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John Ehrman
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THE BRITISH GOVERNMENT AND COMMERCIAL NEGOTIATIONS WITH EUROPE, 1783-1793

Lord North's measures in 1779–1780 to free the Irish trade, Pitt's Irish Propositions in 1785, and the Anglo-French commercial treaty of 1786, have long been regarded as marking the start of a new and more liberal commercial policy on the part of the British government: as the harbingers, in fact, however uncertain and qualified, of a free-trade summer which the Revolutionary and Napoleonic Wars then delayed. The importance of the treaty of 1786, in particular, has been generally stressed.[1] It was not, however, the only commercial treaty with a European Power to be attempted at the time. Between 1785 and 1793 there were seven other such treaties under prolonged and at times serious negotiation—with Portugal, Spain, Russia, Poland, Prussia, The Two Sicilies, and Holland; and others—with Sweden, with Turkey, and with the Austrian Netherlands—were briefly considered within the same short period.[2] Disregarding the negotiations with non-European Powers—with China through Macartney's Mission, and with the United States of America—the decade between the end of the War of American Independence and the outbreak of war with France seems therefore to have witnessed an exceptional degree of commercial activity on the part of the British Government. The existence of most of these negotiations has been noted, and the course of a few followed from the British end.[3] But it may be worth looking from

[1] Most recently by W. O. Henderson, 'The Anglo-French Commercial Treaty of 1786', *Ec.H.R.*, 2nd ser., vol. x, no. 1, pp. 104–12.

[2] The possibility of trading with the Papal States, through Civita Vecchia and Ancona, was also mooted, in 1787. But there was some doubt if it was not illegal to negotiate with the Pope, and, whether for that reason or not, nothing more seems to have been heard of the idea (Lord Hawkesbury to J. Reeves, 30 June 1787; B.M. Add. MS. 38309, f.158).

[3] Though not, apart from the Irish Propositions and the Anglo-French treaty itself, fully in British publications. Dietrich Gerhard, *England und der aufstieg Russlands* (1933) contains an interesting account of the negotiations with Russia,

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that point of vantage at the group as a whole, to see what, if any, conclusions can be drawn from what one well-placed observer called in 1786 'the present Rage for Commercial Treaties'.[1]

This is not the less worth while because, with the exception of France, all these pre-war negotiations failed; and even in the spate of treaties and conventions following the declaration of war in 1793 only one—that with Russia—contained a commercial arrangement on lines debated earlier. Why therefore, we may ask, did the Anglo-French treaty alone succeed, when conditions for an agreement with France, the hereditary enemy, might have seemed less favourable than with almost any other Power? Whose was the blame in other cases, if one is to attach blame? How far did the different negotiations originate with the British Government, and did it envisage a connexion between any of them, or—in view of their number and variety—a comprehensive European system? How far was the Government influenced by theoretical considerations, liberal or traditional, how far by representations from the trading and manufacturing interests, how far by purely diplomatic considerations? And how effectively, and through what means, was it able to pursue the negotiations, in the Parliamentary and administrative conditions of the day?

To answer all these questions satisfactorily would involve a wider survey than is offered here. The web of commerce is indivisible, and one part of it is not examined the better for cutting it out from the rest. Nevertheless, in this instance cuts have been made. It would be tempting to try to establish connexions between policy, theory and interests, so that the first might be placed in a setting which alone would give it proper depth. As it is, they can only be glanced at, on occasions. And in following policy itself, the accent must be on the less familiar aspects. Thus the negotiation with Ireland, of which much of the story is known, has been omitted entirely, and that with France

Poland, and Prussia from 1788 to 1791. J. H. Clapham summarized the British despatches dealing with Poland in 'The Project for an Anglo-Polish Treaty (1782–1792)', *Baltic Countries, vol.* I (*1935*), pp. 33–5. See also p. 86, n. 5 below.

[1] Marquess of Carmarthen to Alleyne Fitzherbert, 12 November 1786 (B.M. Egerton MS. 3501, unfoliated). From the context, he was referring to British activity. See p. 185 below.

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viewed in the perspective of others related to it. Questions affecting shipping, too, are mentioned only as they were considered in the particular connexion at the time. 'As agriculture is the foundation', ran one typical pronouncement, 'so are manufactures and fisheries the pillars, and navigation the wings, of commerce';[1] and it is far from ideal to fasten on one constituent without the other. But navigation has received a degree of attention which may allow us to take its background for granted when discussing its bearing, at specific points, on associated subjects. More serious perhaps, problems of colonial policy and non-European trade have had to be excluded except where they form directly part of the matter in hand. In an account of the commercial relations between the Governments of European States, several of which were great colonial and trading Powers in America, Africa, and the East, such an omission is clearly important. For not only were some of the negotiations themselves affected by, and in one instance—that of Holland—centered on, non-European interests,[2] but for several of the most important nations those interests largely conditioned their whole trading positions and policies. While, therefore, it is true to say that the negotiations turned for the most part on European questions—not least on those of European diplomacy—the connotations of Europe itself must be borne in mind in considering this sector of British commercial policy in a period of expansion.

On the other hand, where a negotiation has been followed it has been in considerable detail; and a word is due here to explain why this should have been considered necessary in every case. The fact is that the more closely the different negotiations are examined, the less easy it is to account for the results in any but detailed and specific terms. If deductions are to be drawn, it can thus be only on the basis of a number of instances each of which

[1] David Macpherson, *Annals of Commerce, Manufactures, Fisheries, and Navigation* ... (1805), vol. I, p. viii.

[2] The negotiation with Holland, which was at first concerned entirely with the Far East, came later to include the vexed question of neutral rights. It might therefore well have been dealt with here, at least in that aspect. But the forthcoming second volume of Professor Harlow's *The Founding of the Second British Empire* covers the whole negotiation so fully that I have omitted it from the body of my narrative, and refer to it only to illustrate certain conclusions in the last section, already suggested by evidence from the other negotiations.

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has its own special features and history. Perhaps, indeed, the most useful lesson to be learned from a study such as this is the inadvisability of leaping to conclusions about commercial policy and thought from an acceptance of circumstances and statements applying fully to one or two cases alone.

I

The setting for the commercial activity of the 1780's, as for so many other activities of government in that decade, was provided by the War of American Independence. The loss of the American colonies themselves clarified and stimulated the transfer of British interest and effort to the Far East, a process already noticeable for some two decades before the war. The appearance, as one result of that contest, of a commercially autonomous Ireland, empowered to trade with Europe and to claim greater freedom within the Colonial System, raised the issue of Irish rivalry or a closer identification with the United Kingdom.[1] The Armed Neutrality of the Northern Powers posed disturbing questions for neutral rights in a future war. And the enmity of Spain and Holland affected the pattern of trade with Europe, South America, and the Far East, with effects that were to be felt for more than a decade. These various developments, moreover, seemed likely to demand almost immediate consideration, for the Definitive Peace Treaties of 1783–4 provided, in the cases of all the European belligerents, for the nomination of Commissioners to reach new commercial arrangements with Britain, and in those of France and Spain stipulated that such arrangements should be concluded by 1 January 1786.[2] Nor did it seem probable that the

[1] For these two subjects, see Vincent T. Harlow, *The Founding of the Second British Empire, 1763–1793*, vol. 1 (1952).

[2] Art. 18 of the treaty with France, 3 September 1783; art. 9 of the treaty with Spain, 3 September 1783; art. 7 of the treaty with the Netherlands, 20 May 1784,

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British Government could evade this obligation should it wish to do so. Success in war had at last enabled several of the European Powers to seek better terms of trade with this country than they had enjoyed since the Treaty of Utrecht; and indeed the first example of such a disposition was to be seen while the war was still in progress, and came, ominously enough, not from an enemy, but from a neutral and traditionally friendly Power.

In February 1781, two Irish commercial houses complained to the British consul-general in Lisbon that their consignments of woollens and printed linens had been stopped by the Portuguese Customs.[1] The Irish Government took up the matter with London, and the Secretary of State, Lord Hillsborough, made inquiries of the British Minister to Portugal, Robert Walpole.[2] Incidents of this kind, of course, were not uncommon. But it soon became clear that on this occasion there had been no chance mishap, but a deliberate act of policy which was to be made a matter of principle. For when, after some months of rather dilatory sparring, the Secretary of State questioned the Portuguese Minister in London about his Government's lack of response, he was informed that, contrary to past practice, Irish manufactures were no longer going to be admitted on the same terms as those from Great Britain.[3]

The Portuguese case rested on the proposition that the Methuen Treaty of 1703,[4] by which Portugal agreed to limit her imports of woollen goods to those of Great Britain alone, had not mentioned Ireland specifically, and had therefore not been intended to refer to her.[5] This interpretation derived such strength

referring to Africa only. (G. F. de Martens, *Receuil de Traités ... des Puissances et états de l'Europe ... depuis 1761*, vol. II (1791), pp. 469, 490, 523.)

For a later discussion of the exact meaning of the article in the treaty with France, and its translation into English, see *The Parliamentary History of England ...* vol. XXVI (1816), pp. 523–4, 529, 532.

[1] Sir John Hort to Robert Walpole, 28 February 1781 (P.R.O., F.O. 63/1). The houses affected were Power & Horton, with William Davenport; and O'Neill.

[2] Earl of Hillsborough to Walpole, no. 1, 14 February 1781 *(loc. cit.)*.

[3] Hillsborough to Walpole, no. 7, 13 June 1781 *(ibid.)*.

[4] There were in fact three Methuen Treaties: those of offensive and defensive alliance of 16 May, and the commercial treaty of 27 December. We are concerned with the last.

[5] For the translated text, see Lewis Hertslet, *A Complete Collection of Treaties and Conventions ... between Great Britain and Foreign Powers ... so far as they relate to Commerce and Navigation* vol. II (1840), pp. 24–5.

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as it possessed from the fact that Ireland had been forbidden to export her woollens at all at the time, and thus—the Portuguese maintained—could not have been in the minds of the negotiators when framing the treaty. The argument, however, had several flaws, which the British were quick to point out. The term 'British Dominions', as used in the treaty, was always taken to include all possessions of the British Sovereign in the three kingdoms, and had moreover been so recognized in an earlier treaty, that of 1604.[1] It was contrary to normal diplomatic usage to presume on the intentions of negotiators in framing an Instrument. It was difficult to reconcile earlier Portuguese complaints of Irish infractions of the Methuen Treaty with the later argument that Ireland had not been included in it. And since that treaty had referred to woollens only, how could it now be held that Irish linens and other manufactures were affected?[2] But the British rejoinders had no effect, and in October the Portuguese Minister in London was instructed to open a negotiation.[3]

The Portuguese action in seizing the Irish goods was obviously designed to stop new import trades from developing legally under British auspices. The implications, diplomatic as well as commercial, were considerable, and it was not surprising that Hillsborough should have remarked at once that here was 'a

[1] The text is given in J. Dumont, *Corps Universel Diplomatique* . . . vol. v (1728), pt. II, pp. 32–6. The British contention was correct. But the parallel was inexact; for in 1604 there was no independent Portugal, and the treaty was in fact an Anglo-Spanish one, in which Portugal was included as a part of the Spanish dominions — exactly as Ireland was in the dominions of the British Sovereign.

[2] P.R.O., F.O. 63/1 *passim*, particularly Hort to Walpole, 28 February 1781; Hillsborough to Walpole, no. 7, 13 June 1781; Walpole to Hillsborough, no. 32, 10 October 1781. Both Lecky (*A History of Ireland in the Eighteenth Century* (1882), vol. IV, pp. 520–1) and George O'Brien (*The Economic History of Ireland in the Eighteenth Century* (1918), p. 242) attach a good deal of weight to the Portuguese argument of 'intention'. The British objection to it seems to me to have been a valid one.

[3] Walpole to Hillsborough, no. 35, 31 October 1781; Chevalier del Pinto to Hillsborough, 16 November 1781 (F.O. 63/1). Once a negotiation was formally opened, it should of course normally be carried on by the designated agents. The British Government usually preferred to conduct a negotiation abroad (see K. L. Ellis, 'British Communications and Diplomacy in the Eighteenth Century', *Bulletin of the Institute of Historical Research*, vol. XXXI, no. 84, pp. 159–69), and they were reluctant at first to accept this Portuguese proposal, which they realized was designed to spin out the discussion (Hort to Hillsborough, no. 13, 23 September, Hillsborough to Hort, 5 November 1781; F.O. 63/1).

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Point which We can never give up'. The matter, as he recognized, was 'not a Commercial Consideration only' but 'a Business of State'.[1] First and most immediate, it threatened the measures taken recently to free the Irish trade. For the Acts of 1780[2] had not had the effects which might have been expected from their enthusiastic reception in Dublin. The state of the war prevented Irish products from finding many of their natural markets in Europe, and in the circumstances Portugal was the best customer. If linens as well as woollens were to be excluded, it would moreover strike hard at a trade which, 'after a long and obscure struggle', was finding its feet there.[3] The reaction in Ireland was strong;[4] the subject seemed likely to be raised in the Irish Parliament; and the British Government, highly sensitive at this time to pressures from Dublin, was well aware that its handling of the case was regarded as a test of its good faith.[5]

This was the more so as the matter might not necessarily be confined to the immediate instance. It was indeed recognized at once as that most unwelcome phenomenon, the possible thin end of a wedge: 'a general Precedent', in the words of one prominent Irish M.P., 'for our Trade with all other States in determining how far Ireland is comprehended within the general Words of those Treaties which have been entered into between the Kings of England and Ireland . . . on the One Part and the Princes of different Countries on the other'.[6] This was a question which Hillsborough had feared, when the Acts were passed, might be raised in the future;[7] and it was probably the same fear, now

[1] Hillsborough to Walpole, no. 7, 13 June, no. 10, 5 November 1781; Hillsborough to Hort, 5 November 1781 (F.O. 63/1).

[2] 20 Geo. III, c.6, c.10, c.18.

[3] Hort to Walpole, 28 February 1781 (F.O. 63/1). He cited English competition, and the activities of the English revenue cutters, as of equal importance with a change in Portuguese fashions and regulations in discouraging what had of course been an illegal trade.

[4] To the point of a voluntary association being formed in northern Ireland in 1782, pledged to veto the drinking of port (Hillsborough to Walpole, 5 March 1782; F.O. 63/2).

[5] E.g. Hillsborough to Walpole, no. 7, 13 June, no. 9, 21 September 1781 (F.O. 63/1).

[6] Sir Lucius O'Brien to the Earl of Carlisle, 8 April 1781 (Copy in P.R.O. 30/8/342).

[7] R. Knox to Brockhill Newburgh, 2 May 1780 (Bolton MSS., packet 28). I owe a debt of gratitude to the late Sir Lewis Namier for drawing my attention

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realized by the Portuguese action, that was one of the reasons for Pitt's anxiety in 1785 to bring Ireland more firmly into the British system before he turned to negotiate fresh commercial arrangements with other European Powers. Meanwhile the Government stressed, from the start, the customary identification of Ireland with the United Kingdom in all foreign treaties.

But towards the end of 1781 the Government began to wonder if in fact Ireland was the sole, or even the main, object of this unwelcome *démarche*, and if the Portuguese were not rather probing a weak spot, and testing the reaction, in earnest of a more serious attack upon the whole structure of Anglo-Portuguese trade. They were not left long in doubt. In November, it was rumoured in Lisbon that import duties were soon to be raised by the publication of a new book of rates[1]—a step which, if taken unilaterally, was contrary to the provisions of the treaty of 1654, the basis of Anglo-Portuguese commercial relations which the Methuen Treaty itself had been designed to supplement.[2] In December, these rumours received strong support from the Portuguese Government.[3] Within the next few days, two consignments of British woollens were refused entry at Lisbon.[4] Early in the new year, the British Factory complained that their rights were being progressively infringed.[5] And in June 1782, after a final spate of rumours, the new book of rates appeared.[6] The situation remained the same over the next eighteen months. Representations from the British authorities in Lisbon—whether

to these papers from Bolton Hall, to Lord Bolton for allowing me to consult them, and to Miss W. D. Coates for permitting me to do so while they were on deposit with the National Register of Archives in London.

[1] Hort to Hillsborough, 6 November 1781 (F.O. 63/2).

[2] The relevant provision was contained in a Secret Article to the treaty (for the text, see Hertslet, *op. cit.* vol. II, pp. 19–20). The article is not included in the text as given in Dumont, *op. cit.* vol. VI, pt. II; and according to the Portuguese Minister in London, there was no copy of it in Lisbon in 1786 (Grey Elliott to Hawkesbury, 29 September 1786; B.M. Add. MS. 38220, f.123).

[3] Walpole to Hillsborough, no. 38, 22 December 1781 (F.O. 63/2). The familiar (and largely justified) complaints of British smuggling were renewed strongly during the winter *(loc. cit., passim)*.

[4] Hort to Hillsborough, no. 17, 23 December 1781 *(loc. cit.)*. One was said to be of a new sort, the other not properly made up.

[5] See F.O. 63/3 *passim*.

[6] Walpole to Hillsborough, no. 4, 9 March, no. 11, 5 June, no. 15, 22 June 1782; Hort to Hillsborough, no. 3, 10 March, no. 6, 25 April 1782 *(loc. cit.)*.

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against the book of rates, the seizure of goods, or the infringement of merchants' rights—met with no response, while successive Governments in London, reluctant in the circumstances of the war to press matters too far, were uneasily aware nevertheless that they were unlikely to improve.[1]

The aggressive attitude of the Portuguese was not particularly surprising. The balance of trade in favour of Britain, the rights and immunities of her subjects resident in Portugal, and the exceptional access she enjoyed to the trade of Brazil, had long been resented; and throughout the first half of the eighteenth century there had been spasmodic but growing efforts to reduce the effects of the treaties of 1654 and 1703,[2] a process notably increased in the course of Pombal's long Ministry. His efforts to foster selected domestic industries on the one hand, and to reduce the importance of the Factories on the other, were not particularly successful in naturally adverse conditions. But the course of the war seemed at last to offer a real possibility of curbing Britain's predominance. The increasing preference then given to the products of her enemies, taken with the continued stimulation of domestic manufactures, may have had its inconsistencies; but it was a combination whose purport was clear enough in London, at a time when the ancient alliance was only just weathering the storm.[3] Revision was in the air, and it could scarcely have come as much of a shock when the British Minister in Lisbon reported, at the end of 1781, that it looked as if the Portuguese might 'endeavour to oblige us to enter into a new Treaty of Commerce by distressing our Trade at this particular period'.[4]

It was not a threat which was likely to have much effect. For if the Portuguese resented British commercial advantages, the British were becoming increasingly discontented with the state of the Portuguese trade. In the first half of the century, this had

[1] See F.O. 63/3–4 *passim,* and particularly Hort to Lord Grantham, no. 15, 2 October 1782 (F.O. 63/3); Hort to C. J. Fox, no. 19, 26 October 1783 (F.O. 63/4).

[2] A. B. Wallis Chapman, 'The Commercial Relations of England and Portugal, 1487–1807', *Trans. R. Hist. S.,* 3rd ser., vol. I (1907), pp. 167, 173.

[3] For Portuguese sentiments in the later stages of the war, and the occasional fears that she might join France and Spain, see F.O. 63/2–3 *passim.*

[4] Walpole to Hillsborough, no. 38, 22 December 1781 (F.O. 63/2).

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been all that they could desire. Trade with Portugal, it has been said, then satisfied 'every requirement of mercantile economic theory'.[1] There was a favourable balance of British woollens and worsteds, and British-caught fish, over Portuguese wines; the balance was remitted in gold and silver from Brazil, which were then used to support the domestic circulation and help finance adverse trades, such as those with the Baltic and the East; the traffic was handled largely by British subjects, enjoying substantial rights and immunities in their Factories; and the principal import to these shores, the wines themselves, competed with the products of the traditional enemy, France. The Portuguese commerce, therefore, 'held a singular place in the practice and theory of English foreign trade' throughout what has been appropriately called its golden age.[2] But from the middle decades of the century conditions began to change. The decline in British exports to Portugal was marked enough by the sixties to attract official notice,[3] and a decade later to engage the attention of writers as diverse as Sir Charles Whitworth, Wyndham Beawes, and Adam Smith.[4] The American War, seriously affecting the carrying trade and that of the fisheries, appeared to confirm their views; and, had they but known it, these were soon to receive fresh support. In 1783, Britain's unique status in Portugal, infringed in practice though it had been, was dealt a heavy blow by the signature of a Franco-Portuguese commercial treaty; and in the course of the same decade, the very basis of her favourable balance was shaken. For by the end of the eighties,

[1] L. S. Sutherland, *A London Merchant, 1695-1774* (1933), p. 17. The trade included shipments via Portugal to Brazil, to which Britain alone of foreign nations was allowed entry by the treaty of 1654.

[2] Sutherland, *op. cit.* p. 17; Sir Richard Lodge, 'The English Factory at Lisbon', *Trans. R. Hist. S.*, 4th ser., vol. XVI (1933), p. 223.

[3] Allan Christelow, 'Great Britain and the Trades from Cadiz and Lisbon to Spanish America and Brazil, 1759–1783', *Hispanic American Historical Review,* vol. XXVII, no. 1, pp. 15–17. The annual balance in Britain's favour shrank in that decade from almost £1,000,000 to £200,000 (see A. K. Manchester, *British Preeminence in Brazil, Its Rise and Decline* (1933), p. 46).

[4] Sir Charles Whitworth, *State of the Trade of Great Britain in its Imports and Exports Progressively from the Year 1697* (1776), p. xxxi; Wyndham Beawes, *Lex Mercatoria Rediviva, or, The Merchants Directory . . .* (4th edn., 1783), pp. 654–7; Adam Smith, *An Inquiry into the Causes of the Wealth of Nations* (ed. Edwin Cannan, 6th edn., 1950), vol. II, p. 49. The figures, which were presented to Parliament in 1787, may be found in *Accounts and Papers printed by Order of the House of Commons,* vol. XIX (1787), nos. 429–31. For some comment on them, see pp. 212–15 below.

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