

Free Trade and Imperialism: the cotton industry and British foreign policy, 1858–98

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Introduction

In the period of 1784–86 the export of cotton goods from Great Britain amounted to around £760,000. This represented around six per cent of the export trade in manufactured goods; in contrast, wool brought in £3.7 million, almost 30 per cent of the total. In 1854–56, the value of the cotton trade had grown by more than 45 times and represented over a third of the value of the British export trade. Woollen goods, exports of which grew by a mere three times in the same period, now represented a mere tenth of British export value.¹ The intervening period had seen the development and widespread adoption of steam power and a range of other technical innovations that transformed the textiles industry from handicrafts performed on small scales the world over to massive

¹R. Davis, *The Industrial Revolution and British Overseas Trade* (Leicester: Leicester University Press, 1979).

industrial enterprises increasingly concentrated in particular areas of the world. Yet this does not tell the whole story. Had the change been simply a matter of new technologies introduced to textiles industries, one might have expected the wool and cotton industries to grow in proportion with one another; and, as wool can be produced natively in the British Isles while cotton requires particular climatic conditions not found in northern Europe (or, indeed, the northern United States), wool might be expected to remain the dominant industry. Instead, to explain the growth of the cotton industry it is necessary to look at additional factors: pre-existing networks of trade, patterns of capital investment, favourable tariff regimes, and Britain's growing international political dominance that provided it with controlled markets and later, supplies of raw materials.

British involvement with the international cotton trade had begun during the seventeenth and eighteenth centuries, with the growth of imports of cotton from India as the British presence in the region grew. At this stage, India was both a source of raw cotton and a major producer of cotton textiles for export. Cotton grown in various parts of the world was also imported to Britain and to the rest of Europe for the production of cotton textiles (including fustian, a mixture of cotton and linen). In all of these cases the manufacture was at a small scale prior to the development in the eighteenth century of various technological enhancements that began to increase the speed and regularity with which raw cotton could be spun into yarn and yarn could be woven into cloth.

The import of Indian cotton textiles into the British Isles by the East India Company led to protests by domestic manufacturers and eventually in 1700 to the passing of an Act of Parliament banning the import of finished cotton textiles but not of raw cotton. This protectionist policy encouraged the development of British cotton manufacturing to the point that eventually British imports to India were able to compete with domestic manufacture, and has been called 'one of the key episodes in the Great Divergence' in living standards between Asia and Europe.²

In Great Britain itself, the industry quickly became concentrated in certain areas, including but not limited to Lancashire and the northwest, due to the convergence of a number of factors. The region benefitted from international trade links, in particular Liverpool, a port whose importance had been cemented by its central role in the Atlantic slave trade, controlling

²Stephen Broadberry and Bishnupriya Gupta, 'Cotton Textiles and the Great Divergence: Lancashire, India and Shifting Competitive Advantage, 1600-1850', 2005 <http://www.cepr.org/active/publications/discussion_papers/dp.php?dpno=5183>.

more than sixty percent of the British trade by 1795.³ It also had an existing wool industry whose technical advances could be shared by the cotton industry, as well as providing a potential workforce for the mills. As the industry increasingly relied on steam rather than water power, the presence of nearby coal and iron mining was a further advantage, and, after the 1830s as Lancashire became a pioneering region in the development of railways, growth was able to accelerate further.⁴

During the nineteenth century, British political opinion swung away from the protectionist policies of earlier eras in favour of an overarching principle of free trade, linked to the liberal political philosophies developed in the same period. This policy had been controversial as late as the 1840s, with the success of the campaign against the protectionist Corn Laws leading to a split in the Conservative Party over the issue. Nevertheless, by the end of the century it had become a central principle in British policy not only domestically but internationally; a free trade treaty had been signed between France and the United Kingdom in 1860, followed by a series of similar bilateral agreements with other European powers. Members of Parliament, in a debate on the Congo Free State in 1908, could speak not only of their concern for the interests of humanity, but also for the interests of trade.⁵ Consequently, during this period, tariffs within the empire were abandoned, contributing to the ability of British cotton manufacturers to undercut those in India.⁶

Nevertheless, it would be simplistic to assume that the interests of the British empire were in every case the interests of British industry, in part or as a whole. On the one hand, politicians and civil servants and even industrialists may genuinely have believed in free trade as a progressive or even humanitarian ideal; on the other, the interests of any particular branch of industry did not necessarily align with those of industry as a whole, nor were long-term and short-term interests always compatible. A distinction must therefore be drawn, in answering this question, between cases where industrialists were self-consciously able to influence British

³Eric Williams, *Capitalism & Slavery*, 2nd edn (Chapel Hill: University of North Carolina Press, 1994), pp. 34–38.

⁴D. A. Farnie, *The English Cotton Industry and the World Market* (Oxford: Clarendon, 1979), pp. 45–54.

⁵Hansard, 'House of Commons Debate on the Congo Free State', 26 February 1908 <<https://hansard.parliament.uk/commons/1908-02-26/debates/oodd9ca8-409f-4f67-bc24-823715fe3d4a/CongoFreeState>>.

⁶Peter J. Cain, 'British Free Trade, 1850–1914: Economics and Policy', *Recent Findings of Research in Economic Social History*, 29, 1999 <<http://www.ehs.org.uk/dotAsset/11cabff5-3f6a-4d69-bba0-1086d69be6c7.pdf>>.

policy to their own advantage, and those where policy was determined by other factors but happened to support the interests of the cotton industry.

Historiography

The contemporary interpretation, one which was held by historians well into the twentieth century, was that Britain's imperial expansion during much of the nineteenth century was unintentional, 'a fit of absence of mind'.⁷ This began to be challenged from the 1950s onwards by the work of Gallagher and Robinson,⁸ arguing that there were instead different forms of imperialism which varied in relative prevalence over time. In doing so, they criticized both the traditional view of imperialism and the anti-imperialist interpretation (e.g., J. A. Hobson;⁹ Vladimir Lenin¹⁰) that still presumed that British imperialism had only begun to grow towards the end of the century.

In Gallagher and Robinson's analysis, while the extension of political dominance over large parts of Africa from the 1880s onwards was unquestionably imperialism, so too were the treaties of free trade with Persia and Turkey and the dependence of large parts of the world on British capital. Nor could the state interest in Indian economic development be squared with a supposed policy of *laissez-faire*. Instead, imperial influence shifted between formal and informal modes in different regions according to which best served imperial interests. In this model, a policy of free trade was adopted where, and to the extent that, it served British interests,¹¹ while also serving as an ideological justification: Britain as a defender of liberty and beacon of scientific progress.

This model has formed the basis for most analysis of the British Empire since the 1950s, although not without criticism, in particular in terms of whether, and to what extent, private interests came into conflict with national interests. For example, it has sometimes been assumed, based on the Gallagher and Robinson model, that the shift from 'informal' to 'for-

⁷John Robert Seeley, *The Expansion of England* (Cambridge: Cambridge University Press, 2010) <<https://doi.org/10.1017/CBO9780511783159>>.

⁸'The Imperialism of Free Trade', *Economic History Review*, 6.1 (1953), 1-15 <<https://doi.org/10.2307/2591017>>.

⁹*Imperialism*, 1902.

¹⁰'Imperialism: The Highest Stage of Capitalism', in *Collected Works* (Moscow: Progress Publishers, 1964).

¹¹Peter Harnetty, *Imperialism and Free Trade* (Manchester: Manchester University Press, 1972), pp. 2-6.

mal' imperialism would be made only in situations where national interests, rather than private business interests, were threatened.¹² Against this public-private dichotomy, and rejecting the idea that the tendency towards formal imperialism towards the end of the century was driven by peripheral rather than metropolitan factors, Cain and Hopkins proposed a model of 'gentlemanly capitalism', tying together landed property, industrial capital, and the British government.¹³ Cain and Hopkins themselves encountered criticism for the potential oversimplification of their model; however, both they and their critics accepted the underlying premise of Gallagher and Robinson of a system of informal versus formal empire.¹⁴

The history of British imperialism in this period is also intertwined with the ideology of free trade. This had become an increasingly important ideal from the late eighteenth century onwards, with a growing influence on British policy that was very much connected to liberal ideas of good political governance. However, it was not a monolithic institution that could be contrasted against a unified protectionist bloc; the conflict cannot be summarized as one between free-traders in industry and protectionists in government, nor as the British Empire uniformly supporting free trade and the rest of the world unanimously opposing; as with the preference for formal versus informal empire, the boundaries between private and state interests were blurred. The British government included supporters of free trade, who in turn came into conflict with the cotton industry when its representatives demanded greater state intervention than could be justified.¹⁵ Similarly, while some advocates of free trade hoped for a Southern victory in the American Civil War against the protectionist North, others, like the *Economist*, a free trade magazine founded to promote the abolition of the Corn Laws, were vocally opposed to the South and its dependence on slavery. Humanitarianism, another great driver of imperial policy, was at times in conflict with free trade; at others, though, they found themselves aligned, with liberal governance and political economy being conceived of as not only more profitable, but more humane, than its alternatives.

Reframing the question of British foreign policy in terms of the formal-

¹²Bernard Porter, *The Lion's Share: A Short History of British Imperialism, 1850-1983*, 2nd edn (Longman, 1984); quoted in John Darwin, 'Imperialism and the Victorians: The Dynamics of Territorial Expansion', *English Historical Review*, 112.447 (1997), 614-42 <<https://doi.org/10.1093/ehr/cxii.447.614>>.

¹³P. J. Cain and A. G. Hopkins, *British Imperialism: Innovation and Expansion, 1688-1914* (Harlow: Longman, 1993), pp. 8-10.

¹⁴Darwin.

¹⁵See, e.g., Harnetty.

informal dichotomy, then, presents several questions. To what extent was the British cotton industry dependent on overseas activity, both for raw materials and for a market for their products; to what extent were they able to influence the British government in its policies both within and without the Empire in order to advance their own interests; and to what extent did this influence take the form of formal imperialism (i.e., assertion of explicit political control) versus informal imperialism (free trade agreements, 'unequal treaties', and the like).

India

Between the late eighteenth and mid-nineteenth centuries, India became the most significant of British imperial possessions. It encompassed territories spreading for thousands of kilometres; beyond India proper, it included the Aden Settlement to the west, governed as part of Bombay, and later Burma in the east. Much of British policy during this period was influenced by the need to protect India and the trade routes to it; not only Aden but Zanzibar and the Cape Colony drew some of their importance from Anglo-Indian trade, and this was also a factor in the construction of the Suez Canal in the 1860s. This growing importance was also reflected in the transfer of governance in 1858 from the East India Company to the British government proper, in the wake of the Company's poor handling of the Indian Rebellion of the previous year.

From a very early stage domestic Indian producers of cotton had an advantage over imported British cotton, as the cost of transport made imports prohibitive. This applied both to transporting finished cloth from Britain to India, as well as the cost of transporting raw cotton to Britain for manufacture, reflected in the higher cost of raw cotton in Britain than in India. The higher cost of living in Great Britain additionally meant that labour was significantly cheaper in India. However, between 1770 and 1830 the technological advances increased productivity to the point that, despite this, British-produced cotton was able to compete with Indian cotton.¹⁶

This competition was supported at all stages by state intervention; at first, this took the form of protectionist policies, both import duties and outright bans on imports. Later as industrial advances were made these too were prohibited by law from being export. Finally, during the period in which the British manufacturing industry became able to compete with India, the ideology of free trade became increasingly established, and India was forced to

¹⁶Broadberry and Gupta.

implement trade policies agreeable to the metropole.¹⁷ This allowed Britain an effective monopoly in its colonies, and it was upon this and not outright technical superiority which the cotton industry depended.¹⁸ Moreover, Lancashire industrialists were not without political power, and were able to intervene in politics on a number of occasions in order to maintain their position in colonial markets, particularly India. Indeed, between enfranchisement in 1832 and the division of the constituency in 1885, the majority of Manchester's Members of Parliament were directly (as owners) or indirectly (for example, as lawyers) involved in the cotton industry, and the correspondence of Charles Wood, Secretary of State for India from 1859–66, reveals a regular stream of communication with the Manchester Chamber of Commerce and other interested bodies.¹⁹

During the half-century after 1813, when the East India Company's trade monopoly was abolished, a tariff system was maintained that was weighted significantly in favour of British exporters. This took the form of a relatively low tariff on cotton goods and cotton yarn into India, a similarly low tariff on raw cotton out of India, but high tariffs on cotton goods from India. By the 1850s the imbalance was presenting a problem for the Indian government, which was regularly required to operate at a deficit and becoming increasingly indebted.²⁰

This was the beginning of a political conflict that lasted for several decades, involving both overt and hidden motivations. When the tariff on yarn was raised from 3½ percent to 5 percent in 1859, Manchester industrialists expressed their concern through the local Chamber of Commerce, arguing that this was both counter to the principle of free trade and (as a result) counter to the interests of both Britain and India.²¹ Their colleagues in Liverpool were more tolerant but nevertheless expressed the hope that the tariffs would be removed as soon as possible. Nevertheless, the tariff on yarn was raised further, to 10 percent, in 1860, prompting further protests.

The debate over tariffs continued over the next two decades, with the impact of the American Civil War on the cotton supply having a role in the issue. The dispute occurred on multiple fronts; both with regard to the necessity of tariffs at all, and the appropriate levels for them, but also the

¹⁷Cain.

¹⁸Eric J Hobsbawm, *Industry and Empire*, Rev. edn. (London: Penguin, 1999), p. 36.

¹⁹F. W. S. Craig, *British Parliamentary Election Results 1832–1885*, 2nd edn (London: Macmillan, 1989); Harnetty.

²⁰Harnetty, pp. 7–8.

²¹Quoted in Harnetty, p. 11.

division of tariffs between different types of goods. For example, the tariff on yarn was generally different from that on finished goods, yarn being a raw material; in addition, proposals were put forward to tax differing qualities at different rates, with the reasoning that finer yarns and cloths were generally made by British manufacturers and coarser ones by Indians, since India generally lacked the machinery for finer qualities. In 1882 the Indian import tariffs were abolished; publicly it was claimed that 'English experience ... had shown the benefits of a free trade policy', and that this would stimulate the construction of railways. However, the Viceroy and the Finance Member of the Indian Legislative Council admitted in private that the deciding factor had been the political pressure from Manchester.²²

In the 1890s the controversy was ignited once more, with the Indian government again facing financial difficulties. As in the earlier debate, the argument was framed in terms of free trade, which, while benefitting British-based manufacturers, would also be to the benefit of consumers. Nevertheless, while previously some free-trade proponents had been willing to accept the necessity of tariffs for the purpose of generating revenue so long as they did not amount to a policy of protectionism, they were now opposed even to the introduction of a half-percent tariff on limited classes of goods, a tariff intended to balance out the expense to Indian manufacturers of import duties on dyes. Furthermore, the debate was intensely focussed on cotton duties to the exclusion of all others. Indeed, the Viceroy, Lord Elgin, wrote that 'exclusion of the duties on cotton goods can be defended, ... by no argument that will be accepted here as valid, except one, i.e. that it would be impossible to face Parliament with the proposition'. The cotton industry now formed a powerful lobby, recognized even by the under-Secretary of State for India, who claimed that 'India is being sacrificed to Lancashire'. On this occasion, too, it became a matter of public debate and concern: Indian nationalism had been on the rise, and more and more it was felt that 'India was being made to suffer for the sake of British interests' and that this was undermining Indian loyalty to Britain and the belief of Indians in the justice of British rule.²³ In the end, the conflict was resolved by retaining the tariffs on imports, but applying an equivalent excise duty on Indian-manufactured cotton goods.

Tariff policy was not the only area in which British cotton interests attempted to influence the Indian government during this period. There

²²Harnetty; Peter Harnetty, 'The Indian Cotton Duties Controversy, 1894-1896', *English Historical Review*, 77.305 (1962), 684-702 <<https://doi.org/10.1093/ehr/lxxvii.cccv.684>>.

²³Harnetty.

was ongoing pressure on the government to invest in infrastructural improvements, particularly railways. The double standard was not lost on Anglo-Indian officials: in 1866, the Governor-General complained that 'everyone calls for more and more expenditure, while none are for more taxation'.²⁴ Railway investment in India was primarily intended for extraction of raw materials, including cotton; as such, it became a renewed area of focus after the outbreak of the American Civil War and the increased importance of India as a source of raw cotton.

Increased investment in cotton agriculture itself was also a goal of lobbying. It was not a new problem; attempts to improve the quality and increase the quantity of Indian cotton had been under way since the 1840s, due both to concerns about the potential harm caused by an American monopoly, as well as the desire to spend money within the empire rather than without. However, the American war again brought a renewed emphasis on the problem. American cotton was considered to be of higher quality and as such several attempts were made to introduce American cotton varieties into India. However, these were hampered both by the climactic differences and, in some cases, the amateurism of attempts to cultivate them;²⁵ the Cotton Supply Association, its critics claimed, had a tendency to assume that having missionaries and consuls distribute seeds and leaflets in areas with appropriate climatic conditions would result in the development of successful cotton agriculture, regardless of the lack of infrastructure that would be needed to make farming in these regions economically viable.²⁶

At the outbreak of war in America, the Manchester Chamber of Commerce met with the Secretary of State for India, emphasizing the need to stimulate cotton production. Their proposal was, first and foremost, to improve India's railway network. This, however, presented a number of issues for the Indian government, not least the ongoing financial difficulties. Indeed, despite these problems, the government had recently borrowed several million pounds for railway construction, and felt that anything more than this would be impossible while on the verge of bankruptcy.²⁷ The Secretary of

²⁴Quoted in Harnetty.

²⁵Seth Leacock and David G. Mandelbaum, 'A Nineteenth Century Development Project in India: The Cotton Improvement Program', *Economic Development and Cultural Change*, 3.4 (1955), 334-51 <<https://doi.org/10.1086/449693>>.

²⁶W. O. Henderson, *The Lancashire Cotton Famine 1861-65*, 2nd edn (Manchester: Manchester University Press, 1969), p. 38.

²⁷Peter Harnetty, 'The Imperialism of Free Trade: Lancashire, India, and the Cotton Supply Question, 1861-1865', *Journal of British Studies*, 6.1 (1966), 70-96 <<https://doi.org/10.1086/385528>>.

State, also ideologically supportive of the principle of free trade, was unwilling for the government to intervene any more than necessary. As such, the Government put conditions on any state aid that would be provided; first of all, that it would be directed at improvements that could be realized in the next growing season, and therefore excluding longer-term projects like roads, railways, and canals; secondly, that it would not involve the state interfering with or taking the role of private enterprise directly. Thus, proposals were put forward involving grants for road improvement, and for merchants based on the coast to improve their reach into the interior and cut out middle-men. This, however, was insufficient for the Lancashire interests, who via the Cotton Supply Association were advocating for not only investment but legislative changes to allow more effective enforcement of contract law and modifications to the 'unsound and oppressive system of land tenure'.²⁸ In particular, demands were made for penal penalties for breach of contract and the right to seize crops in order to recover debts.²⁹ These legal changes fitted into a different model of the role of the state with regard to empire, one in which government action was justifiable in order to produce favourable conditions for business. The laws of supply and demand, argued the Economist, could not be expected to work unless certain prerequisites were met, and it would be no violation of free-trade principles for the government to ensure those prerequisites were met: 'Government does not interfere to prevent the effect and operation of "supply and demand", but to create that operation to ensure that effect.' India was 'destitute of the ordinary economical capacities', it was argued, in an analogy comparing it to a blind and deaf child.³⁰

This view of Britain's relationship to its colonial possessions was not unusual; John Stuart Mill, a 35-year employee of the East India Company, conceived of civil liberties as necessarily applying only to 'member[s] of a civilized community' in his work *On Liberty*. He clarified that this was 'meant to apply only to human beings in the maturity of their faculties. We are not speaking of children...' and, for the same reason, excluded those 'backward states...in which the race itself may be considered as in its nonage.' Therefore, the kind of treatment that a European might expect was not applicable to others: 'Despotism is a legitimate mode of government in dealing with barbarians, provided the end be their improvement.'³¹

²⁸Quoted in Harnetty.

²⁹Sven Beckert, *Empire of Cotton* (New York: Vintage, 2014), pp. 252-55.

³⁰The Economist (London, 4 October 1862), pp. 1093-94.

³¹John Stuart Mill, *On Liberty* (Cambridge: Cambridge University Press, 2009) <<https://doi.org/10.1017/CBO9781139149785>>.

Lancashire interests were not entirely at odds with national ones, however; while not everybody agreed with the *Economist's* interpretation of free trade, investment in railways could be justified also by the need to move troops around the country, still a matter of concern less than a decade after the Indian Rebellion.³² And, indeed, cotton was such a significant part of the British economy that the MP for Stockport was justified in calling it 'not a mere Lancashire question [but] a question of great national importance', in a Parliamentary debate calling for investment into Indian river transport. Yet, the cotton industry tended to underestimate what was being done by the Indian government, and to overestimate the extent to which further state investment could be made, as was pointed out in response by the Secretary of State for India in the same debate.³³

Nor were the legal changes entirely to the detriment of the Indian people. Lobbying from the cotton industry contributed to the passing of the first Factories Acts in India, in 1880 and 1891. The motivations behind this intervention were not altruistic; British factories had been regulated, in varying degrees, for several decades by this point, and the new legislation began to apply similar restrictions in India, including regulation of child labour. Significantly, pressure came not only from business owners, but also from mill workers, recognizing the influence of international competition on their own pay and working conditions.³⁴

North America

By the middle of the nineteenth century the southern United States had far outstripped every other source of cotton in use by British industry. By 1854–56 it provided more than 75 percent of British imports of raw cotton; eighty years previously its share had been almost nothing.³⁵ Yet this presented a number of issues for British industry. Unlike India, the United States was not politically subordinate to Britain; its tariffs could not be dictated by the metropole and, indeed, the two countries fought a war between 1812 and 1814. Furthermore, the United States had its own long-running internal debates over the dependence of the Southern economy on slave labour, debates which would directly impact on the production of cotton in the

³²Beckert, p. 253.

³³Hansard, 'House of Commons Debate on the Cotton Supply', 19 June 1862 <<https://hansard.parliament.uk/commons/1862-06-19/debates/8425fcff-7850-41cd-a722-d97c8dadad3b/TheCottonSupply>>.

³⁴Beckert, pp. 411–12; Tirthankar Roy, *Economic History of India, 1857–1947* (OUP India, 2011), p. 198 <<https://doi.org/10.1093/acprof:oso/9780198074175.001.0001>>.

³⁵Davis.

South. The importance of American cotton to Britain was not lost to American planters; when civil war broke out in 1861, exports were restricted in the hope of inducing Britain to enter the war on the side of the Confederacy.³⁶

The cotton economy of the southern United States had grown in unison with the mechanization of the industry, especially in northwest England; while before the end of the eighteenth century its output had been negligible, from the 1790s onwards it had been able to expand much faster than other regions in order to meet the growing demand. Lancashire was not the sole buyer for American cotton; the textiles industry of the north-eastern United States was growing during the same period. Nevertheless, the importance of Britain as a destination for raw cotton was so great that the southern United States have been described as a 'dependent economy' of Lancashire.³⁷

Concerns over the future of the American cotton supply had long predated the outbreak of war; for several decades it had become increasingly difficult for southern states to raise capital, for example for the construction of railroads, as a result of what the *Westminster Review* called a 'shrewd calculation of the dangers ... of a society whose foundations are laid in injustice and violence'. The moral concern was part of this; as with the British slave trade before its abolition, slavery was held to be a negative influence on its owners and on the society which permitted it, and not just on the slaves themselves. But, more prosaically, a society dependent on slavery had a 'treacherous foundation', in the words of the Cotton Supply Association,³⁸ carrying with it the risk of rebellion, and greater risk meant greater interest rates, 'plac[ing] the government of that State at a serious disadvantage in the money market', when compared with the northern states where slavery was not present.³⁹ The concern went beyond a simple reluctance to invest; there was a recognition that dependence on a single source of raw material was a danger for multiple reasons, and this formed part of the impetus for investment in Indian and Egyptian agriculture in the years before the outbreak of war.

Furthermore, investment in Southern business had legal risks involved;

³⁶Brian Holden Reid, *The American Civil War and the Wars of the Industrial Revolution* (London: Cassell, 1999).

³⁷Hobsbawm.

³⁸Cotton Supply Association, *Fifth Annual Report of the Executive Committee* (Manchester: Cotton Supply Association, 1862).

³⁹*Westminster and Foreign Quarterly Review* (London, 1850), pp. 213-14.

Parliament had passed the Slave Trade Act in 1843, which extended the 1807 and 1833 bans on trading and owning of slaves, so that they would apply to British subjects no matter where in the world they resided or where the trade or ownership took place. This had a particular significance for financing of the cotton industry, which was in many cases based upon capital advances to growers from merchants, with these advances using the grower's slaves as collateral. This significance was not lost on the British cotton industry, with the Liverpool-based American Chamber of Commerce lobbying unsuccessfully against the introduction of the law.⁴⁰

The balance of power between British industry and American agriculture was not clearly understood prior to the war, at least on the American side, which tended to overestimate its own importance to Britain. A senator for South Carolina claimed in 1858 that 'England would topple headlong and carry the whole civilized world with her' if Southern cotton exports were interrupted.⁴¹ It was thus the linchpin of Southern diplomacy during the civil war: on the one hand, a Southern victory would (it was suggested) lead to a transatlantic free trade agreement that would exclude the protectionist north; on the other, an unofficial but widely-observed boycott of cotton exports, combined with a Northern embargo, reduced British imports of American cotton by 95 percent in 1862, compared with the high point of 1860. This was to no avail, however: while the majority of Britain's cotton imports before the war had been from North America, it had also been developing alternative sources in India and Egypt which were able to begin to take up the slack during the war years; in addition, overproduction in the 1850s meant that British warehouses still held a surplus of raw cotton.⁴² Nevertheless, the interruption of the cotton supply did have an impact in Lancashire: seven out of ten Manchester mills was forced to operate at less than its maximum capacity, with one in six closing outright; 80,000 jobs were lost.⁴³ The South's dependence on cotton diplomacy was not lost on the North, either, who encouraged ongoing attempts to develop sources of cotton elsewhere in the world, on the basis that it would weaken the South not only in the short term, for the duration of the war, but also help to prevent it from regaining power in the event of a Northern victory. The Union government went so far as to export significant quantities of cotton seed to

⁴⁰Beckert, p. 223.

⁴¹Quoted in Jay Sexton, *Debtor Diplomacy: Finance and American Foreign Relations in the Civil War Era 1837-1873* (Oxford: Oxford University Press, 2005), p. 136 <<https://doi.org/10.1093/acprof:oso/9780199281039.001.0001>>.

⁴²Sexton, pp. 136-38.

⁴³Allen C. Guelzo, *Fateful Lightning: A New History of the Civil War and Reconstruction* (OUP USA, 2012), p. 291.

England, via New York and later New Orleans.⁴⁴

The British response to the war was divided; while Britain had significant economic interests in the South, these were not without their counterpart in the North. One wing of public opinion, represented in the press by *The Economist*, argued that entering the war on the Confederate side would be the greater of two economic evils. According to the *Economist*, the mill closures were due not to the restricted supply, but rather a result of the years of overproduction which had saturated the market for cotton goods. On the other, propaganda campaigns centred in Lancashire pushed for official diplomatic recognition of the Confederacy, and, while Britain remained officially neutral, this did not prevent the commissioning of a number ships by the Confederate Navy, built on the Mersey, Thames, and Clyde. Finance for these came, in some cases, from an Anglo-American bank with its British branch based in Liverpool, Fraser, Trenholm, & Co; prior to the war its business had centred around the cotton trade.

Even in Lancashire, support for the Confederacy was not unanimous. For some industrialists, the work of organizations like the Cotton Supply Association was counterproductive at best; the 'scientific' principle of free trade was the safest guarantee of stability: '[i]f they left the matter to the natural arbitrament of supply and demand, they would have no occasion to fear a dearth of cotton'.⁴⁵ And, while the traditional assumption (represented by writers as diverse as Karl Marx and John Stuart Mill) had been that middle class and aristocracy supported the Confederacy while the working class supported the Union, the working class was no more monolithic than their employers were. Nevertheless, though the situation was more complex than the traditional analysis accounted for, recent scholarship has rejected the claim that the working class was overwhelmingly pro-Confederacy.⁴⁶ While some suspicions as to Northern motives existed, there was a significant pro-Northern sentiment among the working class in Lancashire and elsewhere, strengthened greatly by the Emancipation Proclamation of 1863 that encouraged them to think of the war as a war against not only slavery but one against tyranny in general. This popular sentiment increased Par-

⁴⁴Ricky-Dale Calhoun, 'Seeds of Destruction: The Globalization of Cotton as a Result of the American Civil War' (unpublished PhD Thesis, Kansas State University, 2002), pp. 99-100 <<http://krex.k-state.edu/dspace/bitstream/handle/2097/14956/RickyDaleCalhoun2012.pdf?sequence=1>>.

⁴⁵Henderson, p. 37.

⁴⁶Cf. R. J. M. Blackett, *Divided Hearts: Britain and the American Civil War* (Baton Rouge: Louisiana State University Press, 2001); Mary Ellison, *Support for Secession* (Chicago: University of Chicago Press, 1972).

liamentary unwillingness to intervene on the Confederate side.⁴⁷

However, public opinion in Britain was not unambiguously in favour of the abolition of slavery. The *Economist*, although opposing intervention on behalf of the Confederacy, expressed concerns about the economic impact of abolition, calling it a 'a trenchant and fearful measure' that would 'inflict utter ruin and universal desolation on those fertile territories...'.⁴⁸ Others, such as the *Cotton Supply Reporter*, drew comparisons with the slave revolt of Saint-Domingue,⁴⁹ later renamed Haiti, during the French Revolution, or with the experience of slave-dependent Caribbean colonies like Jamaica since the abolition of slavery in the Empire. It was expected that, as in Saint-Domingue and Jamaica, former slaves would mostly rely on subsistence farming and produce only enough cotton to supplement their incomes. Especially in the tropics, it was felt that subsistence farming could so easily provide for most needs that the *Economist* referred to it as a 'perpetual poor law', acting like a 'minimum of wages'.⁵⁰ In short, without slavery, free farmers would not be dependent on the cotton industry for a living; this was the situation with the small-scale production in Brazil and India, for example, which had been unable to compete with the American harvest either in price or in quantity.

Nor did the end of the war receive an unambiguously positive reception, with the *Cotton Supply Reporter* arguing, after the surrender of several Confederate generals in April 1865, that the cessation of hostilities would have a negative effect on the development of new cotton sources; if progress had been 'stubbornly neglected' even in the absence of American competition, it was even less likely to take place once the American trade was restored. This was, it was felt, likely to necessitate the abandonment of Indian cotton; the fault for this was laid firmly at the feet of the British and Indian governments, and the Secretary of State in particular, for his perceived unwillingness to support the industry's interests.⁵¹

The war also caused, or perhaps accelerated, a fundamental shift in the way cotton was traded by Lancashire. While at the beginning of the century, merchants had bought and sold particular shipments of cotton, during the pre-war period a process of standardization took place that meant that increasingly manufacturers could simply purchase particular

⁴⁷Guelzo, p. 297; Sexton, pp. 146–47.

⁴⁸The *Economist* (London, 21 September 1861), pp. 1041–42.

⁴⁹Beckert, p. 265.

⁵⁰Beckert, p. 267.

⁵¹*Cotton Supply Reporter*, *Cotton Supply Reporter* (Manchester, 1 May 1865), p. 1642.

quantities of cotton of a specified quality, without concerning themselves with the specifics of its source. The wartime shortages brought about a further innovation, so that shipments were increasingly bought and sold not only before delivery but potentially even before they were harvested and shipped, an early form of futures trading. This in turn allowed an increase in speculation, with knock-on effects in other cotton-producing areas. Along with the growth in communications networks (telegraph was Europe-wide and reached Cairo by 1863), this prompted an increasing importance of 'Liverpool prices' for cotton growers, which was only to increase as transatlantic and Indian telegraph connections began to operate during the 1860s and 1870s.⁵²

Egypt

Egypt occupied a very different position in relation to the British Empire than did either India or the United States. For, while India had been a formal part of the British Empire from the 1850s if not earlier, Egypt was *de jure* part of the Ottoman Empire until 1914, when Ottoman entry into the First World War prompted Britain to declare it a protectorate in defence of the Suez Canal. Yet, on the other hand, while British capital was influential in the southern United States, American political authority remained strong enough to maintain independence, whereas the Ottomans were unable to prevent the establishment by Britain of a *de facto* protectorate over Egypt from 1882 onwards. For this reason, while the history of Egypt is directly relevant to the cotton industry in itself, it also provides a significant example of the workings of 'informal empire'.

As with India, Egypt had a long history of cotton production, and by the eighteenth century was producing quantities sufficient for both domestic industry and export. However, the massive growth of the American cotton industry had eclipsed it, rendering it relatively insignificant: prior to the American Civil War, Indian cotton exports were four times larger than Egyptian, and American exports thirty-five times higher. It was only the outbreak of the war that reemphasized concerns about British dependence on a single source and thus generated renewed interest in other cotton-growing regions.⁵³

Egypt had not been the initial focus of attempts to expand cotton produc-

⁵²Beckert, pp. 229-30, 249, 336.

⁵³Edward Mead Earle, 'Egyptian Cotton and the American Civil War', *Political Science Quarterly*, 41.4 (1926), 520-45 <<https://doi.org/10.2307/2142228>>.

tion; as previously discussed, great hopes had been pinned on India in the decades leading up to the American Civil War. Indeed, as late as 1862, the Cotton Supply Association's annual report dedicated only a few paragraphs to Egypt, after nine pages on India; while it was among the most promising territories outside India, there was, as yet, little to show for it; nevertheless, progress had been made since the previous report, and a representative of the Association had visited Egypt and met with the Viceroy on the subject. The representative reported that, while the climate and soil were suitable for large-scale cotton cultivation, Egypt lacked modern machinery and, while labour was plentiful, there was a shortage of skilled managers to supervise production.⁵⁴

However, with the reluctance of the British and Indian authorities to invest in much-needed infrastructure, along with concerns on the part of Lancashire manufacturers that increased agricultural output would encourage Indian manufacturers at the expense of British ones, meant that by the early 1860s these hopes were fading and Egypt was beginning to take India's place. The Egyptian variety of cotton was more desirable to the manufacturers, the climate was more suitable, and the state of Egyptian industry was such that it was unlikely to develop into a competitor to Manchester. Increasingly, too, cotton cultivation was being stimulated by the awareness of the American situation and the consequent prices, rising to more than four times the pre-war situation and not returning to normal until 1870, almost ten years after the outbreak of war.⁵⁵ Between 1860 and 1865, Egyptian cotton output had grown five times, with cotton farms taking up 40 percent of agricultural land by 1864.⁵⁶ Much of this was due to direct action from the Ottoman governor of Egypt, Muhammad Sa'id Pasha, who converted his own landholdings into cotton farms and made major investments in infrastructure and machinery.

The impact of the American Civil War on Egyptian industry was not wholly favourable, however. High prices for raw cotton encouraged the expansion of cotton farming at the expense of subsistence crops, which in turn drove up prices on imported food. By 1865 the Cotton Supply Association was raising concerns about the low quality being produced, as well as the risk of soil exhaustion and the potential for complete collapse of the Egyptian industry.⁵⁷ Nevertheless, the Association remained hopeful, noting in the

⁵⁴Cotton Supply Association, *Ninth Annual Report of the Executive Committee* (Manchester: Cotton Supply Association, 1868).

⁵⁵Earle.

⁵⁶Beckert, p. 256.

⁵⁷Cotton Supply Reporter, *Cotton Supply Reporter* (Manchester, 1 June 1865), pp. 1664-

same article that exports had tripled in three years. And, indeed, while the price of cotton fell again from 1866 when the United States re-entered the market, it still remained above the pre-war price.⁵⁸

The rush of investment in Egypt was also encouraged by the favourable tariff regime; Egypt was still part of the Ottoman Empire and bound by its free-trade treaty with Britain,⁵⁹ preventing the semi-autonomous Egyptian government from applying the kind of protectionist policies that, for example, the United States had in order to encourage development of domestic industry. This had further-reaching effects than simply prompting the growth of cotton exports; the influx of capital led to the increasing dependence on foreign loans by the Egyptian government. In order to ensure their timely repayment, in the mid-1870s the British and French governments took shared control of state finances, along with the railways and the port of Alexandria. This foreign domination fed increasing nationalist unrest leading to an uprising in 1882, which in turn provided the pretext for the establishment of a British protectorate over Egypt.⁶⁰ This went against long-standing British preference; Palmerston had said in 1857, during his first period as Prime Minister, that Britain 'did not want the burden of governing Egypt' and that they should 'abstain from a crusade of conquest'.⁶¹ Yet it had long been a matter of concern in British foreign policy; as one of two overland routes to India (the other being via Syria and Mesopotamia), its conquest by another power would have been 'fatal ... to the interests of this country' according to the Minister for War in 1799.⁶² The French construction of the Suez canal was thus seen by the British government as being a negative development: with control over the sea route to India and no other powers able to compete in the East Asian trade, the canal could only hurt British interests. British industrial interests did not agree: a faster and safer route to India could only increase profits, on the whole.⁶³

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⁵⁸Juan R. I. Cole, *Colonialism and Revolution in the Middle East* (American Univ in Cairo Press, 1999), p. 59.

⁵⁹Roger Owen, *The Middle East in the World Economy, 1800-1914* (I. B. Tauris, 1993).

⁶⁰Eric J Hobsbawm, *The Age of Capital: 1848-1875* (Weidenfeld & Nicholson, 1995), pp. 125-27.

⁶¹Quoted in Ronald Hyam, *Britain's Imperial Century, 1815-1914*, 3rd edn (Springer, 2002), p. 108.

⁶²Hyam, p. 175.

⁶³Cotton Supply Association; quoted in Jonathan Graham Tate, 'Industry, Technology and the Political Economy of Empire: Lancashire Industrialists and the Cotton Supply Question, c. 1850-1910' (unpublished PhD Thesis, University of Aberdeen, 2015) <<http://digitool.abdn.ac.uk/webclient/DeliveryManager?pid=228009>>.

As in India, the growing importance of cotton to the Egyptian economy entailed large-scale changes in the form of land tenure. Prior to the period of imperialism, land had often been owned collectively, with individuals, communities, and the state all having varying claims to different parcels of land. This tended to hamper any outright sale, and in order to encourage foreign investment it was necessary to replace this system with a less contentious one. The new laws also changed traditional practices around collection of debts; previously, peasants in arrears could not have their land seized; similar to the Indian case, after 1876 the law was 'modernized', which is to say brought into line with European norms, allowing land to be foreclosed upon in the case of late payment.

These legal changes, along with rising taxes on lands and interest rates on loans, tended also to mean an increasing consolidation of land into fewer, larger estates; these large estates grew to cover half of the country by the end of the century. This, in turn, brought with it a shift in the social position of the agricultural workers; where previously they had had a right to the land and to its revenues, increasingly they were wage workers entirely dependent on the landowner. This differed from the situation in India and the United States, where sharecropping was increasingly the predominant relationship between cultivator and capitalist;⁶⁴ however, in each case, there was a recognizable transition from a primarily subsistence-based, small-scale agriculture, to one more dependent on commodity production.

Conclusion

As examined by Gallagher and Robinson, Cain and Hopkins, Darwin, and others, British imperialism took differing forms, depending on the needs of the time and place. The British cotton industry was inherently international, relying on tropical raw materials as well as overseas markets, and so it grew up intertwined with imperialism, both growing to fill new markets as new technology made British manufactures more competitive, and driving the expansion of colonial ventures as it outgrew existing sources of raw cotton.

The most important ideological reflection of this economic situation was the growing preference, after the late eighteenth century and especially after the 1840s, for 'free trade', which as a movement primarily concerned

⁶⁴Timothy Mitchell, *Rule of Experts* (University of California Press, 2002); quoted in Beckert.

itself with opposing tariffs but also, to a lesser extent, other forms of 'protective' measures by government. Yet this was not a static and unyielding dictum; free trade supporters might accept the necessity of tariffs for revenue purposes, so long as they did not have a 'protective' effect; this was the case in the Indian controversies, where both the government and industry ostensibly supported a policy of free trade yet disagreed as to its implementation. Similar developments, with the positions more or less reversed, can be seen in the debates over government investment in transport infrastructure, for example, and increasingly a theoretical basis was developed to defend what might otherwise have seemed contradictory.

It is also important not to focus on the cotton industry to the exclusion of all other factors, or to presume it was all-powerful. It faced conflicts with foreign powers over control of its raw materials and its markets, as well as finding itself at the centre of the struggles of the increasingly-militant working class within the metropole. In turn, working-class support was cited in favour of imperial policies, particularly when it could be contrasted favourably with past militancy and disruption. Even between industrialists and politicians, controversy was found; it was by no means clear in all cases that the best interests of the British Empire were the precise interests of the cotton industry, or that free trade was best served by large-scale state support — particularly when this support was costly, as was often the case. Furthermore, in the case of the American Civil War, the cause of free trade was also the cause of slave labour, with many British free traders finding it impossible to reconcile the two positions.

Further investigation in this subject might centre on the free trade movement, particularly in its connections with both industry and government and in the discontinuities between its principles and the practical policies it advocated for; while various examples of this can be seen, for example in the case of India and the cotton tariffs, a focus on the cotton industry may obscure, or exaggerate, the full extent of double standards of this kind. Other areas of investigation might include working class organization and its relationship (positive or negative) to the ideologies of free trade, along with other ideals of nineteenth-century liberalism, like the humanitarian campaigns that led to the abolition of the Atlantic slave trade at the beginning of the century and outcry over the conditions in the Belgian Congo at the end of it.

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