

The Effects of the Navigation Acts on English Transatlantic Trade: An Overview

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Abstract: *The Navigation Acts were a series of mercantilist policies passed in the years following 1651 aimed at improving England's international trading position. Broadly speaking, they were designed to increase the proportion of goods coming to and from England carried by English shipping and to wean English importers away from reliance on the Dutch entrepôt. My thesis focuses on whether the Navigation Acts significantly altered the direction of trade between England and her colonies in North America and the West Indies; and consequently, whether this had any effect on the economic development of early modern England.*

I. Introduction: The Navigation Acts

'In relation to trade, shipping, profit, and power it [the Navigation Act] is one of the choicest and most prudent acts that was ever made in England, and without it we had not now been owners of half of the shipping, nor trade, nor employed half of the seamen which we do at present'.

- Sir Josiah Child, 1st Bt., Governor of the East India Company. (Zahedieh, 2010)

In economic history, seeking institutional explanations, such the patent system or the nature of property rights, for divergent economic performance is in fashion. Often overlooked in this framework is one of the most defining and enduring institutional arrangements in England; the Navigation Acts. The Navigation Acts were a series of Acts of Parliament passed during the second half of the seventeenth century aimed at the protection of trade. As noted by Sir Josiah Child, the Acts were widely held by contemporaries to be responsible for promoting English colonial trade and shipping at the expense of her continental competitors. (Zahedieh, 2010) The first comprehensive Navigation Act was passed in 1651, and provided the underpinnings of a navigation code that was to span two centuries. (Harper, 1939) The Act of 1651 dealt solely with imports; under the provisions of this Act, imports were to be brought directly from the country where they were produced or from the usual port of first shipment and were only to be carried in ships of the country of origin or in English ships. According to Lawrence Harper, the authority on the subject, by cutting out third-party nations from trade with England this system was principally intended to 'cripple the carrying and entrepôt trade of the Dutch'. (Harper, 1939)

In 1660, the Navigation Act was re-enacted with several modifications of long-term significance. The Act of 1660 'enumerated' sugar, tobacco, cotton wool, indigo, ginger and fustic, which were produced in the colonies, and stipulated that they were only to be exported to England or other English colonies; thus cutting out direct trade between English colonies and continental Europe. (Harper, 1939) Moreover, all ships trading with English colonies were required to be of English or colonial ownership, with the master and at least three-quarters of the crew of English nationality. (Harper, 1939) While there were further Acts which tinkered with the Navigation code, there was only one more Act of central importance to my study. This was the Staple Act of 1663, which dealt with exports to the colonies, something neglected by earlier Acts.

This Act stipulated that no European commodities were to be carried to the colonies except via England, and that ships had to obey the same crew requirements as detailed above; essentially requiring colonists to purchase their European goods in England. (Harper, 1939) The purpose of these Acts is straightforward; firstly, the requirement that goods could only be carried to England on English ships was designed to exclude other carriers, particularly the Dutch, from the carrying trade with England and undermine the Dutch entrepôt. Secondly, by ensuring that goods were carried in English vessels and into English ports, the balance of trade might be enhanced through an improvement in invisible earnings; fitting the mercantilist ideal perfectly. (McCusker & Menard, 1991)

II. English Transatlantic Trade

My research focuses on the effects of the Navigation Acts on England's trade with her colonies in the Americas. In the second half of the seventeenth century and the eighteenth century, English transatlantic trade grew substantially and was the most dynamic sector in the economy. (Davis, 1962) Overall, Jacob Price finds that English (and later British) imports grew by 188% over the period 1699 to 1774, despite slow domestic population growth, with a significant component sourced from English colonies through commodities such as sugar and tobacco. (Price, 1989) These predominately colonial imports generated a thriving re-export trade with continental markets once they had arrived in England. Indeed, during the first three-quarters of the eighteenth century, re-exports ranged from 30% to 37% of total exports, a level never subsequently exceeded. (Price, 1989) In terms of transatlantic trade alone, imports grew at around twice the rate of total imports, and exports grew almost three times as fast as the total. (McCusker & Menard, 1991) Thus, it is evident that transatlantic trade was of increasing importance to the English economy in this period; therefore, any effects that the Navigation Acts had on transatlantic trade could be of great importance to the direction and speed of development of the English economy in the post-Restoration period.

Furthermore, Ralph Davis suggests that there were two stages of expansion in transatlantic trade. The first, occurring during the second half of the seventeenth century, was the re-export of colonial goods. While this continued to be of importance throughout the eighteenth century, it was overshadowed by the expansion of exports in what he terms 'miscellaneous manufactures' to the colonies. (Davis, 1962) Davis posits that the 'process of industrialization in England from the second quarter of the eighteenth century was to an important extent a response to colonial demands for nails, axes, firearms, buckets, coaches, clocks, saddles, handkerchiefs, buttons, cordage and a thousand other things'. (Davis, 1962) Indeed the population size of the protected colonial market increased by over 70% between 1670 and 1770, serving to increase demand for English manufactures. (Price, 1989) Moreover, Jacob Price argues that the 'commercial dynamism' of the eighteenth century left behind commercial and financial institutions such as clearinghouses, insurance companies, the stock exchange, commercial practices, commercial law, and enhanced human capital that served England well for centuries to come. (Price, 1989) Thus transatlantic trade increased the demand for English manufactures and stimulated technological improvements which might have been partly responsible for England's early industrialisation relative to other nations. Therefore, if the Navigation Acts are found to be of importance in directing transatlantic trade through England, they can be said to be responsible for the many benefits of the transatlantic trade itself which have been described above and were clearly of considerable importance to England in the seventeenth and eighteenth centuries.

III. My Research

In my research I intend to consider three research questions in order to explore the effects of the Navigation Acts on English transatlantic trade. Firstly, I will examine whether stipulating in the Act of 1651 that goods were to be carried to and from American colonies on English ships had any significant effect on the proportions of goods carried in English ships. This will involve examining the competitiveness of English freight rates vis-à-vis those of continental European powers who also traded to the Americas. If it emerges that English freight rates were on a competitive footing before the Acts were passed, then it can be argued that the Navigation Acts were not of critical importance in ensuring that English carriers were the carriers of choice and vice-versa. My second question explores the predominantly plantation-produced commodities which were 'enumerated' in the Act of 1660, allowing a substantial re-export trade to develop. I will therefore explore the differences between the proportion of enumerated and non-enumerated commodities shipped via England. Additionally, over the years that the Acts were in force, other commodities were added to the list; for example, rice and molasses were enumerated in September 1705. (Harper, 1939) Consequently, a comparison of the proportion of these commodities shipped to England before and after the date of enumeration can be made. My third and final research question relates to exports; as previously noted, the Staples Act of 1663 required that European manufactures be shipped through England before proceeding to the English colonies. This could well have given English-made manufactures a cost advantage over those produced elsewhere when the extra transportation costs of shipping through England are taken into account. This proposition will be investigated by examining the relative competitiveness of typical English exports to her American colonies compared to her competitors to see whether the Navigation Acts improved England's competitive advantage.

Through utilising these three research questions as a guiding framework, I hope to shed more light on the importance of the Navigation Acts in ensuring that it was England, rather than her competitors, that benefited from her growing American empire. Moreover, my research begs important questions about the role of protectionism in England's rise to world commercial hegemony. While England was later both a major proponent and a beneficiary of free trade, it might well have been the case that a protective trade policy actually created the leadership conditions necessary for Britain to benefit from such openness. This mirrors the controversial historical debate over the importance of tariffs for American industrialisation in the nineteenth century; in this debate it has been argued that, without the tariff, the development of American manufacturing would have been severely hindered. (Harley, 1992a; Harley, 1992b; Irwin & Temin, 2001) If my research reveals that the Navigation Acts did indeed give England a competitive advantage, prevented English colonial shipping from being taken over by the Dutch, and stimulated the development of an English entrepôt by ensuring that some important commodities were transported through England, then it can be tentatively argued that, at an early stage in economic development, free trade is not necessarily the most advantageous long-term policy to pursue.

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