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978-0-521-04459-2 - Commercial Crisis and Change in England 1600-1642: A Study in the Instability of a Mercantile Economy

B. E. Supple

Excerpt

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## INTRODUCTION

The decay of merchandizing or vent abroad of our home-bred wares must needs hinder the employment of the makers thereof and so consequently increase great numbers of the poor, and be the ruin of all the inland trades, for that they depend one upon another; and the decay of either is very prejudicious to this State.

WILLIAM SANDERSON, 'A Treatise of the State Merchant' (1629), in Cambridge University Library, MS. Gg. v. 8, fol. 227.

Perhaps more than any other field of study in the economic history of seventeenth-century England, that which concerns the development and changing fortunes of commerce lends itself to descriptive and analytical treatment. For one thing, it provides many convenient foci around which a story may be constructed. For another, its surviving records exemplify a dynamism which sets it apart from the history of agriculture. It is indeed difficult not to adopt the prejudices of the majority of contemporary observers—in whose eyes trade was the main prop of the economy, and from whose pens, consequently, there flowed an abundance of illuminating documentation. Yet it is not alone the conveniences of economic historiography nor the chance survival of one type of source material which justify a careful study of the commerce of the period. Even the existence of extreme naïvety in official circles would not have entirely explained the careful and detailed administrative attention devoted to trade and the classes dependent upon it. And no degree of misplaced enthusiasm for purely academic exercises could have produced a situation where the significant advances in economic thought were so much confined to matters of commerce and currency. Clearly, England's relationships with the economies of other lands had a crucial role to play in her own internal prosperity. Perhaps the most rewarding way to investigate the implications of this proposition is to concentrate largely upon periods of economic crisis. As long as we retain the knowledge that there were good times as well as bad, an economy suffering from extreme dislocation can tell us much concerning its own structure. When we have compared one crisis with another we can hope to know far more about the stability of the economy, and even its course of development.

The modern approach to the study of economic fluctuations and economic growth has been both facilitated and conditioned by a sharpening of the tools of statistical analysis and by the accumulation of statistical

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series whose abundance is chastening to the student of the early modern period. Techniques now used to study the nineteenth century have their disadvantages as well as their undoubted merits.<sup>1</sup> For the historian of the early seventeenth century, however, there can be no choice: such sophistication of analysis is beyond his reach, the quantitative data are much too sparse. Thrown back on to a reliance upon literary evidence, the historian is no less forced to define the sort of phenomenon which he admits as evidence of, in this case, trade fluctuation. It will become apparent that the present writer has primarily adopted the criterion of unemployment in the textile industry as the mark of a significant slump in the period under consideration. In addition he has looked to 'external' factors—to political and economic events abroad, to currency instabilities, to harvest fluctuations—to explain the more important dislocations in England's economic structure. The basis of these views lies, on the one hand, in an appreciation of the importance of the manufacture of textiles at home and of woollen exports in overseas sales as a whole, and, on the other, in the fact that the English economy of the time was not such as to generate the type of trade cycle so familiar in the nineteenth and twentieth centuries. These two subjects will be dealt with separately.

## (i) INDUSTRY AND TRADE

At first sight the organization of England's economy might not seem to bear out the conclusion that there could be an intimate relationship between events overseas and prosperity at home. The nation was both small and poor. The bulk of the population, of about 5,000,000, lived in rural surroundings. London, it is true, was on the way to reaching the half-million mark which it achieved by the end of the century. But London was unique. Norwich, the second city of the kingdom, could boast only 15,000 inhabitants. In the main Englishmen inhabited the countryside or the large villages which passed for towns, and whose principal economic role lay not in manufacturing but in finishing and distributing, in marketing and arranging supplies of food and raw materials. Although, of course, there was still a relative abundance of land, the existing technology and the shortage of capital (to name only two of a host of interacting factors) kept standards of living at, or below, a level today associated with underdeveloped or backward economies. Most people would seem to have been employed in supplying the rudimentary wants of a poor society. With a primitive technology, most pursuits, outside those where large units of fixed capital were essential,

<sup>1</sup> F. J. Fisher, 'The Sixteenth and Seventeenth Centuries: The Dark Ages in English Economic History?', *Economica*, n.s. xxiv (1957), 2–3.

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were deprived of the economies of large-scale operation. Consequently the average unit of production was kept small and this, combined with a poor system of internal transport, meant that local areas frequently duplicated each other in providing limited and inelastic markets for a diversity of local tradesmen and craftsmen—retailers, butchers, bakers, carpenters, builders, blacksmiths, tailors, etc. Clearly, compared with the twentieth century, a greater proportion of the population was engaged in satisfying the basic needs of the community.<sup>1</sup> Occupied, as many of them were, with the struggle for daily existence, close to the land and its potentialities, frequently still deprived of the commercial activity which was felt by those agricultural communities in the happy position of providing London with its workaday necessities,<sup>2</sup> it might well be asked how local economies could feel any except the remotest repercussions of economic events in other areas of England, not to speak of a field so far removed from the resources of their own districts as that of overseas trade.

Yet, in fact, England was far from being a static agglomeration of self-sufficient communities. For one thing, factors were at work which had broken down the barriers (if, indeed, they had ever existed) between some regions and involved them, albeit to a limited extent, in a common economic destiny. We cannot yet speak of a national market for the factors of production or for most consumer goods. But regional specialization and trade were sufficiently far advanced to create an economic balance which could be alarmingly susceptible to commercial disturbance. In addition, important sections of the population relied for their daily income on the prosperity of the export market.

The growth of London was itself a potent factor stimulating regional specialization and hence interregional dependence.<sup>3</sup> Clearly, the principal effect of this was felt in agricultural production, but of no small significance was the demand of the capital for fuel, clothing, timber, metalware, etc. The growth of the London market exerted pressure on the resources of remote areas as well as those of the home counties. 'It is no good state', wrote Sir Thomas Roe, 'for a body to have a fat head, thin guts, and lean

<sup>1</sup> For this point and for the relatively small numbers engaged in agriculture, see A. J. and R. H. Tawney, 'An Occupational Census of the Seventeenth Century', *Econ. Hist. Rev.* v (1934), 38–43.

<sup>2</sup> See Add. MSS. 10113, fol. 64 (1611) where Edward Hayes noted that 'complaints have been frequent that in the country far from London markets have been dead, that corn and cattle sent to markets and fairs by poor farmers to pay their landlords could not be sold, because no money was there stirring'.

<sup>3</sup> For the development of London see F. J. Fisher, 'The Development of the London Food Market, 1540–1640', *Econ. Hist. Rev.* v (1935), 46–64; 'The Development of London as a Centre of Conspicuous Consumption in the Sixteenth and Seventeenth Centuries', *Trans. Roy. Hist. Soc.* 4th ser. xxx (1948), 37–50; 'The Sixteenth and Seventeenth Centuries: The Dark Ages in English Economic History?', 10.

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members.<sup>1</sup> This criticism of London's position in the economy veiled an apprehension which was, in the main, justified. The capital had come to condition many of the day-to-day workings of the community. Quite apart from the far-flung influence of its demand for consumer goods, London, as the fountain-head of privileges, the centre of government, the site of the principal law courts, the seat of the great trading companies, the crux of the land market, the main repository of trading capital, and the primary source of credit, was the inevitable controller of much economic activity in other parts of the land, and, as we shall see, the narrow bottleneck through which (to the chagrin of provincial merchants) textiles produced in the remotest areas passed for shipment abroad.

There were other places, too, where a concentration of population not only provided goods for a non-local market, but created a market for non-local sources of supply. Important amongst these were various of the agricultural counties; the textile-producing counties of East Anglia, the West Country and Yorkshire; the iron-mining and iron-working regions of the Weald and the Forest of Dean; the fast-developing Black Country; and the coal, glass and salt district along the Tyne and the Wear. One of the greatest gaps in our knowledge of the period is, indeed, the structure and development of internal trade which made these, and other, local divisions of labour possible. To judge from the complaints of urban craftsmen and the demand for improvements in transport, it was growing at a fast rate; to judge by the more moderate comments concerning that *bête noire* of social reformers, the middleman, it was becoming increasingly respectable.<sup>2</sup> But it is easier to intimate the importance of domestic commerce than to measure it. Surviving records of the coastal trade, for instance, tell us much, although by no means all, concerning the economic relationships between the various local economies which comprised the England of the time;<sup>3</sup> but they provide no measure of change in those relationships.

It would be out of place here to describe fully the economic geography of England in the early seventeenth century. In some respects the seeds of future industrialism were commencing their familiar growth. In other respects England remained nearer to the fifteenth-century mould than to the nineteenth. For instance, there was, as yet, no approximation to the nineteenth-century balance of economic power: the exploitation of agricultural and industrial resources was most advanced in the South and

<sup>1</sup> Sir Thomas Roe, *His Speech in Parliament: wherein he sheweth the cause of the Decay of Coin and Trade* (1640; published 1641), p. 11.

<sup>2</sup> Fisher, 'The Sixteenth and Seventeenth Centuries: The Dark Ages in English Economic History?', 11–12.

<sup>3</sup> T. S. Willan, *The English Coasting Trade, 1600–1750* (Manchester, 1938).

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East, where also lay the main centres of population; the North, and parts of the West, were still, by comparison, underpopulated, underdeveloped, and economically and commercially primitive. Nevertheless, it is essential to go into slightly more detail concerning the manufacture of woollen textiles, for they occupied a unique position in the structure of English industry and trade.

The actual production of cloth was widespread; the Privy Council, in 1622, anxious concerning the decay of the cloth trade and wishing to ascertain local opinions on it, wrote to twenty-five counties in which it was presumed that the textile industry flourished.<sup>1</sup> But significant manufacture for distant sale was somewhat more localized, and the resulting specialization means that it is possible, and sometimes necessary, to speak not of one 'textile industry' but of a variety of non-competing wool-manufacturing sectors.<sup>2</sup> Wiltshire, Gloucestershire, Somerset, Worcestershire and Oxfordshire produced the traditional, heavy, white broadcloth which was the staple item of the old draperies, and which gave to the West Country its unique industrial importance. In the same areas and in Dorset there was a growing manufacture of newer types of dyed cloths of a high quality: stammells, medleys, Spanish cloths, etc. In Devon, Dorset, western Somerset and parts of Wiltshire there were also regions specializing in narrower and cheaper cloths: kersies, dozens, straits, and some coarser varieties of broadcloth. In Wales and Lancashire goods made out of mixed fabrics sustained a not inconsiderable industry. Textiles endowed East Anglia with a busy industrial economy; there, in Suffolk, Essex and Norfolk, the old draperies, both white and coloured, jostled with the worsted industry, and with the new draperies, the bays, says, perpetuanoes, and a host of other types made from combed wool. To the north, the West Riding, with its dozens, kersies, plains, straits, and more substantial products was an important producing area, while expensive coloured cloths in Kent and Berkshire, and kersies in some areas of the South, were other examples of textiles manufactured for non-local sale.

It is impossible to obtain even approximately exact figures of the numbers employed in textiles as a whole. In Gloucestershire it is possible that some 15 per cent of the work force was so engaged in 1608,<sup>3</sup> and, acknowledging the probable wide margin of error, we may compare this with an even more tentative estimate, from the nineteenth century, of 101,000 for the total Gloucestershire population in 1600,<sup>4</sup> and with

<sup>1</sup> *A.P.C. 1621-1623*, p. 190.

<sup>2</sup> See, for example, Margaret Gay Davies, *The Enforcement of English Apprenticeship: A Study in Applied Mercantilism, 1563-1642* (Cambridge, Mass. 1956), pp. 109-11.

<sup>3</sup> Tawney, 'An Occupational Census', 36.

<sup>4</sup> W. H. B. Court, *The Rise of the Midland Industries, 1600-1838* (Oxford, 1938), p. 21.

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contemporary guesses that 20,000 or 24,000 people were dependent on the county's textile industry.<sup>1</sup> In general, however, the statistical approach proves barren. Nevertheless, the weight of contemporary opinion, the repercussions of dislocation, the nature of governmental action, and a wealth of other qualitative evidence leaves no doubt that the manufacture of cloth was England's primary non-agricultural occupation. More than this, at least three areas—the West, East Anglia, and the West Riding—found that their daily well-being was tied to a considerable degree to the overseas sale of their products.

It was not only that the overseas market was of strategic importance to cloth production. England's exports, in their turn, were dominated by woollen textiles—cloth was unrivalled as a saleable product: 'if all were divided into 10 parts, wool and cloth make nine parts, but this must be understood of the cloth exported compared with the value of other commodities exported, for compare wool and corn, the value of the corn far exceeds the wool.'<sup>2</sup> With the former verdict modern research agrees; perhaps as much as 90 per cent and certainly over 75 per cent of England's exports were of articles made from wool. No wonder that to contemporaries it appeared that 'the cloth trade is . . . the axis of the commonwealth, whereon all the other trades . . . do seem to turn, and have their revolution',<sup>3</sup> or that it could be called 'the flower of the king's crown, the dowry of the kingdom, the chief revenue of the king . . . the gold of our Ophir, the milk and honey of our Canaan, the Indies of England'.<sup>4</sup>

Since cloth made up the bulk of exports and since the industry was so highly concentrated, in all cases of an abrupt decline in overseas demand society was faced with the phenomenon of mass unemployment. For no economy, whatever the possibilities of by-employment or the availability of land, could hope to absorb the idle labour resulting from a cessation of activity in an industry which permeated entire localities. Again this gave a special character to the contemporary economic scene. Cloth production was sufficiently far advanced to have ceased, in the main, to be a by-employment for a predominantly agrarian population. Hence, for the government and for the community at large the existence of the textile industry meant the perennial threat of an outbreak of distress and disorder amongst a landless, and even propertyless, class. This situation had helped produce the Elizabethan Poor Law and made

<sup>1</sup> S.P.D. Jas. I, 128/49I (1622); S.P.D. Chas. I, 244/1IV (1633).

<sup>2</sup> Hargrave MSS. 321, pp. 40–1 (*temp.* James I). Cf. Sir Edward Coke in the 1621 Parliament: 'Divide our native commodities into 10 parts and 9 arise from the sheep's back.' *Commons Debates, 1621*, III, 318.

<sup>3</sup> E. Misselden, *The Circle of Commerce* (1623), pp. 63–4.

<sup>4</sup> E. Misselden, *Free Trade* (1622), p. 40.

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generations of statesmen wary of encouraging industrial growth. Lord Burghley had felt that 'the diminution of clothing in this realm were profitable to the same', in part because 'the people that depend upon making of cloth are of worse condition to be quietly governed than the husbandmen'.<sup>1</sup> Although, as will be seen, such extreme restrictionism no longer secured widespread support, the situation which gave it rise fifty years before was no less urgent a problem in the early seventeenth century.

The framework of overseas commerce into which the cloth trade fitted was a relatively simple one. The spectacular colonial ventures of the time and the search for treasure and exotic commodities in Asia, Africa and America should not be allowed to mask the fact that trade was primarily intra-European. From England woollens went largely to clothe eastern Europe, Germany and Holland—with smaller, although rapidly increasing, markets in southern Europe and the Mediterranean.<sup>2</sup> There was also some small export of minerals, foods and manufactured goods. In return, imports consisted of the linens and fustians of northern Europe; the silks of Italy, France and Spain; the dyestuffs, raw silk, hemp, flax, oils, yarn, metals, potash and timber used in home industries; the fruits of southern Europe; and (to a strictly limited extent) spices, sugar and tobacco from more distant areas. In years of bad harvest there would be an import of grains directly or indirectly from the Baltic and perhaps from France. Much of this importation in normal years was of luxury goods, and its variations would only indicate the fluctuations in the high prosperity of a tiny portion of the population. Much of the remainder was closely connected with the textile industry or with shipbuilding, and would tend to vary in amount with internal activity rather than affect it.

Thus a study of commercial fluctuations in general, the object of which is to accord primary importance to those factors which affected most people, is not unduly selective if it concentrates to a great extent on the export trade, and textile sales in particular. In the main London's exports will be used as an index of the nation's—a procedure justified by the capital's commercial predominance. And, since the major crises came in the trade to northern and eastern Europe (the principal areas for the sale of cloth), the old draperies and commercial dealings with the Continent will provide the main subject-matter of the following pages.

To contemporaries the claim that 'when trade flourisheth the king's revenue is augmented, lands and rent improved, navigation is increased, the poor employed . . . [but] if trade decay, all these decline'<sup>3</sup> was a

<sup>1</sup> *T.E.D.* II, 45.

<sup>2</sup> For the long-term changes in England's cloth markets, see chapter 7.

<sup>3</sup> Misselden, *Free Trade*, p. 5.

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truism beyond argument. It suffices for the immediate purpose that England's most important manufacture was also her leading export-industry; that this industry was a spectacular exception to most occupations at the time; and that the economy was always susceptible to the dynamic impact of trade fluctuations, which affected its monetary and capital supplies, and the levels of production and employment in its predominant industrial activity.

However, before we see how these things worked themselves out in the decades before the Civil War, it is necessary to say something further concerning the types of economic instability with which we shall be dealing.

#### (ii) THE NATURE OF INSTABILITY AND CRISIS

Even were comprehensive statistical series to be discovered it is unlikely that anything like the modern trade cycle would be found operating in the early seventeenth-century economy. The extremes of commercial paralysis regularly alternating with periods of hectic expansion, which run through the economic history of the nineteenth century, seem to be associated with the growth of capital goods industries and the factory system. A marked feature of non-agricultural occupations in the period under discussion was, however, the relative unimportance of fixed capital. The principal items of durable capital goods were houses, ships, mills, mines and industrial tools such as looms and spinning wheels. Given the methods and organization of trade and industry, an extremely high proportion of the country's non-agricultural wealth consisted of circulating capital. And the effects of this situation were exaggerated since, firstly, some of the items of fixed capital, e.g. mills, were by no means specific in their uses, and, secondly, the arrangements of domestic production meant that employees frequently provided their own workplaces and the necessary, but inexpensive, tools and machines.

Since fixed capital played such a small part in the industrial structure it was impossible to experience the crippling crises of excess productive capacity so familiar after the Industrial Revolution. Equally absent were the intensifications of market fluctuations which derive from the presence of capital goods industries in an economy. Further, the lack of a highly developed and sensitive network of credit meant that a credit crisis, in its modern connotation, would rarely be a significant erosive of general prosperity. Except for the variations in purchasing power resulting from harvest fluctuations (which will be dealt with in the next section) the home market for industrial goods tended, on the whole, to be maintained at a stable and low level and to be conditioned by regional rather than



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national factors. It was, therefore, frequently overseas demand which was the strategic determinant of alterations in internal activity. As English exports largely consisted of woollen goods and as the cloth industry was the principal non-agricultural occupation, so trade inevitably came to play a dynamic role in the variations of internal prosperity.

It should, consequently, not be surprising that the economic booms and slumps of the early seventeenth century did not partake of any of the marked *rhythmical* character of the modern trade cycle. The pre-factory economy was not of a type calculated to produce regular and self-generating oscillations of economic activity. Instead, since increases and decreases in production and employment so often arose from alterations in exports, and since these latter derived, with indeterminate frequency, from extraneous developments abroad or arbitrary interference at home, variations in prosperity were random and discontinuous. Intermittent breakdowns in the English textile industry, and dislocations of a broader character, stemmed in the main from the intrusion of such factors as the growth of competitive manufacture in Europe, the outbreak of continental wars, the manifestations of semi-political difficulties (or economic jealousy) in stoppages of trade, the destruction of foreign purchasing power consequent upon a variety of factors, and the repercussions of the currency manipulations which were an ever-present result of Europe's monetary difficulties. Hence at any given point in time there would be much that was precarious about England's economic situation. Equilibrium, no matter at how high a level of prosperity, was always unstable. But, while the causes of these 'random perturbations' lay outside the economic structure, an understanding of their extremity and effects is dependent upon a realization of the nature of internal economic relationships.

Part of the volatile nature of the effects of commercial disruptions was undoubtedly caused by the ease of disinvestment consequent upon the nature of capital at the time. As already intimated, outside a few special trades, the individual entrepreneur had a preponderance of his investment in the form of circulating capital and could therefore withdraw from participation in his activity far more easily than his nineteenth-century counterpart—much of whose capital was immobilized in fixed items of investment. This importance of working capital was matched, given technological poverty, by the significance of labour, whose share as a cost of production was commensurately more significant. Hence, a sudden expansion in output would be secured less by a change in organization or techniques than by an increase in employment and a multiplication of units of production. Conversely, a fall in demand would quickly put

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pressure on wages and employment. In these circumstances, one marked feature of society—much as a government enamoured of the concept of a stable and ordered economic framework might dislike it—was a considerable horizontal and even vertical mobility of capital, entrepreneurial skill and labour.

Peers, gentry, yeomen and husbandmen participated in a variety of industries and trades only some of which depended on the exploitation of the resources of the land. Outside the landed classes there were wholesale cross-currents of economic interest: butchers became graziers, clothiers invested in trade and agricultural produce, mills were converted from one use to another. For the merchant, trade in one commodity or to one market would rarely comprehend the entire range of his commercial activities, while he did not necessarily confine himself to active trading. The mobility of mercantile capital showed itself in many ways: in the distribution of investment between a variety of trading areas and commodities, largely in order to diversify risks; in the expansion of an individual's field of activity consequent upon the accumulation of resources, expertise and contacts—which led cloth traders into the financing of industrial production, joint-stock investment, participation in the money market, customs-farming, projecting and large-scale land-owning.<sup>1</sup> This high mobility of mercantile assets implied that for the merchant a slump in exports might not necessarily be the disaster which it could be for those more directly employed in industry. With investments both diversified and in a circulating form, he might often, when particular markets, or dealings in a particular commodity, were depressed, contract his operations in one direction and expand them in another. Bankruptcies could, of course, occur but they are perhaps not as good an index of crises in overseas trade as some historians have imagined: if sufficiently comprehensive information were available, concerted movements of capital might prove more useful measures of trade fluctuations than abrupt losses. In a slump it was normally the clothier, not the merchant, who first besieged the Privy Council with complaints. These shifts of capital would occur less with the rich London merchants than with provincial traders. The latter did not always possess capital sufficient to enable them to hold stocks until markets were at their most favourable. While all would be concerned to secure a speedy turn-over,<sup>2</sup> the Londoners could afford to be more patient and to criticize provincial mer-

<sup>1</sup> For this aspect of the mobility of mercantile capital, see my unpublished Ph.D. dissertation, 'A Comparative Study of Commercial Fluctuations, 1600-1640' (Cambridge University, 1955), 436-59.

<sup>2</sup> Add. MSS. 10113, fol. 187: 'It is not gain altogether, but a necessity of speedy payments that causeth the merchant to bring in silver to keep his credit and to drive his trade.'