

## **The Fortunes of War: Commercial Warfare and Maritime Risk in the War of 1812**

**Faye M. Kert**

Obscure and inconsequential in terms of political or strategic achievements, the War of 1812 made its major impact on the pockets of merchants, tradespeople and consumers. This essay will examine the growing cost of the war to maritime trade on both sides of the Atlantic, thereby contributing to the pressures that compelled both sides to seek an end to the conflict by 1814. Britain's blockade of American shipping, a rigorous convoy policy, and skyrocketing marine insurance rates drove trade down and prices up. Once the US and Britain realized that the cost of continuing the war outweighed any possible gains, either economic or political, both sides agreed to peace.

In 1812, neither nation could afford all-out war. In the nineteenth century, the intent of commercial warfare was not to destroy an enemy's trade completely but rather to drain its wealth by halting its exports.<sup>1</sup> British troops in Spain, and later in North America, depended on American foodstuffs transported to them legally under licence or covertly from blockaded ports. Despised by privateers and navies on both sides, the licensed trade was a necessary evil that kept markets open and generated profits to help defray the cost of the war. For the first time, a small but feisty American navy challenged British naval dominance with seafaring and sea-fighting skills that rivalled Britain's. British merchant interests, harassed by hundreds of enthusiastic American privateers, continually lobbied the Admiralty for better convoy protection. The Royal Navy (RN) found itself bedeviled by a "political" obligation to protect trade while trying to meet the strategic demands of war at sea.

### **Commercial Warfare**

In June 1812, American headlines trumpeted the cause of free trade as a reason to declare war. The US was not attempting to usurp Britain's role as a mercantilist nation by acquiring new markets, but rather to ensure America's continued access to European markets as a neutral nation. As both sides soon discovered, the price of free trade was not cheap. Stanley Bonnet has estimated America's cost at 1877 lives and \$13 million. Britain, too, paid dearly for antagonizing the US to the point of war. Jerome Garitee calculates that Britain lost an average of thirty-three vessels per month throughout the war, worth \$40 million, or three

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times the value of American losses. In two and one-half years of fighting, the US accumulated a war debt of \$105 million. Britain's national debt, swollen by ten years of war in Europe prior to the War of 1812, rose from £451.7 million in 1800 to £840.5 million in 1814. By any standard economic indicator, such as import and export trade figures, currency stability, food prices, wages, rents, insurance rates, transportation costs, or customs fees, the war played havoc with the economies of both nations.<sup>2</sup>

On the other hand, the maritime merchants of New Brunswick and Nova Scotia found a number of ways to turn the war to their advantage. Prize ships and cargoes swelled revenues in every Atlantic port, and naval spending in Nova Scotia between 1805 and 1815 pumped £2.9 million into the colony's coffers. Receipts for the port of Halifax, representing income derived from maritime traffic, trebled from £31,041 in 1812 to £93,759 by 1814, and then fell to £60,758 in 1815. Provincial vessels eagerly replaced Americans in the West Indies trade, as ambitious Halifax merchants like Enos Collins and Samuel Cunard manoeuvred to carve out a permanent niche. Their success in the West Indian re-export trade was at the expense of various American states that watched receipts plummet from \$15.6 million in 1805 to \$5.9 million in 1811 and, finally, to \$302,781 in 1813.<sup>3</sup>

Blatantly anxious to consolidate profits, the Halifax Committee of Trade petitioned Lord Bathurst, the Provincial Secretary, to protect the morals of the Caribbean colonies, and coincidentally their trade, from the fatal effects of contact with the US because "the sentiments, habits and manners, both political and moral of the lower order of the Americans are dangerous and contaminating to a very great degree." Unfortunately for the Atlantic colonies, the limited British North American markets were no match for the vast American hinterland that was reopened to British trade after the war. The economic depression that engulfed the Atlantic colonies after 1815 could properly be considered a cost of war.<sup>4</sup>

Despite his concern for the fortification of the Atlantic colonies, Lieutenant Governor Sherbrooke was convinced that war with the US was likely to be waged with commercial, rather than military, weapons. In November 1812, he confided to Lord Bathurst that trade, not territory, appeared to be America's main objective. Attacks on seagoing commerce had persuaded Sherbrooke that American strategy would focus on blocking British provisions from reaching New Brunswick and Nova Scotia and ensuring that provincial shipments of British manufactures were prevented from entering the US.<sup>5</sup>

Whether America needed British goods as badly as Britain needed American markets remains debatable. Certainly, the interdependence of their trade meant that when traffic decreased, both economies suffered. The estimated volume of British shipping destroyed or captured during the War of 1812 ranges from 1500 to 2500 vessels. Edgar Maclay claimed that twenty-three American naval vessels and 517 privateers captured 1554 British prizes worth \$45,500,000. *The Times* declared on 19 March 1813 that Americans captured 513 British vessels in only eight months between 4 August 1812 and 9 March 1813, although seventy-five had been recaptured. In December 1814, Lloyd's insurance underwriters advised the House of Commons that since the start of the war Americans had captured 1175 British vessels, of which 373 (approximately one-third) had been recaptured or given up.<sup>6</sup>

Fear of capture restricted shipping and reduced Britain's income from customs duties and taxes. In 1813, British expenditures exceeded £111 million compared to tax revenues of £73 million. British imports from the US dropped from £11,846,513 in 1807 to £1,841,253 in 1811, declining even further after 1812.<sup>7</sup> War with Napoleon, exacerbated by the loss of profits from £12 million worth of trade per year with the United States, elevated Britain's public debt to new heights. A corresponding decrease in American exports caused similar financial pangs for the US Treasury.

Even before the war, the American merchant fleet had suffered casualties at the hands of certain European powers. According to one estimate, by 1810 Britain had seized nearly 1000 American ships and France 500, while a further 300 had fallen to the Danes, Neapolitans, Spaniards and Dutch. Between 1812 and 1815, Britain captured 500 more American sailing craft. The economic noose was finally pulled tight when the RN began to blockade the American coast and disrupt maritime trade. Given the smaller size of the US merchant navy, the loss of 2500 ships was proportionately more damaging than the rough total of 10,000 British vessels lost in the same period.<sup>8</sup>

Naval captures between 1812 and 1815 reflected a similar discrepancy in the size of both fleets. The RN may have lost more ships, but the total amounted to less than one percent of British warships. The small US navy, on the other hand, lost more than one-fifth of its men-of-war.<sup>9</sup>

Captures at sea, however crippling, did not undermine American trade as significantly as the demoralising and debilitating blockade that drove the war onto America's shores. American letter-of-marque vessels that successfully evaded British cruisers on the way to sea had to run the gauntlet of privateers and RN cruisers when they returned. By June 1813, John Price of Wells, Massachusetts, was fretting about the impact of the blockade. "When it will end God only knows," he wrote to his brother, "but if not shortly, the difficulties we shall have to encounter will become insupportable...[P]rovisions of every kind are remarkably scarce and dear."<sup>10</sup> For many American merchants and investors who outfitted privateers, donated vessels to block harbours, enlisted with their local militias, or bought canons to defend their towns, economic self-interest rather than patriotism was the primary motive. They felt that the best way to stop the war and get back to trade was to win. To that end, in June 1813, Secretary of the Navy William Jones urged Lieutenant William Henry Allen of the USS *Argus* to hit Britain where it hurt "by annoying and destroying his commerce, fisheries and coasting trade."<sup>11</sup> Unfortunately, Jones' plan was thwarted by Britain's twin measures of blockade and convoy, which began to bear fruit that year.

Ship captures packed a psychological as well as an economic punch. Fear of attack by Atlantic privateers, like the *Liverpool Packet*, compelled many New Englanders to reorganize their transportation routes.<sup>12</sup> While the risk of capture had to be weighed against the high cost of insurance, the additional factor of rising prices caused by trade disruption and shortages began to figure in the economic equation. Shipping, despite being faster and cheaper, was becoming very risky. As insurance and costs climbed higher, many American shipowners and merchants began to consider whether profits could be made by exchanging wind for wagon power.

Unfortunately, cargoes that would have filled the hold of an average-sized coaster of the period, crewed by two or three men, required a dozen wagons and many more wagoners. Simply hiring enough wagons to handle the volume of American shipping by land posed a problem. Given the disreputable condition of the roads and turnpikes in most parts of the eastern seaboard, and the higher cost of labour, land haulage took ten times longer and cost 100 times more than by sea. Not only did it take forty-six days in good weather to haul supplies from Charleston to Philadelphia, but the transport charges were four times the cost of producing the goods. That merchants even considered this expensive "mud clipper" trade indicates the desperate situation created by the blockade.<sup>13</sup>

Higher prices, fewer available goods, gluts, and unstable markets were the order of the day. A cost comparison of basic foodstuffs like flour and sugar in blockaded versus non-blockaded ports confirms increasing pressure on the American economy. Early in the war, when risk of capture was relatively slight, flour cost \$4.50 per barrel in Richmond and \$6.50 in Baltimore. In Boston, where twenty-seven vessels destined for the port were captured in 1812, flour hit \$12 per barrel. By January 1813, flour prices in Norfolk had already reached a ten-year high of \$10.50 per barrel. The next year the price of sugar felt the impact of the blockade. Before the blockade was extended, sugar cost \$9.00 per hundredweight in New Orleans and \$18.75 in Boston. Afterwards, sugar prices in New York were \$21.50 per hundredweight, a dollar higher in Philadelphia, and \$26.50 in Baltimore, nearly triple the cost in New Orleans.<sup>14</sup>

At the end of August 1813, readers of *Niles' Weekly Register* saw how dramatically prices fluctuated for commodities such as flour, sugar, and rice between Boston, New York, Philadelphia, and Baltimore. Philadelphians had to pay \$12 for the same hundredweight of rice that cost Bostonians \$9. A barrel of superfine flour ranged from a low of \$6 in Baltimore to \$11.87, or nearly double, in Boston. As early as June 1813, superfine flour prices in London reached \$58 per barrel. A hundredweight of brown sugar cost \$26.50 in Baltimore but only \$18.75 in Boston. Fortunately for Halifax, so much muscovado sugar was captured in American prizes in 1813 and 1814 that sugar prices remained relatively low. A few weeks later, *Niles* condemned the great speculation in coffee, sugar and tea in Boston, New York, Philadelphia and Baltimore, where forty or fifty million pounds of coffee were on hand. The writer congratulated Baltimoreans on doing without or using substitutes, instead of paying inflated prices like thirty-eight cents for a pound of coffee, \$3-4 per pound for tea and \$40 per hundredweight for sugar. When news of peace reached New York in 1815, sugar prices dropped from \$26 to \$12.50 per hundredweight.<sup>15</sup>

### **Strict and Rigorous Blockade**

On 27 November 1812, Great Britain implemented "the most systematic, regularized and extensive form of commerce destruction known to war."<sup>16</sup> Wary of the small but deadly American navy, the RN resorted to the slow, inglorious tourniquet of close blockade. America's 2000 miles of coastline and thousands of bays, river mouths and harbours made this a difficult assignment. Lacking the men and ships to enforce a blockade of the entire coast at once, Admiral Warren opted for a gradual extension of British control.

His strategy was based on the generally lukewarm attitude toward the war in the northern states and the continued willingness of many American merchants to participate in licensed trade. By sparing New England from the initial impact of the blockade, Warren hoped to keep the inhabitants uncommitted for as long as possible. When Southern Democrats complained that the British blockade had been extended to all ports south of Connecticut, the *Halifax Gazette* carried a typical New England response: "Boston-folks have no notion of blockades any more than they have of embargoes, non-intercourse and war" and the southern "meddlers" should trouble themselves no further.<sup>17</sup> Warren's gamble paid off for both sides. Not only did he achieve his strategic objective, but Massachusetts banks quadrupled their deposits from \$2.67 million in 1810 to \$8.8 million in 1814. Specie also increased from \$1.56 million to \$6.39 million in the same period.<sup>18</sup>

The blockade of the Delaware River and Chesapeake Bay area began in late December 1812. Part of the grain-growing hinterland serving the major cities of Philadelphia, Baltimore and Washington, the Chesapeake was where a clampdown on American trade would have the most immediate effect. By February 1813, Warren was preparing amphibious raids "to frighten American politicians into withdrawing troops from the Canadian border to defend the rich and vulnerable plantations of the Chesapeake," not to mention Washington itself. Rear-Admiral George Cockburn aboard the seventy-four-gun HMS *Marlborough* commanded the squadron while Sir Thomas Sidney Beckwith headed an expeditionary force of 2400 Royal Marines. Within weeks, raiding parties and naval vessels seriously disrupted traffic and seized shipping up and down the James, York, Rapahannock, and Potomac rivers. Merchants and citizens felt the pinch as trade plummeted and insurance rates and commodity prices steadily rose.<sup>19</sup>

In March, the blockade pushed southward from Rhode Island to the Mississippi River. Viscount Melville reminded Warren privately that "We do not intend this as a mere paper blockade, but as a complete stop to all trade and intercourse by sea with those ports as far as the wind and weather, and the continual presence of a sufficient armed force, will permit and ensure."<sup>20</sup> US commerce was swiftly rerouted south. Before 1812, roughly one-third of US exports had come from the southern states, but by 1813 this figure had risen considerably. In contrast to gains in North and South Carolina, for example, were declines in New England, where exports were cut in half, from twenty percent of the national total to ten percent in the first year of the war.<sup>21</sup> In March alone, five small vessels heading to New York, and one from New Jersey, fell prey to naval capture or privateers. This represented a loss of 400 tons of shipping, plus cargoes of fish, rum, sugar, china, iron, ashes, brimstone, plaster, candles, chocolate, and cordwood. The failure of these goods to reach market denied supplies to consumers and inflicted financial hardship on their owners. The presence of British reconnaissance vessels off Ocracoke, North Carolina, and the reported capture of a sloop by HMS *Highflyer*, a former American privateer, greatly alarmed inhabitants of the Carolinas. In a letter captured aboard the brig *Orion* in May, 1813, Gordon Mumford of Charleston confirmed that the blockade had successfully shackled trade out of Charleston and Savannah.<sup>22</sup>

Many British naval officers found blockade duty distasteful. One naval captain, touched by its cruel efficiency, returned a captured vessel because it belonged to an old man with eight children who had lost \$20,000 in shipping in two years. When Admiral Warren

returned to Halifax and Admiral Cockburn sailed to Bermuda in September 1813, Captain Robert Barrie of HMS *Dragon* was left to hold the Chesapeake with a skeleton force of one ship-of-the-line, two frigates and a few smaller vessels. He complained in a letter to his mother that "this blockading affair is a sad disappointment to me who expected a cruize off New York for the winter."<sup>23</sup>

Despite remaining relatively porous throughout 1813, the blockade was the centrepiece of Britain's overall military strategy in North America. In October 1813, *The Times* commended Warren's activities in the Chesapeake, including the capture of Kent Island, for keeping all the southern states on alert and serving as a powerful diversion for British troops in Canada. With so much coastline to patrol, it was unrealistic to expect the RN to be everywhere at once, or to assume that American blockade runners would not take advantage of this fact. In May 1813, Captain Thomas Cape! of HMS *La Hogue* advised Warren "with great mortification" that two US frigates, *President* and *Congress*, had managed to slip by his forces in the fog.<sup>24</sup>

For a blockade to be "close and effective," as specified under the Declaration of Armed Neutrality of 1780, it had to constitute an actual physical barrier to entry into a port. American Secretary of State, and later President, James Monroe claimed that if Britain could not maintain the close and rigorous blockade prescribed by international law, "it formed no lawful obstacle to neutral and friendly vessels desiring to visit and trade with the United States." President Madison substantiated this argument with a message issued on 19 September 1814.

In spite of the naval face of the enemy accumulating on our coasts, our private cruisers also have not ceased to annoy his commerce, and to bring their rich prizes into our ports, contributing thus, with other proofs, to demonstrate the incompetency and illegality of a blockade, the proclamation of which is made the pretext for vexing and discouraging the commerce of neutral powers with the United States.<sup>25</sup>

It is unlikely that Madison's statement did much to allay the fears of those who were already seeing the effects of the blockade on their tables and in their pockets. Nor did it help the twenty or so ships from Amsterdam, Lisbon, Malaga, Calcutta, South America and the West Indies that were seized or recaptured by blockading vessels between July 1814 and February 1815. In pronouncing them "good and lawful prize," the Halifax Vice-Admiralty Court proved that the blockade was not only legal but also was becoming increasingly vexatious.

The activities of British blockade vessels reflected the personalities of their commanders. Vice-Admiral Sir Alexander Cochrane, who relieved Warren in April 1814, disliked Americans intensely. In his opinion, "like spaniels they [Americans] must be treated with great severity before you can even make them tractable." Not surprisingly, Cochrane was hated and despised for the activities of his men. By contrast, the citizens of Eastport, Maine, gave Captain Thomas Hardy a farewell address of thanks for the "liberal and honourable conduct" shown by army and navy forces under his command.<sup>26</sup>

Unlike privateersmen, who were forbidden land excursions, Admiral Cockburn's Chesapeake crews "descended on farms and plantations, carried off food and other property

— some of which was paid for encouraged slaves to run away, and generally made nuisances of themselves." The loss of 3600 slaves, encouraged to seek refuge in New Brunswick and Nova Scotia, caused serious financial problems for their owners both during and after the war. Writing from St. Mary's, Maryland, to a friend near Washington, an unidentified American worried about "the defection of negroes, which is extending to a ruinous and most alarming extent."<sup>27</sup>

On 16 November 1813, Admiral Warren proclaimed the entire American coast under blockade. This included the Chesapeake and Delaware bays, New York, Long Island Sound, Charleston, Port Royal, Savannah, and the Mississippi. Although twenty-nine American vessels were captured trying to run the blockade in its first six weeks, by year's end citizens of New York actually feared a direct invasion. Within six months, the British blockade was so effective that all the principal ships of the US navy, except for *Constitution*, were securely bottled up in port and American merchant traffic was dwindling rapidly.<sup>28</sup>

As a weapon of economic warfare, Britain's blockade was enormously effective. A letter of 4 April 1813 from the Russian Minister to Admiral Warren, regarding the possibility of negotiating an armistice between the two combatants, states that nothing would occur unless Britain raised the blockade, "since the latter does them more harm than all the hostilities!" In May, the *Nova Scotia Royal Gazette* reprinted a letter from Baltimore expressing American frustration with the blockade.

Our situation is more distressing than pride and obstinacy will permit most to allow, and many dare to complain of. Exactly that of a besieged city is our condition. Nothing doing, all business at a stand, nothing talked of but the enemy and the war. What an enormous tax upon us is the war! The price of every thing almost doubled, and our supplies by water totally cut off! If no change takes place in a few months the middling classes of society must leave the place, and go where they can get employ and support their families.<sup>29</sup>

The success of the blockade in suppressing trade can be measured by the speed of recovery once it was lifted. When war ended and trade resumed, the US economy rebounded with amazing elasticity. Relieved of the crushing weight of the blockade, shipping virtually exploded. In December 1813, only five of forty-four American vessels in port cleared from Boston, but in March 1815, less than a month after news of peace reached Boston, 144 vessels cleared, all but twenty-six to foreign destinations. Such increased traffic dramatically boosted port receipts, and even the number of fishing licences tripled from 16,453 in 1814 to 48,147 in 1816.<sup>30</sup>

### **Compulsory Convoy**

While the blockade applied steady pressure on American commerce, Britain's companion weapon of convoy denied prizes to the few American privateers and naval vessels not yet confined to port. Dating back to the Middle Ages, convoying was mentioned in Letters

Patent from Edward III. On 3 January 1338, Genoese galleys hired to scour the seas off Scotland for enemies were ordered "to convoy and protect ships of our kingdom voyaging to Scotland or into northern waters with victuals and supplies for our people there."<sup>31</sup>

Convoying was a necessary but usually thankless duty. The independent nature of merchant captains meant that they frequently disregarded the convoy leader's instructions and then blamed him for any mishaps they suffered. Following war with Spain in 1741, the Admiralty ruefully acknowledged:

nothing is more frequent than that the complaints of the commanders of convoys of the obstinacy or folly of several masters of merchant ships, who refuse to obey their signals or directions for the better keeping company together; but disregarding all order or government, desert their convoys from impatience of getting sooner into port; by which means and sometime by separations in fogs or bad weather, many have fallen into the enemy's hands.<sup>32</sup>

By 1808, colonial shipping had to abide by the Compulsory Convoy Act, and the next year six convoys departed Halifax for England and Europe between April and November. Between December and May, similar convoys left England for the Mediterranean, South America and the East and West Indies. As of 31 July 1812, all shipping from Britain to North America or the West Indies was ordered to proceed under convoy. Two weeks later, Lieutenant Governor Sherbrooke issued a proclamation prohibiting vessels from leaving Nova Scotia except in convoy. The Act was rigidly enforced in wartime. British owners were legally obliged to travel in convoy and pay a convoy duty for protection. As an additional incentive, failure to do so rendered their insurance invalid.<sup>33</sup>

Even neutral vessels sought the safety of convoys. *Mary*, a small Swedish-registered schooner recaptured *en route* from Cape Henry, Haiti to Boston, was delayed by the failure of the Admiral on the Jamaica Station to provide convoy, "contrary to his promise." The owners of *Mary* and its sister ships finally had to depart alone "to save double insurance," but as London investor Hercules Sharpe was warned, his vessel stood a poor chance of reaching the UK because of the large number of "Yankee privateers" in the passages around Cape Henry. The ever-present threat of American and French privateers and naval vessels persuaded almost all but the most foolhardy or desperate to seek safety in numbers.<sup>34</sup>

One of the problems with convoys was that there were always more vessels than the few RN escorts, called "bulldogs," could protect. After a few days at sea, slower, less seaworthy or more heavily-laden vessels fell behind, often losing contact when fog or foul weather intervened. Convoys were most vulnerable at the end of their voyage. As they neared port, participants felt secure enough to disperse and sail for home on their own, although the Admiralty tried to discourage this practice by imposing heavy fines for leaving a convoy. But regular convoy departure schedules were well known to both sides, often being published in the American press by obliging editors. Even *The Times* did not hesitate to announce the embarkation of 2000 recruits and 1000 tons of military stores and clothing for North America. Like the submarine wolfpacks of this century, American privateers, often working in pairs, shadowed a convoy for days. At the first opportunity, one privateer



would decoy the nearest man-of-war while the other slipped in and cut out one or more prizes. Then they would exchange roles, waiting until darkness to cover their approach.<sup>35</sup>

Convoys out of Halifax, while generally successful in deterring enemy attacks, deprived Admiral Warren of at least one ship-of-the-line, one or two frigates, and a couple of sloops for the duration of the voyage. This meant that he was constantly beseeching the Admiralty for replacements to combat the swarms of American privateers harassing maritime trade. In February 1813, the First Secretary of the Admiralty admonished Warren for his demands when he already had more vessels than the small American navy would seem to warrant. Clearly, Warren had either exaggerated the numbers of privateers or had left the principal American ports so poorly guarded that these ships were able to escape the blockade unmolested. As far as the threat to trade was concerned, the Admiralty reiterated that merchantmen should not sail without convoy and that Warren should provide regular protection between ports under his command. At the same time, he was expected to meet the strategic objectives of eliminating the American navy and neutralizing the privateer threat.

Warren's dilemma reflected that of the Admiralty. The British government, besieged by the commercial lobby, tried to maintain business confidence by defending commerce, while the RN viewed such work as subsidiary to its principal task of sweeping American naval vessels from the sea. Warren's squadron was accused not only of failing to prevent American naval ships from putting to sea but also of neglecting to advise their Lordships about enemy movements, or for that matter his own, in time for the Admiralty to react. Annoyed by the need to send large convoys to North America, Croker rebuked Warren for obliging the Admiralty "to employ six or seven sail of the line and as many frigates and sloops, independent of your command, in guarding against the possible attempts of the enemy."<sup>36</sup>

Exceptions to the convoy rule were rare. The occasional merchant, unable or unwilling to pay the war-heightened cost of insurance, preferred to risk sailing unaccompanied in the hope that false colours and a fast ship would help him evade capture. British Post Office packets, well-crewed and heavily gunned, relied on their reputations as fierce fighters to remain unmolested. By keeping shipping together, the convoy system reduced the number of targets available and made the ships harder to find for marauding American naval vessels or privateers. In the lists of prizes published by *Nile's Weekly Register* throughout the war, it is clear that many American privateers moved their hunting grounds from the US coast to the English Channel and the waters around the British Isles once the blockade really took effect. Reluctant to risk their prizes crossing the Atlantic or through the blockade, privateers tended to divest their prizes of the most valuable cargoes and either destroy them or give them up. Compared to the sixteen of 190 prizes (eight percent) destroyed by their American captors between 12 June and 26 September 1812, sixty-seven of 170 prizes (thirty-nine percent) taken between 25 June and 29 October 1814 were destroyed.<sup>37</sup>

### Insuring and Securing Trade

The success of prize-hungry naval and privateer vessels on both sides of the Atlantic can be gauged by insurance rates. Well established in the marine insurance field by 1800, Lloyd's of London developed a trust deed in 1811 to regularize the writing of shipping policies and to ensure that its members had enough capital to cover losses. Throughout the war, Lloyd's worked with the Admiralty to organize convoys and exchange shipping intelligence. As the number of claims increased, premiums hit record levels, adding to the already heavy cost of maritime trade. Entries in Lloyd's shipping books traced both the landings and losses of marine traffic, while newspapers like the *Liverpool Mercury* published the score. Impudent attacks by American privateers off Britain raised the cost of insuring a voyage to Ireland to thirteen guineas per £100. This, the *Naval Chronicle* exclaimed, "was three times higher than...when we were at war with all of Europe!"<sup>38</sup>

So dangerous was the trip to Halifax that insurance, if it could be had, ranged from thirty guineas per £100, or one-third over the standard premium. Similarly, US insurance costs reflected the growing probability of capture once the British blockade gripped the American coast. Before Boston was blockaded, the cost of marine insurance from Boston to New York or to Eastport, Maine was roughly seven to ten percent of the value of the ship. Charges increased to ten percent for Philadelphia and twelve to fifteen percent from Boston to the Chesapeake. Ships sailing to Savannah paid twenty-two to twenty-five percent insurance, while premiums from Boston to New Orleans reached thirty percent. As for shipments to France, America's only foreign market, the premium was thirty to fifty percent. As the cost of insurance rose, it is likely that shipowners raised freight rates to help recoup their losses. Merchants could not afford to pay, which might explain why 200 vessels sat idle in Boston harbour and insurance costs climbed to fifty percent. By the end of 1814, insurance in the city cost as much as seventy-five percent of a ship's value.<sup>39</sup>

Vincent Nolte of New Orleans, confided his fears in a letter to Alexander Baring in London on 6 April 1813. The war, he wrote, entailed "very heavy sacrifices on our part and bears so hard on all classes of citizens." Not only was communication cut off between New Orleans and the Atlantic states but also there had only been two foreign arrivals in port in the past nine months. Foreseeing no reasonable expectation of peace for at least two or three years, Nolte suggested that Baring charter a couple of neutral Swedish vessels in England and send them over in ballast. They could clear cargoes of cotton for Cadiz, Lisbon or Gothenburg and proceed to England under the protection of a licence. As if things were not bad enough, Nolte concluded, a "dreadful hurrican" had recently damaged the local cotton crop.<sup>40</sup>

Judging from the large number of unknown or negative answers to the Standing Interrogatory concerning whether a captured vessel or cargo was insured, it would appear that the majority of owners may have decided to forego insurance and accept the risk. Only a handful of American or foreign prizes seem to have been even partly insured. Of 144 vessels captured in 1812, only eighteen respondents replied that their vessels and/or cargoes carried any insurance. *Maria*, a Spanish prize taken on 13 July 1812, was insured at five percent, while *Ceres* from Liverpool to Boston in August had to pay only 2.5 percent with

its licence. By mid-October, when *Reward* was taken *en route* to Lisbon by the privateer *General Smyth*, it was only partly insured at twenty percent.<sup>41</sup>

In 1813, 268 vessels were seized but there are only twenty-five recorded statements indicating insurance. The letter-of-marque *Volant*, bound from Bayonne to Boston, was partly insured at twenty-five percent, but supercargo M. Garesche considered the forty percent premium demanded for *Amanda's* voyage from France to Philadelphia too high. The *Liverpool Packet* from Lisbon was insured at Boston against all but British capture, but its cargo of salt, fruit and dry goods was insured in London. In order to protect his exotic cargo of camphor, sugar, coffee, nutmeg and "dragons blood" from Batavia to Providence, the owner of *Hope* insured himself for £60,000, but the amount of the premium is not mentioned.<sup>42</sup>

Of the 214 prizes taken in 1814, only twenty-one deponents confirmed some type of insurance. These included *Eliza*, from New York to Eastport, partly insured by a Boston company at thirty-three percent; *San Joaquin*, from Cuba to Newport, Rhode Island, whose insurance did not apply against British cruisers; and *Favorite* from Calcutta to New South Wales whose cargo of wheat and rice was insured, but not the vessel. Other non-insured cargoes include *Charles'* fish, oil and lumber from New Brunswick to Barbados, captured in November, and 100 chests of tea aboard *Conde dos Arcos* from Bahia to New Haven. Only two examinations from among the fifteen prizes taken during 1815 revealed whether the vessel carried insurance.<sup>43</sup> Several respondents mentioned being insured at Lloyd's or in London, two at Boston, one at New York and one in Calcutta, but the sample is far too small to offer any real perspective on the wartime insurance industry.

In the Atlantic colonies, insurance premiums did not rise as dramatically because several companies usually shared the cost so that insurance might cost eight percent on three-quarters of the vessel's value in the year it was insured. Nova Scotia vessels paid about eleven percent per year with a return of three percent if there were no losses during the period of insurance.<sup>44</sup>

Lack of documentation makes it difficult to determine the relationship between insurance rates and a merchant's decision to ship or not. Certainly, the high cost of insuring a vessel and/or its cargo would have to be weighed against the risk of loss through capture and any potential profits. By 1814, the combined tactics of blockade and convoy brought American commerce to its knees. The few privateersmen still on the prowl found the oceans nearly empty of prey. On 17 June 1814 the Secretary of the Navy told Commodore Isaac Hull, Director of the Portsmouth Naval Yard, that he could spare no men to protect the yard, and it was better to burn the ships on the stocks than "defend them at an expense far transcending their value."<sup>45</sup> Unable to protect its ships, America's war effort crumbled along with its economy.

By the time the War of 1812 ended, trade had ceased to be either free or active. Attacks on shipping pushed prices up and depressed commerce. Prohibitive insurance rates and uncontrolled prices caused severe personal and commercial hardships. The early damage inflicted on British trade by American privateers and the small but proficient US Navy, were soon countered by the British blockade that effectively ended the free movement of American maritime traffic. Simultaneously, Britain's strict enforcement of the convoy system deprived the few American vessels able to get to sea of likely prizes.

Outside of a few military and naval actions, the War of 1812 was largely waged with commercial weapons that targeted livelihoods, not lives. The idea of aiming at enemy shipping was consistent with the attitude that war was a contest in which opponents tried to do each other the most harm. To this end, both New Brunswick and Nova Scotia, as well as many American states, fitted out privateers and issued letters of marque to attack each others' shipping. These privately-owned and armed vessels supplemented the offensive efforts of each nation's navy. Prizemaking efforts on both sides were remarkably successful and resulted in economic hardships for shipowners, merchants and citizens of both countries. The records of the Halifax Court of Vice-Admiralty provide a fascinating glimpse of the effects of this commercial warfare.

Central to the legal issue of prize was the capture of an enemy vessel, or a craft carrying enemy goods, by a licensed privateer or letter-of-marque ship. Prizes were manned by crews from the capturing vessel and sailed to the captor's home port or a harbour belonging to an ally. As the War of 1812 progressed, Britain gradually established a strict blockade of the eastern coast of the US. Although the RN was never able to prevent completely the passage of swift American privateers, it did severely curtail American shipping — to the point of starvation in the case of Nantucket. Letters and documents seized from captured US vessels bear evidence to the hardships caused by lost cargoes and ships: shortages, rising prices, high insurance rates and reduced trade. As the blockade tightened, US privateers roamed farther afield, attacking British shipping off its own coasts, in the English Channel and even off the coast of Africa. Prizes that were formerly sent home for adjudication were ordered into French or neutral ports, relieved of their cargoes and destroyed.

The success of Britain's convoy policy was somewhat offset by the boldness of American attacks in British waters. This outraged politicians, angered merchants and frightened citizens. Typical of the public clamour to end the war was a meeting of merchants, shipowners and others at Liverpool on 9 September 1814. *Nile's Register* reported that they met to consider a representation to government on the subject of the US captures. When Mr. Gladstone proposed an address to the Lords of the Admiralty, the idea was rejected because "representation had been made to that department without success." Instead, the meeting proposed an address to the Prince Regent censuring the Admiralty for its failure to protect trade. A similar dissatisfaction spread across the US as people saw the navy trapped in port, trade stifled and the economy sinking into chaos. Once the combined economic pressure of blockade and convoy raised the stakes too high, the American war effort collapsed. Futile and inconclusive as a military exercise, the War of 1812 succeeded as a war against trade.

## NOTES

\* Faye M. Kert is a public affairs officer with the Medical Research Council of Canada. A specialist on the history of privateering, her most recent publication is *Prize and Prejudice: Privateering and*

*Naval Prize in Atlantic Canada in the War of 1812* (St. John's, 1997).

1. Michael J. Crawford, "The Navy's Campaign against the Licensed Trade in the War of 1812,"

*American Neptune*, XLVI, No. 3 (Summer 1986), 171, quotes a letter written by Thomas Jefferson in January 1813.

2. Stanley Bonnet, *The Price of Admiralty* (London, 1968), 27; and Jerome R. Garitee, *The Republic's Private Navy: The American Privateering Business as Practiced by Baltimore during the War of 1812* (Middletown, CT, 1977), 244. Garitee's study is one of the most thorough examinations of the economic role of privateering. John K. Mahon, *The War of 1812* (Gainesville, 1972), 385, claims that the US war debt was amortized in twenty years.

3. Julian Gwyn, "'The End of an Era:' Rum, Sugar and Molasses in the Economy of Nova Scotia, 1770-1854," in James H. Morrison and James Moreira (eds.), *Tempered by Rum: Rum in the History of the Maritime Provinces* (Porters Lake, NS, 1988), 114, bases his income figure of £2.9 million on price hikes of beef to 300 percent over pre-war levels and wage increases in Halifax of up to 150 percent. See also W.R. Copp, "Nova Scotian Trade," in George A. Rawlyk (ed.), *Historical Essays on the Atlantic Provinces* (Toronto, 1967), 88; and Alfred Thayer Mahan, *Sea Power in its Relations to the War of 1812* (2 vols., Boston, 1905), II, 181.

4. Draft memorial, Halifax Committee of Trade to Lord Bathurst (Provincial Secretary), 8 October 1813, in Margaret Ells (comp.), *A Calendar of Official Correspondence and Legislative Papers, Nova Scotia, 1802-15* (Halifax, 1936), 300.

5. Sir John Sherbrooke to Bathurst, 6 November 1812, in *ibid.*, 271.

6. Edgar Stanton Maclay, *A History of American Privateers* (New York, 1899), viii; and *The Times* (London), 19 March 1813. A brief history of Lloyd's from its beginning as a coffee house in London's business district in 1687 can be found in Godfrey Hodgson, *Lloyd's of London: A Reputation at Risk* (London, 1984), 47-58. Following a move to the banking area on Lombard Street in 1694, Lloyd's became a gathering place for maritime investors and an auction room, especially for the sale of prize goods captured during the war with France and Spain between 1698-1712. After fifty years of uncontrolled growth, the more serious underwriters split off from the coffee house gamblers to form the new Lloyd's in 1769. Relo-

cated in its new quarters above the Royal Exchange in 1771, Lloyd's grew from the original seventy-nine investors to nearly 2000 members by 1814.

7. See Paul M. Kennedy, *The Rise and Fall of British Naval Mastery* (New York, 1976), 140-141; and Mahon, *War of 1812*, 95. According to H.C. Allen, *Conflict and Concord: The Anglo-American Relationship since 1783* (New York, 1959), 57, exports rose again in 1815 to £13,255,374.

8. C.S. Forester, *The Naval War of 1812* (London, 1957), 121, argues that the American merchant marine was losing ships at nearly the same rate as Britain. Although the tonnage loss was lighter, the proportion of American vessels lost was "enormously greater." In terms of prewar American losses, Kate Caffrey, *The Lion and the Union: The Anglo-American War 1812-1815* (London, 1978), 51, suggests that 468 American vessels were seized by the French navy between 1807 and 1812 while, according to James Monroe, prior to 1812 the British seized an American ship every two days, although they were often released.

9. Gomer Williams, *History of the Liverpool Privateers and Letters of Marque, with an Account of the Liverpool Slave Trade* (London, 1897), 431. George Coggleshall, *The American Privateers* (New York, 1861), 394, claims that in three years of war, Great Britain lost about 2000 ships including merchantmen and men-of-war. This includes 1800 sailing vessels said to have been burned, sunk or destroyed, plus vessels captured on the Great Lakes and others not worth mentioning. See also E.B. Potter (ed.), *Sea Power: A Naval History* (New York, 1960), 212.

10. National Archives of Canada (NAC), Record Group (RG) 8, Series IV, Vice-Admiralty Records, Vol. 78, *Colson*, John Price to his brother in the West Indies, 20 June 1813.

11. Potter (ed.), *Sea Power*, 208-214, insists that the blockade inflicted losses 100 times greater than the American navy. Garitee, *Private Navy*, 61, claims that beyond the primary aim of self-defense, Baltimore merchants wanted to end the war and get back to trade. Jones' letter appears in Donald A. Petrie, "Forbidden Prizes," *American Neptune*, LIV, No. 3 (Summer 1994), 166. For the fascinating story of Lieutenant Henry Allen and the US brig *Argus*, see Ira Dye, *The Fatal Cruise of the Argus: Two Captains in the War of 1812* (Annapolis, 1994).

12. Janet E. Mullins, *Liverpool Privateering 1756-1815* (Liverpool, NS, 1936), 43, mentions that the *Liverpool Packet* captured so many prizes there was talk of building a canal through Cape Cod to protect shipping from it. Histories of Canadian privateering are rare and tend to be more popular than scholarly; see, for example, C.H.J. Snider, *Under the Red Jack* (Toronto, 1927); or John Leefe, *The Atlantic Privateers* (Halifax, 1978).
13. James Ripley Jacobs and Glenn Tucker, *The War of 1812 — A Compact History* (New York, 1969), 158; and Gwyn, "End of an Era," 113, refer to high transportation charges. *Weekly Register*, 6 March 1813, states that the cost of a coasting licence from North Carolina to Boston was \$300. John Armstrong, "The Significance of Coastal Shipping in British Domestic Transport, 1550-1830," *International Journal of Maritime History*, III, No. 2 (December 1991), 70-76, claims that English coasters were more economical than road transport even during war due to lower labour costs per ton, free wind power versus expensive horse feed, the possibility of earning extra money by carrying passengers by sea, and lower wartime insurance of 2s 3d-4s 3d per hundredweight by sea as opposed to sixteen shillings per hundredweight by road.
14. In 1812, only four ships for Baltimore were taken and none of the six destined for Virginia were headed to Richmond. Prices for various commodities are found in Mahan, *War of 1812*, I, 184, 206 and 297; and Gwyn, "End of an Era," 128. See also NAC, RG 8, IV, Vol. 188, *Protectress*, Letter to James Eames, Lisbon, 23 January 1813.
15. Maclay, *American Privateers*, xv; and *Weekly Register*, 18 September 1813 and 8 January 1814.
16. Mahan, *War of 1812*, I, 286, notes that blockade is not necessarily a military operation. Because it restricts the activities of neutrals as well as the enemy, its impact tends to be more commercial than strategic.
17. *Nova Scotia Royal Gazette*, 2 June 1813.
18. Mahan, *War of 1812*, 1, 297.
19. William S. Dudley (ed.), *The Naval War of 1812* (Washington, DC, 1985), 309. Rear-Admiral Cockburn was ordered from Cadiz in December 1812 to reinforce Admiral Warren with four ships-of-the-line and several smaller vessels. He eventually became Warren's second-in-command (Mahan, *War of 1812*, I, 411). When Warren announced that no more licences would be granted for the transport of flour, flour prices in Baltimore fell two dollars per barrel.
20. First Lord of the Admiralty Viscount Robert Saunders Dundas Melville to Admiral Sir John B. Warren, 26 March 1813, in Dudley (ed.), *Naval War of 1812*, 78. Orders for a rigorous blockade of the ports and harbours of New York, Charleston, Port Royal, Savannah, and the Mississippi River followed a few days later.
21. Mahan, *War of 1812*, II, 179.
22. Reference to Ocracoke in Dudley (ed.), *Naval War of 1812*, II, 151; and NAC, RG 8, IV, Vol. 92, English translation of letter from Gordon Mumford (owner of *Orion*) to a Spanish colleague, 11 May 1813.
23. Mahon, *War of 1812*, 249. See also Captain Robert Barrie, RN to Mrs. George Clayton, 4 September 1813, in Dudley (ed.), *Naval War of 1812*, II, 38.
24. *The Times* (London), 12 October 1813. Capel's account of the escape of the President is in a letter to Admiral Warren, 11 May 1813, cited in Mahan, *War of 1812*, II, 105-106.
25. D.P. O'Connell, *The Influence of Law on Sea Power* (Manchester, 1975), 20, suggests that because poorly-enforced eighteenth-century blockades alienated both enemy and neutral alike, the Declaration of Armed Neutrality resolved the issue by defining what constituted a blockade under international law. Carleton Savage, *Policy of the United States toward Maritime Commerce in War* (Washington, DC, 1934), 9, records Monroe's statement made at the end of June 1814. *Niles' Weekly Register*, 24 September 1814, carried Madison's message.
26. Cochrane is quoted in Caffrey, *The Lion and the Union*, 257, while Hardy's farewell is described in G.F.G. Stanley, *The War of 1812: Land Operations* (Toronto, 1983), 369.
27. J.P. Cranwell and W.B. Crane, *Men of Marque* (New York, 1940), 26, discusses the Royal Navy's activities in the Chesapeake. The letter is quoted in *Nova Scotia Royal Gazette*, 8 December 1813.

Dated 6 November, it is reprinted from a New York paper of 16 November. Between 100 and 200 Negroes are said to have joined the British fleet in the previous week.

28. Robert Greenhalgh Albion, *Makers of Naval Policy, 1798-1947* (Annapolis, 1980), 186, discusses New York. According to Potter (ed.), *Sea Power*, American commerce in 1812 was sixty-five percent of 1811, most of it under licence. In 1813, the blockade was extended and trade fell to forty-five percent of the 1811 levels. With total blockade in effect in 1814, trade was down to eleven percent of the 1811 figure. Garitee, *Private Navy*, xvi, refers to the success of the blockade.

29. Mahan, *War of 1812*, II, 177; and *Nova Scotia Royal Gazette*, 19 May 1813.

30. Mahan, *War of 1812*, II, 181-206.

31. Letters Patent, Edward III, 3 January 1338, in John B. Hattendorf, et al. (eds.), *British Naval Documents 1204-1960* (Washington, DC, 1993), 21.

32. Admiralty document, 19 February 1741, in *ibid.*, 369.

33. W.S. MacNutt, *The Atlantic Provinces: The Emergence of Colonial Society 1712-1857* (Toronto, 1965), 130. Mahan, *War of 1812*, I, 388, mentions that the 31 July date coincided with Britain's peace with Sweden and Russia. The one exception to the convoy rule was a class of vessels that Garitee, *Private Navy*, 148, refers to as "running ships" allowed to sail unescorted. Only very powerful privateers dared tackle these large, well-manned, heavily-armed vessels carrying valuable cargoes.

34. NAC, RG 8, IV, Vol. 135, *Mary*, George Krochmann to Hercules Sharpe, 31 July 1813. According to R.P. Crowhurst, *The French War on Trade: Privateering 1793-1815* (Aldershot, 1989), 55, French privateers also took advantage of convoy assembly points, such as the Isle of Wight, where outgoing vessels were relatively well protected but became vulnerable to French corsairs on the return journey.

35. *The Times* (London), 15 August 1814; and Garitee, *Private Navy*, xvi.

36. First Secretary of the Admiralty John W. Croker to Admiral Warren, 10 February 1813, in

Dudley (ed.), *Naval War of 1812*, II, 18. Mahan, *War of 1812*, I, 403, also cites letters from Croker to Warren on 9 January and 20 March 1813.

37. *The Times* (London), 24 March 1813; and Coggeshall, *American Privateers*, 38. Mail packet crews are described in Cranwell and Crane, *Men of Marque*, 98; and Mahan, *War of 1812*, II, 130.

38. I lodgson, *Lloyd's of London*, 47-58. Lloyd's underwriters also supported the shipping industry by contributing to the Shipping Fund for widows and orphans of sailors, as well as subscribing to various funds to celebrate famous naval victories. Donald R. Hickey, *The War of 1812: A Forgotten Conflict* (Urbana, IL, 1989), 218, quotes *Naval Chronicle*, XXXII, July to December 1814.

39. *Weekly Register*, 31 December 1814, published insurance rates from Halifax to London and Castine (twenty percent) along with a list of fifty-two RN vessels lost or captured since the outbreak of war. Donald Macintyre, *The Privateers* (London, 1975), 171-172, quotes the *Liverpool Mercury*, 7 May 1813. See also Mahan, *War of 1812*, II, 182. Snider, *Red Jack*, 3, mentions the cost of insurance to New Orleans as an indication of the impact of Atlantic Canadian privateers. See also Hickey, *War of 1812*, 230.

40. NAC, RG 8, IV, Vol. 118, *Pilgrim*, Vincent Nolte to Alexander Baring, 6 April 1813. Alexander Baring (later Lord Ashburton) was a banker and financier closely connected to the US through business and marriage. He was the author of an 1808 House of Commons Inquiry entitled "An Inquiry into the Causes and Consequences of the Orders in Council: and an Examination of the Conduct of Great Britain towards the Neutral Commerce of America." See Vincent Harlow and Frederick Madden (comps.), *British Colonial Developments 1774-1834 Select Documents* (Oxford, 1953), 283.

41. Deponents from captured American vessels were asked a set of thirty-four standard questions covering all aspects of their voyage, cargo, and capture. Question 19 asked: "Is the said ship or goods, or any, and what part, insured? If yea, for what voyage is such insurance made, and at what premium, and when and by what persons, and in what country was such insurance made?" NAC, RG 8, IV, Vol. 125, *Maria*, Examination of Jabez Norton, master, 20 July 1812; Vol. 73, *Ceres*, Examination of Seth Webber, master, 3 September

1812; and Vol. 118, *Reward*, Examination of Amos Hill, master, 5 November 1812.

42. NAC, RG 8, IV, Vol. 99, *Volant*, Examination of Nathan Perley, master, 5 April 1813; Vol. 73, *Amanda*, Examination of M. Garesche, supercargo, 20 April 1813; Vol. 89, *Liverpool Packet*, Examination of Samuel Nickels, master, 8 July 1813; and Vol. 86, *Hope*, Examination of Jeremiah Jordan, master, 11 August 1813. Dragon's blood was a tree gum.

43. NAC, RG 8, IV, Vol. 108, *San Joaquin*, Examination of Domingo Riverol, supercargo, 7 May 1814; Vol. 104, *Eliza*, Examination of Abraham Merrit, master, 11 July 1814; Vol. 102, *Conde dos Arcos*, Examination of Theophilo di Mello, master, 1 September 1814; Vol. 135, *Favorite*, Examination of Robert Fielder, chief mate, 9 September 1814; and Vol. 135, *Charles*, Examination of John Everett, master, 19 November 1814.

44. Clement W. Crowell, *Novascotiaman* (Halifax, 1979), 376.

45. Garner Weld Allen (ed.), *Papers of Isaac Hull* (Boston, 1929), 35.