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THE GROWTH
OF
ENGLISH INDUSTRY
AND
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IN MODERN TIMES.

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BY
W. CUNNINGHAM, D.D.



THE MERCANTILE SYSTEM

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PREFACE.

THIS book has been planned with a double object. On the one hand I have endeavoured to show how intimately the political and the economic history of the English nation have been interconnected, and on the other I have set myself to describe, and account for, the actual course of the material progress of the country.

Since the second edition of this work was issued, I have had, as a college lecturer, repeated opportunities of going over the ground it covers and I have come to see many of the matters dealt with, in truer proportion. I have given more attention to the economic affinities of different political personages and parties; I have noted more definitely the disastrous effects of the Civil War on the social and industrial organisation of the Realm; and I have been able to write more justly of the Restoration period, which so closely resembles our own. Earnest efforts were consciously made at that time to build up the world-wide commercial empire which Britain now holds. The medal represented on the title page, by the kind permission of the authorities of the British Museum, dates from the era when the factories of the great Joint-stock Companies were being planted in all parts of the world.

In modern times, when society is very complex, and the ramifications of different branches of industry and commerce are so far-reaching, it is particularly difficult to make the

best use of the abundant materials which lie to hand, so as to bring the main outlines clearly into view. I have endeavoured to weave the threads of the story into a continuous narrative in the text; while in the notes I have inserted additional illustrations, and occasional allusions to analogous changes in other times and places. I have been careful to give detailed reference to my authorities, especially in those cases where they are not accessible in ordinary libraries, for the benefit of students who desire to follow up my work, so that they may be better able to correct, if they cannot confirm, my conclusions. There is ample room for numberless monographs on the history of particular localities, or of specific branches of industry and commerce. I can only hope that my effort to call attention to the broad features of the changes in economic life may be found useful by others who devote themselves to more specialised studies.

With the view of rendering this volume more suitable to the objects for which it is intended, I determined to recast it entirely; hardly a paragraph has been incorporated in this edition without alteration, and the greater part of it has been more than once re-written. In carrying out this task I have had unwearied assistance from Miss Lilian Tomn. Not only have my manuscript and the proof sheets had the advantage of her criticism, but I have been permitted to draw throughout on her unrivalled knowledge of the sources of English Economic History; while she is responsible for the chapter on Lord Burleigh, the transcripts of the documents printed in the Appendix, the Bibliography and the Index. It is impossible for me to appreciate accurately, far less to make clear to others, how immensely the book has gained from her constant and generous co-operation. I am also indebted to Professor Ashley of the University of Birmingham, for his kindness in reading my manuscript;

and for many suggestions and much valuable information to Mr Hubert Hall of the Public Record Office; as well as to Miss Maud Sellers, and to Dr Scott of the University of S. Andrews.

Twenty-five years have elapsed since I first began, almost accidentally, to devote myself to English Economic History. Since then I have given my best energies to it, and have found an ample reward, not only in the fresh light it has thrown on perennial problems, but also in the sympathetic interest of many friends, the sense of comradeship with fellow-workers, and the undying stimulus of one cherished memory. I had little idea at first of the wide range of the subject, or of the amount of time which must be spent in order to depict any incident in its proper colouring, and to draw their full significance from illuminating details. I now realise these difficulties so far, that it is with a very deep sense of its limitations and deficiencies that I put forth this contribution to the story of the Growth of English Industry and Commerce.

TRINITY COLLEGE,
16 August, 1903.

PREFACE TO THE FOURTH EDITION.

DURING the last four years, the study of the Modern Economic History of England has been carried on with remarkable vigour and success. Valuable monographs on special topics have been published in France and Germany as well as in England and America; while the investigations, which have been undertaken in connection with the Victoria County History, into the social and economic changes in particular districts, have been most fruitful. I have endeavoured to incorporate the results of these researches, so far as possible, in the present edition: it has been necessary to rewrite §§ 174 and 235, which deal with enclosure in the seventeenth and eighteenth centuries and the disappearance of small holdings; but the additional information which has come to hand serves, on the whole, to illustrate and amplify the views expressed in previous editions of this work. I am indebted for suggestions and assistance to Dr E. A. McArthur, Dr L. Knowles, Miss M. Sellers, and Miss M. F. Davies.

TRINITY COLLEGE,
CAMBRIDGE,

24 Aug. 1907.

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162. National and Civic Economic Policy contrasted. The changes, which were due to the discoveries at the close of the fifteenth century, were accelerated by the rise of nationalities, not only as political communities but as units for economic regulation. Certain continental cities had been forced to take account of wide areas, in managing their industrial affairs; their systems served as an object lesson in the government of a large territory, containing urban and rural districts, as an organic whole. Civic economic life had been comparatively little developed in England in the Middle Ages, and it was easily superseded, in one sphere after another, by national regulation. The importance of this change comes out in connection with schemes for promoting the economic progress of a country, since these took different shapes according to the circumstances, not of different cities, but of different nationalities. . . . 5

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VI. THE MERCANTILE SYSTEM.

I. OF THE MERCANTILE SYSTEM IN GENERAL.

164. **National Ambition for Maritime Power.** The rising patriotic spirit of Englishmen in the Elizabethan age took the form of an ambition for maritime power; this might serve as the mainstay of national defence, as an effective instrument of attack on commercial rivals, and as a means of expansion. The growth and persistence of this sentiment, through all constitutional changes, show that it was deeply rooted in public opinion. Among the means to this end much attention was given to the increase of shipping, of seamen, and of naval stores; as well as to the development of maritime commerce, especially in corn. 13

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166. **The Crown and Parliament.** Towards the close of Elizabeth's reign and in the seventeenth century, the constitutional question was raised as to whether the Crown, or the House of Commons, should be responsible for enforcing public good. In so far as *laissez faire* is impracticable, an autocratic government may be the best instrument of economic regulation, as democracies are even more liable to be inefficient and corrupt in dealing with trade affairs. The story of the Mercantile System may be naturally divided into three periods, (1) of full monarchical responsibility; (2) of the delegation of royal powers and attacks upon royal interference as unnecessary; and (3) of control by the Whig majority in the House of Commons. This division proves convenient, partly because of the different economic problems which came to light in successive periods, and partly because of the increasing areas which had to be habitually taken into account. . . . 18

PART I. THE REIGN OF ELIZABETH.

II. NATIONALISATION.

167. **The Statute of Artificers.** In Elizabeth's reign, the rules of municipal authorities were superseded by a national system of labour legislation; it aimed at reducing the existing chaos to order, and it survived with little modification for about 250 years. The chief things that demanded a remedy were the decay of corporate towns, the unsatisfactory training of village artisans, and the insufficient supply of agricultural labour. The main feature of the new measure was compulsion to service in husbandry, while the yearly hirings would tend to reduce vagrancy. In town and country alike, apprenticeship was to last seven years at least, as was the custom in London, and limitations were laid down as to the

choice of employments, so as to favour rural districts and corporate towns, at the expense of market towns. These rules introduced greater uniformity throughout the country, and were a barrier to change of occupation; but they did not prevent the growth of capitalism. The Act appears to have arrested the decay of corporate towns, and it incidentally determined the form which the settlement of the new immigrants assumed. There seems to have been less complaint of the harshness of the Act than of neglect to enforce it. The measure contained no adequate provision for the enrolment of apprentices, but the custom of a seven years' apprenticeship came into general vogue. The growth of local industrial companies was probably connected with the desire to enforce this national system, though it served other purposes as well. 28

168. *The Assessment of Wages.* With the view of providing that wages should be assessed according to plenty or scarcity, Parliament brought the Justices of the Peace into direct relations with the Council. The assessment of wages was not new, but the maximum limit, which had been maintained hitherto, was done away with. It is difficult to see on what principles the Justices proceeded in administering the measure, though the practice appears to have been wide-spread. Summer wages were always assessed higher than winter, and therefore could not have been starvation rates. The details given in particular localities are remarkable, and the Justices had ample opportunity of revising their decisions. The question as to the survival of the system presents many difficulties. Recourse was had to it, in special exigencies, in the eighteenth century; though often mentioned in the early part of the seventeenth century, it seems to have fallen into neglect, as a general practice, in the latter part of that century. 37

169. *The Relief of the Poor.* After the Reformation, the duties of relieving the poor and dealing with vagrants came to be discharged by civil rather than by ecclesiastical authorities. Parliament provided for the appointment of overseers to collect rates under compulsion, to distribute relief, and to afford facilities for working. This national scheme was modelled on the knowledge gained from municipal experience, especially in London; but the civil parish eventually became an administrative unit for this purpose. The Privy Council were very active in bringing pressure to bear on local bodies, and in issuing general orders, in times of special difficulty, such as a period of depression of trade, or a year of dearth. The authorities took a large view of their duties, and in their attempts to relieve the impotent and to give the young a start in life, their efforts were supplemented by private beneficence. 44

III. THE POLICY OF BURLEIGH.

170. *Armaments and the Useful Metals.* The policy pursued by the administration was directed by Lord Burleigh, who was an economist, as well as a politician, with a genius for detail. There is plenty of material which affords an insight into his personal opinions as to the requirements and resources of the State, and testifies to his activity and incorruptibility. The difficulty of supplying the country with ordnance and gunpowder was

overcome. The granting of monopolies began with mining and metallurgical projects, in which Burleigh was keenly interested, and patents were also given for the manufacture of brimstone and saltpetre. Burleigh aimed, not as the Spaniards did, at obtaining treasure, but at procuring a supply of useful commodities. 63

171. *The Encouragement of Shipping.* Burleigh began the systematic development of English maritime power; he went behind the work of naval administration, and took account of the preservation of timber, the supply of hemp and sail-cloth, and the improvement of harbours, as well as the increase of mariners. With this view he encouraged fisheries, and insisted on the observance of Fish Days. He studied the remedies for existing evils; he denounced the piracy which was commonly practised, and he condemned the Navigation Acts both on mercantilist and on moral grounds, while he held that no similar evils resulted from fisheries. The old method of developing the marine was discarded in his time, but he interested himself in voyages of discovery, and encouraged English merchants to seize every opportunity of pushing their trade. 63

172. *The Introduction of New Industries from Abroad.* Burleigh made deliberate efforts to foster native industries, and granted patents for new enterprises, after full enquiry into their effects on existing trades, as e.g., in regard to glass, sugar-refining, salt, and starch. The planting of new industries was undertaken by capitalists, some of whom were Englishmen; and the political conditions of the time favoured the immigration of skilled artisans, of whom many were religious refugees. These men could not be easily absorbed either in the ecclesiastical, eleemosynary, or industrial system of England; so that there was considerable difficulty about their status and supervision, in the towns where they settled, and in some places they formed separate colonies. The immigration of labour brought about a great development of new branches of the cloth manufacture, and the introduction, or improvement, of glass manufacture, cutlery, paper-making, and other trades. 75

IV. THE LANDED INTEREST.

173. *The Regulation of the Corn Trade.* In regulating the corn trade governments have had three distinct objects in view—the interests (1) of the consumer, (2) of the producer, and (3) of the revenue. No general rules could be rigidly enforced, as there were great differences in local conditions and opportunities, but these received constant attention from the Commissioners of Grain and Victuals. Protection for the producer is the main object of Elizabethan policy. It was connected with a desire to foster maritime trade, but export was frequently subjected to restraint by the Justices in the interest of consumers; during several years care was taken to prevent export to Spain, so as to cripple that power, with as little inconvenience as possible to Englishmen. The agrarian policy was proving successful, and tillage was more profitable. Specially licensed bodgers were allowed to carry on an internal trade; but this was constantly watched, especially in bad years, in the interest of poor consumers, through the Clerk of the Market. It was his duty to set prices, regulate weights and

measures, supervise the quality of products and goods exposed for sale, and punish offences in connection with buying and selling. The local requirements of different districts were also considered by the Privy Council. In the time of Elizabeth, revenue was obtained on exported corn by taxation, and by occasional licences under Charles I. Considerable success had attended royal efforts to promote rural prosperity both in connection with tillage and with cattle breeding. 85

174. *The Profit of the Plough and of the Flock.* The most remunerative estate management in the seventeenth century depended, not on wool, but on the production of food stuffs; even though this involved enclosure, public opinion favoured putting the land to its most profitable use. Tillage and cattle breeding were proving remunerative, as was evidenced by the increase of building, and the changes in the habits of the gentry, who obtained higher rents. The improvement was also seen in the condition of yeomen farmers, and probably extended to the rural labourers, who obtained income from by-employments and some subsistence from their holdings, while many of the weavers were economically dependent. 100

175. *The Sinking of Capital in the Land.* Tillage was no longer chiefly practised for subsistence, but with a view to the market, so that it was analogous to other trades. Landlords found it remunerative to sink capital in the land, as is shown by the experience of Fitzherbert, and of Vaughan. Moneyed men saw that land was a profitable investment, and by settling on newly purchased estates infused new blood into the landed interest. 109

176. *Reclaiming Land by Drainage.* The permanent improvements of the time chiefly took the form of reclaiming land from inundation or flood. The Romans had carried out some works with this object; the Commissioners of Sewers had been appointed to see to their maintenance, and the monasteries had given attention to the matter, but it was necessary to take up the work afresh. The powers of the Commissioners were insufficient to bring pressure to bear on local proprietors, or on commoners, and to carry out new works in the face of opposition. Fresh schemes were due to the enterprise either of individual proprietors, or of associated undertakers. Some attempts were quite unsuccessful, while others answered all expectations for a time, though some of these were subsequently destroyed during the Civil War, which also interfered with royal plans for draining the Great Level of the Fens; but associated enterprise triumphed eventually. 112

177. *The Plantations.* The enterprise of landed men in establishing plantations was the special characteristic of English colonisation. An attractive field was offered by Ireland, which had long continued in a disturbed condition, in the hope of reducing the country to order; and planting was attempted by Gilbert in Ulster, in Munster, and by Sir T. Smith in Ulster. Plantations were also projected in America as a menace to Spain, and with a view to mining and fishing, by Sir H. Gilbert, whose scheme was too ambitious, and by Sir W. Raleigh, but without success. Such schemes had become possible, because the landed interest was closely in touch with commercial enterprise. 119

V. THE MONEYED INTEREST.

178. The Recoinage of Silver. On the accession of Elizabeth, immediate steps were taken for restoring the silver coinage; public suspicion had been roused, and the scheme was carefully planned with the view of allaying it. The base money was called down to its value in silver. This gave rise to some discontent, and measures were taken to distinguish the different sorts of base coin, with the aid of experts, till new coin was ready to be issued. Pains were taken to provide against disputes, and against trading in the debased coins. The withdrawal and demonetisation of the base money and reissue of fine silver were gradually carried out, despite some considerable inconvenience, but the recoinage did not realise public expectations by its effects on prices. 127

179. Gold Coins and Foreign Monetary Relations. Current gold coins were chiefly of foreign issues, and after the re-coinage of silver it was necessary to change the rating at which they were to be accepted in England. The forging of English coins, and traffic in coins, were causes of complaint; and Government insisted that payments should be made by weight; but the prohibition of exporting English coin could not be enforced, since variations in official rating might induce a flow of the precious metals, and bankers were able to manipulate the rates of exchange. 137

180. The Beginnings of Banking, and the political influence of Moneyed Men. Banking business was being regularly practised by English citizens in the middle of the seventeenth century. Landowners found it convenient to open accounts with goldsmiths, who were also ready to discount merchants' bills. As early as the reign of Elizabeth, trading on borrowed capital was common; the increase of bankruptcy may have been connected with this practice, and with the decline of gratuitous lending, though benefactions were left for this latter purpose. Insurance in modern forms had become possible. Antwerp was the monetary centre of the world, but Elizabeth ceased to be dependent on loans negotiated abroad, and borrowed from her own subjects or resident aliens. Malynes has described the banking system of the day, as it existed on the continent, where the convenience of obtaining credit, and the facilities for payment, together with the possibility of receiving regular interest, rendered the system popular. In lending to princes or to prosperous men of business, there was little risk of extortion; and deposit banking enabled men of small means to be lenders. The old doctrine of 'usury' ceased to appeal to the conscience, and the law recognised that moderate 'interest' was permissible. Some of the Puritans took a very stringent view; but when appealed to, Calvin did not endorse their opinion. He justified transactions which others regarded as not allowable, and as the Canon Law was abandoned, no new doctrine of fair dealing took its place. Business men condemned usury, when it was oppressive, and as this view was accepted by Baro and other divines, the revolution in public opinion became complete, and new business methods were generally adopted. London became an important monetary centre, and City bankers exercised an important political influence, in the time of the Stuarts. 142

181. Economic Analysis. These changes reacted favourably on monetary science, and led to a clearer apprehension of the cause of the rise of prices, in the importation of silver from the New World. The fact was gradually recognised that silver has a different purchasing power in different countries, and the attempt to maintain definite rates of exchange was abandoned. 161

182. Effects of the Fall in the Value of Silver. There was an immensely increased supply of silver available in the sixteenth century, but it is not easy to estimate the effect of this influx on prices. Corn appears to afford the best standard, but the market for this commodity was affected by legislative interference, and it is only possible to compare groups of commodities in isolated cases. Though we cannot measure its extent, there is no doubt about the direction of the changes. Persons with relatively fixed incomes, including wage-earners, suffered severely, and the revenue of the Crown afforded no margin for meeting fresh demands. 164

PART 2. THE STUARTS.

VI. THE NECESSITIES OF STATE.

183. Financial Embarrassments. The Stuarts did not limit their projects with due regard to their resources. James's policy was ambitious but unpopular; and in pursuing it he neglected to maintain the navy adequately. Under Charles I. the administration continued to be bad; the navy was quite unable to protect English shipping and the English coasts, despite the money spent on it, and the success of the government in promoting trade. Under these circumstances it was necessary to procure money, and not merely to develop maritime resources; efforts were directed to the amassing of treasure by regulating the balance of trade. Pecuniary straits were the cause of the difficulties of the Stuart kings; while the extravagance of the Council of State, and the irritation of various classes of the community, undermined the credit of Cromwell. 171

184. The Sordid Side of Constitutional Struggles. There is a striking contrast between the high aims of the Stuarts, and the notorious corruption, against which Burleigh had struggled, in the naval administration under their rule. As the popular party were successful, their disinterestedness was never tested; grave doubt was thrown upon the honesty of prominent members of the Long Parliament, before its dismissal by Cromwell, and in his time there was an immense improvement in administrative efficiency; the chiefs of the army, as reorganised, were not unwilling to receive rewards for their personal services. The trade of the country, which was suffering under heavy customs duties, was greatly distressed; we may gather this fact from the statements of Roger Coke, the difficulties about piracy, the reauscultation of privileged companies, the financial movements in the City, the increase in the number of and change in the public attitude towards bankrupts during the Interregnum, as well as from the condition of industry. . . . 180

185. The Restoration as the Era of English Expansion. A great development of commerce, which is sometimes ascribed to the initiative of Cromwell, occurred at the Restoration and harmonised with the interests

of the Crown. The Portuguese marriage, and the treaty with Spain, strengthened the English in their competition with the Dutch, and piracy abated. England obtained a firm footing in the East, and secured the basis for Anglo-Saxon predominance in America. Clarendon was fully alive to the importance of trade and of the plantations, and a permanent committee of experts was organised to advise the Council on economic policy, while the prosecution of particular trades was organised by Companies. . . . 193

186. *The Abandonment of Systematic Regulation.* Though commerce was continuously advancing during the seventeenth century, there was a violent crisis in social life within the realm. The fiscal and military systems were reconstructed, but the machinery for social regulation was rendered useless. Authoritative search was not maintained, and there was a nearer approach to industrial *laissez faire*; little systematic regulation of wages and prices took place, and there are fewer signs of State interference in view either of local conditions or of moral obligations. . . . 201

187. *Contrast with the French Monarchy, and Dutch Republic.* English development was affected by the conscious imitation of continental models. France presented an example of a well-ordered industrial system, and Holland of commercial greatness, and of maritime power secured under popular government. Jealousy of the Dutch gave rise to the passing of the Navigation Act, which was not new either in principle or in its application to the plantations. It was not strenuously enforced, and does not appear to have seriously affected the Dutch in the seventeenth century. . . . 206

VII. PRIVILEGED COMPANIES FOR COMMERCE

188. *Regulated and Joint-stock Companies.* The State frequently interfered in the direction of industry; and the ordering of commerce was delegated to Companies, either regulated or joint-stock, which were stigmatised as monopolies by interlopers. The Companies appear to have served a useful purpose, and were maintained under various forms of government. They gave their members a definite status, and favourable conditions for residence and for sharing the opportunities of trade, while the fact of their existence simplified the collection of revenue and the regulation of industry; but their existence was not readily compatible with progress in national prosperity, while this could be fostered by legislation. . . . 214

189. *The Merchant Adventurers, or Hamburg Company.* The Hanse League were finally ousted from their privileged position, and the Merchant Adventurers succeeded them in trade with Germany. Owing to Philip's commercial plans, the Adventurers were forced to migrate from Antwerp to Emden, to Hamburg, and to Stade. They were denounced as a monopoly by the Hanse League, and as prejudicial to the Empire. The complaint of their monopoly was taken up in England, and it was also said they did little for promoting English shipping or supplying naval stores. In 1604 their privileges were maintained, after full discussion, as well as in 1648 and 1656; but admission was rendered easier, and after the Restoration the alleged abuses seem to have ceased. Their business brought them into difficult relations with the weaving industry, especially when trade was depressed; and their privileges were suspended while Cockayne's scheme for dressing cloth was being tried. . . . 223

190. The Eastland Company and Muscovy Merchants. The Eastland Company was founded to supersede the Hanse League in the Baltic trade, and to import naval stores, but was not very successful. The Dutch developed the trade with Spain in Baltic corn, which the Hanse League had been forced to relinquish. Still, the Eastland Company seems to have justified its existence as a regulated company, while the Muscovy Company appears to have been a practical monopoly, which hindered the development of the English trade with Russian trade in the seventeenth century. 234

191. Local Connections. The existence of Companies, even if beneficial to the nation at that time, was disadvantageous to the out-ports, which were the strongholds of interlopers. The Merchant Adventurers were opposed by Exeter merchants and Bristol traders; and the Courts at Hull and York had many disputes with the London brethren. The Newcastle Adventurers claimed that they were the representatives of the ancient gild merchant of the town, from which the misteries and the hostmen had sprung, and that they did not derive their privileges from the Merchant Adventurers. The exports from the Tyne differed from those shipped from the Thames, and it was difficult to bring both branches of trade under one system of regulation. 241

192. Turkey Merchants. The Levant Company survived as an exclusive body through the first half of the eighteenth century. The Turkey merchants were brought into direct competition with the French, who had preceded them in trade; but during the Wars of Religion the French lost ground, which they more than regained in the time of Colbert, since the Government maintained consuls, and granted a subvention to the cloth manufacture. The policy of the Turkey Company, in organizing annual fleets, was much discussed; and the restrictions were set aside in 1758, under circumstances which gave rise to an anti-Semitic agitation. The Turkey and East India merchants competed for the Persian trade, but the regulated Company went to the wall. 250

193. East India Company. The first voyages of the East India Company were made as separate ventures, though each was on a common fund. Steps were taken in 1612 and 1657, which transformed it into a joint-stock company. These associated merchants established several factories in the East, but they had to face much hostile criticism as to the effect of the trade on shipping, and in regard to their exportation of bullion. This they endeavoured to obviate by opening a North-West passage, but without success; the advantage accruing from the Company's trade became more obvious, but it enjoyed little royal patronage till after the Restoration. This branch of commerce was also regarded as a misdirection of capital, and as failing to stimulate English industry. The interlopers, who resented the monopoly of the Company, combined with the opponents of Sir Josiah Child to thwart and harass the Company, which failed to obtain parliamentary sanction for its privileges, despite liberal bribery, and a new General Company was erected. After a period of rivalry the two Companies were united on a joint-stock basis. Subsequent agitation on the part of the interlopers failed to break down the monopoly of the Company, which the American colonists were ready to defy. 255

194. African Companies. The joint-stock principle was also applied in

the African trade. Several Companies were organised in succession, under princely patronage and with popular support; but they could not compete against the interlopers, and a regulated Company was organised, in the management of which the out-ports were represented. The interlopers were successful, as they had advantages for prosecuting the slave trade and were favoured by the planters. 272

195. Hudson's Bay Company. The Hudson's Bay has been a very successful joint-stock Company. The enterprise was opened up by Frenchmen, and organised by Prince Rupert. The English traders were exposed to constant French hostility, but they had the advantage of better shipping facilities, and their merchandise was more acceptable to the Indians. Political complications endangered the existence of their factories for a time, but the trade was so managed as to be very profitable, though the policy of the Company was restrictive, and limited the supply of materials for home industry. With the decline of French power the political excuse for maintaining the Company ceased, but it survived as a commercial organisation and was an exception to the rule that the era of 'well-ordered trade' had wholly passed away. 279

VIII. THE REGULATION OF SOCIAL AND INDUSTRIAL CONDITIONS.

196. Liberty and Patents for Introducing New Arts. James I. and Charles I. endeavoured to regulate the whole economic life of the country, but this attempt was more impracticable in England than in France. The traditional economic freedom of the Englishman had been established in rural districts, and at fairs, and was asserted in regard to foreign trade. Patents, which trenched on the liberty of internal dealing, were viewed with great suspicion, but they promised a convenient means of procuring revenue from such commodities as salt and soap. Political reasons could be pleaded for taking measures in regard to the supply of saltpetre, the suppression of tobacco planting, and the manufacture of gold thread, and of alum. Though some attempts were made to plant new industries, as by Sir W. Cockayne, anything that interfered with existing trades was viewed with disfavour. 285

197. Supervision of Manufactures as Regards Quality. With the view of maintaining the quality of goods, arrangements were made for official industrial supervision in the cloth trade, which had developed greatly, while the occupation of the Staplers was gone. Offices were also created for supervising the trades in tin, lead, and iron, in the manufacture of silk, the supply of coal, the management of ale-houses, and the repression of drunkenness. In other cases the Companies were utilised to exercise supervision both in London and other towns. Though Charles I. usually relied on officials, he erected a Company of Soap-boilers, which caused serious grievance; and the system was abandoned at the Restoration, in favour of methods of fostering industry by means of the tariff. The abandonment of systematic supervision synchronises with complaints as to the quality of goods. 295

198. Problems of London Life. The commercial progress of London reacted on its industry and led to the rapid growth of population, so that it

was difficult to organise regulation in the suburbs, or to prevent overcrowding in the City. The conditions of life were most insanitary, but some improvement took place, especially after the Fire. Care was taken to obtain better supplies of corn, of water, and of fuel. Industrial regulation presented greater difficulties, and neither the extension of the powers of the City, nor the incorporation of the suburbs, provided the needed authority. The power of the City Companies was weakened; and though some Companies received fresh powers from Parliament, they were dying out in England generally. In Scotland, where municipal trade institutions persisted later, they were not favourable to national development. . 312

199. *The New Immigrants.* London offered favourable opportunities to alien merchants to invest their capital, and to come and reside; and they were accused of engrossing some branches of trade. Among them were a body of Crypto-Jews, whose influence strengthened the parliamentary party. Cromwell favoured the recognition and enlargement of the colony, and the position they obtained was not changed by Charles II., who had been aided by Dutch Jews; but they were still excluded from several mercantile occupations. There was also a large immigration of Huguenots, who were generously welcomed by the public and the Crown. They proved a great acquisition to the industrial forces of the country, and received parliamentary encouragement. Though chiefly concentrated in London, some of them were diffused in many parts of the country, as well as in Scotland and Ireland, and they did much to stimulate local industries. 324

IX. THE BEGINNINGS OF EXPANSION.

200. *Reasons for Colonisation.* During the seventeenth century, the foundations were laid for English Empire in America, Africa, and India. The advantage of developing colonies was in dispute, and the difficulties were enormous; but there was a variety of strong motives for undertaking the task. Political aims were at work, in schemes for planting Ireland and subjecting the whole country to the Crown; and also in attempts to plant the West Indies and raise up a barrier against Spain. Religious views were blended with political motives, in opposing the Spaniards, and in the arrangements of the Virginia Company, both for emigrants and natives. The desire to found a Theocracy inspired the Puritans in New England. Civil toleration was practised in Maryland, and adopted as a principle in Rhode Island and Carolina. 331

201. *Capitalists and Cultivation for Export.* Economic motives were the chief force at work; Virginia and the West India Islands attracted capital to grow products for export; these colonies were not self-sustaining, but they supplemented English resources, gave employment to English shipping, and eventually afforded a large market for manufactures. 342

202. *Supply of Labour and Subsistence Farming.* The plantations also attracted the sons of substantial men in rural districts, and offered a field for subsistence farming. Government did not discourage such emigration, and favoured schemes for transporting the unemployed to Ireland. Labourers were much in demand in Virginia, where the surplus

population could be absorbed; criminals and prisoners of war were transported, and many persons were spirited away to be servitors in Virginia or the West Indies. 344

203. *Methods of Administration.* The starting of these distant plantations was committed either to noble proprietors, who had not always sufficient capital, or to Companies. The Virginia Company overcame the initial difficulties, and formed a representative government, during its brief career. The company principle was applied in a new form to Massachusetts, and by the Scotch colonists in New Jersey. The central authority had no effective control; and local government was based on the county system in the capitalist colonies, and on the township among the subsistence farmers, who reproduced somewhat primitive economic institutions. 350

204. *The Colonial Policy of the Crown.* Charles I. gave cordial approval to schemes for colonisation, but like his father he was anxious that the plantations should be self-sufficing, and not merely produce tobacco. The planters were warned that the encouragement given was merely temporary, though the development of the tobacco trade would have brought gain to the Crown. The planters suffered from the Navigation Policy, which was instituted by proclamation under Charles I. and maintained by Statute in 1651 and 1660. Even when it was little enforced it constituted a grievance, and its effects were serious in the sugar colonies as well as in other trades, so that there is difficulty in seeing why it was maintained. 358

205. *The special conditions of Ireland.* The colonial policy pursued in Ireland was similar, but the conditions were very different, as the country was never cleared of the natives, and political vicissitudes rendered titles to property insecure. The City of London co-operated in the plantation of Ulster; but though the scheme looked well on paper, it was not very successful, as too little attention was paid to tillage, both by the undertakers and the native Irish. Strafford had no opportunity to put his plans into effect; and the rebellion of 1641 gave an excuse for the eviction of the inhabitants, whether English or Irish, to make room for new claimants. The action of the Irish Parliament in 1689, occasioned the passing of the penal laws by the victorious party, and left an English garrison in command of the country. The danger of hostile competition with England hardly arose in connection with the linen trade, but there was some fear that Irish prosperity might interfere with English resources, and furnish the king with an extra-parliamentary revenue. This political jealousy led, during the Restoration period, to the repression of cattle breeding in Ireland, and of the victualling trade, and resulted in an increase of wool growing, which favoured the development of weaving; and attempts were made to improve this manufacture. The English were alarmed, after the Revolution, at the signs of the migration of the cloth trade from Devonshire to Dublin. The restrictions imposed on Irish clothiers, in the interest of the established English trade, acted so as to call forth foreign competition, while they checked the development of Irish industry, and the peaceful settlement of the country. 361

X. ECONOMIC INVESTIGATION AND MAXIMS.

206. *Empirical Study of Phenomena.* Seventeenth century pamphleteers treated economic questions according to empirical methods, and on biological lines. Practical objects were kept closely in view, and Economics was not so much an independent branch of study as a department of state-craft. The incidence of taxation was discussed by Petty, as well as the sources of wealth in Labour and Land. The importance of Capital was recognised; and much attention was given to the effect of the usury laws, and to the causes which determine the rate of interest, but not to the morality of usury. 380

207. *Criteria of National Prosperity.* The best criterion, for gauging the progress of the country, appeared to be given by the prosperity of the landed interest, as Land was the chief source from which taxation was drawn. The importance of Population was also recognised, and Petty insisted on the necessity of accurate numerical investigation. Graunt set an example of statistical enquiries, with a view to furnishing a basis for wise action by government, and Petty followed the same lines in discussing Irish problems. The opportunities for employing the population were estimated, with reference to the consumption of native goods and products, and attempts were made to promote it; but little attention was given to the formation of Capital, though Locke saw the advantage of high profits. 386

208. *The Test of Successful Rivalry.* The relative progress of England and other countries seemed to be shown by the balance of trade which was taken as marking the flow of treasure, and indicating the reaction of particular trades according as they created employment for, or injured native workmen. The argument drawn from the balance of trade in condemnation of a Consumptive Importing Trade showed no misapprehension about the importance of treasure, but the difficulty of calculating the balance renders it useless as a criterion of employment. Progress in the reasoned treatment of practical questions prepared the way for subsequent advance in scientific analysis. 395

PART 2. PARLIAMENTARY COLBERTISM.

XI. THE ENGLISH REVOLUTION.

209. *Parliament as Supreme Judge of Public Interest.* At the Revolution, Parliament became supreme over economic affairs; but the House of Commons was not well fitted to exercise this responsibility judicially. Trading Companies had recourse to corrupt means of obtaining public support, and the Crown relied on similar means. The policy of so regulating trade, that it might react on industry, harmonised with Whig jealousy of France. 403

210. *Parliamentary Control of the Administration.* The Whigs in the House of Commons aimed at obtaining administrative authority over trading affairs, though in this they were foiled; but by their hold on the purse-strings, they determined on what objects money might be spent, and

controlled the administrative system. The legislative method of fostering economic life, by bounties, proved cumbrous and costly. . . . 406

211. *Parliamentary Control over Public Borrowing.* The Whigs, by organising the Bank of England, deprived the Crown of the power of borrowing independently, and thus changed the centre of gravity in the State. The new institution also gave facilities for commercial advance. . . . 410

212. *The Parliament of Great Britain.* The Whigs exercised their new power over the plantations in a jealous spirit, as they were afraid of any hostile competition with the mother country, or of any colonial intercourse with the French, and specially jealous of the increase of any sources of royal revenue which they could not control. The Scottish Darien scheme awakened hostility and suspicion, and these could only be set at rest by a legislative Union. The Dual Monarchy had worked unsatisfactorily in Scotland, and the details of the actual scheme for Union disarmed Scotch opposition generally; but the economic effects were not obviously beneficial to the Northern Kingdom at first, though the ultimate results have been good. . . . 413

XII. PUBLIC FINANCE.

213. *Permanent Annuities.* The organisation of the Bank superseded the practice of borrowing in anticipation of particular branches of revenue; the granting of permanent annuities gave the Government command of large sums on easy terms, but in accordance with the Whig principle of parliamentary control. The financial expedient proved convenient, though there was a real danger of imposing a burden on posterity, without compensatory benefits, and of increasing the charges on revenue; so that Walpole endeavoured to pay off the principal by means of a Sinking Fund. . . . 419

214. *Possible Sources of Revenue.* The fiscal system of the country had been reconstituted during the Interregnum; and proposals were now made to render it more equable and fruitful, by developing the excise, though this was objected to both on economic and political grounds. Walpole's fiscal reforms were intended to foster industry and commerce, so that he might be able to dispense with the land tax; but the agitation they roused rendered his schemes impracticable. . . . 424

XIII. CURRENCY AND CREDIT.

215. *The Recoinage of 1696.* The deficiency of standard coin, which necessitated the recoinage of 1696, was not due to debasement of the issues. The results of allowing the unrestricted export of bullion, and the practice of free coining of hammered money, afforded profitable opportunities for clipping and sweating the coin, so as to cause great inconvenience, and to bring about a rise of prices as calculated in silver. Lowndes' scheme for amending the coin, with the least disturbance to prices, was ingenious, but inconvenient, and the old denominations were retained in the recoinage which was carried through by Sir Isaac Newton, who also attempted to settle the difficulty about the rating of gold. 431

216. *Paper-money.* The necessary conditions for the introduction of a convertible paper currency were provided by the Bank of England,

which advanced money on more favourable terms than the goldsmiths. The credit of its notes was attacked during the recoinage; but, despite some hesitancy on the part of the public, various paper forms of credit came into general use, and the issue of Exchequer Bills helped to popularise paper currency. 439

217. *Facilities for Trade.* The Bank also facilitated the formation and employment of Capital, and proved, as had been anticipated, to be of great advantage to many trades; it did not divert money from productive employments, but gave opportunities for trading on borrowed capital. 442

218. *Misunderstandings in regard to Credit.* The nature and conditions of Credit were imperfectly recognised. Business assumed a speculative character, especially in connection with the Stock Exchange, and Bubble Companies were formed for South Sea trading, and mining projects. The Bank of England acquired experience; while Law's failure in France gave a serious warning; and London was becoming the chief financial centre of the world. The reaction after over-trading brought about the failure of the Ayr Bank in 1772. The Bank of England warded off disaster in 1789, but the expansion of trade in 1792 was followed by a crisis, which the Bank failed to minimise. Still the conditions of issuing convertible paper were becoming better understood. 448

219. *Scotch Banking.* The banking system in Scotland facilitated the formation of capital there. The Bank of Scotland issued £1 notes to the public; it had to reduce its operations in 1704, and, after a period of fierce competition with the Royal Bank, developed a system of cash credits, and received deposits. The rivalry of well-conducted banks led to a general adoption of paper money in Scotland. 453

XIV. PARLIAMENTARY REGULATION OF COMMERCIAL DEVELOPMENT.

220. *Commercial Relations with France and Portugal.* Burleigh's scheme of fostering all elements of Power, by regulation, had ceased to be appropriate; the Tories would have given discriminating permission to commerce of all kinds, but the Whigs discouraged trades which did not react favourably on industry, and relied on indications furnished by the balance of trade to show what was hurtful. The effort to render trade subservient to industry led to the prohibition of French trade, and to the securing of the Portuguese market for cloth, by admitting Portuguese wines on special terms. This Methuen Treaty presented an obstacle to ratifying the treaty of 1713, which would have allowed the growth of French trade, and this policy was not abandoned till 1786. 458

221. *The New Attack on the East India Trade.* The same economic principle underlay the fresh attack on the East India Company, which imported goods that competed in the home market with English manufactures, such as fans, woollen cloth, and silk. There were also good grounds for criticising the conduct of the Company with regard to the employment of its capital and the action of its officials in carrying on private trade. The Directors and their agents often differed as to the 'investment' and 'remittances'; and the business was so intricate that supervision was impossible and corruption

rampant. The malpractice of the officials and the impoverished condition of the Company rendered public intervention necessary; the smaller proprietors were disfranchised, but the Company continued to manage its affairs under a Board of Control. 463

222. *The Navigation Act and the Colonies.* As the colonies grew, the Navigation Act supplied a suitable mechanism for controlling their traffic, so as to promote British industry, and to render England a staple for enumerated commodities. Great attention was given to the West India Islands, as a *dépôt* for Mexican trade, and in connection with the slave trade. In this England was chiefly interested, as it helped to secure the economic dependence of the plantations, and the African market for manufactures. The traffic had disastrous results on the negroes, and was of doubtful economic advantage; but the treatment of slaves in the West Indies was improved by restricting them to particular estates. The Navigation Acts were injurious to the islands, but helped to stimulate shipbuilding in New England; while British attempts to cut off Colonial intercourse with the French engaged in the Newfoundland fisheries, and with the French West-India Islands, gave rise to considerable grievance. 471

223. *Shipbuilding, Naval Stores, and Seamanship.* While providing for the employment of shipping, the statesmen of the day maintained their care for fishing for herring and cod, and for whaling. Bounties were given on shipbuilding, and the colonists were encouraged by bounties to supply hemp and naval stores. Increased attention was devoted to improving the prospects of seamen in the Navy and Merchant Service, and to affording better facilities for protecting ships on our coasts, by erecting light-houses and improving harbours and charts. 483

224. *Marine Insurance.* The practice of marine insurance had been organised under Elizabeth, and was developed by the establishment of the London Assurance and Royal Exchange Assurance, as well as by the concentration at Lloyd's Coffee House of under-writers, who refused to engage in Life Insurance. 489

XV. CHANGES IN THE ORGANISATION AND DISTRIBUTION OF INDUSTRY.

225. *The Influence of Commerce on Industry.* The fostering of industry was the prime object of economic policy during the period of Whig Ascendancy, and this aim is very defensible. As the materials needed in the established manufactures were limited, it seemed desirable to plant exotic trades, such as silk-weaving, and others in which the Huguenots were skilled. The dependence of industry on trade for materials and for sale, gave an impulse to the intervention of employers. The reconstruction of industry on capitalist lines may be effected so gradually as to be untraceable, but signs of the change are found in the nature of trade associations and trade disputes. In the clothing trade, the capitalist and domestic systems existed side by side, and each had advantages of its own; but the capitalist was in the best position for supervising workmen, gauging the market, and introducing machinery. 494

226. *The Migration and Localisation of Industry.* The changes which

occurred in the local distribution of industry can sometimes be explained on physical grounds, and sometimes with reference to convenience for trade. The concentration of trade was favourable to capitalist organisation; and the migration of independent workmen tended to diffuse industry. Yorkshire proprietors found it profitable to encourage domestic weavers, and these men adopted labour-saving implements, to which wage-earners at the old centres took exception. 500

227. *The Capitalist and Domestic Systems in the Clothing Trade.* Pains were habitually taken to open and retain foreign markets for English cloth, and to give the English manufacturers a preference in purchasing wool. After the Restoration, the export of wool was prohibited, despite the protests of the landed interest; and the home supply was supplemented from Ireland. The domestic weaver was at a disadvantage in the purchase of wool. Attempts had been made, even in Tudor days, to prevent the large undertakers from engrossing it, and to insist that they should pay the regulated wages, and should continue to employ their hands in bad times. Wage-earners were accused, in the eighteenth century, of embezzling materials; they formed combinations in Devon and Somerset, in Gloucestershire, and at Norwich. The masters were allowed to combine to prosecute fraudulent workmen, and inspectors were appointed to maintain the quality of goods. 503

228. *Differentiation of an Employing Class in other Trades.* The differentiation of an employing class occurred in the spinning trade, and in cloth-working. Capitalist supervision proved beneficial in these callings, as well as among the felt-makers. In this calling, and also in the case of the tailors, the rise of capitalism was followed by organisation among the wage-earners. Capitalism appears at its worst in connection with framework knitting, as carried on by provincial undertakers in defiance of the London Company; but the new system was everywhere incompatible with old regulations. 510

229. *Capital and the Planting of New Industries.* The Huguenot incursion gave opportunities for planting new industries, which Parliament encouraged by legislation for promoting consumption at home, and by granting bounties on export. New fashioned textiles, of silk and cotton, were thought to supplant woollen goods; these exotic trades tended to develop on capitalist lines. Domestic silk manufacture seems to have been superseded by the intervention of capitalists, and introduction of machinery. Capital was subscribed for manufacturing sail-cloth, and the linen trade was developed on a co-operative system in Ireland, and in Scotland by means of public funds, and the development of credit. Scottish linen had better access to foreign markets than Irish, and received more encouragement. 515

230. *The Hardware Trade and Colonial Industries.* The hardware trade underwent little change in organisation, but was exposed to difficulties from the scarcity of fuel, which caused a migration of industry from Sussex, and stimulated the experiments of the Darbys for substituting the use of coal for charcoal, for smelting in blast furnaces, and for puddling. The trade flourished in districts where coal was available, and manufacturers were no longer dependent on pig-iron from Sweden, from Ireland, or the American colonies. 522

231. Coal-mining. The change in the processes of iron manufacture stimulated the coal trade, which had been growing, through the demand for fuel in London. New enterprise was shown in mining, and in the introduction of pumping and other appliances. In the Newcastle district, the employers organised a system for controlling the output from each colliery; while the miners in Scotland were bondsmen, in personal subjection to their masters. 528

232. Internal Communications. The improvement of internal water communication had often been projected, for conveying corn, and the new demand for coal gave better prospects of profit for such undertakings. The Duke of Bridgewater constructed a canal from Worsley to Manchester with his own resources, and from Manchester to Runcorn through the help of London Bankers; and the scheme of the Grand Junction Canal was eagerly taken up. The roads of the kingdom had been allowed to fall into disrepair, despite the efforts of parish surveyors to enforce statute duty, but turnpike roads were better maintained. In the time of Queen Anne the state of the roads hampered trade and agriculture, but the eighteenth century proprietors were sufficiently public spirited to carry out vast improvements in the country generally. 532

XVI. SPIRITED PROPRIETORS AND SUBSTANTIAL TENANTS.

233. The Reaction of Commerce on the Landed Interests. The Whigs endeavoured to promote tillage, not merely by protecting the English farmer in the home market, but by giving a bounty on the export of corn, and thus enabling the landed gentry to bear taxation. The wealthy landowners of the eighteenth century were keenly interested in new methods of cultivation, and in improved implements and buildings, and their efforts were seconded by a growing class of substantial tenants, who could make the new system profitable, under the stimulus of expanding commerce. 540

234. Improvements in Tillage. In the seventeenth century there was much imitation of Dutch methods of raising stock and dairy farming. Improvements in tillage, in the eighteenth century, were noted by Arthur Young, who was an accurate observer of progress, and recorded some interesting survivals of mediæval practice. He severely criticised thriftless ploughing and careless cultivation of beans and of turnips. He advocated the introduction of clover and rye grass so as to give a five-course husbandry, while Bakewell was engaged in improving the breeds of sheep and cattle. 548

235. Agricultural Improvement and the Rural Population. The progress of improvement and enclosure put an end to subsistence farming on the part of artisans, cottiers, and small farmers; enclosure led to the consolidation of holdings and the displacement of rural population. Different localities competed in a national market and no effort was made to maintain separate markets. The expenses of enclosure were great, and the procedure inflicted much hardship on the small farmers, who did not benefit by the high price of corn, while they lost on other produce, and were crushed by the burden of rates. 552

236. The Problems of Poverty. The pressure of pauperism called forth from time to time discussions which throw light on contemporary social conditions during the seventeenth and eighteenth centuries. The decline in the power of the Council, after the Civil War, gave scope for the consideration of local, to the neglect of national interests. Labourers had a double source of income, and their position was so secure, that they could afford to be idle; additional opportunities of employment did not absorb the vagrant population, who were permitted in the seventeenth century to squat on the common wastes instead of working, till they were checked by the Act of 1662, which imposed serious restrictions on the labouring classes. Fluctuations of trade increased the numbers of unemployed; and schemes for relieving the rates and employing the poor were tried in many towns. The establishment of workhouses, and the system of farming the poor, checked the increase of rates, as did the war on cottages, but at the cost of much suffering. Since some persons fell into poverty through no fault of their own, because of fluctuations in trade, there was a reaction against stringent administration in 1783, and against the settlement restrictions in 1795, so as to render the granting of lavish relief more common. 562

237. The incidental effects of English Rural Development on Ireland. The encouragement of the English landed interest reacted unfavourably on Irish land management; few of the landlords devoted capital to improving tillage, while their pasture farming was discouraged, and their timber exhausted. 580

XVII. THE BEGINNING OF THE END.

238. The Revolt of the Colonies. The severance of the American colonies broke up the British commercial system, and discredited its principles. Economic grievances gave an occasion for the breach, but they only pressed seriously because of the colonial lack of interest in Hanoverian politics, and owing to the fact that the colonists felt strong enough to work out their own political destiny without British protection. The principles of the British system had been applied in America, so as to affect consumers of manufactured goods and to repress colonial industries; but American economic grievances did not determine the line of cleavage on which the severance occurred. 583

239. The Union with Ireland. British statesmen were led by the American revolt to treat Ireland more favourably. The Irish in 1783 imitated parliamentary Colbertism, with regard to tillage and internal communication, and in promoting fisheries and manufactures. The English House of Commons was determined to control economic life throughout the British Isles, and a legislative union was the only course available, so that recourse was had to the plan already adopted in regard to Scotland. 588

240. Adam Smith and the Wealth of Nations. Adam Smith supplied a justification for a change of economic policy, by treating National Wealth without direct reference to Power; he created Economic Science. He held that if each individual were free to seek his own wealth the national wealth

would increase, and that special encouragements were needless and costly. By his analysis of the process of Exchange and of the benefit of Trade, he revolutionised current maxims of trade in a way that commended itself both to Whigs and Tories. 593

241. *Tory Sentiments.* Tory politicians treated Land as the main factor in economic prosperity, and desired to relieve its burdens; they were not jealous of the Crown, or of the economic prosperity of the colonies, so long as political control was maintained. The Tories desired to distribute the burden of taxation, and were not concerned to promote manufactures. The results of applying Whig principles had been immense, but the country had outgrown them, and Pitt was well advised in discarding them and reverting to Tory traditions, as to the benefit of trade, in his commercial policy, and as to the desirability of distributing the burden of taxation so as to reach the owners of personal property; though during the Wars he was also forced to borrow largely, and in a costly fashion. The Tory jealousy of the moneyed interest became associated with humanitarian agitation in regard to the slave trade and to the conditions of labour. 597

VII. LAISSEZ FAIRE.

I. THE WORKSHOP OF THE WORLD.

242. *The Industrial Revolution in England.* The Industrial Revolution, which began in England, entails a complete alteration of social conditions, wherever it spreads. Mechanical inventions were not a practical success, till the eighteenth century afforded the requisite opportunities for enterprise. The well-ordered trade of the seventeenth century had been incompatible with the pushing of business, and the old regulations were proving mischievous; in the nineteenth century, though the working classes agitated for the enforcement of existing legislation, Parliament was ready to abandon it. The seventy years of Industrial Revolution changed the whole face of the country. 609

243. *Machinery in the Textile Trades.* Neither the introduction of new processes, nor of new implements, had such marked results as the substitution of machinery for hand labour. 613

244. *Increasing Influence of Capital.* The introduction of machines was a phase in the progress of Capitalism, and led to increased division of processes, and to the shifting of labour, as well as to the migration of industry to localities where power was available. 614

245. *Factories and Cottage Industries.* The concentration of labour involved the decay of cottage employment, and increased the differentiation of town and country, so that the weaver ceased to have subsidiary sources of income, while his earnings were more liable to fluctuate. There was rapid material progress, and this involved a loss of stability. 616

246. *The Rise of an Employing Class.* Machinery gave opportunity for the rise of capitalist employers, some of whom were drawn from mercantile business, while others had come from the ranks of the yeoman

class. The improvements in production led to the adoption of a new policy for stimulating industry, not by recasting, but by abandoning the whole system. 617

II. THE INTRODUCTION OF MACHINERY IN THE TEXTILE TRADES.

247. Cotton Spinning. The cotton industry was the field where the revolution first occurred, through the inventions which Arkwright rendered successful; though he failed to maintain his alleged rights, and power-spinning became very general. The weaving of cotton on linen warp had grown up during the sixteenth and seventeenth centuries, but cloth could now be made of cotton only; and foreigners were undersold. Ample supplies of material were available, though interruptions of trade were disastrous and there was an increased demand for labour; but the supply of water-power was limited, and the application of steam-power was followed by the growth of factory towns. 620

248. The First Factory Act. The condition of parish apprentices in cotton factories attracted attention, not from the danger of overwork, but because of their defective moral training. The first Factory Act was directly connected with the Elizabethan apprenticeship system. 628

249. Cotton Weavers and Wages Assessment. Before the power-loom came into use, the cotton weavers enjoyed great prosperity temporarily, but were soon reduced to receiving starvation rates of pay. The Arbitration Act of 1800 proved ineffective; and the weavers demanded an assessment of their wages under the Act of 1568. This had fallen into desuetude, and was repealed, in deference to *doctrinaire* opinion, with the result of throwing the cotton weavers on the rates in Lancashire. The Scotch weavers, when attempting to secure legal redress, rendered themselves liable to criminal proceedings. 632

250. Calico Printers and Overstocking with Apprentices. The introduction of machinery in calico printing led to the substitution of boys for men, and to overstocking with apprentices. The quality of the product in the cotton trades was improved by the use of machinery. 639

251. The Supply of Wool, Ireland and Australia. The condition of the woollen differed from the cotton trade, as spinning was widely diffused, and native materials were largely employed. The supply of English wool was limited, and seems to have been diminishing, so that there was more reliance on foreign wool, and revived anxiety, which showed itself in all parts of the country, about the smuggling of English wool abroad. A new source of supply was found, through the transportation of sheep to and development of squatting in Australia; but this source was not available for any considerable quantity till after the revolution in spinning had taken place. 642

252. Carding and Wool-Combing. A great saving was effected by machines for carding and scribbling, and these had been generally adopted; but the invention of machinery for the preliminary processes of worsted manufacture roused great antagonism among the wool-combers. 649

253. Spinning-Jennies for Wool. Hand-jennies for wool came into use at the centres of domestic weaving, and spinning with the wheel ceased to be remunerative, even as a by-occupation. In 1798 the Berkshire justices

granted allowances from the rates, and this tided over the transition to spinning by jennies in factories, and subsequent spinning by power. 653

254. *Legal and Illegal Woollen Weavers.* The flying shuttle brought large earnings to those woollen weavers who found employment, but the unemployed commenced an agitation for enforcing the old rules. The obligation of a seven years' apprenticeship was set aside temporarily, and, despite the evidence in favour of retaining it, the system was abandoned. 657

255. *The Shearmen and the Framework Knitters.* The use of gig-mills, though possibly illegal, was permitted, since they did the work well; the newly invented shearing frames deprived skilled workmen of employment and roused them into violent opposition, in which they were associated with the Luddites. When the regulation of framework knitting by the Company ceased, complaints of hardship arose from the hands, who paid frame rents; and subsequently inferior goods were produced, which spoiled the market. The evils were aggravated by the practice of spreading work, and were not due to machinery, but to reckless competition. 661

III. AGGRAVATIONS OF THE EVILS OF TRANSITION.

256. *The War and Fluctuations in Maritime Intercourse.* The inevitable difficulties of transition were aggravated by the fluctuations of trade, which rendered manufacturing speculative and tended to lower the operatives' standard of life. The breach with the American colonists was taken advantage of by French and Dutch rivals; and Russia insisted on maintaining a new doctrine of neutral trading, to the disadvantage of the English, who sustained heavy losses, but no permanent damage to their maritime power. Though England relinquished many possessions in 1783, her maritime superiority was more striking than ever, and enabled her to monopolise the carrying trade and to ruin her rivals. During the Revolutionary War a stimulus was given to English tillage; and after the Peace of Amiens, to manufactures for American markets. English prosperity was securely founded, as industry and agriculture had all been developed; a large revenue was derived from customs; England, despite the pressure of debt, could defy competition through her wealth in coal, and was bound to triumph in the end. The attempt of England to destroy the commerce of France embroiled her with the United States, since they had developed a carrying trade between France and her colonies to the disadvantage of British traders. The Orders in Council against neutral trading called forth the Berlin and Milan Decrees; these pressed severely on the customers of England, but did not break down her monopoly, as Napoleon failed to develop industries, and a large contraband trade sprang up. The rupture with the States affected our supplies of material and food as well as our manufactures. With the establishment of peace a period of depression ensued. Though successful speculators had gained, the community as a whole suffered from the fluctuations in trade. 668

257. *Credit and Crises.* During the war, industry suffered from want of materials and the interruption of the food supply, and all capitalists were affected by the variations in credit, and the consequent crises. There was

frequent temptation to over-trading; while Pitt used his power of borrowing so persistently, and political affairs were so threatening, that the Bank had to suspend cash payments. 689

258. *The National Debt and the Sinking Fund.* Much of the fiscal burden was deferred, and while Pitt's Sinking Fund, which avoided the errors in Walpole's scheme, inspired mistaken confidence, it served to encourage reckless borrowing. 698

259. *The Suspension of Cash Payments.* After the suspension of cash payments, there was no check on the unconscious depreciation of the currency by the over-issue of paper, which tended to raise general prices and to reduce the purchasing power of wages. The authorities of the Bank contested the fact of depreciation, but recent experience in Ireland rendered the true state of the case clear to the Bullion Committee of 1810, and their principles were adopted in 1819, when cash payments were resumed. 699

260. *The Demand for Food and Higher Farming.* The working classes suffered from the high price of corn, which was partly due to the increased demand of the manufacturing population. There were large supplies of meat, and great pains were taken to manage the available corn to advantage, to encourage the importation of food from abroad, and to discourage waste. 703

261. *Enclosure and the Labourers.* With the view of increasing the home production of corn, enclosure was pushed on, in the belief that the whole rural population would be benefited; but this hope proved mistaken. In a large number of cases the labourer lost the opportunities of supplementing his income, and was deprived of the hope of rising in the world. 711

262. *Rural Wages and Allowances.* It appeared impracticable to reintroduce the assessment of wages; and in a period of severe distress, the justices began to grant allowances to the families of able-bodied men systematically, with disastrous results in pauperising the population, while by-occupations and village industries decayed, and the tendency to migrate to towns increased. 718

263. *The Agricultural Interest and the Corn Laws.* The Corn Law of 1689 had been successful in both its objects, for many years; that of 1773 was intended to secure a food supply, either from home or abroad, at a steady price; but Parliament reverted to the principle of promoting native production, in 1791, and gave an unhealthy stimulus to tillage for a time, with the result that landlords were threatened with ruin at the Peace. The Act of 1815 was passed on plausible grounds, but in the interest of the landlords as a class, to the detriment of the consumers, and without controlling prices so as to encourage steady agricultural improvement. 723

264. *The Combination Laws.* The working classes not only failed to obtain redress under the existing laws, but suffered from the passing of a new Combination Act in a time of political panic, and despite protests against its injustice. Friendly Societies continued to exist; but associations for trade purposes were liable to prosecution; though this was not systematically enforced, an intense sense of injustice was roused. 732

265. *Economic Experts.* The reluctance of Parliament to attempt remedial legislation was due to the influence of economic experts, who

concentrated their attention on national wealth, and were uncompromising advocates of *laissez faire*. The vigour with which they insisted on free play for capital as a right, and denounced traditional views, as to the duty of the State to labourers and the expediency of fostering a native food supply, increased class bitterness. The Classical Economists generalised from the special conditions of their own day, and put forward a doctrine of the wages-fund which condemned all efforts on the part of labourers to raise wages, because they happened to be ineffective at that juncture. The Malthusian doctrine, as to the difficulty of procuring subsistence and the rapid growth of population, was a convincing statement of the facts in his time, but left the mistaken impression that all philanthropic effort was necessarily futile. . 737

IV. HUMAN WELFARE.

266. **The Humanitarians and Robert Owen.** English public opinion, under the influence of John Stuart Mill, became dissatisfied with the mere consideration of means, and began to feel after a better ideal of human life, and to work at the conditions which were necessary to realise it. Attempts had been made to put down the cruel treatment of parish apprentices, and other abuses at home and abroad; and positive efforts to better the condition of the poor, by providing new means of education, were generally welcomed. Robert Owen had extraordinary practical success at New Lanark, not only in his schools and co-operative store, but in managing his mill so as to contribute to the elevation of the operatives in character. . 745

267. **The Removal of Personal Disabilities.** The status of the workmen was improved by altering the conditions for the settlement of the poor, and by repealing the restrictions on emigration, as well as by the repeal of the Combination Acts. Despite an outbreak of strikes, which disappointed the advocates of repeal, the Combination Acts were not reimposed, and the right of forming Trade Unions was established; the men were defeated in the struggles at Bradford and Kidderminster, but by combining to maintain the standard of life they have secured, with the assistance of the Radicals, a large measure of freedom for joint action. . 754

268. **Anti-Pauperism.** The methods adopted for the relief of the poor, by providing employment and granting allowances, were most demoralising under various forms of administration. Neither the overseers nor the justices exercised effective control; and there was need for a central authority to introduce a better policy. The Poor Law Commission reformed the workhouses, and abolished out-door relief for the able-bodied; it has been re-organised as a permanent department. . 763

269. **Conditions of Children's Work.** The Economists feared that any shortening of hours would drive away trade and add to the distress of the artisans, but they were not ready to welcome interference, even where foreign competition was impossible. From the influence of Robert Owen, an agitation began against the over-working of children, and a Commission was appointed to enquire into the conditions of their labour in the woollen, linen, cotton, and silk mills. The early age of employment was a general evil, and the small mills had a specially bad reputation, but the irregularity of water-power gave an excuse for working excessive time.

Most of the evils, which were brought to light, had attached to cottage industry, and parents deserve a large share of blame as well as masters. The Commissioners of 1833 tried to isolate the question of child labour, and hoped that shifts would be organised. Limits were imposed on the employment of children; and inspectors, acting under a central authority, were charged with enforcing the Act. The over-working of children could not be checked effectively till the hours for women were restricted; and a normal working day of ten hours and a half was at length established, in spite of the forebodings of experts who ignored the results of Owen's experience. 774

270. *Distress of Hand-loom Weavers.* The low standard of comfort of hand-loom weavers was not treated as a subject for State interference. The power-loom was superseding hand work; the concentration of weaving in factories gave facilities for supervision, and encouraged regularity and honesty, so that cottage weavers had no constancy of employment. The depression in the linen trade, during the transition to power weaving, was aggravated by the competition of Irish, and of cotton weavers; and in the silk trade, by the habitual spreading of work. The application of power to cotton-weaving was delayed through the cheapness of hand work, and led in the worsted trade to labour shifting. The woollen weavers had lost their abnormally high rates, and suffered a period of depression. State action seemed impracticable, but there has been improvement of wages from other influences, and the conditions for health of factory employment compare favourably with those that characterised cottage industries. . . . 790

271. *Conditions of Work in Mines.* The conditions of work in various industries were the subject of enquiry, and a strong case was established for interfering in regard to mines, when a Commission reported in 1840. The employment of young boys in mines had been increasing, but was now prohibited, as well as that of women under-ground, and a system of State inspection was organised. . . . 802

272. *Conditions of Life in Towns.* The conditions in which labourers lived attracted attention at the outbreak of cholera in 1831, in insanitary districts; and, after thorough enquiry, a Health Department was organised, but on an inadequate scale. The work of providing for the housing of the poor has been partly dealt with by building societies, though the problem is increasingly difficult either for individuals or municipalities. The new administrative machinery for social purposes is very different from that of the Stuarts, both in its aims and its methods. . . . 806

V. FACILITIES FOR TRANSPORT.

273. *Railways and Steamers.* The demands of manufacturing districts for improved transport were met by the development of railway enterprise, which was a boon to the public generally; but it accelerated the decline of rural life in England, especially after the system was introduced in America. The application of steam power to ocean transport was more gradual, and it has greatly benefited the commercial, but not the landed interest. . . . 811

274. *Joint-Stock Companies.* Under the influence of new conditions, facilities were given for the formation of joint-stock companies with limited

liability, and these were largely used for trans-oceanic shipping. The trade of the East India Company to India was thrown open in 1813, but the exclusive trade with China was retained till 1833. The abandonment of well-ordered trade through the Hongists, in favour of open competition, had disastrous results, when the last remnant of monopoly in ocean trade was given up. The danger of monopoly growing up for internal communication led to the interference of Government on behalf of the public, and to the institution of the Railway Commission. 816

275. *Banking Facilities.* The inadequacy, for modern requirements, of the credit system was brought out by the crisis of 1825, which led to a renewed agitation against the monopoly of the Bank of England, and to the development of provincial banks, and of London banks with the power of issuing notes. By the Act of 1844 the responsibility for issuing notes was concentrated in the Bank of England, but this did not prevent the occurrence of crises; the large amount of capital sunk in railway enterprise, and the necessity for large payments abroad, together with a sudden change, due to a good harvest, in the corn trade, brought about the crisis of 1847. The Bank has justified its position not so much by controlling the issue of notes as by maintaining the reserve. 822

276. *Public Policy in regard to Navigation.* The new conditions of commerce gave rise to an agitation by London merchants against the system of commercial regulation through the Navigation Acts. Reciprocal trade under treaties was adopted with several maritime powers, and preferential tariffs were arranged within the Empire. Though the privileges of English shippers were done away with in 1849, English maritime supremacy has been successfully maintained owing to the introduction of iron ship-building. 829

277. *Financial Reform.* Commercial progress had been hampered by the pressure of taxation; this was reduced, with the view of encouraging industry, before Peel undertook the thorough reform of the fiscal system. Under reduced rates, trade revived and revenue expanded. The change of system was tided over by the temporary imposition of an income tax, which has been retained as a regular charge, owing to its convenience. 833

278. *The Relative Depression of the Landed Interest.* Economic and political antagonism was roused against the Corn Laws, as recast in 1815, since they benefited a particular class, to the disadvantage of the manufacturing interest. The Irish Famine rendered suspension inevitable, and repeal followed in 1846. The policy of fostering a home-grown food supply was discarded as a failure, and the landed interest was relegated to a secondary place in the State, but the work of improvement was taken up by substantial tenants, before the full effects of foreign competition were felt. 840

279. *Effects on Ireland.* The depression of the landed interest was specially noticeable in Ireland after the Union, for she could not take advantage of the new commercial prosperity by obtaining markets for manufactures; and subsistence farming was maintained, with disastrous results in the Famine. The repeal of the Corn Laws deprived Ireland of an advantage in the English market, and the State has neither succeeded in attracting capitalist farmers nor in developing a peasant proprietary. 845

280. *Emigration and the Colonies.* The economic principles of *laissez*

laissez in commerce, combined with a belief that the colonies were an expense to the mother country and that they would gain by independence, rendered the English public indifferent to the retention of the colonies; while the colonists were irritated by occasional interference on behalf of native races in South Africa, and of negroes in the West Indies, where the long protected sugar industry has suffered severely. Protection was also withdrawn from Canadian lumber in accordance with Free Trade doctrine. Emigration was encouraged by Lord Selkirk and the Canada Company, and the advantages of systematic colonisation, as a means of relieving England of redundant population and a plethora of capital, were expounded by Wakefield, whose views were partly adopted in the development of Australia and New Zealand. He helped to create a new enthusiasm at home for colonial empire, while steps were taken, both in Canada and New Zealand, to introduce responsible government and thus plant English institutions and strengthen English influence throughout the world. 860

POSTSCRIPT.

281. *Laissez Faire in Commerce.* The treatment of the recent economic history of England presents unusual difficulties, especially in view of the development of political life throughout the British Empire. *Laissez faire* in commerce was long ago accepted as an ideal by individuals, both in England and America, and roused the enthusiasm of the opponents of the Corn Laws, but their expectations as to the action of other nations have not been fulfilled. It may be wise to abandon commercial *laissez faire* for the sake of securing our food supply, and obtaining an open door for our manufactures. This would harmonise with traditional Whig views of the benefit of commerce in stimulating industry and with the Tory tradition as to distributing the burden of taxation. 865

282. *Analogy with the Elizabethan Age.* Recent history presents a parallel with that of the sixteenth century, in the substitution of a new basis for economic organisation; in the effects of the discoveries of gold and silver on prices and on the relative value of the precious metals; in the facilities for the formation of capital; in the building up of great fortunes, and in changes in business organisation, which have been facilitated by the telegraph system. 871

283. *The Physical Conditions of Welfare.* Whereas Elizabethan statesmen aimed at promoting national Power and the means of attaining it, nineteenth century public opinion is concentrated on the Welfare of the masses, and the conditions for realising it. This affords excuse for exclusive attention to the interests of labour in England and her colonies; while the policy of other countries is more concerned with national Power, or the interests of Capital. The influence of labour is shown in the respective policies of England and her colonies, and in the development of Trade Unions, Friendly and Co-operative Societies. 878

284. *The English Conception of Welfare.* The English conception of Welfare is distinct from that of other peoples, and includes a deep respect for historical tradition and an abandonment of any desire to assimilate

other peoples to the English model, as well as a high respect for human life, even in the cases of coloured peoples. 881

285. Imperial Administration. The Roman Empire had dealt with the same problems, but it was less fitted to grapple with them, from its military origin, its territorial character, and the economic pressure it entailed; while England has set herself to diffuse political power and to devise an uncorrupt and efficient system of civil administration in conjunction with democratic institutions. 883

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