



SCHOOL OF  
ECONOMICS AND  
MANAGEMENT

Bachelor's in Economic History

# The Battle of Trafalgar and its impact on the economic policies of France and Great Britain during the Napoleonic wars

by

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The Napoleonic wars have been extensively analyzed, revealing their significant economic aspects. This thesis adopts an economic history perspective to explore the Battle of Trafalgar's impact on the economic policies of France and Great Britain. Through a literature analysis and theoretical framework of economic warfare, war finance and Mercantilist theory, this thesis sheds light on the battle's effects on trade, naval power and colonial endeavors. While the battle resulted in the Royal Navy's dominant naval position, its broader economic impact remains subject to interpretation.

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# 1 Introduction

The Battle of Trafalgar marked an important event in the Napoleonic wars, resulting in a decisive British victory that ensured the Royal Navy's supremacy for decades. However, the consequences of the battle extended beyond military strategy as it would play a part in setting the scene for the economic warfare of the conflict. The Napoleonic wars of the early 19th century have been extensively analyzed and discussed. While often viewed through a lens of military history, these wars also hold an important economic perspective. From blockades to colonies and trade, the economic dimensions of the conflict offer numerous avenues to study. This thesis will adopt an economic history perspective to analyze the potential impact of the Battle of Trafalgar on the economic policies of France and Great Britain. By exploring the consequences of the battle from an economic history perspective, this thesis aims to shed light on its broader influence and how it may have contributed to the subsequent economic policy shifts that occurred between these nations. The analysis will be based on a literature analysis of previous academic research related to the subject, either by theme or topic. The analysis will utilize theoretical frameworks of economic warfare, war finance and Mercantilist theory to analyze the effects of the battle on trade relations, naval power, colonial endeavors and the overall economic strategies pursued by the two nations. The Mercantilist theory comes in particularly useful in this analysis as it was the dominant economic theory for most European powers of the time. The theory particularly promoted exports of goods in order to accumulate wealth to finance the continuous wars for more resources and trade, and thus is important to understand the priorities of the economic policies of the period. With such a theory in mind, it becomes evident that Great Britain's dominant naval position, which enabled them to conduct blockades virtually unopposed, was an important part of the outcome of the battle. Additionally, it is argued that the battle may have played a role in the introduction of the Continental System as the French navy could no longer compete with the Royal Navy. However, it is important to acknowledge that the battle's extent of impact on economic policies is subject to interpretation, mostly due to it being supported by circumstantial evidence.

## **1.1 Aim and research question**

The aim of this thesis is to determine what impact the Battle of Trafalgar may have had on the economic policies of France and Great Britain during the Napoleonic wars. The Battle of Trafalgar resulted in a decisive British victory, which impacted the naval balance of power throughout the remainder of the conflict. By examining how the battle may have impacted economic policies during the remainder of the Napoleonic wars, this thesis aims to highlight the impacts beyond a traditionally military perspective. The economic impacts from such a decisive battle could add a comprehensive understanding within the broader historical context of the conflict. To reach this aim this thesis will utilize academic articles which have written about various economic themes relating to the 18th and 19th centuries in general, and the Napoleonic war in particular. The aim of this thesis will be fulfilled through answering the research question *How did the Battle of Trafalgar influence the development of economic policies in France and Great Britain during the Napoleon wars?*

## **1.2 Scope and relevance**

The Napoleonic wars unfolded during a transformative period in a world shaped by the Industrial Revolution, an important topic which is extensively studied in the field of economic history. This period of time witnessed a clash between the established trade doctrines of Mercantilism, which advocated for trade barriers and wealth accumulation, and the rising wave of economic liberalism which emphasized free trade doctrines. Within the context of the Napoleonic wars, economic aspects such as war finance and economic warfare were central themes, with blockades in particular playing a crucial role. Among the defining events of this era, the Battle of Trafalgar stands as one of the greatest naval victories in naval warfare history, still celebrated as the Royal Navy's most famous victory to this day. This thesis contributes to economic history by delving into the potential economic consequences, particularly on policies, that such a decisive battle may have had on both the victorious British side and the losing French side. Unlike previous academic research, which often references the Battle of Trafalgar as a significant event from a military perspective, this study aims to provide valuable insight from an economic historian's perspective.

### **1.3 Outline of thesis**

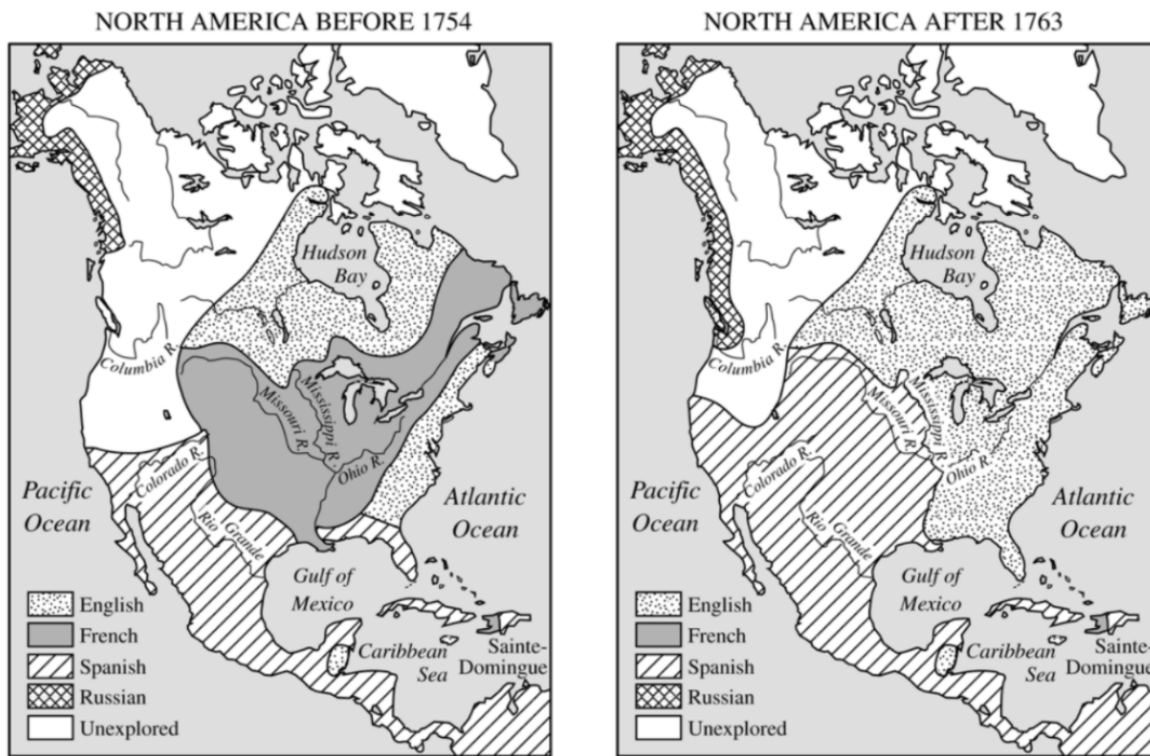
The next section will present important historical background information leading up to the Battle of Trafalgar. The subsequent section consists of a theory segment where previous relevant research covering similar topics and relevant theories are presented. As the literature analysis of selected sources is a part of the Trafalgar discussion, the theory and previous relevant research section will not cover much of that source literature. After that section, focus will be shifted to the methods which this thesis aims to utilize to answer the research question, including an explanation of limitations of the research. This will be followed by a literature analysis, covering topics relevant to economic policies prior to the Battle of Trafalgar and a discussion section covering the aftermath and possible implications. The final section consists of a conclusion which intends to summarize and deliver concluding remarks on how the Battle of Trafalgar may have influenced the development of economic policies in France and Great Britain during the Napoleonic wars.



## 2 Background

France and Great Britain's history is characterized by wars and colonial mercantilism, which played an important part in shaping their global influence and economies. The rivalry between France and Great Britain during the time of Mercantilist policies from the 16th to 18th century is a history of conflicts over territorial control, trade dominance and colonial expansion. As nations like France and Great Britain pursued Mercantilist policies, the emphasis on a positive trade balance fueled rivalries that frequently led to both military and economic warfare, with the preference for the latter due to its cost-effectiveness compared to traditional warfare (Barth 2016). The adoption of Mercantilist policies during this era sparked fierce rivalries among European colonial powers striving for dominance and wealth, transforming the competition into a widespread conflict that extended beyond the European continent (Barth 2016, pp.265-266). Notably both France and Great Britain played important roles in shaping and advancing their respective trade objectives, which included expansion beyond the European continent through colonization in search for valuable resources (Barth 2016, pp.265-266). One notable such conflict was the Seven Years' War, 1756-1763, where European major powers such as France and Great Britain fought on a global scale in a competition over colonial territories and trade routes (du Rivage 2017). One of the most important reasons for the Seven Years' War was the struggle between France and Great Britain to conquer North America, as skirmishes and territorial disputes would escalate into a full scale war (Higonnet 1968, pp.58-60). The American theater of the Seven Years' War primarily took place around the Ohio River valley and areas of Quebec and Acadia, which was around the border of the French and the British colonies (Marston 2001, pp.10-12). Both the British and French militaries adapted to the unique battlefield of the North American theater of war which offered rough thickly wooded terrain, thus not allowing for the usual line infantry tactics (Martson 2001, pp.21-25). Overall the Seven Years' War resulted in numerous important shifts in territory and geopolitical transformations, such as the French territories in North America, various Caribbean islands and numerous territories in India coming under British control (Marston 2001, pp.56-57, 68-69, 74-75). The geographical shifts in territory following the Seven Years' War significantly expanded Great Britain's influence while largely diminishing France's colonial presence. Granted the British

victory resulted in substantial debt and the necessity to rebuild significant portions of their armed forces (Marston 2001).



**Figure 1.** North American colony possessions before 1754 and after 1763. Source: CEEB 2004.

Comment: In Figure 1 it can be observed that France lost the majority of its North American colonies after the Seven Years' War. The few colonies still remaining under French control include Caribbean islands such as Santo Domingo, Martinique and Guadeloupe.

The Revolutionary wars, spanning from 1792 to 1802, were characterized by a conflict of ideologies, politics and territorial interests, ultimately leading to the rise of Napoleon and the subsequent Napoleonic wars (Rothenberg 1988). Emerging from the French Revolution was a period of radical political and social change in France (Carlyle 2019). The Revolutionary Wars for the French were fueled by the revolutionary ideals of liberty, equality and fraternity in contrast to the conservative monarchies of the time (Carlyle 2019). The conflict began with the French Legislative Assembly's declaration of war on Austria in 1792, initially anticipating a swift victory (Rothenberg 1988, p.772). However, the war escalated into a larger conflict involving major European powers due to alliances and territorial interests. France experienced

both military victories and defeats as it sought to expand its territories, and the internal political landscape was marked by frequent coups and rivalries (Rothenberg 1988). During this chaotic period Napoleon Bonaparte emerged as a prominent figure on the national scene of France and would conduct a successful coup in 1799, overthrowing the French leadership and assuming control of the country (Rothenberg 1988, p.786). The Revolutionary wars more or less seamlessly transitioned into the Napoleonic wars which began when Great Britain declared war on France in 1803. For Great Britain, Napoleon's ambitious vision of a French-dominated empire in Continental Europe, posed a threat to Great Britain's leading role (Rapport 2013). The Napoleonic wars, although a continuation of the Revolutionary Wars, marked a shift with Napoleon as the Emperor of France and a more centralized governance structure. The new governance structure resulted in increased centralization for the French and changes in military strategy and tactics (Rapport 2013).

As one of the primary challengers to Napoleon being the island and seaborne nation of Great Britain, the geostrategic circumstances at the outbreak of the Napoleonic wars ensured a great maritime struggle. As a result of previous peace agreements from the Revolutionary Wars crumbling, Great Britain introduced an embargo on French shipping with an ultimatum (Gates 1997). The first shots fired in the Napoleonic wars occurred on 10 May 1803 and were that of a Royal Navy frigate against French shipping in the English Channel (Gates 1997, p.38). From a British perspective it can be argued that the naval power of the Royal Navy would be instrumental as a method of waging war. This would particularly be in relation to defending the island from an amphibious invasion force as well as protecting crucial shipping lanes (Gates 1997). The Royal Navy, beyond its defensive role, played a crucial part in supporting Britain's international trade and communication, which were of equal significance for the French equivalents. One method employed by the Royal Navy in a true power projection was to blockade French harbors, essentially trapping the French warships and halting trade to the ports (Gates 1997). The British view of the importance of the Royal Navy for defensive measures of British military and economic interests can be understood from Henry Dundas, who would later become the Viscount Melville and First Lord of the Admiralty:

*“From our insular position, from our limited population not admitting of extensive Continental operations, and from the importance ... of our commerce and navigation, it is obvious that, be*

*the causes of the war what they may, the primary object of our attention ought to be by what means we can most effectually increase those resources on which depends our naval superiority, and at the same time diminish or appropriate to ourselves those which might enable the enemy to contend with us in this respect.”* (Gates 1997, pp.38-39)

Following a surprise attack by the Royal Navy on a Spanish convoy off the coast of Spain in 1804, Spain joined the war on the side of France, leading to a bolstered French fleet and heightened British naval operations (Gates 1997, p.39). As a result of the attack Spain allied itself with Napoleon’s France, with the alliance leading to the Royal Navy adding the main Spanish naval bases to their extensive blockade of their enemies (Gates 1997). However, the Royal Navy also utilized what they referred to as passive and active measures against vessels from other countries such as the Netherlands, Portugal and Denmark from being utilized against them. Such measures could include bombardments of ports, amphibious assaults and other methods intended to prevent any hostile, or potentially hostile, intentions against the Royal Navy’s grasp for maritime control (Gates 1997, p.39). Such activities would consume large quantities of the Royal Navy’s resources throughout the war. However, as an island nation whose national and financial securities are built on primarily maritime trade and communication it can be argued to be vital to the British war strategy and economy.

The Battle of Trafalgar resulted in a key British victory ensuring their naval dominance for the entirety of the Napoleonic wars. Standing against the combined French-Spanish navies on October 21, 1805, the Royal Navy was outnumbered and outgunned off the Spanish coast of Cape Trafalgar (Gates 1997, pp.41, 44-46). Under the leadership of Admiral Horatio Nelson, the Royal Navy pursued the combined French-Spanish fleet with the aim of protecting British trade and maintaining naval dominance. Recognizing an opportune moment, Nelson seized the chance to engage in a decisive battle which would, if successful, potentially eliminate the enemy’s naval threat. Despite having fewer ships, some of which were not fully manned, Admiral Nelson's unique tactics enabled him to counter this disadvantage. The tactic selected by Admiral Nelson was to cut through the enemy ships’ line using two lines of ship with a high rate of sailing speed, as such the Royal Navy ships were required to sail in two parallel lines (Czisznik 2004, pp. 552-553). The successful implementation of the unique naval tactic, coupled with the Royal Navy's superior gunnery skill, is credited with resulting in the decisive victory at the Battle of

Trafalgar. The Battle of Trafalgar witnessed the Royal Navy emerge without any losses, instead capturing 20 enemy ships and sinking one, out of a total of 33 enemy ships (Gates 1997; Britannica 2023). This decisive outcome dealt a significant blow to the combined French-Spanish navy, which would secure British naval dominance throughout the remainder of the Napoleonic wars (Britannica 2023).

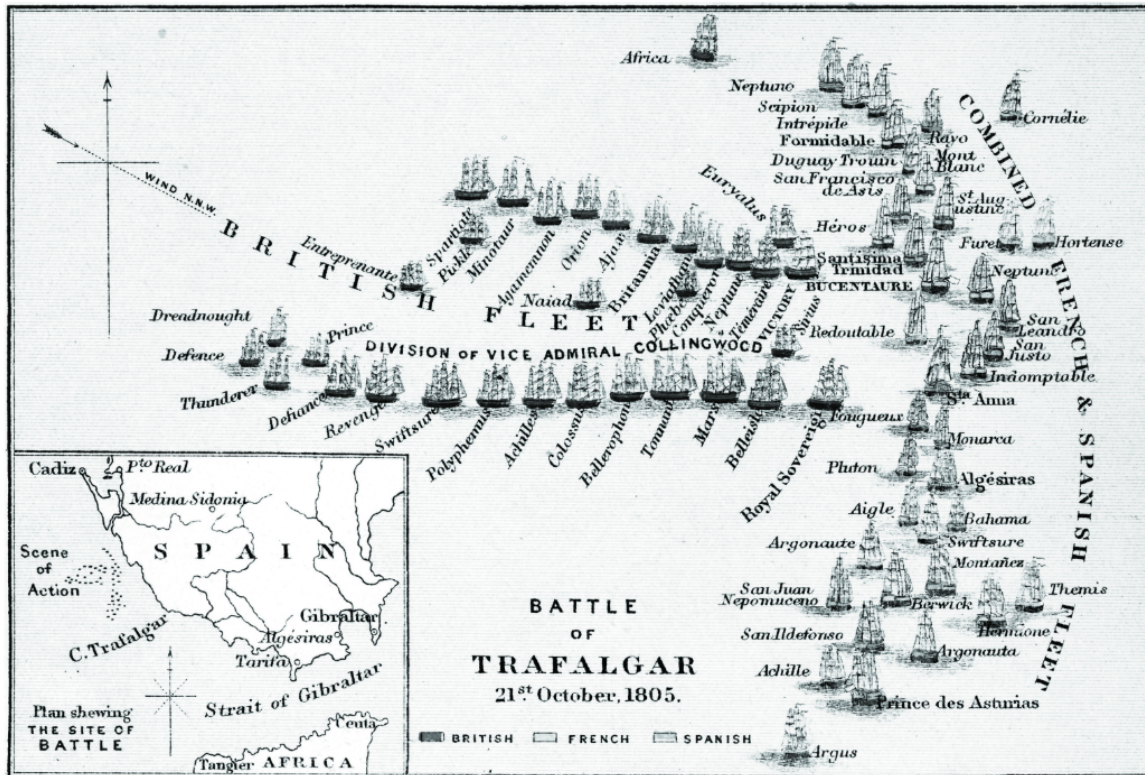


Figure 2. Map depicting the Battle of Trafalgar. Source: Gardiner 1914, p.84.

Comment: On the map one can observe the British’s unusual ship formation tactic as they attack the French-Spanish armada.

Months after the French defeat at Trafalgar, Napoleon would emerge victorious from what would become one of his most famous battles, proving that the effort on land was not over. In the book *The Napoleonic Wars 1803-1815* Gates describes the first great land battle of the Napoleonic wars as part of the Austerlitz campaign (1997). The Battle of Austerlitz in 1805, was part of a series of military engagements fought between Napoleon’s France against the Russian and Austrian Empires (Gates 1997). The French secured a decisive victory, often referred to as one of

Napoleon's greatest accomplishments, which solidified his dominant position over Continental Europe (de Méneval 1910). Furthermore, the decisive French victory can be argued to have been the beginning of the end for the Third Coalition, which were formed to fight back against Napoleon's further military expansions on land (Gates 1997). Thus it becomes important to note that although the French war effort at sea had mostly been destroyed after the Battle of Trafalgar, French forces were still successfully conquering new territory on land.

## 3 Theory

### 3.1 Previous Research

Looking at wars from an economic perspective by comparing previously published work is something which has been conducted numerous times previously. One such work includes Coclanis' paper (1996) on the American Civil War from an economic perspective. He describes how the Civil War has captivated Americans for a long time, however that much attention has not been focused on the various economic impacts and monetary costs of the war. As such he says that it took until 1975 and the work of Goldin and Lewis who published their influential work on the economic costs of the war (p.163). Regardless, he argues that when one is looking at war from an economic perspective numbers can be interpreted differently based on various perspectives which the sources or the author may have. As such, he argues, that there have grown different interpretations of the economics of the American Civil War, although not unique to the American Civil War. He arrives at the conclusion that previous economic work looking at the conflict has come to different conclusions about the quantitative aspects of the war (pp.171-172). Another work of looking at a large-scale conflict and its economic implications is Kamen's paper (1968) on the economic and social consequences of the Thirty Years' War. His paper uses previously published work and compares them in order to assess and impact the influence of different parts of the war which may have had an impact both economically and socially. A unique focus for this paper in particular is on the debate whether the war in itself caused a decline for the German parts and those who claim the decline had already begun prior to the outbreak of the war (p.44). The position which the paper argues for is on the side of the war not being a particular cause for the beginning of economic and social problems. The conclusion that is reached is that although the Thirty Years' War was part of a wider European crisis in disagreement and change, there were already changes happening in Europe which would come to impact even areas that did not partake in the war. Thus Kamen ends the paper by stating that although the war may have caused economic and social events, it was not the initiator of such events (pp.60-61).

History is full of wars which over time have grown in size and complexity leading to the need to find new ways to finance the ordeal. Sometimes referred to as the first world war, the

Seven Years' war (1756-1763) can be argued to have had the first real global footprint (Anderson 2000). Amongst historical characters, Winston Churchill himself has been credited with stating the importance of the Seven Years' war and its global context which he defined as the first true world war. Rationale behind such an idea stems from the vast geographical footprint the war covered: from the battlefields of Europe involving all major European powers on land and on sea, to colonial battlefields in the Americas, west Africa and Asia (Anderson 2000). As a predecessor to future wars in modern history, it laid a foundation for the increasing scale and global reach of wars to come, including the Napoleonic wars. As scale increased, so did the costs of financing and maintaining a grand war effort. The Napoleonic wars resulted in an overall increased scope and intensity compared to previous warfare. In Strachan's book *The First World War: Volume I: To Arms* the Napoleonic wars are described as having increased significantly in its scale and costs compared to previous conflicts (2001). In the book it is stated that previous large conflicts such as the Seven Years' war, although large in size, were primarily fought for limited objectives. In contrast, it is argued that the Napoleonic wars overall were different in terms of the scope and intensity of the conflict. Examples contributing to such an increase is cited as a dramatic increase in the size of armies which in turn increased the scale of the battles fought which evolved into multiple theaters of war. As the scale of the conflicts increased in size, so did the costs to finance the wars, forcing governments to find means to raise enormous sums of money to afford their war efforts (Strachan 2001).

The idea of a single decisive battle turning the tide or impacting the outcome of the war is a popular notion when discussing war, and the Battle of Trafalgar is a classical example of that. In his paper *The Concept of "Decisive Battles" in World History*, Harari (2007) discusses the phenomenon. He can be interpreted as describing it as the notion of a single battle as a key turning point resulting in a decided fate for the outcome of the remainder of the war. The almost mythical folklore that some battles turn into as they are enforced by generations with the notion of them deciding the outcome of the war. Harari writes that the Battle of Trafalgar is such a battle which is surrounded by legend. Although it is not a unique attribute to the Napoleonic wars, it does impact the view one may have of the Battle of Trafalgar. Although Harari does admit in his paper that there may be a truth to such a notion, it is not always the case. The importance of the battle which previous research seems to attribute to it, implies that there is something to it. Previous economic history research with a thematic focus on the Napoleonic wars have primarily



focused on questions regarding the Industrial Revolution and the British economy. For example O'Brien's (1989) paper named *The Impact of the Revolutionary and Napoleonic Wars, 1793-1815, on the Long-Run Growth of the British Economy* focuses on the years in which the Revolutionary and Napoleonic wars took place in the context of the British economy. In Silberling's (1924) paper *Financial and Monetary Policy of Great Britain During the Napoleonic Wars* he writes about the British perspective of their financial and monetary policy during the years of the Napoleonic wars. Wright's 1999 paper focuses on the British borrowing during the mid-18th century up until the end of the Napoleonic wars, and C.P.H. (1931) discusses Great Britain's financial support of their Continental allies. More recent work includes Hutchinson and Dowd (2018) discussing the British Industrial Revolution and its connection to the British wartime finances. As demonstrated, a lot of well-regarded literature is particularly focused on the British perspective. There are of course great contributions either comparing France and Great Britain during the period or focusing entirely on the French perspective, although not in the same quantity. Important comparative work includes Bordo and White's (1991) paper which focuses on the financial policies taken by both France and Great Britain prior to and during the Napoleonic wars. Like the previously mentioned paper, Crouzet's (1964) work has been another important source for this thesis. His work focuses on the long term impacts of the war and the subsequent blockades between 1792 to 1815. Other important work, which covers the French perspective in particular, includes Branda's (2008) paper evaluating the validity behind claims that Napoleon's military campaigns were able to be self-financing, and Sloane's (1898) paper discussing different aspects of the Continental System. Nonetheless, what is a common occurrence in all of these papers are their direct, or indirect, mention or reference to the Battle of Trafalgar. As such, it can be interpreted as support to the legendary status which the Battle of Trafalgar is surrounded by. It creates an interpretation that the battle must have had great implications, as such it becomes interesting to focus further research around the specific event.

### **3.2 Theoretical Approach**

This thesis adopts a multidimensional theoretical approach to examine the influence of the Battle of Trafalgar on the development of economic policies in France and Great Britain. The primary

theoretical lenses utilized in this research are war finance theory, economic warfare and Colonial Mercantilism.

### **War finance theory**

War finance theory can be explained as the study of how countries finance their military operations during times of war. A variety of measures such as taxation, borrowing, printing money, and seizure of assets can be used for this purpose (Cappella 2012, pp.21-25). An important factor to consider for war financing is the short and long term consequences of increased, and potentially uncontrolled, government spending as it may result in high levels of inflation (Plumptre 1941). By utilizing taxation to finance a war effort, the government can distribute the burden of the war expenditure across its population (Sprague 1917). Taxation in this regard can be explained as the total revenue raised from existing taxes and the potential to add new war taxes (Cappella 2012, p.22). While taxation may take a while to reform and collect, borrowing may offer a swifter means to finance. One of the advantages in theory with borrowing is the flexibility and the immediate access to funds the method offers (Sprague 1917). Borrowing can be defined as individuals, groups or institutions lending money to a government with a mutual understanding of the money being paid back over time (Cappella 2012, p.23). The downside however, is the fact that a heavy reliance on the method of borrowing leads to increased debt levels and interest rate payments (Sprague 1917). Another feasible alternative is to print more money, which unlike the previous example does not involve money which is already circulating within the state (Cappella 2012, p.24). One risk with such a solution is rampant inflation which printing money during wartime may result in. Lastly is external funding which refers to a wide array of abroad resources, which may range from examples such as foreign borrowing to seizure of assets from the war effort (Cappella 2012, pp.24-25; Montana 2003, p.216).

*“The king of Spain was advised that waging war required three things: money, money and more money” (Montana 2003, p.215)*

War financing has undergone significant transformations over the centuries, mirroring the transformative nature of wars throughout history and reflecting changes in economic systems. During ancient and medieval times, wars were often financed through the acquisition of treasury and looting from conquered territories (Montana 2003, p.216). Rulers and states relied on their personal wealth while also borrowing from affluent individuals to fund military campaigns. During the early modern era in Europe, 15th to 18th centuries, the emergence of nation-states necessitated larger standing armies. The maintenance of these armies often relied on costly mercenary forces, which were financed through different means such as taxation and vast imports of precious metals from colonies (Montana 2003, p.215). During the 17th and 18th centuries, borrowing and public debt emerged as prominent means to financing wars (Montana 2003, pp. 215-218). European powers such as the Netherlands and Britain started to issue government bonds as a method to raise funds for wars. This development led to the creation of a national debt system and the establishment of the early modern financial markets. In the 19th century there were further developments in war financing as governments introduced new taxes or increased rates to accommodate the growing military expenses. The establishment of national banks provided governments with new avenues to issue and manage currencies, facilitating easier financing of wars.

### **Economic warfare**

Instead of targeting military capabilities, economic warfare focuses on a range of economic targets to inflict harm or damage on opponents. Economic warfare can be defined as a deliberate and forceful disruption of an adversary state's economy with the intention of diminishing its power through coercive measures (Førland 1993, p.151). From a theoretical standpoint, economic warfare specifically focuses on economic resources as opposed to military warfare which focuses on military capabilities, although they may in practice overlap (Førland 1993, pp.151-152). Measures which can be categorized as part of economic warfare include sanctions, embargoes and blockades. International law has been popular in the historical discourse surrounding economic warfare, particularly in the context of its relationship with neutrality. Studies examining this relationship have previously focused on conflicting interests between belligerent states seeking to disrupt their enemies' trade and neutral states that are tempted to

engage in or benefit from such trade disruptions (Førland 1993). These discussions highlight the complex legal considerations and challenges that arise when balancing the rights and obligations of belligerents and neutral states in times of economic conflict.

Economic warfare has been a fundamental aspect of warfare throughout history's many wars. Early on in the history of states, it became apparent that a military victory in war was not only dependent on the strength of one's military, but also on the state's ability to maintain a functioning economy and access to crucial resources (Lowe - Tzanakopoulos 2010). Such resilience is necessary to endure the hardships accompanying war and sustaining the military's capacity to wage it. Consequently, the deliberate strategy of undermining an adversary's economy to weaken or eliminate their ability to wage war became an evident course of action. Acts of economic warfare can be traced back as far as the Peloponnesian war between Athens, Sparta and their respective allies (Stantchev 2012, pp.377-378). By implementing the Megara decree, the city-state of Athens imposed trade sanctions on Megara, an action that Sparta interpreted as an act of war (Lowe - Tzanakopoulos 2010, pp.1-2). In the early modern era during the Byzantine-Ottoman wars of the 14th and 15th centuries, both parties sought to disrupt the trade routes of the other by utilizing trade embargoes and capturing trade (Stantchev 2012, pp.391-392). In the 18th and 19th centuries, Britain was the dominant wager of seaborne economic warfare, often blockading enemy ports and attacking shipping (Førland 1993, p.152). By purposely targeting the economic foundations of enemies, economic warfare has proven to be a formidable and recurring strategy in the history of war and conflicts.

### **Colonial Mercantilism**

An economic theory prevalent during the early modern period was Mercantilism, which influenced policies and practices of many European nations in their pursuit for wealth, power and national prosperity. The fundamental philosophy of Mercantilism can be characterized by its belief that a favorable balance of trade would enable nations to amass wealth, hereby strengthening their economic position (Coleman 1980, p.775). The belief was that a nation should export more goods than it would import to generate a surplus which in turn would result in the accumulation of precious metals such as gold and silver (Barth 2016, pp. 257-258). Such a favorable balance of trade would be achieved through economic policies such as tariffs, subsidies

and colonial trade (Coleman 1980, pp.775-776). From a Mercantilist perspective, the perceived strength and economic power of a nation were intricately linked to its ability to generate a surplus. In the framework of Mercantilist ideology, money, specifically gold and silver, held a distinct status as a commodity unlike any other (Coleman 1980, p.775). One argument for this phenomenon could be attributed to the persistent necessity of financing wars to sustain and expand colonies in the pursuit of resources and wealth. As a result, the unique nature of money led to its recognition as deserving particular attention and intervention by the state. This recognition served as a justification for the central focus of the Mercantilist trade doctrine on attaining a favorable balance of trade. This focus on trade imbalances enabled states to accumulate significant quantities of these precious commodities (Barth 2016, p.258). The pursuit of the doctrine has been argued by some to have been primarily promoted by merchants and manufacturers who were interested in pursuing the establishment of monopolies for their businesses (Coleman 1980, p.775).

During the late 18th century, the concept of Mercantilism, characterized by European states engaging in military struggles and the need to finance these wars, faced challenges from emerging liberal ideas. Mercantilism, which emphasized national economic power through various protectionist policies and the accumulation of wealth had been the prevailing economic doctrine amongst European powers (McCusker-Menard 1985). Such economic doctrine often resulted in fierce competition between states as they fought for a dominant position in trade and colonial territories (Brewer 1990). The constant financial needs for wars, driven in part by the Mercantilist ambitions to acquire resources and riches from colonies, further intensified the fierce competition among European states (Northrup 2014). However, as the Enlightenment swept across Europe at the time, it brought a wave of liberal ideas that directly challenged the core principles of Mercantilism. Concepts such as free trade, economic freedom and limited government intervention gained traction which were in stark contrast with the core pillars of Mercantilism. Such ideas were famously expressed by Adam Smith and his influential work “The Wealth of Nations”, which laid the foundation for the critique of Mercantilism and the rise of what is considered classical liberalism (Barth 2016, p.262, 285). The rise of liberal ideas undermined the central beliefs of Mercantilism, including the notion that a positive trade balance was the only determinant of national wealth and prosperity (O’Brien 2000). This ideological

change would come to lay the groundwork for transformative changes in economic policies which were taking place in the late 18th and beginning of the 19th centuries.

## 4 Methods

This thesis will utilize a literature analysis focusing on secondary sources that are written using a combination of primary and secondary sources. The methodology involves several key steps. Firstly, a systematic search is conducted to identify relevant secondary sources related to either the Battle of Trafalgar or economic policies during the Napoleonic wars. The selection of sources is based on a combination of criteria, including thematic topic, historical accuracy and relevance to the research question. Once a source is selected, it will be subject to analysis to gather relevant information, arguments and available data if applicable and relevant. The objective of the literature analysis is to construct a well-founded understanding of the economic policies and strategies before and after the Battle of Trafalgar, aiming to determine the potential impact of the battle on economic policies. By examining the existing literature, this methodology seeks to uncover insights into the relationship between the Battle of Trafalgar and subsequent economic policies.

The quantitative aspects employed in this thesis serve the purpose of illustrating points made by relevant literature. Such data may include trade volumes, budget deficits and other quantitative measures that provide support and evidence for specific viewpoints or descriptions. The interpretation of the selected data aligns with the research question and supports the statements being made. The credibility of the method is further strengthened by referencing existing work that have discussed or presented their own data. Overall, the inclusion of quantitative aspects in the thesis aims to enhance the discussion of potential impacts that the Battle of Trafalgar may have had, strengthening the overall argument.

One key limitation is the asymmetrical presence of research focusing on the British perspective due to better records keeping and key economic historical events. As a result, there may be a lack of French sources, which can limit the depth and diversity of the research. Furthermore, it may result in a bias towards the British perspective, potentially leading to overlooking key aspects from the French perspective. Despite efforts to search for and analyze historical French sources, the asymmetry of the available research material may present a challenge. It is important to highlight, however, that this is not unique to this thesis' particular research area, and can be a common challenge faced by researchers in the field of economic history. One explanatory factor to such an asymmetrical amount of research focusing on

economic history and Britain for the period of the Napoleonic wars can most likely be explained by the British Industrial Revolution. The Industrial Revolution was in full swing in Great Britain during the period of the Napoleonic wars, and this period of economic development is one of the most researched topics in economic history. This abundance of research and data available for Britain may partially explain the asymmetry in research focus and data available when compared to other nations involved in the Napoleonic wars.

Another limitation to the research is the potential influence of external events or factors on economic policy decisions during the aftermath of the Battle of Trafalgar, aside from the battle's direct outcome. Such factors may include the politics in the country, domestic situations, technological developments or the impact of new philosophical thoughts such as the rise of liberalism of the period.

The final aspect to consider is the author's limited proficiency in the French language with basic linguistic abilities in communication, reading and understanding. The basic understanding of the French language may limit the ability to conduct research on the French perspective and academia surrounding the subject at hand. Important literature and research by key French researchers such as Pierre Branda's 2008 work *Did the war pay for the war? An assessment of Napoleon's attempts to make his campaigns self-financing* are available in English. However, other important research and academic texts may have been missed due to the natural language barrier. Furthermore, the lack of proficiency in French may hinder the ability to conduct further research on the French perspective and academic literature relevant to the subject. As a result of this, the study may not be able to fully capture the nuances of the French perspective and may not be able to research more extensively into French language sources.



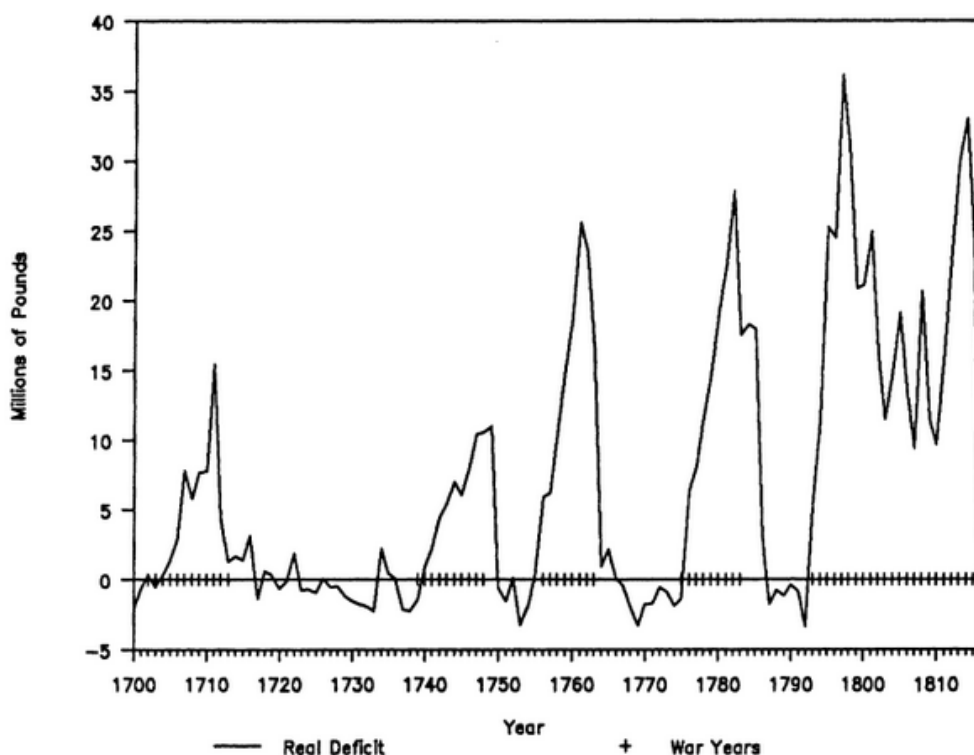
## 5 Literature Analysis

### 5.1 The economic policies prior to the Battle of Trafalgar

Prior to the Battle of Trafalgar, Britain employed various economic policies, such as tariffs and strategic promotion of free trade, while leveraging their naval dominance to establish blockades and disrupt enemy trade routes. Britain employed various economic policies including protective tariffs and promoting free trade where it benefited them. One key strategy utilized by Britain was to leverage their naval dominance to establish blockades and disrupt enemy's trade routes (Crouzet 1964). In the essay *Wars, blockade, and economic change in Europe 1792-1815* Crouzet (1964) discusses how Britain throughout the conflict effectively utilized their navy with the intention of disrupting enemy trade routes. The essay outlines the Royal Navy's naval blockade against France and its allies, strategically aimed at isolating their ports and undermining their economic strength by disrupting both imports and exports from international trade. This was an important aspect of the economics of many European countries as the Americanization, as Crouzet describes it, and Atlantic-centered trade between Europe and their colonies in the Americas were increasingly important (1964, pp. 568-570). The 18th century can be characterized as the Atlantic stage of European economic development, with foreign trade, particularly with the Americas, emerging as the dominant sector of international trade. Continental economies heavily relied on exporting their products, while also benefiting from the cost advantage of sea transport over land transport (Crouzet 1964).

During the Revolutionary and Napoleonic wars, the British government relied heavily on issuing war loans and accumulating public debt to secure the necessary funds for their military strategies. Through extensive borrowing, the national debt had doubled by 1798 as the British government sought substantial funding to finance its military campaigns (Bordo-White 1991, pp.310-311). The Bank of England played a vital role in financing Britain's wars, supporting both government and private borrowing (Wright 1999). However, it faced difficulties with credit availability and had to suspend specie payments in 1797 (Bordo-White 1991, p.311). In 1799, the British government introduced an income tax as a means of generating additional revenue, which proved instrumental in funding a substantial portion of the government's expenditures (Bordo-White 1991, pp.310-311; O'Brien 1988, pp.1-2). The British government implemented

tax policies with the aim of adjusting tax rates over time to minimize potential economic inefficiencies, while placing strong emphasis on the eventual restoration of specie payments (Bordo-White 1991). Taxation served as a crucial source of income to cover interest payments on short and long term borrowings, which remained the primary means of funding during wartime, meanwhile during peacetime the government used the tax surpluses to repay wartime debt (O'Brien 1988). This policy of the British government can be observed during the difference in the British real deficit surplus, which can be described as the balance of the budget taking into account the effects of inflation. During British involvement in war during the 18th and early 19th centuries, there were significant increases in the real deficit surplus for Great Britain. Examples of such periods include the Seven Years' War and the Revolutionary- and Napoleonic wars where there was a sharp increase with millions of British Pounds in the real deficit surplus (Bordo-White 1991, p.305). During protracted times of peace, the real deficit surplus would decrease into the negatives, such as the 1720s and 1730s, exemplifying the British use of tax policies to finance war time expenditures with debt and use taxation during peacetime to pay off the debt (Bordo-White 1991, p.305).



**Figure 3.** Great Britain, real deficit (surplus). Source: Bordo-White 1991, p.305.

Comment: The figure depicts Great Britain's real deficit over the time period 1700-1815 in relation to periods of war.

The 18th and 19th centuries saw a profound emphasis on industrialization and technological advancements, with the industrial revolution starting in Great Britain. During the early 19th century, Great Britain's Industrial Revolution was in full swing (Allen 2011). Although an intensely debated subject, some argue that the origins of the Industrial Revolution in Great Britain was in part due to its competitive markets, British colonies with their global trade networks and skilled labor (Allen 2011). Regardless, as a result of the Industrial Revolution, Great Britain was highly industrialized and saw many technological innovations during the period. Allen (2011) argues in his article *Why the Industrial Revolution Was British: Commerce, Induced Invention, and the Scientific Revolution* that the innovations of the Industrial Revolution had a significant impact on the British economy. Examples which he raises are that by adopting new technologies it allowed for a new large scale production, which would have impacts on for example the textile industry. Furthermore, it is argued in the article that the technological innovations raised productivity levels with the help of innovations such as the steam engine, which resulted in higher output and lower cost per unit produced as economies of scale became viable. As such the British domestic market grew and expanded during the period as industries grew. The combination of the growing industries and access to crucial resources can be argued to have contributed to the overall strength of the British economy which in turn could support war efforts of the period.

In order to support its domestic market, Great Britain's approach during this period involved Mercantilist ideas of trade policies to protect domestic industries while leveraging its colonial empire for resources and markets. With the establishment of British colonies around the world, it allowed Great Britain access to importing valuable resources from the colonies, while also allowing for a market to export their manufactured products to which were protected with trade barriers towards other nations and their colonies (Førland 1993, p.156-157). As a result of this colonial exploitation in accordance with Mercantilist perspective of the time, Great Britain was able to have a significant economic advantage over other European powers. The colonial arrangement ensured that Great Britain's wealth and accumulation of resources could support their continued industrialization and military campaigns (Førland 1993). As such, the colonies served an important role both as a potential export market for British goods and a dependable

source of essential resources for the domestic industries. This was important because at its essence Mercantilist theory revolved around the promotion of exports and limitation of imports as means to amass wealth (Førland 1993, p.156). Despite increasing philosophical criticism against Mercantilism from liberal thinkers such as Adam Smith, Great Britain persisted in employing Mercantilist policies with the objective of stimulating domestic production and decreasing dependence on foreign goods (O'Brien-Pigman 1992, pp.92-93). One could also argue for the colonies holding a strategic value in terms of projecting military power. With their vast colonial possessions, Great Britain could facilitate and project their military power far beyond the British isles, strengthening the Royal Navy's global presence as the colonies acted as staging points for military operations.

During the period prior to the Battle of Trafalgar, France pursued a range of economic policies aimed at bolstering its industrial and colonial strengths while working towards financial stability. Similar to Great Britain, France employed mercantilist policies, which involved protecting domestic industries through trade barriers and expanding colonial territories to secure access to resources and new markets (Førland 1993, pp.156-157). Despite losing large parts of their overseas colonies after the Seven Years' War, France still maintained economically significant colonies for its Atlantic trade (Martson 2001). French colonial trade experienced significant growth, estimated to have increased tenfold between 1716 and 1787 (Crouzet 1964, p.568). This growth fueled the expansion of various domestic industries, and as a result the French seaboard provinces emerged as among the most industrialized regions in Continental Europe during the 18th century (Crouzet 1964, pp.568-569). Despite experiencing industrial development and an increase in colonial trade, France faced significant challenges in its state finances. By the beginning of the 18th century, the French national finances were not considerably weaker compared to those of Great Britain (Bordo-White 1991, p.308). However, the financial situation of France would deteriorate during the Seven Years' War which resulted in the French crown suspending repayments on various short term debt (Bordo-White 1991, pp.308-309). The financial crisis would continue and eventually result in France declaring a partial bankruptcy in 1770, which resulted in the French crown committing to goals of fiscal stability (Bordo-White 1991, pp.308-309). One could argue that France encountered greater obstacles in its peacetime finances compared to Great Britain due to the lack of transparency in the French crown's finances. Unlike in Great Britain, France lacked the institutions which could

guarantee consistent policy and transparency. As a result of this, France experienced higher interest rates for their loans as it was considered a greater risk to invest in French securities compared to British ones (Bordo-White 1991, pp.308-309). In 1789 when the French monarchy collapsed under the French Revolution, it can be argued to have not exactly bolstered the investors' confidence in the stability of the French financial markets. The revolutionary government faced challenges in borrowing money and resorted to printing paper money backed by seized land belonging to the church (Bordo-White 1991, pp.308-309). Although the methods initially improved the financial situation it would deteriorate after the outbreak of the Revolutionary Wars in 1792 (Bordo-White 1991, pp.308-309). The worsened situation resulted in hyperinflation, and the revolutionary government's inability to implement meaningful and consistent policies eroded credibility, and limited the financing options for future wars (Bordo-White 1991, pp.308-309).

The previous tumultuous revolutionary period and continuous series of wars had left France reliant on primarily taxation for its state finances. Following Napoleon's coup d'état in 1799, sweeping changes were implemented, including the introduction of new taxation and the re-establishment of payment towards debtors (Bordo-White 1991, pp.314-315). These measures can be perceived as Napoleon's attempt to restore investor confidence by rebuilding trust and credibility. One could argue that Napoleon had understood the difficulties of regaining investor confidence in France, and implemented new economic policies with a focus on financing the war effort through alternative means to debt. Bordo and White (1991) writes that as a result of the limited investor confidence in the French finances, France was not able to finance a meaningful part of the war effort in the Napoleonic wars with debt. Instead Napoleon opted to implement new taxation policies, both increasing taxation of France to higher levels than prior to the revolution, but also attempting to capitalize on his military feats (Bordo-White 1991, p.315-316). An example of this is taxation on conquered territories and allies aimed at supporting the French armies on the continent. One such example was Austria which was required to pay 75 million Francs in 1805 to France (Bordo-White 1991, p.315-316).

The economic setback for France after the loss of Santo Domingo was further worsened by the British blockades which aimed to disrupt the commercial trade of France. The revolutionary spirits were not limited to France; they also had a notable impact on one of its arguably most significant colonies of the period, the island of Santo Domingo. Encouraged

initially by both Great Britain and the US, Napoleon dispatched an expeditionary force aimed at stopping the revolutionary slave forces on the island (Blackburn 2006, pp.647). Although the expeditionary force achieved a certain level of success initially, their struggle against the revolutionary forces resulted with estimates of up to 50,000 French soldiers lost (Blackburn 2006, pp.647-648). Ultimately France would lose the fight with their limited resources and military setbacks, resulting in the revolutionary slave forces emerging triumphant, declaring independence in 1804 (Blackburn 2006, p.647). The overthrow of the French colonial government on the island dealt a difficult blow to the French colonial trade. Santo Domingo was estimated at the time to have represented roughly  $\frac{3}{4}$  of all the French colonial trade for the period (Crouzet 1964, p.569). After the loss of Santo Domingo, the little trade remaining was blocked by the British. The British blockades aimed to disrupt the little remaining French commercial trade and naval activities. The British blockades were not as stringent as they would be after 1807, but they still impacted the remaining French maritime trade (Crouzet 1964, pp.569-570). Shipping conducted under neutral flags was still allowed, and as such a limited amount of trade could continue with neutral parties. Many of the affected French ports and shipping towns would however never truly recover during the remainder of the war (Crouzet 1964, p.569).

## **5.2 The aftermath of the Battle of Trafalgar**

The devastating defeat at the Battle of Trafalgar for France highlighted the vulnerability of the French maritime trade which they were unable to protect. The battle of Trafalgar not only resulted in the British naval dominance throughout the conflict, it also successfully prevented French access to their few remaining colonies (Branda 2008; Gates 1997). In his essay *Wars, Blockade, and Economic Change in Europe, 1792-1815*, Crouzet (1964) explores the profound consequences faced by France and occupied economies due to the loss of access to Atlantic trade. Throughout the history of conflicts between Great Britain and France, the Royal Navy had never wielded such an extensive and prolonged dominance over the seas as it did during the Napoleonic wars. This resulted in French trade being severely affected as their remaining colonies were mostly cut off (Crouzet 1964, p. 568-569). While initially reaping the benefits of the decline in French trade, it became evident that other European nations would not remain

untouched by the impacts of the British blockade. Up until 1807, most Continental ports had still not been put under the rigorous British blockade and trading under neutral flags could continue for a period of time (Crouzet 1964, pp.569-570). Even as neutral shipping was allowed, the impact of the British trade restrictions could be felt by the Continental ports. Examples of the sharp decline in trade for Continental ports can be illustrated by the port of Barcelona which saw only  $\frac{1}{3}$  of the direct trade in 1806 as they had in 1804, and in the French port city of Nantes, ships entering the port in 1806 had a total shipping tonnage of 54,000, compared to over 80,000 tonnage in the year of 1802 (Crouzet 1964, p.570). The British also conquered numerous colonies belonging to cut-off Continental powers. For example the Dutch colonies such as the Cape Colony and Dutch East Indies, and in 1808 when the Spanish colonies sided with the Spanish insurgency against Napoleon, Britain was swift to incorporate them into their market and exclude them from the Continental suppliers (Crouzet 1964, p.570).

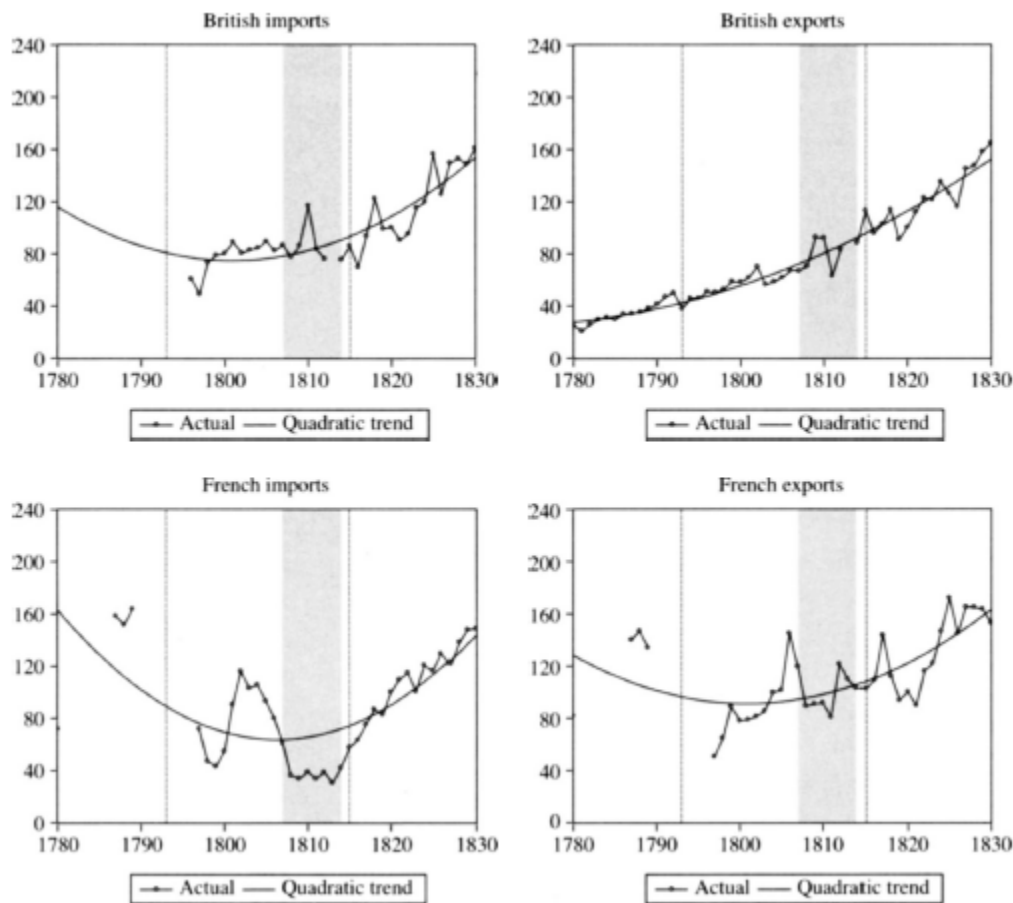
In response to the British isolating France's trade network and colonies, Napoleon implemented the Continental System as a grand strategy to undermine Great Britain's economy with a self-imposed blockade. The idea of a self-imposed blockade, which Napoleon introduced in 1806, was first discussed during the Seven Years' War. According to Førland's paper (1993, pp.156-157), the concept was first suggested by Spain to France when they joined forces in the war. He writes that Spain advocated for this measure with similar intent as Napoleon, aiming to cripple Britain's economy. One may find the intriguing aspect of this idea being in its ability to leverage economic warfare tactics such as a land-based blockade, as a means to turn Great Britain's own economic strength of their vast trade networks against them. Being a proponent of Mercantilist policies, Great Britain, like many other European powers, were dependent on exporting goods for wealth accumulation. Although France and Spain decided against using the idea during the Seven Years' War, one may speculate whether this served as a source of inspiration for Napoleon's Continental System. Regardless, Napoleon would introduce the Continental System, a self-imposed blockade, of France and its allies as a response to Great Britain blocking French access to their trade routes and colonies (Førland 1993, p.157). Under the Continental System the import of all manufactured goods from Great Britain was prohibited, including if the goods were passing through the English channels (Sloane 1889, pp.215-216). Although the policy was difficult for Napoleon to enforce in the beginning, over time an administration was created and the use of a strong military presence and customs authorities

actively enforced the Continental System (Sloane 1889, p.216). One interesting point raised by Førland's paper (1993, p.157) is that the Continental System only prevented British exports and not the export of Continental products to Britain, which on the contrary was encouraged by Napoleon. Speculation as to why may vary, one interpretation could be that the French economy wanted to be paid in gold to be able to finance their war efforts.

After Napoleon introduced the Continental System which aimed to weaken the British economy, Great Britain responded by implementing a policy change in 1807 to halt indirect trade between enemy ports and their colonies (Crouzet 1964, p.569). As France would continue with their successful military campaigns in Continental Europe, French occupation of ports resulted in trade mostly grinding to a halt as the British enforced their blockade. In what could be described as a dramatization of the consequences of the new severe British blockades, the Continental port cities after 1807 were described as "...deserted and filled with growing grass on the streets" (Crouzet 1964, pp.570-571). Marseilles, a prominent coastal city in France, serves as a prime example of the adverse consequences which were brought by the new British blockade. Its industrial output decreased from an estimated 50 million Francs in 1789 to a mere 12 million Francs by 1813 (Crouzet 1964, p.571). However, the Continental System can be argued to have offered some short-term economic benefits to Continental Europe. The trade barriers imposed by the system forced these countries to develop their own industries, leading to industrial advancements, technological progress and the growth of land-based transport infrastructure. There were of course hardships faced from the economic situation with some industries, such as the silk industry, suffering. However, one positive impact from the lack of access to imported materials was the introduction of large-scale machine spinning which contributed to a significant increase in the Continental cotton production (Crouzet 1964). Førland (1993) describes the impact of the self-blockade and British countermeasures as leading to greater economic disruptions in France and the rest of the Continent compared to Great Britain. One important detail in Napoleon's Continental System was the internal protectionist policies in favor of French businesses over those in other parts of Europe, which exacerbated the economic difficulties outside of France. French industries, benefiting from trade barriers while still being able to compete and export to other economies on the Continent, can be argued to have eventually resulted in a boomerang effect. This backfired on Napoleon's grand economic weapon as



economic hardships experienced by the rest of the Continent due to the Continental System ended up becoming a catalyst for Napoleon's allies to abandon their support for France.



**Figure 4.** Volume of trade, 1780-1830. Source: O'Rourke 2007, p.13.

Comment: One can observe how British imports and exports remained relatively stable throughout the period of the Napoleonic wars, meanwhile the French imports in particular fluctuated and decreased as much as 50% between the years 1807 and 1814.

Great Britain's economy did not escape the Continental System unscathed; in fact, the strategy worked to a certain extent, putting pressure on the British economy and its population. In 1811 Great Britain had truly started to feel the economic consequences of Napoleon's Continental System, as prices slumped and unsold goods filled the warehouse (Førland 1993, p.156). Although the Continental System was not the direct reason for it, it did have its part in the economic situation of Great Britain of this period. As bankruptcies and riots were taking place in Great Britain from 1810 to 1812 there was widespread dissatisfaction (Førland 1993, p.158).

Bordo and White's paper (1991) discussing the British and French finances during the Napoleonic wars attributes part of these economic difficulties to the wartime debt which had grown significantly large during the conflict. As an important part of financing the war effort, the British government utilized taxation. From the year 1805 to the year 1810 the income taxes had increased from 24% to 34%, which was not unusual as Great Britain had often raised taxes in times of war (O'Brien 1988, p.9). However, the Napoleonic wars were a particularly expensive ordeal. As the British empire continued to expand, the Royal Navy played a crucial role in its defense and security of shipping. However, the customs duties collected from the private corporations, which received the Navy's protection, were far from sufficient to cover the costs (O'Brien 1988, pp.16-17). One could reason that a part of the frustration with the rising taxes was that regular British citizens carried an ever-increasing share of the taxes, supporting what could have been seen as a never ending conflict that the Revolutionary and Napoleonic wars had become at this point in time. One could wonder whether, as the later stages of the Napoleonic wars unfolded and the trade barriers of the Continental System began to take their toll on Great Britain, the British state and merchants might have started contemplating the adoption of more liberal trade policies. In O'Brien and Pigman's work (1992), they discuss Great Britain's growing openness to more liberal policies, marking a departure from the previously dominant Mercantilist approach. They argue that this shift in policy would be beneficial for Great Britain. However, it was not until the mid-19th century that Great Britain began showing interest in the more liberal policies such as bilateral trade agreements, which arguably mostly served as means to negotiate broader diplomatic goals and national security interests, rather than a genuine commitment to free trade (O'Brien-Pigman 1992, pp.93-94). Importantly, the authors also highlight that the British victory at the Battle of Trafalgar in 1805 solidified the Royal Navy's dominant position throughout the remainder of the Napoleonic wars and beyond. This naval supremacy is argued to have played a vital role in positioning Great Britain as the strongest military and economic power in the aftermath of the conflicts.

Wars of conquest have the potential to be self-financing if successful. However, despite numerous victories throughout the Napoleonic wars, Napoleon never managed to achieve a self-financed military campaign. With self-financing, Napoleon meant for his military campaigns to finance themselves through for example imposing large payments from peace treatments, looting and so forth (Branda 2008, pp.3-4). Branda (2008) identifies several factors contributing

to the limited financial success of Napoleon's attempted self-financing campaigns. Notably, significant naval investment and costs played a significant role. The French Navy received a considerable allocation of military spending, with estimates suggesting that up to  $\frac{1}{3}$  of the French military budget was devoted to the navy. However, the financial returns from successful naval engagements and successful privateering were relatively modest (Branda 2008, p.9). These factors posed challenges to financing the French war effort independently of taxation and loans. The problem for Napoleon was that the financial constraints forcing an approach of self-financing campaigns restricted how military campaigns could be conducted. With  $\frac{1}{3}$  being spent on the navy that arguably had limited capabilities for the new primarily land-based economic warfare policies, it drained vital resources. In this regard, the Battle of Trafalgar's impact on the French navy was successful for the Royal Navy. An important part of the French military budget was spent on a weak French navy which was in no position to truly challenge the Royal Navy.

The outcome of the Battle of Trafalgar can be argued to have had an impact on the economic policies of France and a more complex impact on Great Britain during the Napoleonic wars, although the evidence is mostly circumstantial. For France, the battle weakened the French navy and limited their maritime capabilities, making it difficult to challenge the Royal Navy's blockade. This weakening of their naval power likely influenced the implementation of the Continental System by Napoleon, as it forced him re-evaluate a new approach to his economic warfare policies. The French shifted their focus from colonial trade to developing industries on the Continent, in an attempt to mitigate the impact of the blockade. While the exact relationship between the Battle of Trafalgar's outcome and the Continental System is challenging to establish definitely, it can be argued as having been at least one contributing factor. One way in which it may have been a contributing factor can be argued with it having an indirect impact on French economic policies. Such an argument would be that it had an impact on the economic policies indirectly if it resulted in Napoleon having less of a choice: he could no longer challenge the Royal Navy and their blockade at sea, this meant that his options were more limited than prior to the Battle of Trafalgar. In contrast, the impact on the British economic policies is more complex. Prior to the battle, the Royal Navy already enjoyed a dominant position at sea, but the outcome of Trafalgar solidified their absolute superiority and averted the possible threat of an invasion on the British Isles. The victory not only allowed the Royal Navy to continue their naval activities

mostly unchallenged, including upholding the blockade, but it also reduced the chances of being challenged by the French navy. As such the impact that could be argued was that the stronger naval position of the Royal Navy could double down on the blockades, which Britain did after the Continental System was introduced. One must also consider other external factors which were not necessarily related to the Battle of Trafalgar at all. The Royal Navy was already in a strong position prior to the Battle of Trafalgar, as such one could argue that the British policies would have remained the same even without the Battle of Trafalgar ever happening. For conclusive remarks the sources indicate that the Battle of Trafalgar may have had implications on the economic policies of France and Great Britain during the Napoleonic wars. Although, it is important to keep in mind that the extent of this impact is subject to interpretation due to the circumstantial nature of the supportive evidence discussed in this thesis.

## 6 Conclusion

The research aims of this paper were to determine what impact the Battle of Trafalgar may have had, if it had any, on economic policies of France and Great Britain during the Napoleonic wars. The specific research question of this paper is: *How did the Battle of Trafalgar influence the development of economic policies in France and Great Britain during the Napoleonic wars?* This thesis comes to the conclusion through the literature analysis that the relationship between the Battle of Trafalgar and the impacts on French and British economic policies can be described as circumstantial or indirect at best. Leading up to the Battle of Trafalgar, Britain employed various economic policies in order to strengthen its position as the dominant maritime power. Through the implementation of protective tariffs, Britain protected its domestic industries. Additionally Great Britain used the Royal Navy effectively to blockade enemy ports, disrupting their enemies trade and economy, while still accessing its colonies and vast trade network. The colonies in particular were important sources of resources which would fuel the British wartime economy. In contrast, France faced financial difficulties and suffered severe losses prior to the Battle of Trafalgar, including the loss of their most prized colony of Santo Domingo. The Battle of Trafalgar exposed the weakness of the French naval forces, and their loss at the battle helped solidify British dominance at sea while crushing any French hope of challenging it. Napoleon's ambitious economic warfare strategy of the Continental System, designed to undermine the British economy with trade restrictions, ultimately backfired as economic hardships for the Continental economies were impossible to overcome. In conclusion, Britain's wartime economic policies such as protective tariffs, effective naval blockades could continue as before the battle, while France was in a more vulnerable position. From the sources conclusions can be drawn that indicate the Battle of Trafalgar may have had implications on the economic policies of France and Great Britain during the Napoleonic wars. Although it is important to keep in mind that the extent of this impact is subject to interpretation due to the circumstantial nature of the supportive evidence discussed in this thesis. A conclusion which can be reached is that it can be argued to have had an indirect impact on French economic policies. Such an argument would be that it had an impact on the economic policies indirectly if it resulted in Napoleon having less of a choice: he could no longer challenge the Royal Navy and their blockade at sea. This meant that his

options were more limited than prior to the Battle of Trafalgar, resulting in other economic policies being implemented.

A potential avenue for future research on this subject, which may produce more conclusive evidence, would involve researching whether Napoleon had planned and discussed the Continental System prior to learning about the outcome of the Battle of Trafalgar. Focusing on the plans to implement the Continental System is likely to provide more conclusive evidence into the direct consequences which the battle may have had on the economic policies of France and Great Britain during the Napoleonic wars. Such a study could conduct its research by utilizing primary sources such as diaries, notes and records from Napoleon or from meetings with Napoleon's advisers. Such evidence would be able to suggest and better determine whether the outcome of the Battle of Trafalgar influenced Napoleon's grand economic warfare plan or if he had already formulated the new economic policies, including the Continental System prior to this event.

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