

Colonial farmers have been accused of being stodgy and conservative in their methods. Yet, the handicaps under which they labored—primitive tools, high labor costs, poor transportation, lack of sound currency, and the trial-and-error process of adapting European crops and methods to American conditions—must have seemed almost insurmountable. Still, these problems were surmounted, and American farmers supplied the products needed not only for themselves and their families but also for fellow colonists on the mainland and in the West Indies and for innumerable Europeans of whose existence these farmers were only dimly aware.

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Colonial Commerce

Home Reich
Colonial America

As early as 1645, a correspondent wrote John Winthrop of Massachusetts about the advantages of trade with the West Indies:

The certaintest commodities you can carry for these parts [the West Indies] will be fish as mackerel, bass, dry fish; beef or pork if you can procure them at reasonable rates. Linnen cloth is [also] a certain commodity.

New Englanders followed this advice all during the colonial period, but the West Indian trade was only one phase of a far-flung commercial network for the colonies.

The Colonies as Suppliers and Markets

As England had planned, the colonies did fall into the expected pattern of providing raw materials for the mother country. Even before the colonies were founded, Europeans were obtaining fish, furs, and timber from the North American continent. Later, tobacco, rice, indigo, and sugar were added to the list of colonial staples. On the other hand, the colonists depended on England for much of their manufactured and capital goods.

Even the poorest family might own an English-made knife or gun. Farmers and artisans hoped to acquire English tools and implements. Housewives needed pots, pans, and other household utensils. Also, as

even though profits from the slave trade rarely fell below 33 percent, merchants from Boston, Salem, Newport, and New York together sent out only about seventy slave ships a year to Africa.

The remainder of colonial imports—almost 90 percent—came from England. About 65 percent of these imports were textiles, and 15 percent were metal goods. It was largely because of the high value of these imports that the colonies had an unfavorable balance of payments. However, this phenomenon, too, needs regional analysis. The two southern sections generally had a slightly favorable balance: In the years between 1768 and 1772, it averaged £99,000 (according to the calculations of J.F. Shepherd and G.M. Walton in their volume *Shipping, Maritime Trade, and the Economic Development of Colonial North America*). During the same period, though, the New England and middle colonies had an average deficit of £1,220,000.

Triangular Trade Routes?

Colonial historians used to refer to the so-called triangular trade routes. The most famous one was the voyage from New England to Africa, where rum was traded for slaves who were carried to the West Indies. The slaves were exchanged for sugar and molasses which were brought back to New England to be distilled into more rum. A second triangular route went from New England or the middle colonies to the West Indies: Food, horses, lumber, and fish were exchanged for sugar, which was taken to England. There it was traded for manufactured goods which were then brought back to the mainland colonies. The third triangular route went from New England or the middle colonies with fish, food, furs, or timber to southern Europe, where they were exchanged for wine, silk, spices, or fruit. These were traded for manufactured goods in England which were then brought back to America.

Yet, in spite of all the attention triangular trade routes have received in the past, recent studies by Walton and Shepherd (*The Economic Rise of Early America*) indicate that at least the first two were virtually nonexistent. The African trade (largely with New England) comprised at most 1 percent of colonial commerce. The second route (to England—after leaving the West Indies) also seems to be insignificant: The vast majority of the ships which sailed to the West Indies returned to American ports. Evidence about the third alleged triangular route to southern Europe is less certain; on the whole, it seems clear that most colonial ships tended to restrict themselves to fairly regular routes between a limited number of ports.

Anglo-American Trade Relations

No matter what the shape of their routes, American traders were able to sell their goods at highly inflated prices, particularly in the West Indies, and thereby they made up a great deal of their trade deficit with England. New

England's trade with the West Indies posed serious problems for the English government because so much of it was conducted with the non-English West Indian islands. New Englanders felt that their economy required that they be able to sell their excess products to the non-English West Indies, where they tended to get higher prices for their merchandise while paying less for sugar and molasses than they did in the English West Indies.

In 1733, a long campaign by the English West Indian planters overcame the opposition of the northern mainland merchants and persuaded Parliament to pass the Molasses Act. This act placed a duty of nine pence a gallon on foreign rum, six pence a gallon on foreign molasses, and five shillings per hundred-weight on foreign sugar. These duties were—and were meant to be—prohibitive. If the Molasses Act had been enforced, it would have ruined the New England economy. Fortunately for New Englanders, no serious step in this direction was taken for over thirty years.

The northern colonies' unfavorable balance of payments with England was decreased not only by their lucrative trade with the West Indies and southern Europe, but also by what economists call invisible earnings. These colonies had the vast majority of merchant ships. Owners of these vessels regained much of this deficit through their shipping charges, insurance and interest fees, and the sale of ships to England. By 1772 these invisible earnings were estimated at £740,000. Further, the money spent by the English government in the colonies (as much as £800,000 a year between 1757 and 1767)—mainly for military purposes but also for civil administration—further reduced the deficit.

On the other hand, the slight apparent balance of payments in favor of the southern colonies was canceled out by insurance and freight rates, and the commissions paid to their factors, or agents. When the amount spent for the importation of slaves (which was not counted in the official trade statistics) is included, the southern colonies actually had an unfavorable balance of payments with England. The West Indian favorable balance of trade was also largely erased by the annual importation of £200,000 worth of slaves.

English merchants used the consignment system in trading with the southern planters. Under this system the planter retained ownership of the crop, and the merchant sold the tobacco, rice, or indigo on commission—also, for a fee, purchasing the English goods which the planters ordered. Often the latter amount exceeded what planters earned for their crops; it was almost impossible for the planter to know in advance what the crop would bring. Very often these merchants sent agents to the colonies to see that the tobacco they were purchasing was properly packed and labeled and also hopefully to collect any debts and planters might owe them. The planters often viewed these English factors as competitors; many of the planters also acted as merchants by purchasing the tobacco of their smaller neighbors and selling them goods in return.

Often a hostile relationship developed between the English merchants and the planters they represented. The planters complained about the high price of (often inferior) English goods, which might cost three times as much as they did at home. They also resented the high shipping rates (£9 a ton in peacetime and £16 a ton in wartime), the high insurance rates, the high storage and inspection fees, the high commission, the high interest rate on their debts, and the high import duties which they were forced to pay. In return, they received low prices for their crops. There is no doubt that the sellers of the relatively bulky, low-cost colonial products had their profits sharply cut by these kinds of expenses, which accounted for three-fourths of the gross sales price of tobacco. This only added to the resentment of the planters who knew, or at least suspected, that English merchants made a profit of £400,000 a year on the tobacco that they reexported to the continent.

On the other hand, planters relied on these merchants for their business advice and for the credit they extended. The merchants resented planters' attempts to foist poorer grade tobacco on them, and they did not like the planters' attempts, always quashed by the English government, to pay their debts in devalued colonial currency. The amount of these debts has been highly exaggerated. Just prior to the Revolution, some 35,000 Virginians owed a total of £2,000,000 to English merchants, with most owing less than £100. Yet, as T.H. Breen has pointed out, at least fifty-three members of the Virginia assembly owed more than £500.

Between 1740 and 1770 the English merchants' control of the tobacco trade was largely broken by Scottish merchants. These merchants operated stores along the rivers of Virginia and Maryland and purchased tobacco with either goods or cash. The Scottish merchants paid relatively high prices for the tobacco, making the bulk of their profit on the sale of European goods to the planters. Many of the planters, especially the smaller ones, preferred receiving a sure and fair price for their crops rather than gambling on the price they might receive in London when their tobacco arrived. In addition, Scottish merchants, like their English competitors, were generous with credit.

Domestic Trade

New England and the middle colonies were under a severe hardship in their trade with England. Parliament had forbidden the importation of colonial meat, flour, wheat, and fish—all products which were then plentiful in England—into the mother country. This left only timber, furs, and the products of the whaling industry for New England and the middle colonies to exchange for the English manufactured goods which their people demanded.

The merchants of Boston, New York, and Philadelphia, however, built up a thriving trade with their hinterlands. One branch of this domestic trade was the collection (by small boat) of products such as grain, potash, and

naval stores, which were then brought back to the home port and transported overseas. Conversely, ships from the major ports would distribute throughout the thirteen colonies the foreign goods which they had imported.

A booming coastal traffic also developed after charts, lighthouses, breakwaters, and improved harbors made it relatively safe to sail these waters. New England ships (particularly in the winter, when ocean crossings were most dangerous and few fishing expeditions were underway) went south with foreign and domestically manufactured goods; these they traded for tobacco, rice, and naval stores. Ships from the middle colonies carried bread, flour, paper, and iron products both to the south and to New England. These goods were marketed in either general country stores; at markets and fairs which were held regularly in the northern colonies; or by peddlers, or hawkers, as they were called in the eighteenth century, who visited the isolated communities on the frontier. All in all, domestic commerce was probably greater in volume (312 of the 509 ships that left Boston were involved in this trade), though less in value, than foreign commerce. Further, this trade was under virtually complete colonial control, and the balance of payments was overwhelmingly in favor of the northern merchants.

By the middle of the eighteenth century, the merchants of New England and the middle colonies operated much like English merchants, though still on a smaller scale. Some of their trade was carried on by means of barter, but much was transacted through an intricate system of letters of credit, insurance charges, freight charges, commissions, and loans to their local customers as well as to southern and West Indian planters. In a time when communications were poor, these merchants relied heavily on the ship captains or other agents whom they placed on their ships. It was they who had to decide what price to accept for the cargo, what to buy as a new cargo, and where to take it for sale.

Most northern merchants did not feel themselves bound by the Navigation Acts and regularly smuggled goods in and out of France, Spain, Holland, and England itself. It is impossible to determine the exact extent of this illegal traffic, but some experts have estimated it to be as high as 30 percent of all northern commerce. It was also common practice for foreign vessels—usually Dutch—to smuggle cargoes into the colonies. The most telling comment on this illegal trade is that in 1750 the English authorities collected only £1,500 in duties in the colonies—at a cost of from £7,000 to £8,000. When Benjamin Franklin described gaining wealth from commerce as "cheating," he could not have been far wrong.

Piracy

One of the great hindrances to colonial commerce was piracy. Pirates dominated the Caribbean during the last third of the seventeenth century when the decline of Spanish naval power created a power vacuum in the region.

After this area was brought under control, primarily by the English navy, the pirates shifted their base of operations to the Red Sea and Indian Ocean where they could prey on East Indian commerce. At first most colonial towns welcomed these pirates because they spent freely—in hard money, which was particularly valued—and sold their stolen goods at bargain prices. Merchants, and even royal governors, helped finance or provision these expeditions and entertained pirate leaders in their homes. Charleston and New York were the two main pirate havens at the turn of the eighteenth century.

The pirates soon wore out their welcome in colonial towns when they took to capturing ships of the very towns which harbored them. In 1700 Parliament authorized the establishment of special courts to try pirates without juries, and the English navy was ordered to clear the American coast of piracy. Then, in 1717 the English government offered amnesty to all pirates who surrendered, and many took advantage of this offer. With the execution of Steve Bonnet and the shooting of Edward Teach ("Blackbeard," as he was more commonly called) by a South Carolina expedition in 1718, piracy was largely wiped out along the American coast and in the Caribbean.

When the Atlantic trade routes became safer, it became possible for colonial shippers to make use of the Dutch flyboat (or flute). This ship was long and narrow and lacked the guns, gun platform, and reinforced planking which had formerly been necessary for defense. The flyboat was therefore much speedier as well as cheaper to build, simpler to rig, and easier to man than the type of ship built in English and American shipyards when piracy was still a menace. The use of the flyboat lowered freight rates and ushered in a new era of prosperity for British shippers.

Land Transportation and Communication

As already mentioned, intercolonial trade was of considerable significance. Most of this trade was carried on by water—either on the numerous rivers which ran inland or on the Atlantic Ocean. Even though sea transportation was slow and dangerous because of storms, pirates, and lack of navigational aids, it was preferred to land transportation. In the seventeenth century particularly, colonists avoided travel by land if at all possible. The first roads were Indian trails not nearly wide enough for a horse or wagon. The woods were so thick that it was difficult to keep one's sense of direction. The colonists learned to blaze, or cut a piece of bark from, the trees along the road to keep them on the proper path. Snowshoes were a great convenience in the winter, but nothing helped overcome the dust and mud that clogged roads at other times of the year. Bridges and inns were few and far between, and ferries were rare and unreliable.

As in most other areas, great improvements in transportation were made during the eighteenth century. Ships became larger and faster, and

improved charts and lighthouses made water transportation much safer. The major improvements, however, were made in land transportation. Roads between the large towns were widened, bridges were built, inns improved in quantity (if not always in quality), and, after 1760, stagecoach lines began to operate on regular schedules. The trip from New York to Philadelphia (about thirty miles) was being made at the end of the colonial period by these "flying machines," as express coaches were called, in two days at a cost of about three pence a mile.

Even during the eighteenth century, inns were small—many having just one room for men and one for women. When they became crowded, travelers were forced to roll up in a blanket on the floor of the parlor. A few larger inns did have several rooms (often with alluring names such as the Azure Chamber or the Sun Chamber) and a commodious lounge where travelers could eat and drink. Inns were less frequently found in the south, where planters often preferred to welcome travelers into their own homes.

Much of the improvement in land transportation was connected with the growth of a mail service. The English government did not institute any formal mail service in the colonies until 1691, and even then it was under private auspices. Before that time ship captains carried letters to and from Europe for a fee, and local letters were delivered if and when someone happened to be going to the vicinity of the addressee. Several colonies attempted to establish some form of postal service, but without any success. In the early eighteenth century, under the leadership of Andrew Hamilton—the deputy postmaster in the colonies—mail deliveries began to be made on a regular basis between the towns of the north, but Maryland, Virginia, and the Carolinas were completely neglected because of lack of demand. Even in 1711, when Parliament placed the postal system under government control, this omission was not rectified. Only after 1753, when Benjamin Franklin and William Hunter of Virginia became joint deputy postmaster generals, was efficient postal service extended to all thirteen colonies. Franklin's system of post roads and post riders who rode day and night cut the time for the delivery of and reply to a letter between Boston and Philadelphia from three weeks to six days. However, it still took ten weeks for a letter from Charleston to reach a northern town.*

Even transportation between the frontier and the seacoast improved during the eighteenth century. At first goods were transported on pack horses tethered together in long trains. Two men could handle a train of fifteen horses, with one man guiding the lead horse and the other bringing up the rear. By the end of the eighteenth century, the most popular vehicle on the frontier was the Conestoga wagon. This wagon, the progenitor of the covered wagon, had high broad wheels and a roomy body that enabled it to carry a

*During the colonial period postage was paid by the person who received the letter.

four- to six-ton load over rough roads. The wagon body was painted in blue and red and was covered with heavy white cloth supported by six to eight arched bows. These wagons were pulled by four to six horses, depending on the load. They often traveled in trains of up to one hundred wagons. These wagon trains were found most often on the Great Wagon Road which, by the time of the Revolution, extended from Philadelphia for 800 miles through the back country to Augusta, Georgia. Yet, in spite of the improvements in land travel, costs were still high, and most merchants preferred to ship their goods by sea.

The Fur Trade

The fur trade depended on both land and sea transportation. The demand for furs both in Europe and in the colonies ensured the profitability of this trade. The English authorities officially took cognizance of this in 1722 when they placed furs on the list of enumerated articles. Furs could be purchased cheaply from the native Americans in exchange for axes, knives, blankets, beads, guns, and rum (though the latter two were illegal). England had a great advantage over France in the fur trade because the price of its trade goods was so much lower. Nevertheless, the French remained competitive because their traders went directly to the native Americans, while the English encouraged the native Americans to come to the main trading centers such as Albany or Philadelphia. The most valuable northern fur was the beaver, followed by otter, raccoon, mink, fox, and bear. The southern fur trade centered largely on the deerskin, although fox, raccoon, and beaver were also trapped.

During the seventeenth-century (but not the eighteenth) New England was an important fur trading area along with New York, Pennsylvania, and the back country of Virginia, South Carolina, and, later, Georgia. By the eighteenth century, as the fur trade moved westward, it became more and more controlled by the merchants of Albany, Philadelphia, and Charleston. This was a result of the large amount of capital—about £1,000—needed to buy trade goods and the length of time—often several years—before profits could be realized. By this time the English were following the French method and sending traders directly to the native Americans. Although the wait was long, the ultimate profits were substantial, running to approximately £700,000 by 1770.

In summary, colonial trade was economically significant and varied. One need not wade through a morass of trade figures to realize that large merchants and planters (the wealthiest colonists) profited directly, and countless other colonists profited indirectly, from the far-flung foreign and extensive domestic trade. It is therefore not surprising that commercial interests were a major concern in colonial politics.

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