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978-1-107-02129-7 - The British Textile Trade in South America in the Nineteenth Century

Manuel Llorca-Jaña

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PART I

The Trade Data

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I

Introduction

During the second decade of the nineteenth century, both Argentina and Chile gained independence from Spain. One consequence of this was the opening of their ports to “legal” international trade. Although Britain had been regularly supplying these markets during the colonial period through contraband and legal reexports via southern Spain, British merchants had not exported legally and directly to the Southern Cone¹ (except for the limited legal trade allowed during the *Asiento* from 1713). This work analyzes Britain’s exports during the half-century following the collapse of the Spanish-American Empire, when 260-plus British merchant houses opened offices in Valparaiso and/or the River Plate. This was a period characterized by an important reorientation of Latin American foreign trade, which saw the definitive elimination of Iberian intermediaries and the hegemonic rise of Great Britain.² This period was also the first half of what has been called “the first global century,”³ although the historiography has concentrated more on the post-1870 epoch.

1 The term “Southern Cone” refers to the modern countries of Argentina, Uruguay, and Chile. All bilateral trade figures used in this monograph consider these three republics. However, most qualitative references I make in this book apply to Argentina and Chile, which are the main focus of this work. The inclusion of Uruguay was necessitated by the fact that for 1815–1817 and 1827–1845, Montevideo’s data was aggregated to that of Buenos Aires in the British Custom Ledgers. For reasons of uniformity, to allow consistent time series analysis, I decided to aggregate River Plate data for the 1815–1879 period. That said, on occasion I also provide some qualitative evidence for Montevideo and even for Brazil, in particular for British merchants who operated in Buenos Aires but who also had connections in either Montevideo or Brazil.

2 Halperín-Donghi (1987), pp. 1 and 5; Bousquet (1978), p. 7. I am not suggesting here that Spanish merchants disappeared from the Southern Cone. It is well known that some Spanish merchants remained active in the import-export business after independence (Robinson 1979). However, these Spaniards limited their activities mainly to the trades with Spain (e.g., imports of wine) or Cuba (e.g., imports of sugar). According to the evidence I have found, a few of these Spanish merchants exported some local produce to Britain, but they did not actively engage in the import of British textiles (this was left to the British).

3 Williamson (2006b), p. 1.

Before going any further, let me make two important points about the scope of this monograph. First, the findings of this monograph apply to British exports to the Southern Cone. Although some extrapolations can certainly be made for British exports to other Latin American outlets, I am not equating these findings to the whole of Latin America. Second, this work is, above all, a detailed analysis of the growth, structure, and marketing chain of Britain's textile exports to the Southern Cone, about which very little has been written. This is a study of commercial flows and of those involved with them, using new data, on real trade, involving real merchants, and is challenging enough on its own.

Why, then, a specific study on Britain's textile exports to southern South America? During the first half of the nineteenth century, Europe had the lion's share of world trade. In this period, textiles were the principal product of trade, and Britain was the foremost producer and exporter.⁴ Neither before nor since has one type of manufactured goods constituted trade in the way in which textiles dominated world trade at that time. Equally, no economy has enjoyed the dominance Britain had in world trade in manufactures during the first half of the nineteenth century.⁵ Therefore, it is not surprising that trade in textiles was the backbone of the business of the British mercantile houses that were established in the Southern Cone before the 1860s, when British direct investment there was unimportant.⁶ This was also the case elsewhere in Latin America. From independence to the "mid [nineteenth] century Latin American imports were dominated by textiles."⁷

Despite this predominance of British textiles over other economic activities, the historiography of economic relationships between Britain and the Southern Cone (and Latin America more generally) during the first half of the nineteenth century largely ignores British export trade. Apart from the essential works by Cavieres,⁸ Reber,⁹ and Platt,¹⁰ little has been written on British exports during the first half of that century. As Pearce has recently argued in relation to an earlier period, "the study of British trade with Spanish America tends to advance by small steps. . . . In recent

4 Europe had a share of 66–72% of world trade between 1800 and 1880; Bairoch (1973), pp. 13–14; Fremdling (2003), pp. 83–84; Jones (2000), pp. 2 and 18.

5 It is estimated, for example, that between 1810 and 1850, for the whole of Latin America, some 50 percent of all imports came from Britain; Liehr (1989), p. 23.

6 Indeed, between the mid-1830s and the early 1870s, "the largest flow of textile exports ever known in the history of the world" took place; Farnie (1979), p. 86.

7 Bulmer-Thomas (2003), p. 78.

8 Cavieres (1999a).

9 Reber (1978) and Reber (1979).

10 Platt (1972). This overall judgment about the thin literature on this topic is well explained by Bottcher (1996).

years, this slow progress may have occurred in part because . . . the subject has fallen out of favour.”¹¹ In addition, and more broadly speaking, the British mercantile sector “has attracted relatively little attention or money for research.”¹²

Overall, British exports have long been taken for granted to the extent that there are no specific considerations of textile exports to any Latin American outlet after the Napoleonic Wars. This is all the more surprising as between 1815 and 1859, textiles comprised more than 80 per cent of British exports to the Southern Cone. Although there are a large number of scholars¹³ concerned with the economic relationships between Britain and Argentina or Chile during the first half of the nineteenth century, few have considered textiles. Apart from Reber’s excellent studies of British houses in Buenos Aires,¹⁴ the textile trade is only mentioned in passing by the literature. Even those who have written histories of mercantile houses (the main traders in textiles) have failed to treat the commerce in any depth, as shown by the studies of the houses of Balfour Williamson,¹⁵ Gibbs & Sons,¹⁶ and Huth & Co.¹⁷ Other scholars who have also worked with business records of British houses operating in Chile have not paid much attention to textiles, concentrating on other topics such as investment.

Yet, neither direct British investment nor portfolio investment in the Southern Cone was important during this period, when the main gains arose from trade and directly associated invisible earnings: credits, shipping freights, and insurance. Between 1815 and 1859, the value of visible trade and associated invisible earnings is likely to have been around £100 million. In contrast, Britain’s portfolio investment was trifling. After the shameful 1820s loans (which were on a very limited scale, i.e., less than £2 million in real value), nothing was lent to the Southern Cone’s governments until the 1860s. In the words of Halperín, between 1825 and the 1850s, “the economic relationship between Latin America and the outside world was largely a commercial one.”¹⁸ Direct British investments in Argentina

11 Pearce (2007), p. xi. In the same vein, according to Miller (1996, p. 120), “the historiography of British trade in Latin America seems to have advanced very little” since Platt (1972).

12 Chapman (1985), p. 230. More recently, it has been said that “the evolution, role, and theory of international business in the service sector remain underdeveloped compared to the attention given to manufacturing”; Jones (2000), p. 1. In the same vein, see also Pearce (2007), p. x.

13 Along with Platt, there are Brown, Burgin, Cavieres, Centner, Ferns, Greenhill, Irigoin, Mayo, Miller, Nichols, Reber, Rector, Rippey, Sabato, Salazar, and Véliz (their main works are listed in the bibliography).

14 Reber (1978) and Reber (1979).

15 Lord Forres (1929); Hunt (1951).

16 Gibbs (1922); Mathew (1981); Maude (1958).

17 Freedman (1968); Murray (1970).

18 Halperín-Donghi (1987), p. 7. In the same vein, see Albert (1983), pp. 28, 33–34, and 58.

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before the 1860s have been rightly labeled as “uniformly unsuccessful,”¹⁹ and the experience in Chile was the same. As Rippy has pointed out, British investments in Latin America during the 1830s “turned out to be as worthless as those of the earlier period,” whereas investment during the next two decades “was reduced to a mere trickle.”²⁰

One explanation for this historiographical neglect is that very little has been written about the economic history of Argentina and Chile during the first half of the nineteenth century, “probably the most under-researched period in Latin American history.”²¹ Williamson rightly highlights the fact that “Latin American economic performance is better documented between mid-century and the Great War in Europe.”²² This, of course, includes the documentation of foreign trade. Finally, the restricted scholarship addressing Anglo–Latin American trade during the first half of the nineteenth century has mainly been concerned with British imports from Latin America (i.e., Latin American exports). British exports have been taken for granted,²³ and very little is known about the market chain. As two historians have stated:

[S]ome tendencies within the social sciences and history have contributed to making [Latin American] imports a long-known but little-examined topic within Latin American studies. By emphasizing production over consumption and by stressing industrial capitalism as a key dynamic force in world history, many writers have directed attention toward the exports of raw materials from Latin America and away from the imports of goods into Latin America.²⁴

This book, therefore, sheds new light on this unexplored trade for the period between 1810 and 1859.

19 Ferns (1950), p. 204.

20 Rippy (1948), pp. 11 and 15–17. For the unimportance of British investment during this period, see Mayo (1987b), p. 236; Bulmer-Thomas (2003), p. 96; and Irigoín and Schmit (2003), p. 21.

21 Miller (1993), p. 71. This point of view is also shared by Bottcher (1996), p. 233; Irigoín (2000), p. 9; and Salvatore and Newland (2003), pp. 19–20. As an illustrative example for Argentina, the celebrated Díaz-Alejandro (1970) covers the period between 1860 and 1967, but with great focus on the twentieth century. Likewise, the respected Cortés-Conde (1997) concentrates on the post-1870 epoch.

22 Williamson (1999), p. 104. Elsewhere, Williamson also lamented that, for example, it proved difficult for him to construct data on terms of trade for Latin America for the pre-1870 epoch; Williamson (2006a), p. 17.

23 This judgment is shared by Langer and Hames (1994), p. 287.

24 Orlove and Bauer (1997), p. 1. In the same vein, see also Irigoín and Lewis (2007), p. 2: “[S]tudies of trade were largely preoccupied with export production.” Take, as an illustrative example, Bulmer-Thomas’s excellent survey (2003); in chapter 2 of that work, covering the period between 1810 and 1850 (as this monograph does), there is a section for “The export sector” and another for “The nonexport economy,” but there is nothing for Latin American “Imports.”

Along with a lack of awareness of how British textiles were exported, little was known about the actual growth of Britain's exports to this region. Several generations of historians have sought to characterize the nature of the new trade relations between Latin America and Britain after independence by making sweeping generalizations on the basis of thin evidence. The picture painted by the historiography on Anglo–Latin American trade, which lacked robust data, was of early British exports glutting the markets. It has been maintained that, thereafter, the small, low-income, and scattered rural population of the Southern Cone had little to offer in exchange. Furthermore, it has also been argued that high internal transport costs and lack of investment made this former backwater of the Spanish Empire no more than a marginal market for British exporters. All in all, the historiography is encapsulated in Platt's questionable assertion that "Latin America could sell nothing to Europe, so that it could buy nothing in return."²⁵ This view considers the Southern Cone solely responsible for the supposedly low volume of British exports. Post-1860s developments – institutional change,²⁶ railways, and European migration on a sizable scale – are regarded as being responsible for the growth of exports. However, a very different story emerges from the analysis of British export data that I have undertaken.

There was nothing particularly negative about the development of the *value* of British exports to the Southern Cone during the 1810s–1840s (not even for the whole of Latin America), at least if compared with British exports to the world in general. Furthermore, when measured by *volume*, textiles exported by Britain to the Southern Cone expanded continuously throughout the 1810s, 1820s, 1830s, and 1840s, and did so at very high rates, including per capita consumption. Apart from the factors considered in the historiography, an explanation of the Southern Cone's increasing absorption of British manufactures from the 1820s requires an examination (or reassessment in some cases) of other local conditions as well as of the changing situation in Britain. These were: substantial improvements in the British packing of textiles so as to protect against seawater damage; a dramatic fall in costs of production in Britain's textile industries and therefore in export prices (a very well-known fact); falling ocean freight rates between Liverpool and the Southern Cone; improvements in shipping and cartography; falling marine insurance premiums for textile cargoes; introduction of free trade in Britain – lowering import duties on Southern Cone produce; dramatic improvements in communications between Britain and South America; falling import duties in the Southern Cone (for textiles); better

²⁵ Platt (1980), p. 115.

²⁶ For a good theoretical summary of the impact of institutional change (although not linked to Anglo–Latin American trade), see Coatsworth (1998, 2006).

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port facilities in southern South America; the struggles of local craft industries, in particular from Araucania, Córdoba, and southern Chile; and the establishment of a more stable political system in the Southern Cone.

The Organization of the Book

I have organized this monograph in three parts and nine chapters. In Part I, Chapter 2 starts with an analysis of what the literature had concluded about the growth of British exports, based on the previously available patchy trade data. I then consider the development of British exports to the Southern Cone based on my own data. At this point, it is important to note that although sound raw data for the bilateral trade between the United Kingdom and the Southern Cone has long been available from 1815 until 1899, no comprehensive database for the period from the mid-1810s had been created before.²⁷ Therefore, in Chapter 2, I critique the previous literature on Anglo–Latin America trade, drawing new conclusions based on my own findings.

As far as statistics of British exports to the world are concerned, there is no better source of information than the Ledgers of Exports of British Merchandise, produced by the British Board of Customs and Excise – yet it has been paradoxically overlooked in the past.²⁸ This rich source has been so ignored in relation to Britain’s exports to the Southern Cone that Ferns, a major scholar of the economic relationships between Britain and Argentina, stated that “1818 is the only year before 1854 for which detailed figures of British exports to Argentina are readily available.”²⁹ Equally, Burgin lamented that “information concerning [Argentine] imports is so scarce that only very broad generalisations are possible on the basis of available data.”³⁰ Similarly, for Chile, it has been said that “statistics for the type of trade with Great Britain in the 1840s and 1850s are not available.”³¹ An exception to this neglect would be Cavieres (albeit for figures in value only), but he lacked a clear understanding of British export data, which I explain in Appendix B.³²

As a direct consequence of past myopia, there are many statistical vacuums and pitfalls in the literature. As for figures in *value*, no long-run series

27 The nature of the data used to construct charts and tables is explained in Appendix B.

28 As highlighted by Coatsworth and Taylor (1998, p. 5), until recently, “many sources of [quantitative] information lie dormant, waiting to be exposed to the penetrating light of analysis.”

29 Ferns (1950), p. 209. In his definitive work (Ferns 1960), the statistical appendix includes exports from 1854 only.

30 Burgin referred to all Argentine imports, not only from Britain. However, Britain was Buenos Aires’s main commercial partner during our period of study. Burgin (1946), p. 36.

31 Nichols (1946), p. 105.

32 Cavieres (1999).

of British exports to the Southern Cone was previously available.³³ Thus, to draw more wide-ranging conclusions, all the series presented here run from 1815 to 1879. This allows for a sound inter-temporal analysis of the main trends in the value of British exports to the Southern Cone during the first half of the nineteenth century. In the case of exports by *quantity*, there are no published series dealing comprehensively with the growth of British exports to the Southern Cone (or any other outlet in Latin America) during the first half of that century. This book is the first piece of scholarship in which a comprehensive analysis of the *volumes* of British exports to any Latin American outlet during the first three quarters of the nineteenth century has been produced. This, of course, is not to say that other scholars have not undertaken better collections and analyses of foreign trade data, but those are for other periods or markets outside the scope of this monograph.³⁴

Part II consists of four chapters. Chapter 3 reviews the marketing chain of British textile exports. In particular, it analyzes the relationships between manufacturers and merchants in Britain and the relationship between these merchants and the British houses in the Southern Cone. I also introduce previously unconsidered topics, such as the packing of textiles and the marine insurance market. Chapter 4 examines the process of adapting to new demands and how textiles were marketed. In particular, it shows the use of sampling and pattern books, as well as the importance of variety and novelty when explaining consumer behavior. The next chapter is concerned with financial aspects of the market chain, such as consignments, own-account operations, advances on consignments, commissions, fees, and other charges involved in the trade. Chapter 6 gives a rounded description of the system of remittances used by merchants exporting to the Southern Cone and assesses the importance of each of the three means used: bullion and specie, local produce, and bills of exchange.

Part III of the book reassesses the developments produced in Chapter 2. In particular, Chapter 7 explains some of the whys in the expansion of British exports, focusing on developments occurring in Britain: the gradual reductions of costs of production; the impact of the introduction of

33 The only exception would be Platt (1972) and Davis (1979). Yet, Davis's figures are a sample for selected years, aggregated for very broad regions and only until 1856. In turn, Platt's figures are from the 1850s only and apply at very general levels.

34 There are outstanding studies by Cuenca-Esteban (1981), Fisher (1981), Ibarra-Bellon (1998), and Sluiter (1998). Ibarra-Bellon's work contains some figures of British exports to Mexico in value, but these are for short periods of time and there are no series for volumes exported. Likewise, in Vetencourt-Guerra (1981), there is also some data on Anglo-Venezuelan trade, but nothing on volumes exported by Britain. Beyond the Southern Cone, probably the best data on Anglo-Latin American trade so far available for other Latin American outlets is the one available in Naylor (1988).

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iron-hulled ships; improvements in cartography; the establishment of mail packets; improvements in the packing of textiles; the fall in marine insurance premiums; and finally, the gradual introduction of free trade. At the same time, important developments took place in the Southern Cone. Chapter 8 focuses on the grave political instability experienced by the Latin American republics, high import duties and import prohibitions, the development of port facilities, the liberalization of riverine and coastal navigation, and the performance of local craft industries. Finally, there is a concluding chapter, followed by some appendixes and the bibliography.

Sources and Databases

Despite all the minor problems British export data may have (discussed in Appendix B), the databases used in this book are the most accurate set of quantitative information so far available to analyze the development of British exports to the Southern Cone. All possible figures for both values and volumes of British textile exports to the Southern Cone have been collected. Exports to other destinations were also gathered in order to assess the standing of the Southern Cone in both British world exports and textile trades. Significant and novel trade databases were constructed for this work, making an important contribution to the field. As has been recently highlighted, “our understanding of the period between 1810 and 1870 in Argentina has been rather vague and partial due to the lack of comprehensive statistical sources, the minimal economic training of historians, and the limited effort invested in quantification.”³⁵ This new trade data complements Pearce’s recent publication,³⁶ thus echoing Pearce’s mentor’s “suggestion that the example set by Pearce might profitably be taken up for other periods and other regions of Anglo-Spanish commercial relation in the Americas.”³⁷

In the National Archives (Kew, London), 132 volumes of the Ledgers of Exports of British Merchandise Under Countries and Articles were consulted. This data was complemented with information previously extracted from more than 100 volumes of the British Parliamentary Papers, totaling more than 30,000 records (more than 45,000 if British imports are considered). Several interlinked databases were created for values, volumes and prices, and destinations and products. As stated earlier, no such systematic gathering and processing of information on British exports to a Latin American outlet had hitherto been conducted.

35 Salvatore and Newland (2003), p. 19.

36 Pearce (2007).

37 Fisher (2007), p. xxxvi.