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Merchants and mercantile life in colonial Philadelphia, 1748-1763

Harry D. Berg
University of Iowa

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MERCHANTS AND MERCANTILE LIFE IN COLONIAL PHILADELPHIA

1748-1763
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Harry D. Berg

A dissertation submitted in partial fulfillment of the requirements
for the degree of Doctor of Philosophy, in the Department
of History in the Graduate College
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CHAPTER I
THE BUSINESS STRUCTURE

The merchant was the grand figure in the business world of the eighteenth century. His importance stands in sharp contrast to that of other agents in the system of production and distribution of this age. At the one end were the manufacturers -- small scale producers dependent upon the merchants for their markets and often for their capital. At the other were the retailers, operating on an even smaller scale than the manufacturers and dependent upon the merchants for the credit which enabled them to secure the goods they sold. Between the manufacturers and the retailers lay the wide domain of the merchant. Within it he performed the functions most vital to the conduct of commerce in his day. He supplied capital, assumed marketing risks, and opened new markets in distant parts of the empire. In the absence of specialized agencies for those purposes he might be at once shipowner, banker and insurance underwriter, serving both himself and others in these capacities. He usually restricted his activities to buying and selling in wholesale quantities, but might on occasion turn retailer. All of the varied operations were performed without leaving his counting house, making use, if need be, of agents

scattered throughout the trading world. A study of the business structure which the eighteenth-century merchant built and used may well begin with the process by which a person became a merchant.

There was no common pattern of training followed by all who aspired to become merchants, yet the avenues of approach were comparatively few in number. The merchant's business as conducted in eighteenth-century Philadelphia was sufficiently complex to require a special knowledge for its handling and of such a scope as to require a rather large original outlay of capital.¹ To acquire both of these in sufficient quantities to insure a prospect of success, the typical Philadelphia merchant had first to serve some other merchant in the capacity of apprentice to learn the proceedings of the counting house, then to act as supercargo to gain experience of a different kind and to begin the accumulation of a stock of capital, and finally to establish his own firm as resident factor and merchant purchasing on his own account. Not infrequently a merchant developed directly from an apprentice and equally often from the quarter-deck.

In a few instances, retailers and even those with no business background whatsoever entered immediately upon a mercantile career. Their number was small, however, in comparison to those who had received their

training in the orthodox manner.² Merchants looked upon retailers as occupying a distinctly subordinate position in the economic system. Any attempt on the part of English merchants to sell to retailers in wholesale quantities and at wholesale prices immediately brought forth the opposition of the local merchants who considered the latter their legitimate customers. This was particularly true when the retailer sought goods abroad on credit. If the Philadelphia merchants found it necessary to operate on credit most of the time, it is hardly to be expected that the retailers would have sufficient capital to do without it and purchase for cash.³ It is improbable for these reasons that many retailers ever made the transition to merchants.

Because the merchants controlled both capital and training facilities they were in a position to exercise some control over the choice of their successors and competitors. And they tended to discriminate in favor of their own class. The apprentice found in the counting house or store of a typical Philadelphia merchant would be likely to be the son of a business acquaintance in one of the other colonies, or England, or even the merchant's own son. If not a personal acquaintance or relative, the youth's character would be carefully investigated before he was accepted. Once accepted, he usually was taken into

the home of the merchant who made himself responsible for the lad's conduct as well as his training. For assuming these obligations the merchant was usually well paid, although the services the apprentice was capable of rendering might be considered sufficient compensation.⁴ Together with clerks, who were paid a money wage for their previously acquired ability to keep accounts, apprentices furnished the merchant with the only regular help needed in running his firm.

Following the period of apprenticeship, the "would-be" merchant might gain additional experience, begin the accumulation of a stock of capital, and perhaps satisfy a feeling of wanderlust by serving his firm and others in the capacity of supercargo. The opportunity to see distant places and become directly acquainted with their markets would be considerably lessened once he had become a full fledged merchant. As a merchant with many ventures to many different places under his direction at the same time, he could not afford to expend his time and energy by personally following any one of them.⁵ The experience gained by a supercargo was equally valuable but of a different nature than that secured as an apprentice. As an apprentice the beginner had learned to keep accounts, write a proper business letter, and care for routine tasks. As a supercargo he was entrusted

by his employer with an order of goods, and expected to dispose of it to advantage. To do so necessitated a knowledge of markets and means of making remittances, which he could use later in his own interests. The commissions received for buying and selling on his employer's account, if carefully invested in future cargoes, would in a few years enable the supercargo to settle down as resident factor or merchant. Because their experience had been largely in West Indian markets, many settled there for a time before moving back to Philadelphia, and some remained there permanently. In the West Indies they continued to do a commission business for their old principal and other Philadelphia firms.⁶

The person establishing a firm would undoubtedly give some thought to whether he should be sole owner or take in a partner. A partnership had the advantage of doubling the amount of invested capital, for each member usually contributed to it in equal amounts. On the other hand, a disadvantage arose from the fact that one unscrupulous or irresponsible partner could ruin the other. Then, as now, each member of a partnership was unlimitedly liable for the commitments of the firm.^{6a} Partnerships as such could incur debts, grant credit, and commit in buying and selling.⁷ If a partnership were decided upon, it would be made for a specific number of years, probably

two to seven.⁸ On the expiration of the period for which a partnership had been formed, the decision on renewal or dissolution was made, either partner having the right to withdraw without the consent of the other. Upon dissolution all debts were called in, the remaining stock was sold, and a division of the assets made according to the share each had in the business.⁹

Family relationships frequently furnished a basis for the formation of partnerships. A merchant was generally more disposed to make a partner of one of his kin than to take in an outsider. Many of the most prominent firms in Philadelphia were based upon family connections. Until the death of the elder Willing, he and his son, Thomas, were associated in business together. Samuel Coates of the firm of Reynell and Coates was the nephew and adopted son of John Reynell. It is an interesting observation on the strength of family ties that Reynell operated without a partner from 1729 until 1771, the date when he took in Coates.¹⁰ At one time there were three Norrises engaged together in the same establishment. If a close relative was not available, an especially promising young man who had gained experience with the firm might be taken in. This was the case of Robert Morris who, after serving as apprentice and supercargo for the Willings, was made a partner in 1757.¹¹

Partnerships and single proprietorships were the sole forms of business units in Philadelphia during the eighteenth century, making this a period of small enterprises built upon individual initiative. The absence of corporations is evidence that the capital and credit available to a partnership or single proprietorship was sufficiently great to finance most ventures which merchants desired to undertake. The colonial government had the power to erect corporations, and there were examples of them in other fields, but they were not utilized in Pennsylvania for mercantile purposes.¹²

When a merchant desired to spread risk and concentrate capital, he resorted to sponsoring joint ventures with other mercantile firms both at home and abroad. Merchants consistently made the greatest possible use of their available capital. It was seldom allowed to remain idle, but was continually reinvested in business enterprises.¹³ As a result, it was likely that increasing business opportunities would find the merchant without sufficient capital and credit to finance all the ventures which he might wish to undertake. Under such circumstances, the merchant often arranged temporary associations with other merchants for the purpose of holding joint shares in a cargo. These associations differed from the usual partnership in that they were for a specific venture,

and each merchant was liable only for his own investment. They might be made between merchants in the same port or in different ports. Successful ventures conducted in this manner often resulted in others and created business relations which lasted for many years.¹⁴

The beginning merchant probably would find it most to his advantage to function solely as a factor, that is, derive his income from commissions received for selling goods belonging to another. By being satisfied with the smaller profits secured in this manner as compared with outright purchases, he would be able to conserve capital and avoid the risks of bad debts and unprofitable sales to which he would otherwise be liable, and then, as experience and capital increased, he could make with greater safety the transition to merchant purchasing primarily on his own account. John Reynell affords a good example of one who started in this manner and later made the transition mentioned. Reynell's first sales were entirely of goods consigned to him by his cousin, Michael Lee Dicker of Exon, England.¹⁵ In 1735 he was still well satisfied with an income based upon commissions.¹⁶ In 1741 he was selling partly on commissions and partly on his own account, and by 1744 he had apparently dropped the commission business to such an extent that his principal, Michael Lee Dicker, who sold solely on this basis, considered

severing business relations with him.¹⁷ Too much emphasis, however, can be placed upon the commission business as an expedient for young merchants with little experience and capital. Well established firms in both England and America engaged in factoring to some extent.¹⁸ John Reynell as late as 1750 was receiving consignments from Wm. Hillary, and Willing and Morris, one of the largest firms in Philadelphia, stated that "our plan lies chiefly in the commission way."¹⁹ Nor was there such a discrepancy between commissions and profits from outright sales. James and Drinker, who did both types of business, informed a correspondent in 1758 that the two were almost equal.²⁰ Looked at broadly, factoring furnished merchants with the instrument by which they could from the counting house open up new markets and transact business abroad. By making use of factors, English merchants could furnish the original impulse of capital and initiative by which intricate patterns of trade were built. For example, John Reynell upon the orders of Michael Lee Dicker received goods to be sold upon commission from Madeira and the West Indies as well as England. Reynell in turn sold these goods and made commodity remittances to the places from which he had received them, again all upon the account of Michael Lee Dicker.²¹

Since it was sometimes necessary for a factor to make remittances or advances for his principal prior

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to the sale of the goods, the factor must be a person of some capital. The system of making advances arose out of the universal desire of merchants to have remittances made as rapidly as possible, thereby keeping their capital in constant use, and also out of the responsibility of factors to secure remittances when they could be obtained most advantageously. The goods which Philadelphia merchants sold were sold upon credit, while the goods which they bought for remittances were bought for cash. As a result, if a principal desired an immediate remittance, it could, in most cases, be made only through an advance out of the factor's own pocket, the factor being recompensed upon the ultimate sale of the consigned goods.²² John Reynell, six years after starting in business, told Michael Lee Dicker that he was always willing to be five hundred pounds in advance for him. The factor who was unable or unwilling to make such advances found himself handicapped in establishing business relations. If he were not willing to make them, there were others who were.²³ But the system of advances often caused strained relations between factors and their principals.

The prevalence of adventuring, or shipping goods without specific orders, accounts for much of the commission business done. Adventuring grew out of the peculiar conditions of eighteenth-century business. Today

it would be immediately possible for shippers to compare the prices of the market in which he purchased with those in which he proposed to sell. But during the eighteenth century the time which elapsed between the exchanges of information might result in shipping to a market which no longer existed. Rather than have this occur the merchant "adventured." Other reasons for the flourishing conditions of the adventure system were the desire to try new markets, or to find the best market, and the desire to introduce new products. Philadelphia merchants made great use of the adventure in the West Indies for the former purpose, and the English great use of it in Philadelphia for the latter.²⁴ The adventure system filled a real need and made possible an expansion of trade that otherwise could not have taken place. Its great disadvantage was that it sometimes produced overstocked markets. Not only were goods shipped without specific orders, but sometimes even against orders.²⁵ It is obvious that a merchant could not be expected to take upon his own account goods which he had not ordered. Ordinarily such goods were sold on commission.

The willingness of a Philadelphia merchant to receive adventures and to order goods for sales on commission when he could perhaps make a greater profit by purchasing on his own account can be explained by the fact

that he was both an exporter and an importer. He would sometime desire similar services in return. When he did, the difficulties he had in disposing of commissioned goods tempered his reaction to the slow sales of his own goods.²⁶ Of course, because of the nature of the balance of trade, American merchants sold larger quantities of goods on commission for English merchants than the reverse. In most cases it was the English merchant who secured the additional profits. But the factoring activities of English for American merchants were by no means negligible, and in another direction the American merchant received additional compensation. He held the same relationship to the West Indian and Madeira factors as the English merchant held to him. American merchants were continually adventuring large orders of goods to these places to be sold upon their accounts. All in all it is probable that their opportunities to purchase goods outright for sales on commission in other places were as great as their obligations to sell upon commissions for others.

One important variation of this exchange of services remains to be mentioned: the venture in which merchants in different ports were jointly concerned. To allow each side to share in the profits and to diffuse risk and responsibility, merchants frequently received and sent orders which were only partially on their own

accounts. This plan was used primarily in trade between two ports, as between England and America, or between America and the West Indies, although such variations of it appeared as an English and an American merchant jointly owning a cargo to be sent to a third merchant. Commissions were often made reciprocal which meant in effect that neither side charged a commission.²⁷

So far the discussion has been concerned primarily with the reasons for the existence of and the extent to which merchants participated in the commission business. Only incidental attention has been given to such aspects of it as the specific powers and limitations of commission merchants and the compensation they received for their services. A complete picture of this important type of business conducted by Philadelphia merchants requires that these be examined in more detail.

The commission merchant possessed extensive powers in determining how to execute the commissions which were placed in his hands. These powers grew out of the inadequate knowledge a principal had of conditions in his factor's market. He was forced to rely upon the judgment and integrity of his agent. Factors in turn sought to exercise their wide powers in the best interests of their principals. Not to do so would mean a decline in the amount of goods entrusted to them and perhaps retaliation

when the relationship was reversed. John Reynell expressed the obligations of a commission merchant in this manner:

"I hope that as long as I accept commission business these will always be my sentiments -- that a person acting in that state ought to be strictly honest, to serve them that he is concerned for as well as he would himself so far as it is in his power to do so and never to make use of any of their money but rather to use his own for them."²⁸

But despite best efforts on both sides, disharmonies arose; factors sometimes were accused of using their principals' money for their own purposes and selling their own goods first.²⁹ Such complaints, however, were the exception. Relationships between a factor and his principal often lasted many years and included nearly every kind of business transaction. It was not likely that an unsatisfactory sale could be explained upon the grounds of a factor's suddenly becoming negligent and dishonest. Principals were more inclined to submit to such sales with regret rather than protest and to regard them as being caused by conditions over which a factor had no control.³⁰

The factor was much more than a broker. He had possession of his principal's goods and he sold them in his own name. In many instances, after being informed of their first cost and charges, he was allowed to put his own price upon them which might involve making a decision

between holding them for a higher price or selling them at a loss.³¹ Frances Rybot after sending a venture to John Reynell informed him, "I leave you entirely master to sell them as you see good in every respect, only recommend if possible you sell at once and for cash or short credit and make money returns in goods bills."³² It was more common, however, for principals to set lower limits below which their goods should not be sold. Factors could sell goods upon credit but were not responsible for bad debts unless some "del credere" arrangement had been made.³³ They were also allowed some latitude in determining what form remittances should take. The common procedure was for the principal to specify a first choice and to name several alternatives.³⁴

Disposing of an order of goods required a series of services for each of which the factor received a commission in proportion to the cost and difficulty of its performance. Of the commissions received, those for making sales and commodity remittances were the largest and most important. Commissions on both were reckoned at five per cent, but an additional charge of one per cent was added if goods were placed in storage to await an opportunity to sell or remit. Other common services for which commissions were received were remitting, negotiating and indorsing bills of exchange, effecting insurance and recovering losses, and procuring shipping facilities.

Commissions were about twice as high as those charged in England for the same services, slightly higher than those charged in Madeira, and about the same as those charged in the West Indies.³⁵

Because there were no other means of securing a knowledge of market conditions, it was the duty of a factor to keep his principal informed of prices and their probable trends, what goods were in greatest demand, and rates of exchange. Correspondence between merchants was heavily weighted with this type of information, and even if concerned with other matters the letters had appended to them, as a matter of course, a prices current list. By carefully studying this data, the merchant could determine the quantities and character of his shipments. It was also the duty of a factor to keep his principal advised on the progress of sales. The latter expected to be informed of the persons to whom sales were made, the quantity of goods sold, the prices received for them, and the credit given. Principals were explicit in demanding this information be sent as often as possible since slow means of communication at best made it difficult to know the state of one's affairs.³⁶

Because he desired it and because there was really no alternative, if growth was to take place, the merchant's business developed rapidly from one which was

specialized to one which was diversified. Lack of contacts and capital caused the merchant's first ventures to be the exchange of a few articles with one or two correspondents. But within the space of a few years he had in his store nearly every article for which there was a demand and was making remittances in a variety of products and by devious routes.³⁷ Newspaper advertisements show that the typical mature merchant sold everything from nails to anchors and from silk handkerchiefs to sails.³⁸ Any one who did a considerable amount of commission business would obviously find it difficult to engage in a specialized trade. As previously explained, a factor was expected to dispose of any goods which were consigned to him and was given rather definite instructions with regard to the remittances he was to make. Such diversified products as wines from Madeira, rum and sugar from the West Indies and manufactured goods from England were frequently ordered into his hands for sale. He might be ordered to send grain, pork or staves to the West Indies, to purchase tobacco in Virginia, or to remit indigo, logwood, coffee, and other goods available for re-export purposes in the Philadelphia market. The situation was probably not a great deal different for one who purchased primarily on his own account. To pay off his unfavorable balance with British merchants he was forced to scour the Empire for means of

making remittances. If he had been able consistently to make his remittances in specie or bills of exchange without having to resort to commodity payments, the variety of goods handled could have been materially reduced.

There was still another reason for lack of specialization in the commodities dealt with by the colonial merchant. He found it greatly to his advantage to have a varied stock when selling to local customers. The long and monotonous lists of goods which made up his newspaper advertisements served a definite purpose -- to attract customers by informing them that every possible economic want could be satisfied at his store. Country retailers in the back parts of Pennsylvania preferred to trade with only one merchant in Philadelphia just as the latter preferred to secure the bulk of his manufactured goods from one principal merchant in London.³⁹ And because country retailers were unspecialized the Philadelphia merchant was of necessity also unspecialized. If he was not able to supply his customers with goods out of his own stock, goods which he had probably secured on credit, he was faced with the alternative of purchasing them from other merchants for cash or suffering a decline in trade.⁴⁰ A store which was "unsorted" was considered to be in an unhealthy financial condition.

Within this unspecialized business, however, there was often a degree of specialization. It might take

the direction of a concentration of trade to certain ports, or the sales and purchases of certain products, or a combination of both. Although he did a general business, Charles Willing said, "our chief business is in the export way of our commodities or goods imported from other colonies."⁴¹ John Kidd dealt primarily in tea, sugar and spices imported from England.⁴² Nearly all merchants traded to the West Indies, Madeira, and England, but this was not true of trade to other ports. James and Drinker did an extensive trade to North Carolina, John Reynell to New England, and Thomas Clifford to New York.

To be able to trade to a particular port in specific commodities at a time when that trade would be most advantageous made it necessary that the Philadelphia merchant have numerous and widely scattered agents. The first contacts abroad if not with a relative, which was common, were solicited through other Philadelphia merchants who were charged by their principals in England with keeping them informed of promising new customers and the credit standing of the old ones. Quality of character and family as well as sufficiency of capital and training furnished the usual basis for recommendations.⁴³ Once relations had been established with a few merchants, others came rapidly and without solicitation. English houses recommended firms in the West Indies and Madeira,

the latter often being branches of the former. Occasionally an American merchant made the trip to England or to the West Indies to establish new contacts, and occasionally an English merchant or his agent came to America for this purpose.

Manufactured goods were ordered from shipping merchants located in the great ports of England: London, Bristol, and Liverpool. Of these the London merchants were preferred in Philadelphia because of their prompter service, lower insurance rates, and greater acquaintance with colonial needs.⁴⁴ The commodities which were put aboard ship for Pennsylvania by these merchants probably had been secured from a number of warehouse keepers who in turn had obtained them from manufacturers located in various parts of the country.⁴⁵ Each of these middlemen collected a commission which ultimately was borne by the Philadelphia merchant and his customers. To reduce these charges, attempts were made to eliminate all or some of the middle men. These attempts sometimes took the direction of securing metal directly from Birmingham and Sheffield, and cotton goods directly from Manchester.⁴⁶ However, the resulting relationships with manufacturers were unsatisfactory. It was vital to the Philadelphia merchant that he be given extensive credit, and that his orders be given prompt dispatch. Shipping merchants were in a position to render these services while manufacturers

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were not. In addition, the shipping merchant, by assembling goods of every variety, could fill an entire order, thereby saving the American considerable bother and expense.

More successful than relations with manufacturers were relations with shipping merchants who secured their wares directly from the makers. It would seem that in purchasing from these that the advantages of dealing with a single house could be secured and a middle man, the warehouse keeper, eliminated. Disadvantages, however, existed. The time involved in relaying orders to a number of manufacturers might mean having goods arrive too late for profitable sale. Nor was the saving as great as was anticipated. Philadelphia merchants expressed the opinion that other charges dissipated apparent savings.⁴⁷ Merchants with long experience, John Reynell and Thomas Wharton came to the conclusion that service was of prime importance and that it was therefore best to secure their goods from one English house even though it might mean paying slightly higher prices.⁴⁸ The merchant who shopped around a great deal often found that in doing so he prejudiced his standing with his principal supplier.

The length of time required for sending and filling an order and transporting the commodities made it

necessary that the Philadelphia merchant anticipate demand and inform his English agent what goods would be likely to be most saleable.⁴⁹ Commonly the desired goods were described and perhaps samples sent. This device was improved upon somewhat when English merchants sent samples and requested that ordering be done by number.⁵⁰ To introduce new commodities English merchants frequently sent an order for trial, the Philadelphia merchant having the privilege of returning it if it did not suit his market. More infrequently English merchants or their agents made the trip to the colony to exhibit their wares or Philadelphia merchants went to England to place orders. Such trips were made not solely for the purposes of receiving or placing orders, but to establish new correspondences and to make credit arrangements.⁵¹ None of these devices functioned satisfactorily. Complaints from both sides were common. Philadelphia merchants were in the habit of comparing their goods with those received by other merchants or with those received from another English house. If, after such comparison, the goods in question were found to be too high priced or not as ordered, a protest was sent.⁵² English merchants replied that orders had been vague, prices had changed, or that their wares were superior to those of other merchants. Both sides were probably sincere in their contentions.

Lack of standardization of products and slow means of communication, factors over which neither had control, could not help but make it difficult for the colonial merchant to order and the English merchant to fill an order with exactitude.

When a cargo was received, an advertisement was inserted in the newspaper to advise prospective buyers of the shipment's contents and the terms on which it would be sold. Customers who were able to buy in wholesale quantities for cash or short credit were preferred. Selling wholesale meant selling to all who were able to buy the original packages, and not just to those who purchased for purposes of resale. The latter group, however, probably included most of those who purchased in this manner. Among them were the country retailers of the Delaware district -- small dealers in the back parts of Pennsylvania, Delaware, and West Jersey -- and the merchants of North Carolina who secured a large part of their manufactured goods from Pennsylvania.

Prices were determined almost solely by supply and demand. During times when goods were scarce an enormous profit might be made; when markets were flooded, goods were sometimes sold at a loss. If we are to believe the merchants, retailers were prone to go from store to store to make comparisons and haggle over prices.⁵³ The

original asking price was decided upon after the merchants had studied the quality of the goods, the costs, and the conditions of the market. If offers were lower than the asking price, the latter would be progressively lowered, or other means of sale resorted to, or both. Merchants disliked retailing, but if goods could not be sold at wholesale, the merchant was forced to turn retailer.⁵⁴ There were some merchants, however, who sold at both retail and wholesale from the start.⁵⁵ For the additional trouble of selling goods in this manner a slightly higher price was demanded, but not always received.⁵⁶

The antipathy of British principals and American merchants toward having stock lying dead, when the money in it could be invested in other ventures, prompted them ultimately to take drastic steps to dispose of their goods. When commodities could not be moved by wholesaling or retailing, there remained the possibilities of shipping them back to England or to some other colony, or sale at auction. Reshipping was usually preferred to sale at auction but involved taking greater chances because of the problematic condition of another market and the cost of re-shipment. In comparison with those which were sold at auction the commodities which were reshipped were usually good in quality but not suited to their first market.⁵⁷

At auction goods were sold for cash but almost always at a heavy loss. Consequently this method of sale

was not resorted to unless the goods had been lying long on hand or were defective for one reason or another.⁵⁸ Goods of this nature must have been plentiful in Philadelphia, however, for auctions flourished to such an extent that the merchants themselves thought that steps should be taken to curb them if the regular means of disposing of goods were to be maintained.⁵⁹

Making remittances for the manufactures received from England was a perennial problem of the Philadelphia merchant. Had an equal exchange of products been possible the problem could have been solved by a balancing of accounts. As it was the Philadelphia merchant was forced to exploit other possibilities: shipments of coin and bills of exchange secured in the West Indies and southern Europe, and indirect barter arrangements. Each of these means of remittance had advantages and disadvantages which varied from time to time. Furthermore, the form of remittances which the Philadelphia merchant desired to use was not always the form which the English merchant desired to receive. One central fact must be borne in mind when considering the problem of making remittances: that regardless of the specific means used, all were made possible largely by the demand for Pennsylvania products in the West Indies and southern Europe.

Barter when not refined through the use of bills of exchange and specie shipments is an inflexible and time

consuming means of making remittances. However, it was used extensively by eighteenth-century merchants. By sending a stock of goods to the West Indies or Madeira and exchanging it for products desired in England, and exchanging these in turn for manufactured goods in the latter country, the desired object could be achieved without the use of bills of exchange or specie. A combination of barter and bills of exchange was frequently used. A cargo of provisions sent to the West Indies might be exchanged for both a return cargo and bills on London. This obviated the necessity of taking products to England before returning to Philadelphia. Some firms in Madeira and the West Indies would agree to trade only on the condition that the Philadelphia merchants accept "wine pay" or "rum pay." Generally, even when direct barter was engaged in, a money value was placed on the products exchanged and some latitude given in the choice of the commodity in which the return was to be made. A Philadelphia merchant, for example, might ask his West Indian agent to send him rum, sugar, or molasses, as desired, in return for a cargo of provisions. Barter was used not because merchants knew no other means of remitting, but because it was often preferable to others.⁶⁰

Because of the nature of the balance of trade, the specie which was sent to England for the payment of

debts was largely Portuguese or Spanish coin which had its origin in the West Indies. It was accepted in England not at face value, but as a commodity whose value varied according to the price it would bring on the market. This was true not only because these coins did not circulate freely in England but because the common practice of clipping and sweating made difficult any computation of their value except by weighing them. To facilitate a decision on whether this means of remittance was preferable to another, the costs of bills of exchange and the prices of specie were added to the prices current list. When gold and silver were scarce in Pennsylvania and plentiful in England, the Philadelphian naturally preferred to use means more favorable to him if they existed. The reverse of this situation prompted the English merchant to discourage the use of specie for remittances unless he was a principal employing the Philadelphian as a factor to sell upon his account.⁶¹ There were certain constant charges which had to be paid when specie remittances were used. Freight charges, insurance and commissions for buying or selling specie had to be paid by the person on whose account the goods were sold.⁶²

Much more common than the use of specie for remittances was the use of bills of exchange. A bill of exchange was an order of a first person, the drawer, upon

a second person, the payee, to pay a specified sum in the currency of the payee's country to a third person, the payer. To these persons was often added a fourth, the endorser, who guaranteed payment of the bill. The idea of bills of exchange was not new; they were used during the Middle Ages, but the idea of negotiability was. Upon being endorsed, the bill could circulate freely much in the manner of a modern check.⁶³ This was especially fortunate for Philadelphians since the bills which came to their city were for the most part orders of merchants in the West Indies upon merchants in England. To insure safety four bills were usually sent, each in a different conveyance. The first to arrive cancelled the other three. Along with the bills was sent a letter of advice which informed the payer of the reasons for drawing. Merchants resented being drawn upon unless this was done. This was especially true of English merchants since they were frequently drawn upon when the drawer had no balance with them. If sufficient explanation were given in the letter of advice the bill was often honored even though funds for the purpose were lacking.⁶⁴ This practice was a factor in making bills of exchange credit instruments as well as a means of converting one currency into another. A more legitimate use of the privilege of drawing existed when an American merchant drew on one in England for

funds to purchase a cargo to be shipped on the account of the latter.

When a bill of exchange was received by the payer from the payee it was noted for either acceptance or nonacceptance. To be noted for acceptance meant that the bill would be paid when the period for which it had been drawn had elapsed. When paid the amount was passed to the credit of its last purchaser. A bill noted for nonacceptance was also allowed to lie for its period, but ceased to circulate freely. If, at the end of the period for which a nonaccepted bill had been drawn, the drawer had not sent effects, the bill was noted for nonpayment. Following the noting for nonpayment, it would be sent back for protesting to the person who had purchased it. Damages, as well as the face value, could be collected from the drawer of a protested bill. What these damages were was determined by the local laws of the country in which the drawer resided. Damages in Pennsylvania were twenty per cent of the amount of the bill, and in the West Indies, from whence came many bills of exchange, ten per cent of the amount plus ten per cent interest per annum. The payment of heavy damages was considered just because the purchaser of a bill might have suffered heavy loss as the result of the bill's not being accepted.⁶⁵ When damages had been paid, the bill could be renewed and again placed in circulation.

The price at which bills of exchange sold in Philadelphia was determined by supply and demand. Theoretically it should have been easy to determine their exact price at any time, but actually it was not. Due to the absence of banks, bills were sold by individual merchants, each of whom had some idea of the price they should bring. A merchant who wished to purchase a bill shopped around to find some one willing to sell a bill at the price he was willing to offer for it. A merchant who was anxious to realize his money might be willing to sell at less than one who could afford to wait for a higher price. When there were few bills on the market, it was particularly difficult to determine their price.⁶⁶ Nor were all bills equally desirable. Protested bills were so common that prospective buyers were willing to pay a premium to secure one which he knew was good, or else put off purchasing until he could secure one that was. A premium might also be paid to secure a bill in the exact amount desired. Bills drawn for thirty days, the usual sight, were preferred to those drawn at forty, sixty, or ninety days. Bills were drawn at long sight to give the drawer the greatest possible opportunity to send effects. In this way a long sight bill served as a credit instrument, in effect, a short term loan. But when bills were plentiful those drawn at long sight were hard to sell even at a discount.⁶⁷

The place on which a bill was drawn influenced its desirability and, consequently, the price it would bring. In making their remittances to Pennsylvania, agents in the West Indies were instructed to secure bills on England rather than on Philadelphia. Bills on the latter would have to be resold to purchase a sterling bill, for nearly all remittances ultimately centered in England.⁶⁸ Nor were all bills to England equally acceptable. Those which were payable in London were preferred to those payable in other English cities. London merchants at times charged a commission for negotiating bills not on their city, or, if they did not do this, they at least requested their customers in the future to buy bills payable there.

The Philadelphia merchant found that his transactions were facilitated and his interests, in general, best served if one merchant in England were designated to act as his banker. Creditors were instructed to draw upon him and debtors to send remittances direct to him. When a surplus existed this chief agent might be told to invest it according to his best judgment. Thomas Willing requested the London Thomas Willing to take such action whenever a balance of over £500 was built up.⁶⁹ On the other hand, when in straitened circumstances, the Philadelphia merchant often took the liberty of drawing

on his English agent although no funds for paying the drafts existed. This English merchant-banker was usually also the one from whom most goods were ordered and who performed a variety of other services such as securing freights, making insurance, and collecting debts -- services which the Philadelphia merchant was frequently asked to repay in kind. Relationships which were intimate and lasted for years resulted from the many opportunities of merchants to be of mutual service to one another.

FOOTNOTES

CHAPTER I

1. The following give some indication of the amount of capital originally invested in a merchant's business. James and Drinker said of a new customer whom they were recommending to their chief English House, Neate and Pigou, "He has been an Industrious Young Man, several Years followed the Sea and has been successful, -- is said to be worth at this time £3000 Currency most of which he Sayd he Intends in a little Time to enter into Dry Goods Trade. -- if he don't order very great cargoes we think he will be a Profitable Correspondent to you." James and Drinker Letter Book, October 9, 1763. At the start of business Charles, Samuel and Isaac Norris invested equal amounts to make up a total stock of £5332/32. Norris Ledger, 1735-1750. Each member of the firm of Jones and Wister invested £2169/15 to make up a capital stock of £4339/10. Jones and Wister Daybook A, 1759-1761. Two years after starting in business John Reynell informed Michael Lee Dicker that he had invested £500 in an adventure to the West Indies "which is only a quarter of what I am worth." Reynell Letter Book, September 25, 1731.
2. Daniel Clark realized in a measure the disadvantage of entering upon a mercantile career without previous training. When writing to Daniel Mildred in England he said "As I am but a Beginner and not bred to the Business some improprieties may happen in my order which please to amend and order that care be taken in the choice of my goods." Daniel Clark Letter Book, November 15, 1750.
3. James and Drinker sharply warned Neate and Pigou not to sell on credit to a retailer in these words: "We have no objection to your serving S Crouthers provided he send Remittances with his Order, and on other terms we think you will be wrong to serve hime, as what we have from time to time ordered for him we have been induced to do merely to prevent your doing his business on other terms, which we conceive would end to your prejudice with your best Customers, not but we esteem him an Honest Man and one to whom we give Credit but he is only a Retailer." James and Drinker Letter Book, May 11, 1763. Charles Read and George Mifflin are

examples of retailers who did become merchants. Within three years after they had received their freedoms they had saved enough money to begin their new careers. Bridenbaugh, Cities in the Wilderness, p. 203.

4. James and Drinker when refusing an apprentice whom Neate and Pigou were recommending to them made this statement: "The merchants of this place do their business either by apprentices with whom they have handsome fees or Clerks well versed in Bookkeeping and business so that there is no likelihood not withstanding his willingness and endeavours to obtain Employ to answer any other purposes." James and Drinker Letter Book, November 29, 1762.
5. After becoming a merchant John Reynell personally followed an adventure to the West Indies. For doing so he was reprimanded by his principal, Michael Lee Dicker, who feared that his interests would suffer despite the fact that Reynell had left them to be managed by another for half commissions. Reynell Letter Book, September 27, 1732. Other letter books show that it was only rarely that a merchant made a trip abroad.
6. Robert Morris, later of the firm of Willing and Morris, considered forming a partnership in Jamaica after travelling for the above firm as supercargo. He was dissuaded from doing so by Thomas Willing. Morris and Willing Letter Book, March 2, October 30, 1756. David Fogo, a former supercargo of John Reynell, wrote: "I intend to Settle here as a piece of a factor for those of North America that may please to employ me. My Brothers Executors gave me neat £400 about two months ago which with what little I had before makes my stock £1000 nearly and with this I intend to settle for am weary of the sea." Fogo continued to receive orders from Reynell after establishing his own firm. Reynell In Letters, January 14, 1754.
- 6a. Adam Smith, The Wealth of Nations, Cannan edition, p.699.
7. Heaton, Economic History of Europe, p. 355.
8. Ibid., p. 355.
9. Adam Smith, op. cit., p. 699. Norris and Griffith Letter Book, September 26, 1750. When the decision to dissolve was made, the firm of Norris and Griffith

inserted this advertisement in the Gazette: "Whereas the partnership between Norris and Griffith expires in the Spring, and William Griffith intending to leave the province then, all persons indebted to them are desired to make payments by that time. And to close the partnership will be sold at the lowest prices (for ready money only) a variety of European and India Goods just imported from London by the last vessels by Norris and Griffith." Pennsylvania Gazette, January 16, 1749/50.

10. Willing Letter Book. For three years previous to being made a partner by John Reynell, Samuel Coates had charge of a small commission business. Stephen N. Winslow, Biographies of Famous Philadelphia Merchants, p. 193.
11. Willing Letter Book.
12. Baldwin states that the "Free Society of Traders" which existed from 1682 to 1722/23, was the only corporation erected in Pennsylvania for trading purposes, and it was also interested in Real Estate. Baldwin, S. E., "American Business Corporations Before 1789," American Historical Review, VIII, p.455. Davis states that "Corporate privileges for business purposes were so uncommon in the colonies that without fairly definite and reliable data the presumption must be against their existence." Davis, J. S., Essays in the Earlier History of American Corporations, vol. I, p. 91.
13. There were no commercial banks in Pennsylvania during the colonial period. The term "Banks" at that time was applied to issues of paper currency. Davis, op. cit., vol. II, p. 34. When a merchant wished to borrow money he usually applied to another merchant. However, merchants preferred to invest profits in trade. Consequently, there was little fluid capital for borrowing purposes. This, of course, might be expected in a debtor community.
14. A cargo of provisions sent to Newfoundland in 1757, valued at £1721/2/8 was owned in the following proportions:

William Bard (supercargo)	£300
Robert Field	250
John Sibbald	250
John Biddle	150

John Baynton	£150
Evan Morgan	100
John Groves	100
James and Drinker	210/11/4
William Lightfoot	210/11/4

James and Drinker Letter Book, September 1, 1757.

15. Reynell Letter Book, 1729 to 1732.
16. Reynell Letter Book, September 15, 1735.
17. In 1741 Reynell received a shipment from Daniel Flexney which was sent, according to Flexney, "by thy order for thy account amounting to £173/2/9 & on Company account between thee and me each half amounting to £408/2/8 & on my own proper account amounting to £394/8/11 and on account of Jacob Chitty and me each half amounting to £175/13/2 -- "Reynell In Letter Book, September 26, 1741. Dicker's statement was to the effect that "I conclude it is owing to thy being of late gott into a way of sending for those European Goods on thy own Account & if that be the Case I cannot expect thee to encourage Consignments in the Factorage way upon the Account of other People & therefore don't propose to send thee any thing more in that way, till I have explanations upon it." Reynell In Letter Book, October 24, 1744.
18. Samuel Mellor of Manchester, England, told John Reynell that he should not disdain selling on commissions for "the richest merchants in England do it frequently." Reynell In Letter Book, May 21, 1755.
19. Reynell In Letter Book, May 22, 1750; Willing and Morris Letter Book, July 18, 1757.
20. "In peace [we sell European and India Goods] at about 100 to 125 [percent advance] or about 112½ on an Average --. Which is about equal to a Commission on Sales and Remittances, vizt. 6 to 7½ Per Cent on the former and 5 on the latter." James and Drinker Letter Book, June 14, 1758..
21. Reynell In Letter Book, August 21, 1731, October 7, 1731, September 9, 1730.
22. John Reynell informed Michael Lee Dicker that he was willing to be always £500 in advance for him. Reynell

Out Letter Book, September 15, 1735. James and Drinker told John Clitherall of North Carolina that "All West India Goods, Salt -- are always Cash articles as well as flour, bread and all our own produce." James and Drinker Letter Book, September 3, 1761. The conditions out of which the custom of making advances grew are well brought out in a letter of Thomas Willing to Coddington Carrington, Barbados: " -- we never barter for the Country produce because the Farmer & Miller will have money on delivery & frequently before they have delivered their articles Ever since I've been in Business I never have known one Instance where we have been able to dispose of an Inward Cargoe or Receive one half the Cost of the Outward one before we dispatched the Vessell and have always been in advance --" Willing and Morris Letter Book, May 26, 1755.

23. George Lawrence, Madeira, expressed the sentiments of those who felt obliged to be in advance and yet disliked having to be so. " -- As to others sending the Returns and Account by the Vessel that bring the Goods & generally shipping good wines I own They do more than I can pretend to do for thus I argue with my self shall I fill my storehouses with staves flour bisquet etc. and involve myself head & ears in debt for wines to pay for these good which lye wasting and perishing in my hands and sure those that can do it must have a large stock or something or other; (for my part I find myself more inclined to pity than envy 'em for having a great deale of such business) very well but if you won't others will & pray then what business can you expect to have -- " Reynell In Letter Book, August 31, 1745.
24. Frances Rybot, London, sent an adventure to John Reynell with these words "I had purpos'd sending this little adventure on our joint Account but as tis done without your orders so I resolve to send it solely on my account -- " Reynell In Letter Book, December 1, 1759.
25. On July 18, 1757, Willing and Morris wrote to Robert Hibbert & Co., Manchester: " -- we advise you by all means to decline sending any goods at least for this Year -- " but apparently Hibbert & Co. did not take the advice for on March 28, 1758, Willing and Morris wrote to the same company: " -- We did not expect you would have engaged in an adventure of this sort after receiving our letter of 18 July, at least not

till you had heard further from us & are truly concerned that you have, as we fear it may turn out worse than you had any reason to expect even from that discouraging letter --" Willing and Morris Letter Book, July 18, 1757, March 28, 1758.

26. "Observe the logwood per the Friendship sold at £7, a low price but must be contented, as we ever intend to be when things are done for the best, by such in whom we have the confidence that we have in the house of Wm. Neate and we expect the like temper will prevail with you toward our transactions for it is not always in the power of the absent person to know the weight of every circumstance that may be considered by the present, and govern their conduct in doing what appears for a mutual understanding." James and Drinker Letter Book, January 14, 1760.
27. Elias Bland, London, to John Reynell, August 6, 1744. The following proposition made by Samuel Bean, Jamaica, to John Reynell well illustrates this type of agreement. " -- If you was inclined to have a vessell in this trade I would hold a half or third of the cargo the commissions to be reciprocal -- " Reynell In Letter Book, January 20, 1756.
28. John Reynell to Michael Atkins, Bristol, England, October, 1737, Reynell Out Letter Book.
29. Sam Mellor and Son, Manchester, England, wrote to John Reynell on May 21, 1755: "It is now about 3 years and 8 months since we sent thee a Cargoe of Goods & knowing they were suitable for your market are not a little surprised we are not favoured with the Account Sales long since -- cannot help thinking the Merchants of Philadelphia sell their own goods in One third of the time or thereabouts Otherwise the Interest would reduce the profits so low not worth trading," to which John Reynell replied: "Your goods have the same chance with my Own & you may be assur'd I miss no opportunity of selling when I can do it to advantage, but must confess am not willing to do as some do who will sell rather lower than they cost than not sell at all. I was allways of the opinion it is the intention of trade to make a profit & where that end is not answer'd it's to no purpose to trade." Reynell Letter Book.
30. James and Drinker to William Neate, London, January 14, 1760, James and Drinker Letter Book.

31. Factors resented having merchants unduly interfere with their (the factors') disposal of goods. In defense of their rights James and Drinker wrote to Neate and Pigou, London, "let us inform you that it is needless to propose to us any concern with you in shipping or anything else in future unless you allow us to dispose thereof when an offer presents on this Side of the Water that is Evidently to your and our Advantage. And as you will allways have our Instructions to act Consonant hereto on your Side we think it Equal and highly reasonable -- " James and Drinker Letter Book, April, 27, 1763. In 1754 Willing and Morris informed Day, Bristow and Stratton, England, that "we see our neighbors daily seling of the goods they have on factorage at 10, 15, 20 & 30 Per cent loss." Willing and Morris Letter Book, October 25, 1754.
32. Frances Rybot, London, to John Reynell, December 1, 1759, Reynell In Letter Book.
33. A del credere arrangement provided that for a specified commission the factor was to be liable for any bad debts that might be contracted in the sale of a principal's goods. The commission in Pennsylvania was commonly five per cent.
34. The liberties that factors sometimes took in making remittances for what they had sold of their principals' goods is well illustrated in a letter of Robert Stevenson, Exon, England, to John Reynell. "My orders to Joseph Rabby was to Remit me Nothing but Bills or Dear Skins for what was in his hands of mine but contrary thereto he shipt Turpentine, Tarr and Rice which turned out here about 30 sterling which should have been about 80 if it had been by Bill or Dear Skin as ordered." Reynell In Letter Book, February 24, 1731. It was necessary, of course, that the factor be allowed considerable latitude in view of the fact that prices might change rapidly in his port.
35. The higher commissions received in Philadelphia may be partially explained by this excerpt from a letter of John Kidd to Rawlinson and Davison, London. "It is no easy matter to give you an Idea of the difficulties we labour under here to performing of Contracts for it would be well for any factors here to give up one half of his Commissions to be sure of finding the same Honour in Trade here as you do in London." Kidd Letter Book, August 27, 1752.

The following table contains the services commonly performed by factors and the commissions commonly received for those services. Commissions received in Madeira, England, and the West Indies are included for purposes of comparison. The tables are not complete but the most essential information is given. For example, it is not necessary to know what commission was received for selling specie in Philadelphia for most of it was sent to England for sale.

Commissions received (in per cents)

<u>Service</u>	<u>Phila.</u>	<u>England</u>	<u>West Indies</u>	<u>Madeira</u>
Selling goods	5	$2\frac{1}{2}$	5	3
Purchasing goods	5	$2\frac{1}{2}$	5	$3\frac{1}{2}$
Storing	1			1
Remitting Bills	5		5	
Effecting Insurance	$\frac{1}{2}$	$\frac{1}{2}$		
Del Credere	5	$2\frac{1}{2}$	5	$1\frac{1}{2}$
Negotiating Bills	$2\frac{1}{2}$	$\frac{1}{2}$		
Recovering losses on insurance	$2\frac{1}{2}$			

36. James and Drinker reprimanded Harris and Armstrong, Barbados, for their laxity in keeping them informed, in these words: "We notice you don't render a particular Sales of each Article as you sold them and the purchasers Names which is the practice of Merchants and would have been more satisfactory especially as you charge us with a bad debt." James and Drinker Letter Book, June 4, 1763.
37. This development is well illustrated in the career of Daniel Clark. Clark, just starting in business in 1760, informed William Neate that he was the only person with whom he corresponded. The following month Clark was purchasing tobacco in Virginia, and the month following that he was dealing in rum and sugar secured in the West Indies. In 1761 he was dealing with another English firm, Mildred and Roberts, which he called "the firm of the house." Later in 1761 a merchant in Sligoe, Ireland, was added to his list of correspondents. To this merchant he suggested that he might be willing to build a ship to carry flaxseed to Ireland. In the year 1761 he wrote to William Neate that he "intended commencing an Indian Trade next Spring." Daniel Clark Letter Book, passim.

38. Besides all sorts of metal ware and dry goods, Willing and Morris informed their customers that they handled Refined London loaf sugar, Barbados lump sugar, rum, coffee, choice old Madeira wine, "and many other things too tedious to mention." Altogether about one hundred and forty items were listed in the advertisement. This advertisement was not unusually long, but was, in fact, shorter than many inserted in the same paper by other firms.
39. Cf. p. 21.
40. Gough and Carmalt Letter Book, March 22, 1761. Despite having a well assorted store merchants frequently found it necessary to make purchases from other merchants to please their customers. Thomas Wharton to Lodowig Lauman, April 10, 1754, Wharton Letter Book. John Kidd informed Neate and Neave on February 23, 1751, that "At present I really cannot form any judgement of what will be wanting next summer & even those that are wanting am almost affraid to order them but however as I look upon it necessary to keep up an assortment to help those upon hand you'll please to send the inclosed order." John Kidd Letter Book.
41. Willing and Morris Letter Book, July 30, 1754.
42. Kidd Letter Book.
43. James and Drinker Letter Book, October 9, 1763. James and Drinker in recommending Samuel Pleasants to Edward Lloyd, England, said: "He is from Virginia, son of a Wealthy Merchant there and lately married to a Daughter of our Friend Israel Pemberton, Joseph Smith the other partner son of our Particular Friend Samuel Smith of Burlington." James and Drinker Letter Book, March 7, 1763.
44. A good summary of the advantages of trading with London rather than with other ports is given in this letter from James and Drinker to Christopher Rawson in Liverpool. " -- We are inclined to prefer the port of London for Shipping our goods from as well as Insuring our Interest there, for these Reasons, the ships established in the Trade between that port and this are all good vessels and careful masters & its rare any damage happens in them Ships, but ships from Liverpool are often ordinary, detained an unreasonable time in Port and for want of Experience of

- Judgement in the Masters deliver their Goods in bad order. From London our Insurances come considerably lower than from Liverpool --" James and Drinker Letter Book, December 12, 1762. The same firm in a letter to John Lindoe, Norwich, England, added still other reasons why they preferred to trade with London. "From London we have 12 months credit for our Goods, from the time they are Shipp'd off, add to this carriage from Norwich and that the Merchants in London, who usually supply his place are well acquainted with the Patterns and colours best suited to this Market which it can't be expected thou art --" James and Drinker Letter Book, August 26, 1760. The above excerpts give an excellent idea of what Philadelphia merchants expected in the way of service from English merchants.
45. Hillary and Scott, Liverpool, to John Reynell, February 27, 1762, Reynell In Letter Book.
 46. That James and Drinker had some dealings with the inland towns is indicated by a letter of reference sent to Preston Bowdoin of Virginia who was considering a trip to England: "We have wrote to the principal Houses we deal with in London & Bristol tho' there are others in both Places as well as at Norwich, Leeds, Birmingham & Sheffield that we have at times imported goods from." James and Drinker Letter Book, August 12, 1763.. John Reynell secured some metal goods directly from Welch, Wilkinson and Startin in Birmingham. Reynell Out Letter Book.
 47. John Kidd to Neate and Neave, November 25, 1755, Kidd Letter Book.
 48. "Could have all my India and Linnen drapery goods without paying Commissions, but don't like to send to more than one house for what goods I want." John Reynell to Mildred and Robert, December 18, 1763, Reynell Out Letter Book. Thomas Wharton to Thomas Crowley, London, April 30, 1755, Wharton Letter Book.
 49. Merchants were forced to rely mainly on description in ordering goods. To keep the proper stock of goods on hand John Reynell told Michael Lee Dicker: "Send no plains for the future. They will not do here. -- By sending thee an account from time to time of what goods are sold and the prices they are sold at, thou wilt be able to judge what goods will be most necessary to send in the spring. If thou sends any duroys, let

half of them be mixed colors." John Reynell Out Letter Book, September 15, 1735.

50. "There is no way to send goods with any certainty of sale but by sending Patterns of the several colours in vogue with you in the several kinds of stuff ordered for in which case they should be stiched on to a piece of paper & the number of pieces of every Colour writ against each of the patterns." Reynell In Letter Book, December 29, 1736.
51. In 1756 Godfrey Leacock, representing several merchants in Yorkshire and Lancashire, visited a number of merchants in Philadelphia to establish new correspondences. The merchants whom he represented desired to divert some of the trade which had been going to London and Bristol to Halifax and Manchester. Leacock produced samples, took orders for goods, and discussed credit arrangements. Kidd Letter Book, James and Drinker Letter Book, Reynell Out Letter Book, Wharton Letter Book. In 1760 Henry Drinker of James and Drinker left orders for goods with several English firms. James and Drinker Letter Book.
52. In one letter of James and Drinker to William Neate the former firm listed unsatisfactory goods under the headings "Goods ordered and not sent," "Goods varying from our orders," and "Goods too high-priced." Some typical complaints are the following: "Writing paper was the worst at the Price we have ever had or seen;" "We ordered 1 Bale Ozenbrigs about 7 d P Ell, we have received 2 Bales of that Price & both extreme narrow, say but 10 & 10 $\frac{1}{2}$ nails at most and so slight that we can't sell it;" "Russia Sheeting ordered at about 38/ instead of which what we have is 44/ and wont sell for more than first cost." James and Drinker Letter Book, November 2, 1758.
53. Swift's characterization of shopkeepers is not very flattering to that group. "The trade is got into so many hands & such large quantities of goods imported that the shopkeepers will have them at their own price and I believe there are many of them that buy their Goods for less than they can be imported & they have all got such a trick of lying, that one ought to have more patience than Job to have them with any sort of temper." John Swift Letter Book, October 25, 1749.
54. James and Drinker Letter Book, December 14, 1763. Merchants disliked retailing because of the length

of time it took to dispose of goods and the long credits they were forced to give. James and Drinker Letter Book, March 8, 1763.

55. Pennsylvania Gazette, April 5, 1759.

56. In reference to some goods sent to them for sale Willing and Morris said: "If I had retailed them you could not have had your money in two years & the sale not more than 5 p ct advance more than now sold at." Willing and Morris Letter Book, November 4, 1756.

57. There is some evidence that English merchants tended to send to the colonies merchandise which was not suited to the English market. Joshua Gee made the statement that "New England and the northern colonies have not commodities and products enough to send us in return for purchasing their necessary clothing, etc. but are under very great difficulties, and therefore any ordinary sort sells with them; and when they are grown out of fashion with us, they are new fashioned enough there; and therefore those places are great markets we have to dispose of such goods which are generally sent at the risque of the shop-keepers and traders of England, who are the great exporters, and not the inhabitants of the colonies as some have imagined." English merchants may have overestimated the colonial market as a place for the disposal of such goods and have found it necessary to have them returned. Joshua Gee, Trade and Navigation of Great Britain Considered, p. 171.

58. Wharton Letter Book, November 29, 1758; Reynell In Letter Book, June 7, 1745, December 10, 1748.

59. "Our vendues are yet very plentifully supply'd with all kinds of Goods which Engrosses the ready money chaps that till some regulations is made with them Trade in other Hands must be greatly prejudiced." Pemberton Letter Book, April 29, 1751.

60. When rates of exchange were high English merchants advised their American factors to make commodity payments. Such requests as the following are very common. "As your exchange runs pretty high I should be glad to have some skins or any other commodity by way of returns in case cans't find it to my interest rather than always bills of exchange. Joseph Ingram, London, to John Reynell, September 29, 1740, Reynell In Letter Book.

61. In 1736 Michael Lee Dicker requested John Reynell to make returns in bill of exchange. "Silver will yield here no more than $5/2$ per ounce so thou mayst easily compute by knowing the price of it with you what returns that will make." Reynell In Letter Book, December 29, 1736.
62. Freight charges varied with the cost of freight in general. In 1736 David Barclay paid freight charges of two per cent on 1600 Pieces of Eight weighing 1388.5 ounces which sold at $5/4\frac{1}{2}$ per ounce. Reynell In Letter Book, May 1, 1750. Specie was sometimes shipped abroad for purely speculative purposes. Reynell In Letter Book, July 13, 1747.
63. Heaton, op. cit., pp. 372-73.
64. Elias Bland, a London merchant with whom many Philadelphia firms did business, complained to John Reynell about his treatment at the hands of another Philadelphia merchant. "I got my Father to Advance some money Several times rather than let his Bills go back -- at same time thought did not treat me well to make a Practice of Drawing without Sending Effects." Reynell In Letter Book, February 20, 1758.
65. "I admire People are so rash as to draw without proper foundation for Payment of their Bill & by that Means subject themselves to such great damages and at the same time tis reasonable they shou'd be liable to something Extraordinary on those Occasions as sometimes a defect in remittances has very much destroyed if not ruined people in business who depended on those supplys." Michael Lee Dicker to John Reynell, November 9, 1745, Reynell In Letter Book. Thomas Clifford made a more specific statement about losses from a nonaccepted bill: "Your Bill of 23d of December on H. Bright for £300 Stg. was noted for nonacceptance which am sorry for although I'm in no sort of doubt but that it will be taken up, yet it has proved very injurious to me as I had ordered some goods out on which I loose the advantages of having them at the Ready Money Price by his Bills not being paid." Thomas Clifford to Whatley, Meyler and Hall, Jamaica, Willing and Morris Letter Book, September 13, 1755. But the amount of the damages apparently appeared sufficient to John Reynell, who, when encouraging that a bill be protested, said: "there's profit enough on Protested Bills where the Drawer or Indorser

is substantial and I generally take pretty good care as to that." John Reynell to Michael Lee Dicker, July 5, 1737, Reynell Out Letter Book.

66. This fact is well brought out in the following excerpt from a letter of James and Drinker to William Neate. "In answer to the rate of Exchange with us it is hard saying there being but few Bills to be bought some have been sold within these few days at £162/10 and we believe some at £160 and some as high as £165, on Credit." James and Drinker Letter Book, August 4, 1760.
67. Willing and Morris Letter Book, January 26, 1758. Willing and Morris informed Whatley, Meyler and Hall that because their bill was drawn at sixty rather than thirty days sight it sold at a two and one-half per cent discount. Ibid., February 1, 1755.
68. Clifford In Letter Book, August 17, 1758.
69. Willing's request was made in these words: "Propose remitting you about £2000 Sterling I desire you will lay out the same in the most Secure and Advantageous fund. This I wou'd have done as soon & as often as shall have a ballance in my Favour of five hundred pounds Stg." Willing and Morris Letter Book, June 15, 1756.

CHAPTER II

THE CARRIAGE OF COMMERCE

The vessels which entered and cleared the port of Philadelphia during the eighteenth century were owned not by agencies devoted solely to providing transportation facilities but by the merchants themselves. This unspecialized aspect of colonial business arose partly from the advantages that the merchants could derive from the ability to direct the ships which carried their commodities. Since it was the merchant who assumed marketing risks in the uncertain and highly localized markets of the time, it was only natural that he should desire carriers which could respond immediately to his decisions. The sailing orders which governed a merchant-owned vessel could be made to contain many alternatives or be changed on short notice. The captain of such a vessel, acting under the instructions of his employer, might wait for a freight, proceed to a port other than that originally selected, or sell the vessel if that was the most desirable course to take. Additional compensation for the trouble and expense of being at once shipper and shipowner was found by the merchant in another direction. The saving of freight charges he would otherwise have to pay, and the profits to be made by carrying goods on freight for others, led

him to view his vessels not only as a part of his business equipment but also as an investment. If kept constantly in trade they paid for themselves in a few years, or, if desired, they could be sold at a profit in some foreign port.¹

Ship registers for Philadelphia reveal that the majority of vessels registered there were owned by native Philadelphians, and that ownership was widely diffused among a great many single merchants or firms.² Vessels nowhere were so expensive as to place an undue strain on the average merchant's capital resources, and in Philadelphia construction costs were particularly low. The Philadelphia merchant could order a bottom built at an approximate cost of eight pounds per ton.³ Using this figure as a basis for computations, a brigantine of from fifty to one hundred tons burden could be built and equipped for from four hundred to eight hundred pounds, which in many cases was no greater than the value of the cargo it could carry. A larger vessel would, of course, be proportionately higher. The vast majority of the bottoms owned in Philadelphia were, however, of the former class or even smaller: snows, brigantines, brigs, and sloops designed for the popular West India trade.⁴ With costs so low, even the more obscure merchants found it possible to become at least part owners, and wealthier merchants

found it within their means to become the possessors of several vessels. Representatives of the latter group, James and Drinker owned three snows, one ship, and one brigantine; and Thomas Willing stated that he was "concerned in several vessels in the West India trade."⁵

While ownership by single firms and merchants accounted for most of the vessels registered in Philadelphia, other forms were prevalent enough to justify their examination. Quite common was the joint ownership of vessels by several Philadelphians or by Philadelphians and merchants in other ports. A single ship might have two, four or even eight owners, each of whom shared in the profits it made, had a voice in its management if he wished, and might sell his share without the consent of the other owners.⁶ Joint ownership made it possible for the person of small capital to make a beginning as a ship owner, or for a cautious person to conserve capital and diffuse risk. But the chief explanation for the existence of plural ownership lay in the greater efficiency with which a jointly owned vessel could be managed. This was especially true when owners were located in different ports. The Philadelphian could be certain that an English, West Indian or Madeira co-owner, who had an interest in a vessel, would give it quicker dispatch than one in which he was not concerned. Furthermore, joint ownership of

vessels was usually combined with joint ownership of the cargoes they carried. When this was the case, the vessel was kept constantly on a pre-arranged route with the merchants concerned preparing cargoes in advance of its coming, seeing to it that it was quickly loaded, and set upon its return trip. The advantages of such an arrangement are obvious.⁷

Most of the large number of vessels which were annually built in Philadelphia came into the possession of local merchants. However, enough were produced for sale abroad to make them an important article of export.⁸ The chief market was England, whose merchants purchased Philadelphia-built ships not because they were superior to those produced in the mother country, but because they were cheaper, and because their purchase provided the Philadelphians with another source of remittances to pay for importations of manufactured goods.⁹

In the production of vessels for foreign sale, Philadelphia found serious competitors in the other northern colonies, notably the ports of New England. The same considerations which induced English merchants to have their ships built in Philadelphia, rather than at home, operated to attract them to the shipyards of Boston and Portsmouth. New England shipbuilders were able to undersell those of Philadelphia, and their colonies stood

in even greater need of this means of making remittances to the mother country.¹⁰ As it was, Philadelphia as compared with New England could place greater dependence on other products to help settle her unfavorable balance with the English merchants.¹¹ Indeed, it was not uncommon for Philadelphia merchants to send Pennsylvania products to New England in return for ships.¹² On other occasions the Philadelphians sent bar iron and other materials used in shipbuilding to New England. The latter was sometimes done on the order of an English merchant who wished to have his vessel constructed in New England, but at the same time desired to make use of some Pennsylvania products and a Philadelphia merchant as his agent.¹³

The building of a vessel for English order shows the Philadelphia merchant engaged in another of his numerous activities, that of supervising shipbuilding.¹⁴ Since the English merchant could not be on the scene, it was necessary for him to select some local agent, usually a merchant with whom he had had previous business relations, to see to it that his instructions were executed. These instructions were given in the greatest detail. Price limitations and type of vessel were always indicated. In addition, construction details such as number of decks, length of keel, depth of hold, and materials to be used were specified. It was also common for the English merchant

to send from England many of the materials which were to be used both in building and fitting out the vessel.¹⁵

Upon the receipt of his orders and materials, the Philadelphia merchant proceeded to engage a general contractor and the other workmen needed. All received their pay partly in money wages and partly in merchandize sent from England expressly for the purpose. If these funds were insufficient, the local merchant had the power to draw bills of exchange for the remainder. For his own efforts the supervising merchant was given a commission, which was usually five per cent of the total cost of the vessel. When the amount of money expended and the number of men engaged before a vessel was completed is considered, it is clear that shipbuilding was the "heavy" industry of its day. Also to be observed is the indispensable role played by merchants in initiating construction and advancing the funds needed at every stage of production. Here again they showed themselves to be the mainsprings of commercial enterprise.

A vessel built in Philadelphia with English capital was commonly designed for a trade which included Philadelphia as a port of call. When this was the case, the Philadelphia merchant's duties did not cease with the completion of the vessel; they included securing a cargo and dispatching the ship. This procedure is well illustrated

in the case of the ship "Tetsworth" built under the supervision of John Reynell for Elias Bland of London. Reynell was instructed to have a loading suitable for the West Indies ready immediately upon the launching of the vessel. From the West Indies Bland's ship was to proceed to England with a cargo of sugars and from thence to return to Philadelphia to repeat the voyage.¹⁶ With good management a round trip of this type could be consummated within a year.

The route just described was one frequently used by English merchants so that their ships might have employment on the westward voyage as well as on the return trip from the West Indies. The Philadelphia merchant's place in it was to act as a factor for his English principal. Whenever a vessel so managed and so owned came to him, it was his duty to sell its cargo of manufactured goods, purchase with the proceeds a loading of provisions, make the vessel seaworthy, and send it on its way. For his work he received a commission, or, if he were part owner as sometimes happened, a share in the profits. By employing a Philadelphia merchant in this manner it was possible for an English merchant, if he wished to do so, to keep a vessel constantly going between Philadelphia and Madeira, or between Philadelphia and the West Indies, without ever touching England.¹⁷ When the latter was done, it was common for the English merchant to register his bottom at the port of Philadelphia.

The routes of vessels belonging to Philadelphia merchants were complex in nature. Unlike the southern colonies, Pennsylvania had few products which could be directly exchanged for the much desired British manufactures. As a result the establishment of credits in London or in other English centers usually required intermediate exchanges of commodities. The combinations of voyages which made up the circuitous routes followed are almost interminable, seemingly limited only by mathematical possibilities. To describe them adequately it would be necessary to follow each of a large number of vessels from the time it left Philadelphia until the time it returned. However, there were some routes which consistently carried more traffic than others. A description of these together with a few of their variations may give some idea of the complicated character of Philadelphia's commerce.

The basis for the majority of voyages was the exchange of Pennsylvania's provisions and lumber for southern European and Madeiran wines and fruit, or for West Indian molasses, or for bills of exchange at either place. A more profitable voyage sometimes resulted from an exchange of commodities at some intermediate point. Popular triangular routes included the exchange of Pennsylvania's products for those of Newfoundland or the southern colonies before proceeding to either of the places mentioned above.

On the return trip these same intermediate points might be again touched.

The basic voyages to the West Indies and southern Europe were sometimes combined. An example of this combination was the carrying of wheat to Madeira where it was exchanged for wine. This article was then taken to the West Indies, where there was a great demand for it, to be bartered for rum, molasses and sugar. The cargoes in the holds of vessels when they finally returned to Philadelphia were as varied as those of all the places at which stops had been made. The surpluses of all these above what could be consumed at home were available for re-export purposes. As a result Philadelphia became important as an entrepot. It was not uncommon for a vessel to carry the tar, deerskins, and rice of the southern colonies, the wines of Madeira, and the indigo, coffee and sugar of the West Indies to England from Philadelphia rather than from their port of origin.

A factor which complicated any of the above routes was the desire to seek out the best market in the general region to which a ship was destined. Instead of marketing his commodities in Madeira as may have been originally intended, a captain, acting under the orders of his employer, might proceed to Portugal or Spain, or even far up the Mediterranean before reaching a market to his liking. The same was true of the West Indies. Markets

there varied greatly from island to island and even between the main ports and outports of each islands.¹⁸ The Philadelphia merchants were definitely opportunists. They possessed the prerogative to change routings at will and they exercised it freely when it was to their interest to do so.

The carrying trade between Philadelphia and the West Indies was the most lucrative of those engaged in by Philadelphia merchants. Outside of the other northern colonies they found comparatively little competition in furnishing the large tonnage necessary to transport the bulky commodities which entered into this trade.¹⁹ The West Indian merchants themselves possessed few vessels, and English merchants preferred to concentrate on the direct trades between England and Philadelphia, and England and the West Indies.²⁰ What commerce English vessels did carry between the mainland and the Islands was usually incidental to these more prominent routes. Yet English participation in it could not be called negligible. Thomas Willing said "many vessels bound on the annual voyage to the West Indies do touch here and take a cargo of freight in their way & often do very well."²¹ Or British-owned vessels might make a side trip from the islands to avoid the hurricane months and to have employment during the usually long wait for a cargo of sugars.²² However, statistics show that English carriers never threatened the supremacy which

Philadelphia in common with New York and New England held in this branch of trade.²³

The West Indian trade also made possible frequent trips and the use of small inexpensive vessels. In contrast with the one and one-half trips a year which could be made to England from Philadelphia or the West Indies, three trips a year could be made from Philadelphia to the Islands.²⁴ This meant that money invested in cargoes could be turned over more often. Furthermore, expenses were lower than in the trans-Atlantic trade. The smaller vessels used cost less originally and required fewer hands to man them. These vessels were, of course, not so well suited to those merchants who wished to combine the trans-Atlantic and West Indian trades.²⁵ So basic and popular was it that merchants frequently kept ships constantly engaged in the West Indian trade without deviation. When this policy was adopted, agreements were often made with correspondents to hold a part of the vessel and cargo.²⁶ Constantly employed bottoms and agreements with regard to holding shares in them were also the practice in the trade with the wine islands. Only in the latter case it was more common to have the vessels so employed make at least one trip a year to the West Indies to dispose of surplus wines.²⁷

To yield the greatest profit it was necessary that a vessel serve as a common carrier as well as a means of transporting its owner's commodities. In fact, the

revenue derived from such use constituted an important part of the merchant's income. Since it was seldom that he could utilize his vessel's entire capacity, the merchant at nearly all times had cargo space available for the use of other shippers; and often high freight rates or the lack of a cargo to ship on his own account induced him to place his entire vessel at the disposal of others. That securing a freight was an important and sometimes a difficult problem is shown by the ways in which it affected the decisions of a merchant regarding other aspects of his business. Vessels were routed to those places where they were most likely to secure a freight or taken off a route completely because of the inability to secure one; one house rather than another in a particular port might be selected because of its ability to provide a vessel with a full load, and an original cargo might be sold at a small profit or even at a slight loss to an agent who could guarantee a quick and profitable freight.²⁸ It seems reasonable to conclude that the difference between profit and loss on a great many voyages lay in the ability always to have a fully loaded vessel.

Because exports to the West Indies were so much bulkier in proportion to their value than were imports, the trade to these islands presented a particularly difficult problem in vessel management.²⁹ Even when the full proceeds from the sale of wheat, flour, and staves were used to

purchase rum, molasses, and sugar, only a portion of a vessel's cargo space was utilized on the return voyage. And the problem of loading was complicated by the practice of selling original cargoes for bills of exchange and coin. When this was done, the space needed by a vessel owner for transporting his own commodities was further decreased. As a solution to this problem of securing a full loading, captains and agents were often instructed to secure a freight of sugars to be carried to England on the account of some English merchant.³⁰ There were objections to this expedient; smaller vessels were ill adapted to the trade, and it often required a long wait for a cargo,³¹ but it was usually thought preferable to having a vessel come back to Philadelphia in its ballast, which sometimes was the only alternative.

When the ship reached England, there was hardly less difficulty in securing a freight than there had been in the West Indies. Shippers, both English and American, preferred bottoms which were held constantly in the English-American trade, and, like West Indian products, manufactured goods were valuable in proportion to their bulk. To expedite loading, Philadelphia merchants often sought the cooperation of their English correspondents. Due to the wait for a cargo of sugar in the West Indies, the latter could be informed in ample time to enable them to advertise the vessel's future sailing from England and, in general,

to do their best to assemble a cargo.³² When trade between the English and American merchants concerned was well developed the two might even agree to prefer each other's vessels. But the frequency with which Philadelphia bottoms went to Holland for Palatines or carried back as ballast a load of salt from Liverpool show that a profitable and an immediately available freight was not always easy to secure.³³

The exact disposition that was made of a particular vessel in a foreign port depended upon a number of factors: prices of commodities, freight rates, the length of time before a freight could be secured, and the prices at which vessels were currently being sold. If both freight rates and commodity prices were low a merchant would probably prefer to have his ship loaded almost entirely on his own account; if the opposite were true, almost entirely on freight. If freight rates were low and commodity prices high, not infrequently the vessel itself might be ordered sold. If no other disposition were feasible it might be ordered to come back in ballast. Although it irked the merchant to have to resort to this last alternative, it was preferable to a long wait for a freight while demurrage charges and seamen's wages were accumulating.³⁴ The frequency with which merchants gave a discretionary power to their agents or captains to adopt the most practicable of the above possibilities again reveals the opportunist

nature of their business. The modern merchant wishes to know and is able to know without fear of loss exactly what quantity of a particular commodity he will have available at a specified time. The eighteenth-century merchant was often forced to dispense with such knowledge to secure the greatest possible profits from trade.

The inherent weaknesses of vessels, the unfamiliar routes which were often followed, and the prevalence of privateering during the wars which occupied so much of the period made the loss of a vessel not a rare occurrence during the eighteenth century. To have to bear such a loss personally might have had grave effects upon the financial condition of the typical merchant-shipowner. Taken together a vessel and cargo frequently represented a sum equal to a rather large portion of his capital stock, and he was often the owner of both.³⁵ Fortunately for him, it was possible at this time to diffuse risk through the medium of marine insurance.

Marine insurance was not new. It was known in Italy by the middle of the fourteenth century and from there spread northward. By 1564 at least six hundred people were making a living from underwriting in Antwerp, and by 1720 two corporations, the London Assurance Company and the Royal Assurance Company, each having a capital of £1,500,000, were given a monopoly of all marine insurance

written by companies in England.³⁶ However, prior to 1721 it was necessary for Americans to write to England when they wished to insure their vessels and cargoes. But with the appearance in Philadelphia of the first insurance broker in the colonies in that year, it became possible to have marine risks underwritten locally. Philadelphia maintained her early lead in this field and rapidly developed into the colonial insurance center. Not only was insurance written there for local merchants but also for merchants in nearly every other continental colony and the West Indies, who found it more convenient and often cheaper to have their insurance made there than in England.³⁷ That Philadelphia was an insurance center of note reveals two important facts about her merchants, for they were the underwriters of the time. One is that they were alert to exploit the possibilities of new fields of enterprise; the other, that they must have been exceedingly successful in their other ventures. Insurance was a means of investing surplus capital. But to invest it, it was necessary to have it, and in sufficient quantities to be able to weather rather serious losses on occasion. If those who underwrote insurance in Philadelphia had not been men of integrity and capital, Thomas Willing would not have been able to write to his uncle Thomas Willing in London that he had never known "an instance of a failure of one underwriter" there.³⁸

Companies devoted exclusively to underwriting were lacking in colonial Philadelphia. When a merchant desired to obtain insurance it was necessary for him to contact other merchants who were known to be willing and able to serve as insurers. Often it was necessary to visit ten or more such underwriters before a thousand pounds of insurance could be effected.³⁹ Furthermore, the process was made still more difficult when merchants, for safety's sake, declined to underwrite a risk in both a vessel and its cargo.⁴⁰ Each merchant who finally agreed to assume a portion of a policy acted purely as an individual. He could make as much or as little insurance as he wished without consulting others. In case of a loss, he was responsible only for the obligation which he had personally contracted. The same method applied to the establishment of rates. Each merchant quoted his own. However, in the latter matter, exchanges of information and perhaps temporary agreements were resorted to in order to secure uniformity. At least one exception to the method just described did exist for a time. In 1757 Thomas Willing organized a company of "six gentlemen of fortune" whose "combined stock" was £80,000. None of the members contributed their capital to a common fund but yet were liable for a proportionate share of losses on policies signed by two or three. The organization was apparently not successful, for it disbanded a few months later.⁴¹

Inasmuch as it was not possible to know in advance which of several underwriters would accept an order, the merchant living outside of Philadelphia who desired insurance was obliged to employ as his broker some local merchant. In addition to obtaining insurance, the Philadelphia merchant when acting in the capacity of insurance broker was expected to keep his correspondent continually informed on current rates, collect from the insurers when there was a loss, and serve as his representative when a dispute occurred. Because insurance had to be paid for in cash, the broker also found it necessary to advance premiums when the insured was dilatory in sending the means for their payment.⁴² For his pains and temporary expense, the broker received a commission on the amount of insurance made and the amount collected in case of loss.

Despite the existence of local offices, a considerable amount of insurance for Philadelphia merchants and their correspondents continued to be written in London. It was, of course, more convenient when a vessel sailed from the latter port to have insurance on it made there. But whether insurance was to be made in Philadelphia or London depended primarily on which place could quote the lowest rates. In general, Philadelphia underwriters were able to insure American vessels at lower cost than were

their competitors because of their first hand knowledge of them and the routes they followed. Without such information London underwriters were forced when determining rates to err on the side of safety.⁴³ However, it was possible that lack of information might lead the Londoners to insure at a comparatively low rate a vessel of which Philadelphia underwriters had a poor opinion and therefore either declined to insure or would insure only at a high rate.⁴⁴ The pressure of time did not usually prevent a merchant from trying both Philadelphia and London insurers before placing his order. Vessels were slow in loading, and if necessary insurance could be procured even after they had sailed. The time factor might also be obviated by buying insurance by the month, or instructing an underwriter always to insure a vessel when it came to his port.⁴⁵ Rates being equal, there were a few minor advantages in having insurance effected in London. Commissions of brokers were lower there, larger amounts could be insured, and premiums did not become due until three months after the policy had been made.⁴⁶

To prevent fraud the amount of insurance that could be effected was strictly limited to the extent of a policy holder's interest in a vessel or cargo. Insuring beyond this limit violated an act of Parliament which

forbade the making of insurance, "interest or no interest."⁴⁷ The term "interest" was, however, broadly defined to include not only the sum invested, but premiums, shipping charges, and commissions as well. Under this interpretation, the honest merchant could obtain all of the insurance he needed -- complete coverage of all he risked. On the other hand, some merchants did not insure their entire interest, but felt safe in assuming a part of the risk themselves or "standing partly their own insurers," as they somewhat erroneously called it.⁴⁸ The more cautious of these merchants followed this policy only when the amount risked was small.

Policies might be made either on the "valued" or the "unvalued" principle. When a policy was valued the insurers were obliged to pay the face value of the policy without question when an average loss occurred. When a policy was unvalued, the insured was obliged to present proof of his interest at the time of the loss, regardless of the sum named in the policy. Most policies were of the latter type, and even when valued, proof was required in case of total loss, or the law mentioned in the preceding paragraph would be violated.⁴⁹ The advantage of unvalued policies lay in the fact that insurance underwriting could be expedited since interest need not be established at the time of making; yet the purchaser was constrained not to overinsure since his interest would have to be established

in event of loss. The terms "valued" and "unvalued" are used in the same sense in modern marine insurance, although at present most policies are of the valued type.

The rate at which a vessel would be insured depended upon a number of factors, the chief of which were the condition of the vessel itself, the route it was to follow, the season of the year, and whether there was war or peace. Underwriters were explicit in demanding that detailed information be given about a vessel's condition. Its age, its tonnage, the place where it was built, and the like might have an important bearing on its chances for a safe voyage.⁵⁰ In time of war it was also essential to know whether a vessel was armed or unarmed.⁵¹ One capable of giving a good account of itself in an encounter with a privateer might be insured at about two-thirds of the regular rate. If a loss could be traced to the concealment of data on a ship's character, the insurance was voided.⁵²

A detailed description of the proposed route was also required by underwriters, for the degree of risk varied even for ports in the same general region. For example, rates were lower for a voyage to Jamaica than for one to Barbados, and for one to the latter place than to Antigua.⁵³ Insurance again automatically became void if a vessel intentionally proceeded to a destination or

touched at intermediate ports other than those named.⁵⁴ Harmonizing these requirements with the desire of merchants to seek out a best market was accomplished in a rather ingenious manner. Merchants named for insertion in the policy every port which might conceivably be touched, paying the full premium for this maximum coverage. When and if a vessel returned in safety a pre-arranged return was made by the underwriters for all ports so named but not included in the completed route.⁵⁵

The last few paragraphs have indicated that the writing of marine insurance in colonial Philadelphia was far from being a crude and haphazard business. Further evidence of its scientific nature may be found in the classifications of losses used. Indeed, the categories -- total, general average, and particular average -- are identical in name and nearly so in definition with those used today.⁵⁶ The term "total loss" is self explanatory. When shipwreck, stranding, or capture occurred, insurers were obliged to pay the full amount of the insured interest unless salvage was possible or unless a ship was recaptured after having been taken by a privateer. Any charges for salvage had to be borne by the insurers, however.⁵⁷

A loss was said to be general when the jettison of a portion of the cargo was resorted to under real distress to save the rest of it. Under such circumstances,

it was only fair that each of the cargo owners who suffered no such loss should contribute in proportion to his interest to the sum needed to recompense the original loser; in other words, that the loss should be "averaged" over the interests of all concerned.⁵⁸ The insurers, of course, contributed for those whose goods were insured. Average losses usually involved several people and calculations were difficult to make. John Reynell became so exasperated when settling such a loss at one time as to say: "these average Losses are very Troublesome & difficult to be got settled & are seldom done to the Satisfaction of the Parties for whom the Insurance is made & I should rather Settle half a dozen total Losses than one Average Loss."⁵⁹ Nevertheless they frequently occurred.

The most common losses were particular average. A loss was called particular when the damages sustained by a loser's goods were not the result of an attempt to benefit other cargo owners. For instance, the damages which goods might accidentally suffer during an unusually rough passage would come under this heading. The owner of such goods was recompensed only if he personally carried insurance and only to the extent of the loss. Because some damage might be expected even during a normal voyage, insurers frequently refused to pay losses under five per cent or deducted five per cent if the losses were greater

than that amount. Sometimes only perishable commodities were subject to such deductions.⁶⁰ For the same reasons only ninety-five or ninety-eight per cent of the insured interest was paid in case of total loss.⁶¹ To the extent that it is the purpose of insurance to insure against unusual dangers these provisions seem fair. Similar stipulations exist in modern marine insurance policies.

When there was a loss each of the following had to be established before a payment would be made by the underwriters: responsibility, extent of the insurer's interest, and fulfillment of the provisions of the policy. If it could be proved that the condition of the vessel was responsible for a loss or that the master or the crew had been guilty of barratry then recourse must be taken by cargo owners to the owner of the vessel rather than to their insurers.⁶² An invoice and bill of lading were usually considered sufficient to establish a policy holder's true interest. However, because underwriters were continually on guard against those who premeditated a sinking to collect insurance, rather extensive investigations were sometimes conducted to determine the actual value of a cargo, vessel, or freight money to be collected.⁶³ For the same reason proof had to be presented that no reinsurance had been made.

If sailing with a convoy was a policy provision, an affidavit from the captain of the convoy had to be

secured to prove that his protection had not been intentionally departed from.⁶⁴ In the same manner the affidavit of the captain of the insured vessel was necessary to prove that no unauthorized ports had been touched. To allow sufficient time to establish any or all of the above points, underwriters refused to make payments under any conditions until three months after demands had been lodged with them. During this period any dispute which could not be settled between the parties concerned was referred to impartial merchants under a clause to that effect inserted in almost every policy.⁶⁵

Commerce during the eighteenth century was far from being completely competitive and free. With the object in view of building up self-sufficient empires, governments severely limited the natural inclination of individual merchants to buy in the cheapest market and to sell in the dearest one. In the pursuit of this general objective of all nations, Parliament imposed upon the commerce of the British empire restrictive measures of two types: those which limited the carriage of commerce to ships owned within the empire, and those which controlled the movement and sale of certain staple commodities. Before a vessel could load or unload in the port of Philadelphia, proof had to be presented that the specific provisions of the navigation laws had been obeyed.

Upon entering the port the captain of an incoming vessel first had to prove to the proper officials that his ship was plantation or English built and owned and that he and three-fourths of his crew had been born within the empire. Proof consisted of a certificate of registry and an oath taken by the master that it was bona fide.⁶⁶ To prevent evasion all bottoms were required to be registered in some colony, if plantation built, and in the general registry in England. Next a certificate of clearance secured at the last port of clearance containing a description of the vessel and an itemized list of its cargo must be produced. A comparison of this with the invoice and bill of lading determined whether the vessel had been loaded according to law. In the case the cargo was made up of enumerated commodities, a certificate was given to cancel the bond which had been taken out to insure their lawful landing. After satisfaction had been given on all points a permit was granted allowing the discharging of the cargo.⁶⁷

Before a vessel was permitted to clear, an equal number of requirements, although of a somewhat different nature, had to be satisfied. The most important of these were those relating to the lading of enumerated commodities. To prevent these articles from being carried directly to Europe a bond was taken from the masters of colonial vessels as security that they would unload only in England

or in one of the British colonies. When the vessel arrived at its lawful destination, a certificate cancelling this bond was issued. Vessels coming from England for the purpose of lading enumerated commodities were probably already so bonded there. In that case a certificate that such a bond had been procured had to be presented to the Philadelphia customs officials. If this proof of the existence of a bond was suspected of being fraudulent a composition or temporary bond was demanded. Like the regular bonds, these were cancelled by the arrival of proper proof from England, provided it came within a specified interval of time.⁶⁸

Because Philadelphia was one of the most important ports of entry in the colonies the enforcement of the navigation laws there required a large number of officials. At the head of the local customs service stood the governor whose duty it was to see that the requirements mentioned above with regard to vessels and cargoes were complied with. Much of the work assigned to him was done by the naval officer, his subordinate and chief assistant. As part of his duties, the latter officer was required to keep an account of every vessel which entered and cleared the harbor -- its owners, tonnage, men, cargo, guns, ports of clearance and destination. This data together with lists of exports and imports was to be transmitted by the governor to England periodically. Acting as

a check upon the governor and naval officer and practically duplicating their duties, was the collector, who in addition to his other responsibilities was authorized to visit and search all vessels and seize uncustomed goods. His office was frequently a sinecure administered through a deputy. Another officer, the local surveyor and searcher, often did the actual work of boarding vessels to determine whether or not their cargoes were legal. Finally there were the comptroller and riding surveyor. The former was charged with assisting the collector in signing accounts, and examining the accounts of the collectors in Lewes and Newcastle. The function of the latter was to discover evidences of illegal trade in the whole Delaware Bay region, particularly in those places which were out of the reach of the other officials.⁶⁹ The compensation of these officers was derived from three sources: small salaries paid by the Treasury Board in England, a part of the fines and forfeitures collected, and fees for rendering services, part of which were established by custom and part by the provincial government.⁷⁰

The provincial governments also enacted commercial legislation which they were permitted to do provided that it was consistent with the navigation laws and did not discriminate against English shipping. At one time or another and for varying periods, nearly all of the colonies experimented with import, export, and tonnage

duties. The purpose of these measures was primarily that of raising revenue. Regulation, the main purpose of parliamentary legislation, was only an incidental or secondary consideration, or perhaps even something to be avoided.⁷¹ The individual colonies were usually too much interested in attracting the maximum amount of commerce to their ports to enact prohibitive or even protective duties; and the low duties which were established as a source of provincial income often were objected to by merchants on the grounds that they injured business. The commercial legislation of Pennsylvania was no exception to these general observations.

Most of Pennsylvania's measures were enacted during the first quarter of the eighteenth century, and during the period of the French and Indian War, when there were emergency requirements for additional revenue. With the exception of a lone tax upon exported furs, all were in the nature of import or tonnage duties. Products singled out for the purpose were those for which there was a rather consistent demand and which enjoyed a large internal consumption -- molasses, rum, sugar, and wines. To prevent working a hardship on local trade, rebates were granted for such of these articles as were re-exported. Early laws tended to give preferential treatment to local shipping. Commodities imported directly from their place of production in Pennsylvania-owned

bottoms were allowed to enter at lower rates than those indirectly imported, or than those transported in vessels not so owned.⁷² The motive for these discriminatory features was partly to encourage home shipping and partly to retaliate against the discriminatory duties of other colonies. In the pursuit of the latter objective, a law passed in 1717-1718 went even further in making distinctions than did previous ones by requiring that all articles imported from New York, Maryland, or by way of the Lower Counties should pay a ten per cent duty. This it was claimed was "a duty -- equivalent to what they have laid on ours." The drafters, however, were careful to say that the law "does not debar the importation duty free of goods from Great Britain, where the property of such goods belong to an inhabitant of Pennsylvania."⁷³

Realization that measures such as those discussed in the preceding paragraph would ultimately produce a loss of trade resulted in their decline, and from 1723 to 1758 Philadelphia had practically free trade insofar as local legislation was concerned.⁷⁴ In the latter year, to raise revenue for the maintenance of a provincial ship of war and for other war time purposes, import duties on specific commodities were revived along with a tonnage duty of one shilling six pence per ton on all vessels entering the harbor with the exception of shallops engaged in a strictly local trade.⁷⁵ This measure was passed

despite the unanimous opinion of the council "that Trade should be the last thing Taxed" and "that an exemption from duties and the Freedom of the Port had more than anything contributed to the increase of our Trade."⁷⁶

The explanation of the inconsistency probably lies in the fact that these duties were the most available sources of revenue in an emergency. The reaction of the merchants toward it was distinctly unfavorable. Thomas Willing wrote to Codrington Carrington in Barbados that "We have lately a Cursed Act of Assembly passed here laying a Duty of 1d p Gall on all Rum Imported & a Tonnage of 1/6 Carpenters Measure on all Ships Entering this Port. This Act is so inconsistent with the true interest of the Province & so much in Contradiction to the Judgement of almost every Trading Man in it that every method will be taken to defeat it. The Intention is to maintain a Guarda Costa who'l never do us Six penneth of good. When the law is Publish'd we'l send you a copy & some advice if its to be evaded."⁷⁷

However, in 1764 a still higher tonnage duty of six pence per ton was levied on all vessels, this time to erect a lighthouse at Cape Henlopen.⁷⁸

FOOTNOTES

CHAPTER II

1. The advantages of owning vessels from the viewpoint of profit is well illustrated in the following proposal of John Reynell to his English principal, Michael Lee Dicker: "Proposed to thee the building of a vessel of about 44 foot keel having 2 decks. -- Such a vessel fitted to sea would cost about £900. I have owned a quarter part of such a one for these 2 years past and now do intend to sell my part. She has above cleared herself. She has in two years made 6 voyages to Barbados, Antigo, and Jamaica. She is now worth between £500 and £600. I am offered £150 for my quarter part if I will stay 6 months for the money and if there is no war. I intend to go a quarter part of a new one if I can meet with a partner to my mind and I know of none that I should like better than thysself if thou will be concerned." Reynell Out Letter Book, September 15, 1735. Being able to save freight charges might have an important bearing on whether or not a particular trade would be followed. John Reynell wrote to Michael Lee Dicker: "Observe to thee that the West India Trade in a Generall way is grown much worse than it was & nowadays there is seldom anything to be gott by shipping Goods there on Freight if there's anything to be gott it must be by the Owners of Vessels." Ibid., June 2, 1738.
2. The registries of vessels registered in Philadelphia during the colonial period are to be found scattered through volumes xxiii to xxvii of the Pennsylvania Magazine of History and Biography. The registries give the tonnage, owners, type of vessel, and place where it was constructed, for each vessel. That most of the shipping which entered Philadelphia was owned by local merchants is shown by the following statistics quoted by Andrew Burnaby, who secured them from G. Chalmers, Secretary to the Committee of Trade. The years given are somewhat later than the period dealt with in this study but the proportions had probably not changed greatly.

Ownership	1773	1774	1775
British	8,668	10,507	11,333
Philadelphian	36,467	40,213	46,858
American (other than Phila)	15,118	12,922	13,426

Andrew Burnaby, Travels Through North America, p. 181.

3. Sheffield, Observations On the Commerce of the American States, p. 163. Costs per ton would, of course, vary with the type and quality of vessel. Willing and Morris quoted the cost of a two hundred ton ship at £6 per ton. Willing and Morris Letter Book, June 19, 1756.
4. The author of American Husbandry estimates that the average value of ships built for sale in Philadelphia between the years 1763 and 1766 was £700. Anon., American Husbandry, p. 130. A table in Burnaby's work gives the types of vessels owned by Philadelphians which entered the port during the year 1773:

No.	Type of Vessel	Tonnage
109	Ships	16,385
140	Brigantines	12,148
25	Snows	2,902
39	Sloops	1,806
63	Schooners	3,226
<u>376</u>		<u>36,467</u>

Andrew Burnaby, op. cit., p. 180.

5. Willing and Morris to Anthony Bacon, London, April 12, 1757, Willing and Morris Letter Book.
6. See the registries of Philadelphia vessels in the Pennsylvania Magazine of History and Biography.
7. The following provides an example of this type of arrangement. "We apprehend a Small Vessell such as the Mary Constantly Employed in this trade between your place and this (& perhaps to make one Voyage in the year to touch in the West Indies with part or whole of her Wines) with cargo of your produce, wheat corn and Flour might turn out to good advantage Provided it was Keeped in a Constant rotation without any deviation & to have the Cargo allways ready for the Vessel at Philadelphia as well as Madeira for her quicker dispatch. We mention this to you for your Consideration & if you think well of it we will willingly be concerned in Vessel & Cargo & upon your advice we will order what Share you may Please to interest us, in Effects to the West Indies, wines from here or give a credit upon London." Catanach & Murdoch, Madeira, to John Reynell, October 6, 1753, Reynell In Letter Book.
8. As the greatest shipbuilding center in the colonies next to Massachusetts, Pennsylvania must have contributed

- in a large measure to the many colonial vessels in British registry. Previous to the American Revolution about one-third of English vessels were plantation built. Andrews, England's Colonial and Commercial Policy, p. 82; Johnson and Collaborators, History of Domestic and Foreign Commerce of the United States, p. 73. The chief complaint against Philadelphia vessels was that they were poorly seasoned.
9. A large number of vessels were also sold in southern Europe and the proceeds remitted to England. Joshua Gee, The Trade and Navigation of Great Britain Considered, p. 172. These were not usually built to order, but were built for Philadelphia merchants who ordered them sold after their cargoes had been delivered.
 10. Sheffield states that New England was able to build and equip ships from £7/10 to £8 per ton as compared with £8 to £8/10 for Pennsylvania. However, he adds that the vessels of the middle colonies were superior to those of New England. Sheffield, op. cit., p. 163. Macpherson substantiates the latter statement. Macpherson, Annals of Commerce, p. 568. Daniel Flexney who was going to have a bottom built at Philadelphia felt that the lower price of New England ships compensated for their poorer quality. "Your builders are very impolitick to enter into Engagements to drive Business to N E. Ship Building was on a worse footing at Pennsylvania then at N E before & now the prices are raised tis much worse. I had concluded to build a ship every year at Philadelphia but now shall be content with what I can do at N E where tis done 20 P ct cheaper." Reynell In Letter Book, July 4, 1740.
 11. Sheffield, op. cit., p. 98. In answer to a proposal from John Reynell that he be partly concerned in a vessel Michael Lee Dicker said: "I cou'd have been glad however that thou cou'd have been in position to have such a Ship built at Boston because Remittances cannot be so well made from thence in other ways, as from Philadelphia." Reynell In Letter Book, September 13, 1739.
 12. William Redwood of Newport, Rhode Island, asked James Pemberton to send wheat to that port and take vessels in return. Pemberton Papers, Vol. VII, October 31, 1751. John Sherburne of Portsmouth proposed an interesting scheme to John Reynell: "I have a mind

to build a suitable vessel to go from here to Barbados there to sell her cargo for money or produce or both and carry it to Philadelphia and exchange it for flour and bring it to this place and keep her in the trade, if it will answer and if opportunity offers to sell her at Philadelphia and build another." Reynell In Letter Book, 1762.

13. Daniel Flexney to John Reynell, December 22, 1739, Reynell In Letter Book.
14. Shipping built for sale was considered inferior to that built to order. Sheffield, op. cit., p. 98.
15. In a long letter to John Reynell, Elias Bland of London gives detailed information on how a vessel was to be built for his order. The following are some excerpts from it. "Have resolved to be concerned with two Gentleman here whose House at Jamaica may probably come in for $\frac{1}{4}$, being intended for that Trade to get a Vessel Built under thy Prudent Direction. Charles West if not Engag'd should esteem a proper Person for the Performance. Thou art desir'd to follow the Dimentions herewith as Strictly & as Expeditionously as possible so as to be right in every Respect and Aim. -- Her Materials, a Cargo Sorted about £500 With a Master will be dispatch'd. -- To enable thee to pursue our interest in the Best Manner tis also Agreed thy Drafts be honour'd for Five Hundred Pounds Sterling when in Advance on this Concern to that Amount." Reynell In Letter Book, July 31, 1746. Merchants preferred to send many of the materials needed in construction directly from England not only because they would then be certain of their quality but also because they were cheaper than those available in Philadelphia. Sheffield states that "Cordage, iron work, and sail cloth of equal quality are 15 per cent, and ship chandlery 25 per cent dearer in America than in Britain. Sheffield, op. cit., p. 98. There was also a law enacted by Parliament which required that the first set of sails be of English make. Ibid., 41.
16. Reynell In Letter Book, July 31, 1746.
17. References to the management of English vessels by Philadelphia factors are frequent in the letter books of nearly all merchants. An excellent description of how the Philadelphia-West Indian trade might be managed is given in this letter of John Reynell to Michael Lee Dicker, Exon, England: "If thou should incline to Employ a Vessel constantly between this place and

Jamaica, in my opinion in the first place it would be prudent to have her (double decked) something larger than thou mentioned to about 110 to 120 Tuns, for the port charges would be much the same of ye one as the other, and she would not require above one or two more hands to navigate her and if thou did not incline to have her filled on thy own account might take in part on freight and if freight was not to be had might take in the greater quantity of hhd staves which cost but a Small matter. I can't conceive the Trade would answer or that thou would find it worth while if thou was to purchase our Commodities with Bills of Exchange altho it would suit the Factor thou employed here much the best, and it might be proper to leave a Discretionary power [to draw bills of exchange] in him to draw sometime when it might be absolutely Necessary, and it might likewise be well Enough as Vessels generally come back in their Ballast from Jamaica to order thy Factors there as often as was in their Power to put in 30 or 40 hogsheads of Molasses which generally answer very well here and would do to pay the Mariner's Wages with, which would be a considerable article Every Voyage. She might with dispatch make three voyages a Year, and every cargo if anything Valuable with outsett and wages would amount at least to a Thousand Pounds which would require a considerable and Constant supply of European Goods as the Trade ought and should be chiefly supported that Way and there are sorts of goods enough might be sent that would answer for that end."

Reynell Out Letter Book, November 5, 1746.

18. Isaac Cox, Thomas Clifford's supercargo, tells in the following excerpt from his letter to his employer of how he tried several markets before being detained in the Danish West Indies. "I arrived here [St. Croix] ye 14th inst. after touching at Antigua & St. Eustatius in those 2 places made all the enquiry I could respecting markets in all the Windward islands but to my mortification found there was none that would pay first Cost & Charges. I then enquir'd to Leward where no encouragement could be given but to this island. There I was told flour was 15 pieces of eight on the presumption of which I came down & brought to without the harbour & came ashore to try the markets but soon found my great hope reduced to less than one half & that to be paid in Rum the next crop. I was determined to accept of no such offer but to come aboard that night & in the morning get some beef & water on board & proceed down to Jamaica -- . But I had not been ashore long before a Danish man of Warr boat was mann'd &

arm'd and sent on board my Vessell & brought her by force into the harbour -- . I was then brought under the disagreeable Necessity of Selling my cargo here or enter & pay all the charges the latter being their motive for bringing me in -- ." Clifford In Letter Book, October 22, 1763.

19. Freight charges amounted to one hundred per cent on wheat and corn shipped to the West Indies, and on all articles to about forty-five per cent. Sheffield, op. cit., pp. 184-85. These charges, of course, had to be added to the price of the commodities when they were sold, and then remitted to Philadelphia.
20. English vessels were at a disadvantage in the trade between Philadelphia and the West Indies. Their vessels were larger than the ideal size and they were unacquainted with the ports in America. Bell, The West India Trade Before the American Revolution, p. 281. Only three per cent of vessels arriving in Jamaica between Christmas, 1766, and Christmas, 1767, were owned by West Indiamen. Herbert Bell, "The West Indian Trade Before the American Revolution," American Historical Review, vol. xxii, January, 1917, p. 282.
21. Willing and Morris to Thomas Willing, London, July 1, 1757, Willing and Morris Letter Book; Bell, op. cit., p. 281. "I am in the Jamaica trade and of long standing and if I find to make a freight outward in the way to said island you shall have a ship from hence every year." Michael Atkins, Bristol, to John Reynell, June 30, 1737, Reynell In Letter Book.
22. "The Trade to this Port is greatly overdone as tis become the rendezvous of our West India Traders to avoid the Hurricane Months who with others now throng our wharfs without being able to get anything to load Em with unless at a price far beyond what any market can bear but yet they must get something." Willing and Morris to Mayne, Burne and Mayne, Lisbon, September 26, 1754, Willing and Morris Letter Book.
23. North America contributed about three-fourths of all vessels engaged in the trade. Bell, op. cit., p. 430. Burnaby stated that very few vessels belonging to British merchants or West India merchants had a share in the trade between North America and the West Indies. Burnaby, op. cit., p. 172.
24. Ibid., p. 174. It took on from three to four weeks to go from the last continental to the first island port;

- but it took about six weeks to go from Philadelphia to Barbados. To make three round trips a year would require thirty-six weeks. The rest of the time was often spent in waiting for a loading.
25. Sheffield says that the vessels employed in the West India trade were of seventy to one hundred tons burden. Sheffield, op. cit., p. 179. Many were, however, only of forty tons. The longer trips and greater dangers prompted merchants to favor vessels of from one hundred to two hundred tons on the trans-Atlantic voyages. Furthermore, insurance rates were higher on smaller vessels.
 26. This procedure is discussed on p. 12-13.
 27. John Reynell to Michael Lee Dicker, Reynell Out Letter Book, July 5, 1737. The poorer wines were carried to the West Indies.
 28. The following quotations illustrate these points. "We are quite inclined to keep this ship constantly in the Trade and are fearful the Trade will not maintain her without the advantage of homeward freight." Willing and Morris to Codrington Carrington, Barbados, May 3, 1758. "My House ships more wines by much than any other at Cadiz & have it more in their power to give a ship a freight." John Kemp, London, to John Reynell, May 10, 1750, Reynell In Letter Book. "I -- let him have ye cargo at ye same this currency that it and the charges on it Cost at Philadelphia if he would ingage a full freight of Shugers for he did not know of a Freight to be had in the Island." Peter Hunter, supercargo from Kingston, Jamaica, to John Reynell, July 7, 1749, Reynell In Letter Book.
 29. The freight on commodities shipped back to America from the West Indies amounted to only five per cent of their prime cost. Sheffield, op. cit., p. 185. This indicates that their value must have been greater in proportion to bulk than the commodities carried on the southward passage.
 30. American vessels were able to carry sugar thirty per cent cheaper than were British, and were therefore preferred by West Indian shippers. Frank Pitman, The Development of the British West Indies, p. 184. American vessels might get a freight in a few weeks while a British vessel took several months. Sheffield, op. cit., p. 198.

If a freight to London could not be secured an attempt was made to secure a freight back to Philadelphia. "As no freight could be procur'd for the Vessel to London we had advertised for Philadelphia the 3d day after her arrival here but what little freight was stirring was engaged here." Birkett and Booth, Antigua, to John Reynell, June 17, 1747, Reynell In Letter Book. The importance of getting a freight to London is made evident in this quotation: "We should hardly have purchas'd and loaded the Snow with so valuable a cargo if we had not had some prospect of her getting a good freight from your Island to London, Bristol or Liverpool, otherwise having her back here nearly or quite full." James and Drinker to George and Abraham White, Antigua, March 27, 1759, James and Drinker Letter Book.

31. John Reynell referred to a forty-four foot, double-decked vessel as being "too small to carry sugars home to make any hand of it," and then added, "besides when they load with sugar they are liable to lie there so long that the worms hurt their bottoms very much and wages run up fast." John Reynell to Michael Lee Dicker, September 15, 1735, Reynell Out Letter Book.
32. Since it was not possible to know at the time of a vessel's sailing from the islands to which port in England it would go, captains were told in their original instructions which houses in the various English ports to apply to for a freight. James and Drinker instructed their captain, Daniel Rees, "if on your arrival at Barbados an immediate and good freight should offer for England or Ireland then mayst take it, and if thou goes to London apply to Neate & Pigou, if Bristol to Freeman and Oseland, if to Liverpool to Strongs and Jenney, if to Dublin to Robinson and Landwith who shall have our instructions how to proceed further." James and Drinker Letter Book. The nature of the instructions given to an English principal is given in this letter of William Griffiths to Elias Bland, London: "We have ordered Capt. Burrows to accept a freight for London /From Jamaica/ in case he can gett 3/6 /freight per hundredweight/ for sugars and as we hear freights are plenty at that rate we expect he will go from thence to London if he should he is ordered to Value himself upon thee & take thy Directions how to proceed & we hereby desire thee upon his arrival at London to Receive such freight money as the ship makes & to sell the Ship for ye most she will fetch above 600 Guineas either by Private or Public sale. -- We allow 14 days from the day of her

arrival at London to sell her & in case it cannot be accomplished in that time we allow 30 days more to gett what freight thou canst for this place." Griffiths Letter Book, May 5, 1750. Hillary and Scott, Liverpool, advised Thomas Clifford of the efforts they were making to secure a freight: "Advised J Woolmer and many of our Friends who ship to Philadelphia & have kept the Ship advertised in our Newspapers of her being intended to sail -- have been several other Ships put up & one more remains not full will deprive us of procuring so much freight as otherwise might have done, but shall act in that respect & all others for your Interest as if the Ship were our own." James and Drinker Letter Book, July 11, 1760. The Philadelphia merchants of course reciprocated when the ships of their English correspondents came to their port.

33. The resourcefulness of the Philadelphia merchant is demonstrated in these instructions of Thomas Clifford to his captain, Samuel Smith: "If a freight for this port can be had /after discharging its cargo at London/ accept that, but if no probability appears of succeeding therein so as to be a Spring Ship with the help of passengers, Germans or otherwise then try to get a freight for New York, but if that is not to be had to sail as before mentioned then if eight hundred pounds stg. can be had for the ship sell her, but if no such price can be obtained for her then request our aforesaid friends to write to Isaac & Zachariah Hope of Rotterdam on the probability of our getting a freight of Germans for this City." Clifford Out Letter Book November 22, 1763.
34. John Harper, supercargo, wrote to Thomas Clifford from Granada in the West Indies, "I could wish I had return'd to Philadelphia in my ballast from Antigua as I think it would have turn'd out to more advantage than coming here but was doubtful you would not like to see the vessel coming back empty. I shall be out a long time and make the most I can of it & am doubtful shall make you a bad Voyage but be assured I shall take all the pains a man could do for your interest. -- Vessels from North America think nothing of lying four, five & six months but for my part it would distract me hope I shall be able to get away in 8 or 10 days." Clifford In Letter Book, March 10, 1765.
35. One cargo sent to the West Indies by James and Drinker was valued at £2187/13/14, a sum much greater than the amount invested in the ship carrying it. James and

Drinker Letter Book, March 27, 1759. The Norrises in 1739 estimated the value of their merchandize on hand at £1432/4/3 exclusive of a cargo valued at £1000 which was on its way to Lisbon. Charles and Samuel Norris Daybook for 1739 to 1767.

36. Knight, Barnes and Flugel, Economic History of Europe, pp. 125, 323; Macpherson, op. cit., vol. III, p. 87.
37. The reasons for the establishing of the first insurance office in Philadelphia are given in this advertisement inserted in the American Weekly Mercury: "Assurances from Losses happening at Sea etc. being found to be very much for the Ease and Benefit of the Merchants -- whereas they had hitherto been obliged to send to London for such assurances, which has not only been tedious and troublesome but even precarious an office will be opened where insurance can be secured locally from persons of wealth and standing." Quoted in Adams, Provincial Society, p. 224.

A great deal of insurance was made for merchants in the New England ports; very little for those in New York where there were well established offices. David Fogo of Antigua explained to John Reynell why he was writing to him for insurance in these words, "The reason I am writing for insurance is that we have no insurance office here." Reynell In Letter Book, October 5, 1757.

38. Willing and Morris Letter Book, September 26, 1757.
39. A policy for £400 on goods he proposed to ship was secured for John Waddel of New York by Thomas Wharton. The policy was underwritten as follows:

£100	Reese Meredith
100	John Baynton
100	Charles Jones
<u>100</u>	James & Drinker
£400	on goods.

Wharton Letter Book, March 10, 1757.

40. Thomas Wharton to John Waddell, New York, April 3, 1759, Wharton Letter Book. To underwrite both a vessel and its cargo would, of course, be placing too much dependence on the safe arrival at its destination of a single ship.
41. J. S. Davis, Essays in the Earlier History of American Corporations, vol. II, pp. 232, 237. Willing and Morris

wrote to one of their correspondents: "We have now the pleasure to inform you that there is an insurance company set up here consisting of six Gentlemen of Fortune, their Stock can't be less than £80,000 which will make an addition of £600 to the sum we could formerly have done here on any one Risque & must be an advantage to the Trade of this City & yours & indeed the Continent in General. Our T. W. is at the head of it." Willing and Morris to Lawrence Read, New York, October 13, 1757, Willing and Morris Letter Book. The company disbanded in September, 1758. Unfortunately it was organized during wartime when underwriting was a precarious business. Upon the dissolution of the company the firm of Willing and Morris wrote to Thomas Willing in London: "We are convinced of the Truth of what you say that Underwriting is a bad business & are determined to drop a Company we have been engaged in near 12 months tho we dont expect any great loss more than time and trouble." Willing and Morris Letter Book, September 9, 1758.

42. "Our office does not give 3 months Credit for Premiums tho it takes 3 months to pay losses in." John Reynell to John Wendell, March 9, 1761, Reynell Out Letter Book. Having to be in advance irked insurance brokers. "When thou writes for Insurance thou ought to send the Neeful to make it with for I think it is expecting too much of us to expect we will advance our own Money, Especially to be kept out of it any length of time." John Reynell to Samuel Cutts, January 26, 1762, Reynell Out Letter Book.
43. Richard Pares, War and Trade in the West Indies, p.470. Willing and Morris to Thomas Willing, London, September 26, 1757, Willing and Morris Letter Book. "Insurance with you to England and Ireland is very reasonable to what it is in England." John Moffat, Portsmouth, to John Reynell, December 15, 1757, Reynell In Letter Book. On occasions it was sometimes thought best to have insurance made in Holland. Stamper and Bingham suggested this to David Barclay of London in these words: "please to try Holland for they understand their own place, we doubt not but they will do it much cheaper than 4 p ct." Stamper and Bingham Letter Book, January 12, 1753. The place referred to was Surinam.
44. Compare these two quotations. "Our underwriters know her so well that we have £800 insured on her for 9 Per cent on this voyage they ask 14 to 16 on defenseless

ships to Barbados." Willing and Morris Letter Book, February 6, 1758. "Our underwriters have but a bad opinion of her sailing, if we can't get it done here [insurance] must write several opportunities to London and Liverpool." James and Drinker to Fletcher and Benson, Barbados, March 1, 1757, James and Drinker Letter Book. Sometimes a whole colony had a bad reputation among underwriters. The following quotation refers to North Carolina. "We have heretofore remarked the difficulty we are under in procuring Insurances on Vessels belonging your way, from the general bad character being frequently too old and badly fitted and the Goods Shipped very often in bad order, which in case of any accident befalling them makes heavy Average Losses." James and Drinker to John Clitherall, Newburn, North Carolina, December 22, 1757, James and Drinker Letter Book.

45. Insurance was sometimes saved when the vessel was not insured until after its sailing. "We have received the first ordered £300 to be insured on ye Crown, which letter not coming to hand till her arrival the premium was saved." David Barclay, London, to John Reynell, May 1, 1750, Reynell In Letter Book. Term insurance was made when a vessel was held constantly in a particular trade. "We want to keep the Brig in the Trade between Barbados and here and therefore request that you will Endeavour to get her insured by the Month provided you can at or under 1 per cent per Month for Six months certain in said Trade to Commence from the 14th Instant when she left us, get £1400 Sterling done on her." James and Drinker to Neate and Pigou, London, November 17, 1763, James and Drinker Letter Book. Thomas Wharton told Hyde, Hamilton, and Hamilton, London, "For what goods you may ship please always to make full insurance without further orders." Wharton Letter Book, November 21, 1757.
46. James and Drinker Letter Book, April 23, 1757. Lack of capital sometimes forced Philadelphia underwriters to decline business.
47. Macpherson, op. cit., 252.
48. "We generally have above one half on board Every Vessell we are concerned in uninsured." Stamper and Bingham to David Barclay, London, June 1, 1753, Stamper and Bingham Letter Book. When writing to John Reynell for insurance Stephen Parker of Portsmouth stated: "This is not half our interest in her

- but as we look on the risk as small we are inclined to stand partly our own insurers." Reynell In Letter Book, May 11, 1762.
49. "When a vessel is valued in a policy no other proof is necessary than that you have made no insurance on her anywhere else." John Reynell to Barrel and Parker, Portsmouth, May 19, 1762, Reynell Out Letter Book. Policies were valued only when the amount insured was small. Reynell Out Letter Book, December, 1761. "Agreeable to thy request I valued the policy on the St. Michael at £200 and in order that thou may understand what is understood by valuing a policy please to take it thus that an owner of a vessell has a right to value his interest in a vessell at a certain sum which sum in case of an average loss shall be regarded in order to settle the said average loss by: but in case of a total loss the policy being valued doth not deprive the Underwriters of demanding such proof of Loss as is legal, otherwise it would be making Insurance Interest or no interest which is contrary to an express act of Parliament." Thomas Wharton to John Waddell, New York, September 23, 1758, Wharton Letter Book.
50. John Reynell when attempting to obtain insurance for one of his vessels gave the following data: "This is to desire thee to insure for me on the snow Charming Molly, Peter Nihill, Master, Burden about 85 tuns, having seven hands, this country built, she is not yet 16 months old, one hundred pounds sterling from the island of Antigo to this port one quarter part of said vessel and Cargo. I expect she sailed from Antigo [~~Antigua~~] about the 20th of last month, My interest in her is a great deal more, but am not insuring the whole." John Reynell to Lawrence Williams, England, November 14, 1734, Reynell Out Letter Book.
51. "We insure her hence to Barbados at 8 per cent & Vessells of no force at 14 per cent." Willing and Morris to John Perks, Bristol, England, January 28, 1758, Willing and Morris Letter Book.
52. Fuller Letter Book, p. 179.
53. Pares, op. cit., p. 488. These differences were even more pronounced in time of war. James and Drinker Letter Book, August 24, 1757.

54. "If the chance or voyage be changed by the negligence of the master then the insurers are not liable, but they engage against all fortuitous risks." Fuller Letter Book.
55. During the Seven Years' War (1759) a return of two per cent was made for West Indian islands not touched at. Reynell In Letter Book, July, 1759.
56. Solomon Huebner, Marine Insurance, p. 36.
57. John Reynell to John Moffatt, October 14, 1761, Reynell Out-Letter Book.
58. No average loss would be paid unless the ship arrived safely. Fuller Letter Book.
59. John Reynell to Samuel Cutts, October 20, 1762, Reynell Out Letter Book.
60. John Reynell to Henry Apthorpe, Portsmouth, April 12, 1761: "They /- the underwriters_7 make good no losses that do not Amount to 5 per cent." Reynell Out Letter Book.
61. A good summary of the distinctions made by underwriters is contained in this excerpt from a letter of John Reynell to Colburn Barrell, Portsmouth: "They /- the underwriters_7 have lately agreed to pay only 98 per cent on any total losses for the time to come and no average losses on salt, wheat, Indian corn, pease, malt, and dried fish in bulk, and tobacco unless general average or the vessel be stranded. All other goods free of average unless 5 per cent general or the ship be stranded." Reynell Out Letter Book, March 3, 1762. Dutch underwriters paid only ninety-six per cent on a total loss, and English ninety-eight. Pares, op. cit., p. 470.
62. Barratry was defined as "when the Master of a ship or the Mariners cheat the owners or insurers, whether by running away with the ship, sinking her, deserting her or embezzling the cargo -- these faults & offences are imputed to the negligence in the master -- the owners of the Goods has a remedy against the Owners of the Ships for any Prejudice he receives by the fraud or neglect of the master." Fuller Letter Book.
63. In case of a loss the insured could demand no more than the actual value of that which he insured. James and

Drinker to Samuel Cornell, North Carolina, October 13, 1757, James and Drinker Letter Book. Burnaby states that New Hampshire vessel owners grew rich during the Seven Years' War by overinsuring their bottoms. Burnaby, op. cit., p. 149. Giving orders to sink a vessel if it was insured for more than its value was deemed fraud, releasing the underwriters from liability. Fuller Letter Book.

64. During the Seven Years' War vessels frequently left their convoys in order to be the first to reach port. To protect themselves underwriters charged the full insurance for sailing without convoy and then returned two per cent if the affidavit were presented. Reynell Cut Letter Book, July 21, 1762.
65. To obviate costly and tedious suits at law merchants commonly agreed to allow disputes on various matters to be settled by impartial referees. This system was merely transferred to the field of underwriting. In a policy the clause to this effect read: "Any dispute that shall arise relating to a loss on this Policy shall be referred to two indifferent Persons, one to be Chosen by the Assured & the other by the Assurer or Assurers who shall have full power to adjust the same, but in case they cannot agree then two such persons shall chuse a third & any two of them agreeing shall be obligatory to both parties." Reynell Cut Letter Book, November 18, 1761.
66. The following is the form made out when the oath was taken:

In Pursuance of an Act made on the 7th and 8th of King William the First

[/John Morris of Greenwich/] in the Province of
[/New Jersey/] Mariner maketh Oath

That the [/Sloop/] called the [/Charming Rachel/] of
[/New Jersey/] whereof [/John Lightinstone/] is at present master being a
[/Square Sterned/] vessel of [/ten/] Tons or thereabouts was built
in the Province of [/West Jersey/] in the Year
[/one thousand Seven hundred and fifty nine/]

and that He the said [/John Morris/]

is at present owner thereof and that no foreigner directly or indirectly hath any share, or part or interest therein dated at the Custom House Philadelphia the
[/eleventh day of August 1760/]

Signed by [Abraham Taylor_] Collector

Customs House Papers, vol. I.

67. W. T. Root, Relations of Pennsylvania with the British Government, p. 56.
68. Ibid., pp. 56-57.
69. For a general discussion of the customs service in the colonies with specific references to Pennsylvania see Chapter VI, "The Customs Service in the Colonies," in C. M. Andrew's England Commercial and Colonial Policy; and for a special study of the customs service in Pennsylvania, Root, op. cit., Chapter III, "The Administration of the Acts of Trade."
70. For providing all the necessary papers for entering and clearing a vessel of over thirty tons the collector received twenty-seven shillings and the comptroller six shillings. The comptroller received an additional one shilling and six pence if the vessel were over one hundred tons burden. The above fees were established by provincial law. Fees for special purposes such as providing a bill of health for a vessel bound for Spain or Portugal, registering a vessel and recording the registry, issuing permits to shallops trading on the Delaware were established by custom. Custom House Papers, vol. II.
71. Giesecke, American Commercial Legislation Before 1789, pp. 17-18.
72. A law of the year 1700 imposed the following rates: Madeira wine directly imported in vessel belonging to Pennsylvanians, 20 shillings per pipe; directly imported but in vessels not so owned, 3 pounds per pipe; Indirectly imported, six pounds per pipe. Rum, brandy and other spirits directly imported in a locally owned bottom, one pence per gallon; directly but not so owned, three pence per gallon; indirectly six pence per gallon. Sugars not imported directly from their place of production were to pay five shillings per hundredweight. A half of the duty was to be rebated if the commodities were reexported. Pennsylvania Statutes at Large, vol. II, Chapter LXXXV, pp. 105-09.
73. Ibid., vol. II, Chapter CCXXIV, pp. 145-50.
74. Johnson, op. cit., p. 57.

75. The duties imposed by this act were: Madeira wine, thirty shillings per pipe; Rum and other spirits, one penny per gallon; Muscavado and other sugar, one shilling per hundredweight; Loaf sugar, except that from Great Britain, three shillings per hundredweight. The act specifically stated that these duties were granted to "his Majesty's" use to maintain a provincial ship of war and "other purposes for his Majesty's service." A fine of five hundred pounds was the penalty for evasion. Reprinted in the Pennsylvania Gazette, May 18, 1758. Some idea of the relation the duties bore to commodity prices may be determined from the following prices. In 1758 Madeira wines sold for about forty-five pounds per pipe, West India rum from three to four shillings per gallon, and Muscovado sugar for forty-seven shillings and fifteen pence per hundredweight. Bezanson and others, Commodity Prices in Colonial Pennsylvania, pp. 422-23.
76. Colonial Records of Pennsylvania, VIII, pp. 30, 31.
77. Willing and Morris Letter Book, May 3, 1758.
78. Giesecke, op. cit., p. 87.

CHAPTER III

TRADE WITH THE MOTHER COUNTRY

It was a principle of the mercantile theory of trade that colonies were worth having only if they were economic assets. Accordingly, a colony might be of value for two reasons: because it furnished raw products which could not be produced in the mother country but were vital to its economy and defense, and because it served as a market for the manufactures of the mother country. Pennsylvania was never of any great value for the first of these reasons. Although experiments were attempted to find products which could be exported directly to England, and although a degree of success attended some of these experiments, Pennsylvania found that its prosperity lay in the direction of raising provisions, articles of which the mother country produced a sufficiency for her own needs and some to export. But the colony did become tremendously valuable as a market for British manufactured products. All of the bills of exchange and coin which were secured by means of a thriving commerce with the West Indies, southern Europe and the wine islands were sent home to purchase the clothing, utensils and tools which the inhabitants of a new and rapidly growing community required.

Manufactured articles of nearly every variety and description known at the time were imported from

England and to a lesser extent from Europe through England. Colonial advertisements frequently listed two or three hundred such items under the general heading of "European Goods." Dry goods, articles of clothing and metal ware made up the bulk of these. Most were manufactured in England for that country had already attained the pre-eminence in the manufacture of durable and inexpensive commodities for which it is still known.¹ It was estimated, for example, that the coarse woolens which made up such an important part of exports to America could be produced from fifteen to twenty per cent cheaper in England than in France, England's chief competitor.² Nails, tools and other metal ware came primarily from Bristol, Sheffield and Birmingham in England; and cotton cloth and Manchester goods were synonymous terms.

Here and there in colonial invoices one finds articles of the manufacture of Europe proper. Names indicate some of these. There were Russia-ducks for sails, printed Hollands, Flanders laces, and Osnaburghs, the latter a cheap sort of linen produced in Germany and especially popular for clothing among the poorer classes.³ Fine woolens and silks were sometimes of French manufacture, although the high duties on these articles almost prohibited their legal importation.⁴ Among the non-manufactured articles secured in England but of European production were the semi-tropical products of southern

Europe -- the wine, olive oil and fruits of Spain, Portugal and Italy.⁵ Other non-manufactured products imported from England were salt, gunpowder, refined sugar, and tea. The latter was obtained at the East India Company's sales and were listed along with other Asiatic and East Indian commodities in advertisements as East India goods as distinguished from those of European production.⁶

Some trade was undoubtedly carried on directly with European ports in defiance of the law which required that products of European manufacture be secured indirectly through British exporters. There was something to be gained by illicit trade in the way of saving duties and obviating the circuitous voyages which were necessary if England was to be touched at after colonial commodities had been delivered at European ports. In the letters of the Pennsylvania merchants one runs across references to cordage and linen being imported from Holland, and silks, wines, and sugar from France.⁷ However, illicit trade in most commodities was probably never very extensive. Most of the articles which the colonists desired could be manufactured more cheaply in England than elsewhere; and British merchants alone were willing to grant the long credits necessary for their purchase. Furthermore, English merchants had it in their power completely to assemble at one time the varied orders which the colonial merchants

desired to place. It was both expensive and troublesome to secure goods from a number of sources.⁸

Tea was the great exception. There was a real incentive to smuggle this article since a heavy tax was placed on it upon its importation into England and the East India Company possessed a monopoly of the British market. The chief source of illicit tea was Holland.⁹ So much was brought in from this country that the price was often driven down to a point where legal importers had difficulty in making sales at a profit. In 1755 John Kidd, a tea and spice merchant, wrote: "we have had large quantities of Tea from Holland this year and still continue to have more, which will intirely ruin the trade of that article if a stop is not put to it by some means or other." The same merchant four years later wrote: "as to Bohea Tea we shall be much overstocked with it very soon from the great number of vessels gone to Holland with sugars."¹⁰ The carrying of sugar directly to Holland was illegal in *not if* itself.

Illicit tea was often imported via New York. This colony upon becoming English had retained many of its commercial connections with its old mother country, Holland. If amount of correspondence is any indication of the importance of a trade, then the importation of Dutch tea from New York was an important branch of Thomas Wharton's business. Many of his letters were to John Waddell, a New

York merchant, explaining how sales were progressing and how tea might be most successfully smuggled into Philadelphia.¹¹ In 1757 Wharton informed Waddell, "I can assure thee there's no probability of its [tea_] rising shortly with us from a large quantity that's been run into this city from Scotland."¹² This quotation should furnish some food for thought on the subject of honor among smugglers.

A discussion of the ease or difficulty with which goods were smuggled into Philadelphia will be deferred until a study is made of the more extensive trade carried on in violation of the Molasses Act of 1733. However, some attention may be given here to how the articles carried in the illicit trade between Europe and Pennsylvania were secured. Most were probably carried directly from European ports to Philadelphia or New York. Sheffield says that the latter ports along with New England engaged in an almost open trade with Holland, Hamburg and France.¹³ A somewhat more complicated procedure, in which the Isle of Man was utilized as an entrepot, was developed in connection with the trade to Ireland. Goods previously lodged in the island by the Dutch were picked up by vessels on their way from Ireland to Philadelphia. The island was well suited to this purpose since it was outside the operation of the English customs laws.¹⁴ Daniel Clark, of Philadelphia, projected a rather involved scheme to

utilize this possibility. He proposed that his vessel pick up soap, tallow and candles in Ireland, proceed to Liverpool for salt, coal and other articles and then go to the Isle of Man for tea and silk handkerchiefs. From thence the ship was to go to Philadelphia for flaxseed so that it might repeat the voyage.¹⁵ In 1755 John Kidd, a fair trader, stated that "this is a new trade but I am afraid we shall have a great deal more that way."¹⁶

In addition to the reductions suffered from illicit trade, the maximum amount of goods which England might have exported to Pennsylvania was reduced somewhat by local manufacturing and processing. Local manufacturing was, however, never engaged in to such an extent as seriously to threaten British supremacy in the Pennsylvania market. Leaving out of consideration British prohibitions on certain branches of colonial industry, wages were too high and capital too scarce in America to make wide scale enterprise in this field profitable.¹⁷ The dominant position of agriculture in the local economy was both the cause and the result of these conditions. As late as 1767 Thomas Clifford wrote: "Our imports of those articles [manufactures] are very large, the people being much employed in agriculture, husbandry, clearing and improving lands, but slow progress is made in manufactures here."¹⁸

British exporters probably found the greatest competition in the fields of iron and steel production and

cloth making. Most of the rather large quantity of iron produced in Pennsylvania was made into bar iron and later into tools, nails and other metal ware for the use of the colonists themselves.¹⁹ That this aspect of local industry cut into British exports is evidenced by the fact that in 1750 Parliament forbade the erection of more slitting mills, plating forges and steel furnaces than already existed.²⁰

Cloth making was admirably adapted to household production. Little capital was needed, servants and women during their spare time could furnish the needed labor, and raw materials were readily available. The wool and flax which were incidental to sheep raising and flaxseed production would have gone to waste had they not been made into woolen and linen cloth. The amount of cloth that was made varied according to the times. During periods of prosperity, when they could afford them, most people preferred English styles and fashions. But in times of depression a large amount of homespun was worn. In 1761 James and Drinker reported to David Barclay "where the people in the Country find what they have occasion to wear is dear they Manufacture themselves & that very good both linnen and woolen of most sorts and while the thots of high prices continue the better sort will not purchase."²¹ Just how much cloth was locally produced it would be difficult to estimate. However, its production was at times so great that a surplus for export existed.²²

Other articles produced in Pennsylvania which might be classified as manufactures included cordage, beaver hats, linseed oil, starch, spermaceti candles, earthenware, soap, bricks, shoes, staves, shingles, and flour.²³ Many of these were noncompetitive so far as English exporters were concerned, and many were incidental to other colonial industries as, for instance, cordage making to ship building. Most were exported in varying amounts.²⁴

An examination of the balance of trade between Pennsylvania and England shows that the colony paid for only a small part of its huge importations of manufactured goods with commodity remittances sent directly to the mother country.²⁵ The explanation lies in the fact that Pennsylvania found it to her advantage to raise products which competed with rather than supplemented those of England. Since it was impossible to export her commodities directly to England, Pennsylvania's remittances were made by means of coin and bills of exchange secured through the sale of provisions in tropical or semi-tropical markets. The colony was not completely unadapted to raising products needed in the mother country, for it did produce some and might produce more. But it preferred to concentrate on pursuits more in harmony with its geographical and climatic conditions. Of the few products exported directly

to England, furs, iron, hemp, flaxseed, and sometimes wheat were the most important.

Pennsylvania was a leading and perhaps for a time the leading American colony in the export of furs. Beaver, otter, deer, martin and fox pelts and skins were exported in ever increasing quantities until 1748 when the fur trade of Pennsylvania reached its height for the period previous to the French and Indian war. In that year the Treaty of Logstown culminated a series of Indian treaties which opened the rich fur regions of the country south of Lake Erie to Pennsylvania traders.²⁶ Shortly after this time the encroachments of the French drastically curtailed activities until after the war. Some of the most prominent names in the commerce of the colony were connected with the fur trade: James Logan, the Gratz brothers, Shippen and Lawrence, Baynton, Wharton, and Morgan and others.²⁷ The trade was important to England both as a means of disposing of articles of British manufacture and of securing products for which there was a continuous demand in England and Europe. During the period previous to the French and Indian war exports of furs from Pennsylvania were valued at about £40,000 annually.²⁸

Despite the fact that England was a large consumer of iron and Pennsylvania was a large producer of this metal, its exportation to the mother country never assumed as large proportions as might have been

expected.²⁹ Until 1750 colonial iron was obliged to pay the same duties upon importation into England as did Russian and Swedish iron. But since the latter was thought to be of a superior quality equal duties in effect kept colonial iron out of the British market. In 1750 and 1757 the duties on the importation of colonial iron into all British ports were removed.³⁰ This preferential treatment did not, however, result in any great increase of exports to England. Before 1750 the average annual imports of pig iron from all American colonies amounted to only 2,000 tons. Following that date imports increased slowly until by 1771 they amounted to 5,000 tons annually.³¹ This was no great increase in view of the fact that duties had been taken off and that in 1764 iron intended for Europe was made an enumerated commodity. The explanation is that the colonists kept most of their iron in order to manufacture it into iron and steel products themselves. They paid little attention to the law of 1750 which placed restrictions on the making of iron products and forbade the erection of additional slitting mills, plating forges, and steel furnaces.³²

Hemp, like iron, was a product for which England furnished a large market but which was exported to only a limited extent because of the demand for it in the colony itself.³³ That it was raised in considerable quantities in Pennsylvania is partly evidenced by the removal in 1731

of a provincial bounty for its production for the reason that "the price is now sufficient encouragement and so much raised that the bounty is now a burden."³⁴ By 1749 its production had increased to such an extent that local newspapers began regular quotations of its prices. Most of it was made into the cordage necessary for the thriving local ship-building industry. In 1756 Willing and Morris informed John Perks, England, that "we have heaps [of cordage] made here," and in 1758 that "we have excellent good cordage made here almost enough for our own consumption & its generally preferred [to English] as they can depend on its quality."³⁵ That there was hardly enough for local consumption probably explains why, despite a bounty offered between 1703 and 1741 and after 1764 for its importation that little was exported to England.³⁶

A branch of Philadelphia's commerce which enjoyed a steady growth was the exportation of flaxseed to linen producing countries of which Ireland was the most important. As early as 1737 John Reynell stated: "flaxseed has grown to be an important branch of the trade here."³⁷ When Parliament began to grant bounties on the exportation of linen from Ireland in 1743 further impetus was given to the flaxseed trade of Philadelphia. The bounty made possible an extremely profitable exchange of products.³⁸ Ships, both Irish and Pennsylvania owned,

loaded with flaxseed in Philadelphia in November and returned with Irish linen in the spring. The trade was closely connected with that to England since the linens had to be taken to the mother country for the collection of the bounty. As a result articles of British manufacture were sometimes added to the cargo on the return trip. So important was the trade that those merchants who drew bills of exchange on England or Ireland for shipments of flaxseed became known as the "flaxseed drawers." The amount drawn was often so great as to have the power to drive down the rate of exchange on England. It may be added that Pennsylvania's flaxseed was not considered of as good a quality as that raised further northward, but the colony led all others in its production. From 1729 to 1760 the volume of flaxseed exported grew from 2,000 bushels annually to 70,000 bushels annually.³⁹

Only in years of scarcity in England did wheat figure in Pennsylvania's exports to that country. Normally England supplied enough for her own needs and a surplus to export. Although Pennsylvania could produce wheat more cheaply, English producers were insured of a monopoly of the local market by the placing of high duties on importations from all other sources.⁴⁰ However, in years of extreme scarcity these duties were removed so that the possibilities of famine might be averted. 1757 was such a year. At that time Hillary and Scott informed John

Reynell: "Grains of all sorts being so high and much wanted in this nation that an act is now passed to take off all duties upon corn and flour until August 24th next and as it is low with you I imagine that large shipments will come from your country this spring."⁴¹ As it happened, Pennsylvania had a bumper crop that year and was able to take advantage of the opportunity. This was the exception, however, and not the rule. There are few references in the letters of merchants to shipments of wheat to England.⁴²

A large part of Pennsylvania's exports to England were in reality re^uports; articles which were brought to Philadelphia in the course of trade with that city's chief markets. Because of the low cost of Philadelphia's shipping, it was often cheaper for English merchants to have indigo, rice, coffee, and naval stores purchased at Philadelphia than at their place of production. Even sugar, the chief product in the direct trade between England and the West Indies, was sometimes re^uported from Philadelphia. In 1739 Daniel Flexney of London suggested to John Reynell that "sugar is sometimes cheap in Philadelphia and might do \int as a means of making remittances \int ."⁴³ A product which became an important-re-export after 1757 was the logwood secured from the coast of Honduras. In 1759 five hundred and seventy-four tons of this expensive dye-wood was sent to England from Phila-

delphia.⁴⁴ To name all of the articles which were re-exported would be to name nearly all that were imported into Philadelphia.

The ability of Pennsylvania to absorb large quantities of British manufactures depended upon the ability and willingness of British merchants to make extensions of credit to their Pennsylvania correspondents, and the latter in turn to make these extensions available to their customers, the local retailers. Throughout the whole colonial period the relationship of the English to the Philadelphia merchant, and of the latter to the retailer, was that of creditor to debtor. These relationships were inescapable, and when extensions of credit were not overdone they were desirable.

It is a characteristic of a new and rapidly developing country, as was Pennsylvania in the eighteenth century, that the possibilities for the productive employment of capital far outruns its local supply. This being the case, it is necessary, if economic development is not to be retarded, that deficiencies be made up from funds supplied by older and more affluent regions. Today the movement of capital from older to new communities is accomplished by the purchase of bonds and the direct control of enterprises, but during the eighteenth century it was accomplished by extensions of credit by the great English

shipping merchants. Adam Smith explained the process in a somewhat different manner when he said: "the most common way in which the colonies contract their debt is not by borrowing on the bond of rich people in the mother country, though they sometimes do this, but by running as much in arrears to their correspondents who supply them with goods as those correspondents will allow them."⁴⁵

The extensions of credit which permitted the movement of large quantities of goods benefited both England and America. English merchants were thereby enabled to dispose of more of their products than they could otherwise have done, and Pennsylvanians found it possible to concentrate on those activities which were most profitable to them at the time -- the development of agricultural resources. Had it not been for the availability of credit which placed tools, utensils and clothing within their reach, the colonists must perforce have turned to supplying some of these themselves but at a higher cost of production than that of England. On the other hand, the latter course would not have been consistent with the economic objectives of the mother country at this time. One of the measures of the value of a colony was its ability to purchase finished products. The liberal extension of credit was a major factor in giving England a virtual monopoly on the Philadelphia market for manufactures. The remainder of this

chapter will be devoted to the specific nature of the credit arrangements between English and Philadelphia firms and the problems which arose from them.

At the time a correspondence between an English and a Pennsylvania firm was first established, agreements were made with regard to the terms which were to govern future transactions. Among the most important of these were those relating to credit. Examinations of these preliminary agreements show that the length of the credit period varied but was commonly placed at nine or twelve months. Discounts were given when payments were made in cash or previous to the expiration of the credit period. Usually such discounts were computed at a rate of five per cent a year. This meant that a full five per cent discount would be given if cash were paid on delivery of the order; and that interest at the same rate would be charged if accounts were not paid until after the expiration of the credit period.⁴⁶ The chief reason for these discounts and penalties was to encourage the earliest possible remittances. As a further reward for early remittances, English merchants sometimes lowered their commissions for purchasing goods when assured of prompt payments.⁴⁷ Tea and spices were exceptions to the ordinary credit terms. For these articles cash was usually demanded, or at most only two or three months credit given.⁴⁸

Preliminary arrangements with regard to credit terms were, however, only a modus operandi and in no wise a contract. If anticipated benefits were not forthcoming or if the policy of other English houses should change in the meantime the Philadelphia merchant showed no hesitancy in asking for their revision. He was in the habit of comparing his terms with those received by other Philadelphians. When unfavorable differences were noted his English correspondent was asked to make an adjustment with a warning that unless more liberal terms were observed in the future business connections might be severed.⁴⁹ Competition compelled the Philadelphia merchant to make these requests and usually forced the English merchant to comply with them. When asking for a revision of credit terms James and Drinker wrote to Daniel Mildred: "we endeavour to import our goods upon equal terms with our Neighbours to be upon a footing with them in their sales."⁵⁰ As the century progressed credit terms tended to become more liberal. By 1760 twelve months had become fairly well established as the usual credit period with other aspects of credit arrangements equally generous.

A fundamental reason for the long credit period which the Philadelphia merchants required and the difficulty they were often under in making prompt remittances was that they were forced to grant long credits to their

own customers. The credit which was secured from English correspondents was in turn passed on to local retailers. Despite his best efforts the merchant could sell only a small portion of his goods for cash. The best that he could hope to do with the greater part was to sell it into "safe hands" on credit. The long credits granted were not a matter of choice but of necessity. Like their English creditors the Philadelphia merchants much preferred to give discounts for cash payments than to receive interest on delinquent debts. The reason was that their capital seldom exceeded that which could most profitably be employed in trade. The letter written by Daniel Clark to one of his customers in York country might well have been written by his English creditor. "As I am to remit home very soon you'll oblige me if you can reimburse me the cash I advanced you -- the interest of money is but a trifle to a man in trade, in comparison to the advantage and profits from it well exercised."⁵¹

The credit extended to local retailers was commonly the same as that granted by English merchants, twelve months. However, in actual practice it was often much longer. The word of a retailer was frequently not to be depended upon. With much less at stake and with no such reputation to maintain as had the great importing merchants he could take his commitments more lightly if

in straitened circumstances. John Reynell spoke of "the credit given or rather taken" and that "altho we trust our goods for a twelvemonth often we don't get it in two."⁵² In 1754, a year of depression, the firm of Willing and Morris threatened to cease dealing in manufactured goods partly because "to trust them out amongst the country retailers is like throwing your money on the surface of the water."⁵³ Most firms, however, were not as well off financially as were Willing and Morris and could therefore not afford to neglect possibilities for the sale of their wares. They often faced the choice of trusting them out with the hope that remittances would be promptly made or seeing them remain on their shelves. The dilemma of the merchant is well presented in another quotation from the letter book of John Reynell in which he informs his English principal that "as to what thou says respecting getting in thy outstanding debts shall do it as fast as possible I can, but we must either sell the goods extream low or give long credit, and if a person is once noted for a Sharp Dunner he may as well shutt up his Store for people don't buy of him. Its very certain the credit given here is unreasonable but then if one won't do it another will."⁵⁴ Small wonder that many merchants could often make complaint in common with Daniel Clark, who wrote to William Neate: "My tardiness in not remitting you is not occasioned by imploying your money in any enterprise whatsoever but

intirely to the disappointment I have met with from my country customers."⁵⁵ This much should be said in defense of the country retailers. The blame was not always theirs but had to be placed on circumstances beyond their control. The scarcity of money in the province, a scarcity which was almost chronic, was one of these. When money was scarce the retailer could not pay the merchant, and the latter in turn was obliged to become delinquent in his remittances to England.⁵⁶

The blame for poor remittances was sometimes placed by the Philadelphia merchants directly on the English merchants themselves. This was the case when goods were overcharged or were considered of an unsaleable nature for one reason or another. To have on hand goods inferior in quality and higher in price than those of other merchants was a severe handicap since cash sales went to those who were able to offer the lowest prices and choicest goods. The alternatives for a merchant so handicapped were to sell his commodities at little or no profit, to sell them for long credit, or to see them remain on his shelves.⁵⁷ Whichever course was followed the colonial merchant felt that he was justified in making slow remittances.⁵⁸ Undoubtedly some of these complaints were fabricated to cover up other causes for poor remittances, but, on the other hand, many were made by merchants of excellent reputation and accompanied by apparently incontro-

vertible proof.⁵⁹ It is also possible that neither side was to blame. As was pointed out in the first chapter, prices were subject to rapid fluctuations and the devices for ordering were crude.⁶⁰ Again, many of the complaints were made during the seventeen sixties when manufactured goods were undergoing a general rise in price, a development of which colonial merchants were sometimes unaware. This may help to account for the sincerity of both English and Pennsylvania merchants in their claims and counter claims with regard to overcharged goods. Nevertheless unsaleable articles and high prices were a source of constant friction between creditor and debtor and had their effect upon credit relations.⁶¹

Closely related to the problem of unsaleable and overcharged goods, in that the British merchant was charged with the responsibility for the resulting delinquent remittances, was that of commodities arriving too late for their most advantageous sale. The trade of the Philadelphia merchant in manufactured goods was a highly seasonal one, with autumn and spring the periods of greatest activity. "In the last of the winter or early spring we choose to import our linens and other things fit for summer, the latter end of which we should have our woolen goods of all kinds ready for fall sale to be used in the winter; the spring is the best time for iron mongery, cutleryware, furniture for furnishing houses and all other

brass and iron work," wrote Thomas Clifford to Abel Chapman in Whitley, England.⁶² If commodities for spring sale arrived later than the early part of May and those for winter later than the early part of November, the merchant faced the prospect of having to hold them over for another year during which time they deteriorated and perhaps went out of fashion. The chief grievance was, however, that money would be tied up in them for another twelve months. It would seem that under such circumstances the English creditor should not be too exacting in his demands for payments, provided, of course, that the blame could be laid at his door -- and it usually could be.

Philadelphia merchants took unusual precautions to see that their orders were placed in good time. Orders for spring goods were commonly sent as early as the preceding August with the injunction that if the shipment could not be made in January the order was to be cancelled. The Philadelphians were fully cognizant of the long period needed for their orders to reach England, to be assembled, and to be shipped to America. If orders had been placed any earlier merchants would have been completely out of touch with anticipated demand. The breakdown occurred in England. In the first place the English merchants often secured goods directly from the manufacturers which introduced the possibility of delay. And secondly the vessels

utilized often lay in harbor waiting for a full loading for two or three months after the first of their cargoes had been placed on board. While such delays might be beyond the power of the English merchant to prevent, they were at least his responsibility. At any rate the Philadelphia merchants felt that when goods arrived late they had a just cause for deferring payments.⁶³

Another, though less frequently mentioned consequence of delayed shipments, was brought out in a letter of the firm of Gough and Carmalt to William Neate. They claimed that the collection of old debts had been impeded by goods arriving late. The firm wrote: "the disadvantages of not having our Fall goods has been greater than you seem to imagine, the Consequences of which was when our customers came to discharge their debts seeing that we had no goods gave us to understand that they could not then pay us as they were obliged to buy goods of other people with whom they were not acquainted and pay the money." If debts could not be collected the problem of making remittances was made more difficult.⁶⁴

Because of the long credits secured from their English correspondents and in turn granted to local retailers, a rise in the rate of exchange might have important effects on the financial position of the Philadelphia merchant and as a result have an effect on his

ability to make remittances. A rise in the rate meant pecuniary loss to the merchant purchasing on his own account to the extent of the difference in rates between the time when merchandise was imported and the time when remittances were to be made. There was no way of shifting this loss for the Philadelphia merchant unless he became delinquent in his remittances. The English merchant was safe because he was due to receive a fixed amount of sterling regardless of the amount of Philadelphia currency necessary to purchase it; and the local retailer who purchased on credit was safe because his debt was fixed in Pennsylvania currency at the time of purchase. It was to the possibility of such a loss that Thomas Wharton referred when he wrote to one of his customers in 1756: "send me the ballance of what thou purchased last Fall -- as we are now sure of a War Bills of Exchange will rise, therefore if we should be kept out of our money till it does we may sink money on what we sold last Fall."⁶⁵ In selling his goods on long credit the merchant was forced to gamble on a rise or fall in the exchange rate. If it rose he was obliged to accept the consequences. During the hard times of 1761 James and Drinker wrote to David Barclay: "those that have not good capitals and have lately launched into Trade and Credited freely here on a Supposition that their money would come in as usual & remit

at a low Exchange must be certain losers and great in proportion to their Trade."⁶⁶

The position of the merchant selling on commission was somewhat different. In this case his principal and not he was obliged to absorb the loss resulting from a rise in exchange rates. When the rate rose from 155 in January of 1760 to 171 in December of that year John Reynell wrote to his English principal, Frances Rybot: "as to profit I apprehend thou will be disappointed for when I sold them goods Exchange was at 55 p cent & was expected to continue so I sold them with that expectation lower than I otherwise should but Exchange is risen to 70 P cent & they are not paid for have received only £21/14/6 towards thy goods, tho have sold them all for £359/9/8 so that after my commissions for selling and remitting is taken out which is 11 p cent thou may easily reckon what the profits will be."⁶⁷ It was partly to protect themselves against losses of this kind that English merchants opposed large issuances of paper currency.⁶⁸

A high rate of exchange might have other adverse effects on the business of the Philadelphia merchant. As exchange rates rose he was forced to raise his prices proportionately to maintain the same rate of profit.⁶⁹ But as he raised prices he found his sales dropping and his

debtors becoming reluctant to pay old debts. The resulting losses in income frequently impaired the ability of the merchant to make prompt remittances to England.

A declining rate of exchange had just the opposite effects on the merchant's business. An exchange rate which was higher at the time goods were purchased than it was at the time remittances were to be made meant that the Philadelphia merchant would be able to pocket the difference. An excellent example was afforded during the French and Indian War. The drop in the rate from 172 in 1756 to 154 in 1759 made it possible for the local merchant to sell English goods at a price level no higher than that before the war, and still make large profits.⁷⁰ In the case of merchandise sold on commission, any gain which came from a falling rate went, of course, to the owner of the goods in England.

Changes in the rate of exchange were closely related to the currency policy followed in the colony, for the rate of exchange was after all only an expression of the value of one currency in terms of another. This does not imply that inflation or deflation by legislative enactment was the only force affecting the rate of exchange, for it was not. The implication is that it was one such force and that it was difficult to separate its effects from those of others. Because their interests were

different, the positions taken by the colonial retailer, the colonial merchant, and the English merchant on the subject of the colonial currency policy to be followed were considerably different. Retailers favored inflation since it would make it easier for them to pay debts which had been contracted in terms of the currency of the colony. The English merchant was generally opposed to inflation. Although he was never required to accept colonial currency in the payment of debts, as a creditor he stood to lose a great deal both directly and as a result of losses suffered by his colonial debtors through a rise in the rate of exchange. The colonial merchant was often undecided. A moderate inflation would serve to stimulate commerce, which he desired; but extreme inflation would affect the rate of exchange to such an extent as to cause him considerable loss. Furthermore, he was usually a property owner and would therefore be opposed to anything which would seriously lessen the value of his property. Bearing these factors in mind the discussion will proceed to a study of the currency policy followed in colonial Pennsylvania.

At no time during the colonial period did Pennsylvania or the other northern colonies have a circulating medium sufficient for their needs. Such coin as was brought in, chiefly Spanish and Portuguese secured by

commercial exchange in the West Indies, was drained away almost immediately to pay off the unfavorable balance of trade with the mother country. This fitted in well with the desires of the English mercantilists but it worked great hardships on the colonial economy. The fact that the scarcity of specie was chronic and severe demonstrated the necessity for a constructive colonial currency policy on the part of the mother country, but being interested chiefly in accumulating as much specie as possible no measures designed to provide permanent relief were taken by England. Measures which were enacted were designed not to provide the colonies with an adequate medium of exchange but merely to check the worst abuses arising from such makeshift solutions as the colonies themselves adopted.⁷¹ As Pennsylvania grew in population the problem became more acute and the need for a solution more pressing. Some steps were taken by the colony itself to provide such a solution.

Previous to the issuance of paper currency efforts to provide an adequate circulating medium were directed toward giving gold and silver a higher value in terms of pounds, shillings and pence than they possessed in the neighboring colonies or in England. By this means it was hoped that because of its higher purchasing power there specie would be attracted to Pennsylvania. A number of laws to achieve this purpose were enacted between 1683

and 1737.⁷² In the latter year the Spanish dollar, the coin most commonly found in the colonies, received the rating it held for the rest of the colonial period, seven shillings, six pence.⁷³ These laws were passed by the colonial assembly despite the fact that they were in violation of the Proclamation of 1704 and the Parliamentary Act of 1708 which for the sake of securing uniformity and preventing the colonies from competing with one another for coin fixed a maximum rating for the Spanish dollar.⁷⁴

Whether the colony secured more than temporary relief from the scarcity of specie by these measures is doubtful. The debtor who was aided by the depreciation to pay off his debts soon found that because of rising prices his purchasing power had been reduced. There was undoubtedly a relationship between the depreciation of the currency and the rise of sterling exchange from 133 in 1720 to 167 in 1737.⁷⁵ The result was that merchants were forced to raise prices in order to remit the same amount of sterling to their English correspondents as before. The rise of exchange also prevented coin from being retained in the colony, one of the purposes of the measures. Benjamin Franklin made the statement that "the balance of trade carried out the gold and silver as fast as it was brought in, the merchants raising the prices of their goods in proportion to the increased denomination of money."⁷⁶ From tinkering with the value of specie the colony turned to issuing paper currency.

Although the demand for it was powerful and continuous, the use of paper currency in Pennsylvania as a means of increasing the circulating medium was marked by its conservation. This was in direct contrast with its use in many of the other American colonies, notably those in New England where bills of credit depreciated to such an extent as to become almost worthless. Such bills as were emitted in Pennsylvania were issued with the same objectives in mind as for devaluing specie -- to stimulate trade and to ease the position of debtors. Without them, their proponents argued, the colony would be forced to retain its specie which would otherwise be remitted to England, and perhaps do a large part of its own manufacturing. Furthermore, they contended that while bills of credit benefited large numbers, the depreciation that would follow the emission of small amounts would be so negligible as to injure no one.⁷⁷

Not being pressed to make provisions for financing defense as some of the other colonies were obliged to do, early emissions in Pennsylvania were unusually moderate. The first came in 1723 and was for only £15,000. This was gradually increased by new emissions and reemissions but at no time prior to 1755 was the total amount in circulation over £80,000.⁷⁸ To prevent the depreciation of this moderate amount precautions were taken to see that it was adequately secured.

The Act of 1722-1723, which served as a model for later acts, set up a loan office with trustees who were to supervise loans of bills of credit to those who were able to offer as security for repayment mortgages on lands, houses or ground rents to double the value of the loans received. To safeguard further against depreciation five per cent interest on the amount advanced was to be paid. One-eighth of the outstanding notes were to be sunk each year, until at the end of eight years all had been retired.⁷⁹ These were the features which partly explained Adam Smith's citation of Pennsylvania as an example of a place in which the use of paper currency was well managed and beneficial in its effects.⁸⁰

The moderation of these early issues may best be shown by what happened to the rate of exchange on London during the period following their emission. It is a well known fact that overinflation of the currency will in time have the effect of lowering the value of the inflated currency in terms of others not so treated. During the two-year period following the emission of £80,000 in 1739, exchange instead of rising actually fell. In 1739 the rate was at 170 while in June, 1741, it had dropped to 128.⁸¹ During the whole period from 1723 to 1755 the rate of exchange was never far above par, and often it was below it. These figures would seem to indicate that the bulk of depreciation had taken place

before 1739 and was chiefly the result of raising the value of specie above its price in England.⁸² Further evidence that the fluctuations in exchange due to emission of paper currency were slight in Pennsylvania may be obtained by contrasting the rate of exchange there with that of Massachusetts and North Carolina. In 1740, due largely to the excesses in the use of paper and devaluing the currency, exchange in North Carolina had dropped to 1400 and in 1749 in Massachusetts to 1100.⁸³ In 1757 conditions due to bills of credit had become so bad in New Hampshire that John Moffatt of Portsmouth wrote to John Reynell: "We are in such a miserable condition for want of a medium in Trade having nothing but a paper currancy that I cou'd not raise the Silver or Gold to send you £ to pay a debt of $\text{£}60/3/6$, Philadelphia Currency but at length I sent to Boston to Captain Peter McTaggart who met with Mr. Smith of your Town and paid him & I suppose took his note for $\text{£}63/1$ to pay you."⁸⁴

When there was a fall or rise in exchange rates, proponents of bills of credit advanced the argument that these fluctuations were due not to an appreciation or depreciation in the value of paper but to a change in the value of specie which they said had become like any other commodity subject to the laws of supply and demand. On this subject Franklin in 1729 said: "I need not say any-

thing to convince the judicious that our bills have not yet sunk, though there is and has been some differences between them and silver; because it is evident that the difference is occasioned by the scarcity of the latter, which is now become a merchandise rising and falling like other commodities as there is a greater or less demand for it or as it is more or less plenty."⁸⁵ It is also true that Pennsylvania currency should not be judged as one variable fluctuating in terms of a stable currency, that of England; they should be considered two variables, English and Pennsylvania, fluctuating in terms of one another. During the French and Indian War when England incurred a huge indebtedness and was expending large sums in America its currency fell in value, giving the appearance of an appreciation of the currency of Pennsylvania.

The amount of paper in circulation increased rapidly during the period of the French and Indian War. From 1755 to 1760 over £485,000 were issued in contrast to the £80,000 in circulation prior to that time.⁸⁶ The explanation lies in the fact that until the outbreak of this war the colony had little need to provide for its own defense. The prospect of such large issues brought fear of the possibility of inflation to many. Merchants who sold goods on credit felt that they would lose by depreciation when it came time to make remittances home,

since they were obliged to accept paper as legal tender. Thomas Willing wrote to his English correspondent in September, 1756, "I did intend to have ordered some goods out for an assortment, but Times are too precarious to engage with Country Dealers on Credit, for we shall have large Sums of Money made here & consequently our Currency daily depreciating."⁸⁷ The fear of the propertied classes and the means they might take to protect themselves are well set forth in this excerpt from a letter of Justice William Allen to David Barclay in 1759: "I cannot omit mentioning to you that our Assembly have prevailed on the Governor to re-emit our paper Money, that we had before the War, for the Term of 16 year; which, as soon as the Army leaves us, will so far depreciate our Currency as to make exchange rise from £150 (at which it is at present) to 200 or 300 p cent especially as the Paper Money, we strike to carry on our Share of the War is not likely to be sunk at the period mentioned in the Acts of the Assembly. Should not this law be disallowed by the King in Council, the British Merchants, and all who have money owing them will be great sufferers, and all property rendered very insecure, and we shall be plunged into the same difficulties they have been in New England. -- I must request as soon as you are in Cash that you would buy for me £2000 sterling more Stock / £8000 had already been bought/. It is true that Interest is low with you but the principal will be safer than in a Country where the

Currency is like to be reduced to less than half its value."⁸⁸ These fears were somewhat magnified. During the war itself, exchange did not rise but fell, due to the immense British purchases for its army in America; and following the war, although hard times did strike, the exchange rate never rose above 180 which it reached in August, 1761. From 1761 until 1764 the trend was to remain high but to show a slight decline. The history of paper currency as legal tender ends in 1764, for in that year Parliament forbade the issuance of legal tender notes in all of the American colonies.⁸⁹ Taking the whole period during which Pennsylvania used bills of credit into consideration the fairest conclusions to be drawn seem to be the following. Paper currency did contain the possibility of depreciation to the detriment of propertied classes and creditors. But the fears of these classes never completely materialized. Until the French and Indian War the emissions had been so small as to have little effect either for or against the greater forces which influenced the rises and falls in exchange. During the war these greater forces in the form of British purchases in America operated to drive down exchange rates in the face of comparatively large emissions of paper. The rise of exchange following the war was only partly due to the continued existence of a large volume of paper

currency. The next few paragraphs will deal with other factors which caused the rate of exchange to fluctuate.

Since bills of exchange on England were the chief means of making remittances the rate of exchange was determined primarily by the price in terms of Pennsylvania currency at which such bills sold. Whether they were scarce and therefore high, or plentiful and therefore low, depended primarily on two factors: the relationship between the value of exports to and imports from the mother country, and the value of exports to Pennsylvania's chief markets in the West Indies and elsewhere. In brief, the supply of bills and as a result their price depended upon the relationship between Pennsylvania's total exports and imports. A deficiency due to the continuous adverse balance of trade with the mother country might be offset by the availability of West Indian bills on England.⁹⁰ The problem of the Philadelphia merchant arose from the fact that the total supply of bills might vary greatly from time to time. For example, in June, 1737, John Reynell informed Michael Lee Dicker that it would probably be two months before he could get a bill of exchange. In September of the same year he wrote: "Bills of exchange are more plentiful here than money."⁹¹ At times bills were so scarce that Virginians were encouraged to send theirs to Philadelphia for sale.⁹² The scarcity of specie

increased the dependence on bills of exchange as means of making remittances.

It is a principle of international trade that when specie is readily available for the payment of foreign debts the rate of exchange will fluctuate above or below par within the rather narrow limits fixed by the cost of shipping gold and silver. In other words, a high price for bills will be corrected by merchants taking recourse to shipping metals in lieu of buying bills of exchange. Due to the chronic scarcity of gold and silver, this principle operated only imperfectly in eighteenth-century Pennsylvania. It was seldom that buying specie offered any real or continued relief to those who balked at paying a high price for bills of exchange. The supply of gold and silver was usually so small that the bidding for that which was available forced its price up to the level of bills. Furthermore, it should be remembered that the cost of shipping gold and silver was no negligible factor in determining the advisability of using this means of making remittances. In addition to the commission of two and one-half per cent charged by the receiver in England for selling specie, there were high charges for freight and insurance.⁹³ During war time these charges rose to such a point as virtually to prohibit specie shipments.

Before concluding the discussion of the credit relations between English and American merchants one other factor which caused disturbances in these relations must be analyzed -- the periodic overstocking of the colonial market. Complaints on the part of Philadelphia merchants that the stores of their city were filled with merchandise, to an extent far exceeding the ability of the consumers to purchase, were frequent after 1748.⁹⁴ Statements similar to those of William Griffiths in 1749 that "All sorts of English Goods have of late been poured in upon us in such Quantities that at present nothing is a Greater Drugg" and of Willing and Morris in 1758 that "there is at least £20,000 sterling value of Manchester goods imported which with what was already here is more than equal to three years consumption,"⁹⁵ may be cited from the letter books of most merchants for many of the years covered by this study.

The depressing effects of overstocking on business were numerous. For one thing competition became so keen that a buyer's market was produced. John Swift wrote in 1749: "I think the Sale of Goods grows worse and worse. The trade is got into so many hands and such large quantities of goods imported that the shopkeepers will have them at their own price."⁹⁶ In order to move their goods merchants were forced to cut their profits,

sell goods on long credit, or both. If the necessity for making remittances were especially pressing, they might even find themselves obliged to sell at a loss. Furthermore, an increase in imports from England with no commensurate increase in exports to that country tended to increase the rate of exchange. As the rate rose merchants found it necessary to increase prices at the expense of sales, and when the time for remitting arrived to take a loss on those goods sold on credit.⁹⁷ This condition became especially acute following the French and Indian War when British purchases in America ceased. However, the depression of the early Sixties was so closely related to the developments of the war that a discussion of it will be deferred until a later chapter.⁹⁸

The blame for overstocking rests partly on the English merchants for their indiscretion and liberality in extending credit and partly on the American merchants for their oversanguine conception of the local market. These causes were apparent even to contemporaries. "Merchants here must blame themselves," was the attitude of Thomas Clifford when commenting on large imports and dull sales in 1763.⁹⁹ John Hunt of London wrote to James Pemberton in 1750: "The cause of your Markett being glutted with European Goods is no longer a mistery; the Consequences of the Londoner's fondness to Credit the Americans are now

evident."¹⁰⁰ Although indulging rather freely themselves at times the older and more firmly established American firms looked with disfavor upon liberal extensions of credit to newcomers in trade, and warned their London correspondents of the consequences of such action. This attitude is well expressed in a letter of William Griffiths to Owen and Strettel in 1750: "The present prospect of English Trade with us carries a sad aspect & much fear some of you Gentlemen who have been & still seem to be very fond of getting rid of your Goods, almost to any that have the Fact to ask for Creditts & who will be some time out of your money for we believe there was never such a Quantity imported here in the time as has been within this last twelvemonth & we would Caution you, at least of trusting Everyone that may impose themselves upon You, for from the great Glut of Goods, the pay is become exceeding bad & many supercargoes, who have only their commissions to depend on for a few hundred pounds when they come here Swagger away as if they had thousands -- ."¹⁰¹ It was not pure altruism which caused Philadelphia merchants to send such warnings. A large number of merchants in the field meant more competition for themselves.

When markets became overstocked there was little for the Philadelphia merchants to do but retrench by selling goods for the best price they could get and cut down orders for future delivery. British correspondents

were implored to tighten up on credit extensions and to adventure fewer goods to those local merchants who operated as factors. To relieve the immediate financial pressure English merchants were asked to understand the situation and to be indulgent in the matter of asking for prompt remittances.¹⁰² In making this request reputable firms indicated their willingness to pay interest on the overdue sum. After the great importations of the war years James and Drinker wrote to Hillary and Scott:

"This you may rely on we shall endeavour to be as punctual in our Remittances as the disagreeable Change of Times and the great Rise of Bills of Exchange will admit of, but should we at any time be unable to comply wholly with your Time of Credit we think it just and Reasonable to assure you of our readiness to allow you Interest for the Outlay."¹⁰³ However, less substantial firms were frequently forced to become insolvent. Letter books of merchants for the periods following overstocking, particularly for the years 1761 to 1764, are filled with references to actions commenced for the collection of debts, in which Philadelphia merchants acted as prosecutors for their English correspondents. When the assets of insolvent merchants were capable of covering only a small portion of their debts, as was often the case, English merchants could not avoid losing large sums.

FOOTNOTES

CHAPTER III

1. Following the American Revolution Sheffield stated that England would find little competition in furnishing certain products to America. Among the most important of these were woolens, iron and steel manufactures, porcelain and earthenware, glass, stockings, shoes, buttons, hats and books. Lord John Sheffield, Observations on the Commerce of the American States, passim. If there would be little competition in these important products following the Revolution it is doubtful whether there was previous to it when imperial restrictions were in force.
2. Ibid., p. 9. In 1760 about one-third to two-fifths of all English cloth was exported to the American colonies. Heaton, Economic History of Europe, p. 309.
3. A complete list of articles imported into England from Europe and therefore available to American importers is given in Joshua Gee, The Trade and Navigation of Great Britain Considered, pp. 36-40, 210-11.
4. Andrews states that colonial invoices and advertisements seldom mention articles of French make, but that there must have been some smuggling of them into America from the West Indies. C. M. Andrews, England's Colonial and Commercial Policy, pp. 362-63.
5. Altogether, European commodities imported through England amounted to about twenty-five per cent of importations both English and European. This means, of course, that about seventy-five per cent of the commodities imported from England were of English production. Lawrence Harper, The English Navigation Laws, p. 266.
6. Philadelphia merchants sometimes specialized in the sale of East India goods. John Kidd was such a merchant.
7. Willing and Morris to John Perks, London, October 2, 1754, March 2, 1756, Willing and Morris Letter Book.
8. Harper says that no blanket statement may be made with regard to the amount of European goods smuggled into America. He states that "the answer in each case depends upon the degree of temptation offered by

savings in duties, and effectiveness of enforcement on any particular occasions, and must be given article by article, period by period." However, he feels that the amount of illicit trade in European goods has been overestimated. Had the amount been as large as it was previously thought to be the fair traders, of whom there were large numbers, would not have been able to exist. Harper, ibid., pp. 263-71.

9. In addition to tea, canvas and linen were smuggled in from Holland. Sheffield, op. cit., pp. 48-49. Peter Randolph informed the collector of the Customs at Philadelphia, William Peters, that "Upon an information great Quantities of European and East India Commodities, particularly Linnen & Tea are run into America by the French, Dutch & others." Customs House Papers, vol. I, July 20, 1750. Philadelphia was specifically mentioned.
10. John Kidd to Rawlinson and Davison, London, June 25, 1755, Kidd Letter Book. John Kidd to Rawlinson and Davison, October 2, 1759, ibid. As early as 1750 Kidd had written to the same firm: "Your Green Tea I believe would have done very well had it not been for the great quantity come in from Holland in the Palatine Ship but I hope the glut will soon be over. Kidd Letter Book, September 24, 1750. Philadelphia vessels frequently went to Holland to take on a load of servants. The opportunity also to load a less legitimate cargo must have been well nigh irresistible.
11. Wharton Letter Book, passim.
12. Ibid., May 2, 1757.
13. Sheffield, op. cit., p. 234.
14. Andrews, op. cit., pp. 68-69. Macpherson, op. cit., vol. III, p. 405. English merchants had long used the Isle of Man as an entrepot for smuggling goods into their own country. Harper, op. cit., pp. 153-59.
15. Clark disposed of the question of being apprehended with the statement that "we are happy in the freedom and Liberty of our Trade, being strangers to any interruption from officers." Daniel Clark to John and Andrew Frenchman, Galaway, Ireland, May 31, 1762, Clark Letter Book.
16. John Kidd to Rawlinson and Davison, London, November 23, 1755, Kidd Letter Book.

17. Macpherson estimated that linen cloth was 20 per cent more expensive to manufacture in America than in England, and woolen cloth 50 per cent. He added that the making of cloth in America was primarily for local consumption. Macpherson, op. cit., p. 187.
18. Thomas Clifford to Abel Chapman, England, July 5, 1767, Clifford Out Letter Book.
19. A. C. Binning, British Regulation of the Colonial Iron Industry, p. 30.
20. Ibid., p. 72.
21. James and Drinker Letter Book, November 4, 1761.
22. In 1743 Samuel Powell stated: "A vast deal of linen and woolen is made within the Province; so much linen by the back Irish inhabitants that they not only hawk a great deal frequently about both town and country, but they carry considerable quantities away to the Eastward as far as Rhode Island." Samuel Powell, Jr. to David Barclay, London. Quoted in Bezanson and others, Commodity Prices in Colonial Pennsylvania.
23. Burnaby, Travels Through North America, p. 93.
24. See Appendix A. This list of exports gives an excellent idea of the products produced in Pennsylvania and their relative importance.
25. See Appendix B.
26. Albert Volwiler, George Croghan and the Westward Movement, p. 67. Volwiler states that there was a Pennsylvania Indian trader in nearly every Indian village of the Ohio region. Ibid., p. 21.
27. Ibid., pp. 30-32. A discussion of how the fur trade was carried on is given in Volwiler, pp. 30-32.
28. Ibid., pp. 30-32.
29. After the middle of the eighteenth century Pennsylvania was the first iron producing colony in America. Bining, op. cit., pp. 19-20.
30. Ibid., pp. 71-72, 76.

31. Ibid., p. 81. In 1769, 46,848 tons of bar iron were imported into England from sources other than America; and only 3,401 tons of pig iron and 1,779 tons of bar iron from America. Ibid., p. 85. Previously the figures had been even more disproportionate.
32. Ibid., p. 30.
33. The author of American Husbandry had this to say about hemp raising in Pennsylvania: "Much greater quantities of hemp and flax are raised in this colony than in any to the northward; this is owing to a more favorable climate and to a better soil; for in the parts of Pennsylvania adjoining to the Alleghany mountains are very large tracts of land which are as favorable to the production of these plants as can be wished; it is not want of good land in certain quantities nor climate that prevents the export of hemp, but the demand for it at Philadelphia, which exceeds for home consumption, what the province can raise." Anon., American Husbandry, p. 116. Since both England and Pennsylvania built large numbers of ships there was a large demand for hemp with which to make cordage in both places.
34. Pennsylvania Statutes at Large, Vol. III, Chapter CCLVII, pp. 314-15.
35. Willing and Morris Letter Book, March 2, 1756, January 28, 1758.
36. Cordage had been an important British export to Pennsylvania. For a discussion of the English bounties on hemp see Adam Smith, op. cit., pp. 609-10.
37. John Reynell to Michael Lee Dicker, November 1, 1737, Reynell Out Letter Book.
38. In 1743 Ireland exported only 40,907 yards through England; ten years later 1,039,977 were exported. Macpherson, op. cit., p. 515. These figures give some idea of the growth of the Irish linen trade. Many Pennsylvania firms had regular correspondents in Ireland. Since the linen had to be taken to England for the collection of the bounty, Philadelphia firms usually employed some English firm as an intermediary to collect the bounty for them.
39. Bezanson, op. cit., p. 69. It may seem rather odd that flaxseed was sent in large quantities to a linen

producing country. The explanation is that Ireland cut its flax before maturity.

40. Duties for all grains are given in Smith, op. cit., p.502.
41. Reynell In Letter Book, March 3, 1757.
42. Other years during which English merchants informed their American correspondents that it might be profitable to send wheat to England were 1740, 1752 and 1756.
43. John Reynell Letter Book, May 9, 1739.
44. A list of re^uports and their quantities are given in the Appendix. Logwood is frequently mentioned in merchants letters.
45. Smith, op. cit., pp. 567-68.
46. The following statements of credit terms by various English houses will give some idea of their general trend. "We will send you upon the same footing as we do the shipping merchants here at 9 months credit or 5 per cent discount if part in a month by bills at 30 days." Frances Rybot, London, to John Reynell, November 15, 1758, Reynell In Letter Book. "Our terms are 12 months credit and for whatever thou remits before hand shall allow a discount of 5 per cent per annum." Mildred and Roberts to John Reynell, February 26, 1763, ibid. The credit period began at the time the invoice was dated in England, or at the time the ship sailed. This, of course, meant that two or three months of the credit period was consumed while the goods were in transit.
47. "As thou hast punctually remitted us have only charged thee 2½ percent Commission." Hillary and Scott, Liverpool, to John Reynell, May 20, 1763, ibid. English merchants preferred to have their remittances made at the earliest possible date because the profits they could gain through use of capital in trade outweighed the discounts they might give or the interest they might receive.
48. Colonial merchants demanded that some credit be given on these articles since they were obliged to grant credit on them themselves. "I observe what you say about Large Remittances and Tea and Sugar being ready money articles -- I assure you what we sell for ready money is most commonly 2 or 3 months before we can get

- paid for it." John Kidd to Rawlinson and Davison, August 27, 1752, Kidd Letter Book.
49. Most complaints came from those merchants who were receiving only nine months credit. The following are some typical complaints. "We may observe that thy time of Credit being 3 months shorter than the Credits now generally given by the merchants of London who supply this Place with Goods make it less easy for us to keep Time with thee." James and Drinker to Daniel Mildred, London, August 25, 1760, James and Drinker Letter Book. "We remark from the Account Current received per the London that the interest is precisely calculated at 9 months which we esteem an Illiberal extension of credit on such cargoes as we order, and unless it is agreeable with thee -- that a month or two shall not be regarded we shall not forward any more Considerable or general orders." James and Drinker to Wm. Neate, London, November 2, 1758, James and Drinker Letter Book.
 50. James and Drinker to Daniel Mildred, August 25, 1760, ibid.
 51. Daniel Clark to William Baker, December 3, 1760, Clark Letter Book. James and Drinker told Jacob Spicer of Cape May that their "capital was no more than equal to our trade." James and Drinker Letter Book, March 3, 1763.
 52. John Reynell to Michael Lee Dicker, November 5, 1746, Reynell Out Letter Book. James and Drinker in dunning Benjamin Hollingshead for a debt told him: "thy first proposal upon purchasing the goods for which thy debt to us is, was to pay for them in about six weeks after, which led us to sell them on very favorable terms -- it is now near twenty months since the purchase." James and Drinker Letter Book, November 6, 1761.
 53. Willing and Morris to Robert Hibbert, July 30, 1754, Willing and Morris Letter Book.
 54. John Reynell to Michael Lee Dicker, July 6, 1737, Reynell Out Letter Book.
 55. Daniel Clark to William Neate, May 7, 1762, Clark Letter Book.
 56. The retailer in turn complained of the scarcity of money among his customers. The following quotation

from a letter of a Chester County customer of John Reynell is interesting: "I have sent by my lad 135 it being all that I can help thee to at this time by reason of the scarcity of money among my customers. I will use the utmost of my endeavours to pay the whole of our account which is now coming to thee against next spring. I shall come in a few weeks and bring thee more money. Please let my lad have what goods he shall chuse. We are all well at present." James Wilson to John Reynell, January 14, 1758, Reynell In Letter Book.

57. The following quotations illustrate the nature of complaints on overcharged or unsaleable goods. "I am favoured with your -- bill of lading for Sundry goods amounting to £2316/16⁶ [they are] so much beyond their real value that I despair of every selling them at first cost." Daniel Clark to William Neate, July 14, 1761, Clark Letter Book. "Thy silks which are come safe to hand but in very bad Order they are so much spotted know not what shall do with them, do not expect to get first cost." John Reynell to Frances Rybot, December 5, 1760, Reynell Out Letter Book.
58. "We have great objections to the quantity and Price of the High Pric'd Felt & Castor Hatts as they are dull & unprofitable Articles and ought to excuse us if we should not shortly forward you full Remittance therefore which we should have been more punctual in had we not apprehended that we had just cause to complain." James and Drinker to Benjamin and John Bowers, December 17, 1756, James and Drinker Letter Book.
59. When a Philadelphia merchant wished to make a protest to England he usually had other merchants examine the goods first so that they could give him a certificate that they were as poor or as high priced as he represented them to be. English merchants seemed to be quite generous in making adjustments in price when the complaints were just and sometimes when they were not. If the manufacturers were to blame, abatements were secured from them.
60. See Chapter I.
61. James and Drinker threatened to quit doing business with William Neate unless he ceased overcharging and sending goods which were not as ordered. James and Drinker Letter Book, November 16, 1758.
62. Clifford Out Letter Book, July 5, 1767.

63. Thomas Clifford to John Woolmer, November 17, 1763, Clifford Out Letter Book. Thomas Wharton wrote to Richard Neave, London: "I am now to inform thee that the Goods which I received from thee per the Royall American came in so late that our Spring Trade was over which perhaps as the chief part remains now on hand may make the remittance something slacker. Wharton Letter Book, September 13, 1757. Several American merchants might be affected when one English merchant was late in his shipments. The possible consequences of goods arriving late are set forth in the following excerpt of a letter from Gough and Carmalt to William Neate: "Mr. Neave's friends here complain heavily of their being disappointed of their Spring Goods, as the Season is now so far advanced that should they arrive the Sale would be but Trifling as their Customers are well supplyd from other stores. Should you always have the good luck to send your Goods by the first Spring and Fall Vessels it will not only establish you in the good opinion of those with whom you are already Concerned, but be a great means of drawing over those who are at present in the interest of Mr. Neave." Gough and Carmalt Letter Book, June 26, 1757.
64. Ibid., March 22, 1761. Thomas Wharton made the same complaint to Thomas Crowley, London. Wharton Letter Book, June 2, 1756.
65. Thomas Wharton to Levin Cooper, September 5, 1756, ibid.
66. James and Drinker to David Barclay, November 4, 1761, James and Drinker Letter Book.
67. John Reynell to Frances Rybot, December 9, 1760, Reynell Out Letter Book.
68. English merchants, however, were not obliged to accept Pennsylvania currency in the payment of debts. Although no exception was made in the legal tender provisions of Pennsylvania paper currency acts, court interpretation and usage among merchants maintained that English merchants were to be paid according to the current rate of exchange. Pennsylvania Colonial Records, vol. IV, p. 324. English merchants might lose considerable sums from a rise in exchange rates due to an inflated currency, however. It should be remembered that a large part of English shipments to America were sent to commission merchants. Joshua Gee said that

- most such shipments were sent on the risk of English merchants. Gee, op. cit., p. 172.
69. The price at which goods were sold varied with the times and with the type of sale. A sale at wholesale for cash was made at a considerably lower profit than a small quantity for long credit. Daniel Swift in 1748 considered 150 per cent advance a small profit. John Swift to John White, Swift Letter Book, October 2, 1748. In 1757 when exchange was at 167 Willing and Morris wrote that "the general sale of Goods now is at the rate of £225 to £250 for what costs £100 sterling. Willing and Morris to John Perks, July 18, 1757. Willing and Morris Letter Book. The high profits may look exorbitant but it should be remembered that rises in the rates of exchange and the possibility of suffering bad debts had to be taken into account. Furthermore, profits were usually figured on the first cost in England. To this first cost had to be added about one-third of its amount for charges -- commissions, insurance, customs house charges, freight, etc.
70. Bezanson, op. cit., p. 341.
71. Andrews, op. cit., pp. 350-52.
72. Root, op. cit., pp. 182-88.
73. Bezanson, op. cit., p. 323.
74. The maximum rating fixed by the Proclamation of 1704 was six shillings for the Spanish dollar. Since little attention was paid to the proclamation, maximum ratings were given the force of law by the Parliamentary Act of 1708. This Act raised the maximum to about one-third above the proclamation. However, the Act was little more effective than the proclamation had been in preventing the colonial assembly from devaluing the currency, Root, op. cit., pp. 184-88.
75. The par of exchange would be between 165 and 170 when the Spanish dollar was rated in Pennsylvania at seven shillings six pence and a like amount of silver in England at four shillings six pence. Bezanson, op. cit., p. 323.
76. Quoted in Bullock, Monetary History of the United States, p. 24. Adam Smith makes a similar statement. Smith, op. cit., pp. 311-12.
77. Pennsylvania Colonial Records, vol. V, pp. 415-16; vol. VII, p. 422.

78. Root, op. cit., p. 216.
79. Pennsylvania Statutes at Large, vol. III, Chapter CCLXI, pp. 324-48.
80. Smith, op. cit., pp. 772-73.
81. Bezanson, op. cit., p. 324. This fact was pointed out by the colonial assembly when it asked for further emissions in 1746. "It must be confessed that Exchange hath of late risen amongst us and is at present high; but we think it clear that this rise is not owing to the quantity of our paper money but to the exigencies of trade, since for some time after the Emission of the last £80,000 which is the greatest sum in Bills of Credit that were current at one time amongst us, Exchange was lower than at any time before." Pennsylvania Colonial Records, vol. V, p. 44.
82. Par was about 165 to 170. That is, Pennsylvania currency was normally worth about 65 or 70 per cent less than English.
83. According to Macpherson the ratings for the currencies of the various colonies were as follows in 1740:
- | | |
|---|------|
| New England (principally Massachusetts's Bay) | 525 |
| New York | 160 |
| The Jerseys | 160 |
| Pennsylvania | 170 |
| Maryland | 200 |
| North Carolina | 1400 |
| South Carolina | 800 |
- Macpherson, op. cit., p. 226. The southern colonies were especially troubled with their specie being drained from them to the northern colonies. In 1753 South Carolina raised the Spanish dollar to thirty-two shillings in an attempt to prevent such drainage. Pennsylvania Gazette, July 26, 1753.
84. Reynell In Letter Book, March 4, 1757. It was probably because of their losses from depreciation of paper currency in New England that English merchants became prejudiced against all such currency.
85. Quoted in Bullock, op. cit., pp. 54-55. The assembly brought out essentially the same argument in 1738-39 when it stated: "Exchange is always fluctuating -- /-it_/ rises and falls in proportion to the exigencies of trade." Pennsylvania Colonial Records, vol. IV, p.324.

86. Root, op. cit., p. 216.
87. Willing and Morris to Thomas Willing, September 15, 1756, Willing and Morris Letter Book.
88. Burd Papers, pp. 36-37.
89. The controversy over paper currency in Pennsylvania was very involved. For a full discussion of this controversy see the chapter entitled "Finance and Politics" in Root, op. cit., pp. 180 ff.
90. A rise in the rate of exchange encouraged Philadelphia merchants to ask their West Indian correspondents to remit to them in bills of exchange. Willing and Morris asked their West Indian agents to speed up sales of their merchandise so that bills might be remitted sooner. James and Drinker to J. and D. Gascoigne, Barbados, August 14, 1760, Willing and Morris Letter Book.
91. Reynell Out Letter Book, August 19, 1737, September 28, 1737.
92. In 1749 William Griffiths wrote to George Hyam: "I have not been able to procure a Bill of exchange to send thee upon thy own account by this Vessel, they were never so scarce, the few we have come from Virginia & they are not sold without being paid for in gold." Griffiths Letter Book, August 7, 1749. Scarcity of bills had the power to drive up the rate of exchange although the volume of paper currency remained constant. This was probably what the assembly meant when it spoke of the "exigencies of trade" affecting the rate of exchange.
93. In 1749 John Swift wrote to his uncle, John White, in London: "A great many people have been obliged to ship dollars because they could not get bills. I should have done so too if I could have seen that their would be anything got by it, but it does not appear to me that they will make better remittance than bills at $\frac{1}{7} 72\frac{1}{2}$ when freight and insurance and all charges are paid." Swift Letter Book, April 27, 1749.
94. Importations from England jumped from £75,330 in 1748 to £238,637 in 1749. There was never a year after 1749 when importations were as low as the peak year previous to that date. For specific imports for the years from 1740 to 1765 see Appendix. It should be

noticed that these increased imports were accompanied by no unusual increase in the wealth and prosperity of the colony.

95. William Griffiths to Owen Strettel, November 28, 1749, Griffiths Letter Book. Willing and Morris to Robert Hibbert, March 28, 1758, Willing and Morris Letter Book. Overimportation continued throughout the later eighteen-fifties. The explanation is that English goods could be imported on advantageous terms due to the low rate of exchange on England. The tendency for an adverse balance of trade to drive up the rate of exchange was more than offset by British Army purchases in America.
96. John Swift to John White, October 22, 1748, Swift Letter Book.
97. In 1754 Willing and Morris wrote to John Perks: "Our trade is in a Mellancholly situation we can't sell our imports at first cost and charges. We have a great quantity of goods by us & are fearful of the moth and interest of the Money will eat up our profits." Willing and Morris Letter Book, October 25, 1754.
98. Cf. p. 194 ff.
99. Thomas Clifford to Mildred and Roberts, November 17, 1763, Clifford Cut Letter Book.
100. Pemberton Letter Book, December 15, 1750.
101. Griffiths Letter Book, July 11, 1750. Earlier in this same year Charles Norris, who was associated in business with William Griffiths, informed John Samuel of London that "we now have enough English goods in town to serve us for ten years," and that because of being overstocked he would be forced to become delinquent in his remittances. Griffiths Letter Book, July 12, 1750. The Philadelphia merchants were greatly opposed to the granting of credits to shopkeepers by English merchants. John Kidd told Neate and Neave of London: "I shall also take the liberty to inform you that your supplying the Shopkeepers at all is more harm than good to you which I long knew but was affraid to mention it for fear you should think it was a line for my interest, for these merchants that probably might be inclined to correspond with you or at least to say nothing to your disadvantage take the liberty to ridicule you in all company." John Kidd Letter Book, May 3, 1750.

102. An example of this possibility is given in a letter of William Griffiths to Owen and Strettel: "You Gentleman on the other side of the Herring Pond have such Special trust and confidence in us Americans that you take good care to supply us very bountiously, however we hope & believe we shall be able to make you Tolerable good remittance in due time & perhaps long before shall be reimbursed from the Goods for Really they are but a Dull commodity." Griffiths Letter Book, November 28, 1749.
103. James and Drinker Letter Book, November 14, 1760.

CHAPTER IV

TRADE WITH THE WEST INDIES AND SOUTHERN EUROPE

As vital to the welfare and prosperity of Pennsylvania as the importation of manufactured goods from the mother country was the exportation of surplus foodstuffs to the West Indies and southern Europe, for without the latter the former would not have been possible. Because the dependence of the Caribbean Islands upon outside sources of provisions was much greater than the requirements of the American colony for the luxuries they were capable of furnishing, the balance in the trade with Pennsylvania was continually against these regions. The difference was paid for in bills of exchange and coin, both of which could be used to maintain essential British imports. Without the markets found in the West Indies and southern Europe, Pennsylvania would have been forced to turn to higher cost industries than the raising of cereals -- to manufacturing for herself in a greater degree or to raising products for which a sale could be found in England. The forced adoption of either of these alternatives would have resulted in a reduction of total wealth.¹ One important phase of commercial relations with the West Indies and southern Europe, the carriage of commerce to those regions, has already been discussed.

This chapter continues the study by bringing in such aspects as chief imports and exports, credit relations, and illicit trade.

The chief exports of Pennsylvania to the West Indies were wheat and its derivatives, flour and bread. These were the products which the soil and climate of the colony were best adapted to produce and for which there was the greatest demand in the islands. Most wheat was shipped in the form of flour rather than in its original state. As such it occupied less space on shipboard and therefore drew a smaller freight charge. Furthermore, flour was generally more saleable and its production gave work to the millers at home.² Pork, and to a much smaller extent, beef, lumber in the forms of staves, shingles, building materials and hogshead headings, and Indian corn made up the bulk of the rest of the exports of native production. Because it bore a higher price and was in greater demand, wheat was usually shipped in preference to any of these articles with the exception of pork and beef.³ However, lumber and Indian corn made up a large part of most cargoes. For one thing, these commodities usually occupied space on board ship in which no others could be placed. Corn was shot loosely into the hold regardless of what else was there, and lumber was either placed on deck or between containers of wheat and flour.⁴ Again it was seldom that a full loading of wheat could be

secured which made it necessary to obtain some form of ballast. Lumber was ideal for the purpose. It was inexpensive to purchase and could be sold at a profit.⁵

If the owner of a vessel was not able to secure a full loading on his own account, he might take on freight or have his captain stop in one of the southern colonies en route to the West Indies to pick up rice and other commodities. The desire of a merchant to utilize every inch of space on his vessel and to satisfy the demands of his correspondents usually resulted in the dispatch of a varied cargo to the islands.⁶ From the point of view of value, the typical cargo was worth somewhere in the neighborhood of one thousand pounds. James and Drinker considered one amounting to £2187/13/4 as extremely valuable.⁷

Pennsylvania led all of the North American colonies in the quality and quantity of wheat, and pork exported to the West Indies.⁸ Philadelphia Superfine Flour ground from the wheat raised in the rich limestone valleys of southeastern Pennsylvania, and Burlington pork were standards of quality throughout the islands and usually sold at a premium.⁹ The colony's chief competitors in furnishing wheat were New York, and to a lesser extent Virginia and Maryland.¹⁰ As the century advanced, the latter became more and more of a rival. This was due chiefly to the rise of Baltimore as a port

from which both Pennsylvania and Maryland wheat were shipped. Efforts to prevent trade from being drained to Baltimore were made by Philadelphia merchants but were largely unsuccessful.¹¹ Some wheat reached the islands from the mother country but never in very large quantities. In most years freight charges and the price of grain in England reduced competition from this source to a minimum. There are instances, however, of wheat arriving from there in such amounts as to upset markets.¹²

A considerable amount of pork was shipped from North and South Carolina, both directly to the island and through other ports, the chief of which was Philadelphia. These colonies could produce pork approximately one-third cheaper than could Pennsylvania, but it was generally of an inferior quality and poorly packed.¹³ Rice from the Carolinas was also exported to the islands, but was usually considered by their inhabitants as a second choice to wheat. All things considered, Pennsylvania was the greatest granary from which the West Indies were supplied.¹⁴

The esteem in which Pennsylvania staples were held in the West Indies was due in no small part to the rigid inspection laws which established standards of quality for exports. The express purpose of these laws was to guarantee that "the commodities generally exported

to foreign markets may be good in respect to their quality and complete in respect to their quantities." Millers were penalized for grinding unmerchantable flour; the dimensions of casks were carefully defined; and the amount of beef that could be shipped in one hogshead was specified. Flour was to be "merchantable and of due fineness and honestly and well packed in casks made of seasoned timber and weighed with weights tried and made according to our standard." Sometimes specifications became almost picayune in their details. Inspection officers were to cast aside all staves "as shall not be merchantable, or shall have above five wormholes therein, and not exceeding four feet and a half in length, and in breadth three inches and a half besides the sap, and in thickness half an inch."¹⁵

When products so inspected were found to fulfill all the conditions of the laws they were given a trade mark in the form of a brand and allowed to be exported. Producers of those which failed to come up to minimum standards were penalized and their products confiscated. Despite these rigid laws West Indian merchants sometimes complained of products reaching them in an unmerchantable condition. For example, John Barrell of Antigua wrote to John Reynell that "Every article

[of your cargo] is high Charged and the Bread all damag'd by being put up new, the flour mostly mushy and the Hams the worst that Ever came to this markt, several Barrells of Pork quite Spoilt none of which Occasioned by any Damages the Vessell suffered on her passage,--it must therefore be owing to want of Care in procuring what was good."¹⁶ In 1751 Pennsylvania staves had fallen so far below the standard set for them in Antigua that the governor of that island had the inspection law of the colony reprinted in the Pennsylvania Gazette with the warning that violators would be severely fined.¹⁷ Articles found to be unmerchantable were usually submitted to the inspection of other West Indian merchants. The resulting report along with a demand for an adjustment was then sent to the Philadelphia shipper.¹⁸ Under such circumstances the Philadelphian was in much the same position as the English merchant to whom he complained about unmerchantable goods. If possible, he attempted to secure an abatement from the producer or the vessel's owner, depending upon whom he held responsible for the damage suffered. If not, he might stand the loss himself to preserve cordial business relations.¹⁹

Remittances for the sale of Pennsylvania products were made in bills of exchange on England, coin or commodities. Whichever of these was used in a particular

transaction depended on circumstances at the time; on the relative prices of each in both the Philadelphia and West Indian markets.²⁰ Sometimes the Philadelphia merchant might specify the form in which a return was to be made, that is, whether it was to be in bills, coin or commodities. But more often, and mainly because it was difficult to have an accurate knowledge of prices in the islands, the Philadelphia merchant left the decision in the hands of his supercargo or agent. For example, James and Drinker wrote to George and Abraham White, their agents in Antigua, "We desire you'll ship on board the Brigantine good Molasses if to be had or good rum if at or under 2/6 per Gall or if you can't command a sufficient Quantity of either or both then good Sugars if not very dear may do, and perhaps a quantity of cocoa may answer if other articles are not to be had, and if it be good and not very dear. But if either of these articles are not to be had so that the captain can comply with his orders [to sail within a limited time] --then remit us in good Bills of Exchange, 4 in a Sett."²¹

Nearly all commodity remittances were made in sugar, rum or molasses. All of these articles had to be of a high quality or they would not sell on the Philadelphia market. To be merchantable, sugar had to be of a superior

grade. That which was "grey coloured, wet, dry and heavy" was fit to be sold only to sugar bakers. Rum had to be "well tasted, carefully gauged and shipped in strong casks" and molasses was required to be "bright, clear and thick."²² In addition to rum, molasses and sugar, there were imports of lesser importance. Among them were cocoa, cotton, coffee, indigo, pimento, ginger, mahogany and various sorts of dyewoods. Jamaica was the chief supplier of most of these.²³ A large portion of these minor products was not retained in Pennsylvania but re-exported to England as remittances for imports from that country.

The typical Philadelphia merchant did not restrict himself to trading with any one West Indian island. He usually had agents in at least two or three, and sometimes he had more than one agent in each of those. James and Drinker spoke of "their friends in Jamaica, St. Kitts, and Antigua" when considering opening up trade with still another island, and also mentioned the fact that they "had been engaged in trade to the principal English West India Islands."²⁴ John Reynell had agents in Jamaica, Barbados and Antigua; and in at least one instance he employed two correspondents in Antigua to secure a loading for his vessel.²⁵ Nor

did the number of agents which a merchant had set limits to his trading activities. The use of captains and supercargoes as mediums for the disposal of goods made it possible for him to sell in whichever of several markets looked most promising. As a result, the merchant in the course of a year or two might send cargoes to a large number of places ranging from the Bahamas through the Leeward islands. The reason for the apparently unrestrained nature of the merchant's ventures was that West Indian markets were localized and small and therefore highly sensitive to changing supply and demand factors. It must be admitted, of course, that the Philadelphia merchant was prone to do the largest amount of his business with old and well established connections in whom he had confidence.

Jamaica, Antigua and Barbados were the islands to which most cargoes were dispatched. Of these Jamaica was the most important, as might be expected because of its greater wealth and population. Nearly all merchants had at least one agent in Jamaica while they might not have any in some of the other islands. An idea of the preponderance of trade to the island may be gained from the clearances of vessels from Philadelphia between December, 1762, and July 1, 1763. During this period forty-four ships sailed for Jamaica while only

seventeen cleared for Barbados and eleven for Antigua, the two islands having the next largest number of clearances.²⁶ Although Jamaica was by far the largest market, it furnished a proportionately smaller part of West Indian exports to Pennsylvania than did some of the other islands, the most notable of which was Barbados.²⁷ This condition resulted from the fact that the products of Jamaica were commonly higher than those of other places due to their superiority and the great demand for them in England. In consequence the Philadelphia merchant frequently ordered that his goods be sold for cash in Jamaica, and that a return cargo, if one was wanted, be secured elsewhere, perhaps in some foreign settlement. Molasses was the exception. The Northern colonies took off nearly all of Jamaica's supply of this product, probably because its price was not raised by any great English demand for it.²⁸ Again, molasses was sometimes carried to prevent a return voyage from being a total loss. When informing Michael Lee Dicker on how the Jamaica trade might be conducted, John Reynell stated "it might likewise be well Enough as Vessells generally come back in their ballast from Jamaica to order thy factors there as often as was in their power to put in 30 or 40 hogsheads of Molasses which generally answer very well here and would do to pay the Mariners wages with."²⁹

Methods of disposing of cargoes in the West Indies were much the same as those employed in Philadelphia with the exception that in the islands supercargoes and captains were utilized as agents to a much larger extent. If a supercargo or captain were used, goods were always sold on a commission basis, the Philadelphia merchant securing all profits, but on the other hand assuming responsibility for bad debts and unprofitable sales. When permanent agents were utilized, a cargo might be sold on a commission basis or on the seller's own account. A popular method of managing the trade was for a West Indian merchant to sell on a commission basis and for the Philadelphia merchant to reciprocate when the return cargo came into his hands.

Agents made their sales to the town agents of the wealthier planters, to hucksters who travelled into the country, or directly to the planters themselves. As in Philadelphia, every effort was made to sell goods in wholesale quantities in order to avoid the bad debts and tedious sales which often resulted from retailing. However, if no other method were feasible or possible, retailing was resorted to.³⁰

Philadelphia merchants continually exhorted their correspondents to make quick sales for cash. Their motives were two in number. For one thing, flour and wheat were perishable commodities and likely to deteriorate

to such an extent as to become unsaleable if kept long on hand. In the second place, the Philadelphian was obliged to pay cash for Pennsylvania products which he shipped, and, unless a sufficiently higher price could be secured as a compensation for granting credit, he preferred not to have his money lying idle for any length of time.³¹

James and Drinker told their agents George and Abraham White that "unless goods arrive to a very dull low market we generally think it most prudent to take the first good offers and give dispatch rather than keep sales long on hand."³² This advice sounds much like that which an English merchant might have given to his Philadelphia factor.

As the eighteenth century advanced there was a tendency for Philadelphia merchants to make use of permanently established houses in preference to captains and supercargoes. When goods came to an unusually unprofitable market the permanent agent was in a position to furnish warehouse facilities in which goods might be stored until there was an improvement in prices. Furthermore, he could furnish a wealth of information which was indispensable in managing the West Indian trade most profitably. For example, David Fogo, John Reynell's agent in Antigua, kept him regularly informed with data on sales of sugar abroad, extent of importations of food-stuffs, prices current of both Pennsylvania and West

Indian products, and the prospects for crops.³³ Such information made it possible for the Philadelphia merchant to make more accurate decisions with regard to his ventures to the islands. Finally, caution was needed in extending credit to West Indian planters. The permanent agent was better able to discriminate between good and poor credit risks than the supercargo who was only in the islands temporarily.³⁴

Before establishing a connection with a West Indian agent the Philadelphia merchant usually conducted careful investigations to make certain of his prospective correspondents' credit standing and general integrity. West Indian firms which were branches of English houses were usually preferred.³⁵ A branch firm could draw on its parent establishment in case of financial emergency and also have more certain outlets for the products it shipped to the mother country. As in the case of English and Philadelphia merchants, a preliminary arrangement to govern future business transactions was usually agreed upon before cargoes were exchanged. The one made between James and Drinker and George and Abraham White is an example. James and Drinker wrote: "This is the first of our trade to your island and we shall be glad that the Sales and Remittances may afford us encouragement to continue and prosecute to

your new house in an Ample manner--We have had some more than General Conversation thereon with your Abraham White which you can advise and consult with yourselves on, and write us your Resolutions about. They are that for our Mutual Benefit we do keep a Stock in Trade [one thousand pounds] and this we $\frac{2}{3}$ and you $\frac{1}{3}$, each to charge the usual commissions, to make no returns [of unsaleable goods] no outstanding debts, general or particular calamities excepted, as fire and like accidents, and each to ship or remit the other as Expeditious as possible & in the manner desired by the other house as near as may be. On our parts we intend to make a point, generally speaking to Ship from Hence in Bermudian or other such Vessels as we can command Insurances on at the lowest Rate, and also to give the same with us the greatest dispatch that we prudently can do."³⁶

It was the exceptional house which was able to maintain its original agreement for any length of time. Poor remittances were more apt to characterize the conduct of business by West Indian merchants. James and Drinker, the firm which made the agreement cited in the preceding paragraph, wrote to David Barclay in London in 1762 that "the delay and Disappointment in Remittances

from the West Indies, particularly Jamaica we have too often Experienced, which has long been the case." The Philadelphia firm then added "part of what we expected of our Friends Thomas and David Beveridge [in Jamaica] would have remitted to you."³⁷ A delay in remittances from the West Indies might work a particular hardship on the Philadelphia merchant when he had planned to use the proceeds to make remittances to England.

The consequence of poor remittances was that West Indian agents in general were held in low esteem by their Philadelphia principals. Many Philadelphia merchants would probably have agreed with the following characterization of the Barbados merchants by Ezekiel Edwards, a young Philadelphia merchant: "A person cannot be too cautious how he connects himself with a Barbados merchant, for many of them keep no books, and if they can procure money enough to furnish their tables every day with barbecue, fish and sangaree, they are entirely regardless how their accounts run on -- and most of them will bear running for years together without any marks of shame and perhaps promise ten times a day, if you can meet them so often, and they will pay in an hour."³⁸ However, the sole blame for delinquent

remittances cannot be placed on the West Indian merchants for they in turn had difficulty in securing payments from the planters to whom they sold provisions.

Despite his best intentions, it was frequently impossible for the West Indian merchant to sell for cash so that punctual remittances might be made. Due to the economic conditions which prevailed in the islands it was quite likely that he would be forced to sell a large portion of the cargo consigned to him for "crop pay." The West Indian planters like those of Virginia and the Carolinas tended to live on credit from the harvesting of one crop to the harvesting of the next. As a result the merchant was faced with the alternatives of seeing provisions remain on his hands or selling them to a planter on the promise that they would be paid for sometime in the spring when crops were brought to market.³⁹ Selling for crop pay was, however, something of a gamble in itself. Conditions over which he had no control might prevent the planter from paying at the specified time. As in all one-crop economies the shift from good times to bad in the West Indies might be very rapid. Everything depended upon the prospects of a single crop, sugar. One of the hurricanes which frequently visited the Caribbean, a drought, or a low price for sugar in London

might temporarily incapacitate the planter from paying his debts. When the planter could not pay, the West Indian merchant obviously could not remit to his Philadelphia principal unless he was in a position to advance the money. Since the latter possibility was the exception rather than the rule, it was the Philadelphian who was forced to bear the loss.

Equally as exasperating as slow remittances to the Philadelphia merchant was the frequency with which West Indian bills of exchange were returned to him protested. A protested bill was, of course, the fault and responsibility of the drawer, in this case the West Indian merchant or planter. It was the drawer's obligation to see to it that sufficient funds to cover his drafts were in the hands of the drawee. Any merchant's bills might be protested occasionally due to the difficulty which all merchants had to know what their exact credit balances might be at any given date. But the frequency with which West Indian bills were protested seems to indicate that the drawers in the islands either gave little attention to the amount of their credits abroad, or else intentionally drew bad bills to tide them over some financial emergency. The purchaser of a bill which was later protested could secure damages from the

drawer, but this was often scant compensation for having one's business plans deranged. There was also the possibility that the drawer might be insolvent, which meant that not even the face value of the bill would be retrieved.⁴⁰

Less obnoxious to Philadelphia merchants than protested bills, but still not very desirable, were bills drawn under the express condition that the purchaser would not remit them until some future date when funds for their payment were certain to be in the hands of the drawee. Since such funds were usually not available until sugar had been sent to England to cover their payment, these bills were commonly called "crop pay" bills.⁴¹ In the same category with crop pay bills and a product of the same conditions, lack of immediate funds to cover their payment, were bills drawn at a long sight of perhaps sixty or ninety days.⁴² The undesirable feature of both these types of bills insofar as the Philadelphia merchants were concerned was that money was frozen in them for a comparatively long period of time. However, since all planters were likely to be in the same financial condition at the same time, it was necessary to accept them or wait until more acceptable ones were available. In both cases money would remain idle for an undue length of time.

So far the discussion has been concerned solely with the commerce between Pennsylvania and the British West Indies. However, the trading activities of the Philadelphia merchants were by no means confined to those islands; they included the French, Dutch and Spanish West Indies as well. When making decisions with regard to the destination of his ventures the Philadelphia merchant was more inclined to be guided by the possibilities of a profitable exchange of commodities than by political considerations; and often the foreign West Indies offered the best opportunities. The resulting trade with the possessions of other nations was both legal and illegal in its nature. Legally the merchant had a right to dispose of unenumerated commodities where he pleased.⁴³ The illegal aspect entered in when and if he exchanged his wheat and other provisions for foreign rum, sugar and molasses and unloaded them in Philadelphia without paying prescribed duties.

The incentive to trade with the foreign West Indies arose from the fact that the British empire was poorly balanced between temperate zone and tropical communities. As the eighteenth century advanced the ability of the middle colonies of North America to produce provisions increased, while the capacity of the

British West Indies to consume showed a relative decline.⁴⁴ Furthermore, as the northern colonies increased in wealth and population, their demand for the products of the West Indies increased beyond the ability of the British islands to supply them at a reasonable price. Chiefly because their cost of production was higher due to poor management and depleted soil, the British planters were unable to compete with the French under conditions of free trade. It was estimated that the French could produce sugar thirty to forty per cent cheaper and molasses one hundred per cent cheaper than could the British.⁴⁵ Under such conditions it is little wonder that northern merchants sought to redress the economic balance by trading outside the bounds of the empire.

Trade with the foreign West Indies first assumed noticeable proportions following the Treaty of Utrecht. From then on, with the exception of a slight decline between 1731 and 1738, the trade showed a steady increase until 1761, when agencies for the enforcement of restrictive legislation became more effective.⁴⁶ Previous to 1733 the only restrictions on trade with the foreign possessions, other than a prohibition on purchasing manufactured products there, were provided by the treaties

of 1670 with Spain and of 1686 with France. By these treaties each of these nations on the one hand and England on the other pledged not to allow its subjects to trade in the possessions of the other.⁴⁷ These treaties were, however, only a slight deterrent to the trade of the northern colonies with Spanish and French possessions. England made virtually no effort to enforce the provisions of the treaties; and France and Spain, because their subjects were benefitted by violations, were unable to prevent English traders from visiting their possessions.⁴⁸

Holland, the only other great Caribbean power, was committed to a policy of open ports and therefore invited foreign commerce.⁴⁹ In consequence the trade between the British North American colonies and the whole Caribbean area was comparatively unrestricted for a number of years, long enough to establish habits of trade which were later hard to break.

A real source of opposition to the trade with the foreign West Indies did, however, develop within the empire. As trade with the non-English islands increased, British planters found their specie being drained to those islands, the prices of their products declining, and the price of provisions rising.⁵⁰ All of these factors conspired to make economic conditions in the British islands much worse than they had been previously. The result was that the British planters, who as a class wielded considerable

influence in Parliament, secured the passage of the Molasses Act of 1733. This Act was designed to put a stop to the trade with the foreign islands by placing a prohibitive tax on their products when imported into a British colony. After the passage of the Act the merchants of the North American colonies were faced with the alternatives of giving up a very profitable trade or turning it into illegal channels. Many chose the latter course. Had the Act been strictly obeyed or enforced a severe limitation on the prosperity of the middle colonies would probably have resulted. These colonies were in a large measure dependent upon trade with the foreign islands for their means of making remittances to England.⁵¹

Those who had a mind to do so soon discovered many devices for evading the operating of the Molasses Act. All were directed towards finding a means by which the cash gained from the sale of provisions in the British islands might be exchanged for the rum, sugar and molasses of the foreign West Indies. A comparatively simple but often used method was to forge cockets and clearance papers to make what was really French or Dutch produce appear to be English. A more ingenious device involved selling a cargo of provisions in one of the British islands for cash and then loading with empty hogsheads. The appearance of a full legal cargo would enable the smuggler to secure proper clearance papers from the customs officials. From the

British possession the vessel would proceed to Curaçao, St. Eustatius or Guadeloupe to obtain an actual loading. Upon returning to Philadelphia the clearance papers obtained in the British islands could be offered as proof that the cargo obtained surreptitiously was legal.

Another device utilized the common practice of legal traders of selling a cargo in Jamaica for cash and then returning to Philadelphia in ballast. The smuggler instead of returning in ballast went to the foreign islands for a cargo. Upon entering Delaware Bay the illegal cargo was transferred to small boats which were less likely to be detected.⁵² After this had been done the larger vessel was in a position to enter port where papers to the effect that it was returning in ballast could be presented. Other methods available in time of war will be discussed in the following chapter.⁵³

Geographical factors and the inadequacy and incompetency of customs officials facilitated violations of the Molasses Act. The existence of numerous creeks and inlets along Delaware Bay, in which a vessel could dock long enough to discharge its unlawful cargo, minimized possibilities of the detection of smuggling. No matter how honest or competent customs officers had been, the problem of enforcement would have been difficult under such a condition, but officers were frequently neither honest nor competent. The fee system of paying government officials

was partly to blame. Regular salaries were so small that officers not only had little incentive to discharge their duties, but often connived with smugglers as a means of increasing their incomes. Inadequate enforcement, coupled with the belief of the colonists that the Molasses Act was unjust, made the law virtually a dead letter.⁵⁴

Just how much smuggling went on in the Philadelphia area is almost impossible to determine. Merchants' letters sometimes give clues to the prevalence of unlawful trading. Willing and Morris wrote to Coddington Carrington of Barbados to the effect that "we have had large supplies of Rum, Sugar & Molasses from French and other ports which makes the Sales of Barbados rum at a stand." The next year, 1755, the same firm again wrote to Carrington, "we have so much French [-sugar] brought here that tis infamous & I hope that the practice will soon be stopped."⁵⁵ However, these very letters indicate that there were firms, and important ones too, which were engaged in fair trading. Had the majority of merchants been smugglers, or had the costs of evading the payment of duties been so small that the smuggler could greatly undersell his competitors, it is difficult to see how the fair trader could have remained in business.⁵⁶ John Reynell, in reply to John Sherburne of Portsmouth, New Hampshire, who proposed a joint smuggling venture, wrote, "The substantial part of our Society decline having anything to do with the

Monte Christi Trade for tho' it be a Neutral port, its well enough known, that the Principal Trade is Carried on with the French & they do not choose to trade with the King's Enemies in time of Warr nor to be concern'd in importing Sugars whereby he may be defrauded of his duties."⁵⁷ There were also some merchants who felt that there was little profit in illicit trade, particularly with the French. Isaac Norris was apparently such a one, for in 1751 he expressed himself on the subject by saying, "Our Trade to the French islands is entirely in their favor. What we carry out from this place is of little value and even that is forced by our exporting empty casks to bring back their molasses, a very few frames for houses and the rest made up with Spanish silver, so that in my opinion we should suffer no great loss in the prohibition of that trade, -- it is otherwise with our trade to Surinam [a Dutch possession] which is carried on without any cash and in exchange for wines, lumber, butter, horses and such other merchandise as we can spare."⁵⁸ On the other hand, indications that a rather extensive illicit trade was carried on from Philadelphia may be derived from the fact that the amount of duties collected under the Molasses Act was very small. Only six hundred pounds on merchandise and forty-five pounds on prizes was collected in Philadelphia between the years 1733 and 1750.⁵⁹

The second great market for surplus produce of Pennsylvania, and indeed the only important mart other than the West Indies, was found in southern Europe.⁶⁰ In this region the chief places to which Philadelphia traded were Portugal and her insular possession, the Madeiras. Nearly every Philadelphia merchant engaged in a general business had correspondents at Lisbon, Oporto and the ports of the Madeira islands. The trade to Portugal was facilitated by the fact that that nation had been a virtual economic satellite of England since the Methuen treaty, 1703. Portugal's foreign trade was practically monopolized by English firms.⁶¹ Under these circumstances it was not difficult for Philadelphia merchants to establish the contacts necessary to begin trade. A glance at the correspondents with whom Philadelphians did business reveals a preponderance of English names. John Reynell dealt with George Lawrence, Madeira, and Leyborn and Stubbs, Lisbon; Willing and Morris with Bowman and Franklin, Oporto; Scott, Pringle and Scott, Madeira; and Mayne, Burne and Mayne, Lisbon; Thomas Clifford with Hill, Samor and Hill, Madeira; and Parr and Bulkeley, Lisbon.⁶² Many of these firms were branches of English firms or at least had close affiliations with them. An added incentive to trade with the Madeira islands was furnished by the fact that the wines of those islands might be exported directly to Philadelphia without

having to pass through England.⁶³ Madeira wine was one of the few articles of European production which was accorded such a privilege.

The chief articles of native production exported from Pennsylvania to Southern Europe were wheat and pipe staves for the making of wine casks.⁶⁴ But Philadelphia merchants also participated in satisfying the demand of these countries for the fish of Newfoundland. Not infrequently a captain was instructed to carry a load of wheat or other commodities to Newfoundland, there to exchange them for fish, and then to proceed to Portugal, Madeira or Spain.⁶⁵ Keen competition was furnished in this trade by the merchants of New England.⁶⁶ There were two other items which were of considerable importance in building up Philadelphia's balance of trade with southern Europe. Since shipments were usually made in Philadelphia vessels, freight charges became an invisible item in the favor of the American port. Furthermore, the vessels utilized in the carrying trade were frequently sold after they had reached their destination.⁶⁷ Altogether the balance of trade was decidedly in favor of Pennsylvania, furnishing the colony with an important source of credits to be used in paying for imports from the mother country.

In contrast with the trade to the West Indies, Philadelphia merchants found that their competition in the

trade with southern Europe came not so much from the other North American colonies as from European nations.⁶⁸ The fact that southern Europe demanded the finest quality of wheat perhaps accounts for Pennsylvania outdistancing her neighbors. Geographical factors and high quality of provisions produced there may account for the large amount of European competition. Portugal preferred English wheat when its price was within reason. Leyborn, Raffey and Rockcliffe of Lisbon wrote to John Reynell, "we are expecting from London about 300 barills on our own account which is allways preferred 10 per cent at least above yours."⁶⁹ Pennsylvania's opportunities for trade to southern Europe were greatest in those years when a scarcity of provisions existed in Europe.⁷⁰

Some commodities of southern European production were in great demand in Pennsylvania. Outstanding was the wine of the Madeira islands, which, as was previously pointed out, could be imported directly.⁷¹ As in the case of West Indian rum, only the best quality of wines was suitable for the Philadelphia market. Poorer wines could not be sold to the "good livers," but had to be reexported to the West Indies. Hill, Lamar and Hill in quoting prices to Thomas Clifford listed "New York and Philadelphia wine" as selling at eighty pounds per pipe, "Virginia and Maryland" at seventy pounds, and "West Indian" at sixty-five.⁷²

Apparently the demand for fine wines was so well established in Philadelphia as to give the name of that city to a particular quality. In the same category with wines, in that it could be imported directly and was obtainable in southern Europe, was salt.⁷³ The importation of this article was extensively engaged in, partly because large amounts were needed for the pickling of pork, and partly because much could be re^uexported. Pennsylvania, along with Newfoundland and New England, were the only American colonies which were allowed to import this article directly from Southern Europe.⁷⁴

Legally all commodities from southern Europe with the exception of Madeira wine and salt had to be imported into Pennsylvania via England. Had the law been strictly obeyed there would have been no importations of any consequence from Portugal. However, the long round-about trip which was necessary if England were to be touched on the return voyage led to some violations of the law. So uprighteous a merchant as John Reynell, who would have nothing to do with the illicit trade to the West Indies, received a part of thirty-five sacks of cocoa, forty dozen silk handkerchiefs and twenty-eight boxes of lemons in addition to two hundred and ninety-seven moys of salt directly from Leyborne and Company, Lisbon.⁷⁵ John Kidd, who had complained of illegal importations of tea from Holland, wrote to Farmer, Narbel, and Montaigu of Lisbon,

"salt is the only commodity that is allowed by law to be imported from you but our officers are so indulgent here that I can land any other goods without any risque in the world, 2 or 3 hundred $\frac{1}{2}$ chests of Linnens would always do here, if they come in good order -- and if there is any good French Indigo to be got with you & Bohea Tea should be very much obliged." Apparently the chief reason why more Portuguese wine was not imported was that it did not suit the taste of Philadelphians, for Kidd added in his letter: "Lisbon wine is very little used here." His intention was probably to discourage shipments of it.⁷⁶

In management and problems the trade with southern Europe was similar to that with the West Indies. Just as the Philadelphia merchant might have his choice of a number of Caribbean islands in which to sell a particular cargo, so he might instruct his captain that if prices were not encouraging in the Madeira islands to proceed to Lisbon, and perhaps from there to Cadiz.⁷⁷ As in the trade with the West Indies a common form of agreement between Philadelphia and southern European firms involved joint ownership of vessels utilized, and having each firm sell on a commission basis for the other.⁷⁸ There were also controversies over remittances arising out of similar causes. Wine, like rum and molasses, had to be purchased for cash from its producers. When wheat did not move rapidly the southern European factor complained that being

in advance for wines to ship back was too great a financial burden and that remittances would of consequence have to be delayed.⁷⁹ To this the Philadelphia merchant made the usual reply that wheat was a cash crop in Philadelphia and that if trade were to be continued remittances would have to be more prompt.⁸⁰ It seems, however, that there were fewer controversies of this nature than there were in the trade with the West Indies, perhaps partly because of the close connection between southern European and London firms. The great similarity in the two trades was, of course, that each furnished a major outlet for the provisions of Pennsylvania, enabling that colony to maintain essential imports from the mother country.

FOOTNOTES

CHAPTER IV

1. The climate and soil of Pennsylvania, and the stage of economic development of that colony, were all best adapted to the raising of provisions. In other words, this occupation gave the greatest returns when the high cost of labor, the scarcity of capital, and the availability of resources are considered. The fact is that Pennsylvania could have raised products for which there was sale in England, but it was not profitable for the colony to do so. The author of American Husbandry makes this statement: "tobacco grows well in many parts of it [Pennsylvania], yet it never became a staple, not however, owing to the climate, for in Canada they have some tobacco. But for wheat and all kinds of plants, cultivated in Europe, with fruits, few parts of America exceed the back part of Pennsylvania." The profitableness of wheat growing even relegated the raising of maize to a position of secondary importance. Anonymous, American Husbandry, 111-16.
2. Henry Bonin, Antigua, wrote to John Reynell in 1730 that "Flour is in General the moste profitable and always the most ventable [commodity]." Reynell In Letters. "Next to wheat, Indian corn was the most important grain crop of colonial Pennsylvania." Bezanson and others, Prices in Colonial Pennsylvania, p. 56.
3. The following list of exports of Pennsylvania for the two year period from December 25, 1751, to December 25, 1753, gives some idea of the relative amounts of commodities shipped. Since wheat in its original state was more desired in southern Europe than flour, the relative amounts of wheat and flour shipped to the West Indies were probably even more disproportionate than this list indicates.

Wheat	86,550 bushels
Flour	125,960 "
Indian corn	90,743 "
Bread	599 hogsheads,
	812 tierces,
	28,388 barrels,
	7,588 quarter casks
	249 tons
Beef	925 barrels
Pork	3,431 barrels
Staves	4,812,943

Pennsylvania Gazette, January 9, 1753.

4. James and Drinker to David Beveridge, Jamaica, July 30, 1760, James and Drinker Letter Book.
5. John Reynell, when writing to Michael Lee Dicker with regard to how the Jamaican trade might be managed, said: "If thou did not incline to have her filled on thy own account might take in part on frt and if Freight was not to be had might take in the greater Quantity of hhd staves which cost but a small matter." Reynell Out Letter Book, November 5, 1746. Lumber occupied two-thirds of space devoted to the average cargo. Herbert Bell, The West Indian Trade Before the Revolution, p.282.
6. The following is an itemized account of a cargo which James and Drinker valued at about £1,000: eighty-eight barrels of bread, one hundred and twenty barrels of flour, two hundred and eighty-two barrels of wagon flour, fourteen barrels fine Burlington hams and bacon, twelve barrels of tallow, two thousand eight hundred hogshead staves, two thousand oak heading, two thousand seven hundred shingles. James and Drinker to George and Abraham White, Antigua, December 21, 1758, James and Drinker Letter Book.
- 6a. Merchants frequently reserved £1,000 of their capital for the purchase of cargoes to send to a particular West Indian agent. When the invested sum was realized through the sale of a return cargo, it was immediately reinvested. James and Drinker to George and Abraham White, March 27, 1759, James and Drinker Letter Book; John Reynell to Michael Lee Dicker, November 5, 1746, Reynell Out Letter Book.
7. James and Drinker to George and Abraham White, Antigua, March 27, 1759, James and Drinker Letter Book.
8. Bell, op. cit. Johnson and Collaborators, History of the Domestic and Foreign Commerce of the United States, p. 87. Indian corn came chiefly from Virginia and North Carolina. Sheffield, Observations on the Commerce of the American States, p. 152.
9. Burlington pork was produced in West New Jersey but was marketed through Philadelphia. It may be inferred from the following quotation that Pennsylvania pork was of nearly as high quality as Burlington. "The Pennsylvania Pork, we believe, will prove exceeding good, and wants but little save the Brand of being as good as Burlington, and as such we think as our people have got much in the way of making that article in the same manner as in

- Jersey, much of which is carried down to Burlington and then come back with the Brand, you may recommend it." James and Drinker Letter Book, March 27, 1759. In 1747 Burlington pork sold at £4 to £4/10 while Virginia pork was selling at £3/3. Birkett and Booth, Antigua, to John Reynell, August 15, 1747, Reynell In Letter Book.
10. MacPherson, Annals of Commerce, vol. III, p. 569. James and Drinker Letter Book, January 6, 1762.
 11. C. H. Lincoln, The Revolutionary Movement in Pennsylvania, Chap. IV, passim.
 12. Markets in the West Indies were so small and localized that the arrival of one or two more ships than were anticipated might send prices of provisions rapidly downward. The correspondence of West Indian merchants to their Pennsylvania factors is filled with statements regarding gluts. A few quotations will serve to illustrate the nature of the complaints. "Within these few days about one thousand barrels of flour has been imported from New York (besides a deal of ship bread) so that the stock on hand is sufficient to serve our consumption this 5 or 6 months by which time a great deal must prove mushy." Birkett and Booth, Antigua, to John Reynell, May 21, 1751, Reynell In Letter Book. "At present the Sale of Bread and flour is stagnated by the arrival of [several ships] from New York and since all these Cargoes are divided into many different hands that the commodities are dayly falling & that we have made but a poore progress in the Sale of this cargo." Ibid., June 17, 1747. The instability of West Indian markets is illustrated in the following excerpt from a letter of David Fogo, Antigua, to John Reynell, "Our Markets has been very High Flour and Bread at 27/6 to 28/ before the Arrival of Captain Morrison but since has fallen to 21/ and 22/ but in twelve or fifteen days must rise again if Quantitys don't arrive in that time." Reynell In Letter Book, January 14, 1754. Under such conditions selling provisions in the West Indies must have been frequently somewhat of a gamble for Philadelphia merchants. John Reynell summed up the situation when he wrote Michael Lee Dicker to the effect that "Burlington Pork sometimes answers well at Jamaica and sometimes proves to be a losing commodity, which is the case of all other provisions at that market." Reynell Out Letter Book, July 15, 1749.
 13. James and Drinker to John Clitherall, Newbern, North Carolina, January 1, 1757, June 16, 1757, James and

Drinker Letter Book; Sheffield, op. cit., p. 141.

14. As a supplement to discussion of the competition Pennsylvania met in furnishing provisions to the West Indies it should be mentioned that the West Indies themselves raised some foodstuffs, chiefly yams, edders and potatoes. During the summer months supplies from this source might be so great as to stagnate sales of wheat and flour. Thomas Tipping, Barbados, to Thomas Clifford, October 15, 1757, Clifford In Letter Book; Birkett and Booth, Antigua, to John Reynell, May 31, 1751, Reynell In Letter Book.
15. Giesecke, American Commercial Legislation Before 1789, p. 75; Pennsylvania Statutes at Large, Vol. II, pp. 86-87, 92, 95-98; vol. III, pp. 288-91, 321-23; vol. IV, 73-77. Pennsylvania's laws were passed early in the eighteenth century while New York did not pass any similar laws until the middle of the century. The result was that Pennsylvania flour had a much better reputation in the West Indies. Virginia Harrington, The New York Merchant on the Eve of the Revolution, pp. 279-80.
16. John Barrell, Antigua, to John Reynell, July 8, 1758, Reynell In Letter Book.
17. Pennsylvania Gazette, May 2, 1751.
18. Having other merchants inspect inferior products with a view to making a protest was a method used in both the West Indies and Philadelphia. The following affidavit was sent by Jacob Gould to John Reynell:

Antigua

We whos names are hereunder subscribed did at the request of Mr. Jacob Goul Inspect into Seventy one Barrels of Flour which were imported in the Brigantine Sally, John Cowan Master from Philadelphia. Marked brand mark Fifty Six Barrels six barrels Nine Barrels, Which is the above seventy one barrels of flour and We are of the Opinion the Said Flour received damage on board the Vessel and that the Same is unmerchantable and fit for no other use then to be sold at Vendue as Witness our Hands

November 28, 1758

Carter Stevens
Sam'l Simpson
Alex Mitock

Reynell In Letter Book.

19. John Reynell once answered a complaint about unmerchantable goods in this manner: "The flour . . . was searched by the proper officials (for I ship none without) whether he branded it or not & it must be owing in part if not all to his neglect, they generally search not the whole but three or four casks in an invoice & if they find that good, pass it. Know not where to find the man I bot it of, if can recover any damages for thee, I will." Reynell Out Letter Book, March 15, 1761.
20. A large part of the remittances from the West Indies must have been made in bills of exchange and coin, but just how large a part I do not know. Macpherson estimated that only about one-fourth of the value of the provisions which the merchants of the middle colonies shipped to Jamaica was taken out in commodities. Macpherson, op. cit., p. 403. The fraction would probably be greater for some of the other islands since Jamaica products were usually so high as to discourage purchases by northern merchants. On the other hand, it should be remembered that freight charges provided an invisible item in favor of the Middle Colonies for which remittances had to be made.
21. James and Drinker Letter Book, December 21, 1758.
22. James and Drinker to Parven and James, Barbados, November 14, 1763, ibid.
23. Macpherson, op. cit., Vol. III, p. 142.
24. James and Drinker to William Neate, London, July 21, 1759; James and Drinker to Pickering, Woolrich and Rawleigh, January 6, 1762, James and Drinker Letter Book.
25. Nathaniel Booth, Antigua, to John Reynell, June 6, 1755, Reynell In Letter Book.
26. Customs House Papers, Vol. II.
27. During 1770 Jamaica exported commodities to the value of £146,324 to North America, and Barbados £119,828. Jamaican exports to England were £1,391,210, while those of Barbados were only £311,012. Macpherson, op. cit., p. 506. Barbados rum and sugar were preferred to all others in Philadelphia. Willing and Morris to J. and D. Gascoigne, Barbados, July 25, 1757, James and Drinker Letter Book.

28. Macpherson, op. cit., p. 485.
29. John Reynell to Michael Lee Dicker, Exon, England, November 5, 1746, Reynell Out Letter Book. From January 1, 1735, to October 19, 1752, out of 2,503 vessels which cleared from Jamaica to the northern colonies, 763 cleared in ballast only and more than half of the rest with less than five hogsheads of sugar or molasses. Frank Pitman, The Development of the British West Indies, p. 304.
30. Bell, op. cit., p. 283; John Reynell from Birkett and Booth, Antigua, January 18, 1752, Reynell In Letter Book. Joshua Howell of Barbados wrote to John Reynell: "the people here are Exceeding backward in paying their debts which is the reason of My selling the Remainder of my Cargo at the price I did. Tho might have had 20/ per hundred weight for it if I would have retailed it out & perhaps been kept out of my money 2 or 3 months so I thought it most advisable to sell it something Cheaper to a person where I know my money I have at first calling for." John Reynell In Letter Book, September 3, 1748.
31. Merchants wished to have money or commodities remitted in the same ship which brought the cargo of provisions. From the following quotation it is apparent that John Reynell gave up hopes of having his remittances made in this manner. "I have sundry of thy favours but don't observe in any of them thou mentionest anything about remitting me the Ballance due from thee & thy late partner on my account Current and the Company's account current which by your account I take to be nigh £1100 & its now above 18 months since I sent you the last Cargo, Its very discouraging to trade, where one is kept so long out of Remittances, especially for our Commodities which cost ready Money & often instead of getting we lose by. I should be glad if it was for both our interests to continue a Correspondence, but must beg leave to say it will not do for me unless can have my remittances next voyage, or if there was any Deficiency it were made up in crop time." John Reynell to Nathaniel Booth, Antigua, March 9, 1754, Reynell Out Letter Book. A third reason why some merchants might desire immediate cash was that specie could be used to purchase commodities in the foreign West Indies.
32. James and Drinker to George White, Antigua, August 14, 1760, James and Drinker Letter Book.

33. Henry Bonin, Antigua, to John Reynell, February 15, 1730, Reynell In Letter Book.
34. In 1762 James and Drinker were converted to the idea of having permanent agents. They wrote to Pickering, Woolrich and Rawleigh: "Our experience -- has convinced us that in general no Transient person can dispose of a Cargo upon equal Advantage with some fixed and noted House of established credit." James and Drinker Letter Book. In 1765 John Harper, Antigua, wrote to Thomas Clifford: "My Experience has taught me that business is not to be done in the Manner it was done formerly, that is its impossible for the Person that is Master of a Vessel to sell a Cargo otherwise than under the Greatest disadvantage he must either sell much under the value or detain the Vessell so long in port that she sinks one half or more of her freight." Clifford In Letter Book.
35. After a bitter experience with a local Jamaica firm, Willing and Morris wrote to Thomas Willing, London: "Do recommend me to a good safe house there [Jamaica] who have some support in England." Willing and Morris Letter Book, April 22, 1756. In September, 1756, Willing and Morris wrote to the same firm: "Am thankful for your recommendation of Messers Hibberts & Companys House in Jamaica." Willing and Morris Letter Book.
36. James and Drinker Letter Book, December 21, 1758.
37. James and Drinker Letter Book, October 8, 1762. In 1757 Willing and Morris was forced to send a power of attorney to Nathaniel Sharpe of Jamaica to collect £1250 from Whatley Meyler and Hall of the same island. The latter firm had not made any remittances for two years. Willing and Morris Letter Book, February 8, 1757.
38. Quoted in Bell, op. cit., p. 284.
39. A few quotations will illustrate the nature of this problem. "I believe August or September will be a good time to ship Flour although I can't have a return until Spring." Henry Bonin to John Reynell, April 9, 1731, Reynell In Letter Book. "Times are very dull and we are obliged to sell everything for crop pay." David Fogo, Antigua, to John Reynell, October 12, 1754, ibid. "[There is] very little money now in this place and even for that little there are neither Rum nor Bills to be got. People in general sells at this time for

April pay and I am obliged to do as others in the same way does." David Fogo, Antigua, to John Reynell, August 29, 1754, Reynell In Letter Book.

40. In 1753 a bill of exchange purchased from William Dunbar, Antigua, and remitted by David Fogo of the same island to John Reynell, was returned to John Reynell was returned to John Reynell protested. Dunbar apologized and promised to pay damages. He stated that despite the fact that he owned land, negroes, wharfs, stores and horses to a value of above fifty thousand he had been unable to send funds for the payment of the bill. William Dunbar, Antigua, to John Reynell, June 7, 1753, Reynell In Letter Book. In 1755 another of Dunbar's bills was returned with a protest. This time Dunbar explained: "I heartily lament that from a profusion of rain from May last it was never in my power to make a remittance of our product to support those draughts, which I had hopes of from time to time as well for my credit as your satisfaction." William Dunbar to John Reynell, January 27, 1755, Reynell In Letter Book. In 1764 Reynell had in his hands another protested bill from the same planter. By this time Reynell was undoubtedly disgusted for he placed the bill in the hands of Jacob Goul, Antigua, for collection. Goul wrote back: "Observe what you write concerning Wm Dunbar's bill & that he was to Settle it when the crop comes in, am Sorry to inform you he did not comply with his Promise. I took his Bond to Judgement payable the first of June, as could not obtain judgement before that time, had I entered an action against him would have been attended with Cost. Don't expect it will be obtained in less than Twelve month from this date as the law here allows the purchaser 10 months time to pay it." At the same time that Goul was trying to collect the face amount and damages on the protested bill, he was also trying to collect money from David Fogo for the account of Reynell. Fogo, once Reynell's chief agent in the West Indies, had become insolvent. Jacob Goul, Antigua, to John Reynell, August 10, 1764, Reynell In Letter Book. The West Indian agent who tried to be careful in the selection of bills of exchange often found that bills were almost impossible to obtain. In 1731 Henry Bonin, Antigua, informed John Reynell that there had been no good bills in his island for two years. Reynell In Letter Book, July 3, 1731. In October, 1751, John Jourdain, also of Antigua, wrote to Reynell: "As to Bills of Exchange they're too high and in short there's no good Bills to be had." Ibid. When sugar was low in price in England bills were especially hard

to get. Henry Bonin to John Reynell, March 19, 1730, Reynell In Letter Book.

41. "I have at last gott a Bill of Exchange for £50 Sterling but am obliged not to remit it these five Weeks till the Vessell sails in which the sugars to pay it -- the badness of markits at home the badness of sugar here as also the Dearness occasioned by the long Drought, Discouraged my Shipping Sugar." Henry Bonin to John Reynell, April 2, 1732, ibid.
42. If the Philadelphia merchant desired to dispose of a long sight bill in the Philadelphia market he was usually obliged to do so at a discount. Willing and Morris wrote to Whatley, Meyler and Hall, Jamaica: "Your bill on Henry Bright for £300 sterling at 60 days sight arrived which being 30 days longer than usual is a disadvantage of 2½ per Cent in the Sale of Em." Willing and Morris Letter Book, February 1, 1755.
43. The only enumerated commodities which were shipped from Philadelphia in any quantities were reExports. Wheat and other provisions were unenumerated and could therefore be sold in any market.
44. Pitman, op. cit., 189-90.
45. Ibid., p. 301; Sheffield, op. cit., p. 179.
46. Pitman, op. cit., 190.
47. C. M. Andrews, Englands' Commercial and Colonial Policy, p. 91.
48. Ibid., pp. 62-63, 354-55.
49. Adam Smith, Wealth of Nations, p. 537.
50. Northern traders sold their provisions for specie in the British islands which they then carried to the foreign islands for the purchase of molasses or other products. The raising of the price of provisions and lowering of the price of British West Indian products was due to the widening of the market for the former, and the lessening of the demand for the latter, as a result of trading to the foreign West Indies. Pitman, op. cit., pp. 216-17.
51. Just previous to the passage of the Molasses Act the Pennsylvania Assembly sent a protest to Parliament in

which it was stated that the proposed act would decrease navigation to England, reduce imports of manufactured goods, impoverish the colony, and make the colonies an easy prey to the French. Pennsylvania Colonial Records, Vol. III, pp. 423-24.

52. In August, 1755, Willing and Morris wrote to Coddington Carrington, Barbados: "A Snow brought a full load of Molasses last Week from St. Eustatia which is easily done by unloading below in the river in Shallops." Willing and Morris Letter Book. For a fuller discussion of the methods used by illicit traders see Pitman, op. cit., Chapters XII and XIII, passim.
53. See p. 194.
54. Root, op. cit., pp. 68-74. As late as 1764 when enforcing agencies had become more efficient, the collector of the customs at Philadelphia complained that "the length of our Bay & River indeed putt it greatly out of our Power to know what is transacted amongst Shipping especially as there are so many convenient inlets & harbours for landing as well as smuggling Contraband Goods & no Custom House Officers near enough to prevent them." Customs House Papers, Vol. II, March 13, 1764. In 1765 Peter Razer, surveyor of the Delaware Bay district, complained about the incompetency of the collector in these words: "I have been told that Mr. Razer [collector] has received on hundred pounds for the Clearance of a Ship and for another thirty pistoles. They say here he has an allowance to keep a Boat, but he never kept a boat neither is there any boat belonging to the King. I thought I saw Smuggling vessels in the Bay, I told Mr. Razer I had a mind to go to them, he told me it would cost me thirty Shillings for a boat. -- This collection has been of no Service to the Government neither will it except it be established upon a better footing that there may be a Boat kept here by the King and two Tide-waiters, then it may be of great Service, for here are about twenty Pilot Boats which carry fifteen or twenty Tons and they go to Sea to meet Ships twenty or Thirty Leagues, they don't Always come home empty." Customs House Papers, Vol. III, June 7, 1765.
55. Willing and Morris to Coddington Carrington, August 31, 1754, April 4, 1755, Willing and Morris Letter Book.
56. This point is brought out by Dr. Lawrence A. Harper, The English Navigation Laws, pp. 270-71. Pitman feels

that the illicit trader did not greatly undersell the fair trader but made greater profits. Pitman, op. cit., p. 309.

57. Reynell Out Letter Book, March 12, 1760. Reynell's opposition to illicit trade because it would aid England's enemies was, of course, a factor which would be operative only in time of war. But Reynell adds that he would not be concerned in a trade whereby the King would be defrauded of his duties. This would apply to all times. Earlier Reynell had disbarred his Antigua agent from sending provisions to the neutral islands. This led to a complaint from the agent that remittances would of consequence be slower. "Mr. Meredith has always fitted his Cargo's in the best manner for the Neutral and Dutch Islands and never restricted his Factor from sending his Goods to the Neutral Islands or carrying his sloop and them to St. Eustatia and there disposing of them and Shipping French produce in return all which you have debar'd me of and If I am not mistaken told me when at Philadelphia you was principled against." David Fogo, Antigua, to John Reynell, January 27, 1755, Reynell In Letter Book. Mr. Meredith was a Philadelphia merchant, who Reynell thought was securing more rapid remittances than he.
58. Quoted in Bezanson, op. cit., p. 189.
59. Pitman, op. cit., p. 275.
60. The importance of the trade to southern Europe is shown by the great protest which was made by Philadelphia merchants when they were disbarred from trading with this region during the French and Indian War. In 1758 Willing and Morris wrote to Bowman and Franklin: "by the prohibition to the Newtral Ports we are deprived at least 1/3 part the export of our provision -- the West Indies which are constantly overstocked cannot take off the whole of our superfluties so that debarring us the Liberty of supplying Portugal -- is highly injurious to these colonys." Willing and Morris Letter Book, July 1, 1758. Portugal was obliged to import about one-half of her grain. Macpherson, op. cit., p. 425.
61. Andrews, op. cit., p. 6.
62. Reynell Out Letter Book; Willing and Morris Letter Book; Clifford Letter Book, passim.
63. Andrews, op. cit., p. 110.

64. Wheat was preferred to flour in southern Europe. "Wheat is the only Staple Commodity you can send hither, because at farthest within the course of a Yeare it may be converted into money at some price or other according to its quality and the plenty or scarcity on the island & is the only thing that brings in any considerable sum of money together; that raised by retayling flour is as it were mere truckstering & is drawn away by the duties of the wines & other necessary expences as fast as comes in or faster if possible." George Lawrence, Madeira, to John Reynell, August 31, 1745, Reynell In Letter Book. In 1759 Taylor and Leyborne, Lisbon, informed John Reynell that they could remit him proceeds of sales within six months if the article sold was wheat, and eight months if other commodities. Reynell In Letter Book, December 18, 1759. In 1739 Leyborne, Raffey and Rockliffe, Lisbon, had told Reynell: "Biskett seldom turns to account nor Pipe Staves, the freights from your place generally eats up the greatt part of the whole. Yellow Beeswax seldom leaves any proffitt, Indian Corn answers but not safe to be concerned therein except the first Cost is /6 with a low freight." Reynell In Letter Book, October 6, 1739.
65. James and Drinker to William Bard, supercargo, September 1, 1757, James and Drinker Letter Book.
66. Hill, Lamar and Hill, Madeira, to Thomas Clifford, February 10, 1760, Clifford In Letter Book.
67. Captains were often instructed to sell a vessel if a freight back to America or to England could not be secured. Thomas Clifford to Joseph Jones, Captain, June 2, 1759, Clifford Out Letter Book. James and Drinker to Captain Daniel Rees, 1764, James and Drinker Letter Book.
68. Macpherson says that Portugal was supplied with provisions from Great Britain, the American colonies, the Mediterranean, Holland, Danzig, Spain, and France. Macpherson, op. cit., p. 425. From January 5, 1768, to January 5, 1769, Philadelphia's tonnage clearing for southern Europe was 7,255; New York's 2,360; Boston's 1,333; and Charleston's, 5,515. In other years, the figures were even more in Philadelphia's favor. Harrington, op. cit., Appendix G.
69. Leyborn, Raffey and Rockliffe to John Reynell, Lisbon, October 6, 1739, Reynell In Letter Book. Henry Steers,

- Lisbon, to John Reynell, July 14, 1747, ibid. "The best wheat from London always comes cleaner than American." George Lawrence, Madeira, to John Reynell, May 18, 1743, ibid. Like the West Indies southern Europe raised a considerable amount of its own provisions at times. "As to the proper time of selling wheat here it is from October or November till April or May, for in the Summer months it goes off but slowly because of the abundance of fruits the poorer sort of people chiefly live upon in that season, together with the crops of Wheat the Island produces." George Lawrence, Madeira, to John Reynell, March 25, 1732, Reynell In Letter Book.
70. When Devonshire and Reeve of Bristol, England, were considering having wheat shipped from Philadelphia, James and Drinker gave this advice: "On speculating on shipping corn, etc. to those places [southern Europe] we have always found we must be partly governed by the crops and prospects of future crops in those countries as well as England. Those that have not generally been losers by their adventures." James and Drinker Letter Book, October 7, 1764.
71. Adam Smith says that the privilege of direct importation accounts for the large quantities of Madeira wine drunk in America in preference to others. He adds that the fashion for Madeira wines was brought to England from America by officers returning from the French and Indian War. Adam Smith, Wealth of Nations, Cannan Ed., p. 469.
72. Lamar and Hill, Madeira, to Thomas Clifford, April 8, 1760, Clifford In Letter Book. "The Wine they sent me were so ordinary could not sell them here so was obliged to send them to the West Indies where part of them are gone." John Reynell to Catanach and Murdoch, Madeira, December 12, 1753, Reynell Out Letter Book.
73. Fine salt was obtained from Liverpool, England. Coarser salt might be received in the West Indies, but came chiefly from southern Europe. Bezanson, op. cit., p.237.
74. Andrews, op. cit., p. 109.
75. Reynell In Letter Book, April 1, 1743. The cargo was sent three-twelfths on the account of Reynell, five-twelfths on the account of Israel Pemberton Junior, and four-twelfths on the account of the Lisbon firm.

76. John Kidd to Farmer, Narbel and Montaigu, Lisbon, May 21, 1752, Kidd Letter Book. In 1759 Thomas Wharton informed Perriott, Dawson and Co., Hull, England, that "For salt from Lisbon we have free trade by Act of Parliament and, although the wine Lisbon and fruit is not free yet, there never has been any seizure made of those articles in this port but are daily brought in an no notice taken thereof." Quoted in Bezanson, op. cit., p. 251.
77. Laye and John Stevens, Madeira, to John Reynell, May 10, 1750, Reynell In Letter Book. Thomas Clifford to Joseph Morris (captain of Clifford's vessel), June 2, 1759, Clifford Out Letter Book. John Reynell informed Michael Lee Dicker on how the Madeira trade might be managed." The most advantageous way of following that trade in my Opinion is for the person who foloweth it to have a Vessell of his own and to purchase it wines Chiefly with wheat bought here and sent there and she should bring Wine enough at Once to Serve any one Person here to Sell in a Year and also about August or September time (being when wines generally bear the best Price in Jamaica) the said vessell should happen to go to Jamaica it would be best to send the Ordinary Wines in here there If there should be any in a cargo." John Reynell to Michael Lee Dicker, July 5, 1737, Reynell Out Letter Book.
78. Leyborne and Company, Lisbon, to John Reynell, April 1, 1743, Reynell In Letter Book. Stevens, Porter and Co. to John Reynell, May 8, 1748, ibid.
79. George Lawrence, Madeira, to John Reynell, August 31, 1745, ibid.
80. In 1753 John Reynell threatened to cease doing business with Catanoch and Murdoch, Madeira, unless remittances became more prompt. "Having such ill success already am discouraged from being concern'd any further at present in the Trade to Madeira; besides perhaps you have not considered that Wine seldom sells here for ready Money, that the Commodities we export to you are not to be purchased on Credit." Reynell Out Letter Book, December 12, 1753.

CHAPTER V
TRADE IN WAR TIME

"People are staggered with the prospect of war" wrote Thomas Willing to Coddrington Carrington of Barbados in April of 1755.¹

Conducting trade in war time was no new experience for the eighteenth century merchant; wars occupied almost as much of the period from 1700 to 1763 as did peace. Yet the merchant never fully accustomed himself to making the adjustments which war time conditions imposed upon his business. His occupation was always speculative, but when wars were in progress it became highly so. At such times the long range planning which even the merchants of that era strove for became almost impossible. During peace the merchant could have some assurance that the factors which affected prices -- among others, insurance rates and the availability of markets -- might remain somewhat constant or at least be fairly predictable. But during war all this was changed; a scarcity of vessels, a rise in insurance rates due to a flurry of privateering activity, or the laying of an embargo might operate to upset his plans almost overnight. This chapter is a study of the conditions under which commerce was conducted during the Seven Years War, and of the adjustments to those conditions which the eighteenth century Philadelphia merchants attempted to make.

The preliminaries of the Seven Years War were being fought in America for several years before the formal outbreak of hostilities between the French and the English. Vitally concerned in the Ohio region, the early theatre of conflict and the great American prize of the war, Pennsylvania was in the very center of these opening phases. For the first time in its history the colony felt the effects of border warfare. From 1749 to 1754 the French, through the success of their arms and with the aid of Indian allies, steadily extended their influence eastward until in the latter year not an English flag waved beyond the Alleghenies.² With the defeat of Braddock in 1755, Pennsylvania was almost at the mercy of French ambition for conquest.³

The deplorable state of affairs in which Pennsylvania found herself in 1755 was largely a result of her own unpreparedness. More specifically, the blame must rest on the Quaker Assembly whose pacifistic leaning and quarrel with the Crown over the issuance of paper currency resulted in failure to provide adequate funds for defense.⁴ Willing and Morris, a non-Quaker firm, has described conditions as they were in 1755. "We here in the most defenceless state imaginable & no step taken by Our Assembly & Governor for our preservation. About 3 or 400 French & Indians in the Midst of our Province, Burning every farm with their Stock, murdering Men Women & Children in the most Cruel and

Indecent manner. Out of one Township with 13 Families well settled not 100 miles from us, not a house or person are now to be seen & this morning an Express arrived with an account of 12 Persons being killed & scalp'd in Tulpehocken not 75 miles from this City & there Farms Burnt -- indeed its terrible, all owing to the Influence of our Quaker Meeting who put in what members of Assembly they please, govern Em when there. If there's not soon an Alteration of Affairs Ile remove my large family to England -- .⁵

The branch of commerce most immediately affected by the success of the French was the fur trade, which was completely ruined for a decade. Some idea of the losses sustained by Indian traders when driven from western

- Pennsylvania may be gained from a memorial for reimbursement presented to George II in Council in which thirty-two traders stated that their combined losses amounted to £48,572. George Crogham, one of the petitioners and the most prominent of frontier traders, was completely ruined.⁶ The injury to the fur traders in turn affected many prominent Philadelphia merchants who supplied the credit necessary to carry on the trade. On May 6, 1754, John Kidd wrote to Neate and Neave, London, "The French Traders -- have taken all our Indian Traders that were in their way so that Neave, F. Warder, Levy & Franks and several others will be considerable sufferers and there will be few skins or very few this summer."⁷ A few months later, October 8, 1754,

Thomas Wharton informed Elias Bland of London: "Make no doubt but Skins will rise with you. None at present to be purchased here, we are not having any Traders out, and the prospect very dull, from the French and Indians in their alliance making further encroachments on us."⁸ By 1756 the fur trade which had been so important a part of Pennsylvania's commerce was completely ruined. Practically the only furs and skins which were exported from the colony for the duration of the French and Indian War were those which had previously been imported from colonies to the southward.

While the frontier traders and their creditors were the immediate sufferers, Philadelphia merchants not directly interested in the fur trade were also affected by the depredations of the French and their Indian allies. With the destruction of crops, farmers found themselves unable to pay country retailers for previous purchases, and the latter in turn found it difficult to make payments to their Philadelphia creditors. This condition contributed to a general stagnation of trade. Distrust of country retailers and inability to sell for cash led Philadelphia merchants to curtail both their sales and importations from abroad. Willing and Morris, on October 25, 1754, wrote to Bristow and Stratton: "The town is full [of English goods] & Nobody buys anything & we know

not whom in the Country to trust. Our trade by the Encroachments of the French on our back Inhabitants is become dangerous, so that we are at a loss to find Chaps that are safe to deal with. This is a true state of our Trade."⁹ And on the same day this firm wrote to John Perks: "Our trade is still in a melancholy Situation. We can't sell our imports at first Cost and Charges. We have a great Quantity of Goods by us and are fearful the moth and interest of money will eat all our Profits -- and we pray you'd not influence any Friend to send us any Manufactures on Commissions."¹⁰ Importations from England which amounted to £244,647 in 1754 dropped to £144,456 in 1756.¹¹ Shrinkage in sales and the difficulty of collecting debts also forced the Philadelphia merchants to become delinquent in their remittances to British correspondents.¹² The nature of the credit system caused losses sustained by consumers in frontier communities to be transmitted from the country retailer to the Philadelphia merchant and ultimately to the British exporter, thereby making general the depressing effects of a localized occurrence.

The possibility of a formal declaration of war and with it the spread of hostilities did nothing to improve business conditions. If anything, trade became still further stagnated. The high level of maritime insurance rates, which had been rising since the latter part of 1754, caused merchants to hesitate before sending

out their vessels or adding to their stock. Should the war not materialize, the fall of insurance rates and consequent fall of prices would cause those who had previously imported large quantities of merchandise to lose heavily.¹³ Those who had goods on hand, in preference to making immediate sales, held them in hopes of securing higher prices.

Willing and Morris discouraged Hall Caille, one of their Maryland customers, from purchasing goods in May, 1756.

"As to the dry goods you mentioned, this is a very bad time to buy, being scarcely no linen checks or fustians in town. What are here held high in expectation of a Warr, but our Vessells will soon be in now and then you may buy at 120 P. Cent for Cash and I believe as Insurance is high you can scarce get any Quantity under. I do keep a Store but have been endeavoring to close all Sales in it for some time past so have not nor do I expect an Assortment of Goods this Year."¹⁴

The prospects of large emissions of paper currency to finance the war also depressed business during the pre-war year. Merchants hesitated to sell goods to country retailers on credit for fear that possible inflation would result in a rise of rates of exchange on England.¹⁵ As a matter of fact, the rate of exchange did rise from 167 in April, 1755, to 174 in April of the following year, but this was due mainly to a scarcity of bills of exchange and the rising cost of shipping specie, for no large emissions of

currency were made until 1757.¹⁶ Nevertheless, the depressing effect on business was the same. Some merchants held forth hope that conditions would improve once the war was fully under way. John Reynell was one who took an optimistic view of the situation. "Trade still continues dull," he wrote to Thomas Sanders, "though the Prospect of an approaching War with France has advanced the price of some Goods already, while others of which there is great quantities in Town continue the same. And keep no doubt, if we have a French War goods will advance. They sold the last war at 175 P. Cent advanced and bills of exchange were at about 185 P. Cent., so there was a good Profit and I hope in case we have a War, it will be the same again."¹⁷

The measures which most seriously altered the normal course of Pennsylvania's trade during the war were the various embargoes placed on the exportation of provisions from the American colonies. A great potential English asset in the war was the ability of the English colonies in America to furnish food stuffs and the inability of the French colonies to do the same for their respective armies. Embargoes were designed to make this asset effective by stopping at the source both the direct and indirect flow of provisions from English to French possessions. But to the extent that military objectives were achieved, normal business suffered. Philadelphia merchants found that many of the markets which they were

accustomed to supply in times of peace, when there were no restrictions on the exportation of food stuffs, were suddenly closed to them, often without warning. Since the embargoes differed considerably in their intensity and duration, it may be well to give a chronological summary of them, their natures and purposes, before proceeding to a more detailed discussion of their effects upon business.

The first embargoes of Pennsylvania were imposed by the governor and sanctioned by the assembly. Previous to the outbreak of the war, in March, 1755, Governor Morris, to prevent provisions from reaching the French at Cape Breton, forbade vessels carrying such commodities from clearing to any French port. The measure received the approval of the assembly on April 10.¹⁸ The Act was not completely effective, however, since food stuffs continued to reach the enemy through neutral ports. On July 3, 1755, Governor Morris acted to close these loopholes by instructing customs officials to enforce a general embargo until further notice.¹⁹ This general embargo lasted only a month, but was relaid on August 29. The temporary suspension was due to a desire of the assembly to see whether or not New York and New Jersey would adopt a similar policy.²⁰

In the spring of 1756 when new military expeditions were being undertaken, the policy of levying embargoes was revived. In May of the same year after being informed

of the action taken by New York, the assembly passed a general embargo to be in force until the seventh of June, and to be extended beyond that date provided Delaware adopt a like measure.²¹ Delaware, however, levied her embargo for only one month with the result that on July 7 the Pennsylvania law became inoperative.²² To the request of the governor that the embargo be continued until August 4, the expiration date of the New York and New Jersey laws, the assembly replied that to do so without the cooperation of the other colonies, particularly Maryland and Delaware, would be disastrous to the trade of Pennsylvania.²³ Nothing illustrates better the jealousy of the individual colonies and their desires to profit at one another's expense than their procrastination in levying embargoes.

The hap-hazard action of the colonies demonstrated that if the purpose of the embargoes, the prevention of supplies from reaching the French, was to be effectively achieved, a uniform policy must be adopted by the mother country itself. The problem was partly solved by the formal declaration of war in May, 1756, when all commercial relations with the enemy became treasonable.²⁴ This automatic prohibition, however, did not prevent supplies from going to neutral ports and thereby indirectly to the French. Further progress was made when in October, 1756, the Board of Trade instructed the governor to lay an embargo

on all vessels clearing with supplies except those bound for a British port.²⁵ This temporary order was given the force of law early in 1757 when Parliament passed an Act forbidding for the duration of the war the exportation of provisions to any place other than England, Ireland, or another English colony.²⁶ After the passage of this Act there were also occasions, notably in 1757 and 1758, when temporary but general embargoes were levied on the sole authority of the governor at the instigation of British military commanders in America. The origin of these supplementary embargoes lay in the desire of the British generals to secure transports and seamen and to take every possible precaution to see that the French did not receive supplies while their expeditions were in progress.²⁷

Pennsylvania was so dependent upon its export trade that while general embargoes were in force all branches of business suffered. When the Philadelphia merchant was prohibited from filling the orders of his West Indian and southern European customers, the farmer could not sell his grain, and prices dropped to a low level. The results were those which might be expected. The inability of the farmer to pay his debts adversely affected the country retailer, the Philadelphia merchant, and ultimately the English merchant, -- a situation not unlike that produced by the encroachments of the French somewhat earlier. On May 25, 1758, at the time of Abercromby's embargo,

Thomas Wharton wrote to Christopher Rawson in Liverpool: "Shall not be wanting to be on time with my remittances, although I assure thee it is much more difficult than it used to be from the frequent embargoes in our port which have hindered the country from bringing their produce to market and consequently of paying their debts to us."²⁸

In Pennsylvania's overseas markets, business was also depressed by the manner in which embargoes interfered with the normal operation of the law of supply and demand. Scarcity there caused a rise in the price of provisions, while products normally exported to Pennsylvania dropped in value due to the inability of Philadelphia merchants to send out vessels to procure them. When embargoes were finally removed, Philadelphia merchants outdid one another in their efforts to supply depleted markets. In consequence, prices of provisions in Pennsylvania rose so rapidly and markets in the West Indies became glutted in so short a time that small compensation was sometimes found for the period of inactivity when embargoes were in effect.

The uncertainty as to when embargoes were to be established or removed made it difficult for merchants to predict the prices at which the most profitable sales could be made. For example, West Indian merchants who held the prices of food stuffs at a high level in the belief that an embargo was in existence might suddenly find themselves

obliged to sell at a loss upon the arrival of additional supplies from Pennsylvania. Thomas Tipping of Barbados describes such a situation. He informed Thomas Clifford in October, 1757: "I am sorry to acquaint you of the strange alteration in our market, Flour and Bread is now the greatest Drugg imaginable. We are all vastly deceived, Here was the greatest possibility of its rising that could be, Nay I believe everybody was easy about selling -- We had great Occasion to believe that you had an embargo -- must submit to sell for less than I could have done." On this occasion flour which had been selling from 18/ to 20/ per hundred weight dropped to a low of 15/ with the removal of the embargo.²⁹ When provisions were sold on commissions such losses, of course, had to be borne by the Philadelphia merchant.

The temporary embargo which aroused the greatest opposition among Philadelphia merchants was that which was levied in March, 1757, and known as Loudon's embargo since it was imposed solely on the authority of Governor Denny who acted under the orders of General Loudon. Not only did Pennsylvanians oppose this measure because they considered the manner in which it was imposed to be arbitrary and unconstitutional, but because it was general in nature and coincided with an unusually large harvest. The unceasing efforts of merchants to have it removed finally bore fruit

in the latter part of June, 1757, but not until great damage had been done to trade.³⁰ The comments of Willing and Morris exemplify the bitterness of merchants toward this measure. "Lord Loudon has opened our Port after a most tedious Embargo imposed on us by his single authority alone for 4 Months to the total Ruin of Some and great Injury to the Merchant and Farmer; as to myself I'd rather pay £100 Sterling per year than have our Trade sported with by a single man who is ignorant of the Calamities attending such Interruptions. We have now as much of last year's produce on hand as will serve our consumption and exports for 12 months and a Prospect of very good Crops of all Grain so our Prices will be low."³¹ An idea of the effectiveness of the embargo in restricting the export trade of Pennsylvania can be gained from the flurry of activity which took place following its removal. "The embargo which has been on for Four Months was taken off Yesterday and there is going in a few Days to Barbados we believe not less than 12 or 15,000 barrels of provisions, chiefly flour and Bread, one-third that Quantity at least for Jamaica and we have Vessels for Antigua and St. Kitts," wrote James and Drinker to Nehemiah Champion of Bristol, England.³² While it listed only five clearances between March 10 and June 23, the approximate period of the embargo, the Pennsylvania Gazette for June 30 showed that

fifty-two vessels had cleared during the three days preceding the latter date.³³ Merchants who were not fortunate enough to have ships among the first to reach the islands found the markets overstocked and prices for provisions low. By October, 1757, although no general embargo existed, Willing and Morris expressed the opinion that it was no longer profitable for them to ship to the West Indies for the time being.³⁴ All in all, Loudon's embargo is a brief but bitter chapter in the history of the commerce of colonial Philadelphia. A similar embargo levied for General Abercromby the next year did not arouse nearly the controversy nor produce the ill effects of Loudon's measure. Conditions had changed considerably by that time. In the spring of 1758, the time of Abercromby's embargo, the Philadelphia merchants almost welcomed the opportunity afforded by an embargo to allow West Indian merchants to reduce their overstocked markets.³⁵

The embargo which disrupted Pennsylvania's commerce over the longest period of time was the prohibition on the shipments of grain to neutral ports laid by Parliament in 1757. Insofar as this embargo affected commerce with the neutral islands in the West Indies it did no great harm. What provisions went to these islands were usually intended for the French and there were other devices available for trading with the enemy. However,

the act also forbade shipments of grain to southern Europe, Pennsylvania's second great market. By this prohibition, the colony was not only deprived of an important outlet for its surpluses, but the grain for which there was now no market in southern Europe helped to overstock the British West Indies and to depress prices there. Willing and Morris informed Thomas Porter: "We plainly perceive that whilst the Prohibition hence to the Neutral Islands in Europe & American & from your Island [Jamaica] to the Main continues we are not to expect any advantageous Voyages to be made from this place to any of the West India Island as they cannot consume above 1/3 part of the Extra produce of this continent."³⁶ As in the case of the West Indies during a general embargo, the inability of Philadelphia merchants to load a vessel for a profitable outward voyage decreased the volume of imports from southern Europe. As a result of decreased importations, the price of Madeira wines rose from £34, the pre-war price, to from £40 to £50 per pipe. That trade with southern Europe did not completely cease was due to the fact that some merchants shipped lumber in lieu of provisions. This was done not because lumber was a profitable commodity to ship, but more to prevent vessels, for which there was at times no other employment from rotting at their wharves and to

prevent outward voyages from being a total loss. The increase in cost of lumber as a result of the newly created demand for it, and the rise of wages, almost prohibited even the use of this poor substitute for provisions as a commodity with which to load vessels.³⁷ There was undoubtedly also some illicit trade to southern Europe carried on, but probably not to as great an extent as to the West Indies. Willing and Morris expressed the opinion that "The penalties are so heavy and the Attempt to evade it [the prohibitory act] so liable to Detection that we can't think it prudent to run such a Risque, where even Success would not be equivalent to the Prospect of danger in attempting. You'll find other People don't behold these things in the same Degree of Terror we do, some neighboring Provinces we know have profited by the Prohibition and we imagine some Individuals amongst us have schemes in Agitation for that Purpose, and should they succeed it's possible we may be emboldened into trials of the same kind for we really think the reason you give, the impossibility of the French being supplied by you would or ought to lessen the rigour in executing the law in case of discovery."³⁸ Merchants felt that the act of Parliament prohibiting trade with southern Europe was grossly unfair since it was highly injurious to their trade and there was small possibility of the French being supplied from that

region. They repeatedly asked for assistance from their Madeira, Lisbon, and English correspondents to have the prohibition removed, but if the latter made any efforts to aid them, they were without effect, for the act remained in force for the duration of the war.

Considerable compensation for the loss of normal markets through the operations of the embargoes was found in the demand for provisions by the armies and fleets dispatched to America during the war. The demand from this source was particularly great in the years from 1757 to 1759 before the scene of hostilities was transferred from America to the West Indies.³⁹ In the fall of 1757 Willing and Morris, the firm which had complained of Loudon's embargo, wrote: "The last crop of Grain was very good and although there is now the greatest quantity in the Country that has been known, yet so great is the Demand for our Fleets, Armies, and Islands that it has kept up prices beyond expectations and will do so in probability all next winter."⁴⁰ In June, 1759, General Stanwix, in order to purchase provisions and other supplies for his expedition, issued bills of exchange to the extent of £140,000.⁴¹ The quantity of bills issued on this and other occasions was so great as to be a major factor in holding down the rate of exchange during the war. Even after the conflict shifted to the West Indies the demand for provisions for military purposes, although diminished, continued to be important.⁴²

The presence of armies in America also provided owners of vessels with some compensation for the decline of the normal carrying trade. Periodically, large numbers of privately owned ships were requisitioned by the government for the transportation of both troops and supplies. Indeed, the purpose of some embargoes was to make possible the accumulation of transports for military expeditions. For example, at the time of Abercromby's embargo, in the spring of 1758, the majority of vessels in Pennsylvania were taken into the transport service.⁴³ Merchants whose ships were requisitioned were reimbursed both on a time and tonnage basis and their vessels guaranteed against loss by the British government.⁴⁴ The employment given to vessels in this manner, however, was erratic and therefore rather unsatisfactory. The war years show an almost continuous fluctuation between dearths and superfluities of vessels for ordinary uses and corresponding fluctuations in freight rates.⁴⁵

Despite the efforts of the mother country to stop trade with the enemy in the interest of military necessity, illicit trade with the French possessions increased rather than diminished during the war. Because their connections with the mother country were largely cut off by the activities of the British navy, the French colonies in the West Indies were more dependent than ever before upon the

North American colonies for their provisions. For the same reason the normal outlets for French West Indian produce in Europe were also largely eliminated. This meant that the Philadelphia merchant, if he had no compunction on the subject of treason, could market his provisions at a higher price and secure West Indian products at a lower price than was ever possible in times of peace.⁴⁶ The trade which was carried on with the enemy demonstrated a woeful lack of patriotism among colonial merchants. The distress of the French was viewed more as an opportunity for carrying on a profitable trade than as a weakness to be seized upon to bring about victory. The merchants, like the majority of American colonists, were exceedingly provincial. They drew an important distinction between the French as enemies in North America and the French as consumers in the West Indies. Illicit trade did not diminish until the hazards involved outweighed the possible profits to be secured.

Until 1758 trade with the enemy was carried on, as it had been in times of peace, indirectly through the Dutch free ports of St. Eustatius and Curaçao. However, the passage of the Act of 1757 prohibiting trade with neutral ports and the seizure of Dutch vessels under the Rule of 1756, which stated that ports closed in time of peace should be closed in time of war, led to gradual abandonment of the use of the Dutch neutral ports as a base

for illegal operations.⁴⁷ There was no corresponding decline in the amount of illicit trade, however, but merely a shift in methods.

Resourceful merchants soon found other means of trading with the French. During the years from 1758 to 1760 most illicit trade was carried on through Monte Cristi, which the Spanish made a free port on the outbreak of the war, and by means of flags of truce. Monte Cristi was well situated as a base for illegal operations because of its proximity to Jamaica and French Santo Domingo; and merchants devised many means for its utilization. Some merchants had their vessels clear for Jamaica, sell their provisions there for cash, and then proceed to Monte Cristi to load the French produce which had been previously lodged there. Others sent their vessels directly there after having connived with customs officials at home to secure proper papers for clearance and for entrance when the voyage had been completed. When Pennsylvania officials balked at granting such papers, the cargo might be sent to Connecticut or Rhode Island, where customs officials were more lenient, for the papers which would permit the voyage to be undertaken. If vessels were stopped on the high seas it could be easily explained that the destination was Jamaica rather than Monte Cristi.⁴⁸

Flags of truce, a device which had been used in earlier wars, made possible direct trade with the enemy. Theoretically these were commissions granted to vessel owners to facilitate the exchange of prisoners, but actually they were used by merchants as a cover for exchange of provisions for French produce. "Here is Flaggs Truce enough fitting out to carry the great part of the French off the continent if the merchants could get them in a mind to go, but they have more care about what to bring back than to carry prisoners," Thomas Clifford informed Thomas Tipping of Barbados.⁴⁹ The use of flags of truce for this purpose implied, of course, that the governors who controlled their issuance were either negligent or corrupt.

The cargoes shipped both to Monte Cristi and the French ports consisted for the most part of provisions, although other commodities, among which were manufactured goods and specie, were also carried. Upon being asked by John Sherburne what were the most profitable items to ship to Monte Cristi, John Reynell, who himself refused to have anything to do with illicit trade, stated that "the best commodities to carry there are coarse linen Checks, Spanish Pistoles, Johannes, Beer, Tallow, Hogs, Lard, Fish and Pine Boards and Provisions best of all."⁵⁰ However, in 1760, when agencies of enforcement had become stronger,

Willing and Morris, who engaged extensively in both the flag of truce and Monte Cristi trades, favored shipping coin and dry goods rather than provisions because they felt that the profits to be made by shipping the latter did not compensate for the increased dangers of seizure.⁵¹

Illicit trade reached its height in the years 1758 to 1760. During this period Pennsylvania became notorious as a center for the sale of flags of truce. Governor Denny, who was both incompetent and corrupt, sold them in such quantities that their price at one time was reduced to a mere £20, and they were circulated in adjoining colonies as well as in Pennsylvania.⁵² The practice of selling "flags" for unlawful purposes became so brazen that often they were made out in blank, making it possible for the purchaser to fill in the names of his vessel, captain, and fictitious prisoners.⁵³ It was reported to Pitt in 1759 that Governor Denny had personally made over £1200 from granting flags of truce and that the Delaware River swarmed with shallops unloading illegal cargoes.⁵⁴ Merchants in their letters revealed that they and their associates were not slow in taking advantage of the opportunities which were presented for engaging in an extremely profitable trade. Such comments as these are found: "I think there is not a vessel in port fit for the service [flag of truce trade] but what is taken up if she could be got," and "the trade, I believe, at present is a

very profitable one and many from here have made great voyages."⁵⁵ Governor Hamilton stated, "A very great part of the principal merchants of the city [Philadelphia] engaged in trade with the French islands in the West Indies."⁵⁶

Seizure of vessels carrying on illicit trade were comparatively rare before 1760 chiefly because of the difficulties in the way of securing condemnations after a capture had been made. Captains could usually present clear papers and even if they could not, acquittals were common because vice admiralty courts seemed prejudiced in favor of illegal trade.⁵⁷ The latter was particularly true when cases were tried in the colony in which the vessel in question was registered; courts tended to be more severe with vessels belonging to neighboring ports.⁵⁸ Further evidence that the danger of seizure was not great at this time is indicated by the fact that during these years it was possible to secure insurance for a nominal sum against captures by English men of war and privateers as well as against sea risks.⁵⁹ Insofar as the French were concerned there was little danger of seizure from that source since they welcomed the opportunity to secure supplies. Philadelphia merchants were cognizant that the French West Indian governors prohibited any of their vessels from even searching a flag of truce ship.⁶⁰

So great was the volume of illicit trade in the late 1750's that it lowered the price of West Indian products and, in conjunction with the demands of the armies in America kept up the price of provisions on the Pennsylvania markets. But as illicit trade increased, to the extent that it became almost open, French sugars rose in price and flour actually became cheaper in the French West Indies than in the English.⁶¹ This development, in itself, tended to limit the advantages of unlawful trading; as a result of it, the British West Indian markets were improved, and attracted the ventures of larger numbers of merchants.⁶² However, the diminution of trade with the enemy which characterized the years following 1760 was due not to the lack of desire on the part of Philadelphia merchants to trade with the French, but to the increased dangers of seizure and condemnation of vessels and cargoes by British agencies.

It had long been apparent to British officials that the shipping of provisions to the French must be stopped if the war was to be pushed to a successful conclusion, but it was not until 1760 that efforts to prevent trade with the enemy met with any great success. In 1759, the unscrupulous Denny was succeeded as governor by Hamilton, who tried to follow the instructions of Pitt to bring all law breakers to justice. The problem was more difficult, however, in Pennsylvania, a charter colony,

than in the royal colonies where customs officials could be more closely controlled.⁶³ But even in Pennsylvania the customs service must have become more efficient, for Daniel Clark in 1761 wrote, "Our officers here are much sharper than they formerly were and we believe will continue to grow more so which renders this [illegal] trade vastly more precarious than it was some time ago."⁶⁴ It was, however, the seizures made by the Royal Navy in the West Indies and condemnations by the courts there which did most to put a stop to illicit trade. By 1761 both the flag of truce and the Monte Cristi trade had been largely broken up by this means.⁶⁵ In 1760 no less than fifteen Philadelphia vessels had been captured and carried into West Indian harbors.⁶⁶ The resulting losses were keenly felt by Philadelphia merchants, and it did not take long for them to realize that if seizures continued at this rate illicit trade would become extremely unprofitable. John Reynell referring to the Monte Cristi trade said: "If the men of war go on to take the vessels as they come out [at Monte Cristi] it is supposed it will knock up the trade there and a good many of our merchants."⁶⁷ Additional proof that trade with the enemy had become extremely hazardous lies in the fact that underwriters now refused to insure vessels against risks of seizure by the British.⁶⁸ The taking over of the exchange of prisoners by the govern-

ment and the requirement that all sugars indirectly imported into England pay the same duties as foreign sugar were also important in reducing the amount of unlawful trade. The latter lessened the demand for French sugars by making it less profitable to re~~ex~~port them.⁶⁹

All of the French sugar which came to the American colonies was not illegally procured. Much of it came from prizes seized by British men of war and privateers. Privateering and the dealing in prize goods, both vessels and cargoes, were new and lucrative branches of trade opened up by the war, yet they were never extensively engaged in at Philadelphia due to the large number of Quakers among the merchants there. Quaker merchants not only refused to fit out privateers, but also declined purchasing prize goods, thereby depriving themselves, for the sake of their principles, of a profitable business, and placing themselves at a disadvantage in their competition with other merchants.⁷⁰ In 1758 there were only about five or six privateers which operated from Philadelphia in contrast with the twenty-five or thirty which were listed from New York the preceding year.⁷¹ Of the Philadelphia privateers two belonged to the firm of Willing and Morris alone. Besides owning privateers, this firm was interested in letters of marque vessels, ships designed primarily for carrying cargoes but licensed and

armed so that if a prize was sighted during the regular voyage it might be seized "to do something to help out the expenses of the ship."⁷² In addition to letters of marque, the few privateers which operated from Philadelphia were supplemented by those belonging to other ports which had orders to send their seizures there for sale.

Because of the lack of privateering activity there, most of the prize goods sold in Philadelphia came indirectly from other places. Merchants, who had no scruples about dealing in prize goods, instructed their West Indian agents to keep them informed of the prices of these commodities and if reasonable to make shipments. Its proximity and the large number of privateers fitted out in that port made New York the most prominent source of prize goods for Philadelphia merchants. So close was the relationship between the merchants of the two cities with regard to this branch of business that they frequently cooperated in filling orders placed by the English merchants.⁷³ Even vessels condemned in New York were often sent to Philadelphia for sale. Willing and Morris provide the explanation for this development. "We have wrote to New York for information about some prize vessels where they generally sell cheaper by more than the expense of bringing them round here and here we can fitt em out much better and cheaper as letters marque than at York."⁷⁴

The profits to be made from privateering and dealing in prize goods were not all clear gain, for on the other side of the picture Philadelphia merchants faced the possibility of having their own vessels seized by the French. High insurance rates attest to the fact that this danger was by no means negligible. However, because of the superiority of the British navy, a balancing of accounts would undoubtedly show the advantage to be decidedly in favor of the Philadelphia merchants.⁷⁵ Perhaps the oddest aspect of privateering arose out of the commercial rivalry of the English colonies themselves. Privateers of one colony, while they assisted their countrymen in illicit trade by making collusive captures, often made prizes of vessels belonging to merchants of neighboring colonies.⁷⁶ There are numerous references in the letters of Philadelphia merchants to vessels of that port being taken by New York privateers. Such actions led to reprisals. On one occasion after losing a ship to a New York privateer, Willing and Morris declared: "Should it [the vessel] be condemned, we are determined to make Reprisals. There are not less than ten or fifteen sail Flags Truce out of New York all of which carry more or less provisions."⁷⁷ Concerning another occasion Daniel Clark told of a Philadelphia merchant who after losing his vessel declared that he was "preparing to go on a second cruise [to seize

vessels⁷ no matter what they were, English, Irish, Scotch, Yorkers, or the Devil that has any prohibited or contraband goods."⁷⁸

The dangers which beset commerce during the war can best be read in the rise of insurance rates. Although it is difficult to make a general statement, for rates varied considerably, rising during the early part of the war and falling somewhat as England gained mastery of the seas, it is probably safe to say that they were on an average about treble those in times of peace.⁷⁹ The price charged for insurance might fluctuate violently in a brief period of time depending upon the prevalence or absence of enemy activity. This is well illustrated by a statement of John Kidd in 1758. "At present I cannot say anything certain ^{about} rates⁷ for so long as the French frigate remains upon the coast, and premiums differ very widely every day according to the hopes or fears of the underwriters -- our underwriter will not touch anything bound out or expected in while it stays for less than 3 or 4 P. Cent more than common premiums."⁸⁰ The difficulty of predicting risks made underwriting an extremely speculative and sometimes hazardous occupation. Fluctuating rates were also disconcerting to the merchant who might stand to lose considerably if his vessel were ready to sail when rates were at a high point.

The underwriter when quoting prices of insurance usually gave a basic rate but made it subject to a number of conditioning factors. One of these was the possibility of securing a convoy. For ships leaving England two per cent of the premium was commonly returned for protection through the English channel, where French privateers were numerous, and five per cent if the ship was accompanied for the entire voyage to America. A rebate of three per cent was made if vessels took the longer but safer route, "north about" Ireland.⁸¹ The greater possibility of securing a convoy from London than from other English ports was so important as to change the trading habits of Philadelphia merchants. Many merchants who preferred to buy their manufactured goods in Liverpool or Bristol in times of peace now found it profitable to establish correspondences with London merchants in time of war.⁸²

In the West Indian Trade besides the possibility of securing convoy, the number of ports touched at during the voyage affected the amount of the premium. Although every policy was personalized, the following was typical of those used in the West Indian trade: "To £1600 Insurance made on his accott on the Brig Calliope Joseph Wells Master at & from Barbados or Antigua to Portsmouth in New England with Liberty to touch at any one Port on the Continent to return 7 p cent if sd Brig Sails under

Convoy & doth not touch at any other port on the Continent than Portsmouth or to return 4 p cent if she sails under Convoy & doth touch at one port on the Continent besides Portsmouth or to return 3 p cent if she should proceed directly for Portsmouth & not touch at any other Port without Convoy; Neither of which returns are to be made if a Loss should happen --"83

Whether or not a vessel was armed made considerable difference when it came time to make insurance. Willing and Morris wrote, "We insure here hence to Barbados at 8 p cent and Vessels of no force at 14."⁸⁴ Quaker merchants must have found themselves at a disadvantage on this score for they refused on principle to allow their ships to carry guns. Not only did they find insurance higher but it was also more difficult to secure freights, for shippers preferred the greater safety of vessels of force. Thomas Clifford who intended to send a vessel which he had recently had built, to Barbados was discouraged from doing so by his agent there who advised him: "Armed vessels have always the preference here. We suppose this vessel of yours to be entirely defenseless which will cause a great objection to it among the shippers here."⁸⁵

The war years were a period of great prosperity for those who dealt in English and European goods. Despite high insurance rates and increased costs of production

which obliged merchants to raise prices, sales exceeded those of any previous time. Instrumental in making this possible by expanding the purchasing power of all classes, were the large emissions of paper currency and the British money poured into America for the purchase of military supplies. Business was also stimulated by the liberality with which English merchants extended credit. The latter were almost indiscriminating in whom they trusted. Former clerks, supercargoes and retailers with hardly any capital were able to secure a stock of goods from some English shipper and proceed to partake of the large volume of business which existed. Optimism seemed to be unlimited. Just a beginner in business, Daniel Clark reported to William Neate that he found the demand so great that he believed he could sell goods to the amount of £10,000 a year.⁸⁶

With such activity, imports increased by leaps and bounds. In 1757 they were £168,426; in 1758, £260,953; in 1759, £498,161; and in 1760 an all time high of £707,998 was reached.⁸⁷ Large sales notwithstanding, the market was completely overestimated; goods were actually imported far beyond the ability of the province to consume. Willing and Morris as early as 1758 stated that the amount of cotton goods in Philadelphia was equal to three years consumption.⁸⁸ In 1761 James and Drinker admitted that they

had overimported by £10,000 during the year 1760.⁸⁹ In the same year Daniel Clark estimated that except for a few articles there were enough English goods in town to last for ten years while more was pouring in daily.⁹⁰ Oddly enough, the excess of imports did not produce the rise of the rate of exchange which would normally have checked the inflation in a short time. Instead of rising, the rate of exchange actually declined. With a few minor fluctuations it fell from 171 in July of 1756 to 150 in July of 1759.⁹¹ The best explanation is that British purchases in America and the sale of prize goods in England made bills of exchange easily available.⁹² A low rate of exchange in itself encouraged large importations because of the ease and cheapness with which payments could be made to English creditors.

Although the causes had been developing for some time, it was within the space of a few months in the summer and fall of 1760 that the bubble burst, transforming what had been the greatest prosperity into the most severe depression Philadelphia had ever known. "Times have changed much within these few months that we apprehend many of the importers of European goods must feel the Alteration very sensibly had they continued as they have for two or three years past"⁹³ was the opinion of James and Drinker in November of 1760. The firm might well have predicted that hard times would last several years, and that

number of Philadelphia merchants would fail before there was any improvement.

Causes of depressions are always complex, but in this case two factors may be singled out which seem to have been primarily responsible -- the tremendous debts which retailers owed Philadelphia merchants and the latter in turn owed to their English correspondents, and the decline of the extraordinary sources of income which had come into existence earlier in the war. With the shifting of military operations to the West Indies the British government no longer spent the large sums of money in America which she had formerly. It was also about this time that illicit trade which had furnished the colonists with low cost commodities to remit to England was drastically reduced. In short, a decline in the means of making remittances came just at the time when payments for the large imports of preceding years were due. The disparity in the credits and debts of the merchants may be traced in its inevitable result, a rising rate of exchange. In May, 1760, the rate was almost as low as it had ever been, 153; by October of the same year it was 170; and by August, 1761, it had risen to the almost unheard of height of 180.⁹⁴

Daniel Clark gives a good summary of the evil times upon which Philadelphia had fallen. In February, 1762, he wrote: "the present time is perhaps the most distressful

the Philadelphians have ever met in the way of business, at least the modern part of them We owe heavy sums in England. Sales dull. Goods high and scarce at home [England], here plenty, money prodigious scarce & not easily Collected from the inhabitants. These circumstances have reduced the trading part of us to a most Tragick conditions and the merchants of London am affraid will participate of this our generall calamity. I have the misfortune to be one of a number of those that owe money in London & other parts of England and to remit at 180 (which exchange is now risen to) vexes my soul."⁹⁵

Upon being pressed by his English creditors for remittances the Philadelphia merchant put pressure to bear upon his own stricken customers, but what money he was able to raise in this manner or out of his own resources he found that he could remit to England only at a loss due to the rise of rates of exchange.⁹⁶ The universal complaint of merchants in the early 1760's was that bills of exchange were scarce and that exhorbitant prices were charged for such as were available.⁹⁷ A merchant might have enough Philadelphia currency with which to discharge a debt, but unless it could be converted into a remittance acceptable to British creditors it was of little use. Clark reported to William Neate that this was his predicament: "I cannot get Bills of Exchange tho' I have as much money

by me now as would discharge the first parcell of goods I had of you. -- I offered 78 per cent Exchange for 600 pounds but could not get it, it being previously engaged.⁹⁸ Such keen competition for what credits on England did exist had the effect of driving up the rate of exchange still further. The merchant who deferred paying his debts found that his position became worse rather than better.

Rather than pay ruinous prices for bills of exchange on the Philadelphia market merchants went to great lengths to find alternatives. Some inquired about the possibilities of making commodity remittances in naval stores from the Carolinas or in sugar from the West Indies; others encouraged West Indian and Virginian correspondents to send what bills of exchange were available there to Philadelphia for sale.⁹⁹ In May of 1762 James and Drinker reported that every merchant sought to obtain a portion of the money which Parliament granted to compensate Pennsylvania for its expenditures in the war.¹⁰⁰ In ordinary times specie would have made an acceptable means of remitting, but during the war the costs which attended shipping it were almost prohibitory. It was only when convoy was available that specie was a satisfactory substitute for bills of exchange.¹⁰¹ When, with the coming of peace, it did become feasible to ship gold and silver the supply was soon exhausted. "There are very few Bills of Exchange to be had at any rate, and the greatest part of

our Silver and Gold sent away within these 8 months last, what little is left the people in Trade are collecting as fast as they can to send to England and we see no way of being supplies from any Trade we can carry on." This was the way in which James and Drinker described the situation in October, 1763.¹⁰²

With means of making remittances expensive and almost exhausted, and confronted with overstocked shelves, dull sales and the inability to collect old debts, there was little for the merchant to do other than become delinquent in his remittances to English creditors. Although it irked them to have to do so, even the most reputable of Philadelphia firms were forced to take recourse to this solution. In 1764 John Reynell, who had never before been delinquent, was obliged to inform the English firm of Mildred and Roberts that the scarcity of money made it imperative that he temporarily suspend payment.¹⁰³ James and Drinker and John Kidd were in a similar position. The latter wrote to Rawlinson and Davison, "the many shocks the trade of this place has met with for this 2 years past has put it out of my power to make your remittances in time & that so confounded and ashamed me that I had not spirits to write to you & the hopes of being able by every next opportunity to Ballance your account made me always neglect writing by the present,

but now I assure you upon my honour that your Money is very safe & that I will remit it to you in a short time."¹⁰⁴

Although the conditions in America were partly of their own making inasmuch as credit had been granted too liberally, English merchants could not be expected to receive the news of defaults without taking some remedial action. During the last years of the war and for some time following its close, money was nearly as scarce in England as in America, and English merchants too had debts to pay.¹⁰⁵ Self-protection, if nothing else, required that the latter retrieve as much as possible by bringing extreme pressure to bear on American correspondents and become more careful in future extensions of credit. Reputable Philadelphia merchants were appointed as agents to push the collection of debts from their associates even if it meant forcing the latter into bankruptcy. The results of the policy are shown in the large number of failures which occurred in Philadelphia in 1763. The most outstanding failure was that of Scott and McMichael whose debts at the time of becoming insolvent amounted to £50,000. James and Drinker termed it "the greatest break we ever knew anything of on this side of the water."¹⁰⁶ With regard to future extensions of credit, Philadelphia firms were asked to report on the credit ratings of their

neighbors. In April, 1763, James and Drinker furnished Neate and Pigou with the names of fifty-three Philadelphia merchants whom they thought were safe to trust. To the list was appended the statement that "you can judge of some of these better than we by their payments but we should think them all safe, there may be some other that may be good that we are in doubt about as these are suspicious times, and some that we have no doubt of that we do not now recollect."¹⁰⁷

It almost goes without saying that imports declined sharply during the period of depression. Sales were so slow and the glut of goods from previous importations so great that even those merchants whose credit was sound and might therefore continue to place orders found little incentive to do so except for a few articles which were necessary to keep an assortment of goods in their stores.¹⁰⁸ Had a market existed these merchants would have hesitated to sell for fear of accumulating more bad debts. Daniel Clerk, one of the merchants whom James and Drinker rated as "safe," declined ordering after 1761. In that year he received goods to the value of approximately £5,000, but of which he said "they are priced so far beyond their real value that I really despair ever selling them at first cost -- notwithstanding my extensive acquaintance in this

country since the Arrival of these goods I have not sold £500 worth & of all of that have not received £20. So great is the glut of dry goods with us here I hope you have not shipped any more goods for me."¹⁰⁹ By 1763 the situation had not changed much for at that time James and Drinker informed David Barclay, "Our City is now stock'd with almost all kinds of goods and but a dull prospect of sales and collecting money."¹¹⁰ There was still another reason which deterred merchants from ordering more merchandise. The cost of English goods continued to rise, as a result of the great demand for them which had existed in America and the shortage of labor caused by the drawing of men into the army. This fact added to the high rate of exchange made it necessary, if profits were to be realized, to raise prices to an impossible level.¹¹¹

Merchants had expressed the hope that with the coming of peace conditions would be improved by a lowering of the prices of goods in England and the cost of transporting them, and also by the possibility of again shipping specie in safety which would operate to reduce the rate of exchange. None of these were immediately realized. Manufactured goods remained high and the rate of exchange, partly because gold was unavailable, varied but slightly from its high level throughout 1763 and 1764.¹¹² But most significant of all, any hopes which were

held for improvement were blasted by the new trade regulations and revenues measures passed by Parliament in 1764 and 1765.

The circumstances surrounding these acts and the storm of protest which they aroused in the colonies lie outside the scope of this study as it is at present conceived. Suffice it to say that the Sugar Act, aimed to put teeth in the Molasses Act of 1733, and the placing of iron and lumber on the enumerated list at the same time that non-enumerated commodities were prohibited from being sent directly to the countries north of Cape Finisterre greatly circumscribed the trade of the colonies. To make matters worse the foundation was knocked from under the circulating media of the colonies when in 1764 Parliament prohibited the use of paper currency as legal tender.¹¹³

To climax a series of distasteful measures the Stamp Act was passed in 1765. If enforced, this act would have still further reduced the small amount of specie which existed in the colonies. This study ends on a note of pessimism and disharmony. It could have been sounded by any one of the Philadelphia merchants, but let Thomas Clifford be singled out for the purpose. "The present situation of America is such as to need the aid of all its Friends. Our paper Currency is Annually Sinking, and must soon be Extinct. Duties on Divers of our imports to be paid in Silver before they are landed. The Avenues of

Trade to supply us with Silver all shut up. Business now greatly suffers from want of a proper medium. A Stamp Act staring us the Face, should it take place together with the duties abovementioned would in short time divest us of every penny of hard money on the continent. We should be glad to support with reputation that publick Faith and Confidence necessary to subsist between us & our mother Country as trading people, but on the present plan we cannot. I therefore see no other way but to decline such branches of Trade as we are deprived of the means to support. I intend to as speedily as I can to furnish your account and remitt you the Ballance." This excerpt is from a letter written by Thomas Clifford to Thomas Pennington and Son, Bristol, on November 23, 1765.¹¹⁴

FOOTNOTES

CHAPTER V

1. Willing and Morris Letter Book, C. M. Andrews in his work, England's Colonial and Commercial Policy, makes this statement: "Most, though by no means all, of the mercantilists [eighteenth century] -- merchants, tradesmen, and manufacturers as well as pamphleteers -- hated war and the diplomacy that led to war, as interfering with the prosperity of the nation, and they resented the influence of party politics in determining any governmental programme that affected trade." p. 321.
2. Albert Volwiler, George Croghan and the Westward Movement, p. 88.
3. Ibid., p. 100.
4. Root, op. cit., pp. 293-313.
5. Willing and Morris to John Perks, November 19, 1755, Willing and Morris Letter Book.
6. Volwiler, op. cit., p. 52.
7. John Kidd Letter Book.
8. Thomas Wharton Letter Book.
9. Willing and Morris Letter Book.
10. Ibid.
11. See Appendix B.
12. Thomas Wharton to Thomas Crowley, London, May 17, 1755, Wharton Letter Book.
13. On June 15, 1756, Thomas Willing stated that underwriters had been raising rates for eighteen months. His opinion was that they had "greatly taken advantage of trade in general" and that he could "afford to stand my own insurance rather than pay such exorbitant prices." Willing and Morris to Thomas Willing, London, June 15, 1756, Willing and Morris Letter Book.
14. Willing and Morris to Hall Caile, Maryland, May 6, 1756, ibid. On March 2, 1756, Willing and Morris informed

their English agent, John Perks, that they were not ordering any goods from England due to the situation. Ibid.

15. "I did intend to have ordered some goods out for an assortment but Times are too precarious to engage with Country Dealers on Credit,, for we shall have large Sums of Money made here & consequently our Currency daily depreciating." Willing and Morris to Thomas Willing, September 15, 1756, ibid. Thomas Wharton was certain that bills of exchange would rise with the Declaration of war. To protect himself against any undue rise he arranged a hedging contract with Thomas Willing of London. The terms of the arrangement were as follows: "will pay thee for goods to be delivered in August/ at the expiration of 12 months after delivery at 20 per cent more than the Exchange between this City & London shall be when said goods are delivered to me Vizt, if exchange shall govern at 70 per cent then I am to be charged with the Goods at 90 per cent or in proportion exclusive of any charges that may arise in the interim." Thomas Wharton Letter Book, January 14, 1755. Other merchants may have had similar arrangements.
16. Bezanson, Prices in Colonial Pennsylvania, Table 17, p. 431; Root, op. cit., p. 208.
17. John Reynell to Thomas Sanders, December 17, 1755, John Reynell Out Letters.
18. Pennsylvania Colonial Records, Vol. VI, pp. 319, 321.
19. This was done on the request of Governor Shirley of Massachusetts that other colonies follow his colony's lead in laying an embargo for one month. Ibid., pp. 439, 450-51. With regard to this embargo Willing and Morris wrote: "We have now an Embargo for a Month & you can't have one ounce of Provisions from any Port on this Continent during that Term & I believe it will be continued 1 if not 2 months longer -- you'll be able to judge best what Effect this embargo will have on your Market. Flour is Falling here & no one will buy so that it will be low before our Port will be open -- the embargo was laid least the French not having their usual supply from us at Cape Breton shou'd cruze upon our Coast for all Vessells loaded with Provisions. Willing and Morris to Coddington Carrington, Barbados, July 7, 1755, Willing and Morris Letter Book.

20. Pennsylvania Colonial Records, Vol. VI, p. 601. "As New York & the Jersey's did not lay an Embargo as was expected our Governor has taken ours off. Willing and Morris Letter Book, August 4, 1755.
21. Pennsylvania Colonial Records, Vol. VII, pp. 125-26.
22. Ibid., p. 183.
23. The attitude of the assembly is expressed in the following statement: "It is well known that Maryland raises great quantities of Wheat, Pork, and other Provisions, and yet, as we are informed, their Ports have hitherto continued open to the Exports of Provisions from there, the Governor will therefore judge the Necessity of recommending a prohibition there without which we apprehend the Acts of the Northern and Eastern Colonies will prove ineffectual." Pennsylvania Gazette, July 15, 1756.
24. Root, op. cit., p. 79.
25. Pennsylvania Colonial Records, Vol. VII, pp. 386-88.
26. Pennsylvania Gazette, July 21, 1757.
27. Root, op. cit., p. 80; Pennsylvania Colonial Records, Vol. VII, pp. 429-30; Vol. VIII, pp. 38-39.
28. Wharton Letter Book. John Kidd expressed a similar sentiment at the time of Loudon's embargo. Kidd Letter Book, John Kidd to William Neate, London, April 24, 1757.
29. Clifford In Letter Book, October 15, 1757. Philadelphia merchants realized that the West Indian agents could not be blamed for not selling provisions at the most propitious times. Willing and Morris wrote to Coddrington Carrington, Barbados: "I thank you for the agreeable sale of my adventure & think you Acted most prudently to dispose of it, altho the price happened to rise afterward occasioned by the News of our Embargo which was off about a month & then laid again the 30th ultimo -- Our markets are at a stand, no Purchasers appearing. The greatest number of Vessells in our Harbour that I have seen at the time of Year, You & all of the Islands I suppose will be greatly overstocked as soon as the Embargo will permit them to go off." Willing and Morris Letter Book.

30. The demand of the assembly that the embargo be removed was contained in the following message to the governor outlining the ill effects of the embargo: "It is now three months and more since this Prohibition was laid on this Port, and almost a Total Stagnation of Trade and Commerce of this Province has ensued, and Notwithstanding we conceived it to be illegally laid, and the merchants had at that time considerable quantities of perishable Commodities on board their Vessels and in their Stores, and the Millers and Farmers much greater Manufactured and Ready for Market, yet as we apprehended it was laid with a design to promote His Majesty's service and the General Defence of America and that it would be of short duration, we were content to submit to the inconveniency, however great and distressing it might prove, until the Good End intended by it should be fully answered. But as the fleet has long since been supplied with the necessary seamen and all provisions they stood in need of provided, we cannot see the reason or necessity of continuing a Prohibition which your honour must be sensible has already greatly distressed the inhabitants and must in a little time totally ruined the Trade and Commerce of this province." The message added that the provisions on forty vessels which were ready to sail would be ruined unless the embargo was removed. Pennsylvania Colonial Records, Vol. VII, pp. 567-68.
31. Willing and Morris to Thomas Willing, London, July 1, 1757, Willing and Morris Letter Book.
32. James and Drinker Letter Book, June 28, 1757.
33. Bezanson, op. cit., p. 38.
34. Willing and Morris to Samuel Bean, Jamaica, October 22, 1757, Willing and Morris Letter Book.
35. Bezanson, op. cit., p. 39.
36. Willing and Morris Letter Book, October 22, 1757.
37. James and Drinker to Samuel Green, Lisbon, July 26, 1757, James and Drinker Letter Book. Willing and Morris give an excellent description of the situation: "I Wish the Government at Home had considered the difference between our shipping Provisions to Lisbon and Madeira (where the Enemy I believe have never been supplied from & our sending it to the Newtral Islands in the West Indies whence they have ever received it)

in short this ill timed Embargo has done irreparable damage to this colony where has been the greatest plenty of grain ever known and no export for it; We should have been glad to have supplied your & any other European Markets but our hands have been tied down by the Enlisting of Soldiers here, even lumber is scarce to be got at any Price -- I have really long wished the Opportunity of sending a Vessell to Madeira but at the price of staves here & when nothing else can be shipped I can't see how freight, Insurance & high wages can be paid." Willing and Morris to Scott, Pringle and Cheap, Madeira, September 21, 1757, Willing and Morris Letter Book.

38. Willing and Morris to Scott, Pringle and Cheap, ibid., May 20, 1758. As a penalty for the violation of the act commodities and ships were to be forfeited, and twenty shillings given for every bushel of corn shipped, and twelve pence for every pound of other victuals. To make certain that the law would be obeyed a bond for treble the value of the cargo with two sureties had to be given. Pennsylvania Gazette, July 21, 1757.
39. These were also years when there was a greaty scarcity of grain in England, and it was therefore profitable to ship from America. Hillary and Scott, Liverpool, to John Reynell, March 5, 1757, and March 8, 1758, Reynell In Letter Book. Duties were taken off grain in England during these years.
40. Willing and Morris to Thomas Bacon, London, October 1, 1757, Willing and Morris Letter Book. A month earlier the same firm wrote to Leo De Visme, Barbados: "The Bakers are all engaged in Baking Bread for the different Fleets & Troops in America and for Newfoundland Consumption so that a Cake of Bread cannot be bought that is not engaged long beforehand." Willing and Morris Letter Book, September 8, 1757. Except insofar as the merchants profited indirectly from the increased purchasing power of the inhabitants of Pennsylvania, the high prices of foodstuffs due to military demands must have worked something of an injury since high prices had to be paid for commodities be sent to normal markets. The armies were supplied through contractors with headquarters at Lancaster.
41. James and Drinker to Walter and Samuel Franklin, New York, June 5, 1759, James and Drinker Letter Book.

42. In 1762, when Spain came into the war, Thomas Clifford informed Isaac Cox, West Indies: "This will inclose Bill of Lading and Invoice for 16 Barrels of Pork, the cost is really very high, but was it to be purchased now believe that it could not be done under 90/ and indeed don't know of any for sale even at such Extravagant prices, the Sudden Rise is principally owing to the Contractors demand on the commencement of the New War who had orders to purchase a large quantity, think its not unlike it may reach £5 before the Summer ends." Thomas Clifford Letter Book. Seventy-five shillings per barrel was a high price in times of peace. Bezanson, op. cit., p. 108. Except for precipitate falls occasioned by embargoes the general level for foodstuffs during the war considerably higher than in times of peace. Ibid., p. 305.
43. Thomas Wharton to Peter Hone, April 1, 1758, Wharton Letter Book.
44. James and Drinker to David Barclay, London, May 7, 1757, James and Drinker Letter Book.
45. High insurance rates and the demand for seamen for the navy kept freight rates generally high during the war. In 1756 Thomas Willing complained that high freight rates were almost as much of a deterrent on trade as embargoes. Freight charges to Barbados at that time were £7/10 per ton and to Jamaica £8/10. Willing and Morris to Robert Morris, December 8, 1756, Willing and Morris Letter Book. On June 4, 1757, the same firm stated that "ships are much Wanted here & that causes the Freight to be so very high, from £9 to £10 to Barbados. Ibid., June 5, 1757. On October 17, 1759, Thomas Clifford said that he had been unsuccessful in trade to the West Indies for the preceding two years. The reasons he gave were that "our produce is very high & no market in the West Indies to answer the price here and the high expense that attends getting goods to the islands." Thomas Clifford to Caleb Cowpland, West Indies, October 17, 1759, Clifford Out Letter Book.
46. George Louis Beer, British Colonial Policy, 1754-1765, p. 87.
47. Ibid., p. 96.
48. Root, op. cit., pp. 80-83; Pitman, Development of the British West Indies, pp. 314-18.
49. Clifford In Letter Book, November 16, 1759.

50. Reynell Out Letter Book, March 12, 1760.
51. Willing and Morris to Samuel Bean, June 28, 1759, Willing and Morris Letter Book. On one voyage Willing and Morris sent 1000 pistoles, but only ten barrels of beef, fifty barrels of flour and eleven hogsheads of claret, just enough for the crew. The extent to which this firm engaged in illicit trade is indicated by their statement of March, 1760, that they expected on commissions "two thousands hogsheads [molasses] next and this month and some hundreds on [their] own account." Willing and Morris Letter Book, March 1, 1760. It has been estimated that £100,000 pounds sterling had been drained from Pennsylvania by the flag of truce and Monte Cristi trades by 1759. Pitman, op. cit., p. 318. It has also been estimated that while exports from North America to Jamaica from 1758 to 1760 amounted to £200,000, imports were only £50,000. The rest, was presumably cash taken to Monte Cristi and the French islands. Beer, op. cit., p. 98.
52. Root, op. cit., p. 81.
53. Richard Pares, War and Trade in the West Indies, p. 448. Thomas Clifford received the following letter from Gerard Beekman of New York: "Am informed Sundry Flaggs in the last of Governor Denny's Administration has been bot Low that is at £40 and £50 your Currency a Sett, on Speculation, Some of which have been sent this way for sale, If you can Purchase One with the Necessary Papers & Proper Blanks Left for the Master of the Vessel & Prisoners Names & Dated do it for me, Provided you can get it for One hundred Pounds your Currency or under, & I will send you Cash to pay for the Same. I make no doubt on Enquiring of the Governors Secretary you may know who is likely to have a Flag to sell." Thomas Clifford In Letter Book, December 12, 1759..
54. Root, op. cit., p. 82.
55. Thomas Clifford to John and Thomas Tipping, Barbados, November 16, 1759, Clifford Out Letter Book. John Reynell to John Sherburne, March 12, 1760, Reynell Out Letter Book.
56. Root, op. cit., p. 82.
57. Beer, op. cit., p. 127; Root, op. cit., pp. 123-24.

58. Pares, op. cit., p. 455.
59. Gerard Beekman of New York stated that the usual flag of truce clause in a policy read as follows: "The Assurers upon this policy agree to take upon themselves all and every Risque whatsoever as well English as French & should this Vessel be taken & Carried into an English port and Condemned for Selling Provisions amongst the French the Assurer also agrees to pay their subscription on this Policy, or let her be condemned on any pretence whatsoever." Clifford In Letter Book, June 25, 1759.
60. Willing and Morris to Walter Sterling, February 11, 1760, Willing and Morris Letter Book.
61. Beer, op. cit., 102.
62. Thomas Clifford to John and Thomas Tipping, Barbados, and to Jonas Maynard, November 15, 1759, November 16, 1759, Clifford Out Letter Book.
63. Root, op. cit., pp. 83-84.
64. Daniel Clark to Thomas Dromgoole, June 22, 1761, Clark Letter Book.
65. Beer, op. cit., p. 106.
66. William Allen to Jackson and Rutherford, Leghorn, Italy, Burd Papers, April 5, 1760.
67. John Reynell to John Sherburne, Portsmouth, N. H., March 12, 1760, Reynell Out Letter Book; James and Drinker were of a similar opinion: "The capture of so many of our Ships that were in the Flag trade & loaded with Sugars is much felt by many merchants here and the Detention of Sugars in Jamaica and Providence Effects Freights and Shipping Much." James and Drinker to Captain Jenny, June 26, 1750, James and Drinker Letter Book.
68. Willing and Morris Letter Book, February 11, 1760. James and Drinker informed John Boyd, New Providence, "Insurances can be made from the Mount Monte Cristi to Philadelphia against all seizures except English at 8 per Cent but to Insure all risques at this time is high and indeed no Dependence on getting it done at any rate without excepting Men of War and Providence

- Privateers." James and Drinker Letter Book, June 30, 1761. The low rate indicates that the danger of seizure by the French was negligible.
69. Pares, op. cit., pp. 399, 449. In 1760 Thomas Clifford wrote to Isaac Cox: "I have acquainted thee how dull sale Sugar is here & that some new directions to the Collector of the Customs from the Commissioners and Secretary of State sugars cannot be landed here for exportation as formerly without the duty being paid. If thee should have occasion to ship any more this way thou had better pay the duty there." Clifford Letter Book, September 12, 1760.
70. Willing and Morris to J. and D. Gascoigne, Barbados, August 27, 1757, Willing and Morris Letter Book.
71. "We have no prizes sent in here altho about 5 or 6 sail Privateers belonging to this place but our want of spirit that way seems to be countenanced by the bad success of the few that do adventure. We are concerned in a fine ship of 28 six pounders and 1 fifty who has made two cruizes of 7 or 8 months. Willing and Morris Letter Book. Pennsylvania Gazette, June 30, 1757. Apparently privateering was highly speculative. In 1757 Willing and Morris reported that one of their privateers returned to port "after a very unsuccessful cruize having never seen any Vessells she could make Prizes of & met with much bad weather & hard gales of wind." Willing and Morris to J. and G. Gascoigne, Barbados, November 22, 1757, Willing and Morris Letter Book.
72. Willing and Morris to Samuel Bean, Jamaica, June 6, 1758, ibid.
73. Willing and Morris to J. and D. Gascoigne, July 25, 1757, ibid.
74. Willing and Morris to Samuel Bean, Jamaica, June 6, 1758, ibid.
75. "We have been very fortunate in our Trade here this warr, tho we have not engaged much in Privateering few of our vessells, have been taken by the Enemy, a good look out is kept by our Ships of War and they generally sail very well." Willing and Morris to William Sterling, June 13, 1758, ibid. This, of course, was rather early in the war.

76. "Though the privateers lived by their prizes they spared their countrymen more than the men-of-war. They very seldom made real seizures of vessels belonging to their own colonies and sometimes they did service to the traders by capturing them collusively. Such collusive captures was a very serious offense at law but instances of it abound in the High Court of the Admiralty records." The purpose was to prevent capture by another privateer. In addition the privateers served as a convoy. Pares, op. cit., pp. 452-53.
77. Willing and Morris to Samuel Bean, Jamaica, June 28, 1759, Willing and Morris Letter Book.
78. Daniel Clark to William Howard, New York, June 22, 1761, Daniel Clark Letter Book.
79. A comparison of rates in 1757 and 1761 is given below. Those for 1757 would probably have been somewhat cheaper had they been quoted in America. Philadelphia merchants continually complained of the high insurance rates charged by English underwriters; and threatened to have all of their insurance made in Philadelphia. "I find the difference so great that I must make my insurance here for the future where they do it at less premiums." Willing and Morris to Thomas Willing, London, September 26, 1757, Willing and Morris Letter Book.

1757 (quoted in England)	%	1761 (quoted in America)	%
Liverpool to North America	18	Portsmouth to Barbados	13 and 14
North America to Liverpool	20	Portsmouth to Antigua, Nevis, St. Kitts, Montserrat, Guadeloupe	16 to 18
North America to Leeward Islands or Jamaica	20		
Barbados or Leeward Islands to Liverpool	22	Portsmouth to Jamaica	12 to 14
Jamaica to Liverpool	25	Portsmouth to England	15 to 16
Jamaica or Leeward Islands to North America	18	Jamaica to Portsmouth return	2 with convoy 12

- Hillary and Scott to John Reynell, May 2, 1757, John Reynell In Letter Book; John Reynell to John Moffatt, Portsmouth, March 29, 1761, Reynell Out Letter Book. During times of peace insurance to England was about 2 or 3 per cent, and to the West Indies about 4.
80. John Kidd to Wright and Young, November 22, 1758, Kidd Letter Book. On July 25, 1757, Willing and Morris sent a similar report to J. and D. Gascoigne in Barbados. "We have lately had a French Privateer on our Coast who took a Ship belonging to this place & bound to your Island with a cargo of provisions -- this and other reports had started the premiums to 20 per cent which was paid on a Brigantine to Barbados a few days past but from the character of your Brigantine has for sailing fast we got it done for 16 per cent which is cheaper than in England, the price there being 20 per cent last advices." Willing and Morris Letter Book.
81. Hillary and Scott, Liverpool, to John Reynell, March 8, 1758, Reynell In Letter Book.
82. James and Drinker to Welch, Wilkinson and Startin, Bristol, March 26, 1763. This firm wrote to Balls and Vaughn that insurance was about five or six per cent cheaper from London than from Bristol. James and Drinker Letter Book, August 29, 1760. John Reynell also expressed a preference for London during wartime. John Reynell to Fouchet and Company, Manchester, August 17, 1762, Reynell Out Letter Book.
83. John Reynell to Henry Apthorpe, Portsmouth, August 10, 1761, Reynell Out Letter Book. Another policy secured by Reynell in 1760 quoted a rate of 17½ per cent for insurance to Jamaica with liberty to touch at Antigua, Nevis, Montserrat, and St. Christophers. A one-half per cent return was to be made for each island not touched at. John Reynell to John Sherburne, March 12, 1760, Reynell Out Letter Book.
84. Willing and Morris to John Perks, Bristol, January 28, 1758, Willing and Morris Letter Book.
85. John and Thomas Tipping, Barbados, to Thomas Clifford, December 29, 1758, Clifford In Letter Book.
86. Daniel Clark to William Neate, London, October 16, 1760, Clark Letter Book.

87. See Appendix.B.
88. Willing and Morris wrote, "by two vessels lately arrived from Liverpool and three from London there is at least £20,000 Sterling value of Manchester goods imported which with what was already here is more than equal to three years consumption. Most of those concerned in the trade are people who deal on credit & must sell even to a loss to enable them to make punctual remittances for the support of that Credit in England." Willing and Morris to Robert Hibbert & Co., Manchester, March 28, 1758, Willing and Morris Letter Book.
89. James and Drinker to William Neate, London, June 1, 1761, James and Drinker Letter Book.
90. Daniel Clark to John Samuel, London, July 12, 1760, Daniel Clark Letter Book.
91. Bezanson, op. cit., Appendix, Table 17, p. 431.
92. A statement to this effect was contained in a letter from Willing and Morris to Samuel Bean, Jamaica. "For the Bills [for 150 pounds sent by Bean to Willing and Morris for sale] we shall not be able to obtain more than 62½ per cent if that, indeed on their first arrival we might have got more but then expected exchange would have risen, as our flaxseed Merchants had done drawing, but the vast sums drawn on account of the government together with a number of Bills from the West Indians & so many Prizes brought into New York whose Cargoes are ship't to Europe have & we imagine will prevent Bills ever Rising above 65 and don't know but they may fall below 60. Willing and Morris Letter Book, January 26, 1758. The low point in the rate of exchange, 150, was reached in June, 1759. Bezanson, op. cit., p. 431. In June, 1759, Stanwix offered £140,000 in thirty days bills at 150 per cent to the merchants. James and Drinker to Walter and Sam Franklin, New York, June 5, 1759, James and Drinker Letter Book.
93. James and Drinker to Hillary and Scott, November 14, 1760, James and Drinker Letter Book. The depression was general. The Pennsylvania Gazette under the heading of "Amsterdam" and date of February 9, 1764, told of bankruptcies in Hamburgh, Stockholm, Berlin, Leipsic and London, all due to war time speculation; more specifically the cause was laid to inflation based on

"those millions Britain lavished away in Germany during the late war." Pennsylvania Gazette, Feb. 9, 1764.

94. Bezanson, op. cit., p. 431.
95. Daniel Clark to Meniers, Freres, Merchant at Cape Francois, February 13, 1762, Clark Letter Book.
96. For the effects of a rising rate of exchange on business see page 117 ff.
97. Thomas Clifford to Broadbent and Blum, Sheffield, England, May 18, 1762, Clifford Out Letter Book; James and Drinker to Neate and Pigou, July 2, 1762, James and Drinker Letter Book. This same firm on December 10, 1763, stated, "We have shared largely in the disadvantage of the rise of Exchange here for some years past without finding any relief, but patience & Preserverance in hopes of better times -- It is generally agreed that there never was in this Place so many People distressed for money that have property to give in security for it as now and it is every week if not day increased such large sums shipped off." James and Drinker to Preeson and Bowdoin, James and Drinker Letter Book. To make matters worse, many of the bills of exchange which were purchased came back protested. In the case of protest the purchaser was obliged to stand the difference in exchange between date of purchase and protest. James and Drinker to Balls and Vaughn, October 8, 1763, James and Drinker Letter Book.
98. Daniel Clark to William Neate, October 16, 1761, Clark Letter Book.
99. Daniel Clark said that he was buying all of the Virginia money [probably bills for the sale of tobacco] that he could secure. Daniel Clark to Richard Bently, Virginia. February 6, 1761, Clark Letter Book. Philadelphia merchants must have had few credits in the West Indies for trade to that region had been unprofitable. In April, 1765, Thomas Clifford wrote "that the Trade I have for some Time Carried on [to the West Indies] served rather for employment [of vessels] and to obliged some of my friends whom I inclined to serve rather than to Yield any profit, indeed since this time two years almost every adventure I have ship'd the accounts have closed with a loss." Thomas Clifford to Roach and Niles, the West Indies, April 5, 1765, Clifford Out Letter Book. On July 17, 1761, Daniel Clark wrote "there is

such bad Encouragement to ship anything hence to the West Indies that I cannot prevail on any to venture, the same reason prevents myself." Daniel Clark to Levi Trump, Barbados, July 17, 1761, Daniel Clark Letter Book.

100. James and Drinker to David Barclay, May 19, 1762, James and Drinker Letter Book. These grants were, of course, in addition to the direct expenditures of England for her armies in America. They were for the purpose of recompensing the colony in part for its own outlay. Root, op. cit., pp. 323-24.
101. James and Drinker declared that if a convoy were not granted Pennsylvania for the purpose of carrying specie to England the rate of exchange would rise to "still higher than it is & perhaps not stop until it comes near the rate of cash in a common merchant-man." James and Drinker to David Barclay, May 19, 1762. James and Drinker Letter Book. This same firm went to a great effort to ship specie from Boston; "We have determined on sending the Dollars from hence to Boston where Captain Alfred has promised to take them [on the mast fleet]. We send them from hence to Bordentown by water under the care of Captain Falconer & a number of other men of Integrity in an extream good Deck'd Vessel & from thence to Amboy in Wagons guarded by a considerable number of men in whom we confide & from thence in a good Deck'd Vessel thro the sound to New London with the same Set of Hands where they are to procure proper Carriage & a stronger guard to Boston & so by the said Ship Lancaster to London on which route we request you will procure Insurance what Twenty Thousand Spanish Dollars may be supposed to Neat." James and Drinker to Neate and Pigou, June 27, 1762, James and Drinker Letter Book. This money undoubtedly came from the Spanish colonies which had been conquered by England upon Spain's entrance into the war in 1762.
102. James and Drinker to Devonshire and Reeve, October 8, 1763. James and Drinker Letter Book.
103. John Reynell to Mildred and Roberts, September 3, 1764, John Reynell Letter Book.
104. John Kidd to Rawlinson and Davison, London, October 17, 1763, Kidd Letter Book.
105. Due to war expenditures there was a great scarcity of money in England. So great was this scarcity that the

Bank of England issued cash notes for ten and fifteen pounds. Bezanson, op. cit., p. 330. David Barclay, one of the largest of English firms, complained to James and Drinker of the "intolerable scarcity of money" they were experiencing. James and Drinker to David Barclay, March 7, 1763, James and Drinker Letter Book. John Reynell, an agent to collect debts for Elias Bland, another important London Merchant, received the following letter, "Three vessels are just arriv'd from your Port But to my noe small Mortification am not benefited on the score of Remittance one shilling, I must therefore Wait longer as patiently as I can hope & trust thee to be Mindful to solicit the Delinquents to Better Behavior as thro' such Tedious Neglect I am Rendered very unhappy." Elias Bland to John Reynell, June 9, 1763, Reynell In Letter Book.

106. James and Drinker to Neate and Pigou, London, December 20, 1763, James and Drinker Letter Book.
107. James and Drinker to Neate and Pigou, April 27, 1763, James and Drinker Letter Book. This firm also sent more detailed accounts of credit risks whom they thought should be given credit qualifiedly. Number 104 on the list was "a young man of whom we know very little, that in itself should entitle him to an extension of Credit, if he pays well and orders but small parcells of Goods thou will perhaps find thy account in serving him." Number 106 was a person who "ought not to have Goods sent him unless he sends the Cash for, it is such as him that we earn our living by selling to" (evidently a retailer). James and Drinker to William Neate, June 1, 1761, James and Drinker Letter Book.
108. Philadelphia merchants advised their English supplies not to send goods. "We agree with you that before things can get into their old Channel Quantities of goods will be worn out & that before they are as cheap as they have formerly been. At the same time we may remark that it appears to us that there is no place to which you ship goods that is so unfavourably circumstanced to the importer as Philadelphia is, for where the People in the Country find what they have Occasion to wear is dear they Manufacture for themselves & that very good both Linnen & Woolen of most sorts & while the tho'ts of high prices continue the better sort will not purchase and of Consequence

- the goods lay on the Importers hands or he must push them off where he would not otherwise choose." James and Drinker to David Barclay, November 4, 1761, James and Drinker Letter Book. Statements similar to this abound in the letter books of these years.
109. Daniel Clark to William Neate, July 14, 1761, Clark Letter Book.
110. James and Drinker to David Barclay, November 16, 1763, James and Drinker Letter Book.
111. Thomas Clifford to William Neate, October 12, 1762. Clifford Out Letter Book. James and Drinker tried to explain to John Clitherall, North Carolina, why goods were not cheaper the explanation is as follows: "The price of English goods here is very certain are high -- but when it is considered that almost all kinds of English Goods have been gradually rising in England for several Years past & that Bills of Exchange have risen here from 20 to 25 per cent in that time it will account for what may appear strange at first view." James and Drinker Letter Book, December 1, 1763.
112. Bezanson, op. cit., p. 431.
113. The reaction of James and Drinker to the various measures is contained in the following excerpt from a letter to David Barclay: "We think many parts of the Printed Act will prove Extremely Injurious to the colonies and no sort of Benefit to our Mother Country. That of laying Duties on the importation of several Articles formerly free and not providing Drawbacks on such as we may Ship off as a Remittance to you. For Instance, French Indigo 6 d Sterling a pound, in which large Remittances have frequently been made to you must have been Retarded. The same may be said of Coffee from our own Islands as well as French Coffee and Sugars which we frequently can command when we cannot Bills and Specie and therefore had a drawback of Duties been allowed on re-shipping them for Great Britain we should have been in a better capacity to pay our Debts and Import more goods than we now shall. But what is worse than this we are not allowed to send Lumber say staves etc. to any Part of Europe (but Great Britain) not even Ireland or Lisbon without sending them first to England." "From what you have wrote we may expect

that the Act preventing the Issuing more paper Money in the Colonies, and making the same a Legal Tender has been passed by the King. The Prospect of which hath been such a Shock to us that we have not sufficiently recovered our selves to form such sentiments thereon as we are sure we shall abide by, Tho generally we think that all these Acts coming together on the Colonies will be vilely felt by most of the Inhabitants and very Sensibly by the Gentlemen in England that have Large sums due to Them in America which many must have that have traded here these years past." James and Drinker to David Barclay, June 23, 1764, James and Drinker Letter Book. Besides giving the reaction of a colonial firm to these acts this letter makes clear the importance of reExports, of both French and English produce, in the economy of Pennsylvania. The duty on indigo was laid more to promote the raising of this commodity in the English colonies than as a revenue raising measure.

114. Clifford Out Letter Book.

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APPENDIX A *

Exports of Merchandise, the produce of Pennsylvania & from Philadelphia
June, 1759-1763, Included:

	Flour Bbls	Bread Bbls	Beef Bbls	Pork Bbls	Staves M	Heading M	Shingles M	Hoops M	Indian Corn Bushels	Wheat Bushels
1759	161233	70279	1879	12864	3149	388 $\frac{1}{2}$	1191	292 $\frac{1}{2}$	63935	2458
1760	169874	59103	806	10103	2072	229	1710	156	58384	7736
1761	176035	46858	863	7134	2054	437	1496	135	118649	2564
1762	164018	58134	1265	12414	4667 $\frac{1}{2}$	435 $\frac{1}{2}$	1064	145 $\frac{1}{2}$	36229	...6
1763	137685	36990	1305	5125	3791	308 $\frac{1}{2}$	789 $\frac{1}{2}$	289 $\frac{1}{2}$	30518	1354
	Pease Bushels	Malt Bushels	Tallow & Lard Bbls	Gammons Bbls	Soap Boxes	Candles Boxes	Bees & Myrtle Wax Bbls	Cheese Lbs	Butter Casks	
1759	156	300	2458	3211	659	213	1705	1795	
1760	4542	6060	190	1350	2361	603	129	5200	2459	
1761	780	1117	130	1202	4524	739	66	6500	3655	
1762	488	2430	105	1453	4567	1411	344	11140	1301	
1763	901	900	111	1017	2764	721	236	3930	986	
	Duck's Down Casks	Pig Iron Tuns	Bar Iron Tuns	Hemp Tuns	Flax- seed Hhds	Skins Chests	Cordage	Paper Reams	Boards feet	Chocolate
1759	3112	400	585	18	10478	49	224	1007	714 $\frac{2}{3}$	87
1760	2106	522	490 $\frac{1}{2}$	196	13689	140	279	1007	521	159
1761	1521	262	672 $\frac{3}{4}$	66	8191	256	302	1015	581	147
1762	2100	161	817	74 $\frac{1}{2}$	10980	228 $\frac{1}{2}$	488	1637	501 $\frac{1}{2}$	169
1763	6011	487	1020 $\frac{1}{2}$	271	11004	132	365	1766	1393	103

* Customs House Papers, vol. II, p. 205.

APPENDIX A (CONT'D)

	Beer Bbls	Cyder	Apples	Starch Kegs	Sturgeon Kegs	Garden Seeds Boxes	Copper Ore Bbls	Ailles	Hops Bags	Onions Bbls	Potatoes Bbls
1759	2314	565	919	414	18	2	3	8	----	34	----
1760	3684	413	363	579	}Omitted (39	26	16	149	}Omitted(
1761	2218	149	838	574			26	19	200		
1762	2186	375	433	403	304	12		23	3	425	200
1763	1661	279	2282	295	732	83	14	11	3	515	541

	Oats Bbls	Buck- wheat Bbls	Oat- meal Bbls	Hemp- seed Bbls	Linseed Oil Bbls	Vinegar Bbls	British Brandy Hhds	Phil. Rum Hhds	Soap Hhds	Sugars Pieces	Bbls	Bricks M
1759	7	18	64	20	30	28	1	11	2	---	13	184 $\frac{1}{2}$
1760	121	86	64	13	40	117	12		10	6	49	82 $\frac{1}{2}$
1761	696	19	--		148	180			37	24	88	28
1762	75	60	13		72	491	296		74	12	27	46
1763	209	116	14	6	145	83	128	498	110	18	61	134

APPENDIX A (CONT'D)

Exports of Merchandise of Foreign Produce, 1759-1763, Included:

	Wine Pipes	Rum Punch- eons	Molasses Hhds	Hhds	Sugar Tierces	Bbbs	Coffee Tierces	Bbbs	Bags	Fish Bbbs	Quintals
1759	391 $\frac{3}{4}$	726 $\frac{3}{4}$	3033 $\frac{3}{4}$	1191	894	748	38	159	176	438	126
1760	586 $\frac{3}{4}$	1592	627	6165	979	1689	18	186	61	270	---
1761	1205 $\frac{3}{4}$	2630 $\frac{1}{4}$	301 $\frac{3}{4}$	1123	96	1047	252	369	337	1291	325
1762	1197 $\frac{3}{4}$	1309 $\frac{1}{2}$	159	1772	150	800	15	31	64	1400	865
1763	712 $\frac{3}{4}$	1556 $\frac{3}{4}$	272	810	73	417	12	66	27	2054	1919

	Log- wood Tuns	Lignum- vitae Tuns	Brazi- letto Tuns	Fustick Tuns	Nails Casks	Lead Ct.	Claret Hhds	Indigo Hhds	Tierces	Bbbs	Rice Tierces	Salt Bu
1759	574 $\frac{1}{4}$	16 $\frac{1}{2}$	9	1	139	100	227	--	8	14	263	24643
1760	103 $\frac{3}{4}$	18	--	--	54	35	7	--	40	86	715	11723
1761	37 $\frac{3}{4}$	12	--	--	64	137	26	5	11	18	1123	48209
1762	141 $\frac{3}{4}$	15	4	--	29	9	--	--	51	62	2450	32532
1763	399	25	--	15	81	18	56	6	10	36	1317	31812

	Pitch Bbbs	Turpen- tar Bbbs	Turpen- tine Bbbs	Train Oyle Bbbs	Steel Fagots	Maho- gany Plank	Cotton Bags	Cheese Bbbs & Baskets	Sperm Candles Boxes	Tea Chests	Cocoa Bags	Limes Bbbs
1759	1537	2224	2262	130	52	37	27	---	148	---	18	39
1760	808	1428	3833	60	6 $\frac{1}{2}$	979	83	24	66	---	4	18
1761	424	1439	1522	1926		777	17	60	140	21	--	48
1762	609	853	1014	2434	2	3227	4	101	159	4	112	22
1763	609	1888	2411	1469	9	29903	28	94	526	8	20	76

	Lime Juice Bbbs
1759	---
1760	---
1761	180
1762	6
1763	18

APPENDIX B *

Trade between Great Britain and Pennsylvania, 1745-1765

Year	Pennsylvania	
	Exports	Imports
1745	10,130	54,280
1746	15,779	73,699
1747	3,832	82,404
1748	12,363	75,330
1749	14,944	238,637
1750	28,191	217,713
1751	23,870	190,917
1752	29,978	201,666
1753	38,527	245,644
1754	30,649	244,647
1755	32,336	144,456
1756	20,091	200,169
1757	14,190	168,426
1758	21,383	260,953
1759	22,404	498,161
1760	22,754	707,998
1761	39,170	204,067
1762	38,091	206,190
1763	38,228	284,152
1764	36,258	436,191
1765	25,148	363,368

* Johnson and Collaborators, History of Domestic and Foreign Commerce of the U. S., vol. I, p. 120.