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CHAPTER I

"THE DARLING AND THE SILVER MINE OF ENGLAND"

A Study of the British trade with Spain, 1667–1700

A proper understanding of the nature of the British trade with Spain in the first half of the eighteenth century is of more than a purely economic or social interest. During that period, commerce exercised a considerable influence on the diplomatic relations of the two powers, and, in the eighteenth century, Anglo-Spanish diplomacy was to determine the character of the development of the whole of North America.

After the weakness and humiliation of the last years of the Hapsburgs, Spain experienced a remarkable recovery under the early Bourbons. French financiers did much to balance the Spanish budget, and the example of France suggested a successful attempt to mould Spain's many provinces into a single state. Able Spanish ministers were inspired to revive the Spanish navy and encourage Spanish trade. In the second decade of the eighteenth century Spain, under the ambitious Elizabeth Farnese, was able once more to play a vigorous role in European affairs. The attention of the new Spanish rulers was fixed on Europe, but as Spain was mistress of a colonial empire embracing half the new world, her revived political activity could not but affect the development of events on the other side of the Atlantic. In the eighteenth century the heroic struggle for colonial power between Great Britain and France dwarfed the parallel conflict between Great Britain and Spain, but this was nevertheless of importance, and it has been suggested that though Spain was far behind France as a source of real danger, she was in some respects in front of her as a source of constant irritation. Because France and Spain were ruled by branches of the same royal family, and united from time to time by treaties, nicknamed Family Compacts, it has been assumed that the two

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courts were usually animated by the same feelings of rivalry towards Great Britain. This, however, was not the case.

By the eighteenth century the religious differences, which had inspired the Anglo-Spanish wars of the sixteenth century, had become less violent. Sources of direct colonial dispute between the two courts were few, except for the ships seized in the West Indies and accused of illicit trade. In Europe, although the Spanish Bourbons were sometimes opposed to the traditional ally of Great Britain, the emperor, they were by no means always closely united with the Bourbons of France. When the policy of Versailles conflicted with the ambitions of Madrid the Spanish court, even under the most French of all the Spanish Bourbons, was ready to consider seeking the help of Britain.[1] In the changes of policy, considerations of trade must be added to those of dynastic ambition, colonial strength, religion and personal caprice, as one of the influences which caused the decisions of the statesmen of Hanoverian Britain and Bourbon Spain.

Much has been written of the determining factors in the policy of the time, but little has been said of the relative importance of commercial considerations in relation to the other motive forces of diplomacy. The weight of trade interests, and the particular influence exercised at different times by the trade to Old Spain as opposed to that of the Asiento trade of the South Sea Company, offers an additional clue to the problems of Anglo-Spanish relations in the period which culminated in the war of 1739–48.

§ 1

To understand the relative importance of the South Sea Company's Asiento trade and of the free general trade carried on by British merchants with Old Spain, it is necessary to realise the place these bullion trades occupied in the general commercial system of early eighteenth-century Britain and Spain. Their place in the economic life of Great Britain is of chief interest, for at this period British interests were of more weight than those of Spain. By 1700 the Spanish empire had declined so much in economic and political strength that, although the Spanish court could galvanise the kingdom into some sort of action in support of dynastic policy,

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in commercial affairs, which did not attract the personal interest of the first two Bourbons, the Spaniards remained passive or at most on the defensive. Any initiative with regard to commercial relations came from Spain's energetic neighbours France, Holland or Britain.

From the point of view of British merchants, economists or statesmen, the Spanish trade was valuable because it provided bullion, and the whole nature of British trade in the early eighteenth century made a regular supply of bullion essential. For at that time the mercantilist theory, which had been developed in the sixteenth century and had obtained much prestige from the successful career of the French fiscal expert Colbert, was generally accepted as the principle on which any healthy commerce must be regulated.

The object of British statesmen was to keep their country adequately and safely supplied with provisions and other necessaries, the means of defence and a sufficiency of coin. They also wished to maintain a numerous, healthy and prosperous population. To achieve these objects the statesmen concentrated their attention primarily upon the development of the internal resources of Great Britain, her agriculture, textile and metal manufactures, and fishery. It was only in so far as trade stimulated or supplemented home production that it was esteemed by mercantilists.

The colonial trade was most esteemed, for colonies were believed to be nothing but potential sources of increased security to the mother country. They could offer markets for British manufactures, supply such necessaries as timber and pig iron, and provide tropical luxuries such as sugar and tobacco which could be re-exported in exchange for the remaining necessaries which Great Britain was unable to produce either at home or in her own colonies.[2] In the old colonial empire, the most valuable colonies from the economic point of view were thought to be the West Indian islands. As late as 1763 it was still possible for Pitt to think Guadeloupe more valuable commercially than Canada.[3] The West Indies could hardly be considered as a source of naval stores necessary in war time, or of staple provisions or raw materials necessary in time of peace. Their trade balance was usually against Great Britain. But there was no danger of their competing against British manufactures,

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and their natural products such as dyes, spices and fruits, especially sugar and its products molasses and rum, were valuable for re-export in Europe.

That this highly valued trade of the West Indian plantations might flourish, two other branches of trade were necessary. There must be a temperate source of provisions and a tropical source of labour. The British Isles could supply part of the first, and the mainland colonies were ready to supplement the supply of corn, draught animals and timber to make casks for the sugar and rum. British merchants were jealous of their American competitors, and although the trade balance with the mainland colonies was usually favourable to Great Britain, statesmen in London always suspected that the colonists might compete with the mother country in manufactures as in agriculture, and disliked the colonies and their trade as they did not dislike the other two sides of the West Indian commercial triangle. The supply of labour in the West Indian sugar and cocoa plantations came in the form of slaves from Africa. The slaves were obtained by American or English merchants, who traded with West Indian rum and British woollens and gunpowder. The only other African export of any importance besides slaves was ivory, and on the whole the trade showed a balance favourable to Great Britain. The whole triangle of trade not only encouraged production within Great Britain and her own colonies, provided markets in Africa and the West Indies for British manufactures, and some bullion and much West Indian tropical produce for re-export, but the long voyages also encouraged shipbuilding and trained sailors.

There was, however, one disadvantage to the British colonial trade. It failed to make good a serious deficiency in naval stores, which could be supplied neither from British forests nor the steadily declining British ironworks. As mercantilism in England had as its aim the development of maritime power, this deficiency had to be made good through British trade to the north-east of Europe. From Sweden, Norway and Russia[4] came timber, iron and sail-cloth, and although British merchants could only find a market in these countries for some woollens and West Indian goods, and had to pay the balance in bullion, in the eighteenth century Great Britain could not make herself independent of this trade.

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There remained the trade in luxuries which could not be produced in Great Britain or her colonies, and as this usually involved the export of bullion, it was always a source of anxiety to British statesmen and economists. The Levant[5] and East India trades,[6] although they both showed an adverse balance, were, however, tolerated by British statesmen. From Asia came such luxuries as silks, carpets, dyes, drugs, muslins and some jewels and gold. The market in Asia and the Near East for British woollens and metal manufactures was small, but the luxuries that came from the Levant and East Indies were very valuable, and the East India trade especially was a useful school for seamen, and involved the upkeep of a considerable fleet. The trade in luxuries from Europe did nothing to encourage the mercantile marine and, as it drained the country of bullion, it was strongly discouraged by British statesmen. The best example of this dangerous luxury trade was that carried on with France.[7] English consumers were eager for brandy, wines, silks, velvets, laces and lawns, but the French, being blessed with a climate as mild and a government as efficient as those of Great Britain, had been able to develop their own agriculture, manufactures and foreign trade. They had established tropical colonies and carried on their own trade to the East Indies, so they offered no market for British manufactures or colonial produce.

From the point of view of British statesmen, the German states[8] were half-way between this parity trade and the necessary but expensive trade in naval stores. Holland,[9] though she was in the same strong economic position as France, actually imported British manufactures and colonial produce because the Dutch resources were not sufficient to supply the huge re-export trade that had its centre in Holland.

Italy,[10] although a Mediterranean power, belonged economically to the same parity zone as France, for although Italy needed British woollens and fish, she could offer in return valuable manufactures such as silks and velvets, so that the trade balance was actually in favour of Italy. The typical Mediterranean trades to Spain and Portugal[11] were those where British merchants could be sure of a favourable trade balance which supplied part of the bullion needed to supplement British woollens and colonial produce to carry on the valuable trades to the Baltic, Levant and East

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Indies. The Spanish trade had also the advantage of being a source of valuable raw materials necessary for British manufactures, and of cheap luxuries much appreciated by English consumers.

§ 2

The British trade with Old Spain, though it may not have deserved the extravagant praise given it by some commercial writers, who called it "the best flower in our garden", or "the Darling and the Silver Mine of England"[12] had, in fact, the characteristics of an essentially healthy trade, benefiting both countries engaged in it.

The first essential of a valuable trade, according to the eighteenth-century writer Cary, was that it should take off our products and manufactures.[13] This the trade to Old Spain certainly did. The Mediterranean countries in general offered a good market for English woollens,[14] for by the eighteenth century neither Spain nor Portugal had any considerable woollen industry, and the weavers of Italy specialised in silks and velvets. The lighter and finer cloths had an excellent sale, and even the heavy cloths were bought in great quantities to make habits for the numerous communities of friars, monks and nuns. In late seventeenth-century Spain the demand for English woollens was particularly great because of the character of the national costume. The "grave habits, cloaks of bays and says, and the rest of the Spanish garb" required large quantities of very fine quality woollen cloth.

Like the other Christian states on the shores of the Mediterranean, Spain was an excellent market for British fish. As a devoutly Roman Catholic country she had to observe many fast days,* but the Mediterranean, though it produces some delectable shell fish and octopus, does not produce many other fishes that are good, cheap, or will last long enough to be carried inland. A usual dish in Spanish families on fast days was and is *bacalao* or salt cod, and most of this fish that was eaten in Spain in the eighteenth century was supplied by British merchants and came from what Defoe, writing in 1713, called "that inexpressibly rich codbank of Newfoundland...which may be esteemed our mines of gold and silver".

* Special indulgences allowed Spaniards to eat meat on fast days, but even so many people did not avail themselves of this permission.

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The Spaniards also bought fish caught by British fishermen in the North Sea, and salmon from the rivers of Ireland. They were also ready to buy the metal which the fish ships used as ballast, so the trade encouraged the British fishery, which politicians were always eager to protect since it stimulated shipbuilding and trained seamen.

Old Spain also offered a market for British lead, tin, silk and worsted stockings, butter, tobacco, ginger, leather and beeswax,[15] and in spite of having "great quantities of extraordinary oak and fine large pine trees suitable for masts, especially in Aragon and Catalonia",[16] it was thought by at least one commercial expert, Joshua Gee,[17] that Old Spain offered a potentially valuable market for timber from the mainland colonies. Even if the navy never recovered after 1588, and the mercantile marine was in decay, timber for wine casks was an important necessity in Spain.

An additional advantage of the Old Spanish trade, from the point of view of the British merchants and statesmen, was that it was carried on in British bottoms,[18] and this provided an opportunity for British ships to secure a considerable part of the carrying trade to Spain. "The Spaniards are a stately people little given to trade or manufactures themselves, therefore the first they carry on by such chargeable and dilatory methods, both for their ships and ways of navigation, that other trading nations such as the English, French, Dutch and Genoese, take advantage of them."[19]

In 1662 an Act of Parliament had been passed to encourage the use of moderately large and well-armed ships in the trade to Old Spain.[20] Thereafter English merchants made considerable profits by carrying a great deal of Spain's foreign trade.

Just as it was the highlands of Castile and Aragon that provided a market for English woollens and Newfoundland fish, so it was these high arid central districts which provided one of the most valuable commodities which Old Spain—apart from the riches of her colonial empire—had to offer in return. It was not unusual for eighteenth-century writers to divide the trade of Old Spain into three parts:[21] "Spain by which I mean that part from the Bay of Cadiz inclusive eastwards into the straits of Gibraltar, as far as Catalonia, Biscay by which I mean all that part under the Spanish government which lies in the bay of that name, or adjoining it, a third part of our Spanish trade is that to Flanders, whereby

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I mean all those provinces that were formerly under its government but are now under the emperor's." It was from the second of these districts, the Biscayan provinces, that Great Britain obtained the most important of the commodities, so valuable, in fact, that the wool trade alone, it was asserted, would have made the Old Spanish connection valuable even if there had been no favourable balance in England's favour.[22]

According to the economist, Cary, the second characteristic of an advantageous trade was that it should supply Great Britain with raw materials used in her manufactures. This the trade with Old Spain certainly did, for it supplied commodities essential to the most valuable of English industries, the manufacture of woollens. The Biscay trade, concentrated in the ports of San Sebastian and particularly Bilbao,[23] provided an outlet for the wool from the Castilian mountains, "A commodity which is the growth of Spain only, and is to be had from no other country."[24] Even as late as the eighteenth century there were great flocks of spindle-shanked, thin sheep migrating over the face of Spain, oppressing agriculture, and growing the best wool in Europe. The wools of Spain were divided into three classes, the finest being the Segovia wool which "is sold (neither sorted or washed but just as it comes off the sheep's back) at 70 *reals de vellon* the *arroba*".[25] The *arroba* was 25 lb., and the mid-eighteenth-century value of the *real de vellon* was about 2¾*d*. The second quality wool was called Soria from the small town near the source of the river Duero, that was, like Segovia, high in the mountains of Castile. The Andalusian wools were the worst and coarsest, and the difference between these wools and those of Castile was so great that an *arroba* of Andalusian wool fetched only 20 *reals de vellon*. In Spain itself, only the inferior wools were used in manufacture, large quantities of the better quality wools being exported. In the second half of the seventeenth century it was calculated that the total export of wool from Old Spain amounted to between 36,000 and 40,000 bags, with eight *arroba* of wool in each bag. Of these about 27,000 bags were of Segovia or Soria wools. From Bilbao alone 20,000 bags of all sorts of wool were exported each year, and it was estimated that the countries which were the chief customers for this wool trade were Holland and Hamburg who took off about 22,000 bags, England

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who took between 2000 and 7000 bags, France who took between 6000 and 7000, Venice and the other ports of Italy bought 3000, and Africa 1000. By the middle of the eighteenth century it was estimated that Great Britain imported about 6000 bags of Spanish wool each year, which "commodity employs a pretty large body of manufacturers in the West of England...as Spanish cloth is a manufacture worn and coveted by all degrees of people who are able to purchase it".

At the time of the outbreak of the war in 1739 an anonymous pamphleteer, calling himself "a Sussex farmer", suggested that the Spanish wool ought to be prohibited during the war, since it provided the material for only one seventy-seventh of the British woollen manufactures, and might be replaced by sorting out the finest locks of English wool. The same pamphleteer also suggested that the prohibition of Spanish wool might encourage the bringing of wool from Ireland, and so prevent owling, or smuggling, of Irish wool to France or Holland. However, in normal times wool continued to be one of the chief English exports from Biscay until, in the nineteenth century, the Australian wool trade developed.

Other valuable raw materials needed in the woollen industry came from the Mediterranean coast of Spain. Castile soap is still famous, though much of what goes by that name is made in France. In the eighteenth-century southern and south-eastern Spain and the Canary Islands provided much of the soap and olive oil which were needed in the processes for cleaning wool. Before the discoveries of Chevreul and Leblanc in the nineteenth century revolutionised soap-making, olive oil was one of the chief fats used in the manufacture of soap. The anonymous British pamphleteer, "Sussex Farmer", when writing to advocate the prohibition of Spanish goods in war time, pointed out that equally good oil could be got from Portugal, Leghorn or Gallipoli; and that even English rape oil could be used in working wool, since the inconvenience and the disagreeable fetid smell is soon overcome by use and time. He suggested that English tallow could replace Spanish olive oil in the London soap industry, and that soap "as proper for all branches of our manufactures as any imported from Alicante, commonly known by the name of Castile soap" might be got ready made from Leghorn, which exported both Italian and French soap,

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or even from Joppa. However, in peace time, British merchants continued to buy Castile soap and Andalusian *barilla*. This was an impure alkali made from burning a saltwort plant common in the south of Spain, and was highly esteemed as an ingredient in making soap.

Yet another raw material of vital importance to the English woollen manufacturers were dyes, and of these a very considerable supply came from Cadiz. Most of these came from the Spanish colonies in the New World, but they belong rather to the valuable raw materials which Spain could export, than to the bullionist attraction exercised over foreign merchants by the Spanish colonial trade. British manufacturers could get dyes grown in His Britannic Majesty's West Indian colonies, or from Asia by way of the East India Company, and some dyes were also obtained from the Levant and from France, but Spanish indigo and cochineal, not to mention logwood, anata and other less known dyes, were so generally used by English manufacturers, that any threat of war alarmed the dyers exceedingly, and even such an opponent of the Spanish trade as the pamphleteer, "Sussex Farmer", advocated the continuation of the trade in dyes even in time of war.[26]

Other Spanish exports were of less importance to Great Britain. One valuable raw material exported from the Biscay ports was iron.[27] This was of high quality and used in England for the manufacture of ordnance. But at the beginning of the eighteenth century the English output of iron was declining, and what was most urgently needed was fuel to replace the exhausted timber supply from the Surrey Weald, rather than more raw iron ore. Until as late as about 1770, Sweden was the chief source of the raw iron needed in Great Britain. The Spanish supply could have been surpassed by the British colonies in North America, if their pig-iron industry had been encouraged, and although the Biscayan ore was of high quality, it alone would never have made the trade to Old Spain so highly esteemed by British merchants.

The most obvious of the Spanish exports, fruits and wines, so far from being regarded as valuable by British writers, were looked upon as undesirable luxuries which could only be tolerated in view of the other characteristics of the Spanish trade. The fact which most modified British opinion in favour of the Spanish trade was

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