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Trade

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In 1789, the first Congress under the Constitution of 1787 directed the Department of the Treasury to begin keeping a record of foreign trade statistics effective August 1, 1789. The department was to employ government customhouses to compile the data. These statistics, however, do not provide the quality and quantity of data provided by later records of U.S. foreign trade. For example, prior to 1821, no information was kept on articles imported into the United States on a duty-free basis, no value figures were provided on imports subject to specific duty rates, and the dollar value for imports subject to ad valorem (at value) duty rates, although apparently accurate, did not include information on the quantity of individual items imported from specific countries of origin. Questions over the methodology used calculate imports and exports have caused some economic historians to question the adequacy and utility of pre-1821 U.S. import and export statistics.

During the years of the early republic, tariffs were the primary government revenue source, and tariff schedules were revised 12 times between 1789 and 1812 to accommodate domestic and international political and economic developments. Reported U.S. imports in 1790 were $24 million, and reported exports for that year were $21 million, leaving a trade deficit of $3 million. Overall U.S. trade reached a peak in 1807, with exports of $109 million and imports of $146 million before trade restrictions brought about by the Napoleonic Wars caused a precipitous decline in U.S. trade. Indeed, by 1812 the United States reported just $39 million in exports and $83 million in imports. The decline was also precipitated by President Thomas Jefferson's calamitous Embargo Act of 1807, which virtually shut down U.S. trade with Great Britain and Europe.

Tensions with France over the harassment by its ships of U.S. merchant shipping in the Atlantic and Caribbean, which precipitated the 1708-1800 Quasi-War compelled President John Adams in May 1797 to send a congressional budget request asking for three new frigates and the authority to arm merchant vessels. The April 1798 revelations of the XYZ Affair (1797-1798), in which France sought a $12 million loan and a $250,000 bribe to meet with U.S. diplomatic envoys, further inflamed Franco-U.S. relations and pushed both countries to the verge of war. U.S. exports to France, which had been $4 million in 1797, fell to just $1 million in 1798, and were virtually nonexistent during 1799-1800 before returning to $4 million in 1801.

One consequence of this declining trade with France was an increase in trade with Great Britain, which rose from $6 million in 1797 to $19 million in 1800. During the era of the early republic, Great Britain had been the largest importer of U.S. goods, followed by France. Between 1800 and 1807 the United States actually benefited from the tensions in Europe and the Napoleonic Wars, as the United States became the world's leading neutral shipper.

A November 1807 British Order in Council, however, required neutral ships to call at British ports or be subject to search and seizure by British authorities. The following month, French emperor Napoleon I declared that neutral ships sailing to British ports and paying British duties could also be seized by France. U.S. anger toward Great Britain was further enhanced by the *Chesapeake-Leopard* Affair of June 1807 and growing British impressment of American sailors.

The Jefferson administration made this situation considerably worse by closing U.S. ports to foreign trade and prohibiting U.S. ships from leaving their ports. Not surprisingly, this ham-fisted move plunged the United States into a deep economic downturn and outraged export-related regions such as New England. The British finally repealed the offending Order in Council in June 16, 1812, just before the U.S. Senate declared war against Britain on June 18, 1812. News of the repeal did not arrive in the United States for several weeks, however, and the James Madison administration decided to prosecute the War of 1812 in any event.

Income from U.S. import duties plummeted from $27 million in 1807 to $15 million as a result of this trade war. During this period, the U.S. export market primarily consisted of Great Britain, France, and German-speaking Europe.

Exports to Britain reached a peak of $31 million in 1801 before declining to $3 million in 1808. They recovered a bit, to $6 million, in 1812 and were nonexistent the next two years due to war. Exports to France peaked at $13 million in 1805 and 1807 before plummeting to $3 million in 1812.

Leading U.S. exports during this period included agricultural products such as cotton, leaf tobacco, and wheat. At the time, the United States had few manufactured goods to send abroad. Cotton exports reached a peak of $93 million pounds ($15 million) in 1810, and tobacco exports peaked at 118 million pounds in 1790 before falling to 26 million pounds in 1812. Wheat exports never exceeded 1 million pounds, which was the high mark achieved in 1807. Leading imports during this period included coffee, tea, and sugar. Coffee imports reached a peak of 61 million pounds in 1796, tea imports peaked at 8 million pounds in 1807 and 1810, and sugar peaked at 221 million pounds in 1807.

This trade was conducted from ports chiefly on the Atlantic seaboard, including Boston, Massachusetts; Newport, Rhode Island; Philadelphia, Pennsylvania; Wilmington, North Carolina; Charleston, South Carolina; and Savannah, Georgia. New Orleans was also a busy port on the Gulf of Mexico, and Mobile, Alabama, also on the Gulf of Mexico, was a prosperous port city. Merchants in these areas became acutely sensitive to international economic trends and proved to be vocal advocates for their interests. Opposition to trade restrictions and questionable trade policies of the Jefferson and Madison administrations proved to be most unpopular in New England, where Federalist sentiments ran strong and where the local population had the most to lose from suspended trade.

Beginning in 1815, U.S. exports and imports began to increase dramatically and would continue to grow—exponentially in some years—for the remainder of the 19th century. Indeed, by 1900, the United States was poised to become the world's largest economy.

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See also

Adams, John; *Chesapeake-Leopard* Affair; Constitution, U.S.; Continental System; Democratic-Republican Party; Economy, U.S.; Embargo Act of 1807; Federalist Party; France; Great Britain, Jefferson, Thomas; Madison, James; Quasi-War; Tariff of 1789; XYZ Affair

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