

## **DREAMS OF ORDER AND FREEDOM: DEBATING TRADE MANAGEMENT IN EARLY 17<sup>TH</sup> CENTURY ENGLAND**

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**Abstract:** The catharsis produced by the early 1620's trade crisis had a significant impact on the way economic themes were regarded by public opinion in England. As a result, those who analyze the ideas put forward in the documents written during that period – be they printed pamphlets or official memoranda – are left with the impression that an adequate supply of money was the undisputed primary concern as regards economic administration. However, as already stressed by Barry Supple, monetary administration only occupied a prominent position in the political agenda of early 17<sup>th</sup> century England during times of crisis – that is, when the kingdom was faced with a perceived threat of demonetization. This paper tries to show that, during the first two decades of the 17<sup>th</sup> century, concern with an inflow of bullion and a positive balance of trade was only of secondary importance, being normally overshadowed by a more fundamental aim: promoting a well-ordered structure for the economic relations of the kingdom, according to specific views of what constituted proper trade management. This approach encompassed both foreign and domestic activities, and found its most evident manifestation in the debates about free trade and monopolies which permeated the whole of James I's reign.

**Key words:** free trade; monopoly; mercantilism; 17<sup>th</sup> century; Stuart England.

**Resumo:** A catarse produzida pela crise comercial do início da década de 1620 teve um impacto significativo sobre a forma como temas econômicos eram percebidos pela opinião pública na Inglaterra. Em consequência disso, aqueles que analisam as ideias presentes nos documentos escritos durante o período – seja em panfletos impressos ou memorandos públicos – acabam com a impressão de que uma oferta adequada de moeda era a preocupação mais essencial no que concerne à administração econômica. Entretanto, como já ressaltado por Barry Supple, a administração monetária apenas ocupava uma posição proeminente na agenda política da Inglaterra de então durante momentos de crise – ou seja, quando o reino se via às voltas com uma ameaça de desmonetização. O presente artigo procura mostrar que, durante as duas primeiras décadas do século XVII, o ingresso de metais preciosos e o saldo positivo da balança comercial eram apenas preocupações secundárias, sendo normalmente ofuscadas por um objetivo mais fundamental: criar uma estrutura bem-ordenada para a condução das relações econômicas do reino, de acordo com noções específicas acerca de como a atividade comercial deveria ser adequadamente gerida. Essa abordagem envolvia tanto as atividades domésticas quanto internacionais, encontrando sua manifestação mais evidente nos debates sobre liberdade comercial e monopólios que permearam todo o reinado de James I.

**Palavras-chave:** livre comércio; monopólio; mercantilismo; século XVII; Inglaterra Stuart.

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## **DREAMS OF ORDER AND FREEDOM: DEBATING TRADE MANAGEMENT IN EARLY 17<sup>TH</sup> CENTURY ENGLAND**

### **1. Introduction**

The economic literature which appeared in England during the early 1620's – and which has since been identified as an exemplary representative of the ideas that prevailed during that period – showcases an unmistakable concern with the inadequacy of domestic monetary circulation. The pamphlet controversy between Gerard de Malynes and Edward Misselden involved contrasting interpretations about the proper causal chain which connected international commercial flows and exchange markets, but the problem the two authors were trying to address was the same: what were the ultimate causes behind the perceived scarcity of money within the kingdom of England? The same is true of the favorable-balance-of-trade approach developed by Thomas Mun in his *England's Treasure by Forraign Trade*, which although only published posthumously in 1664, is now widely recognized to have been written during the course of the 1620's (Gould 1955, pp. 160-1; Supple 1954, pp. 91-4). This literature sprang up as a direct reaction to the commercial crisis which deeply disturbed English economic life from approximately 1619 to 1623<sup>1</sup>, being closely connected to a series of public debates and investigations which took place in the kingdom's political arena<sup>2</sup>. The outstanding official records of these proceedings reveal a similar overall concern, namely, a desire to reconcile the trade crisis and the scarcity of money as two faces of the same underlying problem (Suprinyak 2011a, pp. 10-21). The adverse conditions faced by the cloth export sector, coupled with the chronic outflow of silver caused by the difference between the bimetallic ratios practiced by the English mint and its Continental counterparts<sup>3</sup>, meant that the shrinking volume of means of payment in circulation occupied a prominent place in the kingdom's political agenda.

In his classic study of commercial crises in early Stuart England, Barry Supple at one point stated:

[...] some of the most representative of “mercantilist” doctrines were reactions to a particular economic situation; more than this, they were not initially indicative of a desire to amass bullion, but of a wish to explain how its loss was brought about (Supple 1964, p. 212)

It is the aim of this paper to show that, as far as the 1620's economic literature is concerned, Supple's claim could not be more accurate. Throughout the first two decades of the 17<sup>th</sup> century, the main theme for economic debate and inquiry in England was not how to increase the kingdom's supply of money; instead, public attention was focused on the proper ways of organizing English trade, both in the domestic and the international fronts. Moreover, this concern with trade management was not directly related to the expected results of the balance of trade, as it would be with Thomas Mun. It had its origins in a loosely articulated notion that an “orderly trade” was the most legitimate way of protecting the economic health of the

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<sup>1</sup> Comprehensive accounts of this crisis can be found in Kindleberger (1991) and Supple (1964).

<sup>2</sup> For a more detailed assessment of these public debates and their relation to the economic literature produced by Malynes, Misselden, and Mun, see Magnusson (1994, pp. 60-88), Supple (1954, *passim*) and Suprinyak (2011a).

<sup>3</sup> The patterns of international monetary flows occasioned by diverging bimetallic ratios at this time are analyzed in Gould (1952, pp. 241-2), Kindleberger (1991, p. 160), and Supple (1957, pp. 241-2).

kingdom. Even if such an adequately organized trade would tend to bring about desirable results in the balance of trade, the principle of order had, in itself, a strong public appeal which was independent of pragmatic results of this nature. The point in dispute among contending parties was not the desirability of a well-ordered trade, but rather the most efficient means of achieving this ultimate aim.

In the course of furthering my argument, I will make use of a range of historical sources which include, but are not restricted to, printed tracts and pamphlets. As I have argued elsewhere (Suprinyak 2011b), the exclusive reliance of specialized scholarship on the pamphlet literature incurs the risk of introducing a dangerous bias in the analysis. At a time when the spread of what is today commonly known as “print culture” was only in its incipient stages, the writing and publishing of pamphlets was likely no more than a second-best alternative – a strategy mostly favored by those who could not directly influence the course of public policy. All important decisions about English economic administration were arrived at either in parliamentary sessions or at the Privy Council table; given the very limited practical reach of notions of representative politics at the time, clearly the most efficient way of making oneself heard was direct participation in the debates and assessments taking place in the political arena. Accordingly, it is in the official records left behind by such proceedings which one can find some of the clearest and most forceful expressions of the economic ideas which circulated in England at the time.

## 2. A political economy of trade

In the opening pages of his 1601 pamphlet *A Treatise of Commerce*, John Wheeler, a secretary to the company of Merchant Adventurers, stated that:

[...] there is nothing in the world so ordinarie, and naturall unto men, as to contract, truck, merchandise, and traffike one with another, so that it is almost impossible for three persons to converse together two hours, but they will fal into talk of one bargaine or another, chopping, changing, or some other kind of contract. Children, assoone as even in their tongues are at libertie, doe season their sportes with some merchandise, or other: and when they goe to schoole, nothing is so common among them as to change, and rechange, buy and sell of that, which they bring from home with them. The Prince with his subiects, the souldiers, the Husband with his wife, Women with and among themselves, and in a word, all the world choppeth and changeth, runneth and raveth after Marts, Markets and Merchandising, so that all things come into Commerce, and passe into traffique (in a maner) in all times, and in all places [...]. To conclude, all that a man worketh with his hand, or discourseth in his spirit, is nothing els but merchandise [...] (Wheeler 1601, pp. 6-7)

Coming from a typical representative of the mercantile world such as Wheeler, this praise of commerce must obviously be taken with more than a grain of salt, but the notion did find strong echoes in the English society of his time. It is important to note, from the start, that the term “trade” was frequently used, in this context, with an ampler meaning than simply commercial activity. Instead, it often also encompasses the crafts and other different sorts of business occupations – in sum, every non-agricultural form of economic activity<sup>4</sup>. Wheeler

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<sup>4</sup> It seems plausible to associate this emphasis on trade, to the detriment of agriculture, with the Aristotelian distinction between “natural” and “artificial” riches which was so popular in the economic literature of the time. In this sense, trade would comprise all those activities where human labor – the force responsible for the creation

was not discussing trade in general, but rather “commerce” and “merchandise”; in less partisan contexts, it was the former, more wide-reaching concept which held the greatest appeal. In a June 1616 letter to the Lord Deputy of Ireland, the Privy Council of England commended a project for the development of the Irish textile industry, arguing that “there is nothing more behoofull for the maintenance [of peace and quietness] thereof, then the imploymment of the natives in trades and manufactures”<sup>5</sup>. The same notion of trade as an instrument of civilization appears in a contemporary project for the establishment of an Irish mint:

[...] no edict of pollicke instituc[i]on that the invenc[i]on of man can devise will so soone reclaim[m]e, an uncivill, barbarous, and rude people, as riches, whence all com[m]erce, and famous industries proceede, w[hi]c[h] course in time w[it]hout further instigac[i]on will banish idleness the bane of that common wealth<sup>6</sup>

A similar attitude prevailed, only stripped of the condescending tone, when it came to policies devised for England, instead of Ireland. A September 1618 order which sought to introduce the tapestry industry in the kingdom opened with the following statement:

His Majestie, knowing in his greate wisdom that artes and manufactures do add both ornament and wealth to those countries and commonwealths where they most flourishe, and being therefore desirous to encourage industry in that kinde by all meanes possible within these his owne realms and dominions, and to entertaine all such laudable projectes and invencions as may tend any way to that end [...]<sup>7</sup>

This is not to say, of course, that money was a non-existent concern during the better part of the first quarter of the 17<sup>th</sup> century. There is growing awareness, throughout the 1610’s, of the chronic outflow of silver from England and the liquidity problems it brought about. Accordingly, measures to remedy the kingdom’s monetary deficiencies were often debated, ranging from reinforcements of the ancient Statutes of Employment<sup>8</sup> to the readjustment of the bimetallic ratio practiced by the English mint<sup>9</sup>. Tellingly, though, these measures were normally framed as attempts to curtail monetary outflows, not as incentives for bringing precious metals into the kingdom. The public concern with money was always a circumstantial issue, prompted by a perceived threat of demonetization. The management of trade, on the other hand, was a constant point of reference for the devising and

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of artificial riches – was the essential constitutive element. In close connection, one could interpret the issue along the lines proposed by Braudel (1992 [1979]). Agriculture would thus appear as a largely static domain, limited by the endowments furnished by nature; trade, in contrast, was fast-paced and dynamic, fueled by the potential of human labor to multiply wealth, and thus a privileged space for public intervention and management. The natural/artificial riches distinction is discussed in Malynes (1601, p. 5) and Mun (1664, p. 15).

<sup>5</sup> *Acts of the Privy Council of England*, vol. 2, p. 637 (heretofore “APC”).

<sup>6</sup> British Library, *Additional Manuscripts* 12.496, f. 111.

<sup>7</sup> APC, vol. 4, p. 264. The Statutes of Employment were a series of long-standing laws which sought to constrain non-English merchants to employ all the proceedings from their sales of foreign commodities in England in the purchase of English export goods.

<sup>8</sup> APC, vol. 2, pp. 353-5.

<sup>9</sup> APC, vol. 4, pp. 302-3.

implementation of public policy – in other words, the touchstone of economic reasoning in England during the early years of the 17<sup>th</sup> century.

### 3. Free trade vs. order

The pamphlet which started the early 1620's controversy was Misselden's *Free Trade, or the meanes to make trade flourisheth* (1622). As the title implies, the author is quite interested in discussing the institutional and legal structures in which English trade operated. After analyzing the causes of the scarcity of money and of the cloth trade crisis, he finally addresses this issue in a chapter entitled "Of governed trade, and therein of Monopoly". Misselden opens this section stating that "*Government* is a representation of the *Maiestie* and *Autoritie* of the King. The subject that is honoured with *Government*, is invested with part of the Kings *Honour*" [emphasis in the original] (Misselden 1622, p. 53). He then goes on to argue that:

The *Trades* of this *Kingdome* which by His *Maiesties* *especiall* *grace* and *favour* are reduced under *Order* and *Government* into *Corporations*, *Companies*, and *Societies*, doe certainly much *Advance* and *Advantage* the *Commerce* of this *Common-wealth*, and farre excell the trade of any other forreine Merchants in their ungoverned trades [emphasis in the original] (Misselden 1622, pp. 53-4)

Nevertheless, if order and government in trade were unquestionable virtues, the excessive restraint of any lawful activity would very soon produce deleterious effects:

But as the *Use* of *Government* is excellent for the restraint of unskillful and disorderly trade: so the *Abuse* thereof is an inconvenient, if at any time the same be too strict, and come within the compasse of a *Monopoly* [emphasis in the original] (Misselden 1622, p. 54)

Thus, according to Misselden, the aim of public policy should be to preserve freedom of trading to the kingdom's subjects, but always subject to the constraint of order – to ensure that, "upon equall and reasonable termes, trading under *Order* and *Government*, without that ill tincture of *Monopoly*, the Kings high way of trade should be opened unto all" [emphasis in the original] (p. 55). A few pages ahead, after discussing the beneficial effects produced by the limited restraints of liberty practiced by the regulated companies of his time, Misselden concludes even more emphatically: "[...] there cannot be any greater *Bane* to a *Well-governed Common-wealth*, then *ill-governed and disorderly trade*" [emphasis in the original] (p. 67).

Misselden was a member of the Merchant Adventurers, and so his defense of the "orderly" trade of regulated companies should not be taken at face value – his very use of the expression "free trade" was quite different, as we will see shortly, from the meaning conferred upon it by its more radical proponents of two decades earlier. Nevertheless, his approach to the matter is interesting not only because it clearly presents the terms in which similar discussions were framed during the early decades of the 17<sup>th</sup> century, but also because it shows that this remained a relevant topic even in the midst of the trade crisis, when concern with the inadequate amount of money in circulation was at its peak. The debates over free trade and monopolies were the single most important economic theme in Jacobean England, and the omnipresent principle of order was the axis around which such discussions were articulated.

From the start, it is important to note that, as Misselden's treatment of the subject already indicates, the discussion of free trade in this context had nothing to do with protectionism or customs policy in a large sense – as already correctly pointed out by Andrea Finkelstein (2000, pp. 54-73). As concerns the latter, there was actually little room for

disagreement. During the period under analysis, there prevailed a notion that the commercial interchange among nations was something natural, a constitutive element of the socio-political structure of the world – or at least of Christendom. It is common to find references to “*ius gentium*” or the law of nations as a way of giving legitimacy to the international exchange of commodities<sup>10</sup>. Measures explicitly designed to restrict international trade were thus seen with suspicion, and the threat of retaliation worked as a controlling device. Moreover, customs tariffs were not seen, in general, as a policy instrument, but rather as a source of crown revenue<sup>11</sup>. There were, of course, exceptions to this rule. When it came to the importation of items considered harmful to the well-being of the kingdom, such as tobacco, or the exportation of articles essential for the English economy, such as wool, direct control was admitted. Occasionally, tariff manipulations were recognized as legitimate circumstantial measures for stimulating export sectors<sup>12</sup> or fostering the development of infant domestic manufactures<sup>13</sup>. However, these sparse instances far from constituted a systematic protectionist policy, and were frequently left aside in the name of other political motivations. A clear example of this can be found in the answer given by the Privy Council to an October 1613 petition which protested against the importation of silk and satin lace into the kingdom, on the grounds that it was against a statute proclaimed by Henry VII for the development of the English lace manufacture:

[...] his Majestie hath lately graunted unto the Farmors of his Customes under the Greate Seale of England, with a *non obstante* of the said statute, that for the advancement of the customes all manufactures may freely and without impeac[h]ment be brought into the kingdome.<sup>14</sup>

Thus, at least as far as early 17<sup>th</sup> century England is concerned, the depiction of the “mercantilist era” as a period of unabashed protectionism is very imprecise. Instead, what seems to have prevailed was an attitude which favored the adoption of occasional restrictive measures, as long as these did not interfere with higher political and economic aims. The actual debate about free trade which permeated the first two decades of the century had to do with a different set of issues, namely, the institutional organization of mercantile activity. However, the question at stake was not whether the state should or not zeal for the proper management of economic relations. Few would dare to put into question the virtues inherent in an “orderly trade”, as expressed in the adequate control and organization of commercial initiative. An effective way of demonstrating this is by contrasting the opinions voiced by people who engaged this issue from fundamentally distinct perspectives, with an aim to

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<sup>10</sup> This corresponds largely to what Douglas Irwin characterized as the “doctrine of universal economy” (1996, pp. 15-25).

<sup>11</sup> A project of tariff reform presented by Lionel Cranfield in the mid-1610’s caused a strong impression in the lords of the Privy Council exactly because it was openly protectionist, proposing over-taxation of superfluous imports and under-taxation of manufactured exports and raw material imports. In that context, it was a bold and innovative proposal, which was not put into practice (Tawney 1958, pp. 128-34).

<sup>12</sup> After the collapse of the Cockayne project, which sought to replace the exportation of finished textile articles for that of unfinished cloth, the Privy Council tried to encourage cloth exports from some provincial ports through measures of this nature (APC, vol. 4, pp. 87-8).

<sup>13</sup> Such was the case with the sugar refineries, which were benefited with both reduced tariffs for the importation of raw sugar and increased tariffs for the importation of refined sugar (APC, vol. 1, pp. 627-8).

<sup>14</sup> APC, vol. 1, pp. 234-5.

further different sets of vested interests. By the end of 1616, the members of the mercantile company which had been created, by occasion of the Cockayne project, to control the exportation of finished English textiles to the Low Countries were seeking the approval of the Privy Council to export cloth to other privileged areas with which they could negotiate due to their concurrent membership in other companies. After stating their case, they rushed to make clear that “it was not intended [...] that every brother of the companie might carry his cloath to all places of vent promiscuously”<sup>15</sup>. On the opposite side of the political spectrum we find Robert Kayll, a harsh critic of the practices of mercantile companies who was publicly censured by the Privy Council after the publication of his 1615 pamphlet *The Trades Increase*. When concluding his argument, Kayll thus summarized his intention:

[...] my proposition is not in any way so tumultuous, as that thereby I would exclude all order and forme of government, in Trades: or otherwise to intend a promiscuous kind of calling, or rather confusion of all sorts; who knoweth not that the Commonwealth consisteth, *Non ex medico, & medico sed ex medico, & Agricola*; as also that there must be an Oeconomicall and discreete partition and proportion among the members, Divers Trades to maintaine the general body Commerce (Kayll 1615, pp. 55-6)

The very association of an ungoverned state of affairs in English trade with the idea of promiscuity clearly indicates the prevailing attitude towards the subject. John May, one of the deputy alnagers responsible for controlling the quality of the kingdom’s cloth manufacture, was of similar opinion: “It was never knowne that true government did at any time decay any trade, but rather caused it to increase and flourish” (May 1613, p. 50). As far removed as possible in their personal goals and ambitions, the three characters above mentioned were in complete agreement regarding the importance of order in trade; their divergences were limited to the methods most appropriate for reaching that end.

The question of order was relevant for the management both of domestic and international trade. The interactions among different crafts made for a complex web of economic relations throughout the kingdom, which the Privy Council constantly strove to keep in harmony. But although the organization of domestic trade was treated by the English public authorities with true care and diligence, it was never the subject of the same enthusiasm as that sparked by matters of foreign trade. In a moment of rare frankness, the lords of the Privy Council at one point stated that “the merchant, in respect of the maintenance of shipping and navigacion and other reasons of State, is alwaies favored and preferred before the retaylers, which otherwise are of good use in the Commonwealth”<sup>16</sup>. The widespread notion that control over foreign relations was an undisputed part of the royal prerogative<sup>17</sup>

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<sup>15</sup> APC, vol. 3, pp. 53-4.

<sup>16</sup> APC, vol. 2, pp. 503-4.

<sup>17</sup> This issue was openly explored during the early years of James I’s reign in connection with the notorious legal dispute known as the Bates case. The collection of the extraordinary customs tariffs known as impositions had been a traditional practice throughout the Tudor era, although always used with care and parsimony. Upon the occasion of the renewal of the Levant Company’s charter, a fee collected by the company from every non-member who desired to export currants from its privileged areas to England was investigated by the crown and judged to be the practical equivalent of an imposition. The Levant Company was thus ordered to surrender the collection of such fees to the crown, and from then on even the company’s members were subject to payment. John Bates, one of such members, refused to pay, and his case was brought to trial in the Court of the Exchequer.

further contributed for turning international trade into a privileged object of public policy. Accordingly, the impassioned cries for free trade which were heard throughout the reign of James I came about as a direct reaction to the very discernible presence of the crown in the daily course of business.

#### 4. The free trade campaign

The reign of Elizabeth came to an end amidst vehement parliamentary protests against the crown's policy of granting monopoly patents for the exclusive exploitation of certain areas of economic enterprise (Ashton 1979, pp. 83-4; Dietz 1931, pp. 96-7). Already in his first parliament, James I was greeted with an organized attack on the structure and business practices of the kingdom's mercantile companies, in an episode known as the free trade campaign. But before we enter the discussion of the issues at stake in these public debates, some clarifications regarding the institutional structure of English foreign trade at the time seem in order. The wide-reaching reorganization<sup>18</sup> of the international trade of England which took place during the Elizabethan period was anchored on the creation of several mercantile companies with exclusive trading privileges over determined areas<sup>19</sup>. These companies were modeled after other traditional mercantile bodies already in operation such as the Merchant Adventures, which held an exclusive privilege to trade with the Low Countries and Western Germany. Most of them were constituted as regulated companies, a form of business enterprise similar in principle to the craft guilds in which the members were bounded by a common set of rules and procedures, but each carried his commercial ventures on his own, according to his private capital. The two notable exceptions were the Muscovy Company and the East India Company, organized as joint-stock enterprises – in their case, every business operation was the direct responsibility of the company as a legal person, and not of the individuals who held its stock shares (Unwin 1963, pp. 103-25).

This distinction had important consequences. In practice, regulated companies constituted highly exclusive groups, in which participation was restricted to “mere merchants” – individuals who had served an apprenticeship, obtained a license, and were exclusively dedicated to foreign trade, as opposed retailers and other sorts of domestic tradesmen. The companies thus worked as instruments for restricting the number of active participants in a

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The verdict issued in November 1606 was amply favorable to the crown, stating that the royal prerogative covered every aspect of the international relations of the kingdom – the collection of customs tariffs, in this reading, was no more than a secondary effect of one such aspect. This decision opened the way for a much more systematic use of impositions as a fiscal device, which constituted one of the trademarks of the Earl of Salisbury's tenure as Lord Treasurer of England (Cramsie 2002, pp. 80-8; Dietz 1931, pp. 118-21).

<sup>18</sup> I prefer the term “reorganization” over the more common alternative “expansion” because it seems to better convey the nature of the phenomena in question – the process did not result in any significant increase in the total volume of English foreign trade, but rather in the development of different institutional forms for organizing the commercial relations between England and its trading partners (Brenner 2003, pp. 3-23; Fisher 1940, pp. 107-16; Stone 1949, pp. 46-51).

<sup>19</sup> Starting in 1555, the period saw the granting of royal letters patent to the Muscovy, Eastland, Turkey, Venice, Morocco, and Spanish companies, a process which culminated in the creation of the East India Company in 1601. The Turkey and Venice companies would be later combined to create the Levant Company.

given business, although, within their limits, individual initiative and a modicum of competition were preserved. Joint-stock companies, on the other hand, made access to the mercantile world available to anyone who had liquid resources at his/her disposal, independently of formal occupation or social status. Wealthy members of the gentry – even of the nobility – were frequently attracted by investments of this nature, something which obviously displeased the “mere merchants” in their zeal for traditional class privileges; upon any disturbance which happened to affect English foreign trade, the merchants would rush to blame the inexperience and lack of specialized knowledge of amateurs who meddled in their business. But although the joint-stock companies extended, in this way, the access to mercantile activities, the formal concentration of a whole branch of commerce in the hands of a single agent made them easy targets for accusations of monopolistic practices – charges which the regulated companies could more easily avoid (Ashton 1967, pp. 43-9; Brenner 2003, pp. 74-91).

The free trade movement<sup>20</sup>, which came to the forefront during the parliamentary proceedings of 1604, was framed as an extension of the protests against monopoly patents which had been amply discussed in parliament a few years earlier. As such, the question of whether the mercantile companies, *de jure* or *de facto*, qualified as monopolies was of utmost importance. However, it would be wrong to assume, from this, that the advocates of free trade in parliament intended to overthrow the institutional structure of English foreign trade. The importance and usefulness of the companies for the management of commercial relations with other nations was accepted. The goal was simply to make possible for a larger number of individuals to become members of such respectable institutions, and even this within very clear limits: it was not meant that any of the kingdom’s subjects should have the right to trade within the structure of the existing companies, but rather that any *properly qualified* subject could do so. In other words, what the movement proposed was that all “mere merchants” should have the right to enter the membership of mercantile companies upon reasonable terms<sup>21</sup> (Ashton 1967, pp. 42-3).

After the Free Trade Bill was initially presented, a parliamentary committee was created to evaluate its pertinence. The committee report written by Sir Edwin Sandys listed

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<sup>20</sup> The broad outlines of the free trade campaign, and some of the contrasting interpretations given to it, can be grasped through the debate between Theodore Rabb (1963/4; 1968) and Robert Ashton (1967; 1969). Pauline Croft (1975) explores the repercussions of the movement in the parliamentary meetings of 1605 and 1606.

<sup>21</sup> The free trade movement essentially involved a conflict between the English mercantile elite based in London, on one hand, and the provincial outports, which had been deprived of a significant part of their economic occupations after the cessation of hostilities with Spain, on the other. The mercantile companies were London-based institutions, and thus the provincial merchants were at an obvious competitive disadvantage when compared to their metropolitan counterparts. The strategy adopted by the promoters of the campaign was thus to question the *national* character of companies which concentrated their operation massively in the capital, with the aim of securing for provincial merchants the right to be actively engaged in the kingdom’s foreign trade. The political nuances which surrounded the issue of monopoly patents also played a part in this alignment, for the beneficiaries of such grants were normally individuals with solid connections at court – members of a restricted circle of privileges from which provincial interests were excluded, and who, for that reason, exasperated the latter all the more. The fact that parliament was the political institution where the provinces were more strongly represented certainly explains why this discontent came to the surface amidst its proceedings (Ashton 1967, pp. 43-4; Brenner 2003, pp. 199-218; Rabb 1968, pp. 169-70).

the most pressing reasons for expanding the access to English foreign trade among the subjects, the first of which read:

All free subjects are born inheritable, as to their land, so also to the free exercise of their industry, *in those trades whereto they apply themselves, and whereby they are to live*. Merchandise, being the chief and richest of all other, and of greater extent and importance than all the rest, it is against the natural right and liberty of the subjects of England to restrain it into the hands of some few, as now it is [emphasis added] (Thirsk & Cooper 1972, p. 437)

Clearly, the intent was not to open foreign trade to the indiscriminate participation of all, but rather to eliminate the privileges bestowed upon a restricted group of members of the mercantile trade. The very title of the bill confirms it: “For all *merchants* to have free liberty of trade into all countries, as is used in all other nations” [emphasis added] (Thirsk & Cooper 1972, p. 436). The advocates of free trade in early 17<sup>th</sup> century England wanted to do away with *restriction*, not with *organization*. Their rhetorical use of the concept of monopoly further illustrates this issue. Although, as we have seen, regulated companies were not usually understood as monopolistic institutions, such semantic niceties were not enough to placate the wrath of their opponents:

The name of monopoly, though taken originally for personal unity, yet is fitly extended to all impropportionable paucity of the sellers in regard of the ware which is sold. If ten men had the sale of all the horses in England, this were a monopoly; much more the Company of Merchant Adventurers, which, in effect not above two hundred, have the managing of the two third parts of the clothing of this realm, which might well maintain many thousands merchants more (Thirsk & Cooper 1972, pp. 438-9)

These and other similar issues raised by the free traders in 1604, although not resulting in any immediate policy decisions, provided a touchstone for the discussion of trade organization throughout the following decades.

## 5. Debating trade management

Shortly before the beginning of the parliamentary session of 1621 – where debates about the trade crisis would come to the forefront for the first time – a group of merchants trading to Spain petitioned the Privy Council with complaints about the poor conditions in their business “occasioned by shopkeepers, vinteners, and other retailors unexperienced in that trade”<sup>22</sup>. According to the petitioners, the interference of such extraneous elements resulted in reduced prices for English exports and rising prices for Spanish imports – a situation extremely harmful to the welfare of the kingdom. Upon hearing of this allegation, the lords of the Council designated a group of trusted merchants to decide “what course they thinke fitt to be taken for the ordering and government of the said trade as may be to the advantage of the realme of his Majesty’s service”. A few years before, in the middle of a dispute between provincial and London merchants trading to France, the Council had already been clear: “[...] it is not meant to leave the trade loose, but that a government be still continued (which both parties have assented unto)”<sup>23</sup>. The precept of order, as applied to

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<sup>22</sup> APC, vol. 5, pp. 102-3.

<sup>23</sup> APC, vol. 1, pp. 247-8.

foreign trade, remained an unquestioned guiding principle; the point of contention was how this principle should be translated into practical rules of institutional organization.

In their rulings in cases of this nature, the common law courts were usually against the granting of privileges and other forms of limiting the access to economic activities, while at the same time showing esteem for time-honored institutional structures. In 1615, the notorious case of the Ipswich tailors resulted in the revocation of an order previously granted to the said corporation according to which only individuals approved by its members might exercise the trade in that region. When relating the case in his *Reports*, Sir Edward Coke boldly stated: “[...] the law abhors all monopolies, which prohibit any from working in any lawful trade”. Further ahead, Coke described in more detail the reasons which supported the legal decision:

[...] for as much as the Statute [of Artificers] has not restrained him who has served as an apprentice for seven years from exercising the trade of a tailor, the said ordinance can't prohibit him from exercising his trade till he as presented himself before [the Ipswich tailors], or till they allow him to be a workman; for these are against the liberty and freedom of the subject, and are a means of extortion in drawing money from them, either by delay or some other subtil device or by oppression of young Tradesmen by the old and rich of the same Trade, not permitting them to work in their trade freely; and all this is against the Common Law and the commonwealth. But ordinances for the good order and government of Trades and Mysteries are good, but not to restrain any one in his lawful mystery (Bland et al. 1914, pp. 306-7)

It was undue restriction, the limitation of the initiative of each one in his “lawful mystery”, which went against the common law and the natural right of the subjects; “good order and government”, on the other hand, were perfectly legitimate. Obviously, the line which separated arbitrary restrictions from rightful measures for trade organization was tenuous at best, opening the way for the mercantile companies to counter-attack.

In February 1617, the Council received a petition from the Merchants of the Staple regarding a set of laws only recently passed, which forbid anyone who was not directly involved in the cloth manufacture from buying wool inside the kingdom. The company understood that, being an “auncient society of marchantes”, the laws should not apply to itself, but only to those who meddled in the business independently and without proper organization – “the loose and deceitfull brougers of wool”<sup>24</sup>. A treatise written by a partisan of the Merchant Adventurers by occasion of the free trade campaign argued that the privileges of that company had ancient roots, and that it was precisely the tradition and honor resting upon the institution which guaranteed the preservation of order in its affairs<sup>25</sup>. John Wheeler himself had already argued in similar terms. According to him, the need to keep foreign transactions in balance meant that commercial flows had to be carefully managed. The structure of mercantile companies made this task easier by always favoring the seller over the buyer, the latter of whom was forced to visit the mart towns in order to obtain the commodities he wished. Privileges such as the ones enjoyed by the Adventurers, concluded Wheeler, had been obtained through effort and merit; therefore, it was only natural that they should not be available to all (Wheeler 1601, pp. 9-10, 51-5).

The argument that the structure of mercantile companies improved the commercial organization of England definitely carried some strength. When the Council discussed a threat of privateering in the domains of the East India Company, in 1615, it was stated that the main

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<sup>24</sup> APC, vol. 3, pp. 158-9.

<sup>25</sup> British Library, *Additional Manuscripts* 75.351, ff. 107-13.

reason behind the incorporation of that commercial branch had been “the avoyding of many disorders and inconveniences which otherwise must necessarily arise in the driving of that trade”<sup>26</sup>. This attitude finds echo in the report presented by Solicitor-General Sir Henry Yelverton to the Council two years later, regarding the proposed incorporation of the merchants trading to the Iberian Peninsula:

I ame of opinion that by a new charter of incorporation for order and government to the said marchantes [...] all or most of the disorders and inconveniences complained of may be reformed and yet the mischeifes found in the former charter avoided, by not sufferinge the said trade to be used in any degree of monopolie, or to be appropriated to any citty, towne, or place, or any lymitted number of marchantes, and soe not abridging the freedome of the said trade [...] by avoydinge only the confusion thereof. To which purpose the meere merchants tradinge to and from Spaine and Portugall from and to London and the river of Thames may be incorporated with pryviledge to them to be graunted for order and government amongst themselves, excluding from such trade all artificers, shopkeepers and retaylors and all others that have no skill in merchandizinge, but not excluding from the freedome of this company or corporacion any meere merchant skillfull in merchandizinge and conformeing himself to the good and necessary orders to [be] made for the same, [...] and leaveing all men that dwell in the out portes and coast townes of this kingdome or elsewhere, as well marchantes as artificers, shopkeepers, retaylors, common marryners, fishermen and all others whatsoever freely to trade from and to the said places of their dwelling or any of the said out portes or coast townes to and from Spayne and Portugall, only restrayninge them from trading to and from London and the river of Thames, as the priviledge to be graunted to this intended company or corporacion<sup>27</sup>

Yelverton sought to reach a compromise: promote order in the commercial branch in question through the creation of a mercantile company, but without conferring upon it the right to deny membership to any “mere merchant”. Moreover, he was careful not to infringe the rights of provincial outports, aware of their disposition to bring into question any measures of such nature. All his zeal, however, was in vain. The western outports protested the incorporation all the same, which led the Council to abandon the proposal and suggest to the London merchants that they should submit it to the scrutiny of the next parliamentary session<sup>28</sup>. A while later, after the matter had been analyzed by another committee, the Council once again concluded that the more adequate option would be incorporation, but pondered its political costs while explicitly mentioning the events of 1604 and the more recent reactions coming from provincial merchants. Some of the crown magistrates were thus instructed to seek for other means of bringing the Iberian trade into a state of order without resorting to the creation of a mercantile company<sup>29</sup>.

But when it came to the discussion of the cloth trade, by far the most important of English commercial activities, the companies were usually on firmer ground. During the early decades of the 17<sup>th</sup>, there was still a widespread notion in England that only the wool produced within the kingdom was adequate for the manufacture of high-quality textiles.

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<sup>26</sup> APC, vol. 2, pp. 162-3.

<sup>27</sup> APC, vol. 3, pp. 291-2.

<sup>28</sup> APC, vol. 3, p. 353.

<sup>29</sup> APC, vol. 5, pp. 116-7.

Belief in the possession of a monopoly in prime wool – the “jewell of the kingdom” – led directly to the treatment of the domestic cloth manufacture as a sort of economic rent. Being the sole producer of an article in general demand, England should obviously charge the highest possible prices in return. This was one of the few points in which both John Wheeler and the free traders were in agreement – although, to Wheeler, the best way of keeping prices up was through the control of supply exerted by the mercantile companies, whereas his antagonists believed that this end would be more satisfactorily accomplished with a large number of merchants simultaneously demanding the domestic production (Wheeler 1601, pp. 45-6, 51-2; Thirsk & Cooper 1972, pp. 437-40). Still amid the debates about the trade crisis in the parliament of 1621, Sir Thomas Lowe argued in the Merchant Adventurers’ favor stating that, through coordinate action, the company had always managed to keep cloth prices up, even during times of adverse economic conditions. At that time, though, in light of the recent setbacks suffered by cloth industry, such an argument was no longer taken at face value, as evidenced by the reply offered by William Neale, another member of parliament: “I thinke that the keeping up of cloth abroad hindes our trade. For 480,000 cloathes sold for so much are better to the Kingdom than 60,000 for the same price” (Notestein et al. 1935, vol. 3, pp. 442-4).

## 6. Concluding remarks

Barry Supple once stated that Thomas Mun “was [...] the economist of a competitive era in a sense in which Malynes was not” (1964, p. 215). His claim is correct as regards concern with the institutional organization of English trade – a theme which is virtually absent from *England’s Treasure by Forraign Trade*. Significantly, though, the theme was also absent from the reports and memoranda presented by Malynes before the Privy Council investigative committees during 1622 and 1623. By the early 1620’s, growing public awareness about the gravity of the trade crisis had gradually shifted the focus away from the discussion of monopolies, corporate practices, and free trade which had dominated English economic discourse during the first two decades of the 17<sup>th</sup> century, and towards the analysis of the causal links between mercantile activity and international monetary flows<sup>30</sup> (Suprinyak 2011a). Likewise, as a result of the difficulties which plagued the kingdom’s cloth manufacture since the mid-1610s<sup>31</sup>, a new reality of aggressive competition for international cloth markets finally began to sink upon English public consciousness (Supple 1964, p. 38; Wilson 1969, p. 105).

This is not to say, however, that issues of trade management had become irrelevant by then. As we have already seen, Edward Misselden – who would side with Thomas Mun on the public debates about the trade crisis – was very much interested in them as late as 1622. Even more tellingly, his defense of the Merchant Adventurers was framed in the same terms which permeated the free trade debates from two decades earlier. A monopoly, says Misselden, is a combination of two elements: a restriction of liberty, and an injury to public welfare. The mere limitation of the freedom to trade did not constitute enough ground for condemning a business venture; quite on the contrary, “such a restraint of the *Publique*

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<sup>30</sup> Raymond de Roover (1951, p. 508) once argued that the controversy among Malynes, Misselden, and Mun had actually been prompted by the early 17<sup>th</sup> century monopoly debates. I believe this to be an incorrect reading of the episode.

<sup>31</sup> I refer to the close succession of two critical events: the failure of the Cockayne project and the commercial crisis itself (Suprinyak 2011b, p. 7).

*Liberty* [...] is always to be allowed, when the same is recompensed with a *Publique Utility*” [emphasis in the original] (Misselden 1622, p. 67). The “orderly trade” conducted by the mercantile companies was precisely one such public utility:

Those that Trade without *Order* and *Government*, are like unto men, that make *Holes* in the bottome of that *Ship*, wherein themselves are *Passengers*. For want of *Government* in Trade, openeth a gap and letteth in all sorts of unskilfull and disorderly persons: and these not only sinke themselves and others with them; but also marre the Merchandize of the land, both in estimation and goodnesse: then which there can bee nothing in Trade more preiudiciall to the *Publique Utility* [emphasis in the original] (Misselden 1622, pp. 84-5)

“Order” and “freedom” were still, indeed, alive and well as conceptual instruments for discussing the appropriate ways of managing English trade, and as soon as the dust of the trade crisis settled, they came once again to the forefront of economic discussion in the political arena. Decades of agitation, controversy, reflection, and political compromise finally culminated, during the parliamentary session of 1624, in the passing of the Statute of Monopolies<sup>32</sup> – a piece of legislation which, while issuing a conditional acquittal to the mercantile companies, permanently abolished the legal use of monopoly patents as an instrument of crown policy.

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<sup>32</sup> For a more detailed assessment of the Statute of Monopolies in its relation to the debates which preceded its promulgation, see Ashton (1979, pp. 108-20) and White (1979, pp. 128-32).

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