The assertion that was made is ‘the rich nations of the world derive much of their present affluence because they reaped the benefits of colonialism’ (Coehlo, 1973:253). Assuming from the statement above, the hypothesis can be derived: colonialism has become one of the resources that sponsored British Industrialisation. Therefore, it is relevant to answer the question whether or not Britain exploited its colonies for profit, as it could have been the capital for industrialisation.

The dependency theory suggests that the colonisation of territories in Asia, Africa, and the Americas created conditions of dependency (O’Brien, 1982: 2). It can be proved by looking at labour control forms used in the periphery, which lowered the cost of the production, creating perfect conditions for the extrapolation of raw materials at low costs (ibid., 2-3). Consequently, the periphery received minimal benefits as a result of unequal terms of trade, as their minerals and primary products were exchanged for manufactured goods produced by the core (ibid.). The Navigation Act solidified the dependency of the peripheries, as it regulated the nationality of vessels that could trade colonial export goods in order to preserve a monopoly in the trade, which further advanced the Empire (Thomas, 1965: 619). According to Barrow (1967: 2), the colonies were not the partners, as they were not equal but dependent, ‘it was the unquestioned commercial supremacy of the mother country’. Such conditions provided resources for industrialisation, as raw materials were extrapolated at lower cost and imported to Britain.

Sheridan (1965: 293) argued that the most valuable import from the West Indies colonies were sugar industry in the period from 1660 to 1783. The estimates illustrate that it valued for £50-60 million in 1775 and the number grew up to £70 million by 1789 (Dreshcer, 1997: 22-3). Substantial increase in profit that was then either re-exported to Europe or manufactured generated even more profit, can be seen as an accumulation of financial finds for industrialisation. Morgan (2000: 49) supports Drescher as he believes that the Caribbean plantations boosted capital accumulation in Britain in the eighteenth century. Moreover, Thomas (1986: 35) assumes that investment of British capital in staple crops production made it possible for English merchants and shippers to gain an economic or monopoly profit from Jamaican trade. However, the extent to which the profit was made is approximately 2 percent of invested capital by British, such small figure is relatively low due to the costs which added up to £784,000 and the income received was only £1,450,740 (ibid., 35). Therefore, it is uncertain that the West Indies were the source of fund.

“Capitalism and Slavery” by Eric Williams suggests that the profits made in during the triangular trade period were reinvested in the production in Britain, which therefore, contributed heavily to Britain’s industrialisation (Williams, 1964: 105). Solow (1985: 106) supported William’s hypothesis because she believed that the profits gained from the slave trade and the West Indian colonies ‘were quantitatively large compared with total British investment and with commercial and industrial investment, as the beginning of the Industrial Revolution’. It is obvious to state that the colonialism had a multiplier effect on the whole economy, as, for example re-exports of imported goods from the colonies provided financial funds for imports from Europe and created vacancies for sailors and other workers in Britain (Price, 1998: 86).

Although the revenues gained from the exploitation of the 13 colonies and from the West Indies were large, the cost of maintaining colonies was relatively large. The shipping earnings in 1770 would have been £653,000, however, Thomas (1965: 636) argues that the membership of the colonies in the British Empire was a burden for Britain, as only annual protection costs were estimated to be at least £351,000 including naval protection and army costs. Later on, it was argued to be underestimated value, which reduces the profitability of the trade by even larger amount. These costs reflect the costs of the Navigation Act on the 13 colonies that were subsidised/sponsored by Britain (Thomas, 1965: 637-8).

Apart from the defence costs, it is also important to take the costs of unsuccessful voyages into account. Slaving voyages of William Davenport of Liverpool to the New World between 1757 and 1784 have failed to deliver more than 50% out of 60 voyages which almost invariably made financial losses (Richardson, 1987: 180). In addition to failed voyages, the successful voyages that delivered slaves to the New World still had to be maintained and it implied costs. Moreover, total average outfitting costs on slave ships were relatively high, as well as the expenses on the management of slaves that were crossing the Atlantic (ibid., 184). The data presented by Liverpool Record Office reveals that the average cost of outfitting slaving vessels from Liverpool in 1787 was £15.92, much higher than the port’s West Indian fleet cost that was only £9.34 per ton (Holt and Gregson, 419) cited in Richardson, 1987: 184). Increased cost by 20 to 40 percent for rates of pay for seamen can be explained by the dangerous nature of the slave trade, comparatively to other trades (ibid., 191). Therefore, this shows how the cost of the upkeep of the slaves and the seamen outweigh the financial profits.

Additionally, the capital investment in the West Indies in 1773 was underestimated by £7 millions by Sheridan in his calculations (Thomas, 1986: 34). Moreover, in Sheridan’s paper the rate of return was only 3.5 percent which is approximately £1,295,000, whereas in Thomas estimates, total net profit from the ownership of the Jamaican colony is £870,450 and it is nearly half of the Sheridan’s figure (ibid.). Consequently, the income of Englishman could have been at least £631,750 greater than if the West Indies had not been a colony in 1773 (ibid., 38). These calculations support Adam Smith’s idea that the sugar colonies were “mere loss instead of profit”.

Moreover, Coelho (1973: 280) claims that the slave trade benefited only small groups of land owners, whereas the costs were dispersed among the whole British society due to the oligarchical government structure which then led to misallocation of British resources. The slave trade has also not shown high levels of profitability during the eighteenth century, as, according to Engerman (1972: 440), only 54 percent from the slave trade profits contributed to industrial capital formation. Morgan (2000: 45) supports the view that the earnings to the finance of British capital formation from the slave trade were not big enough to be seen as profitable investment.

To conclude, the acquisition of colonies as part of the British Empire can be seen as hugely profitable as colonies were the source of low cost labour and raw materials that were then manufactured and sold to the rest of the world. This monopoly of trade developed the mercantile nature of the British Empire, which provides evidence for the profitability of the colonies. However, when looking at Thomas’ calculations, it is evident that the extent of profitability has been overstated. Overall, the economists agree on profitability of the colonialism, however, as long as the profit from exploitations is low it is less likely to be invested in industrialisation of Britain. **REFERENCE LIST**

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