book of Kenneth Pomeranz because I tried to focus on the questions that affected the topic of my thesis – the British and the North American development. I only criticised the parts that were strikingly confusing like the terminology of the countries or the “windfall-idea”. I also wanted to broaden the views of Pomeranz by adding some further remarks to complete and extend the information given by Pomeranz. What I can agree with is the importance of land – ghost acreage – that was an important factor in the economic progress of the 17<sup>th</sup> and 18<sup>th</sup> century for Great Britain and North America.

## 5 Conclusion

What were finally the reasons for such an enormous progress in the economies and societies of both countries? In my master thesis I found multiple reasons for the development – economically and socially – of Great Britain and the United States. The underlying concept is the additionally available land, ghost acreage, that the British found in the colonies across the Atlantic. Without land the Malthusian necessities of food, fibre, fuel and shelter could not have been met properly in the early modern period. On this land in the New World new fields could be established that produced resources that were needed in the Old World. The British imported these raw materials into their country, there they were processed into finished product with a higher added value and then re-sold on the European or on other foreign markets. So in my view the most important reason for the exceptional British development is not only that they had land and could produce additional resources as for example the members of the California School believe, but what they *did* with the raw materials. Many scholars overrate the importance of ghost acreage as we can see in different historical examples. There were empires as for example the Spanish or the Indian or the Chinese that had a huge amount of land on their doorstep, but they all failed to industrialise like the British did with their colonies. Land itself can only be a basis, but what there needs to be done with the additional acres has to be planned carefully to increase productivity and locate demand to broaden markets and henceforth trade as the British did in the Atlantic region. More money was brought into the country due to the market participation and the concentration on cash crops like tobacco or cotton which were traded as luxury goods that could be sold at higher prices to consumers all over the world. The British were not stumbling across a fortunate situation, but they rather fought hard to increase wealth in their own country and to sufficiently use ghost acreage for production and markets. This needed accurate planning, much discipline and a lot of money that was acquired via trade.

As a consequence one has to acknowledge that this ghost acreage in the colonies was not acquired by mere luck, but it was a long and difficult process to make these enterprises successful. It was not at all easy to drive the other countries like France and Spain away from the territories the English wanted to settle in and it required a lot of money to have an army and an efficient navy like the British did as well as a good training and a lot of discipline of the people. The first attempts to take over control of the US colonies were failures, mostly due to the lack of knowledge and training of the settlers and the early farmers. Many of them could not survive throughout the winters without any help of the indigenous people who gave

them food and clothing made out of local animal fur. Only with an increase in experience the British were able to build up a sustained economy and the transatlantic trading systems. This required hard work from the settlers and the merchants as well as a lot of money that had to come from some place. All this did not happen by a “windfall”, but was gradually planned and the plans were constantly ameliorated to increase revenues from land and stimulate a rise in trade and especially to overcome the Malthusian constraints imposed on the British by the lack of available farm land for the production of cash crops and higher value plants like tobacco. Again hard work was needed by the British and the Americans to stimulate economic growth.

The last question I wanted to answer in my thesis is also the biggest and most complicated one. What factors were supportive of the progress and how could trade help the British to become a leader on the way to industrialisation? The most obvious factor when talking about land and resources is agriculture. The adaption of the plantation complex for the US colonies was a good system to increase agricultural output and the import-export trade in general. Agriculture was the basis for trade because it produced the goods that could be traded and sold for money to acquire capital. It made merchants and planters on both sides of the Atlantic wealthy and contributed to their influential status in politics and administration. Colonial agriculture also indirectly affected everyday life of the people due to the introduction of cash crops like tobacco or cotton – the most valuable resources of the US colonies in the 17<sup>th</sup> until the middle of the 19<sup>th</sup> century – that were highly demanded by the Europeans and bought in great amounts. The goods were purchased because they were fashionable and furthermore cotton finally attributed to a revolution in hygiene and health that provided different classes of people with a higher standard of wealth. Agriculture offered the basis for further development on the one hand of the Americans that grew the crops and on the other hand of the British that processed the raw materials in manufactories and sold them on different markets. This leads to the next important factor for a successful way of British economic and social advance – trade. The sector that developed most in the 17<sup>th</sup> and 18<sup>th</sup> century was the trading sector that employed not only merchants, but also sailors, lawyers and businessmen of all kinds. Trade must have been successful otherwise Great Britain would have stopped investing in the trade connections between the colonies and the mother country or to other markets all over the world. The British had built up a prospering system of imports and exports that brought enough revenue into the state to constantly increase investments in the colonial economy to achieve a higher output. The re-export trade of colonial goods to other markets was also very important, not only the British one. Many raw materials that came from the New World

territories were processed in Great Britain where they were turned to higher added value goods and then they were re-sold on the European and African markets. Some were sent back to the US colonies where the local economies were supplied with British manufactories that were mostly bought for plantations or on islands in the West Indies. To open up all these markets and to be able to provide the processed goods the British needed to be innovative and if there were problems – and there were many – the British had to be able to overcome them and to continue to prosper. Another factor for the success of the British in their colonial enterprise was the introduction of a new labour system – slavery. The slaves brought from Africa to the plantations of the southern colonies of the US were worth their money and they could work hard in the monocultural fields of the cotton planters. Furthermore the needs of the slaves could stimulate the domestic markets in the US and manufactured goods from Great Britain had to be imported to provide the basic necessities. As they were a property rather than a human being they did not have many rights and could not be free except if the planter wanted to. Other than the indigenous population of the United States the black slaves were suited for hard work in the hot climate of the Southern plantations and they stayed in better health than the Indians could due to the influence of European diseases that were unknown to their immune system. In buying an African slave the owner could decide which kind of worker he wanted and how much his work force would be worth for the plantation. Furthermore the slave markets in Africa created a demand for British products on the continent in exchange for the black slaves. Slavery was a fruitful part of the Atlantic economy in the 17<sup>th</sup> and 18<sup>th</sup> century. This form of labour was a great investment for the colonial plantation farmers and the African slaves added their part to the development of production and trade by working on the fields and consuming goods from European manufactories. A further important factor is the financial sector and moreover the substantial innovations that were really beginning in the 18<sup>th</sup> century. Now enough merchant capital was available due to an increase in trade and state revenue. The traders were given credits for further enterprises across the Atlantic Ocean and they also got insurances to be safe in case their ships were attacked by pirates. British banks could back up this development and provide money when it was needed. Not all of the money needed for trading could be available to the merchants at all times therefore they had to find institutions or private investors that gave them loans and provided the required capital in advance. Credits were also made more secure with the invention of the national debt. In early days the merchants had to rely on money from the ruler or a noble man to equip ships for a voyage which was very insecure. In case of war the rulers needed the money for their armies and the merchants could not pay for their expenses.

With the national debt the credits could be guaranteed by the possibility to get money from the different economic or legal branches like taxation or re-exports of manufactured goods. Providing loans and additional capital to the traders and businessman was a good bargain for the people involved in the financial sector. As the big money was not really made in planting cash crops on a plantation or in transporting the goods across the sea, but rather in the field of intermediaries these people specialised on financing others and making money out of the successful trade between Great Britain and the United States as well as other countries. Trade stimulated the advance of a specialisation of different sectors especially in finance and administration. Henceforth these sectors became important for the further existence and growth of the markets and the increase of wealth. So the last important factor was the administration of trade and the economic development by the state. New capital for merchants or manufacturers was acquired by the state via collecting taxes on foreign products as for example sugar or tea and via imposing tariffs on the shipments coming into British ports. The administration – in the 16<sup>th</sup> century rather the ruler of the country, since the 18<sup>th</sup> century rather the state – furthermore provided necessary infrastructure and a legal basis to the Atlantic merchants and British businessmen. Ports and ships were built, a protected environment was given with the introduction and the enlargement of the Royal Navy made possible by the British state and a postal service was established to secure the constant exchange of information across the Atlantic. Furthermore laws were made to protect the own markets and those of the United States to keep out the other European countries that could draw out capital from the revenues of trade meant for the British economy and state.

All in all, the situation in Great Britain and the United States became better due to the plantations in the colonies and the rise in trade across the Atlantic. Wealth was increased not only in the monetary meaning, but also socially with the introduction of new administrative and financial institutions. More money was available not only for the state and the merchants, but also for the middle class people that could now afford to buy luxuries from the colonies. Innovations in all the named sectors made life better in the two countries and the British could become the leader of the industrialising countries in the early modern period. Without the colonies and the hard work of the British people and the African slaves this development wouldn't have been possible.

What I found out during my research was that certain fields of global, economic and social history are rarely studied by historians. For example developments in social advance are mostly not part of the research questions of today's scholars. In the last years historians try to

focus on this aspect more frequently, but still it is hard to analyse the data accordingly. How can wealth and social development be measured and pinned down to show the effects it had on economic growth? There are some articles about the topic that can be found in the Journal of Economic History, but I think it would be valuable for the scholarly progress in economic history. Furthermore the administrative achievements are still a highly underrated topic in the field of global history. What the state did for the development of trade, markets and economy should be researched in every good book about the Rise of the West and the rest. I want to emphasise that it had a large impact on the progress of certain economic and social sectors and therefore needs to be part of the recent studies. Finally, one can clearly hope that there will be a new and larger focus on these perspectives soon as we can see by recent studies of historians from different universities and backgrounds.

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## **Abstract English**

The master thesis is dealing with the socio-economic development of Great Britain and the United States from the end of the 16<sup>th</sup> to the beginning of the 19<sup>th</sup> century. The analysis starts with the colonisation of North America by the British and describes how the settlements developed and how two new economic systems arose – American plantations and transatlantic trade. Both were vital for the British path to industrialisation therefore one chapter is dedicated to the beginning of the process. In the second half of the thesis the rise of cotton as an important product and the influence of land and resources are researched. Hereby the concept of Kenneth Pomeranz' ghost acreage is used to analyse the growth of trade value, agricultural and manufacture production and wealth. The development of a more efficient labour system as well as a financial and an administrative one are central to the research question. Contrary to many recent scholars I believe the key to British success to be the hard work and the well-organised plans that led Great Britain to industrialisation and economic growth. Land, resources, labour, capital and the state have to work together in production and trade to achieve such a development.

## **Abstract Deutsch**

Die Diplomarbeit behandelt die Entwicklung von Großbritannien und den Vereinigten Staaten vom Ende des 16. Jahrhunderts bis zum Beginn des 19. Jahrhunderts auf einer sozio-ökonomischen Basis. Die Analyse beginnt mit der Kolonialisierung von Nordamerika durch die Briten und beschreibt wie sich die neuen Siedlungen entwickelten und ein neues wirtschaftliches System eingeführt wurde – amerikanische Plantagenökonomie und Transatlantischer Handel. Beide waren eine wichtige Grundlage für die Industrialisierung von Großbritannien und deshalb wird sich das erste Kapitel dem Beginn dieses Prozesses widmen. In der zweiten Hälfte der Arbeit wird der Aufwärtstrend von Baumwolle eine wichtige Rolle einnehmen und weiters wird der Einfluss von Boden und Ressourcen auf die britische Entwicklung untersucht. Hier wird das Konzept von Kenneth Pomeranz – ghost acreage – benutzt, um das Wachstum von Handelserträgen, landwirtschaftlicher und handwerklicher Produktion und von Wohlstand zu untersuchen. Die Ausbildung eines effizienteren Systems der Arbeit sowie eines neuen finanziellen und administrativen Systems sind Kernthemen meiner Untersuchung. Im Gegensatz zu vielen Historikern behaupte ich, dass der Schlüssel zum Erfolg in der harten Arbeit und einem außergewöhnlich gut geplanten Konzept liegt, das Großbritannien dabei half sich zu industrialisieren und ein Wirtschaftswachstum zu verzeichnen. Boden, Ressourcen, Arbeit, Kapital und der Staat müssen in Produktion und Handel zusammenarbeiten, um solch eine Entwicklung zu erreichen.

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