SCOTTISH FOREIGN TRADE
TOWARDS THE END OF THE PRE-
INDUSTRIAL PERIOD, 1700-1760

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The University of Edinburgh
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PART II: SCOTTISH-GERMAN TRADE,
1700-1770: A CASE STUDY
7 Scottish Trade with Germany, 1700-1770: The Macro-Picture

7.1 The Embeddedness of Early Modern Scottish-German Trade

So far the structure, trends and fluctuations in the Scottish trade volume between 1700 and 1760, the last decades of Scotland's pre-industrial period, have been discussed. It could be shown that after 1730, trade levels began to expand significantly, probably matching or surpassing all growth rates realized during previous decades, if not centuries. Scotland underwent her own "commercial revolution", yet on terms decidedly different from England. Overseas trade levels tripled between 1700 and 1760. But trade levels remained small, both in comparison to England, as well as in relation to Scotland's national income. Trade was furthermore biased towards the importation and re-exportation of colonial foodstuffs, particularly tobacco. This peculiar Scottish trading pattern was conditioned by the structure of the domestic economy and the inclusion of Scottish ports and merchants into the English commercial empire (Navigation Acts). On the one hand, the Scottish manufacturing base was weak. The domestic economy neither exported particularly large amounts and shares of her production, nor was it heavily reliant upon imports from overseas. Accordingly, average imports of tobacco, sugar and rum from the Americas far outpaced yearly average domestic exports of linen, woollen, leather and other manufactures to that region. On the other hand the commercial regulations covered under the English restoration customs system provided for some beneficial aspects that encouraged and stimulated the re-export trades in colonial non-essentials. Scots traders thus made use of the commercial opportunities afforded by the Union 1707, by the profitable entrepôt trades in American foodstuffs to continental destinations which expanded at an exponential rate after the mid-1730s. These tropical and sub-tropical non-essentials could be sold on continental markets.
with a generous profit mark-up, especially since they could draw back up to 100 per cent of customs duties paid upon import.

The remaining two chapters will discuss one branch of these trades with continental Europe. The reasons for this choice are apparent. Admittedly, Scottish-German trade neither captures a particularly large share of eighteenth-century Scottish nor German total commerce overseas. The uniqueness of the source material on either side of the North Sea, however, in connection with firm evidence as to the fact that this partial trade flow under consideration followed generally prevailing macro-patterns and was thus firmly embedded in what can be called the eighteenth century Atlantic economy, suggest that one deals with a historically significant, yet largely unexplored body of evidence. In the 1750s and 1760s, the share of German ports in Scotland’s total imports and exports did not normally exceed about five per cent (volumetric £Sterling values in the Scottish trade statistics, 1755 valuations. Prior to 1755 conclusions become difficult and unreliable due to the absence of trade statistics). Nevertheless, trade in some particular commodities exceeded these values significantly. Scotland for instance sent up to 13 per cent of its total tobacco re-exports, up to 71 per cent of total re-exports of rice, up to 81 per cent of total exports of domestic salt and (briefly) 94 per cent to 99 per cent of its vitriol exports to German ports (1755-59). As these values far exceeded the average or “expected value”, i.e. their share in total Scottish exports, one can detect some patterns of considerable significance in terms of the German market for the Scottish economy (and, as will be discussed at length below, at least in the case of salt, vice versa). Tobacco and rice linked the German market to the British Atlantic trading pattern. With regard to imports from Germany on the other hand, which were dominated by what the British Customs administration called Narrow German linens, the trans-Atlantic link of Scotland’s eighteenth century trades becomes even more apparent. Therefore, Germany (or better: Hamburg and Bremen) in the eighteenth century represented an important component of Scotland’s total trade in two ways: First, the German market represented an intrinsic component of Scotland’s traditional trades
with continental Europe ("the European lifeline"). But it also became integrated into the only recently fully developed Atlantic trades via re-exports of rice and tobacco and imports of Narrow and other German linens, which were much sought after in the British colonies.

7.2 The General Trends and Patterns in the Commodity Trades

A detailed analysis of the composition of the Scottish-German trade volume, possible explanations for it relating to the particular trading pattern of both nations and related aspects can be found elsewhere. In the present context, only the following commodities will be examined: (a) commodities for which German ports either represented one major or the main market, or (b) imports into Scotland whose origin was mostly Germany (German linens), or (c) commodities which represented the main item of this particular good sold in Germany in general (Scots salt in Bremen).

Regular Scottish-German trading relationships are old and can with confidence be dated back to the Middle Ages. Eighteenth century commercial fluctuations can be reconstructed from the customs accounts and trade statistics in fairly precise quantitative terms. Between 1743 and 1770 the picture obtains as follows:

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2 P. R. Roessner, Scottish Trade with German Ports, 1700-1770. A Study in Early Modern Multilateralism (Stuttgart, forthcoming).
3 For a fuller discussion, see Ibid., ch. 4.
Exports and re-exports were not subject to any apparent similar cyclical movement. Overall, they were on a path of expansion. Total Scottish exports to Hamburg likewise expanded throughout the century.
The “bottom line” of Scottish-German trade in the eighteenth century can be worked out from an examination of the series’ linear trends. Without doubt a notable and most characteristic feature of the series for Scottish trade with Germany was the fact that trade was driven by re-exports. This aspect will come across fairly clearly from an analysis of individual merchants trading from Scotland to Germany.\(^5\)

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4 I would like to thank Mr Frank Schulenburg for providing the Hamburg data tabulated in Schneider, Denzel & Krawehl (eds.), Statistik, via email attachment.

5 Ch. 8 below.
Re-exports clearly showed the strongest expansionary dynamics over the period. They "drove" the trades and determined the cyclical pattern of total exports. It was tobacco, sugar and rice which not only accounted for the largest share in total exports from Scotland to Germany. These commodities also determined the pattern in a way that could perhaps be formulated in much generalized terms thus: "Overseas merchant x resident in port y, mainly active in the American trades, regularly dispatched his tobacco and rice to Germany, if he had any cargoes left after he had sent ships with the same commodities to France and the Netherlands. In addition he filled up extra space in the ship with some domestically manufactured stockings."

The initial reason for trading to Germany was not German demand for Scottish domestic products such as woollen stockings or salt, but for overseas non-essentials, which the German consumer could not obtain directly. As has been shown in Part I, Scottish commercial expansion in the eighteenth century rested on these trades. Domestic exports, re-exports and imports will now be considered in turn. Amongst Scottish domestic exports the German market attained significance for cod & ling,

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salt, and, at times vitriol. The cod & ling trade was centred on a Shetland-Hamburg and Shetland-Bremen channel.
7.3 Particular Commodities Exported to and Imported from Germany

7.3.1 Cod & Ling

The history and markets of the Shetland cod fisheries, as well as their socio-economic framework, are well documented elsewhere. The German link of these trades, however, has not been studied extensively, which occasions a few further remarks.

In monetary terms cod and ling represented the major type of fish dispatched from Scotland to Germany (ch. 5). In the eighteenth century, Scotland, or better: Shetland not only became the main Scottish production centre for cod and ling in general, but also, along Norway and Newfoundland, one of the main suppliers of these fish to world markets. Shetland exported her cod & ling fish chiefly to the large North Sea ports of Bremen and Hamburg, which had become her largest foreign outlet from the 1640s onwards. A similar situation obtained in the reverse: from the middle of the seventeenth century onwards, the Shetlands were, after the Netherlands, the most important fish supplier overseas to the Hamburg market, although the beginnings of regular contacts between the Shetlands and German Hansa towns, however, date back to the early 1400s. Existing Hamburg customs records and merchants’ business papers testify to the importance of the Hitlandfahrt (Shetland trade) to Hamburg fish merchants at that time (1400s). The eighteenth century, however, witnessed a slight change in the commercial pattern.

Between at least 1500 and roughly until 1710, it had been mostly native German (largely Bremen) merchants, often resident in Shetland, who had been

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10 Ibid., p. 191.
carrying fish to Germany. After a slight time lag, local landowners and British merchants took the marketing of Shetland fish (which the former appropriated via feudal exchange mechanisms) into their own hands, stimulated by the Navigation Acts and a bounty on fish exports. The available post-1742 Scottish customs accounts suggest that the export trade was by then virtually entirely in the hand of British merchants resident in the Shetlands. The change roundabout 1707/10 went hand in hand with an apparent slump in fish exports to Hamburg around 1707-1710, which contemporaries observed and lamented upon.

Clearly it was the application of the institutional framework of the English Navigation acts, by prohibiting the import of foreign salt in foreign ships and charging non-British denizens higher customs duties on imports, that would have tended to discourage a continuation of a trade pattern controlled by Hamburg and Bremen merchant-captains after 1707. Although Shetland's balance of trade with Germany was clearly a positive one in normal times, and exports of fish were free of charge, regardless whether or not shipped in British ships or by British subjects, some imports would have been required to balance the books. Obvious candidates were staves and hoops for the fish barrels, which were in short supply in timber-scarce Shetland, and which were liable to import duty.

A contemporary opinion (1709) seems to confirm that taxation, above all else, was the real reason for the temporary slump, partly caused by the withdrawal of German traders formerly resident in the Shetlands:

The Hamburger had a trade to Zetland and brought money to that place for fishes which they loaded therewith. Now these ships come not because of the customes paid for the forraign goods and they have fallen upon Norway as yet of venting their commodities So that money is scarce in Zetland.

11 Smith, Shetland Life, pp. 10-20, pp. 35-68.
12 Ibid., p. 77.
13 Foreigners were liable to the Petty Custom upon import, a duty levied according to and on top of the Old Subsidy, amounting to 1.25 per cent of the goods' value given in the Book of Rates. H. Crouch, A Complete View of the British Customs [...] (London, 4th ed., 1745), p. 11.
14 NAS, GD150/2543/17 (transferred to Shetland Archives; microfilm copy in NAS, RH4/137), George Robertson to the Earl of Morton, 21 June 1709.
But this situation apparently altered nothing in terms of the general pattern and long-term trends. Notwithstanding temporary disruptions and a complete restructuring of the distribution network, Germany, or better Hamburg, continued to be Shetland's main market until late in the eighteenth century.

Figure 4: Exports of Cod & Ling to German Ports, 1743-1770
Source: as above. Constant (volumetric) values.

There appears to have been a pronounced decline in exports of salted dry fish (cod, ling) to German markets c. 1749-1770, however, vis-à-vis total export levels of cod and ling that were stable in the long run. Thus, the German market share in total exports of cod & ling declined. Reasons as to why this was the case cannot be established for certain. Perhaps German demand for sea fish, which in terms of its price per calorific unit was more expensive than basic cereals (rye, oats), declined slightly after 1740. Perhaps suppliers other than Shetland became important on the Hamburg and Bremen fish market.

If allegations of profit margins of up to 100 per cent on Shetland cod and ling are anywhere near economic reality, this business would have been an extremely profitable one for those controlling the supply and distribution channels – i.e. after

15 Smith, Shetland Life, p. 68, Fig. 14.
1707 the resident British fish merchants. Although salt fish exported to places outside Britain had to be cured with foreign salt by law (apart from the fact that Scots salt was often of too poor quality to be used for this purpose), this made the British fish trade no less profitable. Import duties paid on foreign Portuguese, Spanish (and sometimes French) salt, apart from a drawback of 83 per cent (1708-1747/55) and 88 per cent after 1747/55 on Spanish and Portuguese salt, were virtually repaid by the bounty on top of the draw-back of customs duties, which was normally financed by drawing on the funds yielded by the Excise on Foreign Salt Inwards.

The seasonal trading pattern, as it appears from the customs accounts, was a fairly regular one. In the first half of the year, normally during Midsummer and into Michaelmas quarter (May-June), ships arrived from Altona, laden with white salt and Hamburg where they had been loaded with hoops and staves for the barrels in which the catches would later be shipped back. The bulk of cod and ling fish were then exported later in Michaelmas quarter. This quarter also witnessed the yearly remittance of customs yields from Shetland to Edinburgh.

17 Coull, Sea Fisheries, p. 87f.
20 July-September.
21 NAS, E504/32/1-2, passim.
Salt represents another case of domestic Scottish exports for which German ports represented the major outlet. Whilst the early modern Scottish salt industry has been the subject of several exemplary and definitive studies by Whatley, the Bremen salt market was analyzed by the late K. H. Schwebel, who pointed out the significance of Scots salt in this city. Neither of these studies however has drawn particular and due attention to the German market for the Scottish product as such. The actual main task of the following really is to combine two different geographic, linguistic and thus heuristic viewpoints, which relate to a largely identical topic of analysis.

The eighteenth century appears to have been a watershed period for the Scottish salt industry in terms of the competitiveness of its product on continental markets. Whatley has shown that a definite and protracted decline in exports of Scots salt took place during the first half of the eighteenth century, with levels approaching zero in the 1750s, from which they never again recovered. This was a considerable change in the commercial pattern (and most certainly in the relative productivity record of the industry) in comparison to previous centuries, especially the early 1600s, when Scotland had been a large salt exporter with at times significant shares of total salt sold on continental markets, the Baltic in particular. The following aspects are of significance for an overall study of eighteenth century Scottish trade:

1. In the eighteenth century, Germany in fact became not only the largest, but virtually the last foreign market for what at that time had become a virtually non-

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22 The following is largely based on P. R. Roessner, "'New Light on Whatley's Numbers.' The German Market for Scots Salt in the Eighteenth Century," SHR (forthcoming). I should like to thank Prof Christopher A. Whatley (Dundee), as well as another anonymous referee for this Journal, for their helpful comments upon an earlier draft version of this article.


25 Whatley, Salt Industry, p. 46, Fig. 3.

exportable item. (2) (a) North Sea ports (Bremen, Emden, Hamburg) became the main importers of Scots salt at the expense of Baltic ports. Stralsund (a Baltic port located within the German Empire but under Swedish Rule) ceased to import Scots salt after 1746, as did most other non-German ports in the Baltic. (b) Interestingly there had been and still were times during the eighteenth century when Scots salt in Bremen was about as significant to the Bremen (and one has to add: the North-Western German) consumer, as Bremen was of importance to the Scottish industry as the last major foreign outlet for its sea salt. In 1738/39 for instance, Scots salt still was the most important type of foreign marine salt sold on the Bremen market, in the same way as Bremen at that time was by far the major export destination for Scots salt producers. (3) It is clear that the North-German (in particular Bremen's) preference for Scots salt can hardly be explained in terms of a special taste for Scots salt. The Scottish product was price- but not quality-competitive vis-à-vis its rival products from England, France and the Iberian Peninsula. In an environment of multiple budget constraints which the average German customer was exposed to, within a framework of generally declining living standards and real wages in particular after c.1740, a cheap and competitively-priced essential such as Scots salt would by definition have represented an attractive alternative to more expensive types of sea or Lüneburg salt (the latter would have been unaffordable to the lower ranks of society). Due to the short distance (compared to Portugal, Spain and France)

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27 Whatley, Salt Industry, ch. 2.
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\textsuperscript{27} Whatley, Salt Industry, ch. 2.
and thus short period of travel and accordingly modest transport costs, the German market was one of the most obvious foreign outlets for Scots salt works. Likewise, barriers to trade in the shape of various external, internal and transit tolls and customs on cross-border traffic, a product of the political fragmentation of the German Empire, artificially increased the price charged by the main producer in Northern Germany (Lüneburg) and made Atlantic or North Sea salt extremely attractive on these markets.

In order to correctly assess the role of the German market for Scots salt in the eighteenth century, it is necessary to extend the analysis backwards in time, in order to get an extended picture of the continental European market for Scots salt over time, and spatially, i.e. in this instance by customers (nations, export destinations) purchasing the item. The heydays of Scottish salt exports in terms of peak levels and most certainly export-to-output ratios had been reached early in the seventeenth century, with Baltic markets (Germany, Sweden, Denmark, Danzig) being the most important. In the Baltic Scotland in fact surpassed England in terms of domestic salt (i.e. re-exports of French, Portuguese and Spanish salt not considered) sold during most years between c. 1660 and 1700 still, as is shown by the Sound Toll Registers (Figure 5 below).

At that time salt markets had been buoyant all across north-west Europe, as salt was an essential the demand of which was fairly inelastic. During much of the sixteenth and the first two decades of the seventeenth century, the German population had expanded continuously in line with a general expansion in European population. If a constant per capita consumption of salt is assumed, this would have translated into a general increase in the demand for salt providing ample marketing opportunities for the major European salt producers.\textsuperscript{30} Even though amongst the latter Scotland needs to be seen as a marginal supplier, compared to the output of the Portuguese, Spanish and French industries, it held up reasonably against English competition, played an intrinsic part of the story of the European salt market, and followed, or at times perhaps even co-determined, European patterns of salt trading.

Due to the geographical proximity and a good transportation network, however, the North-West German territories were all located within the market boundaries (determined by transport costs, internal and transit tolls and customs duties as a component of the final market price) of the Lüneburg salt works. Not only did the Lüneburg salt works operate closer to the large North German markets than the Atlantic producers (Portugal, Spain, France, England, Scotland), and thus would, thanks to a relatively dense network of rivers and canals, have captured a potentially large market. Their product was also qualitatively better than French, Portuguese, Spanish, English or Scots salt, due to a variety of reasons, one of which was the extraordinary degree of purity (or natural saturation with salt) of the brine of 25.5 per cent. Moreover, protective taxation or outright prohibition in some of the adjacent territories, such as the Duchy of Brunswick, where the sale of Scottish salt was prohibited by statutory law, should, and at times would, have stimulated Lüneburg’s sales. And yet Scots salt was extremely successful on the North-West German market early on.

Scots salt entered the competitive scene right at a time when output levels and market shares of the Lüneburg salt works commenced on their long-term and once-and-for-all decline in the 1580s/1600s, which suggests that it might have played – however minor – a part in the process. (This process might in fact have amounted to a significant structural change in the North-West European salt market). Even though Scotland was certainly not the most important supplier of salt to continental markets, the scissor-like movement of Scots exports vis-à-vis Lüneburg production and export levels in the late sixteenth and early seventeenth centuries is too obvious to be just a coincidence. According to Witthöft this decline in Lüneburg’s production capacities was the result of a deliberate reduction of desired capacities

35 Witthöft, Struktur, p. 111f. / graphs XII-XIII.
rather than due to an exhaustion of physical resources. He thus attributed the decline in Lüneburg's importance for the Northern European salt markets to three factors: (a) the dwindling of Lübeck (a Baltic port) in international trade; (b) the rise of Mercantilism and related economic policies which tended to mutually reduce the size of export markets for certain products by erecting artificial barriers to trade (tariffs, prohibition etc.); (c) price-competitiveness of Atlantic sea salt (English, Scots, French, Spanish, Portuguese). Of these reasons it would be the last-mentioned which needs to be seen as the most important factor in the present analysis. But prior to carrying on with the discussion on the impact and role of Scots salt in Bremen - its main German market c. 1700-1770 – some quantitative material should be provided in order to get the subsequent analysis on firm ground and a picture of how important Scots salt was in fact on the North-West German salt market.

Prior to 1755 the share of the German market can be approximated using figures for exports to Germany derived from the Scottish customs accounts, divided by figures for total salt exports given by Whatley. After 1755, on the other hand, the Scottish inspector general's ledgers of imports and exports have been used in order to establish the share of "Germany" in total exports of Scots salt. This evidence has been supplemented by Bremen customs records (Schlachteangabebücher) and the Sound Toll Registers, which have been examined with regard to traffic of Scots salt to Baltic ports located within the German Empire. Thus, whilst post-1742 the German market share can be captured by linking the customs evidence with Whatley's export figures, the picture is much less reliable for any time prior to 1742. That, however, does not rule out reliable and

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37 Whatley, Salt Industry, p. 46, Fig. 3. As exports are expressed in a five-year moving average, the share of salt exported to Germany in total Scots salt exports is an approximation.
38 TNA, Customs 14. These are not entirely reliable, though, as they generally record lower amounts of salt exports than the customs accounts. Differences could be explained by deviations in recording practice of the customs collectors and ex post corrections of original customs declarations that were made known to the inspector general of imports and exports (but are neither preserved nor traceable by the modern-day researcher). See discussion in ch. 3 above.
39 Staatsarchiv, Bremen, 2-Ss.2.a.4.f.1seq., Schlachteangabebücher (Schlachte Toll Accounts), 1738-9, 1754 seq.
40 Bang & Korst (eds.), Tabeller.
41 These destinations were: Lübeck, Rostock, Stralsund, Wismar, "Ovrige Pommern". Apart from Lübeck, these ports were all under Swedish rule since 1648. As Swedish Pomerania was part of the German Empire, and the Swedish kings were Imperial Princes for these dominions, these ports have been included in the discussion.
significant conclusions. There will be two essential outcomes. Firstly, Germany became the largest and at times sole market for Scots salt sold abroad, until exports finally reached and stayed at levels near zero since the late 1750s.42 Second, it would now be the North Sea ports of Germany – Bremen and Emden in particular – rather than Baltic German ports, which received most of the quantities. Lübeck and Stralsund (in Swedish / Hither Pomerania), which had been large and regular outlets for Scots salt in the seventeenth and would continue do so in isolated years in the eighteenth century, declined in terms of their importance some time between the 1720s and 1740s.

For the early decades of the eighteenth century, for which no quantitative material other than the Sound Toll Registers exists, one might draw on the impressionistic account written by Henry Kalmeter, a Swedish denizen travelling in Scotland undercover in 1720-1, involved in some form of economic espionage. Kalmeter reckoned that around 1720, Scots salt was, apart from Bremen, still dispatched in small quantities to Sweden, but "the greater part of the Scottish salt is disposed of at Danzig".43 Sweden in this account might well have included Stralsund, a quasi-German port (this part of Pomerania had become Swedish territory by the Treaty of Westphalia in 1648), but in this regard, Kalmeter was unspecific. The Sound Toll Registers, however, seem to suggest that Stralsund was not a particularly significant export destination for Scots salt in the first four decades of the eighteenth century (Figure 6).

42 Then Scots salt was replaced by English (Cheshire, Liverpool) salt on the Bremen market. See below.
There appears to have been a brief revival of the Baltic ports of the empire as an export destination for Scots salt between c. 1725 and 1745, with Lübeck – a proper German port – being the most important destination in most years (Figure 6).

If Kalmeter’s basic observation – that Scandinavian or Baltic markets were still the main destinations for Scots salt sent abroad in the 1710s and 1720s (this observation cannot be tested statistically) – was an accurate description, the 1710s and 1720s would have seen a prolongation of the seventeenth-century commercial patterns. Without doubt this changed some time after Kalmeter’s report, as the post-1742 Scottish customs accounts suggest a fundamentally different story. After 1742 German ports proper were favoured by Scots salt traders (Table 1 below).
Table 1: Total Exports of Scots Salt to German Ports, excl. Swedish Pomerania, 1743-59 (bushels)\textsuperscript{44}

1743-1755: NAS, E504  
1755-1770: TNA, Customs 14.  
Totals 1745, 1750-55: Whatley, Salt Industry, p. 46, Fig. 3.

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<td>1765</td>
<td></td>
<td>4,000</td>
<td>10,000</td>
<td></td>
<td>40%</td>
</tr>
<tr>
<td>1766</td>
<td></td>
<td></td>
<td>18,824</td>
<td></td>
<td>0%</td>
</tr>
<tr>
<td>1767</td>
<td></td>
<td>7,888</td>
<td>34,118</td>
<td></td>
<td>23%</td>
</tr>
<tr>
<td>1768</td>
<td></td>
<td>10,040</td>
<td>24,440</td>
<td></td>
<td>41%</td>
</tr>
<tr>
<td>1769</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1770</td>
<td></td>
<td>5,500</td>
<td>12,942</td>
<td></td>
<td>42%</td>
</tr>
</tbody>
</table>

Whereas exports of Scots salt to Baltic German ports continued after 1720 and even experienced an "Indian summer" c. 1725-1745 (Figure 6 above), they were always dwarfed by exports to the North Sea ports of Emden, Bremen and Hamburg.\textsuperscript{45} Within

\textsuperscript{44} Market shares in (6), 1745, 1750-1753 have been approximated by computing a five-year-moving average matching Whatley's series. The customs accounts indicate 16,725 bushels as total exports of Scots salt in 1755, rather than 15,960 bushels as given in TNA, Customs 14.

\textsuperscript{45} Whilst the average number of salt weys dispatched to the latter obtains at 568 in the period 1743-1755, the same figure for salt dispatched to Baltic ports located within the Empire works out at
the framework of overall declining Scottish salt exports 1700-1770, German North Sea ports in the late 1740s and early 1750s thus increased their share at the expense of the Baltic, becoming the most important destination for Scots salt on the continent, with shares frequently above 50 per cent of total exports of Scots salt. The Sound Toll Registers seem to suggest that – as would be the case with the North Sea ports later on – the Baltic market was lost to English producers (presumably Cheshire) as early as 1715. The north-west German market on the other hand would not be taken over finally by English salt until c. 1760/1770 and thus proved to be the lifeline of the Scottish industry in terms of foreign sales.

A breakdown of salt exports to Germany by ports reveals that after c. 1740 Bremen became the largest and most significant destination for Scots salt in Germany – and by way of basic arithmetic, given the explanations above – the most important single foreign outlet for the product as such (Table 2 below).

112 weys, or less than one-fifth of the former. Calculated from the Scottish customs accounts: NAS, E504/2/1-3 (Alloa), E504/6/1-4 (Bo’ness), E504/20/1-3 (Kirkcaldy), E504/30/1-2 (Prestonpans).

46 It is interesting to note, however, that both series (England, Scotland) experienced a decline between c. 1715 and 1745 before their trends depart. In a sense the success story of English salt on some Baltic markets did therefore not begin strictly speaking prior to 1744.

47 The only other market of relevance was North America. In fact in most years the North American share can be approximated by subtracting the German share from the value 100. Occasionally TNA, Customs 14 indicates an export of salt to “Iceland”, which represents not strictly speaking an export, as those quantities were used by the Iceland fisheries for curing fish; i.e. they were not sold in Iceland but represent an intermediary product or input to the final product of these fisheries. TNA, Customs 14, 1761, 1762, 1766. Cf. with entries in NAS, E504, exports to Iceland declared as “for the Iceland fisheries”. Exports to Virginia: NAS, E504/20/1 (Kirkcaldy), Goods Exported 1/1745, Nr. 27; Goods Exported II/1745, Nr. 8; Philadelphia: NAS, E504/20/1 (Kirkcaldy), Goods Exported II/1745, Nr. 28.
7.3 Particular Commodities (Exports, Imports)

Table 2: German Markets for Scots Salt, 1738-1755

<table>
<thead>
<tr>
<th>Year</th>
<th>Bremen</th>
<th>Hamburg</th>
<th>Lübeck</th>
<th>Stralsund</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1738</td>
<td>35,182</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>35,182</td>
</tr>
<tr>
<td>1739</td>
<td>25,613</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>25,613</td>
</tr>
<tr>
<td>1740</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1741</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1742</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1743</td>
<td>16,176</td>
<td>1,600</td>
<td>19,524</td>
<td>43%</td>
<td>52%</td>
<td>37,300</td>
</tr>
<tr>
<td>1744</td>
<td>28,860</td>
<td>1,180</td>
<td>16,700</td>
<td>62%</td>
<td>36%</td>
<td>46,740</td>
</tr>
<tr>
<td>1745</td>
<td>30,200</td>
<td>1,152</td>
<td>4,132</td>
<td>73%</td>
<td>3%</td>
<td>41,632</td>
</tr>
<tr>
<td>1746</td>
<td>22,300</td>
<td>3,200</td>
<td>3,300</td>
<td>54%</td>
<td>8%</td>
<td>41,020</td>
</tr>
<tr>
<td>1747</td>
<td>19,060</td>
<td>1,100</td>
<td>35,100</td>
<td>54%</td>
<td>3%</td>
<td>35,100</td>
</tr>
<tr>
<td>1748</td>
<td>13,800</td>
<td>3,980</td>
<td>17,780</td>
<td>78%</td>
<td>22%</td>
<td>27,280</td>
</tr>
<tr>
<td>1749</td>
<td>16,200</td>
<td>4,500</td>
<td>19,780</td>
<td>60%</td>
<td>17%</td>
<td>27,200</td>
</tr>
<tr>
<td>1750</td>
<td>14,180</td>
<td>5,600</td>
<td>17,780</td>
<td>72%</td>
<td>28%</td>
<td>27,200</td>
</tr>
<tr>
<td>1751</td>
<td>13,326</td>
<td>7,100</td>
<td>19,780</td>
<td>59%</td>
<td>32%</td>
<td>27,200</td>
</tr>
<tr>
<td>1752</td>
<td>10,850</td>
<td>4,700</td>
<td>17,400</td>
<td>62%</td>
<td>27%</td>
<td>27,200</td>
</tr>
<tr>
<td>1753</td>
<td>9,600</td>
<td>6,500</td>
<td>16,100</td>
<td>100%</td>
<td>24%</td>
<td>16,100</td>
</tr>
<tr>
<td>1754</td>
<td>5,600</td>
<td>1,850</td>
<td>7,450</td>
<td>100%</td>
<td>11%</td>
<td>7,450</td>
</tr>
<tr>
<td>1755</td>
<td>11,725</td>
<td>4,700</td>
<td>16,100</td>
<td>87%</td>
<td></td>
<td>16,100</td>
</tr>
</tbody>
</table>

Note. 1738-9 figures referred to in subsequent sections are approximate values, obtained by converting the Bremen salt last into British bushels. The Bremen last has been assumed to equal 4,410 lbs, which is a conservative estimate. Schwebel, Salz, p. 73. If the document NAS, AC9/1525, Invoice Diederich Ratien (Bremen), 3 December 1740, is consulted, however, the Bremen salt last works out at about 5,262 lbs. Ratien, a Bremen merchant, in 1740 sold 31 lasts 37 Scheffel ("bushels") of Scots salt on consignment for John Carmichael, an Edinburgh-based merchant. The cargo had been declared in Scotland as 3,000 bushels. Thus the figures for 1738/9 in the above table are clearly on the lower margin and represent a rather careful estimate. Note also that Schwebel’s figure for salt imports from Scotland for 1738 reads 385 lasts, instead of 446.75 lasts traced by the present author from the Schlachte Toll Accounts (Staatsarchiv Bremen, 2.Ss.2.a.4.f.1., Vol. 1).

Bremen in fact retained a market share of normally between 72 and 100 per cent. It therefore deserves some closer consideration. Whilst the general shift towards the North Sea ports at the expense of the Baltic was a relatively recent phenomenon, the connection between Scots salt sales abroad and Bremen at that time was a long-established and firm, even intimate, relationship. Scots salt, its widespread trade and use, due to its extremely competitive pricing, had been in fact lamented upon by the Lüneburg salt masters from early times onwards.

If these complaints are to be taken literally, the Lüneburg salt masters would have lost the Bremen market to Scots producers as early as the second half of the
sixteenth century.\textsuperscript{48} Whilst price differentials between Scots salt and comparable other products on the Baltic market, for instance had been notorious as early as 1485\textsuperscript{49}, it was the seventeenth century, which saw a rocketing increase in the number of complaints, relating \textit{inter alia} to the fraudulent declaration of Scots as Lüneburg salt in Lübeck and Bremen, resulting from the apparently popular practice of refilling Scots salt into Lüneburg bottoms and thus counterfeiting the latter.\textsuperscript{50} In these years Scots salt frequently surpassed even Lüneburg salt in terms of yearly quantities sold in Bremen, as is suggested by surviving shipping records (1617, 1626, 1628).\textsuperscript{51}

Table 3: Imports of Salt into Bremen, 1628\textsuperscript{52}

Schwebel, \textit{Salz}, p. 36.

<table>
<thead>
<tr>
<th>Type of Salt (Origin)</th>
<th>Lasts</th>
<th>per cent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scots</td>
<td>185</td>
<td>38%</td>
</tr>
<tr>
<td>Lüneburg</td>
<td>153.5</td>
<td>32%</td>
</tr>
<tr>
<td>Spanish</td>
<td>57</td>
<td>12%</td>
</tr>
<tr>
<td>English</td>
<td>20</td>
<td>4%</td>
</tr>
<tr>
<td>French</td>
<td>19</td>
<td>4%</td>
</tr>
<tr>
<td>Other / Unknown</td>
<td>49.5</td>
<td>10%</td>
</tr>
<tr>
<td>Total</td>
<td>484</td>
<td>100%</td>
</tr>
</tbody>
</table>

The most striking aspect of this is the fact that the Lüneburg salt works were so much closer to the Bremen and north-west German markets than any of the western European sea salt pans. The commercial problems the Lüneburg salt masters were facing clearly underline the (unintended) effectiveness of artificial barriers to trade in terms of radically reducing the size of markets. A large number of tolls and customs, a result of territorial fragmentation and more or less random Mercantilist tax base enlargement, considerably reduced the growth potential of the fragmented German economy in the early modern period.\textsuperscript{53} But the success of Scots salt on these markets

\textsuperscript{48} Schwebel, \textit{Salz}, p. 21.
\textsuperscript{51} Schwebel, \textit{Salz}, p. 36f.
\textsuperscript{52} Figures given in tons and Scheffel ("bushels") by Schwebel for Lüneburg salt, have not been considered in the above table.
also underlines the importance of demand for cheap products in times of heavy budget constraints for the average consumer. In this market segment, however, Scots salt was subject to fierce competition from Spanish, Portuguese and French products. The latter, whilst at that time allegedly only marginally different from the Lüneburg product in terms of quality, still sold in Bremen for half the price of Lüneburg salt most of the time and thus directly competed with the Scottish product, moving within about the same price bracket, and thus the same market segment (i.e. the rather quality-indifferent customer). Nevertheless, even though it would not have matched Portuguese, Spanish or French salt in terms of quality, Scots salt remained amongst the most popular types sold in Bremen throughout the seventeenth and eighteenth century.

Figure 7: Exports of Scots Salt to “Germany” (totals) and Bremen, 1738-1770

NAS, E504; Staatsarchiv Bremen, Schlachteangabebücher, 2.Ss.2.a.4.f.1., Vol. 1. Bremen figures for 1767-8 and 1770 are critical.

The available evidence from the Bremen Schlachte Toll Accounts\(^{55}\) (1738-9), in combination with the Scottish customs accounts (1743-1755) and the ledgers of the Scottish inspector general of imports and exports, indicates a protracted decline in total sales of Scots salt on the Bremen market in the longer run, 1738-1770. This was in line with and in a similar order as the general decline of exports of domestic salt from Scotland. Although the Bremen market share remained roughly constant throughout most of the time, levels of Scots salt exports to Bremen had — even on the most conservative estimate — been significantly higher in the late 1730s (and prior to that date) than they would be in the 1740s and 1750s.

But not only was Bremen the most important (and frequently the only) purchaser of Scots salt abroad until late in the eighteenth century. Scots salt also continued to be the most important type of sea-borne salt imported into Bremen during the first half of the eighteenth century. This appears to have been a remarkable continuation of the pattern first observable in the early seventeenth century (see above). According to the Bremen Schlachte toll accounts for instance, Scots salt still accounted for 85 per cent of total recorded sea-borne imports of salt into Bremen in 1738 and for 93 per cent in 1739.\(^{56}\) This predominant role seems only to have been temporarily eroded between the later 1660s and c.1700. In part this was due to edicts prohibiting the consumption of Scots salt in Prussian and Hanoverian territory (1685 to 1716), which ruled out the River Weser as a convenient route for water-borne re-exports from Bremen to central-German territories.\(^{57}\) A flickering increase of Lüneburg’s sales on the Bremen market, reminiscent of pre-1580 “heyday” times, was certainly one of the direct results of these legislations. But apparently the Lüneburg salt masters later scored an own goal and undermined their

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\(^{55}\) The Schlachteangabebücher (Schlachte toll accounts), covering a select range of imports in select years in the eighteenth century, originated from a tax on particular goods in ships about to enter the Schlachte pier. The latter was located in Bremen at a side-arm of the River Weser, where larger sea-going ships had to call in and trans-ship their cargoes on to lighter vessels (Leichterschiffe) suitable for traffic inwards on the shallow Lower Weser. Cf. J. Joost-Krüger, “Der Weserkahn” in H. Roder (ed.), Bremen: Handelsstadt am Fluß (Bremen, 1995), pp. 304-5. I should like to express my gratitude to Dr Günter Garbrecht (University of Bremen) for pointing the Schlachte toll accounts out to me, as well as Dr Adolf Hofmeister, senior curator of documents, and other members of staff in the Staatsarchiv Bremen (Bremen State Archives), for providing the records, microforms and some useful background information.

\(^{56}\) Staatsarchiv Bremen, Schlachteangabebücher, 2-Ss.2.a.4.f.1.

\(^{57}\) Schwebel, Salz, p. 68f.
position by implementing a staple or factory system for the marketing of Lüneburg salt in North Western German states (an attempt at a monopolistic pricing policy). By keeping the price for their product at too high a level to be particularly attractive to the purchaser, this, circa 1700, once again led to an increase in the price differential of Lüneburg vis-à-vis Scots salt and thus an increase in the competitive position of the latter on the Bremen salt market. Whilst Lüneburg salt was quoted at 40-42 Imperial Dollars per last in Bremen in 1700-1702, Scots salt sold at slightly more than one-half this price (23-24 Imperial Dollars per last).\(^{58}\) Similar prices would be maintained for the rest of the century. In 1733 for instance, the Bremen salt merchant Diederich Ratien, consignee of the Edinburgh-based smaller merchant John Carmichael, disposed of the latter’s salt at 26 Imperial Dollars per last. In 1740 he was even able to fetch a sales price of 29 and 30 Imperial Dollars respectively for another consignment sent to him by Carmichael.\(^{59}\)

Scottish salt thus fetched regular sales in Bremen during the first half of the eighteenth century, at a time in which its former Baltic markets had already been eroded by English (Cheshire?) competition. Its significance on the Bremen and Northern German market is furthermore attested to by a plethora of acts and regulations that dealt expressively with Scots salt, issued for instance by Bremen City Council. Numerous and frequent complaints of the Lüneburg salt masters in the sixteenth and seventeenth centuries anent frauds continued well into the eighteenth century, expressing a similar discomfort with this particular type of competition.\(^{60}\) Thus, Scots salt maintained a roughly constant – and by no means insignificant – position on the north-west German market, in a framework of a continuing decline in total exports from Scotland c.1700-1760, with stable and in fact sometimes even increasing sales prices. It was not before the 1760s/1770s that Scots salt would be replaced for good by English (Cheshire) salt on the Bremen market (see below).\(^{61}\)

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58 Schwebel, Salz, pp. 71-75.
59 But prices were certainly volatile. Earlier the same year (1740) the last of Scots salt had been quoted at about 24-26 Imperial Dollars in Bremen, and Ratien had accordingly anticipated a lower sales price. NAS, AC9/1525, Invoice and Letter Diederich Ratien (Bremen) to John Carmichael (Edinburgh), 14 September 1740 (prospect of sales prices); 3 December 1740 (invoice of sale). 1733 sale: NAS, AC9/1525, Invoice and Letter Relating to Salt Sales in Bremen on Carmichael's Account, 1733. See also ch. 8 below.
60 Schwebel, Salz, p. 33, p. 41.
61 Ibid., p. 75, pp. 82-91.
Where did the salt go once it had reached Bremen? No firm answer can be given. Nevertheless, a second look at the figures above and some speculative dietary arithmetic might prove useful. In 1738 and 1739 for instance, c.35,000 and 26,000 Scottish bushels (875 and 625 weys or metric tons\(^62\) respectively) of Scots salt were imported into Bremen from Scotland. The average of these two figures obtains \(\text{c. 30,400 bushels \@ 56 lbs per bushel.} \)

At one extreme estimate for the period, which set the yearly requirement of salt for "domestic servants" at 11 kg per caput (Bohemia, 1701), the salt sent from Scotland to Bremen in these two years would have been sufficient to provide 64,000 to 69,000 people with their yearly salt requirements without requiring additional imports from other suppliers. This means that imports of Scots salt would have been enough to supply \textit{twice} the entire Bremen population (c.28,000) with their yearly requirements.\(^63\) At modern-day requirements calculated for the USA in 1970 on the other hand,\(^64\) the amount of salt imported from Scotland into Bremen in 1738-9 would have been enough to supply more than 167,000 people, or almost six times the Bremen population with their full salt requirements during these two years. The true figure ought to be looked for in between the two estimates. Furthermore it needs to be borne in mind that there were other suppliers of salt in Bremen, and that salt was consumed by animals as well, further to its use in chemical-industrial processes. And as a virtually non-perishable good, salt might be stored for considerable periods; therefore, salt sales and salt consumption might not match or coincide for every year examined. The above calculation exercise nevertheless illustrates that, notwithstanding all possible hazards

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\(^{62}\) The British salt wey was reckoned at 40 bushels (\@ 56 lbs each) by the Customs & Excise administration, thus corresponding to the standard metric ton of 2,240 lbs. According to Zupko, the salt wey was sometimes reckoned at 42 bushels, which is not supported by Customs and Excise evidence consulted by the present author. R. E. Zupko, \textit{A Dictionary of Weights and Measures for the British Isles: The Middle Ages to the Twentieth Century} (Philadelphia, 1985).


\(^{64}\) J.-C. Hocquet, \textit{Le Sel et le Pouvoir. De l'an mil à la Révolution française} (Paris, 1985), p. 360. 7.3-18g per day, thus the arithmetic average of the two of c. 4.67 kg per annum has been taken, which appears to be a historically sensible figure for the eighteenth century. Cf. Multhaup, \textit{Neptune's Gift}, p. 4f. Abel, \textit{Stufen}, p. 61f. In France, the annual per capita consumption of salt rose to 8 kg in 1790 after a reduction of salt prices. Thus it appears safe to assume a figure of c. 5-8 kg for mid-eighteenth century per capita consumption of salt in North-West Europe.
that go with this type of speculation, only a fraction of Scots salt dispatched to Bremen could possibly have been consumed there on the spot. Large quantities would be either re-shipped seawards east (westwards would not have made sense, as the Netherlands, Europe's largest carrier of bulk goods such as Iberian sea salt lay close-by), or more likely, shipped up the River Weser into adjacent Prussian, Hanoverian and Danish territory. If sold on the spot in Bremen, it was allegedly purchased by wholesalers down to small retailers (Höker, peddlers) alike. Another option was to produce refined salt before re-sale (Solt van Solte - "salt upon salt"). It is therefore fair to say that during the seventeenth and eighteenth centuries, Scots salt would have penetrated deep into German territories and, by virtue of amounts sold and its pricing, have captured large market shares in northern Germany.

And where did the salt come from? During the period for which the customs accounts have been examined comprehensively, Kirkcaldy outport (head port, including its creeks, smaller salt ports) appears as the main port of dispatch for Scots salt sent to Germany. The Scottish customs accounts indicate that in the 1740s exports were still dispatched from Bo'ness in fairly large numbers, but that from the early 1750s onwards, Kirkcaldy gained at the expense of Bo'ness. This seems to confirm Whatley's observation that the salt works situated on the southern littoral of the Firth of Forth after c. 1750 further reduced their export activity and focused on the buoyant urban market of Edinburgh and the Lothians instead.

Table 4: Share of Ports in total Exports of Salt to Germany

<table>
<thead>
<tr>
<th>Average figures for 1743-1755 (13 yrs)</th>
<th>NAS, E504</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Alloa</td>
</tr>
<tr>
<td>Germany</td>
<td>4%</td>
</tr>
<tr>
<td>Bremen</td>
<td>2%</td>
</tr>
</tbody>
</table>

It is certain therefore that Scots salt played a considerable role on the Northern German market between 1600 and 1770; a role that was perhaps more considerable than in the case of any other product traded from Scotland to Germany during the

66 Whatley, Salt Industry, pp. 52-4.
same period.\textsuperscript{67} Having established the significance of the German market for the Scottish salt industry as basically the last remaining foreign outlet of significance c. 1700-1770, but in particular after 1740, some comment would be in order as to the reasons for this. What made Scots salt so attractive on the Bremen (read: Northern German) market? Until a statistically robust amount of micro-evidence would be unearthed yielding some reliable evidence as to “German consumption patterns”, allowing the calculation of a representative basket of consumables in the period under consideration, the following remarks will have to remain highly conjectural.

It is suggested here that quality and price are the essential two components of the explanation. Both were on the lower margin. Otherwise the continuous and somewhat rapid decline of export markets c. 1700-1770, the simultaneous and resulting rise of the domestic market in Scotland, and the pronounced anxiety of Scottish salt makers to protect their market from English competition by retaining a mutual tariff barrier on Scottish-English salt trade after 1707\textsuperscript{68}, could hardly be explained. Whilst it has been suggested that “too much emphasis has been placed on the [Scottish salt] industry’s export performance”\textsuperscript{69}, it is nonetheless clear that, first, the export share of a particular product is quite indicative of this industry’s productivity record, as secondly would be this product’s share in total domestic exports.\textsuperscript{70} By these standards, the Scottish salt industry, with salt accounting for 0.12 per cent of domestic and 0.06 per cent of total exports from Scotland (average 1755-59) respectively, was hopelessly uncompetitive on international markets around the middle of the eighteenth century.\textsuperscript{71} This situation was also reflected in a continuously declining share of exports to total output of Scottish salt: from a veritable 60 per cent perhaps in the later seventeenth century, to a still reasonable 30 per cent in the early eighteenth century (matching the comparative figure for the linen industry, down to levels approaching zero since the 1750s onwards.\textsuperscript{72} Thus there would have been a

\begin{thebibliography}{99}
\bibitem{67} For a complete discussion of Scottish-German trade, vide Roessner, \textit{Multilateralism}.
\bibitem{68} C. A. Whatley, “Salt, Coal and the Union.”
\bibitem{69} Whatley, \textit{Salt Industry}, p. 44.
\bibitem{71} Prior to 1755 these relations cannot be established due to the absence of trade statistics.
\end{thebibliography}
further and considerable loss of competitiveness of the Scottish salt industry on international markets, i.e. a decrease in the industry’s absolute or relative productivity (compared to other producers) record after the Union 1707. One of the clearest indication of this – apart from a continuous decline in exports as shown above – is the angst plaguing some of the Scottish Union negotiators (many of whom happened to be engaged in salt making), which led to an implementation of a mutual tariff barrier of 3d per bushel on salt trafficking between England and Scotland after the Union in 1707. This was the result of a – correct – anticipation of a Scottish domestic market, which otherwise would have quickly been flooded by superior English salt at attractive prices.\(^\text{73}\) The subsequent export record proved the Union negotiators right in that aspect.

Clearly, English producers (Cheshire) have to be looked for as one major factor contributing to the loss of export markets of the Scottish industry on the continent. The discovery of rock salt in Cheshire in 1670 and subsequent improvements in the transport network until 1757 for instance led to a rocketing increase of Cheshire’s production, which caused the Scottish industry the final and definitive loss of its last remaining continental market (Bremen) since c. 1760.\(^\text{74}\) One would have occasion to speculate that in order for the Scots product to be displaced from the German market, English salt must have been available at a comparable price and better quality. But what had been the main reason for the initial success of Scots salt in Bremen (again: North-West Germany) before the final demise? In order to provide a tentative answer, it might be useful to take a look at the several types of salt available on the European market.

There were three basic types and four procedures of obtaining salt in the early modern period: (a) rock salt which had to be mined; (b) brine, which had to be evaporated using artificial heat, which yielded the most superior and accordingly most expensive types of salt (for instance Lüneburg salt); (c) sea salt, which was obtained by evaporating salt water using mainly natural heat provided by sunlight (French, Spanish and Portuguese salt) or artificial heat (coal, wood).\(^\text{75}\) Scots salt was

\[^{73}\text{Whatley, Salt Industry.}\]
\[^{74}\text{Schwebel, Salz, pp. 82-91.}\]
\[^{75}\text{Hocquet, Sel, p. 15; Multhaup, Neptune's Gift, pp. 20-30.}\]
sea salt of the latter type. The fact that the thermal energy applied to the evaporation process was obtained by burning large amounts of "small" or refuse coal from adjacent coalmines (a type of coal that was virtually unsuitable for any other purpose than heating large salt-panes) could have accounted for two scenarios directly influencing its competitive position, yet in different directions, which makes for an ambiguous net outcome. Firstly, the availability of an abundant and cheap fuel supply could have resulted in a higher output per unit of time (although sunlight is free of charge). This would have increased the competitive position of the Scottish product. But secondly, the particular type of coal used might have accounted for a large degree of carbonate residuals and impurities in the final product. This would have decreased the competitive position of the Scottish product. In fact most of the Scottish salt was of an inferior dark or "grey" type. On the German market and in terms of quality it could neither match the Lüneburg product made from brine, nor for that matter, its rival sea salts from the Bay of Biscay. There is ample contemporary evidence that Scots salt was rather unsuitable for all but very basic nutritional requirements and chemical/industrial applications.

Therefore, in order to fetch sales on foreign markets, Scots salt needed to be cheap and competitively priced. This was certainly the case: as shown above, at the beginning of the eighteenth century, Scots salt sold at slightly more than one-half the price of Lüneburg salt per last on the Bremen market (23-24 Imperial Dollars per last vis-à-vis 40-42 Imperial Dollars for Lüneburg salt). This was most likely due to considerable differentials in quality, production and transport costs – presumably a combination of the three. Whilst, due to the absence of suitable price evidence, a direct comparison between Scots and Atlantic sea salt on the other hand cannot be made, the fact that Scots salt seems to have outperformed its Spanish, Portuguese and

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76 Whatley, Salt Industry.
77 The Scottish coal and salt industries were in fact complementary to each other, a situation which frequently resulted in vertically integrated large business units along the Firth of Forth littorals. Whatley, Salt Industry; B. F. Duckham, A History of the Scottish Coal Industry, Vol. 1. 1700-1815. A Social and Industrial History (Newton Abbot, 1970), pp. 14-16.
78 Schwebel, Salz, pp. 12-14, p. 21, p. 27, p. 33f, p. 36f, pp. 39-75.
79 British Customs legislation prohibited its use for curing exported salt fish (but domestically consumed salt fish could – and would – be cured with Scots salt). For fish cured with Scots salt dispatched from a Scottish to another British destination see e.g. NAS, E504/27/2 (Perth), Goods Coastwise Outwards, 1/1750, II/1751, III/1752.
80 Schwebel, Salz, pp. 71-75.
French rival products on the Bremen market for most of the seventeenth and eighteenth centuries is a strong indication that it was priced accordingly, i.e. below Iberian or Bay salt. There is even some indication that at that time Scots salt was frequently sold below cost-price.81

In conclusion to this section it may be said that from c. 1715 through to 1770, German markets accounted for 50 to 100 per cent of total sales of Scots salt abroad. Germany, particularly Bremen, became the last “lifeline” of an industry which faced rapidly declining export shares. In Bremen, Scots salt continued to be sold in notable quantities throughout the century, being frequently the most important item imported into Bremen from overseas. There thus existed a somewhat old, well-established, even intimate, connection between the salt masters located at the Firth of Forth littoral and the Free Imperial City of Bremen, which, if some documents are to be taken literally, would have dated back to the later Middle Ages. What had once been a major customer amongst others (Bremen) in the Scots salt industry’s finest hours, in the end proved to be a most loyal companion, accompanying the Scots export industry on its death bed on its final voyage into oblivion (1715-1760/70), when it received its death blow courtesy of Cheshire rock salt producers. After 1770, the Scottish domestic market would absorb 100 per cent of Scots salt for good.

7.3.3 Rice

Scotland imported and re-exported considerable quantities of rice since the time in which the available source material commences (1742). Rice accounted for up to 46 per cent of total re-exports (£Sterling) from Scotland to Germany in single years, but

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81 Whatley, ‘Important and Necessary Article’, p. 32. This would have made sense only if a merchant planned a trading voyage with multiple links, the first one of which was a German port (i.e. Bremen), where he anticipated purchasing cargoes for re-shipping to a further destination in continental Europe. Lest the ship sailed in ballast, and in order to pay for the first link of the voyage, and raise cash in a foreign currency (here: Imperial Dollars) for anticipated purchases on the German market, the merchant under consideration might as well fill his ship with Scots salt and sell it at slightly less than he had paid for it to the Scots salt master. Discussed at length in Roessner, Multilateralism and ch. 8 below. The alternative would, of course, have been to obtain a bill on Bremen, which was difficult in most circumstances.
the percentages fluctuated quite erratically (see below). Accordingly, Germany at times emerged as the main market for this commodity if traded through Scottish ports.

As has been mentioned in chapter 4 above\(^8^2\) in the 1750s and 1760s Scotland's re-export to import quota for rice obtained on average at 96 per cent. Rice was accordingly not normally consumed in Scotland. This can partly be explained by the fact that it was taxed at prohibitive levels, amounting to 85 per cent of its prime cost in 1755, if retained for domestic consumption.\(^8^3\) It could, however, draw back 87 to 90 per cent of customs duties paid upon import at any time during the eighteenth century if re-exported within three years after the import declaration had been made. This and the alleged fact that around the middle of the century, net profits to be made in the rice trade were in the order of 50 per cent (of its f.o.b. price in Carolina)\(^8^4\), suggests that it was somewhat predestined for profitable entrepôt trading on Scottish account within the framework of an otherwise prohibitive taxation regime.\(^8^5\) Not much is known about the composition of prices, but if a mid-century (1757) source from South Carolina is reliable, transport costs amounted to £4 10s to £5 per metric ton. Given an assumed average f.o.b. value of £7 10s per ton of rice, this would have amounted to about 42 per cent of the c.i.f. price (profit margin not considered). Between "prime cost" (ex works or f.o.b.) in Carolina and Scotland, the price of one ton of rice would at least double, as the following speculative exercise suggests.

\(^8^2\) Ch. 4, section 4.3.2.3.2.1, Tab. 12.
\(^8^3\) In 1755, the total duty on imported rice was 6s 4d 2 farthing per cwt, whereupon its f.o.b. valuation (import) amounted to 7s 6d per cwt. Crouch, View (1755), TNA, Customs 14.
\(^8^4\) "[T]he Rice would not produce less than £3 Sterling per Barrel at home which is you know 720£ amount. (...)[T]he neat proceeds will not be more than about £350 (...)" Quotation taken from D. C. Littlefield, Rice and Slaves. Ethnicity and the Slave Trade in Colonial South Carolina (Urbana - Illinois, 1991, pbk), p. 69.
\(^8^5\) See ch. 2 above.
7.3 Particular Commodities (Exports, Imports)  

Table 5: Pricing of Imported Rice per Metric Ton

<table>
<thead>
<tr>
<th>Description</th>
<th>£Sterling</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 ton of rice @ &quot;prime cost&quot; (f.o.b.)</td>
<td>£7.50</td>
</tr>
<tr>
<td>Freight</td>
<td>£4.75</td>
</tr>
<tr>
<td>Insurance @ 15 per cent (of prime cost+freight)</td>
<td>£1.13</td>
</tr>
<tr>
<td>Non-refundable customs duties</td>
<td>£0.63</td>
</tr>
<tr>
<td>End price f.o.b. (Scotland), excl. profit margin</td>
<td>£14.01</td>
</tr>
<tr>
<td>Possible profit margin (.49*f.o.b.)</td>
<td>£3.68</td>
</tr>
<tr>
<td>End price f.o.b. (Scotland), incl. profit margin</td>
<td>£17.69</td>
</tr>
</tbody>
</table>

F.o.b. price: TNA, Customs 14. Freight & insurance charges: Littlefield, Rice and Slaves, p. 69, quoting NAS, GD219/290 (1757); customs duties: Crouch, View (1755).

The wholesale price in Germany would be considerably higher, accounting for the costs of shipping, as well as a reasonable profit margin for the re-exporting Scots merchant.

There were, then, two possibilities of shipping American rice to its European consumers. The most obvious option from the modern point of view would be direct traffic between South Carolina and the main European market for rice (Iberian Peninsula). This however was notionally prohibited qua Navigation Laws unless a special licence was obtained, a bond given and an exemption fee was paid. The other option was the one which English Mercantilism sought to achieve in general: shipment via a British port under payment of customs duties. With regard to supplying the north-western European market (Germany, Netherlands), this was in fact not only the only legal but also quite a sensible option, as the Orkney Islands lay en route between Carolina and Germany. Frequently ships from the Americas would stop there and re-stock with provisions prior to sailing on to their continental destinations. Also, especially in times of war, the route around the North of Scotland proved to be the safer bet, compared to the alternative southern route to London via the English Channel. This explains to an extent, why Scottish re-exports of rice to German ports took off in the late 1740s and early 1750s, only to level off again in the

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86 £4 15s Sterling. Another source quotes a freight rate of only £4 10s per ton of rice from Charleston in 1757. NAS, AC9/2152/48, David Loch vs. Donald Edie & Co (1768), Bill of Loading for 180 bbl of rice shipped from Charleston to “Leith & Hamburg or Bremen", in the ship Helen, master Donald Edie, on account of David Loch (Edinburgh), 5 April 1757.

87 Act of Parliament: 5 Geo II c. 9 sec 1. An entry was to be made in the Scottish customs accounts on these shipments if Scots merchants were involved. See also J. M. Price, “The Imperial Economy, 1700-1776” in P. J. Marshall (ed.), The Oxford History of the British Empire, Vol. II. The Eighteenth Century (Oxford - New York, 1998), pp. 78-104, at p. 85f.

88 Or more commonly: providing bonded security in lieu of payment, if a re-export was anticipated.
1760s. This period, coinciding with the Seven Years War, also happened to be a period of increased activity of French privateers in the southern waters of the North Atlantic. Thus, the take-off of the Scottish rice trades and the German market for American rice was to an extent a product of political contingencies. 89

For the period for which figures are available, the pattern of Scottish re-exports of American rice to German ports appears as follows:

89 For the subsequent discussion the simplified assumption will therefore be that all exports of rice to Germany on Scottish account can be captured from the Scottish customs records (i.e. there was no direct traffic between Charleston and Bremen or Hamburg on Scottish account). Whilst the Scottish customs accounts indicate some direct traffic between Charleston and Lisbon on Scottish account, no indications as to direct shipments to either Hamburg or Bremen could be traced by the present author. There are, however, entries relating to direct rice imports from the Carolinas into Bremen in the Schlachte toll accounts. Due to the absence of respective entries in the Scottish customs accounts, it seems plausible that these took place on English account. Staatsarchiv Bremen, 2-Ss.2.a.4.f.1, Vol. 2, entry nr. 201, nr. 305.
In most years throughout the century, unsurprisingly England re-exported larger quantities of rice to Germany than Scotland (direct shipments not considered).
This was just a result of the generally larger “propensity to trade” of the English\textsuperscript{90} and not due to a particularly English propensity to rice trading. Germany, however, was not England’s main market for rice; the Netherlands were. Scotland’s case was not much different. Between 1755 and 1762, for instance, the Dutch share of rice traded via Scotland obtained at an average of 67 per cent, the German market at 33 per cent. Other destinations were largely irrelevant.\textsuperscript{91} There were, however, years, when the German market surpassed the Dutch in terms of sales from Scotland (1757, 1759, and 1761). Whilst generally, re-exports of Carolina rice from Scotland to German port fluctuated quite erratically, two periods appear as particularly significant, as can be observed from the figure and the table below: the later 1740s, as well as the later 1750s / early 1760s.

\textsuperscript{90} The English per capita trade volume was usually four times as large as the Scottish one (official figures). See discussion in ch. 6.

\textsuperscript{91} TNA, Customs 14; T36/13. Cf. also R. C. Nash, “South Carolina and the Atlantic Economy in the Late Seventeenth and Eighteenth Centuries,” EcHR, Second Series, XLV, 4 (1992), pp. 677-702, Tab. 5.
7.3 Particular Commodities (Exports, Imports) 351

Figure 10: Scottish Re-exports of Rice to “Germany”; Retail price quoted for “Carolina Rice” per 100 Pfund Weight in Hamburg, 1736-1770.


Table 6: Average Re-exports of Rice from Scottish Ports to Germany
NAS, E504, TNA, Customs 14. 1 ton = 20 cwt = 2240 lbs.

<table>
<thead>
<tr>
<th>Period</th>
<th>Metric tons</th>
<th>STDV</th>
</tr>
</thead>
<tbody>
<tr>
<td>1743-50</td>
<td>196</td>
<td>2,559.48</td>
</tr>
<tr>
<td>1755-62</td>
<td>656</td>
<td>9,508.05</td>
</tr>
<tr>
<td>1764-68</td>
<td>268</td>
<td>3,166.33</td>
</tr>
</tbody>
</table>

Clearly, with the highest yearly average amounts shipped and the highest standard deviation, the period 1755-1762 stands out from the rest, not merely in terms of a considerable increase in traffic in general, but also an increase in the oscillations. It is debatable whether this phenomenon was supply- or demand-driven, as circumstantial evidence can be presented for both (see below). On the one hand this growth of rice re-exports from Scotland to German ports during the second half of the 1740s and the second half of the 1750s coincided with a general increase in grain prices (and thus the cost of living) in Germany which would have stimulated sales of cereals in
general, resulting in a demand-driven scenario. But the available circumstantial evidence, apart from being sparse, suggests that this pattern was less determined by changes in German demand for rice (which might well have been contingent upon fluctuations in the German harvest cycle), but rather the political situation English merchants – clearly the larger supplier – were facing. The rapid increase of rice re-exports to Germany from Scottish ports 1756-1759 by 1,270 per cent also coincided with a 60 per cent decrease of rice exports from England to the Netherlands and a 50 per cent decrease of rice re-exports from England to German ports. It further led to a temporary rise of the German share of total re-exports of rice from Scotland to levels between 50 per cent and 70 per cent during 1756-1761.

93 Nash, “South Carolina,” p. 688, Tab. 5.
94 TNA, Customs 14.
Table 7: Scottish Re-exports of Rice to Germany (in per cent of total English and British re-exports of rice to "Germany"; values approximated).

Scotland: 1743-1754: NAS, E504; 1755-1762: TNA, Customs 14; T36/13
England: Figures taken from Nash, "South Carolina," Tab. 5. The Scottish shares have been approximated, as Nash's figures are four-year averages for periods which do not overlap with data from the Scottish customs accounts.

<table>
<thead>
<tr>
<th>Year</th>
<th>per cent of English Re-exports</th>
<th>per cent of British Re-Exports</th>
</tr>
</thead>
<tbody>
<tr>
<td>1743</td>
<td>7%</td>
<td>7%</td>
</tr>
<tr>
<td>1744</td>
<td>8%</td>
<td>7%</td>
</tr>
<tr>
<td>1745</td>
<td>5%</td>
<td>5%</td>
</tr>
<tr>
<td>1746</td>
<td>21%</td>
<td>17%</td>
</tr>
<tr>
<td>1747</td>
<td>13%</td>
<td>11%</td>
</tr>
<tr>
<td>1748</td>
<td>14%</td>
<td>12%</td>
</tr>
<tr>
<td>1749</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>1750</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>1751</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1752</td>
<td></td>
<td></td>
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<tr>
<td>1753</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1754</td>
<td>4%</td>
<td>3%</td>
</tr>
<tr>
<td>1755</td>
<td>5%</td>
<td>5%</td>
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<tr>
<td>1756</td>
<td>8%</td>
<td>7%</td>
</tr>
<tr>
<td>1757</td>
<td>36%</td>
<td>27%</td>
</tr>
<tr>
<td>1758</td>
<td>41%</td>
<td>29%</td>
</tr>
<tr>
<td>1759</td>
<td>103%</td>
<td>51%</td>
</tr>
<tr>
<td>1760</td>
<td>28%</td>
<td>22%</td>
</tr>
<tr>
<td>1761</td>
<td>26%</td>
<td>20%</td>
</tr>
<tr>
<td>1762</td>
<td>17%</td>
<td>15%</td>
</tr>
<tr>
<td>1763</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>1764</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>1765</td>
<td>12%</td>
<td>11%</td>
</tr>
<tr>
<td>1766</td>
<td>10%</td>
<td>9%</td>
</tr>
<tr>
<td>1767</td>
<td>4%</td>
<td>4%</td>
</tr>
<tr>
<td>1768</td>
<td>17%</td>
<td>15%</td>
</tr>
<tr>
<td>1769</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>1770</td>
<td>20%</td>
<td>17%</td>
</tr>
</tbody>
</table>
In the 1750s, Scotland temporarily even surpassed England in terms of total rice traded (and presumably even per capita amounts) to German destinations, when absolute imports of rice into Scotland, as well as relative values (per cent of total British rice imports) soared to record levels.\(^{95}\) Clearly Scots traders took away some of the traditionally English market share at that time, thus realising economic gains from the depression in Carolina and English shipping activity. How is this to be explained?

In a nutshell, the solution lay in a bundle of about four criteria. (a) During the Seven Years War, roughly coinciding with the rise of Scottish rice re-exports at the expense of the English, French privateers roamed the southern waters of the North Atlantic. This made the direct route to England (London) via the English Channel extremely dangerous. (b) The shipping route across the northern North Atlantic, touching Britain at the North tip of Scotland (port of calling: Orkney Islands, head port Kirkwall), was, although by no means safe from French privateers either, nevertheless the more sensible bet for the rational merchant from the mid-1750s through to the mid-1760s, as pointed out in contemporary merchants' correspondence. Both links (Carolina→Scotland; Scotland→Germany) somewhat predestined Scotland as a centre for rice exports to Northern Europe in general.\(^{96}\) (c) This instable political situation caused a depression in overall exports from South Carolina, and thus led to a decline in the market of rice which kept the price quotes in South Carolina down (but freight and insurance rates would go up, partly offsetting the more attractive purchase price of rice). These three aspects (a-c) point towards a supply-driven mechanism of rice trade to Germany. It is only the last criteria (d) which lends itself to a demand-driven explanation. (d) A decline in continental European living standards after 1740 would – in theory – have led the German urban dweller to increasingly resort to grain substitutes (and if rice was one of those, which is debated amongst scholars\(^{97}\), demand for it would have risen). This

\(^{95}\) Nash, "South Carolina," p. 691, Tab. 7, col. 3, 4.

\(^{96}\) NAS, GD219/290, John Murray of Murraywhat Letter Book, 13 April 1756.

\(^{97}\) There are two diverging opinions. The first approach is to ascribe rice the economic role of an "emergency grain" or cereal substitute. Scholars favouring this explanation have referred to phenomena on the supply side, or more specifically, shortfalls in European aggregate supply of
would explain a trend increase in the price of imported rice on the German market, which would have acted as a commercial stimulus to British traders. Indeed a general price inflation was observable in Germany between c. 1755 and 1765. This coincided quite obviously with the Seven Years war, which increased the prices for colonial goods. On the other hand the 1750s saw a series of bad harvests across Germany as well. As a result, the upsurge of the market for colonial rice was a combination of supply-determined and demand-driven components. Both economic (aggregate supply in Germany), as well as political (Seven Years War interruption in supply of shipping services and colonial goods) contingencies led to a general price inflation, which included prices for British colonial goods. In combination these aspects seem to explain the considerable yet temporarily limited upsurge of rice re-exports to Germany on Scottish account in the 1740s and again in the later 1750s / early 1760s.

As suggested above, the price constellation in Carolina on the one and Germany on the other hand appears to have partly offset the rise in shipping costs and insurance premiums resulting from the increased activity of French privateers. Insurance premiums apparently – if negotiated prudently – covered the risks of Scots active in the rice trades quite sufficiently, as a contemporary exile Scot-temporarily-turned-Carolina-resident pointed out in 1756.

cereals over demand. Then north-west European demand for rice would have been determined mainly by fluctuations in the "business" (read: harvest) cycle. A second option would be to ascribe an increase in total re-exports of rice to northern Europe to changes in preference and taste, i.e. phenomena occurring on the demand side. The main problem with either explanation is the absence of suitable micro-data (statistically significant sets of household account books etc.). Favouring the "emergency grain / grain substitute" explanation: K. Morgan, "Transatlantic Rice in the European Market in the Eighteenth Century" in S. Cavaciocchi (ed.), Prodotti e Tecniche d'Oltremare nelle Economie Europee Secc. XIII-XVIII (Prato, 1998), pp. 465-475, but without direct proof of evidence as to rice being consumed mainly by the urban poor. M. Montanari, La fame e l'abbondanza (Rome - Bari, 1993), German transl., Der Hunger und der Überfluß, Kulturgeschichte der Ernährung in Europa (Munich, 2nd ed., 1999), p. 156, essentially favours the same argumentation. On fluctuations in the German consumption patterns in the period under consideration and related aspects, see W. Abel, Massenarmut und Hungerkrisen im vorindustriellen Deutschland (Göttingen, 1971); P. Münch, Lebensformen in der Frühen Neuzeit. 1500 bis 1800 (Frankfurt-am-Main, 1992), p. 276f.; R. Wendt, "Überseische Ernährungsprodukte im frühneuzeitlichen Zentraleuropa" in Cavaciocchi (ed.), Prodotti, pp.145-174, at p. 173. M. North, "The European Rice Trade in the Eighteenth and Early Nineteenth Centuries" in K. Friedland (ed.), Maritime Food Transport (Cologne - Vienna, 1994), pp. 313-323, esp. p. 320f., favours the second explanation, i.e. of rice remaining an exotic and luxury foodstuff in the eighteenth century.

However contradictory the maxim may appear our Merchts find their Interest as much in the Capture of their Rice as if it had gone to a Ready market in the time of war; they must pay a certain price to the Planter here, they must pay an Extravagant freight home, and it would be the highest Imprudence not to Insure though the Premium be high. With all these charges the Rice market is oftenUncertain in foreign countreys, and when the Merchts have got it there it sometimes happens that they are brought in Debt by it. Can we wonder then that they should be concerned at the Capture when in place of an uncertain Market they have a Sure & a fixed Value from the underwriters? 99

Some remarks ought to be included on the socio-economic framework of rice consumption in Germany, and theoretically in Scotland as well (where rice was consumed almost not at all!). Why exactly rice – apart from direct shipments from Carolina to Portugal – was traded almost exclusively to Germany and the Netherlands, without being retained (in significant quantities) for domestic consumption within Britain cannot be determined for certain. Research has also as yet failed to explain the growth of rice imports into German ports and the inroads it made into German consumption patterns since the 1700s. Whilst native in terms of production and consumption alike in southern Europe since the Middle Ages, in the north-western parts of the continent rice still represented a somewhat new addition to the everyday diet of eighteenth-century contemporaries. It had been imported in small quantities, yet regularly into the port of Hamburg since the early 1620s, first from France and Italy, and towards the turn of the century, increasingly from the newly-emerged supplier on world markets, South Carolina. 100 But it seems unlikely that rice became a staple import into the northern European ports prior to the mid-eighteenth century. Nor did it become a particularly prominent component of the German diet. Whilst there are diametrically opposed theories of rice’s role in an eighteenth century continental framework for consumption, it is clear that

100 North, “Rice Trade,” p. 317f., Tab. 2, 3.
Without doubt, due to its enormous calorific content per unit of capacity, especially in comparison to the standard available bread grains such as oats, rye and wheat, as well as the fact that, if managed well, rice can yield up to three harvests a year, it would have represented an alternative to the basic cereals or additional supply of foodstuffs available to the continental consumer, especially during times when real wages and incomes were decreasing (after 1740). But this is not the only possible explanation. Eiras Roel has been able to demonstrate that in eighteenth century Spain – where rice was in a sense native – the price quotes for rice per calorific unit (but not unit of measure) regularly exceeded the price of all other available food crops (maize and bread grains). There is little ground to believe that in northern Europe the situation was radically different. As rice was therefore no cheap commodity in economic terms (relative prices), particularly if it were true that only the better types were shipped from Carolina to the German ports, it is hard to a priori classify it as a grain substitute and inferior commodity – unless, of course, the consumer was subject to constant “calorific illusion”. Perhaps it indeed remained more or less a curiosity, and thus a non-essential in terms of its framework of consumption in Germany during the eighteenth century, as North has suggested.

The above evidence thus seems to suggest that the spectacular, yet short-lived, increase in rice shipments via Scotland c. 1755-1762 was mainly due to a business advantage gained at the expense of English traders, which disappeared as soon as English shipping routes were safer again. Thus overall, total rice imports into German ports from British suppliers might have been rather stable in the medium- to long-run. As has been shown above, many more questions need to be posed and answered, in particular on the German side, especially with regard to the prevailing

102 Ibid., p. 103, p. 141, Tab. V.
103 This consumer might not be able to precisely establish rice’s calorific value and thus – perhaps because rice increases in size when boiled – constantly misinterpret rice as being cheaper than wheat, rye and oats per currency unit expended.
104 North, “Rice Trade”.
eighteenth-century consumption patterns. The present discussion, however, has demonstrated that this branch of the German trades was firmly integrated into the British Atlantic pattern of trade. The same applies to the Scottish-German tobacco trades.

**7.3.4 Tobacco**

Tobacco consumption had spread across north-western Europe since the early 1600s and had reached dimensions of mass consumerism after the middle of the seventeenth century. In Germany, tobacco was reported to have been smoked on a mass basis by soldiers in the Thirty Years' War and thus is thought to have been introduced as a good of mass consumerism after the war was over at latest. In this way, wide regions - essentially those affected by the war - might have reached per capita consumption levels similar or at times even higher than in England and the Netherlands. The famous satirist Grimmelshausen, a contemporary reporting about the Great War for instance wrote of day labourers and other common people towards the end of the Thirty Years' War very pointedly that they

>[t]heils sauffen Taback, andere fressen ihn, von namentlichen wird er geschnupft, also daß mich wundert, warum sich noch keener vorgefunden, der ihn auch in die Ohren


In the eighteenth century it was not a question of consumption as such any more but rather how tobacco was consumed, which retained a distinctive and distinguishing element of social stratification. Tobacco, notwithstanding the fact that the addicted view it as essential to their survival, was by socio-biological and socio-economic standards an “affordable non-essential”, and its consumption in the eighteenth century less limited by budget or income constraints than any of the other colonial non-essentials.

What is clear, however, is that this aspect did not translate into a general or veritable demand for overseas (French, Dutch, British-American, Spanish-American) tobacco just as a matter-of-course. Tobacco was cultivated to considerable extent all over Germany and across other parts of North-West Europe since the later seventeenth century. Thus American tobacco represented only an addition to total supply on the German market (but it might have tasted better than the continental specimens). During 1700 to 1750, the volume of tobacco imported into Dutch ports from England (British America) for instance, ranged from about 50 to 100 per cent of the amount grown in the Netherlands. Domestic production was always at least as important as imports from the major European carriers. Again, if Britain

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107 Roughly translates as: “Some of them drink tobacco, others eat it, and others again take it as snuff, so that I am actually quite surprised that I have not come across a single person who has stuck it into their ears yet. And everyone you ask will have a ready answer as to which use he will put it to and what good it does to his health.” Quote in German in Brübach, “Wirtschaftsgeschichte des Tabaks,” p. 150.

108 It was smoked by the lower social classes and snuffed by the more affluent groups of society. Snuff tobacco for instance, went along with an extremely tedious framework of rules of courteousness, as well as the requirement of artistically sophisticated and thus very expensive snuff boxes. This allowed the urban middle and upper classes to develop new means of creating and thus preserving social exclusivity in the consumption of a product that technically was affordable to large groups below their social stratum. W. Schivelbusch, Das Paradies, der Geschmack und die Vernunft. Eine Geschichte der Genussmittel (Munich - Vienna, 2nd ed., 1981), pp. 143-158.


was an additional or marginal supplier, within the British supply to Europe, Scotland can be seen as a marginal supplier as well.\textsuperscript{111}

The price movement for tobacco was partly contingent upon political developments. The increase in the price level between c. 1754 and 1760 therefore can almost certainly be attributed to the Seven Years War, as well as a generally inflationary trend in the price level due to deficient European harvests at the beginning of the 1750s.\textsuperscript{112} In this way the story of tobacco is similar to the story of rice (see above). The fall after 1760 (see also ch. 8 below) might on the other hand be attributed to a switch from France to Britain as Hamburg’s main supplier of colonial goods. As France in 1760 had cancelled a 1716 commercial treaty with Hamburg, French colonial goods now became dearer due to an increase in French duties. The successful change to British suppliers resulted in a rocketing of British exports of tobacco.

\textsuperscript{111} It was not until the early 1770s that Scottish ports began to overtake English ports in terms of re-exports of tobacco to the continent.

\textsuperscript{112} Denzel & Gerhard, “Inflationäre Prozesse,” pp. 8-10.
colonial goods to Hamburg after 1760 and an according reduction in the prices quoted on sugar, tobacco and rice was achieved as early as 1763.\textsuperscript{113}

No apparent correlation, however, can be detected for the Hamburg price of tobacco (assuming that it was representative of the entire north of Germany) and total exports of raw tobacco from Scottish ports to Germany. This might be due to several factors. As noted previously, there were other suppliers to Germany, such as England and the Netherlands, which were more important than Scotland.\textsuperscript{114} Merchants also frequently sent over cargoes at random, i.e. were prepared to take losses when the market conditions in Germany for their tobacco proved unfavourable for protracted periods, i.e. for more than a year or so after consigning the cargo to a German port. Sales could be delayed for several years, if cargoes were sent on consignment, in order to fetch an optimal market price.\textsuperscript{115} In general, the best explanation would be that Germany was not the main market for American tobacco supplied via Scotland and that Scotland was not the main source of supply for tobacco to Germany. Nevertheless, German ports were an intrinsic component of markets for tobacco traded through Scotland; they were part of the European "other end of the chain".\textsuperscript{116}

The same applies to other colonial re-exports, such as sugar, coffee and ginger and the like. These were sent out from Scotland to German ports as well, but usually in small quantities and fairly irregularly. These markets were in the firm hands of the French, who, presumably due to quite attractive freight rates charged between French ports and Hamburg, were usually able to offer sugar, coffee and cocoa from the French Antilles at more attractive prices to the German consumer than British suppliers.\textsuperscript{117}

\textsuperscript{113} Ibid., pp. 8-10.
\textsuperscript{114} In Bremen Dutch, and later on Brazilian, tobacco was favoured since the 1730s over tobacco obtained from British America. L. Beutin, "Drei Jahrhunderte Tabakhandel in Bremen" in H. Kellenbenz (ed.), Ludwig Beutin, Gesammelte Schriften zur Wirtschafts- und Sozialgeschichte (Cologne - Graz, 1963), pp. 98-131, at p. 104f.
\textsuperscript{115} See ch. 8 below.
\textsuperscript{116} Ch. 4, section 4.3.2.1; ch. 5, and ch. 8, esp. section 8.2 (Buchanan & Simson).
There was yet another item on the import side which integrated German ports back into the British Atlantic trading pattern in the eighteenth century from the other side: linen.
7.3.5 Narrow German Linens

In the second half of the 1750s, German linens accounted for two to five per cent of total imports into Scotland in monetary (volumetric 1755 valuations) terms. In the period under consideration, Narrow German linens (including items from Prussia and Russia) however represented by far the largest single item in yearly Scottish imports from the German Empire as such, accounting for up to 94 per cent of total imports from Germany. Whilst in absolute terms this item appears to have featured only to a modest extent on Scotland’s import (and export) account, there were times when it made significant inroads into the American market for Scottish linens. This happened particularly at times when the linen bounty (on domestic Scottish and Irish exports) was waived. In this way, trade with Germany around the middle of the century was not only an intrinsic component of Scotland’s more recently developed Atlantic trades, but also a factor influencing trends in Scottish domestic production and total sales.

Although the domestic sale of German linens within Britain was allowed in theory, the latter were not competitive on the British market, due to a high nominal duty on retained imports. Furthermore, one major producer of duty free medium (yet better than average Scottish) type linen, Ireland, lay close-by. In the American colonies, however, demand for the German products proved to be considerable. It would have been particularly stimulated by a rather generous drawback (customs duties refund upon re-export), which ranged from between 82 and 89 per cent of customs duties paid or secured on bond upon import between 1708 and 1770.118 If re-exported to the colonies, the effective level of taxation on Narrow German linens therefore usually worked out at circa two per cent of prime cost, as the following table demonstrates (1755 price structure, application of the 1660 legislation or rates):

---

Table 8: Taxation Schedule for “Narrow German” Linens (1755), ct ells


<table>
<thead>
<tr>
<th></th>
<th>£ Sterling</th>
<th>% of 1755 Valuation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1755 Import Valuation (Custom 14)</td>
<td>5.5</td>
<td></td>
</tr>
<tr>
<td>Total of Customs Duties</td>
<td>0.869</td>
<td>16%</td>
</tr>
<tr>
<td>Drawback</td>
<td>0.774</td>
<td>14%</td>
</tr>
<tr>
<td>Level of Taxation if retained for domestic consumption</td>
<td>16%</td>
<td></td>
</tr>
<tr>
<td>Drawback if re-exported regularly (% of 1755 valuation)</td>
<td>14%</td>
<td></td>
</tr>
<tr>
<td>Effective Tax Rate if re-exported (% of 1755 valuation)</td>
<td>2%</td>
<td></td>
</tr>
</tbody>
</table>

For the present discussion two aspects ought to be borne in mind. (i) Imports of Narrow German linens from Germany did not normally equal total imports of Narrow German linen into Scotland, as minor quantities were shipped down the Rhine and thus via Amsterdam or Rotterdam. (ii) A considerable amount of German linens destined for sale in the Americas by Glaswegian merchants were in fact purchased in London.\(^\text{119}\) Therefore, total re-exports of German linen from Scottish ports do not necessarily match total imports of German linens into Scotland from Germany. But overall, the Scottish customs accounts seem to be a fairly reliable indicator of the general movements in imports and re-exports of German linens on Scottish account.

The expansion of imports and re-exports of German linens in the late 1730s coincided with the general rise of the Atlantic trades since 1736.\(^\text{120}\) There appear to have been two cycles, c.1747-1757, and c.1757/8-1771.

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\(^{120}\) Ch. 4, sections 4.3.1, 4.3.2.1.
Figure 12: Imports and Re-exports of “Narrow German” Linens, 1738-1776

1738-1748: NAS, RH 2/5/11/18, Account of the Quantities of the Several Sorts of Foreign Linens Imported into Scotland, Christmas 1738 to Christmas 1748
1748-1755: imports from Germany only, customs accounts NAS, E504. 1755-1776: TNA, Customs 14.

Note that imports of Narrow German linen from Germany did not always or necessarily equal total imports of Narrow German linen (see text). Therefore figures for 1748-1755 might be too low for some years.

Scholars have attributed the stagnation in re-exports of German linens to the Americas in the 1750s to the introduction of the linen bounty in 1743\(^1\), which certainly further encouraged and stimulated the Scottish and Irish linen industries and their total exports.\(^2\) Contemporary thinkers were likewise convinced that the bounty was responsible not only for an upsurge in the domestic production but also for a growing export share of Scottish linens in total linens exported (i.e. somewhat at the expense of German items), c. 1742-1752. Lord Deskford for instance wrote in 1752, that

\[\text{[The Bounty has enabled us at a very small Expence to the Government to send considerable Quantities of our own Linens to the Plantations, which were formerly supplied with foreign, & must be so again if the Bounty is not continued. (...) The Exportation of our Coarse Linens has been the Cause of opening new Branches of Trade}\]

\(^{121}\) An export subsidy granted on Scotch and Irish linens.
\(^{122}\) Price, “Imperial Economy,” p. 88.
But as during the first six years of the bounty’s existence (1742-7), imports of German linens continued to expand and only slightly declined thereafter, it is not evident that this duty replaced the German linens and priced them out of the market immediately or by necessity. Quite to the contrary, as the second cyclical increase between c. 1753 and 1758 demonstrates. The latter was most certainly due to the abolishment of the bounty after the parliamentary session in 1753-4, after which a subsidy was granted to the Scottish linen industry instead. Contemporaries thought this subsidy to be inadequate in order for it to price the German linens out of colonial markets. Whilst during the times of its existence the bounty on exports of Scottish (and Irish) linens had lowered the price of the item at which Scots traders were willing to offer it to the colonial consumer, the second upsurge of imports and re-exports of “narrow German” linens from Scottish ports, 1753-58, was indicative of a still highly uncompetitive Scottish industry which captured large export markets only within a framework of protection and subsidization. Whenever this framework was lessened or broke apart, i.e. tariffs on foreign linens were lowered, or bounties (export subsidies) abandoned, some market shares would be lost to foreign competition.

Over the longer run, and in terms of their importance amongst total imports from Germany however, imports of Narrow German linens into (and thus re-exports from) Scottish ports trended downwards.

123 NAS, GD 248/954/5/38, Reasons for Continuing the Bounty on Low Priced British Linens.
124 Figure 12 above.
If imported from Germany, Narrow German linens were exclusively shipped from either Bremen or Hamburg, but none through Emden – which had been the largest north-west German linen exporting port in the sixteenth century – or the Baltic German ports. 126 Tiny quantities were also imported through Dutch (Amsterdam, Rotterdam), Danish (Altona), Polish (Danzig) and Russian ports (St Petersburg). 127 Although there were considerable fluctuations in the share of the two ports, Bremen generally emerges as the most important point of dispatch, 1743-1755:

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126 NAS, E504.
Table 9: German Ports of Dispatch, “Narrow German” Linens (£Sterling).

Not included: Altona.

NAS, E504 (1743-1755); TNA, T36/13 (1760-1765), ct ells (120) have been valued at 1755 rate

<table>
<thead>
<tr>
<th>Year</th>
<th>Hamburg</th>
<th>Bremen</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Sterling</td>
<td>Sterling</td>
<td>Sterling</td>
</tr>
<tr>
<td>1743</td>
<td>£369 39%</td>
<td>£587 61%</td>
<td>£955</td>
</tr>
<tr>
<td>1744</td>
<td>£1,965 100%</td>
<td>£1,964</td>
<td></td>
</tr>
<tr>
<td>1745</td>
<td>£1,486 100%</td>
<td>£1,486</td>
<td></td>
</tr>
<tr>
<td>1746</td>
<td>£1,825 72%</td>
<td>£696 28%</td>
<td>£2,521</td>
</tr>
<tr>
<td>1747</td>
<td>£6,284 52%</td>
<td>£5,765 48%</td>
<td>£12,050</td>
</tr>
<tr>
<td>1748</td>
<td>£605 13%</td>
<td>£4,109 87%</td>
<td>£4,714</td>
</tr>
<tr>
<td>1749</td>
<td>£1,131 10%</td>
<td>£10,346 90%</td>
<td>£11,478</td>
</tr>
<tr>
<td>1750</td>
<td>£632 11%</td>
<td>£5,072 89%</td>
<td>£5,704</td>
</tr>
<tr>
<td>1751</td>
<td>£1,646 22%</td>
<td>£5,915 78%</td>
<td>£7,562</td>
</tr>
<tr>
<td>1752</td>
<td>£725 27%</td>
<td>£1,959 73%</td>
<td>£2,684</td>
</tr>
<tr>
<td>1753</td>
<td>£4,794 44%</td>
<td>£6,098 56%</td>
<td>£10,893</td>
</tr>
<tr>
<td>1754</td>
<td>£4,340 63%</td>
<td>£2,584 37%</td>
<td>£6,925</td>
</tr>
<tr>
<td>1755</td>
<td>£365 2%</td>
<td>£20,618 98%</td>
<td>£20,982</td>
</tr>
<tr>
<td>1760</td>
<td>£899 9%</td>
<td>£9,073 91%</td>
<td>£9,973</td>
</tr>
<tr>
<td>1761</td>
<td>£5,169 100%</td>
<td>£5,169</td>
<td></td>
</tr>
<tr>
<td>1762</td>
<td>£1,306 28%</td>
<td>£3,290 72%</td>
<td>£4,596</td>
</tr>
<tr>
<td>1763</td>
<td>£1,965 100%</td>
<td>£1,965</td>
<td></td>
</tr>
<tr>
<td>1764</td>
<td>£475 16%</td>
<td>£2,406 84%</td>
<td>£2,881</td>
</tr>
<tr>
<td>1765</td>
<td>£4,443 100%</td>
<td>£4,443</td>
<td></td>
</tr>
</tbody>
</table>

The picture was symmetrical: towards the end of the eighteenth century, most of total German linen exports overseas were generally channelled through Bremen, followed by Hamburg, Altona and other Atlantic ports.\(^\text{128}\)

Unfortunately, the Scottish customs accounts are indifferent as to the specific material identity of Narrow German (there were several possible types). As of 4 & 5 W. & M. cap. 5

> [all Linen of Germany or High Dutchland, and Silesia, not above three Quarters and an Half broad, shall be accounted narrow Linen; and all above that Breadth shall be accounted as broad, and pay accordingly.\(^\text{129}\)]


The customs accounts therefore did not differentiate according to the several types of origin (such as Polonia, Hanovers, Westphalia, Hartford (Herford), plain Napkining, Hinderlands from Prussia and Polonia\textsuperscript{130} etc.) and generally applied the same valuation and taxation rate to what could be a bewildering array of different specimens imported from Germany. This aspect rules out a precise answer, as to where the German linens imported had been produced, or what types of linen exactly were imported. But due to the significance of Bremen in Scottish imports of the specimen under consideration, however, it may be assumed that the majority of Narrow German linens imported into Scotland had been produced in central-west Germany. Production had developed mainly in regions such as Westphalia (Tecklenburg, Lingen, Minden, Ravensberg), or those smaller territories bordering the River Weser, such as the Duchy of Brunswick and the Bishopric of Hildesheim. These regions were characterized by a strong weight of the linen textile manufacturing sector in total employment. Production was largely organized in a proto-industrial economic framework (often under the putting-out system, Verlag, but independent producers were also important). It was mainly carried out in the countryside by people whose main source of income was not agriculture and who were producing for inter-regional and overseas markets.\textsuperscript{131} The industry was boosted and probably experienced productivity gains since the later seventeenth century, not only by government measures (so-called Leggen were established, central places where the final product received an official quality check, similar to the stamp masters established by the Board of Trustees in Scotland 1727), but also by various funds put up by various governments in order to encourage textile production.\textsuperscript{132}

\textsuperscript{130} The latter would usually be labelled “Narrow East Country”, but it is unclear whether some of the Narrow German linens in the customs accounts might have included East Country linens as well.

\textsuperscript{131} W. Reininghaus, Gewerbe in der Frühen Neuzeit (Munich, 1990), pp. 26-29; Kaufhold, “Gewerbelandschaften,” pp. 112-203; p. 124f., p. 136, p. 162, p. 164f., pp. 168-170, p. 182f., pp. 186-202. Kaufhold defines a “manufacturing region” (Gewerbelandschaft) by two criteria. (a) It is a region, in which the share of those with a main occupation in the secondary sector exceeds the average for the whole (political territory). (b) Production is geared towards inter-regional and foreign markets. Kaufhold further suggests the Upper Lausitz area and Silesia (Electoral Principate of Saxony, Prussia), as well as parts of Westphalia (Wupper area) as the major North German linen manufacturing regions, the products of which were dispatched through ports such as Hamburg, Altona and Amsterdam.

Hamburg on the other hand was a channel for the production of Lower Saxony and areas further east, reaching deep into the Silesian (Prussian) territories. Emden had lost its role as the major exporting port for the north-west German production areas after the sixteenth century and was of no importance in the eighteenth century any more (in terms of exports to Scotland / Britain). Thus the story of the linen trade is a story of truly European dimensions and manifold “Atlantic” linkages.

During the period for which the customs accounts have been completely examined with regard to Scottish-German trade, German linens were mainly imported via Bo’ness.

**Table 10: Imports of Narrow German Linens from Germany by Scottish Ports (ct ells)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Bo’ness</th>
<th>Greenock</th>
<th>Leith</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1743</td>
<td></td>
<td>174</td>
<td>100%</td>
<td></td>
<td>151</td>
</tr>
<tr>
<td>1744</td>
<td></td>
<td>357</td>
<td>100%</td>
<td></td>
<td>714</td>
</tr>
<tr>
<td>1745</td>
<td></td>
<td>270</td>
<td>100%</td>
<td></td>
<td>270</td>
</tr>
<tr>
<td>1746</td>
<td></td>
<td>403</td>
<td>88%</td>
<td>55</td>
<td>558</td>
</tr>
<tr>
<td>1747</td>
<td>1,590</td>
<td>550</td>
<td>25%</td>
<td>50</td>
<td>2,190</td>
</tr>
<tr>
<td>1748</td>
<td>747</td>
<td>111</td>
<td>13%</td>
<td></td>
<td>858</td>
</tr>
<tr>
<td>1749</td>
<td>1,662</td>
<td>425</td>
<td>20%</td>
<td></td>
<td>2,087</td>
</tr>
<tr>
<td>1750</td>
<td>762</td>
<td>275</td>
<td>27%</td>
<td></td>
<td>1,037</td>
</tr>
<tr>
<td>1751</td>
<td>1,076</td>
<td>299</td>
<td>22%</td>
<td></td>
<td>1,375</td>
</tr>
<tr>
<td>1752</td>
<td>279</td>
<td>209</td>
<td>43%</td>
<td></td>
<td>488</td>
</tr>
<tr>
<td>1753</td>
<td>1,196</td>
<td>571</td>
<td>29%</td>
<td>344</td>
<td>1,111</td>
</tr>
<tr>
<td>1754</td>
<td>418</td>
<td>594</td>
<td>47%</td>
<td>133</td>
<td>1,145</td>
</tr>
<tr>
<td>1755</td>
<td>2,693</td>
<td>887</td>
<td>23%</td>
<td>236</td>
<td>3,816</td>
</tr>
</tbody>
</table>

**AVE** 47% 8% 44% 2%

Bo’ness, located in the Firth of Forth a few miles to the north-west of Edinburgh, was the extended “eastern arm” of Glasgow, even prior to the construction of the Forth-Clyde canal linking the two in the 1790s. It can with regard to the linen trades be labelled a Glaswegian port, as it was chiefly via Bo’ness that the Atlantic merchants of Glasgow obtained their supplies of German linen, increasingly so after the mid-1740s.

Having discussed a selected and previously neglected aspect of Scotland’s pre-industrial trade pattern – as well as some of the frequently overlooked

phenomena in the commodity trades – it is now time to turn to the micro-level, i.e. the question of how trade was organized and financed by particular merchants or co-partnerships. The discussion will focus on merchants trading to Germany as a *pars pro toto*. Based on a selection of merchant papers, such as journals, ledgers and letter books, as well as German customs material (ports of Hamburg and Bremen import data), a special look will be taken at the motivations that stood behind Scottish-German commercial exchange. This will include a discussion of the payments mechanism used, which apart from Scottish and German locations, in most cases also involved the Amsterdam and London bill markets. The main outcomes of the discussion of the micro-level are: an insight into the shortfalls of traditional explanations for trade such as the comparative advantage or specific factor models in accurately framing eighteenth century commercial reality, and the insight that trade was not normally bi-lateral. Apart from the fact that payments would normally be settled multilaterally, involving locations and time frameworks different from those obtaining in the commodity trades, there was no such figure as “the Scottish merchant specializing in trade with Germany”, or “the German merchant specializing in trade with Scotland”.

It is likely that this pattern was applicable to eighteenth-century Scottish trade in general. Duffill for instance has found that most of the Glaswegian slaving ventures during the first six decades of the eighteenth century regularly involved ports in the Netherlands, where tobacco was sold in exchange for manufactures that were in turn to be exchanged for slaves in Africa.\(^{134}\) Newman’s work has shown that British trade with the Baltic, frequently imbalanced, was more often than not financed, i.e. outstanding balances in Baltic ports were settled, by commodity sales and bill transactions on the Amsterdam or Rotterdam commodity market and stock exchange.\(^{135}\) Earlier on Mauro speculated that bilateral (=balanced) trade as such, i.e. commodity exchange that took place between two points regularly, exclusively and without the need to settle an outstanding balance using external finance, was no

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statistically representative phenomenon in early modern “world” trade.\textsuperscript{136} The presently examined Scottish-German trades confirm to this notion. At least from the Scottish viewpoint the German ports were therefore closely integrated into the British Atlantic trading system. Scottish-German trade was furthermore firmly incorporated into the north-western European financial network and payments mechanism from early on in the eighteenth century. There is therefore sufficient ground to suggest that the following observations applied to most observable trading ventures commissioned by eighteenth century Scots merchants, i.e. represented a statistically representative scenario. This would justify the \textit{pars pro toto} assumption.

8 The “Micro-Approach” or Individual Merchants: Finance and Organization of the Commodity Trades

8.1 “Multilateralism”: Model and Reality

In the previous chapters the Scottish commodity trades have been discussed from a macro-perspective, based on an examination of available customs accounts and trade statistics, mainly on the Scottish (“British”) side. This “top-down” approach to trade, however, is in many ways analytically weak. It assumes that trade flows should be bilateral, i.e. balanced and examinable on a ceteris paribus basis. In this way trade flows are explained purely by differential production costs due to labour productivity differentials or differential factor (mainly land) endowment, plus transport costs accruing from shipping the goods from country a to country b and vice versa, all else being equal (also disregarding countries other than those examined). This approach therefore misses out on at least two important points. (a) The particular (and varying) motivations of the different economic actors pursuing or carrying out international trade (merchants) are not explained. (b) The same economic actor, in the present case an overseas merchant, might thus be involved in trade with more than one country at the same time, even within the same venture or voyage which he kept accounts for (“multilateralism”). One reason for that might be the need to settle a particular account which could not be cleared by a single, one-link (“bilateral”) voyage. This can be illustrated at the outset using an example of a rather smaller traditional Scots merchant, active in the trade to Hamburg, early in the eighteenth century.

The Inverness-based grain and fish merchant “Baillie” John Steuart, who has become famous due to the fact that an enormous and complete set of his business letters has been preserved, wrote to his Hamburg factor, Bartholomew Bludworth, in 1716:

Sir,- By recomendation of My Mr. Alex.(ander) Mackintosh of this pleace I send you inclosed bill of Loadning for one hundred and seventie eight barrels White hering, which you are to dispose of to the best avail for My Account; and from the Nett
proceeds You are to shipp for My Acct. 1500 brack pipe staves, the best of there kind, and 6000 barell staves fitt for hering Cask, like those come Comonly from Norway. Norway staves are Comonly bought at 5 to 6 [Imperial / Rix] Dollars pr. Mill, but if not Gett them about that price, that is for a Dollar or two More pr. Mill, you are not to buy, but in there pleace ship 1500 best pipe staves or Crown Ware, to be kept seperat from the brack in the barks hold. Buy Likeway and ship 12 shipp [.] best Midlin iron, if can be hade not exceeding 8 R[ix]. Dollars pr. Ship [.] Item 3 barells black sope in firkins; that is, 12 firkins; and please the value of sd. goods to My Acct., and lett the value be insured. And What Ballance remains on the proceeds of the herins you are to Remitt to the hands of Mr. Alexr. Andrew, Mercht. in Rotterdam, and advise me Accordingly.¹

This comparatively short passage formulates in a nutshell what multilateralism in European trade meant and why it was practised. The initial link of the voyage was a cargo of herrings, which were to be sold at the current rate in Hamburg. But the main purpose of this voyage was the purchase of staves (needed for composing barrels used in the fish trade). In order to raise the necessary funds for the purchase of the staves, Steuart would have three options, two of which (a, b) were highly theoretical, given his location (Inverness), the commodities he dealt in, his markets, the financial scale and scope of his business. His options thus were: (a) To obtain cash, i.e. Imperial Dollars or another money current in Hamburg (=Mark Lübeck Current Money) to the amount necessary at Inverness. (b) He might as well have considered obtaining a bill of exchange on Hamburg. This would presumably have involved at least one further bill of exchange from Scotland to London, perhaps even an intermediary (bank account) in Edinburgh, as there was neither a regular exchange between Scotland and Hamburg, nor a direct and regular exchange between Inverness and either Edinburgh or London. Settling his accounts via bill of exchange would therefore have increased Steuart’s overall transaction costs and import bill far beyond the commercially reasonable. (c) Accordingly, Steuart opted for the third possibility, in his case the easiest, and in terms of transaction costs, cheapest method: to send some of the produce he sold on a larger scale anyway (in this instance 178 bbl herring), thereby obtaining the currency necessary for the purchase of staves on the German market. Therefore, the herrings were not dispatched primarily because

Hamburg was such an attractive fish market (which it was nonetheless at times), but mainly because fish was readily available in Inverness and could be sold for ready cash in Hamburg. It was furthermore anticipated from the start, i.e. even before sales had been made and accounts were settled, that trade would remain imbalanced. The remaining net proceeds were to be remitted via bill of exchange on a Dutch merchant-banker (Rotterdam). Other letters amongst Steuart’s records indicate that he regularly procured the Spanish and Portuguese “white” salt he needed for curing his exported Scots salt fish, from Rotterdam (rather than directly from the Iberian Peninsula). Thus, in this instance at least, multilateralism was obviously not only practised as a matter-of-course but out of pure necessity.

The fact that a rather traditional, and, compared to certain English and later Glaswegian Atlantic traders, small merchant, operating at the economic periphery of Europe and trading mainly in primary products the Scottish domestic economy had to offer, operated multilateralism as a matter-of-course within his day-to-day business routine, seems to illustrate that the system of multilateral settling of trade balances as described by Heckscher, Price and Sperling (see below) was fully operating in the second decade of the eighteenth century. There is even evidence to suggest that this situation had been in place much earlier. As early as 1680 Scotland’s constantly adverse trade balance with France, with imports from this destination exceeding exports thither by a factor of at least four, was settled partly in bills and partly in money.  

Thus, further to describing and explaining trade flows according to the statistics, as has been done so far, individual commodity movements and financial transactions should be monitored as well, in order to determine whether there were individually differing motives for practising a certain trade, independent from the macro-explanations the comparative advantage (Ricardo) and specific factor (Heckscher-Ohlin) models offer. This means dealing with the practical organization and finance of the Scottish commodity trades. This problem can be tackled either in a macro- or on a micro-perspective. It is the latter, more empirical analysis, which will be

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pursued in the present chapter. Thus a brief recourse to the macro-discussion will suffice to get the analytical framework right for the following discussion of individual merchants’ patterns.

The “macro-discussion” has focused on the development of the early modern north-western European payments mechanism. Usually the problem has been tackled via the history and development of cashless payments and the question as to whether bills of exchange were used to the same extent and purpose as cash and bullion in settling outstanding commodity trade balances. Price has presented convincing evidence for English trade with the Baltic in c. 1700, demonstrating that the settlement of outstanding balances would have taken place by bills of exchange in the majority of transactions concerned. Denzel’s more recent work leaves no doubt that what Price suggested to have been the case for British trade with the Baltic, applied to European trade in general, at least for the large overseas merchants. In seventeenth- and eighteenth-century international payments, bills of exchange were used without discrimination and to exactly the same purpose and extent, if not degree, as other available forms of money. Even the Baltic, which scholars and contemporary Britons believed to be a “bullion-eating” region, due to a constantly unfavourable British trade balance with this region, in the eighteenth century seems with newly emerged financial places such as Danzig, St Petersburg, and Riga, to have become fully integrated into the north-western European system of cashless payments. This ties in with Sperling’s postulate of the existence of a late-


seventeenth-early-eighteenth-century European—or in fact world—financial "system" centred on Amsterdam and London, which was fully developed in the 1690s:

The most important commercial development was the expansion of the re-export trade in American and East Indian products which began ca 1650 and which tended to obliterate the difference between the inner European trading system and the so-called peripheral trades. This occasioned increased exports of investment capital to overseas markets and areas of supply and the advanced financial techniques which Europe had developed for effecting payments and capital transfers were now applied throughout most of what might be characterized as the European-centred world trading system.  

Within this system or network, (most large) merchants did not discriminate anymore between coin or bullion on the one and bills of exchange on the other hand, when it came to the task of remitting money from one place to another in order to make purchases or transfer sales' proceeds (or in the macro-jargon: "settling unfavourable trade balances"). In fact, up to the specie exportation point, bills of exchange would even be preferred over cash, especially when large distances, political uncertainty, different currencies and time lags were involved. Denzel has thus worked out the quantitative and geographical dimensions of this north-western European financial network, suggesting that


Even though this system was multi-focal, London and Amsterdam both appear to have been its epicentres in the eighteenth century, with Amsterdam remaining the stronger of the two in the first half of the century still. Within this system, Scotland and Ireland were satellites of London, i.e. the only rate of exchange quoted regularly was the one between Dublin 9, Edinburgh or Glasgow and London. 10

Although this system of European cashless transactions existed and developed in its own right, it should be borne in mind that it was but the corollary of what Sperling has labelled the "European-centred world trading system". 11 In other words, it represented the reverse of a previous flow of goods, inseparable from the former in business accounting terms. The importance of Hamburg as a financial focal point in international cashless transactions, alongside Amsterdam and London in the eighteenth century made it one of the more obvious destinations on the continent for British traders. This applied especially to products that might also theoretically be obtained in the Baltic, an area with which Britain allegedly had a persistently negative trade balance, and which, as the balance with Hamburg normally was a positive one, were – probably – cheaper to obtain in Hamburg than in the Baltic. 12

Therefore a comparative perspective on Scottish-German trade again is likely to

8 M. A. Denzel, “Die Integration Deutschlands in das internationale Zahlungsverkehrssystem im 17. und 18. Jahrhundert” in E. Schremmer (ed.), Wirtschaftliche und soziale Integration in historischer Sicht (Stuttgart, 1996), pp. 58-109; Id, Zahlungsverkehr, p. 480. Definition and classification adopted from ibid., pp. 1-24, esp. p. 2, pp. 18-24. The financial centres constituting this system were defined mainly by (a) permanent yearly trading activity in financial obligations such as bills of exchange (i.e. usually the existence of a stock exchange as opposed to temporary financial markets); (b) regular (i.e. weekly) publication of exchange rates on or between the places which constituted this system and their satellites, and, accordingly (c) their being of paramount significance in European cashless transactions.

9 Involving also the exchange between two different currencies, the £Irish and £Sterling.

10 Edinburgh and Dublin had regular exchange rate quotations on London only, in the same way as Newcastle, Liverpool and any other major city within the British Isles had.


12 This is rather speculative, but see Price, “Multilateralism,” passim.
capture patterns of a high statistical significance for eighteenth-century intra-
European trade.

The subsequent sections, based on accounts of individual merchants, will focus on three different observable types (without purporting to develop a typology, due to the scarcity of records) of merchants active in trade with German ports as part of a larger continental European market for products traded through Scotland. The first (BUCHANAN & SIMSON, Glasgow) is an example of a very large firm. BUCHANAN & SIMSON were “tobacco lords” in the very sense of the term. They kept in motion a circular cash and goods’ flow that linked Glasgow with London (German linen), Germany (tobacco sales), the Netherlands (tobacco sales, perhaps purchase of manufactures to be sold in Africa), Africa (purchase of slaves, perhaps in exchange for manufactures acquired in the Netherlands), the Caribbean (slaves’ sales, sugar purchases) and North America (tobacco). In this instance, multilateralism originated not so much out of the necessity of raising funds in foreign currencies, but rather out of the commercially funded desire for market diversification. It also took into account a well-developed international division of labour which made Holland a competitive supplier of manufactures and a large market for colonial goods, Africa a source of cheap coercive labour (even though in economic terms, slaves are capital), and the Americas a competitive source of sugar, tobacco and rice (triangular system).\[^{13}\] Those with direct and institutionally safeguarded access to the American cash crops could afford these triangular or in fact “multi-angular” trades by the mark-up they charged upon re-export of these goods to European markets.

The second example of a large firm trading inter alia to Germany seems to confirm the second aspect of the “Mauro-model”, i.e. the strong inverse correlation between duration and net profits of a trading voyage. Thomas Douglas & Co (section 8.3) went bankrupt due to certain bills relating to the expenditure on capital of a particular voyage, which became due during this voyage but could not be met, as the ship was still at sea and certain sales had not been made yet. Meanwhile Douglas & Co’s financial “lifeline”, a London-based merchant banking house, which they had credit with, went bankrupt and thus left them without liquid funds when some

bonded customs duties became due. As a result the entire business of the partnership collapsed within weeks and Douglas & Co went bankrupt in 1753-4. This firm is important in the present context for at least two reasons. (i) It was an example of a tobacco firm located at a somewhat unusual place (East Coast), given that Scotland’s successes in the tobacco trades have largely been attributed to the fortuitous location of Glasgow and the easier, shorter, and more peaceful route across the Atlantic to the tobacco colonies Virginia and Maryland.\(^{14}\) Perhaps Douglas & Co went bankrupt for exactly that reason, i.e. an arguably unfortunate location for the colonial trades and relative scarcity of circulating capital, compared to the more powerfully developed colonial business in the West. (ii) The firm’s markets spanned the Atlantic, linking Africa (slaves), North America (tobacco) and Germany as a market for their American tobacco. Conclusions on their German markets will again serve to develop a wider (“Atlantic”) picture.

The third merchant (John Carmichael) was a smaller merchant, operating on his own account and dealing primarily in products the Scottish domestic economy had to offer. Nevertheless, his commercial activity spun large parts of continental Europe at once, i.e. within one particular voyage he kept accounts for. His pattern of multilateralism seems to have arisen from the same desire as the one described for John Steuart above. This was the need to raise cash at a particular place (Bremen), in a currency other than Sterling, in a place where he had neither credit nor – due to the limited operational range and financial scale of his overall business – the opportunity to transfer funds to directly. This section will also shortly address the problems, risk and opportunities of the consignment trade as the most commonly observed form of organization of trade between Scotland and Germany on account of Scottish merchants.\(^{15}\) Altogether therefore the following sections will highlight the

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15 Generalizations, however, should be avoided. The number of available records – merchants’ letter books, account books, invoice books and ledgers – is too tiny to allow more than very general and tentative suggestions as to what might have been “normal business practice”. But what are “average conditions” in eighteenth century trade, anyway? All the economic historian can wish for is to obtain from an increasing amount of micro-evidence, composed of elements that might be entirely unrepresentative of average conditions, a better picture of the whole in the end.
weaknesses of the concept of trade as it arises from a pure examination of the available statistics.
8.2 Buchanan & Simson (Glasgow) – A Very Large Firm

8.2.1 General Remarks

BUCHANAN & SIMSON, a co-partnership flourishing in Glasgow between 1759 and 1763, represent one of those very few instances of a Scottish firm active around the mid-eighteenth century, for which a comprehensive and virtually complete set of business records has survived. This aspect allows a fairly comprehensive reconstruction of the business of an early modern “global” (transatlantic) firm. With regard to their involvement in the tobacco and North American trades, BUCHANAN & SIMSON have been studied in a revealing article by J. Price. By their wide-ranging interest in domestic Scottish manufactures (iron manufactories, sail and rope works) and outgoing ships mainly to North America (Virginia, Maryland, South Carolina), the Caribbean, Africa, the Netherlands and Germany, the firm played the markets obtaining within the “Atlantic” economy. Accordingly, in commodity terms their focus was on tobacco, sugar and rice, although they were by no means biased towards one particular commodity or sales system. Tobacco, sugar and rice were re-exported in particular to ports in the French, Independent and Austrian Netherlands (Dunkirk, Rotterdam, Ostende), as well as German destinations (Hamburg, Bremen). Only on rare occasions do BUCHANAN & SIMSON appear to have ventured into the Baltic, or for that matter, to any place north-east of Hamburg, or Europe south-west of the Low Countries. BUCHANAN & SIMSON did, however, have a strong African interest, attached to their West Indian and North American business. During the existence of the co-partnership, the firm insured and participated actively in several slaving voyages. One in 1759/60 for instance was scheduled from Liverpool via the Isle of Man to the Windward Coast and Angola. There BUCHANAN & SIMSON (in company with the other participants of the venture) purchased a total of 378 slaves, which were sold at Kingston (Jamaica), at a total value of £16,048 (average

17 They had business with Königsberg on one occasion; NAS C96/502, p. 58, invoice dated 21 December 1761.
8.2 BUCHANAN & SIMSON (Glasgow) 383

price=£42 9d Sterling).\(^{18}\) BUCHANAN & SIMSON's activity in the African trades coincided with a period of increasing slaves' prices (both purchase in Africa and sales price in the West Indies) and an increasing mark-up on slaves' sales (due to sales prices increasing faster than purchasing prices), which made this infamous link of the "triangular" trade pattern especially profitable during the three decades or so between c.1748 and 1775.\(^{19}\) BUCHANAN & SIMSON's business was therefore fully integrated into the infamous "triangular" or "Atlantic" pattern, without too strong a bias on the tobacco trade. Their yearly volume of transactions was extraordinary by contemporary standards. Their initial capitalization was £12,000 Sterling, and they ranked third place amongst the largest tobacco importers at Greenock and Port Glasgow in 1760.\(^{20}\) When the firm's accounts were closed after the first year of activity (31 December 1759), the total volume of transactions read: "debts owing to us" (credit) = £42,160 13s 1d; "debts owing by us" (debit) = £32,960 18s 8d, representing an increase in their capital stock of £9,199 14s 5d.\(^{21}\) According to Price, this large initial capitalization and accordingly large volume of transactions allowed the firm to operate in the re-export business to Europe on the speculative consignment system. Under this system commodities were dispatched on long-term credit, with no fixed time framework for sales; the consignees were advised to wait until the best price could be found. In this way, the proceeds from sales could (and often would) post-date the consignment for years to come. A wealthy firm or co-partnership would have been able to afford this practice on a long-term basis, but it will be shown below (8.4) that "speculative consignment" was also chosen by smaller merchants for traditional products, such as Scots salt.\(^{22}\)

Even though trade with America seems to have been BUCHANAN & SIMSON's main focus, the European trades, if taken together, represented "the other end of the

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18 Net proceeds of this voyage being £13,995 12s 4d 2 farthings. NAS, CS96/502, p. 243f.; p. 245; CS96/503, p. 99; CS96/504, 24 August 1759, 19 September 1759, 8 February, 3 May 1760. The price for slaves ranged between £31 and £50 Sterling per head.
20 Price, "Buchanan & Simson".
21 NAS, CS96/504; statement at the end of the 1759 accounts.
22 See present chapter, section 8.4 below.
chain”. By no means were they an unimportant part of their overall commercial activity. Clearly, their interest in the Low Countries (Ostende, Dunkirk, Rotterdam) was considerable, not only as a market for their American tobacco, but also for their supply of manufactures to be sent to Africa to acquire slaves. Future studies, based on a more thorough evaluation of the available records as to the European components of BUCHANAN & SIMSON’s activity, would therefore be extremely valuable. At present, only their German trade will be considered.

Within the re-export business of this firm (tobacco, sugar, rice), Germany, or trade with Hamburg and to a lesser extent, Bremen, represented an intrinsic element of BUCHANAN & SIMSON’s total operational range. What seems to materialize with particular regard to the present study is that, as was the case with probably all the larger overseas merchants of the time, the commercial portfolio of BUCHANAN & SIMSON was as wide-spread as it could possibly be (apart from the fact that they do not appear to have been involved in the East India trades). This could have been the result of a desire for risk-spreading, and, by the same token, making use of every possible commercial opportunity presenting itself to those whose cash reserves and credit facilities allowed them to do so. Also, in the light of the suggestions made above (8.1), there might have been the need to settle obligations incurred in Europe by sending over cargoes of colonial staples, such as tobacco, sugar, ginger and rice. A closer look at BUCHANAN & SIMSON’s records, however, suggests that the latter can be ruled out fairly certainly as the main motivation that stood behind regular trading links to German ports. BUCHANAN & SIMSON’s balance with Germany was always a positive one. From Germany, they only imported linen (and only erratically), which did not even nearly match their total sales in Germany of tobacco, sugar and rice in value terms. BUCHANAN & SIMSON do not appear to have

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23 In this context especially the invoice books (CS96/502, 503) are interesting, as they indicate in great detail all commodities that were either imported or exported on account of BUCHANAN & SIMSON in the period under consideration. As these invoices are invariably more detailed (as to the material identity and quantities of the commodities traded) than the declarations preserved in the Scottish customs accounts (NAS, E504), a case study on the history and validity of port books (customs accounts) for instance could be carried out with regard to at least two issues: (a) the high degree of simplicity yielded by the aggregation methods used by the Customs, which probably concealed or at least grossly simplified true quantities and qualities shipped, and (b) possible under- or over-declaration by merchants. At present, however, the discussion will be limited to the German operational range of BUCHANAN & SIMSON’s business.
bought other commodities in Germany for re-shipping to the Netherlands, Africa or America, either. Therefore, by exporting tobacco, sugar and rice (and sometimes ginger) from Scotland and receiving back some linens in turn, BUCHANAN & SIMSON clearly used German ports as part of a wider European market for their American staple products; a market that covered North-Western Europe in entirety. In other words, German ports became integrated into the British “Atlantic” economy or network in either direction, i.e. strictly speaking there was no such thing as “Scottish trade with Germany”.

A comprehensive evaluation of the firm’s journals\(^\text{24}\), invoice books\(^\text{25}\) and ledgers\(^\text{26}\), as well as the one surviving letter book\(^\text{27}\) with particular regard to their activities in Hamburg and Bremen suggests the following. Trade with Germany generally took place on consignment and mainly with Hamburg merchants (George Burrows, Georg Heinrich Einbeck, Richard Thornton, Stephan Wolfenden) and one firm in Bremen (Frederick Schröder). Two letters were dispatched to another Hamburg firm, Schultze & Ludermann, with regard to striking a prospective deal in coffee and sugar, but neither the invoice books nor the journals indicate that such a deal ever materialized.\(^\text{28}\) The commodities of concern were tobacco, sugar, rice, coffee and some ginger. BUCHANAN & SIMSON also purchased some linen from Frederick Schröder (Bremen) but none from any of their other (Hamburg) correspondents. The German correspondents or factors sold the consignments on commission at the usual rate (2.5 per cent) and remitted the outstanding balances, after subtracting their expenses for transaction costs, such as local Hamburg import duties, commission fees, wages to porters, by drawing bills on Fraser, Wharton & Molleson, merchant-bankers in Hamburg. An example of how this pattern worked *en detail* may be given, using evidence on BUCHANAN & SIMSON’s business relations with Frederick Schröder (Bremen).

\(^{24}\) NAS, CS96/504-505.
\(^{25}\) NAS, CS96/502-503.
\(^{26}\) NAS, CS96/506/1-2.
\(^{27}\) NAS, CS96/507.
\(^{28}\) NAS, CS96/507, 29 February, 28 May 1760.
8.2.2 Frederick Schröder (Bremen)

On 9 November 1759 BUCHANAN & SIMSON wrote to Schröder obliging themselves to dispatch at least 100 hhds of tobacco to either Hamburg or Bremen soon, provided a ship was available and the market prospects “agreeable”. Seven weeks later (28 December), BUCHANAN & SIMSON remarked in a further letter that against their suggestions, Schröder had not managed to charter a Glasgow-bound vessel.\(^\text{29}\) Anticipating a decline in tobacco prices due to the arrival of a new crop from Virginia & Maryland during the time a return vessel would arrive at Bremen (April, May 1760), BUCHANAN & SIMSON now doubted to make any reasonable profit until later that year. They therefore asked Schröder to delay the dispatch of the vessel until a better price for tobacco could be fetched in Bremen.\(^\text{30}\) Due to frictions in the communications, Schröder however had meanwhile dispatched a vessel, before this letter reached him. This ship nevertheless managed to arrive at a more fortuitous market. Now, in February 1760, BUCHANAN & SIMSON were actually at pains to find a suitable cargo for it, as the French buyers, against their expectation, had recently made a larger purchase at London and Glasgow.\(^\text{31}\) BUCHANAN & SIMSON finally managed to dispatch two or three consignments of tobacco, ginger and coffee to Frederick Schröder in May 1760.\(^\text{32}\) One part of the cargo was apparently sold as early as July 1760; 87 hhds, however, were not to be sold in total until 1761. Schröder was unhappy with the quality of Maryland tobacco he had received (27 July 1761); nevertheless BUCHANAN & SIMSON encouraged him to dispatch a further vessel the

\(^{29}\) Presumably neutral shipping was required.
\(^{30}\) NAS, CS96/507, 9 November, 28 December 1759.
\(^{31}\) NAS, CS96/507, 25 February 1760; see also letter to Schulze & Ludermann, 29 February 1760.
\(^{32}\) First Voyage: 2 May 1760: Voyage to Bremen (NAS, CS96/502, p. 75f., p. 254; CS96/503, p. 140); Ship: Anna Rosina; Captain: John Henry (Johann Heinrich) Wendt (?); NAS, CS96/502, p. 30; Consignee: Frederick Schröder. Cargo: (1) 75 hhds tobacco, shipped after deductions: 64,670 lbs; net proceeds: 5,013.26 (Imperial Dollars); (2) CS96/502, p. 30: sales account of 35 bags (4,113 lbs) of ginger (15 July 1761); ship: Anna Rosina, captain: John Henry Wendt; net proceeds: 172.55 (Imperial Dollars). The letter book indicates that some coffee was dispatched as well (which cannot be traced from the invoice books or journals). See letter book: NAS, CS96/507, 27 July 1761. Second Voyage: 1760?; Ship: ?; Captain: Johann Friedrich Daanken; Consignee: Frederick Schröder; 47 hhds of tobacco; net proceeds: 3,489.17 (Imperial Dollars). NAS, CS96/502, p. 187f.: account of sale (5 July 1760) of 47 hhds of tobacco; net proceeds: 3,608.32 (5,412.48) Imperial Dollars; Third voyage: 1760?; Voyage to Bremen; Ship: Maria Teresia; Captain: Conrad Lange; CS96/502, pp. 117-120: sales account (27 March, 28 October 1761) for 87 hhds of tobacco; Net proceeds: 3,826.69 (Imperial Dollars).
following spring (1762), which Schröder did.\textsuperscript{33} It was filled with 58 hhds of tobacco (initially, \textsc{buchanan} & \textsc{simson} had promised “at least 100 hhds”) and dispatched to Bremen in May 1762.\textsuperscript{34} Frederick Schröder sent back some linen in return; the first cargo in March 1761 (6,960 ells \textit{Osnabrück}, 675 yds \textit{Hessian Canvas}). With a total value of 1,436.68 Imperial Dollars, these linen purchases fell far short of a total of 12,619 Imperial Dollars net proceeds from the sales of the three tobacco and ginger consignments to Schröder in 1760.\textsuperscript{35}

From this rather sporadic correspondence with Schröder\textsuperscript{36}, the following aspects are apparent. The system chosen by \textsc{buchanan} & \textsc{simson} was generally consignments. Cargoes were sent to Hamburg and Bremen normally at \textsc{buchanan} & \textsc{simson}’s discretion, i.e. not on order from a German merchant. Sales could (and normally would) post-date dispatch and arrival of the cargo at Bremen for months, often years to come. The time of sale was entirely at the discretion of the consignee, who was supposed to wait with the sales until the highest possible price would be fetched. The trade was (with the exception of some linen return cargoes) an imbalanced one, i.e. \textsc{buchanan} & \textsc{simson} normally sent over more (in terms of value) than they received from Bremen. Proceeds would be – presumably because at that time Bremen was no internationally recognized financial place and thus had no regular notations of bill rates on the large western European financial places such as London and Amsterdam\textsuperscript{37} – remitted via bills of exchange drawn on a \textit{Hamburg} (merchant) banker – which could be, if needed, from thence remitted to London or Amsterdam.

It is interesting to note that, at least in the late 1750s / early 1760s, foreign (not British) ships were used in the traffic of re-exports to continental Europe to a

\textsuperscript{33} NAS, CS96/507, 27 July 1761, 2 December 1761.
\textsuperscript{34} NAS, CS96/505, p. 99f.; May 1762; Voyage to Bremen; Ship: Maria Theresia; Consignee: Frederick Schröder; 58 hhds of tobacco, sold for £437 3s (CS96/505, p. 153). £480 11s 1d for “German linens bought of Frederick Schröder for the balance of the latter’s account”, paid in bills on Hamburg.
\textsuperscript{35} Coffee not considered. NAS, CS96/504, p. 284; CS96/506/1, folios 118, 154; CS96/502, p. 7 (duplicate on p. 54).
\textsuperscript{36} Friedrich Schröder also had business relations with another large Glasgow tobacco company which had branches in Maryland, too: \textit{Semple, Jamieson & Lawson}. This partnership’s journals, ledgers, accounts and letter books can be found in: NAS, CS96/1176-81; CS96/1183-4; CS96/1186; CS96/1191-2; CS96/1195, CS96/1197, CS96/3870-1.
\textsuperscript{37} Denzel, “Integration Deutschlands”, pp. 103-105.
considerable extent. Nearly all the ships used by BUCHANAN & SIMSON in their trade with Germany for instance were either German or Dutch.\textsuperscript{38} If this was representative of the general situation in the Scottish re-export trades in and around 1760, it would have reduced invisible earnings accruing to British citizens from shipping activity, thus further reducing the potential size of the re-export trades as a national income multiplier (chapter 6).

The following section on the Hamburg factors will highlight the European contingencies of BUCHANAN & SIMSON's German trades, with particular regard to fluctuations in German and French tobacco demand and German-British exchange rates.

8.2.3 Hamburg

BUCHANAN & SIMSON's trade with Hamburg took place in nearly exactly the same way as described above with regard to Frederick Schröder in Bremen. Consignees were: William Burrows, Georg Heinrich Einbeck, Richard Thornton and Stephen Wolfenden. Commodities of concern were mostly tobacco and sugar, as well as some coffee and ginger. Proceeds were accounted for in Mark Banko\textsuperscript{39} and bills were drawn on Fraser Wharton & Molleson (Hamburg).\textsuperscript{40} The usual proceeding would be to send tobacco and sugar cargoes at random, whenever BUCHANAN & SIMSON could obtain a suitable cargo and anticipated good profit opportunities. The market situation for rice, sugar, coffee and ginger was frequently enquired upon in their

\textsuperscript{38} Customs accounts Greenock & Port Glasgow, 1759-1763; NAS, E504/15; E504/28.
\textsuperscript{40} William Burrows & Son: NAS, CS96/503, p. 277, CS96/504, p. 102, CS96/506/1, folios 64, 70. Richard Thornton: CS96/504, p. 317, p. 323, p. 327; CS96/505, p. 25, CS96/507, 11 May 1761.
general correspondence prior to the cargoes' dispatch.\textsuperscript{41} In Hamburg the consignees sold the tobacco to wholesalers; sometimes at public auction.\textsuperscript{42}

Very often, as in winter 1759-spring 1760, BUCHANAN & SIMSON's anticipated tobacco cargoes to Germany and profit opportunities centred around anticipated and realized purchases of the French buyers in Glasgow, Edinburgh and London. Thus both the supply as well as the price of the tobacco BUCHANAN & SIMSON sent to German ports was to a certain degree determined by conditions elsewhere (supply in the Americas, demand in France and the French buying agents in London, Glasgow and Edinburgh). Since BUCHANAN & SIMSON frequently obtained their tobacco supply in Glasgow (from other tobacco importers) rather than directly from Virginia and Maryland, and although they never sold anything to the French directly (other than their consignments to Dunkirk which was a French port at the time), BUCHANAN & SIMSON's business decisions and profit opportunities were nevertheless determined in a market in which the French more often than not dictated the factual level of sales and profits.\textsuperscript{43}

As the overall business pattern of the Hamburg trades needs not be reiterated here (it was identical to the patterns described for Bremen), it is only the short-cyclical elements which deserve some further consideration. If the Hamburg recommended wholesale price for Virginia leaf tobacco, quotes of which have been preserved in uninterrupted series from 1736 on\textsuperscript{44}, was in any way indicative of market conditions prevailing in north-west Germany, merchants consigning tobacco to Germany in 1759-1762 faced a rapidly falling market. The price per 100 lbs of tobacco fell considerably: by 44 per cent between 1759 and 1763/4.\textsuperscript{45} This situation reflected back on BUCHANAN & SIMSON's account of sales on consignment by Stephen Wolfenden:

\begin{itemize}
\item \textsuperscript{41} E.g. NAS, CS96/507, 26 May 1760 (Schulze & Ludermann); 11 November, 11 December 1761 (Richard Thornton).
\item \textsuperscript{42} NAS, CS96/503, p. 6f.: account of sale of 20 hhds sold 14 May and 6 July on auction for 3,715.2 Marks Banko by Richard Thornton.
\item \textsuperscript{43} NAS, CS96/507, 28 December 1759, 25 February 1760 (Friedrich Schröder); 29 February 1760 (Richard Thornton, Schulze & Ludermann), 26 May 1760 (Schulze & Ludermann).
\item \textsuperscript{44} H.-J. Gerhard and K. H. Kauffhold (eds.), Preise im Vor- und Frühindustriellen Deutschland. Nahrungsmittel – Getränke – Gewürze, Rohstoffe und Gewerbeprodukte (Stuttgart, 2001), p. 124f., Tab. A1.08.07; comments on pp. 34-6.
\item \textsuperscript{45} Or from 5 Shillings 9 Pennies Lübeck Money to 3 Shillings 8 Pennies Lübeck Money per 100 Pfund.
\end{itemize}
Table 1: Stephen Wolfenden’s Sales Account (=Total Sales of Tobacco Commissioned for Buchanan & Simson), 1759, 1760 (CS96/503, p. 2760 (hogsheads)

<table>
<thead>
<tr>
<th>year</th>
<th>dates</th>
<th>Amount (hhd)</th>
<th>Value (Mark Banko)</th>
<th>Average Price per hhd (Mk hhd Banko)</th>
<th>Average Price per £ Sterling</th>
<th>Average Price per £ lb</th>
<th>Average Price per £ Sterling</th>
</tr>
</thead>
<tbody>
<tr>
<td>1759</td>
<td>June 22</td>
<td>63</td>
<td>11,795.70</td>
<td>187</td>
<td>15.03</td>
<td>0.015</td>
<td></td>
</tr>
<tr>
<td>1760</td>
<td>Feb 19</td>
<td>12</td>
<td>2,129.70</td>
<td>177</td>
<td>14.24</td>
<td>0.014</td>
<td></td>
</tr>
<tr>
<td>1760</td>
<td>Feb 19</td>
<td>61</td>
<td>11,669.10</td>
<td>191</td>
<td>15.35</td>
<td>0.015</td>
<td></td>
</tr>
<tr>
<td>1760</td>
<td>Feb 19</td>
<td>16</td>
<td>3,114.60</td>
<td>195</td>
<td>15.62</td>
<td>0.016</td>
<td></td>
</tr>
<tr>
<td>1760</td>
<td>July 18</td>
<td>5</td>
<td>521.4</td>
<td>104</td>
<td>8.36</td>
<td>0.008</td>
<td></td>
</tr>
<tr>
<td>1760</td>
<td>Sep 23</td>
<td>18</td>
<td>3,173.90</td>
<td>176</td>
<td>14.15</td>
<td>0.014</td>
<td></td>
</tr>
<tr>
<td>1760</td>
<td>Sep 23</td>
<td>16</td>
<td>1,867.90</td>
<td>117</td>
<td>9.36</td>
<td>0.009</td>
<td></td>
</tr>
</tbody>
</table>


The most striking aspect apparent from this table is that the sales prices fetched per pound of tobacco at various auctions in Hamburg were much lower than the 1755 f.o.b. re-export valuation employed by the Scottish inspector general of imports and exports, even approaching and presumably on occasion also falling below the break-even value of 2.5 d (£0.0104) per lb (imports f.o.b.). By all standards, therefore, profits were not normally yielded in Wolfenden’s 1759-60 Hamburg sales.

Business dealings with Richard Thornton reveal a similar situation:

46 Assuming that the average size of one hhd was 1,000 lbs and that the exchange rate can be approximated using the precious metal parity of 1/12.46, i.e. the exchange stood at par. This, however, was not usually the case; the £Sterling for instance appears to have depreciated against Mark Banko after 1759, see below.

47 5d (=£0.021 Sterling) per 1 lb.

48 I.e. the import valuation at 2d 2 farthings. TNA, Customs 14. See discussion in chapter 3 above, section 3.2.5.
Table 2: Richard Thornton’s Account (‘Total Sales of Tobacco Commissioned for Buchanan & Simson), 1759-60 (hogsheads)\(^{49}\)

<table>
<thead>
<tr>
<th>Year</th>
<th>Dates</th>
<th>Amount</th>
<th>Value (Mark Banko)</th>
<th>Average Price per Hhd (Mk Banko)</th>
<th>Average Price per Hhd (Sterling)</th>
<th>Average Price per Lb (Sterling)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1759</td>
<td>Aug 21</td>
<td>20</td>
<td>3,715.20</td>
<td>186</td>
<td>14.91</td>
<td>0.015</td>
</tr>
<tr>
<td>1760</td>
<td>July 4</td>
<td>40 (22 damaged)</td>
<td>6,915.20</td>
<td>173</td>
<td>13.87</td>
<td>0.014</td>
</tr>
<tr>
<td>1760</td>
<td>Sep 19</td>
<td>74 (28 damaged)</td>
<td>13,782.15</td>
<td>186</td>
<td>14.95</td>
<td>0.015</td>
</tr>
</tbody>
</table>

Sales prices fetched by **Buchanan & Simson’s** other two Hamburg factors – Georg Heinrich Einbeck and William Burrows – corresponded roughly to the prices yielded at the auctions by Wolfenden and Thornton.\(^ {50}\) The Hamburg market for British Colonial tobacco therefore was uniformly unfavourable for British exporters in 1759 / 1760. If the above relations (1,000 lbs per hhd) are correct, and 1755 valuations for imports are taken as the hypothetical purchasing price (£0.0104 or 2d 2 farthings) for one lb of tobacco\(^ {51}\), **Buchanan & Simson** would have closely reached or even fallen below the break-even point for all their tobacco sent to Hamburg in 1759-60 (at precious metal parities).\(^ {52}\) What were the possible reasons for this?

An analysis of this particularly unfavourable market situation faced by a Glasgow firm active on the Hamburg tobacco market again reveals the international contingencies of this business, a matrix which, apart from supply in Scotland and demand in Hamburg, included a variety of other determinants, too. First of all, there had been a marked rise in the price quoted in Hamburg for Virginia Leaf tobacco, c. 1756-1759, followed by a likewise spectacular collapse 1760-1763 (Figure 1).

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\(^ {49}\) Rounded as in Table 1 above.

\(^ {50}\) E.g. Einbeck: NAS, CS96/502, p. 212, p. 255: sales account of 52 hhd (15 April 1763); net proceeds: 6,512.15 Marks Banko. Burrows: 10 hhd sold in 1760 for 1,585.3 Marks Banko; NAS, CS96/503, p. 38, p. 277, CS96/504, p. 102, CS96/506/1, f. 64, 70.

\(^ {51}\) Approximated by the 1755 official import valuation in TNA, Customs 14 (f.o.b.), which is not too far off the mark. See e.g. NAS, CS96/507, 16 September 1760, letter to Richard Thornton, in which **Buchanan & Simson** quoted their purchasing price at 2 5/8 to 2 3/4 per lb for Virginia tobacco.

\(^ {52}\) Their real profit expressed in £Sterling during late 1759-early 1760, would have been much less, due to reasons given above.
8.2 BUCHANAN & SIMSON (Glasgow)

Figure 1: Recommended Wholesaler's Prices for Virginia Leaf Tobacco in Hamburg, 1736-1770
Gerhard and Kaufhold (eds.), Preise, p. 124f., Tab. A1.08.07

Whilst during the previous two decades (1736-1755), Hamburg price quotes had been oscillating at a comparatively low level (between 35 and 50 pennies Lübeck money), the second half of the 1750s saw a bonanza, with prices quickly soaring to previously inexperienced levels, approaching 80 pennies per Pfund, only to rapidly collapse down to their former low level from 1760 onwards. This movement – as was the case with sugar and rice – was almost certainly due to the Seven Years War, which temporarily reduced the supply of colonial goods to European markets and thus led to a general increase in the price level for these products.53

Accordingly there had been some considerable movement in the Hamburg tobacco market c. 1755-1759, and plenty of temptation for Glasgow tobacco merchants to enter what seemed to be a rapidly ascending market. The only question was: how long would this bonanza last?, and alas! BUCHANAN&SIMSON entered this market too late. When their co-partnership and their business dealings with Germany commenced (1759), the Hamburg market was already turning against British exporters. Accordingly, BUCHANAN&SIMSON were not particularly excited about the sales prices their tobaccos and sugars dispatched to their Hamburg consignees

fetched at the auctions during 1760\textsuperscript{54}, as they had clearly mistimed their consignments and thus hit a falling market.

But this was not enough. A further adverse contingency was the exchange rate of the Mark Banko against the £Sterling for bill transactions on London, which happened to be appreciating from 1760 onwards. After a considerable fall below par (=appreciation of Mark Banko in 1759-60), which would have stimulated exports of British products to the German market, as remittances in Mark Banko would now have “bought” more in £Sterling, the Mark Banko “depreciated” again considerably after 1760.\textsuperscript{55} Without doubt this depreciation corresponded to an increased supply of British colonial goods to the German market, after the French monopoly of supply had been cancelled and Hamburg traders increasingly switched to British merchants for the supply with colonial goods (1760, see previous chapter) This would have negatively influenced BUCHANAN & SIMSON’s profit levels for sales in 1760 and subsequent periods, given that their business was based in Britain, and all its ledgers, journals and invoice books, on the basis of which the total profits were calculated at the end of each year, were kept in £Sterling. Most of their sales on the German market took in fact place in or after 1760, i.e. when both tobacco prices and the exchange rate hit rock-bottom.\textsuperscript{56} BUCHANAN & SIMSON’s unfavourable situation during their period of activity on the Hamburg market (1759-1763) was therefore compounded by a depreciation of the currency in which their sales had been made. In fact, the firm could not have hit the German market at a worse point in time. BUCHANAN & SIMSON had to write off the majority of their tobacco consignments to Germany. In that situation BUCHANAN & SIMSON’s consignees or factors, Richard Thornton, Stephen Wolfenden, William Burrows and Georg Heinrich Einbeck, presumably did the best they could, delaying auctions until (what in that miserable market proved to be) the optimum price could be fetched. Needless to say, that some of the above observations will have to remain speculative in character. Purchase and

\textsuperscript{54} E.g. NAS, CS96/507, 12 July 1761, 24 August 1761, 9 December 1761.
\textsuperscript{56} The invoice books recorded Hamburg sales in Mark Banko. The latter were mere copies of the original invoices drawn up by BUCHANAN & SIMSON’s German correspondents.
sales prices, extracted from BUCHANAN & SIMSON’s business records, are somewhat random observations. No coherent series of purchase prices (Virginia, Glasgow) and Hamburg auction prices have survived, and the Scottish customs accounts furthermore suggest that BUCHANAN & SIMSON were by no means the largest exporter to the Hamburg market during the years under consideration.

What can be said in conclusion to this firm, their activity on the Bremen and Hamburg market and the international matrix that determined this branch of Scottish-German commercial exchange? For BUCHANAN & SIMSON’s cargoes of rice, tobacco, sugar and coffee to Hamburg between 1759 and 1763, the level of profits on the German market was determined by at least four factors: (a) The supply of tobacco available in Glasgow – determined to an extent by the French buying agents in Edinburgh, Glasgow and London; (b) the demand for British American tobacco or sugar etc. in Hamburg; (c) the supply of these products to Hamburg by nations other than Britain (coffee, sugar: France; tobacco: Netherlands); and (d) the bill rate (exchange rate) between Mark Banko and £Sterling for remittances Hamburg on London. On the German market, any Glasgow firm, offering tobacco, sugar, rice or coffee, was a price taker, as there was not only competition between the British, the French and the Dutch. The French and the Dutch were also normally larger suppliers of tropical goods to Hamburg than Britain. At least in terms of sugar and coffee, French ports were usually able to supply the northern German markets with products from their Caribbean possessions (French Antilles); presumably because the freight charges between French ports and Hamburg were exceptionally low in the eighteenth century. As shown above, the market was highly volatile and at this particular time the above contingencies led to the fact that in the year 1760 for instance, BUCHANAN & SIMSON in their German business clearly operated at profit margins that

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57 The Hamburg price current used at present for prices of tobacco was issued weekly. It was based on “recommended wholesale prices”, inquired weekly by 21 brokers. The prices featured in the latter might in turn have been based on prices fetched on auctions of imported tobaccos, rice etc. Gerhard & Kaufhold (eds.), Preise, pp. 34-36.
58 NAS, E504/15 (Greenock), E504/28 (Port Glasgow).
could approach or even fall below zero. Initially it seems as though the German market had been tapped in the first place, after reports of good sales’ prospects and ample profit opportunity on tobacco during the bonanza years 1755-9 would have reached British ports. Yet, although the market in Hamburg turned adverse during 1759-1761, BUCHANAN & SIMSON regularly sent over large consignments of tobacco (and sugar) during these years. The explanation could be that if they had to write off a particular voyage, in this instance to Hamburg or Bremen, they certainly made good for this by their transactions elsewhere (which included sales of tobacco in the Netherlands, manufactures in North America and slaves in the West Indies).

BUCHANAN & SIMSON’s trading pattern thus seems to conform to the idea of multilateralism according to Mauro and the more empirical approach put forward e.g. by Sperling and Price. With regard to Germany, multilateralism on account of a very large British firm active in the Atlantic trade however, was not born out of an initial necessity of procuring foreign exchange (Mark Banko), in order to purchase certain cargoes for a certain destination, which could not be obtained in Britain (as was the case in the third example of a smaller merchant, discussed below). Multilateralism in the instance of BUCHANAN & SIMSON rather arose from a desire for portfolio diversification. A similar pattern can be observed in the second example, a large merchant active in the Atlantic trades, yet operating at a somewhat unusual location: Thomas Douglas, Montrose.

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60 They for instance recorded straight losses in their journal and ledger on several cargoes of sugar and tobacco sent to Wolfenden and Thornton in June and August 1759, i.e.: (i) 16 hhds tobacco sent to Stephen Wolfenden in June 1759, see CS96/503, p. 273, cf. with CS96/506/1, folio 36, and CS96/504, p. 63. (ii) 137 casks of sugar consigned to Stephen Wolfenden in August 1759, see CS96/504, p. 34-36, p. 111. (iii) 12 hhds of sugar sent to Thornton (Hamburg) in August 1761. NAS, CS96/504, p. 317; CS96/505, p. 25.

61 After all, this very large tobacco firm appear to have recorded ample total profits during each year of activity (i.e. 1759-62/3). See above and Price, “Buchanan & Simson,” passim.

62 See references given in 8.1.

63 Being a port on the East coast of Scotland, Montrose, following the argument in Price, “Rise of Glasgow,” would have been conceivably unsuited for the Atlantic trades. The imputed business advantage enjoyed by the Glaswegian tobacco traders – a shorter and frequently more peaceful route across the Atlantic compared to London and other ports in the West of England – would have been foregone by the voyage around the north tip of Scotland and down to Montrose.
8.3 Thomas Douglas & Co (Montrose) – A Large Firm

Thomas Douglas was a merchant active in Montrose since at least 1739. The first full run of Montrose customs accounts (1743) already indicates a considerable amount of commercial activity on his account, which lasted until 1753 (the year in which his co-partnership with Robert Dunbar, Robert Dickie & John Addison went bankrupt). This co-partnership, which is of particular interest in the present context, has left no business records. Therefore the following remarks are partly conjectural and mainly based on import and export declarations found in the customs accounts (port books), as well as several Exchequer records (writs of extent), numerous letters preserved in the letter book of the customs collector at Montrose to the Scottish Board of Customs (Edinburgh), and papers preserved in the Scottish High Court of Admiralty, relating to the liquidation of the firm in 1754-1760.

Thomas Douglas himself, when he started his business in the late 1730s, was without doubt involved in illicit or half-legal trading activities in tobacco. On at least one occasion, he also participated actively in the not entirely legal business of importing tea from Gothenburg, which, as has been shown in chapter 4 above, took off in Scotland in the 1730s. From the customs accounts, his (or the partnership's) exports to German ports (Hamburg) can be gathered in the following way:

64 NAS, RH15/38/67, Libel Duncan vs. Douglas 1741-42.
65 Dundee City Archives, CE53/2/6, Board to Collector, 12 March 1754.
66 The jurisdiction of the Scottish High Court of Admiralty – which by §19 of the Treaty of Union (1707) continued to exist as a separate Scottish institution afterwards – covered all sorts of maritime matters such as contracts, crimes, piracy etc. that had occurred at sea or in relation to a sea-faring voyage and which had given rise to dispute. In the eighteenth century the court appears to have been favoured by merchants especially for settling commercial matters (such as unpaid bills, wages, expenses), rather than strictly criminal offences. Cases could be brought before the court by anyone, i.e. regardless of status, class or nationality. Thus the Admiralty Court, by providing impartial justice at the expense of the convicted, was essential for providing a stable environment (institutional framework) for overseas trade, lowering transaction costs and thus facilitating commercial expansion and economic growth in the long-run.
67 On 3 July 1739 he claimed some tobacco which had been seized from a barn near Montrose and was suspected to have been smuggled into the country. Douglas, however, stated upon oath that he had obtained the tobacco overland and legally from Port Glasgow. Dundee City Archives, NAS, CE53/1/3, Collector (Montrose) to Board, 5 July 1739.
Table 3: Exports from Montrose to Germany on Account of Thomas Douglas & Robert Dunbar (1743-1752)

NAS, E504/24/1-3.

<table>
<thead>
<tr>
<th>Year</th>
<th>Quarter</th>
<th>Destination</th>
<th>Commodity</th>
<th>Exporter</th>
<th>Quantity (lbs)</th>
<th>% of total tobacco exported from Montrose</th>
</tr>
</thead>
<tbody>
<tr>
<td>1743</td>
<td>III</td>
<td>Hamburg</td>
<td>333 Malt (quarter)</td>
<td>Thomas Douglas</td>
<td>270.75</td>
<td></td>
</tr>
<tr>
<td>1746</td>
<td>III</td>
<td>Hamburg</td>
<td>001 Tobacco: unmanufactured (lbs)</td>
<td>Thomas Douglas</td>
<td>3,849</td>
<td>100%</td>
</tr>
<tr>
<td>1747</td>
<td>III</td>
<td>Hamburg</td>
<td>001 Tobacco: unmanufactured (lbs)</td>
<td>Robert Dunbar</td>
<td>8,778</td>
<td>100%</td>
</tr>
<tr>
<td>1749</td>
<td>II</td>
<td>Hamburg</td>
<td>001 Tobacco: unmanufactured (lbs)</td>
<td>Thomas Douglas</td>
<td>74,051</td>
<td>100%</td>
</tr>
<tr>
<td>1752</td>
<td>II</td>
<td>Hamburg</td>
<td>001 Tobacco: unmanufactured (lbs)</td>
<td>Thomas Douglas</td>
<td>53,663</td>
<td>52%</td>
</tr>
</tbody>
</table>

Thomas Douglas also was the largest (and at times sole) exporter of tobacco from Montrose to Hamburg. His imports from Germany normally consisted of pearl ashes, deals, staves, oak knees and other sorts of timber, indicating the usual range of imports from Germany, which were normally purchased in large quantities from Baltic areas (Norway, Sweden, Russia, Poland), as well. It further illustrates the fact that he started out as a typical early modern "all-rounder", i.e. incorporating the more traditional trades (e.g. products used for Scottish domestic textile production such as ashes) into his total operational range, as well as the (presumably) more profitable, yet clearly also more capital-intensive and riskier colonial trades.

Not much is known beyond the fact that the customs accounts indicate a somewhat regular traffic to Germany in the second half of the 1740s, until the penultimate year prior to the bankruptcy in 1753. But it appears as though Germany was an integral part of Douglas & Co's markets that spanned the Atlantic in the same way as BUCHANAN & SIMSON's business did. The remaining remarks are intended to provide a brief reconstruction of a medium-size firm and its business pattern, in order to demonstrate again just how the German market fits into the picture. This firm is of particular interest, as it provides a good example of tobacco traders active and based outside Glasgow in a location in Scotland that was conceivably unsuited for practising a regular exchange with the two tobacco colonies, Virginia and Maryland: Montrose. The case of Thomas Douglas & Co also elucidates the instability of multilateral trading ventures that increased with the duration between capital

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69 NAS, E504/24/1-3 (customs accounts Montrose).
expenditure and final sales. The following case study thus underlines the potential risks which multilateral trade was exposed to.

The company (Thomas Douglas, Robert Dunbar, Robert Dickie & John Addison) flourished c.1751-1753, as far as can be determined on the basis of the Montrose customs accounts. They appear to have been amongst the larger tobacco importers of tobacco based in Montrose, certainly the largest active in 1750-1. This position also reflected back upon the structure of their general exports to Europe, which were dominated by tobacco. With their exports to the North American colonies consisting largely of domestic (presumably Scottish) manufactures, including the usual variety of domestic linens, cotton and leather manufactures, Scots salt, but also Spanish wines and many more, the firm corresponded to the schematization of mid-eighteenth century tobacco firms and their business patterns detected by Price and Devine for Glasgow. According to the customs accounts, the partnership imported and re-exported their tobacco directly via Montrose, which, being an East coast port, clearly had some disadvantages over Glasgow. This, however, indicates that the often-quoted beneficial geographical location of Glasgow was not the only factor encouraging the development of a large-scale trans-Atlantic business. The available records also suggest that a dualistic stylization of “Scottish West Coast = American Trades, Scottish East Coast = traditional European trades” is not necessarily an accurate model, but the two patterns again intermingled.

Thomas Douglas & Co owned at least two ships: the Potomac Merchant, subsequently renamed St George, which was bound for Africa on at least two occasions, as well as the Neptune. Thomas Douglas also (at times fully and later partly) owned the Delight (of Montrose), which returned to Leith from an African

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71 E.g. NAS, E504/24/2f., Tobacco Imports, II/1749, II/1750, Entries Nr. 41, 42; IV/1750, Nr. 49; I/1751, Nr. 50, II/1752, Nr. 1-2; II/1752, Nr. 3-10; IV/1752, Nr. 11-14; I/1753, Nr. 15-18; II/1753, Nr. 19-20.

72 This is suggested by NAS, AC9/2115/38, p. 4, p. 8f.

73 NAS, E371/58, Writ of Extent (1758) against Douglas, Dunbar and Dickie. The ship was sold after seizure for £554 Sterling.
and American triangular voyage in 1754.74 Douglas, either on his own account, or together with his business partners, therefore actively participated in at least three triangular or in fact multi-angular voyages between 1751 and 1753.75

The itineraries for these voyages were: Montrose ➔ Netherlands (where tobacco was exchanged, presumably for manufactures) ➔ Guinea Coast or another West-African destination (where slaves were bought) ➔ West Indies (where the slaves were sold) ➔ North America (where tobacco was purchased) ➔ Montrose. From Montrose the tobacco would be shipped on again to German or Dutch ports, in order to complete this multilateral itinerary. In Christmas quarter (16th October) 1751, the company exported 22 chests, containing 440 pieces “small arms” to the Guinea Coast in the Potomac Merchant.76 The same ship was also bound for Rotterdam, the first leg of its voyage, laden with tobacco and salmon.77 It returned in Christmas quarter 1752, discharging amongst staves, hoops and tobacco from Virginia, also 118 elephants’ teeth, the ivory weighing 17.3.14 cwt from “Guinea”, as well as some unsold glass beads that had presumably been intended for bartering slaves in Guinea.78

Therefore this voyage fairly closely corresponds to what historians would regard as a standard itinerary for the triangular trade pattern, although the Scottish customs accounts naturally lack any direct specific evidence on transports of slaves from the Africa to the West Indies on Scottish account.79 Direct and unambiguous proof of

74 NAS, AC9/1891, in particular AC/1891/5. See also ch. 3, section 3.2.4.2.
75 Prior to 1751 no evidence of Douglas’ involvement in the African trades could be found. See also M. Duffill, “The Africa Trade from the Ports of Scotland, 1706-66,” Slavery and Abolition, XXV, 3 (2004), pp. 102-122. I would like to thank Mark Duffill for kindly providing a pre-publication copy of this article. Mr Duffill also provided some valuable comment and feedback, which is greatly appreciated and gratefully acknowledged.
76 NAS, E504/24/2, IV/1751, Goods Exported, Nr. 81.
77 E504/24/2, III/1754, Goods Imported, Nr. 20, 22; IV/1754, Goods Exported, Nr. 75-77, 81. The tobacco had been imported in the same ship from South and North Potomac in Virginia and Maryland earlier the same year.
78 E504/24/3, IV/1752, Goods Imported, Nr. 149, 150, and corresponding post-entry in I/1753, Goods Imported, Nr. 8; Tobaccos Imported, Nr. 11-14; cf. NAS, AC9/2115/38, p. 8f., statement of the land-waiter John Campbell. E504/24/3, I/1753, Goods Imported, Nr. 29; Cf. also letter Board of Customs to Collector at Montrose, Dundee City Archives, CE53/2/6, 27 March 1753.
79 Which, given the evidence described in the previous paragraph, as well as some speculative reasoning, is a more than likely situation for any ship or cargo entered into British customs accounts with the destination “Africa” or “Guinea” or “Isle of May”. The Scottish customs accounts would indicate only (a) direct voyages to Africa, and (b) only products exported to Africa. Naturally they are silent about slaves’ purchases and sales in the West Indies.
Douglas & Co’s involvement in the slave trades, however, can be found in the documents preserved in the Scottish High Court of Admiralty with regard to the 1753 voyage of the *St George* (formerly *Potomac Merchant*). The *St George* had sailed from Montrose to the Guinea coast in 1753, and then to the West Indies (Antigua), where it had discharged the cargo of “negroe slaves” taken on board in Africa. Without doubt the sale of the slaves in the Caribbean resulted in a generous profit for Douglas & Co, the net proceeds of which (£3,039 15s 1d Sterling) were to be remitted to Douglas & Co via two bills drawn on George & Robert Udnys in London. This voyage however was probably the last one that took place on account of the co-partnership.

Earlier in 1753, the firm had allegedly still been “in good Credit”, but later on in the same year, whilst their ships *Neptune, St George* and (presumably) the *Delight* and the *Lion* were still at sea, they went bankrupt as quick as lightning stroke. This bankruptcy appears to have been linked in particular to the final voyage of the *St George* to Africa and America (as some of the outstanding bills for the capital outlet for the voyage could not be paid). From a letter of the Scottish Board of Customs to the customs collector at Montrose dated 30 October 1753 it emerges that the initial cause of the co-partnership’s bankruptcy, however, was their being liable for a larger sum of (bonded) customs duties on tobacco, on which they would in the end default. The Customs apparently anticipated the imminent default as early as October 1753, as they had notice of

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80 NAS, AC9/2115/38, p. 4.
82 Dundee City Archives, NAS, CE53/2/6, Board to Collector, 30 April 1754. The present author has been unable to trace further records or secondary evidence regarding these London (merchant?) bankers. They are not listed in F. G. Hilton Price, *A Handbook of London Bankers* (London, enlarged ed., 1890-1), which contains a list of London goldsmiths and subsequent merchant-bankers from the mid-1600s onwards.
84 It is not clear whether the company actually owned these ships, but they are mentioned several times in Dundee City Archives, NAS, CE53/2/6. (Lion: e.g. 28 May 1754).
85 NAS, AC9/2115/26, p. 2; Dundee City Archives, NAS, CE53/2/6, Board to Collector, 30 March 1754.
the failure of Johnston & Fotheringham Merchants in London, with whom the persons Abovementioned (i.e. Douglas & Co) are deeply Concerned that the Said Debts, due to the Crown, may be in danger. 86

Several writs of extent preserved in the Scottish Exchequer Records, and relating to forced sales of cargoes and property of Thomas Douglas & Co in Montrose, mainly in 1754, testify to the knock-on effect which such a bankruptcy in Britain's financial epicentre would have on a location at the periphery (Montrose), in a chain of inextricably linked medium-term credit liabilities. 87 In such a multilateral credit network that was presumably delicately composed around bills of exchange of varying usance, one bill that would be defaulted on could suffice in order for the whole credit network of one particular firm to collapse. In the present instance this was apparently the sums due to the Crown for duties and to resident merchants and tradesmen in Montrose for expenses incurred for circulating capital (sails, rope work, crews’ and masters’ wages etc. pp.). 88 Thus, by the default of another firm on their bills, Douglas & Co went bankrupt as well. Their capital assets were liquidated through public auctions during 1754-1760. 89

86 Evidence as to the financial network of Douglas & Co is somewhat conjectural. The expenses incurred by the captain of the Hope, Robert Mudie, for customs and freight charges on the tobacco shipped from Maryland to Montrose on account of Douglas & Co in Ladyday 1754 (when the firm was already bankrupt), had been paid by a bill drawn by Douglas & Co on their account with Johnston & Fotheringham (merchant-bankers?) in London. Dundee City Archives, NAS, CE53/2/6, Board to Collector, 12 March 1754. Nothing else is known about these merchant-bankers. Hilton Price, Handbook, lists none of the two names.

87 NAS, E371/41, 44-45, 47-8, 56.

88 The bill given to a Montrose cooper for fitting the St George was at eight months sight. NAS, AC8/836. The sum was £23 6s 10p Sterling. The usances of the other bills cannot be established precisely.

89 NAS, E504/24/3, III/1754, Goods Imported (ex warehouse), Entry Nr. 74; IV/1754, Goods Imported (ex warehouse), Nr. 21; I/1755, Goods Imported (ex warehouse), Nr. 6; III/1755, Goods Imported (ex warehouse), Nr. 94. Dundee City Archives, NAS, CE53/2/6, Board to Collector, 17 January, 29 January, 5 March, 9 March, 12 March 1754 (3 letters); 10 October 1754. NAS, E371/41-48 (1753/4). NAS, AC9/2115/19. A ship’s inventory (1754) and related items may be found in NAS, AC9/1581/8. The inventory also found: “Fifteen Chains one Hundred and seven pairs Cuffs & Shackles and Bolts for Slaves” under deck. NAS, AC9/1581/8, p. 7. Cf. also NAS, AC8/854. Dundee City Archives, NAS, CE53/2/6, Board to Collector. Adams – without proof – claims that “Thomas Douglas & Company [were] active from 1736 to 1777 in the tobacco and other general trade.” D. G. Adams, “Trade in the Eighteenth and Nineteenth Centuries” in G. Jackson and S. G. E. Lythe (eds.), The Port of Montrose: A History of its Harbour, Trade and Shipping (Tayport, 1993), pp. 125-149, at p. 126. It is, however, fairly unlikely that the company, after this bankruptcy in 1753-5, would have continued at a similar scale afterwards.
The preceding aspects, in particular the volume of transactions on account of Thomas Douglas (&Co), as they appear from the customs accounts, suggest the following. Thomas Douglas (in company) was a typical early modern “all-rounder”. His commercial activities were characterized by a large capitalization. When the company was liquidated in 1753, their outstanding debts (which obviously represented normal and expectable operational costs that would have been easily recovered if the London bankers had remained in business) exceeded £5,000 Sterling. The company furthermore based their business on the Atlantic triangular system, with an emphasis on tobacco and its markets. This means that a distinction between “trade with Europe”, “trade with Germany”, “trade with Africa”, and “trade with America” is again not a particularly useful tool for analysis, as all were part of the same business interest (a transatlantic firm) and presumably all kept within the same journal, ledger and invoice book. The American link (tobacco, manufactures) was as important for commercial success of this co-partnership as were the markets in continental Europe (Germany, the Netherlands). They, or better, the size of the firm’s total net profit was contingent upon every one of these transactions that spun the entire Atlantic. Without buoyant markets for tobacco (and one may add sugar and rice) in Europe, the slave trades which were buoyant in the middle of the eighteenth century, could not have been financed (and no profits derived from this link). Without a steady supply of slaves to the West Indies, neither Caribbean nor, as has been shown in the present case, North American products would have reached Britain and Europe in increasing amounts. Again, Germany, alongside the Netherlands was an intrinsic component of the continental European market for products that had originated in the British Colonies, as it kept the firm’s overall cash nexus in operation. Tobacco, by its potential mark-up reaching 100 per cent, could have financed the entire venture at times when continental tobacco markets were favourable for British traders. Thus, neither the slave purchases nor the sale of

90 NAS, E371/41-48 (1753-4).
tobacco in Germany and the Netherlands were made for their own sake, but all represented links in a larger chain that were necessary to keep the entire business running.\(^9\) Germany therefore, alongside the larger Dutch market, was fully integrated in the British “Atlantic” system, the institutional foundations of which remained the Navigation Acts, and the commercial patterns of which were marked by what has sometimes been referred to as “entrepôt” trade.

Whilst the preceding remarks have been somewhat conjectural in places – due to the fact that the available source material does not permit more precise conclusions – the third example of a merchant trading from Scotland to Germany in the early eighteenth century is somewhat better-documented. The remaining sections will demonstrate fairly clearly that multilateralism was by no means a business pattern and payments mechanism resorted to only by larger merchants active in the trans-Atlantic staple trades. It applied in fact to the more traditional intra-European bulk trades in salt, grain and fish, too, as well as smaller merchants. The Inverness fish merchant “Baillie” John Steuart has been mentioned as an example in the introduction to this chapter. In and around 1715 Steuart and his partner, Mackintosh sent their fish to various places across continental Europe, stretching from Danzig to Bilboa, regularly including Hamburg, where Mackintosh had a resident factor.\(^9\)

They purchased and received their Spanish salt for curing fish via Amsterdam, where

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\(^9\) In this way the stop in Rotterdam preceding at least one of Douglas & Co’s voyages to Africa, may have been typical, as many of the manufactures that would be exchanged for slaves in Africa, were cheaper to obtain in the Netherlands (or London), or could not be got in Scotland. This could explain the fact that the number of entries of Scottish ships bound directly for Africa in the customs accounts (which might be taken as a direct evidence for involvement in the slave trade) is comparatively small prior to the later 1750s. Many of the entries relating to cargoes dispatched to a Dutch port might in fact only have been the first link of a “triangular” venture. Duffill, “Africa Trade,” esp. p. 108f.; Richardson, “Slaves, Sugar, and Growth,” p. 762.

\(^9\) Bartholomew Bludworth. Herring sent to Hamburg: GD23/6/33/1-4 (Letters, port charges and sales invoices, Hamburg, October 1715-January 1716); GD23/6/33/5: remits via drafts on Edinburgh (Alexander Arbuthnot) and London (Nathaniel Cambridge), 3 April 1716 and 30 July 1717, also GD23/6/33/10, 13 July, 5 October 1717. Invoice for 1,500 pipe staves purchased in Hamburg: GD23/6/33/7 (23 November 1716); GD23/6/33/10: purchase of finer German linens (13 April 1716); Portuguese salt: GD23/6/36 (20 February 1717); Spanish salt via Amsterdam: GD23/6/33/31, 8 June, 12 July 1715. Bills on London for German linens purchased by Bludworth in Hamburg: GD23/6/33/10, Letters dated 13 July, 14 October 1717. At that time the exchange rate Mark Banko/£Sterling, Hamburg on London stood @ 12.35344 for remittances Hamburg on London. (Ibid., April 1717). Correspondence of John Steuart: Mackay (ed.), Letter-Book.
Stewart also regularly insured his ships. In Hamburg, pipe and barrel staves were purchased, but the balance of trade between Scotland and Germany was a positive one on most occasions. The net proceeds or differences between sales prices for fish and the prices for goods purchased in Germany were normally remitted via bills of exchange on merchant-bankers in Rotterdam or Amsterdam. Thus, trade between Inverness and Hamburg was imbalanced, and accounts were cleared using one of the large Dutch sea ports and financial places. The fact that even smaller merchants, who were resident in a peripheral economic area within Europe (Scotland), specializing in the traditional primary products, such as fish and grain, which had a comparatively low bulk value, nevertheless used the multilateral payments mechanism via Amsterdam with great regularity, supports the validity of the suggestions by Heckscher, Sperling and Denzel, mentioned in the introduction to this chapter.

95 Mackay (ed.), *Letter-Book*, e.g. p. 29f., letter dated 27 October 1716. Insurance of a cargo of herrings to Hamburg in Rotterdam: 9 November 1716 (p. 33f.)
96 Ibid., 1 September 1716, 19 September 1716; 29 September 1716, 27 October 1716, 13 November 1716.
97 Ibid., 27 October 1716.
8.4 A Smaller Merchant – John Carmichael (Edinburgh)

8.4.1 General Remarks

The activities of John Carmichael, an as yet undocumented Edinburgh-based merchant, who flourished in the 1730s and 1740s, can be glimpsed from records preserved mainly in the Scottish High Court of Admiralty. This merchant will be taken for an examination of other observable forms of multilateralism, which will be used for an analysis in two aspects. First, it will be shown that even in the "traditional" intra-European trades, the main characteristic of which was the lower level of circulating capital required, multilateralism could be found as a ruling principle. Secondly, the case to be examined in the following also illustrates the business risks posed by the consignment system which appears to have been the usually prevailing sales pattern in trade to continental Europe, at least in Scottish-German trade.

The centrepiece of the law suit and subsequent court ruling, to be discussed in the following was the key question: How much freedom of action is to be granted to a ship's master and the merchant’s consignee in the port of destination in disposing of the cargoes sent on consignment? There were times and circumstances, in which a merchant or co-partner in a particular partnership could or would not afford the time and expense of travelling to the foreign port(s) themselves (i.e. as a supercargo), thus personally supervising the loading and discharge of the ship, taking care of freight papers and bills that might involve tedious customs procedures in a foreign port and foreign language(s). Trust thus had to be expended to a foreign correspondent (factor or consignee), usually a merchant himself, resident in the port of calling and presumably well-accustomed with this port’s procedures and market opportunities. It

98 AC 7/37-8 Dalling vs. Carmichael, 4 August 1732; AC8/409 John Carmichael, Petition (1730); AC9/1206 Robert Dalling vs. John Carmichael (1732); AC9/1525 Diederich Ratien vs. John Carmichael (1742); AC9/1960 John Carmichael vs. George Seaman (1755).
99 The use of the male form is not intended to be gender-specifically selective in a discriminative way. It merely takes account of the fact that no female merchants or supercargoes could be traced for the proceedings discussed in the following. In order to keep the text readable, and to avoid ambiguities, the male form has thus been adopted as a standard.
is clear that the degree of autonomy granted to a consignee or factor in a foreign port could considerably influence or even determine the overall profit of a particular business. In the case of the large transatlantic firm of BUCHANAN&SIMSON it could be shown that consignment and final settling of accounts were frequently years apart. The duration between dispatch (or arrival) of the cargo and final sale was mainly contingent upon the market situation in Germany. As has been demonstrated above, BUCHANAN&SIMSON's correspondents (consignees) were given the freedom to wait and delay sales until the products would reach their optimum sales prices. Also, to BUCHANAN&SIMSON, by the sheer size of their overall transactions and general business, it would not have made a difference if a ship lay idle in a foreign port for a few days or a few weeks longer than originally intended. For smaller overseas merchants, however, in terms of the extra overheads (crew's wages and provisions and the like) incurred, unforeseen delays of a ship's voyage could well make a big difference, inasmuch as they could potentially affect the profitability of the entire voyage, perhaps the merchant's entire business. Thus, the starting point for the subsequent discussion of a smaller merchant active in the Scottish trades with Germany will be a short examination of the business opportunities and risks of trade on consignment.

8.4.2 The Problem of Trust in the (Intra-European) Consignment Trades

North and Thomas have traced the development of several key institutions, such as the establishment of the permanent factor in European trade, since the Middle Age and their effects in terms of facilitating, if not stimulating economic growth in Western Europe.100 Whilst in both the case of BUCHANAN&SIMSON, as well as the case to be presented below, the merchants under consideration obviously resorted to

people as consignees repeatedly – i.e. people they were acquainted with and who might thus be called “factors” – this was obviously neither a fortuitous institution per se, nor necessarily most common practice. John Carmichael presents an excellent case of a Scots merchant against whose case North’s and Thomas’s propositions can be tested in practice. Carmichael dealt chiefly in domestic Scottish exports (salt in particular), although his total business, however, as would appear from stray references, extended from continental Europe (Germany, the Netherlands, Spain and Portugal) to America (South Carolina). His voyages to Germany seem to have corresponded to what has been described above as multilateral trading ventures, regularly comprising ports in the Netherlands (Rotterdam) and Spain (Seville and San Lucar de Barrameda) as well.

The case brought before the Scottish Admiralty Court in 1742, which will be the basis for discussion, related to a cargo of Scots salt shipped to Bremen in 1741. This case was concerned with expenses Carmichael’s consignee had incurred during this voyage, whilst the ship had lain idle at anchor in Bremen, where the consignee, one Diederich Ratien, was a resident merchant. The expenses related to the voyage’s overheads – the master’s and crew’s wages, provisions, as well as ship’s fittings etc. – that had exceeded the initial contingencies for overheads in Carmichael’s budget planning. Whilst they occurred due to the delay of a vessel in the port of Bremen which was clearly unforeseen and unintended, Carmichael refused to refund his consignee who had advanced these extra expenses to the shipmaster at Bremen. The consignee on the other hand claimed that he had only made an advance payment of sums for which the consigner’s (Carmichael) account would have to be debited, as they occurred regularly (but were unanticipated) and were accordingly to be accounted for as part of the total operational costs (or capital outlay) of the voyage. Ratien brought his claim before the Scottish High Court of Admiralty via his resident trustee in Scotland, Archibald Todd. The Admiralty Court, after two years of hearing the case, finally decided in Ratien’s favour (a crystal-clear proof of this court’s impartiality as to the nationality and residence of claimants), ruling that a


102 An Edinburgh merchant. NAS, AC9/1525, several files, in particular Dycls of Court Ratien & Trustees against Carmichael (1742).
consignee could not be made liable for extraordinary but unanticipated costs that arose during a trading venture due to unforeseen events, which the latter could not possibly have any influence upon (such as adverse weather conditions).

John Carmichael had used Diederich Ratien as a consignee or factor as early as 1733, in a way similar to the trading venture in 1740/1. This seems to indicate a considerable period of acquaintance between the two merchants – and possibly business dealings in-between (of which we know nothing) – at the time of the voyage that gave rise to later dispute. In October 1740, Carmichael chartered a ship for a voyage to Bremen, which included further intended links to Dunkirk, Lisbon and St Lucar. The ship cleared Cockenzie (Firth of Forth) laden with 3,000 bushels salt “of the Best quality our Firth afford’s.” The salt was consigned to Diederich Ratien in Bremen. In return Carmichael ordered a cargo of pipe staves to be shipped on his account from Bremen to Lisbon (“with what Number of the Best Crown Pipe Staves for Lisbon Consign’d To Mr Edward & John Main & Company”), together with “one aum (=Ohm) Rennish wine the Best your place afford’s [...]

After the ship’s arrival in Bremen Ratien sold the salt according to order. 15 lasts of salt were sold @ 29 and “the rest at 30” Imperial Dollars. This price was certainly not a bad one, given that Ratien had earlier expected to dispose of the anticipated cargo at only 26-27 Imperial Dollars per last. Carmichael’s account was credited with 740-63 Imperial Dollars. Ratien also bought and loaded the ship with 7,500 pipe staves on 28 November 1740, according to order. The staves, however, were purchased in too

103 A convenient distinction between consignee and factor might be the degree of regularity in the business relationship under consideration, “factor” indicating a higher degree of regularity than “consignee”, which in theory could be limited to one voyage only.

104 NAS, AC9/1525/4, Invoice and Letter from Diederich Ratien to John Carmichael, 1733. In 1733 Carmichael had dispatched 2,500 bushels of Scots salt on his account to the latter. In the same venture, 7,000 pipe staves were bought from Ratien in Bremen that were to be shipped on Carmichael’s account from Bremen to St Lucar. In this way the voyage was probably identical in its pattern to the one that is richly documented in the records relating to the High Court case in 1741-1743 (AC9/1525) which will be used in the subsequent analysis.

105 NAS, AC9/1525/5, AC9/1525/10.

106 See also ch. 7 above, esp. section 7.3.2 on the Bremen salt market.

107 German measure of capacity for liquids of varying physical extent.

108 NAS, RH15/38/92, 16 October 1740; NAS, AC9/1525/9, p. 3; AC9/1525/15, Invoice and Letter Diederich Ratien to John Carmichael, 3 December 1740.

109 NAS, AC9/1525/15.

110 Ibid.
small a number for Carmichael's liking (Carmichael maintained that he had aimed at 10,000), which he subsequently attributed to the deficient expertise of the ship's master, who had supervised the loading of the staves.\textsuperscript{111} The wine was purchased as well, at 110 (Imperial Dollars)\textsuperscript{112}, but at too high a price for Carmichael's ex post liking.\textsuperscript{113}

Originally it had been intended to sail on to Spain (St Lucar) and Portugal (Lisbon) via France (Dunkirk).\textsuperscript{114} Due to unfavourable circumstances, however, which were subject to diametrically opposed interpretations later (thus the case before the High Court of Admiralty), the venture turned out to be a loss. The trading voyage had to be aborted prematurely, as the ship lay idle in Bremen for longer than anticipated. Whilst this was obviously due to the winter frost completely blocking the River Weser with ice, as well as bad weather throughout\textsuperscript{115}, Carmichael maintained before Court that it had been the master's failure to dispose of the consignments and proceed with the voyage according to order, as well as his overburdening demands for salaries and the expenses for the ship's voyage, that had led to the explosion in overheads. The available evidence suggests that Carmichael had under-estimated or miscalculated the cost for the entire trip. When planning the voyage for instance, he had obviously not incorporated contingencies for possible yet unforeseeable elements of risk, such as unforeseeable delays and realistic costs of provisions. The Bremen factor Diederich Ratien had then advanced part of the money demanded by the ship's master at Bremen and debited the expenses to Carmichael's account, with the intention of speeding up the process of the ship's leaving and the costs not exploding any further – in Carmichael's own interest! Carmichael's refusal to cover for these expenses had then led Ratien to arresting the ship in Bremen, until Carmichael agreed to refund his advances.\textsuperscript{116} Carmichael then appeased superficially, stating that "what the Respondent had done was out of a good Design, and therefore, that the Respondent should be no looser and Recommends to Dispatch the Ship forthwith". He even gave Ratien permission to advance a second sum on his account in order to

\textsuperscript{111} NAS, RH15/38/92, 11 December 1740. Cf. RH15/38/91, RH15/38/93.
\textsuperscript{112} NAS, AC9/1525/15.
\textsuperscript{113} NAS, RH15/38/92, Letter dated 16 October 1740, but probably 1741.
\textsuperscript{114} NAS, AC9/1525/15.
\textsuperscript{115} NAS, AC9/1525/10, p. 2f.
\textsuperscript{116} Ibid., p. 3.
prepare the vessel for sailing on. He subsequently refused to take responsibility for either payment, however, instead accusing Ratien to have formed a conspiracy against him (together with the ship’s captain). This led to the voyage finally being aborted. The bills of loading for Lisbon were cancelled and the ship was ordered back to Scotland in February 1741. The issue was brought before the High Court of Admiralty on Ratien’s initiative some time in 1741, as Carmichael still refused to pay his bill incurred in Bremen.

The High Court of Admiralty of Scotland, after hearing evidence for two years (1741-1743), finally ruled that it was the non-payment of necessary expenses that had exceeded the initial budget, which had prevented the ship’s departure. Thus, the extra costs incurred were, at least from the Admiral Court’s point of view, justified, and neither Diederich Ratien as the consignee, nor the admittedly slightly unruly and certainly very outspoken ship’s captain had acted unlawfully or not according to common commercial and navigational practice in taking the decision into their own hands and advancing the sums that had accrued during the voyage on top of the budget. It was the consigning merchant who would have to cover for these costs in general, even though they might exceed the initially agreed-upon sums.

This case nicely illustrates the risks of the consignment trade which smaller merchants were particularly exposed to. One component of the problem is famous and has been addressed by economists and sociologists alike. This is the question of how far trust can and will be chosen in economic relationships in favour of control or in the absence of institutions delivering control. Whereas this discussion need not be taken further, suffice it to state that essentially, consignments involved a considerable degree of trust, inasmuch as they gave the consignee or factor the freedom to decide about the time framework for and the price fetched in the sale of a

117 Ibid., p. 3; quoting a letter from Carmichael to Ratien.
118 NAS, RH15/38/92, 21 February 1741.
119 Carmichael claimed that his Bremen factor and the shipmaster had formed a conspiracy against him.
120 NAS, AC9/1525, Letter by John Mathie (shipmaster) to Diederich Ratien, 24 December 1740.
121 NAS, AC9/1525/10, pp. 2-4 (consignee’s viewpoint).
commodity which he did not own himself. As the commission fee was usually fixed at 2.5 per cent of the sales price fetched in Europe\textsuperscript{123}, the consignee had in fact some interest in dealing with the cargoes responsibly and yielding a profit for the consigning merchant. This interest however, would have increased proportionally to the value of the cargo. An \textit{a priori} favourable inclination of the consignee towards the commercial interests of the consigner therefore cannot always be taken for granted. This leads to the second problem, namely the general question of how far a consignee could go (making payments or decisions) in his task of selling cargoes on someone else’s account.

As has been shown above, the centrepiece of the lawsuit in 1741-43 was that the consignee (Diederich Ratien) had met some of the ship’s captain’s additional demands for money whilst the ship had lain idle at anchor in Bremen, without the consigner (John Carmichael, who in the end was liable for paying these sums) giving his consent beforehand. A further component of Carmichael’s complaint was that neither his correspondent in Bremen, nor the ship’s master, did act according to what he had thought to be best practice. This opinion was based on the purchase of staves and wine. The staves had been bought in deficient numbers and the wine at too high a price (in the opinion of the consigning merchant). The bottom line from the viewpoint of the consigner was that this practice of consignment “may expose trading persons in general to the Impositions of their factors abroad”, and that accordingly, Ratien “has exceeded the Bounds of his Commission as a factor”\textsuperscript{124}.

Both were, however, circumstances which neither the consigning merchant nor the consignee could possibly have foreseen or have had influence upon. They were entirely determined by the Bremen market (prices of staves, wine) and weather (ship’s delay) conditions, thus more contingent upon superior force and economics than personal deficiencies. A petition of the consignee (Ratien) before the High Court of Admiralty in 1742, set the matter straight from the latter’s point of view:

\begin{itemize}
  \item \textsuperscript{124} NAS, AC9/1525/9, \textit{Petition John Carmichael}, 21 January 1743, p. 1, as well as several other petitions in the collection.
\end{itemize}
The case is said to be such as affects Trade in generall[,] Exposing trading persons to the impositions of foreign factors. The petitioner (Diederich Ratien, P. R.) is accused of practises neither to be encouradged nor tollerated; of having been in Concert with the master (John Mathie, P. R.) to force Mr. Carmichaell to their own terms; and for that purpose to arrrest the ship; Mr Carmichaell is said to have been grossly abused and imposed upon, The petitioner to have been in strict Correspondence and Union with the master, and to have Composed an Account to serve his purpose. (...)

The petitioner is confident there is not the smallest foundation for so heavy a Charge, he has in his former papers shown and he hopes satisfied your [Lordship] that he acted Bona fide and for the best. And it is inconceivable whence he could have any Temptation to enter into a Confederacy with a master to impose upon a merch. who formerly had been and Continued to be his Correspondent, his interest evidently lay the [?other?] way, and that is of Itself sufficient to remove any Suspicion against him.\footnote{NAS, AC9/1525/11, p. 2f.}

The “bottom line” of this was that

a factor can no doubt by virtue of a Commission, exceed it (\textit{i.e. the terms or sum agreed upon, P. R.}) so far as to make proper preparatives for the execution of it (\textit{the voyage, P. R.}), altho not expressed: \textit{Nam qui vult consequens Necessarium quoque antecedens Velle censetur.}\footnote{NAS, AC9/1525/10, p. 5.}

Ratien as a factor supported his view (“\textit{nam qui vult consequens necessarium quoque antecedens velle censetur}”) by remarking that, as soon as a merchant engaged a ship’s master (and consignee), he would implicitly invest both master and consignee alike with his trust in pursuing his business matters in absentia according to best practice. (Otherwise he would not have hired either of the two in the first place and would have done the voyage himself as a supercargo or commissioned it to more trustworthy persons). Therefore, the consignee could be expected to believe that in dealing with the ship’s master he was dealing with a person that was explicitly supposed to represent the best interest of the consigning – but absent – merchant.\footnote{Ibid.}
In the end, Ratien won the case. The implications on business patterns varying with firm size are clear. The basic risk of the consignment trade always was that, once there was a fixed time framework (for a ship’s voyage and/or commodity sale), the prices fetched could vary considerably from their expected values, so that factual net return and desired or anticipated profits might be quite different from one another. The prudent merchant would include a contingency for unforeseeable elements of risk into his overall budget calculations for a particular voyage. As shown above, in the case of BUCHANAN&SIMSON (a very large firm), the firm trusted their Hamburg and Bremen correspondents in finding a ready market, even if this were to take years. Furthermore, they did not have to worry too much, if some cargoes to Germany turned out to be losses ex post, as overall, by virtue of their large and multilateral business network with the Netherlands (Rotterdam, Ostende, Dunkirk), Africa (slaves), Caribbean (slaves) and North America (tobacco), they drove home large profits year after year.

The presently examined John Carmichael on the other hand, operating at a much smaller scale (and within a more traditional trading network) could not play the (German) market by waiting for a favourable price. He thus incurred losses in instances when risks materialized which he had not allowed a contingency for in his initial calculations. He also incurred losses due to prices on the Bremen market which he had no influence upon and yet thought he could attribute to the failure of others (wine, pipe staves). The way he dealt with the problem clearly proves that he did not understand (i) the business risks and costs of a comparatively short intra-European voyage across the North Sea in the winter, and related ongoing links to France and the Iberian Peninsula, which in total might well have taken four

128 The High Court of Admiralty adopted his position and ruled that Ratien was entitled to full reimbursement of his expenses. The centrepiece of the Admiralty Court decree was that these sums were part of the capital outlay of the voyage and thus to be met by the consigning merchant; even though the latter might not have desired or anticipated the total capital outlay to be that high. NAS, AC9/1525, Decree of the Judge of the High Court of Admiralty, 10 March 1743. The whole sum amounted to 625 Imperial Dollars 36 Grote or £121 6d 2 farthings Sterling plus £20 Sterling. The exchange rate was 43d (3s 7d) Sterling per Imperial Dollar.

129 Due to high purchase prices (wine, staves) and an unanticipated longer duration of the ship’s voyage which considerably increased his overhead costs.
months, and (ii) the potential risks he was facing if he sent cargoes to Europe on consignment. But the case examined at present also underlines that the consignment system was not an a priori beneficial commercial practice. It remained in fact ambiguous in terms of its imputed value as an economic institution facilitating long-term economic growth in North-Western Europe. The basic elements of this trading method were (a) that the consignee needed a certain autarky in terms of his chronological framework and operational range, in order to sell the consignments at an optimal price. (b) Profits and losses could occur simultaneously (i.e. on the same voyage on different cargoes). This was an element the “reasonable” trader needed to be prepared for. But as costs and risks of a trading voyage increased with the latter’s duration, elements (a) and (b) could sometimes amount to a conflicting or even contradictory scenario for the merchants involved. Either a consignee was advised to stick to a fixed time framework for sale, due to limited financial resources of the consigning merchant, who might want to speed up a ship’s voyage, particularly if it comprised several destinations. This was the case in the court case involving John Carmichael. In this case the merchant would have to include losses (or lower sales prices than anticipated) into his planned scenario. Or the consigner gave the consignee a free hand in choosing the optimal market constellation (as Buchanan & Simson usually did). Then the overhead costs for the voyage (crew’s wages and provisions etc.) might increase, with an increase in the time span between consignment (or ship’s arrival) and sales of the cargo. Or else, the consigner might have to wait longer for sales’ proceeds booked to his account, which might strain his current liquidity reserves and thus increase his overall business risk, in particular if bills or other short-term liabilities became due.

130 The initial cause for anger on Carmichael’s account had been that the ship’s captain had – without his consent – bought provisions for four months in Bremen, anticipating the duration of such a link to France (Dunkirk), Spain (St Lucar) and Lisbon.
In conclusion to the present chapter the following statements can be made. First, the larger Scottish merchants trading to Germany had firm vested interests in the colonial trades, importing tobacco, sugar, rice etc. from the American colonies which they would send on to continental markets, part of which would be the large free ports of Bremen and Hamburg. Examples of this pattern were BUCHANAN & SIMSON\textsuperscript{131}, as well as Thomas Douglas & Co.\textsuperscript{132} They were less involved in the exports of domestic products, such as Scots salt and fish, but took full benefit of Scotland's recent inclusion (1707) in the institutional framework of the English Navigation Acts and the profit opportunities – as well as potential risks – this Atlantic business had to offer. Secondly, differential operational scales led to different time frameworks for sales and differential risks in terms of profits or losses incurred.

Although either type of merchants examined (very large-large-rather small) operated multilaterally and generally on the consignment basis, their profit opportunities, as well as their particular motives for practising multilateralism were obviously different. John Carmichael, the smaller merchant for instance, traded to Germany mainly in order to raise cash for the pipe staves he needed for the wine he intended to buy in the Iberian Peninsula. If it would not have been for the purchase of the pipe staves, he (probably) would have had no particular occasion to send a ship with salt over to a German port. He needed to raise cash in northern Europe in order to settle an unfavourable balance with the South. BUCHANAN & SIMSON on the other hand (and very probably Thomas Douglas as well), were not led by pure cash flow in their decision to incorporate a German market into their overall plans. Within their business, the German market was only one minor branch amongst others. They did not have to raise cash in Germany (they would raise much more cash or bills in the Netherlands by sending tobacco directly to Dutch ports, prior to their on-going voyages to Africa). Although this large firm also had a favourable balance with

\textsuperscript{131} Present chapter, section 8.2.
\textsuperscript{132} Present chapter, section 8.3.
Germany, this favourable balance was obviously not intended to directly finance their ongoing links (to Africa, the Caribbean, and so on).

Thus the evidence – limited as it may appear – seems to suggest that multilateralism was generally observable in intra-European trade, quite regardless of the actual firm size (or the size of the merchants’ transactions). The “European” contingencies of early modern Scottish trade are also clear. Whilst large and smaller merchants alike had to incorporate the rate of exchange for bills from Hamburg on London into all their planning and profit calculations\(^{133}\), the prime mover for a small merchant to send over fish\(^{134}\) or salt\(^{135}\) to Germany was an anticipated bill from Hamburg on Amsterdam or a purchase on the Iberian Peninsula. Often it was the French market that needed to be considered as well, when assessing German conditions of demand and supply: how much tobacco would the French buy in Glasgow and London, i.e. how much was available during the next months to be sent over to Bremen? How much sugar and coffee had come directly to Hamburg from France, i.e. what were the likely profit margins for British sugar and coffee sent to the Hamburg market?\(^{136}\) – And so on.

The basic, and in a sense most general insight of the present chapter, however, is that a purely statistical viewpoint of “Scottish overseas trade” as such is an oversimplification of reality. Without further examination of persons, motives, as well as transaction and payments mechanisms involved in the trades, the analytical outcome of analyses, which are based purely on customs accounts and trade statistics, would mean to reduce the topic to pure measurement without much explanatory value beyond the basic insights economic theory has derived from Ricardo’s comparative advantage and Heckscher and Ohlin’s specific factor models. The present chapter has therefore complemented and completed an economic analysis of Scottish overseas trade by examining the German link as pars pro toto or ceteris paribus (reducing the topic to a manageable task). Similar micro-analyses of Scottish trade, especially with the Netherlands, would be extremely desirable, not only because trade with Germany was of a comparatively minor size (compared to Scottish trade with, say, French or

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133 Baillie John Steuart (Inverness, fish), Buchanan&Simson (Glasgow, tobacco, sugar, rice)  
134 Baillie John Steuart, present chapter, section 8.1.  
135 John Carmichael, present chapter, section 8.4.  
136 Buchanan&Simson.
Dutch ports), but also because a lot of external finance relating to trade with any north-western European nation (be it the Baltic countries or those facing the North sea), seems to have been settled via either Amsterdam or Rotterdam.\textsuperscript{137}

9 Conclusion

Scotland was a small, low-level-stable-state economy, located at the north-western European periphery, with a share of perhaps 80 per cent of her population being employed in and earning their main income from agricultural activity. Prior to 1760 the primary sector was largely stagnant in terms of output and low productivity levels. Due to a not particularly favourable climate, soils were hardy and difficult to cultivate in all but the most fertile areas in the central Lowlands. Agriculture was mostly extensive and required considerable inputs of labour in order to yield only modest results. Yield figures for the basic crops cultivated at that time – barley and oats – did not normally exceed three to four times the seed sown. This suggests that agriculture was already moving beyond the vertex of Turgot’s postulated production function, i.e. exhibiting declining marginal returns. Harvest failures were common and not always or entirely exogenous, but also co-determined by what was often a fairly inefficient system of cultivation (chapter 4, esp. section 4.3.2.3.2.4). This kept total factor productivity levels low for the entire economy and largely prevented the occurrence of structural change and economic growth. It is possible that some characteristic proto-industrial dynamics were observable, 1740-1760, with linen output and excise yield figures trending up whilst nominal wages remained stagnant and real wages declined (chapter 6). Possibly an expanding proto-industrial sector drew upon a significantly large level of disguised agrarian unemployment and underemployment, managing to increase production levels without per capita national income increasing significantly. But more work on eighteenth-century Scottish agriculture and industry needs to be done in order to confirm whether the model of “proto-industrialization”¹ applies to mid-eighteenth century Scotland, too.

The largest production branches of the industrial sector, linen and woollen stuffs, were hampered by low productivity levels, too, accounting for, as well as being a result of, low real wages (chapter 6) and accordingly a low quality of the

CONCLUSION

The tertiary sector of the Scottish economy was partly buoyant and partly stagnant. At the end of the 1750s there were only three banks in Scotland, which, however, had begun to extend their lending activity, especially by the creation of modern overdraft facilities. Other branches, such as domestic services remained trapped in their low potential for economic expansion, as nominal wages remained extremely low even by Scottish standards and stagnated, whilst real wages declined 1700-1760 (chapter 6). In this way, large sub-sectors of the tertiary sector suffered from Baumol's cost-disease problem. But the tertiary sector also contained the key to and major source of economic expansion prior to the industrial revolution: trade, shipping services and related spin-offs. After 1736 Scotland's trade underwent a spectacular change in its growth rate, managing to triple the amount of imports and

most probably gross total trade (imports+exports+re-exports) handled between 1700 and 1760 and perhaps quintupling this figure between 1736 and 1776 (chapter 4).

Since the later seventeenth century England had begun to replace the Netherlands in terms of commercial dynamics, exchange mechanisms and shares in world trade handled. Between 1629 and 1686 the size of the English merchant marine had tripled and towards the end of the century matched the fleet of her main competitor, the Netherlands. Between 1720 and 1820 “British” overseas trade volume grew at an annual rate of 2 per cent, whilst the Dutch trade declined at a rate of 0.2 per cent per annum.3 London in the eighteenth century became the financial hub of the western world.4 This development rested to a not inconsiderable extent upon the dynamic expansion of the English overseas trade volume since about 1660, increasing shares of which would now take place with her colonial and quasi-colonial possessions in the New World and their products, such as tobacco, sugar and rice from the West and tea from the East Indies. The main markets for these products would be in continental Europe.

Scotland partook in this development to an extent after 1707, albeit with a time lag, and on a decidedly different scale and scope (chapter 6, section 6.1). Within the English colonial system and an economic and financial “world”-system increasingly centred on London (including Amsterdam and the newly-emerged financial centre Hamburg), Scotland after 1707 remained a political and economic satellite of England. The only exchange rate quoted from a Scottish financial centre (Edinburgh) to another financial place on a regular (i.e. weekly) basis was the exchange rate on London.5 The possibility of legal trading with the English colonies by the inclusion of Scotland in the institutional framework of the English Navigation Acts (1707) was achieved by giving up political sovereignty instead, but obviously not used to full potential, since the Scottish per capita trade volume remained very

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5 Denzel, Zahlungsverkehr, p. 419.
small and amounted to only one-fourth of the English value in official figures (1755). This phenomenon could be explained as follows, picking up on the seven hypotheses put forward in chapter 1.

- **First hypothesis**: Scotland's trades, expanding after c. 1736, rested on the three pillars: (a) the overseas trades, dominated by the colonial link (imports of tobacco and sugar, re-exports of tobacco); (b) the overland trades with England (cattle, linen exports), as well as (c) trade through the black market sector (tea, tobacco). All of these three branches attained similar dimensions in value terms and grew at equal rates after the 1730s, if the available quantitative and narrative evidence, presented in chapters 4, 5 and 6, is interpreted accordingly.

- **The second hypothesis** was that the predominance of tobacco in Scotland's total exports and imports overseas was the result of the taxation system (English Customs System), superimposed upon a small traditional economy (chapters 2, 3) whose export sector was weak (chapter 6). For the overseas trades, the inclusion of Scotland in the English Navigation Acts, allowing direct and legal access to American re-exports, in combination with a taxation framework that effectively discouraged the domestic consumption of these commodities, whilst offering generous draw-backs of customs duties if these commodities were re-exported from Britain, meant that trade was channelled towards particular commodities, mainly sugar, tobacco, rice, coffee, ginger and the like. The fact that only tobacco could draw back 100 per cent of import duties, made it the most likely commodity to be traded by denizens of an under-developed economy that had to bear the fiscal burdens imposed initially upon its more affluent and more developed senior partner to the south.

By virtue of 1707 a "colonial power", Scotland also followed the experience of European nations with overseas colonies or access to the latter's products – Spain, Portugal, France, the Netherlands, England, later on
also Denmark\(^6\) and Sweden.\(^7\) These nations sustained exponential growth in their legally recorded re-export trades after 1740.\(^8\) At precisely the same time Scotland’s “long eighteenth-century overseas trade cycle” (1736/8-1776) commenced. Some of the traditional constraints to economic growth, i.e. an essentially agrarian structure of the domestic economy, limiting especially the available portfolio of tradable commodities, constraints that were shared with other contemporary economies in North-western Europe with an economic structure similar to Scotland (Scandinavia, Germany, Poland, Russia), were in Scotland’s case successfully overcome by a mixture of legal (implied by the Treaty of Union) and illegal measures. After an initial period of germination and catching-up with the larger and more developed colonial trades of London, Bristol and Whitehaven (1707-1736), the Scottish tobacco trades underwent a remarkable transformation by tripling their output in a comparatively short period of time (1736/8-1776).

The third hypothesis (chapters 4, 5), relating to the overland trades, which after 1707 vanished from the statistics, claimed that the institutional superstructure (1660 English Customs System, customs union between England and Scotland, 1707), in the same way as suggested in the second hypothesis, further encouraged the growth of Scotland’s second commercial pillar. The now (1707) custom-free access of Scots cattle and linen to the English market not only resulted in a tripling of these exports over the period under consideration, so that these traditional trades in 1760 still surpassed Scotland’s colonial trades in value terms (chapters 4-6), but also greatly stimulated Scotland’s eighteenth-century economic development (chapter 6).


As late as 1765, Scottish exports to England in value terms surpassed imports from and exports to the American colonies, as well as re-exports of tobacco, sugar and rice from Scottish ports to European destinations.

- The fourth hypothesis (chapter 4) could be proven using chiefly non-quantitative evidence. All available materials suggested that in value terms, the Scottish tea trades attained monetary dimensions similar to the legal and illegal tobacco trades after 1740, and by the same token, the Anglo-Scottish link. The historically significant Scotland-Gothenburg connection, albeit reliant exclusively upon trade through the black market sector and mafia-like activities (organization of smuggling), nevertheless was embedded in truly European, if not global, conditions of demand and supply (chapter 4, section 4.3.4). By switching to a supplier not much further away than London but decidedly cheaper – the Swedish East India Company in Gothenburg – Scots took the marketing of tea in the northern half of Britain entirely into their own hands. Taken together the value of tea and tobacco traded through the black market sector must have at least approached, if not far surpassed, the value of those items traded legally, 1700-1760. Again, as with hypotheses 2-4, this was the result of the peculiar taxation system (English Customs System 1660/1707), which either employed tax rates well in the excess of what the domestic consumer was able to bear, or which monopolized the importation of certain non-essentials to certain channels. Either way, this led to retail prices quoted for legally traded items that were far in excess of what this economy could factually bear. Thus the institutional superstructure that changed for Scotland with the customs union in 1707 in fact linked back into every three of the pillars of Scotland’s subsequent commercial activity.

- The fifth hypothesis (chapter 6) was that overall, however, the Scottish economy was neither particularly open nor export led. Trade was an unlikely candidate for stimulating economic growth. During the period under consideration Scotland’s overseas trade was an entrepôt trade, marked by a ratio of re-exports to total exports exceeding 50 per cent. Using a variety of available economic indices it could be shown that trade neither caused nor fuelled economic growth to a significant extent, chiefly because Scottish
national income per capita stagnated over the period, and the links to
domestic economic activity were arguably weak (chapter 6, sections 6.1-2).
Throughout the period, the Scottish potential of earning export incomes was
kept at a sub-optimal level. This was due to the fact that those commodities
that featured most prominently on the Scottish export account were either low
value-added (cattle, linen, domestic exports) or were limited in number and
left the country as soon as they entered it in virtually unprocessed form
(tobacco, re-exports). The profitable entrepôt trade in sugar, coffee, tea and
spices remained largely limited to England after 1707 (chapter 6, section 6.1).
In this way, the Scottish economic experience corresponded fairly closely to
prevailing northern European conditions (chapter 6, section 6.3).

- **This led to proving the sixth hypothesis:** Clearly there was no or only
infinitesimally small per capita income growth in Scotland, 1700-1760
(chapter 6, section 6.2). Historians aware of the rapid growth of some sectors
of the Scottish economy (linen, cattle, tobacco) and the “index number
problem” will not be puzzled by this hypothesis, because humble or even
almost non-existing economic growth might be – and in the historical, as well
as cross-sectional perspective always was and is – imbalanced across regions
or sectors.

- The **seventh hypothesis** (Part II, chapters 7, 8) has been that early modern
Scottish trade was – contrary to what the statistics might suggest – not
normally bilateral. This raised the issue of foreign markets, European
dimensions and the general international contingency matrix which Scottish
foreign trade was embedded in. The trades with Germany were chosen as a
*pars pro toto* example, using a comparative and cross-country analysis of
similar sources. Thus Part II of the present study has shown how closely
integrated trade between Scottish and German ports was into (1) the British
Atlantic economy – defined by the emergent British Empire, its commercial
and institutional foundations (Navigation Acts), (2) the general North-
Western European system of commodity exchange and (3) financial
transactions, the corollary of the former in accounting terms. Each of the
three incorporated locations beyond either Scotland or Germany. Trade
between Scotland and Germany was dominated by re-exports of those staple commodities obtained in the British colonies that accounted for the major observable commercial dynamics in the period – chiefly tobacco, sugar, rice and coffee. With regard to imports from Germany, this particular trade flow linked back into the “Atlantic economy” by the imports of German linens, which were re-exported to the British colonies. Even domestic exports of herring, cod fish and salt to German ports were often part of a larger goods’ circuit, too, that comprised, apart from Germany and Scotland, the Netherlands and the Iberian Peninsula as well. Outstanding balances were, so to speak, settled multilaterally.

The large German North Sea ports of Hamburg and Bremen, by operating a commercial policy towards “free trade”, however, not only channelled British imports. In fact, the same commodities, which normally came via Britain, were also obtained from “rival” nations such as France and the Netherlands. Accordingly, British, or in the present case, Scots, traders frequently faced stiff competition on the German market where conditions were more often than not determined by Dutch, French and Spanish sales. This applied mainly to tobacco and sugar, the former a Scottish, the latter an English staple, but also to rice (chapter 7, sections 7.3.3-4). Even though towards the end of the period under consideration Scottish ports at times handled more than 50 per cent of British tobacco imports and re-exports, the powerful Glaswegian monopoly on British colonial tobacco did not translate into a monopoly on the German market. Apart from the fact that some tobacco was cultivated in Germany itself, German demand seems to have favoured Dutch and Spanish colonial tobacco. Thus on the German market Scottish tobacco traders were price takers, and profit opportunities presumably contingent upon the much larger supply of other colonial powers.

Thus Scottish-German trade in the period was actually determined by neither German demand for, nor Scottish supply of, colonial and other goods (or vice versa) alone; it all took place within a larger pan-European contingency matrix. It is likely that such a situation obtained in most cases, i.e. Scotland’s European trades in general.
In very general terms therefore, early eighteenth-century Scottish overseas trade, albeit tiny in terms of relative numbers, nevertheless was a phenomenon of truly global terms and dimensions.

A concluding “bird’s eye” view with regard to the economic effect of the Union 1707 might be in order at the end of a thesis of the present scope. In which sectors was the impact of the 1707 Treaty felt most profoundly and since when? Were these representative sectors of the Scottish economy? First, as the analysis has shown, trade and linen production — those sectors experiencing the largest output growth rates, 1700-1760 — were not necessarily the most representative sectors of the Scottish economy. Available real wage data, as well as evidence from studies on Scottish agriculture have suggested that throughout the period agriculture retained by far the largest share in Scotland’s national income (a share which needs to be looked for in the area of 80 per cent). There was only one sub-branch of an overall sclerotic agrarian sector which experienced some output and export growth after 1707 and formidably indeed thanks to 1707: the cattle trades and the possibility of sending cattle to England free of duty as of Mayday 1707. Generally speaking, however, the analysis in chapter 6 has made it clear that the most dynamic sector of the Scottish economy in the period (trade) also was by far the smallest sector of Scottish national income. Asking for a general macro-economic effect of the Union 1707 therefore, in a sense means posing the wrong question. It was most exclusively trade — a tiny share of total economic activity and a truly marginal phenomenon — where some impact on output levels would be felt; this impact, however, came with a time lag of at least 30 years.

Trade levels expanded since the later 1730s, but within an otherwise largely stagnant macro-economic environment. Without doubt this could not have happened without the institutional framework of 1707 (Scottish access to products of the English colonies, protection of the Scottish merchant marine by the English Navy) being in place (but note the time lag!). In fact the regulations concerning trade that were introduced in Scotland in 1707 based on the English Restoration Customs System (1660) codetermined the rise of a warehouse economy in Scotland, due to
the particular taxation mechanisms introduced as of Mayday 1707. As shown in
chapter 2, this system of regulations and taxation mechanisms allowed the custom-
free importation only of tobacco, if it was re-exported not more than three years after
importation. Likewise it provided credit on pending customs duties which became
due upon import either way, thus facilitating the smooth rise of an entrepôt or re-
exporting business (chapter 2). In a virtuous circle, this system freed merchants from
real financial burdens that accrued mainly at precisely the same time when their
liquidity reserves were most likely to be run down or strained, i.e. at the point
between purchase (import from America) and final sale (transfer of sales’ yields
from European sales / re-exports). As there were not many other competitive
products that had originated in the Scottish domestic economy (chapter 6), which
could be exported to foreign markets, Scots merchants were in a sense drawn into the
tobacco trades by an institutional system that was restrictive-prohibitive in many
ways, yet extremely generous in one regard: trans-shipping tobacco from America to
Europe via British ports. Therefore these technicalities (English Customs System,
Acts and regulations, 1660) were – and this has been the essentially new hypothesis
of the present work – at least as important for the emergence of the peculiar
eighteenth-century Scottish trade pattern, i.e. the “big business” in tobacco, as the
traditional reasons usually cited by scholars, such as Glasgow’s convenient location,
infrastructure and credit mechanisms developed by the Glaswegian merchants in the
1720s and 1730s would suggest.

Therefore the immediate commercial impact of the Union 1707 came with a
time lag of at least 30 years (chapter 4). The colonial trades only expanded from the
late 1730s onwards. Prior to 1740 not much of a change that was due to the Union
1707 could be felt in macro-economic terms. And whilst Scotland, unlike Ireland, did
not decline to economic under-development (thanks to the dominating demand of the
imperial core – England – for primary products, preventing the emergence of an
industrial society in the dependent periphery), it must be stressed on the basis of the
available evidence (chapters 2-6) that this process of divergence did not commence
prior to the 1760s, but needs to be seen as a post-1800 phenomenon. As late as 1760,
Scotland’s chances of meeting a fate similar to Ireland were still dangerously similar
to Ireland’s.
Sources

Abbreviations used in the Text:

Archival Locations:

ECA    Edinburgh City Archives
GCA    Glasgow City Archives
NAS    National Archives of Scotland
NLS    National Library of Scotland
TNA    The National Archives (formerly Public Record Office, England & Wales)

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E504/17/1-2  Inverness
E504/18/1-3  Irvine
E504/20/1-3  Kirkcaldy
E504/21/1-2  Kirkcudbright
E504/22/1-7  Leith
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- GD 51/3/194/1-2 Letter from Islay Campbell to Henry Dundas Regarding Tea Trade / Tea Smuggling, 10 January 1785
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GD215/184  Assignation by James Mansfield & Co. to Allan Clark, writer in Edinburgh for part of a sum payable to Thomas Douglas in Montrose for six hhds of tobacco, 9 April 1754

GD219/290  John Murray of Murraywhat Letter Book

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EcHR Economic History Review
HGbl Hansische Geschichtsblätter
JbWJG Jahrbuch für Wirtschaftsgeschichte
JEcH Journal of Economic History
JEEcH Journal of European Economic History
ScandEcHR Scandinavian Economic History Review
ScotJournPolEc Scottish Journal of Political Economy
SHR Scottish Historical Review
VSWG Vierteljahresschrift für Sozial- und Wirtschaftsgeschichte
WMQ William & Mary Quarterly
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