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ECONOMIC EVOLUTION IN ENGLAND

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ECONOMIC EVOLUTION IN ENGLAND

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PREFACE

WHATEVER justification there may be for this book lies in its range and its treatment of the historical material available. There is not in existence, so far as I am aware, any complete synthesis of economic evolution in England from the earliest times to the present, and it is the purpose of this volume, therefore, to remedy the deficiency. It is hoped that the book will be found useful and suggestive by both the student and the general reader.

The majority of the historical facts in the book are taken from a large number of secondary authorities. I have not considered it necessary to give any detailed reference to sources, but lists of the main works used or consulted are appended to each chapter. To all those whose researches and writings have made this book possible I am conscious of a deep sense of obligation and gratitude.

I have also to thank my friends Dr. and Mrs. Walker for reading the proofs of the earlier part of the book and making valuable suggestions.

F. M.

1931.

INTRODUCTION

A

ECONOMIC history is the record of human beings in their endeavour to wrest a living from Nature. As such it has sometimes been considered dull in comparison with subjects like political history, which deals with the political movements and ideals of the past, and religious history, which surveys the many faiths for which men have lived and died. But political history is often a sorry tale of corruption and cross-dealing, whilst religious history is concerned very largely with man's inhumanity to man, and in actual fact, the work of exploiting Nature, if it has also its sordid side, has called forth the finest intellectual efforts and the finest qualities of character in men. Economic history, far from being merely materialistic, is essentially a psychological study, and economic ideals are as fascinating as any religious or political ideals. To-day, when economic considerations dominate the whole of life, and when politics itself is becoming subordinate to economics, a grasp of the principles of economic evolution is especially important. One cannot understand modern civilisation without it, for culture can spring up only when the natural resources available have been thoroughly exploited. Both Plato and Aristotle, were they alive to-day, would have to be economic rather than philosophic and political thinkers.

B

History in its raw state is, like life itself, a medley of facts. As all peoples, primitive and civilised, naturally wish to read some comprehensible scheme into the phenomena of Nature, in order that they may be able to feel at home in the world, so the historian wishes to find the plan which arises out of the chaotic mass of facts he collects. The past must be made intelligible. It is perfectly true that, in the hands of an unscrupulous historian, historical facts may be like the letters of the alphabet, which can be arranged so as to spell any desired formula. But an attempt must be made to ascertain what sort of order is indicated by the data naturally and without any biased straining. Intellectual honesty and impartiality are both necessary. Seeley attempted to do something like this for political history when he established the modern study of political science, and it is essential that a similarly scientific attitude be taken up towards economic history. One can never be so bold as to say that economic history can be strictly a science, out of which scientific laws may be evolved. The human material in which one works is too variable. But it is possible, and very desirable, to seek the principles of order and progress which have always been implicit. Certain definite lines of development have been followed, and one must not allow oneself to get lost amongst the trees and bushes, and thus fail to realise the lay-out of the forest itself.

The search after the structure of economic evolution, especially by German scholars, has produced all sorts of formulæ. Two schools of historians have said that economic life evolves through three stages, about the nature of which, however, they differ. The one has identified the three stages as domestic economy, town

economy, and national economy, according to whether production is based upon a household, urban, or nation-wide basis. The other has taken the three means of carrying on exchange—barter, money, and credit—as being the essential features. Other historians have argued that there are four stages, namely, when there is no market, when the market is local, when the market is national, and when the market is international. Lastly, there have been those who have held that there are five stages, which they describe as the hunting stage, the pastoral stage, the agricultural stage, the industrial stage, and, following very closely, the commercial stage. All such formulæ are the result of looking at economic life from particular points of view, and none is completely satisfactory. But there is a good deal of truth in all of them put together, and, so far as England is concerned, they are all strictly chronological as well as logical. The misfortune is that most of the exponents of these formulæ have spoilt their case by excessive ambition in claiming for their interpretations a universal applicability, whereas in actual fact no generalisation can sum up all the factors of economic evolution throughout the civilised world.

C

The value of the " stage " formulæ is fully recognised, but in the following pages no attempt is made to postulate any particular theory of economic evolution. The data are classified but are not reduced to an over-simplified common denominator. The aim is simply to present the material available so that the various aspects of economic progress may be clearly understood, and, on the ground that the law of diminishing returns applies to historical facts, the mere accumulation of superfluous data is avoided. Economic evolution in England is

divided vertically into four periods—the Pre-Conquest Eras, the Middle Ages, the Age of Nationalism, and the Modern Age. For the sake of clarity each period is introduced by a general outline, and the various sides of economic life are then arranged horizontally. Such major topics as agriculture, industry, trade, revenue, communications, and towns are considered in each period; but economic thought is not dealt with until the Middle Ages, and banking and poor law not until the Age of Nationalism, because they are not until then important. It is felt that such a combination of the narrative and topical methods of treatment obtains the advantages and avoids the disadvantages of each, and gives to the reader a complete view of the main lines of economic progress from the earliest times to the present.

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BOOK ONE

PRE-CONQUEST ERAS

CHAPTER I

OUTLINE

A

IF the early economic evolution of England is to be seen in its true perspective, it is necessary to understand primitive man's place in relation to the geological background. According to the geologists there have been four Ice Ages and four Interglacial Epochs in the history of Europe. The First Ice Age dates possibly from about 700,000 B.C. to about 650,000 B.C.; the Second Ice Age from about 500,000 B.C. to about 400,000 B.C.; the Third Ice Age from about 200,000 B.C. to about 100,000 B.C.; and the Fourth Ice Age from about 50,000 B.C. to about 7000 B.C. From 7000 B.C. to the present time is thus the Fourth Interglacial Age. It has been thought by some that man in Britain dates back to the First Ice Age, but from the discovery of human remains at Galley Hill, near Dartford, it is clear that man certainly did exist in the Third Interglacial Epoch, from 100,000 B.C. to 50,000 B.C. The Third Interglacial Epoch was probably, thus, the setting for the first human age, which is called the Paleolithic Age because man then used rough flint implements. From that time onwards the economic evolution of man in England can be divided into three periods—from the Paleolithic Age to the Roman Invasion of A.D. 43, from A.D. 43 to the Roman desertion of 410, and from the Anglo-Saxon Invasions of 449 until the Norman Conquest of 1066.

B

The Paleolithic Age, with which the first period begins, is one of which naturally not very much is known. England, at the time, was certainly united with the Continent, and, though one can say nothing of the origin of the inhabitants, they were rather ape-like in their build. In the Third Interglacial Epoch man was the contemporary of the wild boar, the wild horse, the bison, the rhinoceros, the hippopotamus, the wolf, the hyena, the lion, and the otter. With the coming of the Fourth Ice Age, many of these animals perished, but man remained amidst the reindeer, the brown bear, the woolly mammoth, and the musk-ox, all of which could survive a cold climate and the remains of which have been found in various places, such as Crayford and Northfleet. Throughout the Paleolithic Age man was primarily a predatory animal, but the mere fact that he triumphed over animals many times his size proves that he was far from being a mere animal. He made rough axes, knives and scrapers from flint, and was thus an industrialist. He lived in caves; it is probable that he could produce fire and use it to cook his food or protect himself from wild beasts during the night; and his crude drawings of the animals he knew, some of which have been found in Derbyshire and Norfolk, indicate that he was self-conscious.

With the end of the Fourth Ice Age, about 7000 B.C., the place of Paleolithic man was taken by Neolithic man. England had now become separated from the Continent, and the new-comers were what is known as Iberian in origin and dolichocephalous, or long-headed, and may have come from Asia. They belonged to totemistic groups rather than to tribes, and were small, dark, and cunning. Neolithic man was still mainly a predatory

animal, hunting and fishing, but he had also advanced to the pastoral stage. He had domesticated the sheep, the ox, the pig, and the dog, and therefore life was no longer so economically precarious as it had been. He knew how to make pit-dwellings, which now began to displace the cave-dwellings; the arts of weaving and pottery had been discovered; and it is probable that primitive agriculture had begun. The essential feature is, of course, that implements, though still made of flint or stone, were polished and sometimes even ornamented. Very considerable light is thrown on Neolithic life by the discoveries of flint pits at Cissbury, Millfield, and Grimes Graves. The latter is especially important, since there were not only miners but specialised craftsmen who manufactured the flint into implements in workshops alongside the pits. It may be true that life at such centres was exceptionally advanced, but there is no doubt that considerable progress was made and that trade was not unknown.

The Neolithic Age was followed about 2000 B.C. by the Bronze Age, but the identity of the new people is a mystery. They came from North-west Europe and may have been either Finns or the vanguard of the Celts. They were tall and fair; they were brachycephalous, or round-headed; they were organised in tribes; and the distinguishing feature of them is that they introduced bronze, which appears to have been known in the Eastern Mediterranean as early as 2500 B.C. Hunting and fishing were still prominent, and flocks and herds were kept, but the regular cultivation of the soil on what was known as the extensive system began. Wheat was grown in England and various cereals in Scotland. Weaving had become more important; ornaments in gold were not unknown; and, instead of living in pit-dwellings, men now built for themselves wooden huts.

Thanks to bronze a great impetus was given to industry, and it is probable that specialisation in industry gave rise to the pure middleman who lived by trade alone. It is certain that commerce with the outside world reached a fair stage of development towards the end of the age, for tin was exported and ornaments imported. There is no doubt that many parts of the country were still very uncivilised, but other parts, particularly in the South, had reached a standard which demanded, not only necessities, but also luxuries. Artificial wants had come into existence.

About 500 B.C. the Bronze Age gave way to the Iron Age, which lasted until the coming of the Romans. It was at the beginning of the sixth century, when Greece was climbing to its pinnacle of splendour, that the Celts first arrived. They were tall, fair, long-headed and warlike, and they came in three great waves. First came the Goidels; then about 500 B.C. the Brythons; and finally, about 200 B.C., the Belgæ, and, though all were of the same original stock, they were extremely hostile to one another. The Brythons brought with them the art of working in iron, and of the subsequent progress a fair amount is known. The remains of the lake village of Glastonbury and the discovery of native-manufactured coins made in imitation of the staters of Philip of Macedon are eloquent testimonies to the economic development of the times. It is known that though there was continual tribal war, important chieftains arose who attempted to give order, and that all round economic development was thus made possible. Literary evidence of great value is available. Pytheas of Massilia, who came to the country between 350 B.C. and 300 B.C., tells that wheat was grown in the South and oats in the North, and that Britain had been known to the people of Massilia for some time; Poseidonius, who came in

the first century B.C., declares that tin was mined in Cornwall and sold to foreign merchants at St. Michael's Mount; and Cæsar shows that some South Britons crossed to Gaul on commercial ventures.

C

The Romans came in A.D. 43 and retained control until A.D. 410. Their criterion was not "cogito ergo sum" as the Greeks' had been, but "ago ergo sum." They were an essentially practical people, accustomed to do rather than to reflect, and by A.D. 100 Britain was to all intents and purposes subdued. Upon the comparatively primitive basis of Britain a most imposing superstructure of civilisation was quickly erected. Whereas previously the country had been occupied by small tribal units, usually carrying on internecine warfare, the whole land was now reorganised as one consolidated unit. At all the strategic points, especially in the North and West, military establishments were set up; magnificent roads linked up all the towns; and walls like Hadrian's were built as a protection against barbarian invasions. In the South, where peace was assured, commerce and industry rapidly progressed, and even luxury was common. As time went on the work of reorganisation developed. Up to A.D. 197 Britain was simply one province, but in A.D. 200 Severus divided the country into two provinces, Upper and Lower Britain. Then in A.D. 300 Diocletian divided England into four sections, to which a fifth was added in A.D. 369. Thus was the Pax Romana imposed upon Britain, bringing with it peace and order and prosperity.

The first object of the Romans was to use Britain as a source of material benefit to Rome—there is some similarity between the attitudes of the Romans and of the eighteenth-century Englishmen towards colonies.

Corn was the main export to Rome, for Britain was the "Granary of the North," and, according to Zosimus, no less than 800 ships were used on one occasion to carry corn to the Continent. Tin, lead, and copper were also systematically mined and exported by the Romans, and oysters, it may be mentioned, were a greatly appreciated luxury. The conquest of Britain was a first-class commercial investment on the part of Rome, and, so long as the Roman blood was strong enough to circulate to the extremities of the Empire, the occupation continued. That Britain gained very considerably from the occupation can hardly be doubted. Agriculture and industry were stimulated, and throughout the period the continual contact with the outside, and more civilised, world was a great incentive to increased trade. Yet it is doubtful how deeply the Roman civilisation affected the native population. In certain areas the influence was great, and the natives known as Romano-Celts imitated the conquerors in every possible way; but in other areas, comparatively distant from the Roman centres, the old Celtic life seems to have gone on almost undisturbed. It is significant that, with the end of the Roman rule, all traces of Roman Law, of Christianity, and Latin quickly disappeared.

D

With the so-called Anglo-Saxon Invasions, which succeeded the withdrawal of the Romans after a brief space of time, Britain went back to an earlier stage of economic evolution. The invaders were all of Teutonic stock, tall, fair, and virile, and had lived in village communities based on kinship. There appears to have been a tradition of freedom and equality amongst them, according to the impressions of Tacitus in the first century A.D., but leaders were recognised during time of

war, and it is probable that, by the fifth century, elements of permanent kingship had become prominent. The Teutons came from the north coast of Germany, and between them and the Goths and Franks who overthrew the Roman Empire on the Continent a distinction is perhaps to be made. For many generations before they attacked the Roman Empire, the Goths and Franks had been in close contact with the Roman civilisation. They envied the splendour of the Empire, even if they were unable to appreciate it completely, and they wished to secure it for themselves, although in doing so they materially altered it. The Anglo-Saxons, on the other hand, were untouched by Roman civilisation. They invaded England, not so much to seize a high culture, of which they knew nothing, as to secure a more congenial environment to which they could transplant their own institutions and customs.

It is not likely that the Anglo-Saxons completely exterminated the Celts they found in England. They came at first, perhaps, not as migrating peoples but as warlike bands, and only sent for their families when permanent settlements had been made. Three distinct types of invaders came—the Jutes, the Saxons, and the Angles. Of the Jutes only one expedition is known, that of Hengist and Horsa, which began in 449 and which resulted in the establishment of the kingdom of Kent under Hengist. There were at least three Saxon Invasions. In 447 came Ælla, who set up the kingdom of the South Saxons; Cedric, landing in 495, created the kingdom of the West Saxons; and the East Saxon kingdom, of the origin of which little is known, arose some time in the sixth century. Five invasions of the Angles are to be added. Early in the sixth century the kingdoms of the North Folk and the South Folk appeared and coalesced in 520; between 547 and 550 the kingdoms

of Bernicia and Deira, which together formed Northumbria, were carved out; and some time before 570 the kingdom of Mercia had come into existence. As soon as settlements were made, immigrants from Germany continued to come, and by 600 the Heptarchy was roughly outlined. The period of settling down was certainly accompanied by considerable disturbances. Gildas, a British monk, who wrote *The Ruin of Britain* about 547, is bitterly eloquent about the disorders of the times, and archæological discoveries prove that there was a good deal of wanton destruction, even if Gildas did exaggerate.

The invaders were an agricultural people who knew little of refinements and luxuries, but they were not unskilled in industry. It was a point of honour that the warrior who wielded the sword should be able to make it himself first. The warfare naturally prevented any rapid economic progress from being made. Had the settlers united after the final defeat of the Britons at Chester in 613, a consolidated kingdom with real economic prospects might have been possible. But between the three great kingdoms, Northumbria, Mercia, and Wessex, there was a continual struggle for overlordship of the island. In the seventh century Northumbria was pre-eminent under Oswiu, but Mercia under Offa usurped her position in the eighth century, and Wessex under Egbert was supreme in the ninth century. The net result was that narrow localism prevailed throughout the earlier centuries. But a certain amount of industry and trade continued, and there was a gradual return to the towns. By 700, for example, Ine laid down rules which travelling chapmen had to observe, and London, at the same time, was again a busy commercial centre. It must be remembered that, although strife was common, the unit of government was gradually widening and that kingship, which engenders a desire for internal order,

was rapidly developing out of the original democracy of the Teutonic tribes. Agriculture, the basis of a sound economic life, was continually practised despite the interruptions of war, and the elements of manorial organisation were always becoming more and more prominent.

In the economic development of Anglo-Saxon England Christianity played an important rôle. The religion seems to have passed away with the Roman evacuation, but it was reintroduced in 597 by Augustine. Kent and the kingdoms of the East Saxons and East Angles were quickly converted, and Northumbria followed suit, thanks to Paulinus. In the three latter parts of the country a relapse occurred, but under Oswald Ionian Christianity was introduced into Northumbria. Mercia adopted the same faith, and it seemed likely that there would be serious strife between the two types of Christianity. But in 664 at the Synod of Whitby, Oswiu of Northumberland decided in favour of Roman Christianity, and within a few years Theodore of Tarsus had organised the Church of England as a united whole, thus giving to England ecclesiastical unity before she had political unity. The results of this were extremely important. England was brought into some contact with the outside world; the Church was always on the side of peace and order; and the blessing of God was given to honest productive labour of every sort. Monasteries, again, where the dignity of labour was upheld, sprang up, and communities often gathered around them to supply the needs of the inhabitants. There are grounds for saying that Christianity discouraged trade, because the trader was extremely likely to put Mammon before God, but the great need of the time was healthy production, and this the Church most certainly fostered.

The Danish Invasions disturbed the peace again

in many parts, from the eighth century onwards but brought compensations. The Danes, who were a vigorous, commercially-minded people, had first appeared as predatory raiders in 787, but they eventually aimed at settlement, and a compromise was made in 878 by Alfred, King of Wessex, whereby the Danes secured the Danelagh. The later kings of Wessex re-established control over the Danelagh by 940, but the Danish population remained and stimulated economic progress by their love of trade and towns. The second Danish invasions began, however, in 987, and the aim of the newcomers was not settlement but conquest. The final result was the accession of Canute to the English throne, and from an economic point of view that was a distinct advantage. England, for a time, was part of the Danish Empire, and the contact with Scandinavia was of great commercial importance. Scandinavia was in the direct line of trade routes from the East, which led from Constantinople up the Russian rivers, and since Canute regarded England as the centre of his empire, all was well. The Canute of the legend is a moralising old man, but in actual fact he was a most efficient and progressive, if cruel, ruler, who did a great deal for England. His death was followed by some disorder, but under Edward the Confessor intercourse with the Continent developed, and by the time of the Norman Conquest England, though not so far advanced as the Continent, had reached a very satisfactory economic level. The extent of urban development is of especial significance.

E

Up to the time of the Norman Conquest two factors of importance stand out. England, owing to her geographical position, first, was comparatively backward

in her economic development. From Paleolithic times onwards the centre of civilisation was the Mediterranean, and England was too far in the North to come into very close contact with it. Civilisation moves very slowly westwards and northwards. Secondly, the progress which England did make was due almost entirely to foreign invaders who came, usually, from the more highly developed parts of the world, and at the end of the Anglo-Saxon period England was still to undergo its last, and probably most influential, invasion—the Norman Conquest. England was thus the laggard of Europe in the Pre-Conquest Eras, but she had nevertheless made considerable strides, and the time was coming when she should play an active rather than a passive part in the life of Europe.

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CHAPTER II

AGRICULTURE

A

IT is probable that man is by nature a progressive animal, but external stimuli also perform a very useful function in spurring him on. They certainly played their part in the transition from the pastoral to the agricultural life, and the most important seem to have been the increasing scarcity of wild game, which must have led originally to the domestication of animals, and the growth of the population, which would cause men to seek to increase the natural sources of livelihood. Agriculture may thus have been the result of necessity as much as of free choice, but its evolution means that a more aggressive attitude towards Nature was taken up. In its development there are three stages. First, agriculture was subordinate to predatory and pastoral occupations and the "extensive" system was practised, according to which an area of land was tilled but allowed to revert to grass as soon as one crop was taken, and this system survived after men had settled. Secondly, agriculture reached the "intensive" stage when, owing perhaps to the scarcity of land, the One-field system was evolved, according to which the same piece of land, marled and manured, was used year after year. Thirdly, there was the stage, due to the understanding of the value of fallow, and then of the rotation of cereal crops, when the Two and Three field systems came into operation, and when a half or a third of the land was left fallow every year.

B

It is quite clear that agriculture did not exist in Paleolithic times, but there is some difficulty in deciding the question whether the first evidences of agricultural life can be discerned in the Neolithic period. There are some grounds for considering that the dolichocephalic new-comers brought grain with them from the mainland of Europe. It is believed that the implement used was the digging-stick, a sharpened branch the point of which was hardened in fire; and other implements which lend colour to the notion of the existence of agriculture in Neolithic times are the hoe, originally a flint fixed into a handle, the pick, fashioned out of deer's antlers, and the spade, consisting of the blade-bones of oxen mounted on shafts. What is more, a stone ploughshare and a sickle of sharpened flint, ten inches in length, have been discovered. There is no clear evidence, however, that such implements were really made and used in Neolithic times, for they might have been the products of less progressive peoples of later ages. But excavations have unearthed a mealing stone at Avebury and a Neolithic skeleton with a husk of corn between its teeth, near Warminister, and though archæologists are not in entire agreement, it seems very probable that agriculture was known. It would certainly be "extensive" and strictly subordinate to hunting and pastoral pursuits, and probably, also, very irregular.

While opinion may differ about Neolithic times, there is no doubt of the existence of agriculture in the Bronze Age when the brachycephalic people arrived. A burial mound of the round-headed men, discovered in the Yorkshire Wolds in 1865, contained a broken vase in which were a few grains of wheat. Agricultural implements in bronze, such as axes, hoes, picks, and sickles

have been unearthed in many places as well; and the corn-grinding mills which have been found furnish complete proof. The plough, which is ascribed by ancient Welsh mythology, with inevitable chronological vagueness, to Hugh the Mighty, was probably used. It would be drawn at first by man—or woman, for it is the female sex which does all the physical labour in primitive times—but it is very likely that a yoke of oxen was also used in the Bronze Age. A rock carving of the Bronze Age, which has been found in Scandinavia, portrays oxen drawing a plough, and what was possible in Scandinavia was possible in Britain. Agriculture, however, was decidedly secondary to the more primitive economic activities and, of course, was "extensive." Owing to the smallness of the population, there was no need to make the very best of land, and game would still be hardly rare. It is quite safe to assert that agriculture was conducted on a co-operative basis, for the group was the unit of organisation.

The Iron Age, which began with the coming of the Brythons, led to very considerable improvements. Iron implements of all sorts, being of proved superiority to bronze implements, were introduced, and in the South and South-east, considerable developments took place. Pytheas, who visited the country between 350 B.C. and 300 B.C., indicates that beer was made from grain, that corn was thrashed in covered barns, and that only oats were grown in the North. Cæsar mentions that the corn-fields were very large; in 55 B.C. enough corn was reaped at Walmer to feed his army of 12,000 men for a fortnight, and in 54 B.C. Cæsar obtained quickly from Essex enough corn for four legions, with their auxiliaries, and 1,200 cavalry. The great number of reaping-hooks and mill-stones, and the iron ploughshare and sickle found near Canterbury, prove that Cæsar was hardly

exaggerating. What one knows about Celtic agricultural arrangements comes mainly from the tenth-century Laws of Howell Da. According to these there were waste land, meadow land, and arable, and the latter was divided into strips, each of which represented one day's work with the eight-horse plough. Five strips were given to each tribesman, and more could be gained by taking part in the co-operative ploughing. Cultivation was still communal; and it is not likely that any individual had absolute proprietary rights over any part of the ground. Each probably had strips, scattered about so that he had his due share of good and bad land; and there would be periodic redistributions of the strips. But it is very probable that by the time of the Roman Invasion intensive agriculture had also begun in the South-east, at least, on the One-field system.

C

Under the Romans Britain was the "Granary of the North," and according to Zosimus no less than eight hundred ships laden with grain left for the Continent in 359. If the work of the invaders is to be understood, it is well to consider, first, their agricultural organisation, and, secondly, their agricultural methods. The most distinctive unit was the villa, many of which were scattered up and down the country near the great arterial roads. They were especially numerous in Gloucestershire and Somersetshire, and in eastern Somersetshire the remains of fifty-eight have been found. The villa was a large estate owned by a Roman, or perhaps a Romano-Briton, and the bulk of it was worked by slave labour under the direction of the owner or his steward. Parts of the estate were, however, let out to coloni, who in return performed a fixed number of days' service per week on the home farm and gave presents in the form of produce

or cattle. The little one knows about the villa comes not from evidence in Britain but from Gaul. It is assumed by some that the villa was the sole parent of the medieval manor, and undoubtedly this is true of Gaul; but, as will be indicated later, other influences were to come into play in England. Apart from the villa there were military colonies, on which bodies of veteran soldiers were settled, and there is no doubt they were their own masters. But in many parts of the country the Romans left intact the Celtic units, the main features of which are indicated in the Laws of Howell Da, being content simply to exact taxation; and scattered about the country there were also probably some single farms maintained in an extremely rude style by the natives. The Romans seem to have been too practical-minded to attempt to impose absolute uniformity upon the whole country.

The agricultural methods in Britain likewise varied. Agricultural implements, it appears, were not very much improved, for two or three cross-ploughings seem often to have been necessary; but the Romans certainly used the oxen for draught purposes. They grew wheat, barley, pulse, beans, turnips, lettuce, and cabbages, and it is possible that they introduced the Three-field System. According to this system, the arable land was divided into three fields, and in any one year one field would be sown with wheat in autumn, another with barley or oats in spring, whilst the other would lie fallow. Each part of the arable thus lay fallow one year in three and bore different crops the other two years. The Romans had not only learned the value of fallow by having passed through the stage when half the land was left fallow. They had also discovered the idea of rotation, that a wheat crop followed by an oat or barley crop did not exhaust the soil as two wheat crops would

have done. Marling was practised, of course, and manures were used, and the Romans always set apart certain land for meadow and pasture. It is not certain what procedure was followed on the military colonies, but rotation was almost certainly practised. On the Celtic units an intensive or extensive economy would be followed according to their locality, and the most elementary system would prevail on the single homesteads. In the Roman parts of Britain, therefore, a good deal of improvement took place, even though implements were still rude, and, though a large part of the country was almost untouched by the new-comers, the total amount of corn grown in the country certainly increased. By regarding Britain as a wheat-growing country for the other parts of the Empire, the Romans did a great service to British agriculture.

D

The Anglo-Saxon Invasions, which lasted almost a couple of centuries, led to a considerable amount of chaos, and the actual trend of events in the agricultural world has to be inferred largely from such sources as the *Rectitudines Singularum Personarum*, an eleventh-century document, and *Domesday Book*. By the time of the Norman Conquest, agriculture was organised on the Manorial system, the main features of which were that the land was tilled on the Three-Field System by individuals who themselves held a certain amount of land, but who were dependent upon the lord of the manor. The origin of this Manorial system is the subject of a considerable amount of discussion. On the one hand, the Roman school has considered that there was a distinct continuity between the Roman villa and the manor of the Middle Ages. On the other hand, the Teutonic school has insisted that the manor was descended, not

from the villa, but from the free village communities of the Anglo-Saxon settlers. The former school believes thus that the Anglo-Saxon invaders simply stepped into the shoes of the Romans, and that the progress of the English agriculturists was from slavery to serfdom. The latter school holds that the Anglo-Saxon invaders reproduced their own agricultural organisation in England, and that the trend of events was from freedom to serfdom. It is this issue which gives to the dispute a real importance, and the arguments of the opponents must be considered.

The Roman school, then, considers that the Teutonic invaders, coming to enjoy and not to destroy, settled down as a superior caste. To support this, it is insisted that Tacitus's survey of the Germans of the first century indicates that there were amongst them both chiefs and slaves, and that this stratification, which must have been intensified by the fifth century, would have made it extremely simple for the invaders to take the place of the Romans. It is indicated that the Three-field System could not have been introduced by the Anglo-Saxons, since in the fifth century they were following the One-field System common until modern times in Friesland and Jutland, and that, on the contrary, it must date from the occupation of the Romans, who certainly practised it. It is insisted that, since the manor in Germany and North France descended directly from the Roman occupation, the same principle must be true of England. Documentary evidence is used to point the same conclusion. Clear evidence of manorial organisation is, it is said, to be found, not only in *Domesday Book* and the *Rectitudines Singularum Personarum*, but also in sixth- and seventh-century documents; and it is argued that the manor could not have evolved between the fifth and sixth centuries and must therefore be due to the Roman

occupation. Finally, it is suggested that the indivisibility of the virgate, which the villein held, is clear proof of the servile origin of the tenure, since the right of alienation is associated only with free tenure.

The Teutonic school, on the other hand, considers that the new-comers were bands of free-warriors who destroyed all traces of Roman civilisation and settled down in free communities. It is indicated that England was subdued, not by one battle, but by a long process of fighting, lasting over 150 years, in the course of which the native population was exterminated or driven to the highlands. The notion is upheld that, since Britain was at the extremity of the Empire, it was impossible for Roman civilisation to take a firm hold. To prove this it is shown that the law, language, and religion of Rome did not survive; that there are very few traces of Roman influence in the English Common Law; that there are few Roman words in English; and that for 150 years the Teutons were heathens. The claims that Anglo-Saxon documents prove the continuity of the villa are denied on the ground that what is indicated, even as late as *Domesday Book*, is not uniformity but variety. On the one hand, it is pointed out that there are some free villages, such as Grantchester, which are certainly not Danish in origin but which show no traces of manorialism. On the other, it is pointed out that there are manors in which a considerable number of free-men are to be found, and the existence of such manors can only be explained, it is claimed, on the assumption of original freedom. Moreover, it is denied that the actual equality of the villeins' holdings proves servile origin, because, in fact, many free holdings were not divided for family reasons. There is a difference, again, between the coloni, who had some personal freedom and legal rights, and the villeins who had none.

The Three-field System, finally, is considered to be a natural evolution of centuries.

In actual fact, the extreme advocates of each of these schools are probably misled by a desire for excessive simplification. One must not seek a universal formula and regard England as a single unit in which one cause is behind everything. The essence of Anglo-Saxon England is localism. Different causes may operate differently in different parts of the country, and the rate of progress is different. The essential points in the scarce evidence are that there is no one type of agricultural organisation and that there is only a general drift towards manorialism. In some cases the Anglo-Saxon invader may have taken the place of the departed Roman and may have continued the Three-field System; the dependent population may have consisted of Celtic coloni. In other cases the Anglo-Saxons may have destroyed all traces of Roman civilisation and reproduced the German community of freemen, each family being settled on a hide, or about 120 acres. If the methods of agriculture followed were based on the One-field System, the evolution of the Two-and Three-field System would be a natural improvement arising out of actual experience. The Anglo-Saxons might sometimes have brought over with them slaves, in which case something like the manorial structure of society would have been established. But it may be assumed that many free communities were set up, and one must therefore attempt to explain how it was that so many of the settlers had, by the time of the Norman Conquest, lost a great deal of their independence. In the five centuries between the Anglo-Saxon Invasions and the Norman Conquest there are a number of factors which do provide a perfectly satisfactory explanation.

The first factor of importance was the weakness

throughout the Anglo-Saxon period of the central government. In the disturbed condition of society it was impossible for the king to maintain widespread peace and security, and decentralisation was thus the order of the day. There are two aspects to the tendency. On the one hand, the king might grant to ecclesiastical or lay magnates seigneurial jurisdiction over certain parts of his territory. In that case he alienated his royal rights, and a great part of the population became subject to the private courts of the lords rather than to the national courts—a factor which becomes the test of serfdom. On the other hand, the weaker individual, unable to obtain protection from the distant king found it necessary to " commend " himself to some local lord. By doing so, he became the " man " of his protector, and in theory, at any rate, he remained a freeholder. But both the grant of seigneurial jurisdiction and the practice of commendation, which was enforced by Athelstan, who declared that every man should have his " lord," debased the bulk of the population, and in course of time it was assumed that the title of the villager to his land proceeded from the lord, who in return could exact services and suit of court. What may be called economic feudalism could be brought into existence by these two factors, which were especially important during the disturbances of the Danish Invasions. Authority was not concentrated at any one point. It was dispersed and split up amongst a number of lords. Administration was in the hands of large private persons, not of a public authority.

The pressure of taxation during the Anglo-Saxon period was a factor which caused society to move in a similar direction. This was of particular importance when the Danish Invasions began, and Maitland regarded it as of such significance that he ascribed to it the whole cause of the growth of manorialism. He regarded the

manor house as the centre for the collection of the Danegeld, and considered that the authority of the lord derived from the fact that he was responsible for the payment of the necessary money. This is not strictly true, but taxation undoubtedly led to the depression of a great part of the population. Those who were unable to meet the demands of the tax-collector had to borrow the money from some local person of substance, and as a general principle it was impossible for them to hope to be able to repay. A sort of permanent mortgage was placed upon their lands, and the lender of the money became the real lord of the lands, with the result that the one-time freeholders simply had to render services in return for the continuance of their tenure. When, as was often the case, economic forces, such as a series of bad harvests, had impoverished the poorer freemen, the pressure of taxation was, of course, still more to the advantage of the wealthy; and both the ravages of the Danes and the severity of the Anglo-Saxon criminal code were additional factors which did very considerable damage to the economic stability of the smaller holders.

Finally, in the Anglo-Saxon period, there was the growth of the military caste, which was of particular importance during the Danish Invasions. The Anglo-Saxon fyrd was incapable of facing the strain, and a class of professional soldiers came into existence. The professional soldier, or thegn, could not be paid in money, and therefore it was the custom of the king to grant him a piece of land, usually five hides in size, in return for his services. The bulk of the population was not now needed to fight, but, being free of this obligation, they were to pay compensation to the thegn by contributions and services. The thegn, again, being powerful, would attract the weak, who, as noted above, found it necessary to commend themselves to a powerful neigh-

bour for protection. The Anglo-Saxon king, again, generally looked with favour upon the thegn, who was thus regarded as the delegate of the central authority. He was made responsible for the maintenance of order in the locality, and it was natural that seigneurial jurisdiction, which has already been noted, should be granted to him. A distinction thus arose between those who worked on the land and those who fought. The latter only, in process of time, were regarded as free, and it became the duty of the former to maintain them.

It was in these ways that something very similar to the manorial alignment of society came into existence in Anglo-Saxon times. Four main classes had come into existence. First, there were the thegns, who were free, who did military service, who were responsible for the maintenance of roads and bridges, and who were very similar to the medieval lords. Secondly, there were the geneats, who were free in status but who might hold land, for which they performed labour services such as carting, reaping, and sowing for the lord, and who were the forerunners of the medieval freemen. Thirdly, there were the unfree geburs who held thirty acres, who had to render considerable labour services, who were extremely numerous, and who strongly resemble the manorial villeins. Fourthly, there were the cotsettles, who held five acres, who had to serve one day per week and three at harvest-time, and who are like the medieval cottars. In addition, of course, there was a small number of slaves. It is clear from both the *Rectitudines Singularum Personarum* and *Domesday Book*, however, that there was no uniformity of agricultural organisation; and Celtic villages as well as individual farms were still to be found. But considerable progress had been made, even before the Norman Conquest, towards the so-called Manorial System of the Middle Ages.

It was the function of the new-comers simply to make manorialism more systematic and uniform.

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CHAPTER III

INDUSTRY

A

ONE of the fundamental distinctions between the animal and the human being is that, whilst both in the earliest stages of development are purely predatory, the latter learns to use his hands in an increasingly skilful manner. Industry, the result of manual dexterity, seems to indicate, moreover, a divine discontent with things as they are, for all industrial processes are the modification of raw materials so that they shall be better suited to human needs. In the evolution of industry two distinct stages may be noted. First, it was casual and amateur. The individual then made, by the side of his cave fire, everything he needed; he satisfied directly all his wants; and he carried on so many economic functions that he was a jack of all trades and master of none. Secondly, industry was professional. The individual then devoted all his time to the one craft and relied upon others for the necessities of life. He may have worked in his own home as an independent economic unit securing his own raw material and disposing of his finished product, or he may have worked simply for his keep, like the village smith or the resident carpenter of Anglo-Saxon times. In any case the way was open for increasing skill and specialisation, and up to the Norman Conquest distinct progress was made, although agriculture was in the foreground always.

B

Industry must be contemporaneous with the earliest stage of economic evolution when men lived by hunting. Physically man was ridiculously puny by the side of the monsters by which he was surrounded, and his only hope of success lay in making use of his superior intelligence. He had to fashion the necessary implements to dig pits into which the beasts might fall, or else make flint arrow and spear heads with which to pierce the hides of the beasts. The beginning of industry must thus be traced to the Paleolithic period, when the art of working in flint was extensively practised. Flints for tipping arrows and spears for cutting and scraping tools were made. It is certain that originally the hunter himself manufactured the implements he made, just as, at the same period, he converted the skins of the slain animals into a primitive covering for the body. He could not thus acquire any particular dexterity, and since his main object was to kill his prey, he had no time for more than a merely adequate instrument. But apart from this casual or amateur industry it is just possible that professional industry was also known in some parts. Piles of flints have been discovered, and it may be suggested that the Paleolithic caves were sometimes centres of the flint-making industry. If this is true it implies that there were some individuals, however few, who spent their whole time on the work and secured the necessities of life by exchange.

In the Neolithic Age, when flints were polished, industry developed on many sides. The flint industry was certainly professional in some places. At Cissbury, in Sussex, and at Millfield, near Keston, flint mines were systematically worked, and no less than 958 fragments of flint have been found. But, far more important, a

great centre of the flint industry has been located at Grimes Graves in Norfolk, where 346 pits have been discovered, the mouth of the largest of which is 88 feet by 64 feet. It is clear that the work of mining the flint was for some a whole-time occupation. Besides the pits, however, the remains of workshops have also been found, and it is very likely that whilst some mined the flints, others made up the raw material into arrow-heads, axes, cutters, and scrapers. That marks the beginning of industrial specialisation, but whether the workers were slaves, employees, or co-operative workers exchanging their raw or manufactured flint for the necessities of life cannot be said. Apart from the intensive development of the flint industry a variety of new industrial processes seem to have been carried on in the period. If agriculture really does date from Neolithic times, hoes, digging-sticks, and sickles would be common. Pit-dwellings and boats were undoubtedly made; the art of weaving baskets of twigs and rough cloth of flax was invented; and the manufacture of pottery with the aid of fire, which seems to have been known since Paleolithic times, became rather more skilful. Many of these industrial activities may have been casual and amateur, but the general tendency would certainly be in the direction of professionalism, and the slaves, who are known to have existed, might have been used by their masters on the simpler tasks.

The Bronze Age introduced metal to the more civilised parts, though it is considered that even in the previous age tin and gold had been mined. The bronze industry settled in Cornwall and Wales mainly; primitive foundries were made; and a supply of bronze implements for war and peace was forthcoming. It is certain that the bronze industry was professional and that there was a division of functions between the miner and the manu-

facturer. The industry was so specialised, and needed so much skill, that the ordinary individual could not hope to make his own bronze implements, and the dependence of industry upon the mines caused it to tend to be centralised in certain areas. The extent of the bronze industry is revealed by the discoveries at Heathery Burn Cave in Durham. In the huge cave, which is five hundred feet long, were found a mould for casting socketed axes, eight spear-heads, nineteen axes, three knives, two swords, a couple of chisels, a pair of tongs, a cauldron, a razor, and a number of rings and pins. But it is thought also that the travelling craftsman came into existence. Complete with ore, crucible, and mould, he made, and disposed of, new implements or recast old ones in return for some sort of payment in kind. Apart from the bronze industry, also, progress was being made. Huts were now constructed and were displacing caves as dwelling-places, while in a barrow found at Driffield in Yorkshire a piece of linen has been unearthed. In many barrows buttons of bone, jet, amber, clay, and wood have been discovered, and such apparent trifles indicate development in the very significant art of dressing.

With the Iron Age bronze lost its pre-eminent position, and it is obvious that the proportion of professional industry increased. Iron was mined in Sussex and the Forest of Dean by the Brythonic Celts and was smelted in conical foundries dug in the ground. The Celts made swords, scabbards, breastplates, helmets, shields, brooches, daggers, tankards, jugs, buckles, bracelets, armlets, combs, and the bits of bridles, all of which were commonly decorated and of very fine workmanship. The lathe, which may possibly have been known in the Bronze Age, was used in this period, and the blacksmith probably became a feature of almost all settlements.

Wheeled wagons and the potter's wheel were introduced; weaving became a fine art almost; and from the fourth century onwards the minting of coined money developed. One cannot think of all this progress in skill, and in the variety of industrial processes, without assuming the growth of the proportion of specialised craftsmen. The extent of this development may perhaps be estimated from the illuminating discoveries made on the site of the Celtic lake-village of Glastonbury. During the later years of the Iron Age there were in the village four huts containing looms, four housing foundries, and many in which the blacksmith's equipment has been found. In parts of the country a fairly high stage of industrial efficiency had been reached, and the conventional idea of the primitive Briton must certainly be modified, although, of course, a sense of proportion must be kept by remembering that, by the time of the Roman Conquest, some parts of the country still practised extensive agriculture.

C

After the Roman Invasion it was just those parts of Britain which had reached a high stage of civilisation which were occupied. Since they regarded the country as a source of wealth, and since they were a practical-minded people, it was the object of the Romans to increase the efficiency of industry. They seem to have been especially successful in the work of organisation, but they were content to use the simplest tools and refused to introduce any new machines of any sort. This was not due to any lack of inventiveness, for an ingenious labour-saving machine was presented to Vespasian in Rome, but was put away on the fallacious grounds that it would cause unemployment. As it was, however, the Romans were a great stimulus to British industry. The metals, which were coveted particularly,

were given great attention. The copper mines of Anglesey and Shropshire, the iron mines of Monmouthshire and the Forest of Dean, and the lead mines of the Mendips, Derbyshire, and Flintshire were taken over to be worked for the benefit of the conquerors, who were, however, disappointed at finding none of the much-talked-of gold. It is rather unfortunate that no important details of the organisation of the mining communities in Roman Britain are known. One only knows definitely of the organisation at a similar centre at Vipasca in Spain. But it is likely that the original Celtic workers were enslaved and compelled to work the mines and smelt the ore for export. At any rate the industry was undoubtedly professional.

Particularly important were the immense improvements introduced by the Romans in the industries of roadmaking and building, both of which had been neglected by the Celts. The roads were scientific, straight, and durable, the houses spacious, comfortable, and central-heated. Nor was this all. Watermills and brick-making kilns were erected. Pottery and glass-making reached a stage they had never known before, and the slate-making industry was soon in a thriving condition. The manufacture of cloth, again, was improved, and it appears that a large villa at Darenth in Kent was almost entirely given over to fulling—only one of several processes in the industry—but there is no evidence that cloth was ever made on such a large scale as to be exported. Altogether, since Roman civilisation was urban, it was natural that these developments should take place, but there is no evidence about industrial organisation. One must suppose that industry was carried on either by imported craftsmen or by natives directed by experts. In the whole Empire it is known that there were 80 craft gilds, including butchers,

tanners, and bakers, and it is just possible that a gild of smiths existed in Britain, but nothing more can be said except that industry was highly professional in all the Romanised areas.

D

The Anglo-Saxons, who succeeded the Romans, had certainly reached the stage at which the Celts were before the Roman Invasion. Though primarily agricultural, they knew and worked all the metals. Beowulf indicates that the Anglo-Saxon warrior made, as well as wielded, his sword, and that iron bands and clasps of fine workmanship were wrought. The tribal chiefs wore iron helmets, shirts of mail and wooden shields strengthened with a rim and a boss of iron, whilst all their weapons were of iron. The ordinary tribesmen wore thick protective cloth, which shows their knowledge of weaving, and in the early days they were certainly skilled in the art of shipbuilding. The discovery of the work of goldsmiths, jewellers, and blacksmiths, and of glass beads and brass tweezers proves that some of them, at least, knew a little of the refinements of life. They were by no means, of course, so highly developed industrially as the Romans, and had not come into contact with Roman civilisation, but, being intelligent and virile, they would have made much steadier progress had it not been for two factors. First, the Anglo-Saxons avoided the towns, which they regarded as the " graves of freedom and the defences of slavery," but which are indispensable for industrial development. Secondly, strife between the Anglo-Saxon kingdoms continued for three complete centuries after the final defeat of the Britons at Chester; and peace is a fundamental prerequisite for industry. It is a great pity that the Anglo-Saxons wasted so much of their energy in futile destruction.

But, though there was a definite decline from the Roman standard of industry after the Anglo-Saxon Invasions, it must not be over-estimated. It was essential that some industry should be carried on. Salt was necessary to agricultural communities, since the meat had to be preserved during the winter months, and therefore salt works came into existence. Iron, moreover, was necessary for both peace and war, and the mining and smelting of iron continued in the Forest of Dean. Though the Anglo-Saxon warrior was supposed to make his sword, a certain amount of professional industry was inevitable. In the large houses set up by the chieftains, smiths, carpenters, potters, workers in leather, and bakers were all employed for their whole time at their respective jobs. In the villages, where the bulk of the population had to concentrate on agriculture, such craftsmen as the blacksmith and the carpenter were invariably to be found, and they were professional industrialists. The way in which these were remunerated is to be noted. They were not paid, either in money or kind, for each piece of work they did. They were to carry out all the work required by the whole community, and they received in return their share of the produce of the village. They were as a rule freemen, but they had to take their place in the community, which was the sole unit. In the Anglo-Saxon village there was thus a definite element of communalism.

Christianity, which developed in the seventh century, had a powerful influence on industry. It inculcated a love of production, instead of destruction, and, in particular, it bred in Benedict Biscop the desire to place beautiful windows in his church at Monkwearmouth, with the result that he brought over from the Continent special workmen who taught the English how to manufacture all kinds of glasswork. Such abbeys as Glaston-

bury and St. Edmund's, the result of monasticism, also had a great effect on industry. There were two main types of abbeys. First, there were the Benedictine abbeys, the monks of which were not handicraftsmen, and around these abbeys towns sprang up to provide the necessary commodities for the inhabitants. Secondly, there were the Columban abbeys, which were self-sufficing and which maintained their own smiths, carpenters, and leather-workers, who might be monks or not. Bede himself mentions one monk who excelled at carpentry. The nunneries often performed a similar rôle. According to Bede, the nuns of Coldingham were especially skilled in the arts of weaving and embroidery. In the manufacture of embroidery, in which gold and silver thread and silk were used, England became so well known that foreigners eventually came to learn the art. All this was due primarily to Christianity, which has also probably something to do with the fact that Ethelwulf, the father of Alfred, could go to Rome with such presents as a crown of gold four pounds in weight, two golden bowls, and an assortment of other articles of silver and silk. The example of the Church could not help having a beneficial influence upon the economic life of the whole country.

The development of industry was assisted by two other factors, the reign of Alfred and the Danish Invasions of the ninth and eleventh centuries. Alfred, who had himself a certain amount of practical ingenuity—he invented candle clocks—was especially interested in architecture and built sumptuous residences for himself. In order to combat the Danes, he made a great attempt to revive the almost forgotten art of shipbuilding. He introduced also foreign artificers in gold, and, above all, he encouraged diligence and skill in all producers. The Danish Invasions, though causing much disturbance,

particularly in the agricultural world, helped industry by leading up to the growth of towns, where industry of a comparatively high order could have a suitable background. From the ninth century onwards, thus, industry progressed at a quicker rate, and it is noteworthy that, in the reign of Canute, a cope was sent to the Bishop of Benevento which is said to have excelled the similar products of Italian craftsmen, and which was still a wonderful piece of work when Anselm visited the city in the late years of the eleventh century. The state of industry at the time of the Conquest, again, is reflected in *Domesday Book*. Although some industry was still undoubtedly amateur in the outlying districts, and although agriculture was still the most important form of economic activity, the six forges of Hereford, the 727 salt works in six shires, and the 5,000 water-mills, in addition to the hosts of village smiths and carpenters, which are all mentioned in *Domesday Book*, are a clear indication of sound industrial development. England, though one of the most backward countries in Europe, was gradually cutting down her handicap.

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CHAPTER IV

TRADE

A

TRADE may have originally evolved from the primitive custom of giving and receiving presents, but its development was due to the obvious convenience of exchanging some of that which one has in excess for some of that which one lacks, or of which one has not enough. In early times the extremely clumsy system of barter was inevitable, but the later use of money, both an effect and a cause of increasing trade, facilitated further progress by introducing a *tertium quid* whereby the relative value of commodities could be judged. Three stages in the evolution of trade can be noted. First, it was carried out simply for the sake of mutual convenience and was of very subordinate importance. Secondly, it became essential owing to the growth of industrial specialisation, and the individual arose who spent the bulk of his time on manufacture and had to exchange his products for the necessities of life. Thirdly, it became an economic function on its own, and the trader who depended entirely for his living upon buying and selling evolved. Considerable advances were made in the period up to the Norman Conquest along these lines, and here the two types of trade, internal and foreign, must be considered alongside. Once again, however, it must be borne in mind that agriculture is always of predominant importance.

B

Trade must be traced back, it seems, to the Paleolithic period. It must have existed even in the most primitive districts, where the inhabitants fashioned all their own requirements. The man who wished to exchange a hide for fresh meat had to practise barter. He had to find a man who had an excess of fresh meat and who wished to exchange it, not merely for a hide, but for the particular type of hide which was offered. Such a difficult business would certainly tend to keep trade at the absolute minimum. But archeological discoveries suggest that as early as the Paleolithic period, trade which was the necessary result of industrial specialisation, existed. First, Paleolithic flints have been found in places where there are no natural flint deposits. Such implements might, of course, have been left by predatory wanderers, but it is possible that they were the work of distant craftsmen who had bartered with their manufacturers. Secondly, flints have been found in large numbers in Paleolithic caves, and this seems to imply specialised industry, which in its turn implies trade. A further point is also of importance. Necklaces of seastones have been discovered many miles from the seacoast. These do not necessarily mean that there was industrial specialisation, for they also may have been dropped by wanderers, but there is a possibility, at any rate, that they were originally the wares of travelling craftsmen, or even of middlemen pedlars.

With the Neolithic Age there was certainly a fair amount of industrial specialisation and hence trade. This development is suggested by the facts that polished implements, like the Paleolithic flints, have been found at long distances from places where flint can be found, and that great piles of them have been unearthed in the flint-

bearing areas. But there is also conclusive proof. The flint mines which have been found at Cissbury, Millfield, and Grimes Graves indicate that the industry was considerably advanced, especially as at the latter place there seem to have been not only miners but also craftsmen, each type of worker restricting himself to his own appointed functions. Trade followed naturally from such a state of affairs, and it is probable that such commodities as cattle were exchanged for the flint implements. It may be reasonably assumed that on all sides of Neolithic economic life trade developed, and it is possible, though one cannot affirm it definitely, that the middleman appeared and lived entirely on buying and selling. In the Neolithic period, it must also be noticed, the beginnings of foreign trade may certainly be placed. There were trade routes from the Mediterranean up the Rhine and Rhone to the North Sea, and coastal navigation from the Mediterranean northwards had started. The natives of Britain are not known to have visited the Continent, which was more advanced economically; but it is significant that articles of a green stone, to be found only in the locality of the Alps, have been discovered amongst undoubted Neolithic remains in Britain.

The Bronze Age naturally caused an extension of trading activities. It is known that the bronze industry was located in the mining areas, but, more significant still, ingots and moulds have been found far away from the mining centres. This seems to indicate that there were travelling craftsmen who secured their ore and equipment by barter, and then went around the country making new implements, or re-fashioning old ones, in exchange for necessities. It is considered, moreover, that in this period the pure middleman also definitely appeared. He bought the finished articles from craftsmen and travelled purely and simply as a trader, making

a precarious livelihood. In the same period foreign trade grew. It is notable that the Stonehenge barrows contained articles of gold, bronze, amber, glass, jet, and ivory—and yet the land around Stonehenge was singularly barren. Britain probably exported raw materials such as Cornish tin, slaves, and live-stock. There is evidence that, as early as 1000 B.C., tin was regularly exported to the Mediterranean via Cadiz, which was a Phœnician port. Britain imported manufactured goods generally, including celts from France, beads from Egypt, gold from Ireland, and amber from the Baltic. In other words, non-essentials were now secured by trade, and artificial wants, such as the desire for useless ornaments, were really satisfied. For some proportion of the population, at any rate, it was no longer a matter of securing the necessities of life alone.

With the addition of iron to bronze in the Iron Age, the importance of trade must have increased again. It is probable that tribal centres like Silchester and Colchester became centres of regular trade, and it is certain that Glastonbury and Hunsbury were trading centres in the period. The number of travelling middlemen would likewise multiply. Money, the condition of the expansion of trade, is, moreover, known to have been introduced owing to the obvious inconveniences of barter. Iron bars, which were first used, have been found in large numbers in Worcestershire, Gloucestershire, Somersetshire, Dorset, Hampshire, and the Isle of Wight. Gold coins, in imitation of the staters of Philip of Macedon, who died in 336 B.C., have also been unearthed in many parts of South-eastern Britain, and mints were certainly set up, first in Kent, and then at Verulam and Colchester. Many parts of the country would still carry on trade by barter, but the ultimate variety of coins, made of gold, silver, bronze, and tin, is conclusive

proof of the growth of trade. The development of trade is attested by Pytheas, who visited England in the fourth century, and who mentions the export of tin from Cornwall to the Loire. It is clear that Britain had been known to the people of Marseilles for some time. The usual exports were slaves, dogs, and cattle; and Poseidonius, who came to Britain in the first century, indicates that there was a regular tin market at St. Michael's Mount. Brooches and jugs of bronze were imported from Italy; it is known that British merchants made their way to Gaul on commercial ventures; and London, the name of which is Celtic, was probably a port before the Roman Invasion.

C

The coming of the Romans gave a tremendous impetus to trade, both internal and foreign. The invaders and settlers were accustomed to a high civilisation, and their currency, their Pax Romana, their administration of justice, their towns, and their roads all made the further development of trade possible. Native trade itself must have benefited very considerably, and there was continual trade in such commodities as clothes and personal adornments. But the great service rendered by the Romans was their encouragement of foreign trade. The trading activity of the Celtic merchants had been passive rather than active—they received foreign merchants rather than visited foreign countries themselves—but the Romans brought Britain into close commercial relations with the more civilised Continent. It is specially significant that import and export duties were regularly collected at the ports and that Britain is described as a country of many harbours. According to Strabo, who wrote in the first century A.D., there was a regular export trade in wheat, cattle, gold, silver, tin, skins,

slaves, iron, and hunting dogs, whilst the main imports were Samian earthenware, wine, ivory bracelets, bead necklaces, glass vessels, and amber. The care of the Romans for trade is shown definitely by the facts that Claudius established a fleet to protect the British coast and maintain trading relations with the Continent, and that a lighthouse was erected at Dover for the guidance of shipping. It is not surprising that, according to Tacitus, London was by A.D. 61 a town crowded with merchants.

D

The Anglo-Saxon Invasions led to a serious decline of both internal and foreign trade. The three centuries of disturbance meant that only a minimum of internal trade was carried on, but certain commodities were indispensable. First, there was trade in salt, which was absolutely indispensable, because, owing to the lack of root crops, many beasts had to be killed off at the approach of winter so that the meat could be salted and kept through the winter months. Secondly, it was necessary to have iron for agricultural and fighting implements, and since iron could not be found in all districts, some trade must have been continued. It is very likely that travelling chapmen, with a variety of wares, existed from the very first, using the Roman roads; and the boundary lines between the villages and towns, which were always neutral territory, would be the most suitable places for transacting business. Some foreign trade, also, must have continued, although there is no doubt that the Anglo-Saxons very quickly lost the art of seamanship in which they were originally extremely skilful. It was in the sixth century that Pope Gregory came across the English slaves in the market-place of Rome, and the slave trade, at any rate, must thus have been carried on.

It is certain that from the time of settlement onwards there was slow but steady progress in both internal and foreign trade. Internal trade had grown so much by A.D. 700 that Ine had laid down a number of definite rules which travelling chapmen had to obey. They had, for example, to transact all their business in front of witnesses, a rule which, in the absence of written receipts, protected both the chapman and his customer from any subsequent charges of theft. Trade with the Continent increased similarly. In the early eighth century an Englishman was trading in Marseilles, and English merchants were to be sometimes found in Rouen, Troyes, and St. Denys. Charlemagne, again, in his famous letter to Offa of Mercia, promised that English merchants travelling on the Continent should be assured of protection and justice. It was understood that Offa should give the same generous treatment to the " Men of the Emperor," who had by this time begun to visit England on trading enterprises. The letter to Offa is a most important landmark, and it may well be described as England's first commercial treaty giving preferential terms to one particular foreigner. It explains the fact that London, which was almost depopulated in the early seventh century, was, by the ninth century at the latest, a busy port once again, crowded with Frisians, Easterlings, French, and Picards. Royal dues were regularly levied at the port; and it appears that among the imports were wine, fish, cloth, and timber.

In the reign of Alfred the pace of the progress of trade was quickened. About 890 Alfred, like Ine, laid down rules which chapmen had to observe. The function of the regulations was largely to protect the chapmen, who were here to-day and gone to-morrow, and who were thus usually suspected of dishonesty, but the customers were also, of course, safeguarded. It seems

that the chapman, who made a profit by selling goods which he did not actually make, rather revolted many people because they had to pay not only the cost of production but also the cost of distribution; and the Church was at first prejudiced against all forms of pure trade on the ground that it led men to put Mammon before God. But the social value of trade could not be entirely ignored. It was thus natural that regular markets, and probably periodic fairs, should spring up at shrines, and around monasteries; and the burhs which Alfred encouraged were inevitably trading centres. On all this development the good government of Alfred had a most beneficial effect. On foreign trade the effect of Alfred was similarly great. He himself had a continental outlook. He had been to Rome as a boy, and it is possible that he sent a missionary expedition to India. His foundation of the navy, to counter the Danish Invasions, was, again, of very considerable commercial significance, and it was very probably he who first ordained that the merchant who fared thrice over the seas in his own ship should rank as a thegn.

The ultimate effect of the Danish Invasions from the eighth century onwards was to carry on the work of Alfred. On internal trade the Danes had a great influence in that they were enterprising and set up a good number of towns, where trade could easily grow up. But the particular influence of the Danes was revealed rather in foreign trade. The Danes were fundamentally a seafaring people, as the Anglo-Saxons had originally been, and they believed that trade was an occupation worthy of a prince. They did not consider, like the Greeks, that trade was debasing, or, with the churchmen, that it was morally dangerous. In their graves a pair of scales was always placed alongside the sword and the battle-axe. Before their arrival in England they had

been in regular communication with the East, via the rivers which run into the Caspian and the Black Sea from North-Eastern Europe. They had traded with many parts of Europe, with Ireland, and with Iceland, as well as with England. When they settled in England they maintained all these trading connections, for, unlike the Anglo-Saxons, they did not forget the art of seamanship. Chester and Bristol grew as ports for trade with Ireland, largely, alas! in slaves; eastern goods were imported via Scandinavia; and a regular trade with Flanders, France, Normandy, and Ponthieu began. From the very start the Danes were, for England, a blessing in disguise. Their enterprise and their business instincts were the leaven that raised the Anglo-Saxon lump to a tolerably high stage of commercial development.

So it was that by the eleventh century, before the Normans came, England had made very satisfactory progress. The burhs, to which Edward the Elder had attempted to restrict trade in the tenth century, were flourishing, and the precise weights and measures which had been evolved tell their own story clearly enough. Details are known of the tolls imposed by Æthelred at Billingsgate, and his table of port dues confirms the impression that the amount of trade was considerable. According to *Domesday Book*, again, there were forty-two markets and a number of fairs in the country, and even before the Conquest, the "Men of the Emperor" and the merchants of Rouen had a definite status in England, for they were given preferential treatment by special arrangement. What is more, there were, in the greater towns, associations of native merchants, known as cnighten gilds, and, probably owing to the agitation of these bodies, Edward the Confessor placed restrictions upon the foreigners, who, for example, were only to sell wholesale. Thus early is there evidence of a royal

trade policy which is to be of very great importance in the Middle Ages.

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CHAPTER V

TOWNS

A

ACCORDING to certain present-day thinkers, such as Spengler, the growth of towns leads to the decay of true culture because it causes congestion at the urban centres and paralysis in the outlying districts. That there is a danger in excessive urbanisation is undoubted, but it is also true that without the development of towns no sort of progress could ever have been possible. When shoulders rub ideas are generated, and only by communal effort can any advances in economic or social life be made. Towns are the arenas in which economic experiments are made, and only when there has been a town economy can there be national and then international economies. Fortunately, however, there is a fundamental gregarious instinct in human nature which brings men together, and a number of external factors also came into operation in the early stages of evolution to help on the process of urbanisation. One characteristic of towns up to the Norman Conquest must be noted. Though industrial specialisation and trade were to be found in them—for otherwise they would not be towns from an economic point of view—they were mainly agricultural. The open fields usually extended around them, and they were really little more than rather large villages, the majority of the inhabitants of which lived by tilling the soil.

B

Of the period up to the Roman Invasions there is very little to be known about towns. Villages had begun to appear in the Neolithic and Bronze Ages, and they increased in size during the Iron Age. Many of the Celts lived in collections of pit-dwellings or huts, and even caves such as Wookey Hole, in Somersetshire, were inhabited still; but three factors caused urbanisation. First, towns developed from settlements which were made because of their impregnable position. Hod Hill in Dorset, Worlebury in Somerset, and Cissbury and Mount Caburn in Sussex were hill-forts in origin; and Glastonbury, the lake town in Somersetshire, was deliberately set up in an inaccessible position. Glastonbury was of especial importance. It dates probably from about 100 B.C., perhaps from 200 B.C., and was sacked about A.D. 50. It covered an area of 10,500 square yards, contained 90 dwellings and 300 inhabitants, and was the centre of a good deal of industry and trade. Secondly, towns grew up in places suited geographically to commercial intercourse. London, on the Thames, was a natural port, and even before the Roman Invasions was possibly a trading town. Thirdly, the administrative centres of the Celtic tribes, where the chieftain and the elders lived, attracted smiths, carpenters, potters, dyers, weavers, jewellers, and traders. Such were Colchester, the chief town of the Trinovantes; Verulam, the chief town of the Catuvellauni; Silchester, the chief town of the Atrebates; and Cirencester, the capital of the Dobuni.

C

Roman civilisation was essentially urban, and by A.D. 250 no less than 59 towns had been planted in

Britain, many of which, like Winchester, Cirencester, Silchester, Canterbury, Leicester, Lincoln, and Gloucester, were built on the sites of Celtic towns. Many towns, especially in the North, were in origin military establishments. There were legions, for example, at Chester, York, and Caerleon. In the South, commercial towns were set up, like Silchester, which had eighty houses, a population of 2,000, a forum or market-place, a basilica or town hall, and twelve streets, six running east and west and six running north and south. There were, also, purely health resorts, such as Bath, in which were to be found every convenience and comfort. As the towns grew up they were classified by the Romans into three types. First, there were the oppida, or large towns, like London, which did a thriving trade with Gaul and could boast of a mint as early as A.D. 62. Secondly, there were the municipia, like St. Albans, which were most numerous and which had at first some self-government. Thirdly, there were the coloniæ like York, the term being an honourable title conferred on towns of particular importance. All the towns, of course, were of splendid architecture, built as a rule on scientific principles; and it was natural that around them should spring up the huts of the Celts, if they had not been there originally.

Of the government of the Roman towns very little indeed is known. The Romans were too practical to expect absolute uniformity in every part of their Empire, and it is known that they therefore allowed a certain amount of local liberty. Town councils existed in some, if not all, towns, for references to town councillors have been found on stone relics at York, Gloucester, and Lincoln. A certain amount, however, is definitely known of Roman towns on the Continent and, by analogy, some information may be inferred. It is

probable that many towns were controlled by a senate of prosperous and influential men who sat for life and may possibly have originally been ex-officials. But as time went on the office became hereditary, passing from father to eldest son; and the senate would thus become absolutely non-representative and irresponsible. So serious does the situation seem to have been that in 364 Valentinian introduced the official known as the Defensor Civitatis, who was the champion of the public against the senate. But even analogy can lead us little further than this. The government of the Roman towns in Britain must remain a very obscure topic at the best.

D

The Anglo-Saxons considered towns to be the graves of freedom and the defences of slavery, and being mainly an agricultural people, they generally set up their own village communities. Gildas in his *Ruin of Britain*, written between 545 and 547, deplores the chaos of the times, and, though such towns as Silchester, London, York, Chester, St. Albans, Bath, and Canterbury were still standing, it is probable that many towns in the North and West were entirely destroyed. But, when the period of disturbances came to an end, the evolution of towns on old or new sites was natural; and several quite distinct factors operated in the growth of the new towns. First, well-placed Anglo-Saxon villages—the names of which usually end in *ing* or *ham* or *ton*—gradually grew in size, and often a number of villages coalesced to form a new larger unit. Secondly, towns sprang up with the revival of trade, or simply revived at convenient meeting-places for buyers and sellers, such as roads, river mouths, and places where a river could be easily forded. Thirdly, when Christianity was introduced, towns sprang up around monasteries and the shrines of martyrs, to which

regular pilgrimages were made, because they were natural centres of trade. Fourthly, with the Danish Invasions, fortified places, which became known as "burhs," were built, and the Danes themselves were in favour of towns.

There is plenty of evidence of the growth of towns in the period. London, which, according to Mellitus, contained only a scanty population of heathens in 601, was a mart of many traders at the beginning of the eighth century, and in the time of Alfred had a separate magistrate, the wic reeve, who was appointed or approved by the king. In the time of Athelstan, again, London had eight mints, and in the eleventh century it paid £10,500 out of the £72,000 raised as Danegeld for Canute. Winchester, Colchester, Bath, and Exeter were certainly re-inhabited before the time of Alfred; Gloucester had a mint in Alfred's reign; Oxford, which was in existence by 890, quickly became a busy trading centre; and in the tenth century both Chester and Bristol were really important towns. The Danish Invasions, again, led to the establishment of Stamford, Derby, Leicester, Nottingham, and Lincoln, which seem to have enjoyed well-advanced municipal governments; and before the Norman Conquest there were already famous fairs at Winchester, Stourbridge, and Abingdon. It is notable that in the ~~eleventh~~ century Winchester, Hereford, Bedford, and London are estimated to have had between 1,000 and 2,000 inhabitants.

The growth of towns is reflected in *Domesday Book*, where no less than 80 towns are specified. But it must not be assumed that they were generally self-governing units. By the time of the Conquest some of them may have received, or maintained, a fair amount of self-government. But the majority of them were still nothing more than large villages, engaged mainly in

agriculture; and they were subject to some superior, sometimes the king, sometimes a manorial lord, sometimes a monastery or abbey. Nevertheless, it is certain that in some towns a corporate sense was developing as the inevitable result of increasing trade and the presence of the foreigner. It is possible that within the greater towns definite trading associations had been established. The ground was prepared for the struggle of the towns for self-government which was to be the *leitmotif* of urban history in the subsequent Middle Ages.

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CHAPTER VI

REVENUE

A

IT is an almost invariable principle that a ruler demands from his subjects contributions which, at the very least, are sufficient to keep him in comfort. But the revenue which a ruler thus obtains is not necessarily pure extortion, for, however despotic he may be, he strives to maintain order, which is of advantage to his subjects as well as to himself. Order is an artificial condition, and the revenue which a ruler demands may be regarded as a payment which people have to make in return for it. Security for life and property is worth something, and even though an excessive charge may have sometimes been made, the right to exact revenue remains unchallenged. There are three main ways in which revenue may be taken. First, it may take the form of compulsory service, which enables the ruler to have work of public importance done. Secondly, it may take the form of an obligation to surrender a part of one's personal property —in kind or in money. Thirdly, it may take the form of a fee to be paid for the privilege of trading, under protection, at certain places, or of importing foreign goods. Examples of all three can be seen in the period up to the Norman Conquest.

B

Revenue can only be levied thus when settled government has come into existence, and it is not sur-

prising that there is no direct evidence of it up to the Roman Invasion. The unit was generally the tribe, and whatever work was necessary for the whole was probably undertaken by the co-operative efforts of the tribesmen. But towards the end of the Iron Age some measure of settled government on a small scale evolved. The kingdom of Cymbeline, for example, was in existence before the coming of the Romans, and though one knows nothing about its organisation, it is safe to assume that the subjects were compelled to render some services to the king. Money, it is true, was scarce, and taxation would mainly take the form of personal service and of gifts in kind. At the same period, however, one can notice Prasulagus, the king of the Iceni, and Dumnorix, the Æduan, both of whom were very wealthy, and a host of other minor chieftains, were living in comparative luxury. It is very probable that the revenue of such was derived very largely from tolls levied for the privilege of trading.

C

In return for their protection and their civilisation, the Romans raised a heavy revenue from both the Britons and the settlers, and the taxation was neither very intelligent nor very fair. Personal service in the mines, on the roads, and in the fleet was, of course, exacted from the Britons, but the Romans also levied a number of taxes. First, there was the Tributum, a tax upon property, details of which are vague. Secondly, there was the Scriptura, a tax which took a tenth of the value of flocks and herds, and which often caused the owners of sheep and cattle to sell part of their stock to meet the demands of the tax-collector. Thirdly, there was the Annona, according to which a fixed supply of corn had to be handed over to the Roman

officials annually; and until Agricola's reform the individual who had no corn had to purchase some from the officials at a very high price and then return it. Fourthly, there was the Vicesima Hereditatum et Legatorum, which was a 5 per cent. legacy duty imposed on all citizens, and almost all the inhabitants were counted as citizens by 212. In addition, the Romans imposed import duties at the harbours, the tax being known as the Portoria, and these appear to have had a restrictive influence upon trade. Taxation under the rule of the Romans was undoubtedly excessive; though they gave many blessings to England, their charge was distinctly outrageous.

D

Revenue would, of course, be exacted by the Anglo-Saxon chieftains, who either came across in the fifth century or evolved after the settlement, but direct evidence of revenue dates from the beginning of the eighth century, when the Trinoda Necessitas appeared. The three-fold necessity consisted of military service, the repair of bridges and roads, and the maintenance of fortifications, and they were imposed upon all free-holders without exception. The work was of especial importance to the ruler, for upon it depended the safety of his kingdom; but since it meant order and security for all it was also of public importance, and no one had any reason to grumble. The main revenue of the Anglo-Saxon kings, however, came from their lands. There was a large amount of folk-land, which was supposed to belong to the community, but increasing amounts of it were granted by the rulers to favourites, and thus became bookland, the test of ownership being that the grant was recorded; and in return for such land the king, of course, exacted dues. Port and market tolls completed

the ordinary revenue of the king; and the sanction of the witenagemot was necessary for exceptional taxes, the most important of which was the Danegeld, first levied in the tenth century, the object of which was to buy off the Danes. It was first imposed by Æthelred the Redeless in 991, but was repeated in 994, 1002, 1007, and 1011 and later, but was suspended in 1051, only to be revived, however, by the Normans.

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CHAPTER VII

COMMUNICATIONS

A

WHEN men were in the hunting and nomadic stages of economic evolution, they did not need regular means of communication, for they could easily follow the lines of least resistance. They had nowhere in particular to go. In the agricultural stage, when the bulk of the people had begun to be more settled, again communications were not essential because men could satisfy their own meagre wants. But wherever trade and industrial specialisation began, good communications became indispensable. They are nothing less than the blood vessels of a developing economic world, and upon them all kinds of human progress depend. There were, of course, well-established caravan routes in the Near and Middle East as early as 1000 B.C., and at the same period the Phœnicians were experienced navigators. Since civilisation moves westwards and northwards, England was late in starting, and her progress was slow. It is not to be expected that, up to the Norman Conquest, communications reached any very high standard, but they were nevertheless important enough to deserve special notice. The three types of communication were by road, by river, and by sea, and they must be considered side by side.

B

From the Paleolithic Age onwards some men had continued to move about the country, and what are

known as ridgeways developed. These were simply paths worn by the feet of travellers along the chalk ridges which made quick walking possible. The most important example is the Pilgrims' Way, which was a portion of a route originally connecting South-east Kent with Salisbury Plain. The introduction of wheeled wagons in the Iron Age made roads of greater value, and it is surmised that long before the Roman Invasion towns were linked up by ridgeways wide enough to allow chariots to be used on them. Sometimes the Roman roads were simply built on the older ridgeways. The use of rivers as means of communication probably dates from the Neolithic period, when boats made of scooped-out logs were first made, and with the appearance much later of the coracle, the rivers became regular channels of trade. The Thames and the Severn would be much used. Coastal navigation probably began in the Neolithic period as well, and the coracle was certainly subsequently used. In the Iron Age great improvements in sea-going craft were made, for ships of oak, with flat bottoms and high prows and sterns, were built. They bore sails of hide, and had anchors and chains of iron, and the Celts not infrequently crossed the Channel to Gaul.

C

The great service of the Romans to communications lay, of course, in their construction of magnificent roads. Four roads were especially important: Watling Street, which ran from London to Chester, Ermine Street from London to Lincoln, Fosse Way from Lincoln to Exeter, and an unnamed road from London to Caerleon. All were symbolic of the Roman thoroughness and solidity of character. They went straight ahead whatever obstacles might be in the way, and they have persisted

throughout the centuries. At the same time, the Romans did not always build new roads, but were often content to use the Celtic ridgeways as they were. River navigation naturally would go on during the Roman occupation, but there is no evidence that any important advances were made. Overseas communications, however, were greatly improved by the Romans. The fleet set up by Claudius, and the lighthouse at Dover, which have been previously mentioned, illustrate the character of the new order which had come into being. Under the Romans, Britain was no longer an isolated unit. She was a part of a great Empire and was in constant communication with all parts of the civilised world.

D

Communications of every sort declined during the period after the Anglo-Saxon Invasions, though it is possible that from the first the Roman roads were used by the travelling chapmen. But with the more settled conditions which came about the importance of roads was recognised. As early as the beginning of the eighth century compulsory work on the roads and bridges was introduced as part of the Trinoda Necessitas, and it continued throughout the Anglo-Saxon period. By the Norman Conquest, thanks to the growth of trade and towns, a fair number of tolerable roads were still in existence and regularly used. One knows little of river navigation in the period, but it is very probable that this also would revive towards the ninth century. So far as sea-going traffic is concerned, the Anglo-Saxons quickly forgot the art of shipbuilding after their settlement. But it was revived by Alfred, who apparently induced merchants to build ships by offering thegnhoods to all who travelled overseas thrice in their own ships; and the Danish Invasions forced the English to

re-learn the art of shipbuilding. In the time of Edward the Confessor and Harold, the Thames was full of shipping, and there was in existence a considerable merchant fleet together with a war navy, which was provided by the main ports, and the size of which can be gathered from the fact that Dover supplied twenty ships each with a crew of twenty-one men.

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BOOK TWO

THE MIDDLE AGES

CHAPTER I

OUTLINE

A

THE bold outline of English history from the Norman Conquest to the accession of the Tudor dynasty may be divided into four periods which, if a little arbitrary, have nevertheless much to commend them. First, there was the period from 1066 to 1154, in which the Normans, the last invaders of England, settled in the country; in which the embryonic feudalism of Anglo-Saxon times was systematised; and in which the Church began to assume a new importance. Secondly, there was the period from 1154 to 1327, the main features of which were the centralisation of the government, from the time of Henry II onwards; the Crusades; the attempt to subdue Wales and Scotland; and the all-round development of regulation in the economic world which was made possible by the increasing amount of good order. Thirdly, there was the period from 1327 to 1453, when the Hundred Years' War took place; Chaucer, Wicliffe, Langland, and Ball introduced an entirely new outlook; the Crown played a really constructive part in the economic life of the country; and the economic organisation of the country became more complicated. Lastly, there was the period from 1453 to 1485, in which the Lancastrian Experiment was succeeded by the Wars of the Roses; the introduction of capital undermined all medieval rural and urban organisation; and the Middle Class evolved. In many ways

progress was perhaps slow in the Middle Ages, but it is obviously unsound to regard them as entirely static.

B

The Normans were of Scandinavian origin, and had first settled in Gaul early in the tenth century. Unlike the Anglo-Saxons, who, despite such individuals as Hereward, had lost their enterprise, the Normans were essentially active, versatile, and adaptable. On agricultural organisation they wrought a rapid transformation, for as a general principle they were put in the place of the Anglo-Saxon thegns, and though William I made no changes in the laws of tenure, the Normans interpreted the laws and customs which confronted them in the light of their experience in Normandy. The manor thus became typical in England. It is true that the amount of freedom declined, but there can be little doubt that agriculture was much more efficiently managed. On industry and trade the Normans had an equally great effect. Up to the Norman Conquest, England had been insular in almost every way, and the mere fact that the Norman Conquest was a Norman Conquest meant that England came into closer contact with the Continent, which was more advanced economically. But the Normans themselves had been accustomed to a comparatively high standard of living, and it was natural that continental craftsmen should follow them to England, and that foreign merchants should maintain a connection with them. What is still more important, the Normans did not simply remain an energetic aristocracy, but intermarried with the conquered so that the two races eventually merged into a new and able people.

William the Conqueror himself was of importance, and his great work was the introduction of a special kind of feudalism. The essential feature of feudalism

was that authority was relative. Actual feudalism on the Continent meant that the tenants-in-chief had the right to wage battle, not only against each other, but also against the king if in their opinion he had broken his feudal contract. With this form of feudalism William was not going to have any patience. He had taken advantage of it as Duke of Normandy, but he was not prepared to tolerate it as King of England. The first thing William did, after his accession, was, therefore, to declare that all Anglo-Saxons forfeited their land, and that every acre, including the folk land which was the common property of the people according to Anglo-Saxon notions, was now the king's. Then he parcelled out the land amongst his followers, and, whether by design or accident, it so fell out that the estates of almost all the barons were scattered, so that no one possessed a large consolidated tract of land which would enable him to threaten the peace and order of the country. William went even further in 1086, when he compelled all holders of land, whether tenants or sub-tenants, to do homage to him at the great Moot of Salisbury, and to promise that they would follow him in all his wars, even against their immediate feudal superiors. In addition, William, by means of his *Domesday Book* of the same year, had before him all the details of his country; and his institution of sheriffs indicates his desire always to keep an eye on what was happening in the outlying districts. Such determination to preserve order was of inestimable value to economic activity.

Of great importance, also, was the ecclesiastical revolution brought about by the settlement of the Normans, who had quickly forgotten their heathenism in Gaul. During the Anglo-Saxon period, the connection of the Church in England with Rome had been extremely loose, but William and his Archbishop of Canterbury,

Lanfranc, put the Church into very close contact with the continental Church. Henceforward the Church was an extremely influential institution in the economic life of the country. The great spiritual authorities were also landowners, holding, it is estimated, more than a sixth of the land, and having, thus, a very close connection with agriculture, with markets and fairs, and with the towns which sprang up on their territory. The monasteries, which also came into existence, did a great deal of good work in coping with what poverty there was throughout the Middle Ages. But unfortunately the Church became too powerful. William himself had been able to control it with ease, but he made the mistake of establishing clerical courts to deal with clerical offences like perjury or heresy, and it was not long before the Church claimed jurisdiction over all clerical offenders as well as clerical offences. So it was that "Benefit of Clergy" arose and persisted throughout the whole Middle Ages. So powerful did the Church become that in 1295, in accordance with the *Bull de Clericis Laicos*, it claimed to be immune from the ordinary taxation of the realm. Meanwhile throughout the whole Middle Ages huge sums were continually going to Rome from England, literally the "Milch Cow of the Papacy," and it was the economic oppression of the Church which caused a good deal of the resentment against it.

C

In the period from 1154 to 1327 a great feature was the movement in the direction of centralised government and its corollary, constitutional government. The foundations of future progress were laid by the legal reforms of Henry II. He was ruler of Anjou, Normandy, Touraine, Maine, Aquitaine, Brittany, and Poitou, and beside these England may have seemed a

very small item; but his national courts and his restriction of the feudal courts aided economic evolution by helping to mould England into one unit. It was his consolidation of the kingdom, moreover, which enabled a national opposition to be roused against the arbitrary exactions of John, with the result that in the Great Charter of 1215 it was definitely laid down that the king should not impose any new taxation without the consent of the Great Council. This was not subsequently observed, of course, but the control of the monarchy continued to develop. In 1254 four knights from each shire were summoned to a Parliament, and Simon de Montfort in 1265 summoned a Parliament in which two representatives from the larger towns also sat. In 1295 the Model Parliament met, and the Confirmatio Cartarum of 1297 asserted for good and all that no new tax could be imposed without the common consent of the realm. The economic value of such a principle was obvious. There is no greater obstacle to economic activity than the danger of arbitrary exactions, and though absolute monarchy under William I had been effective, it was essential that a guarantee of security should later be forthcoming.

On many sides of economic life the crusading movement of the period had also a very stimulating effect. The Crusades were the effect partly of Christianity, and partly of the spirit of adventure and cupidity, for the East was both glamorous and profitable. In the First and Second Crusades, of 1096 and 1146, England had taken no part because her rulers were too busy with home affairs. Henry II was prevented by death from taking part in the Third Crusade, but in 1189 Richard I sailed for the East. Englishmen played very little part in the later Crusades, but the Third Crusade alone had noteworthy results. It directed attention to the com-

mercial possibilities of the Near East and caused Eastern commodities to be imported, via the Italian cities, which were becoming, thanks to the crusading movement, great trading cities. Again, it marked an important stage in the history of taxation. In order to support the Crusade Henry II had imposed the Saladin Tithe upon the country. Up to this time all taxes had been laid upon land, but the Saladin Tithe was a tax of one-tenth on all personal property, and the same principle was applied when it was necessary to raise the ransom for the release of Richard, for a tax of one-fourth on all movables was then levied. From this time onwards taxation on movables as well as upon real property was a permanent feature of English history. Finally, Richard's continual need of money caused him to be ever ready to grant charters to the growing towns, and thus the Third Crusade did a great deal towards helping the growth of English local government. The heavy taxation was naturally unfortunate, but the growth of Eastern trade and of self-governing towns was worth the price.

It is significant also that towards the end of the thirteenth century a definite attempt was made to subject not only England but the whole of the British Isles to one centralised government. The Norman and Angevin kings had generally been particularly interested in extending their power in France and little attention had been paid towards the consolidation of the British Isles into a single powerful state. But Edward I took up the task of subduing both Wales and Scotland. By 1284 he had secured control over the whole of Wales, which he divided up into shires, but he was wise enough not to try to stamp out harmless Welsh customs. In his campaigns against Scotland, Edward was equally active and by 1303 he seemed to have acquired a firm hold

over the country, which he divided into shires in the same way as he had done in Wales. But Scotch national feeling had been aroused, and on his way to crush Bruce, Edward died. His son, Edward II, finally lost Scotland at Bannockburn and it is one of the ironies of history that England and Scotland were brought together again only when a Scottish king, James VI, ascended the English throne. In Ireland, Edward I was not able to continue the work of Henry II, who had managed with difficulty to secure Dublin. Apart from the settlement of Wales the attempt to anglicise the whole of the British Isles was thus not successful, but it is nevertheless of supreme importance in that it marks the start of the process of anglicisation which was to triumph later.

Throughout the period the belief in Regulation was producing organisations which the growth of economic activity needed. Regulation was essential throughout the whole Middle Ages. One can do without regulation if one can assume either that circumstances make honesty the best policy or that human nature is at bottom good. The natural checks on dishonesty in the Middle Ages were not to be relied on when urban population grew, and it was assumed that human nature was at bottom bad. Since the Fall of Adam in Eden, the nature of man had been tainted, and if he was to do right it was considered that some form of external control was necessary. Such control was supplied by the Roman Catholic Church in the spiritual life, and the idea that control was indispensable was the Church's main bulwark. In the economic world the Merchant Gild appeared in this period to satisfy the demand for external regulation. Though some progress was made towards converting the country into an economic unit, trade was essentially urban, and the Merchant Gild was the instru-

ment by means of which trade was regulated. The institution was a gild, not simply of merchants, but of all who bought and sold, therefore including the craftsmen, and its work was so comprehensive in the thirteenth and fourteenth centuries that it was indispensable.

D

The period from 1327 to 1453 covers roughly the Hundred Years' War, which was of far-reaching economic importance. By his folly John had lost all Henry II's continental possessions, but in 1337 Edward III was seized with the ambition to reconquer them, and therefore laid claim to the throne of France itself on very slender pretexts. From this date until 1453 the war between the two countries dragged on intermittently, and finally, thanks to Joan of Arc, England was left with only Calais. The result cannot be deplored. The continental possessions of the English kings had at first been an advantage because they brought England within the charmed circle of European civilisation. But the continuation of the foreign connection would have been a snare and a delusion. The British Isles were a natural unit, and once they had caught up with Europe their future lay in working out their own destiny. That destiny, as it turned out, lay farther abroad than the Continent, and when the Age of Discoveries began, England found her true *métier*. The Hundred Years' War did some good in rousing national enthusiasm and welding England still more into a single nation, but it was a blessing in disguise that she had eventually to abandon her schemes. The Continent was not a big enough arena for her.

In the later part of the fourteenth century, it must also be noted, four men, all harbingers of the future,

appeared—Chaucer, Wicliffe, Langland, and Ball. Roger Bacon, who flourished in the middle of the thirteenth century, is often regarded as the first of the 'moderns,' since it was he who seemed to be the father of modern science. But whereas Bacon was very strongly medieval in his outlook, Chaucer, Wicliffe, Langland, and Ball were very modern indeed. Chaucer's *Canterbury Tales* is full of the zest and broad humanity of the Renascence which was soon to come. Langland's *Piers Plowman* paints a picture of the doleful lot of the peasant, and implicit in the whole is a love of personal liberty. Wicliffe, in his Lollard thunders against the Pope and the priestcraft is a forerunner of the English Puritans and was just as vital a force as Luther and Calvin. John Ball, with his rhyme

> "When Adam delved and Eve span,
> Who was then the gentleman?"

is as completely modern as any man could be. If Wicliffe was the morning star of the English Reformation, Chaucer was the morning star of English literature, Langland the morning star of English liberty, and Ball the morning star of English socialism. They were all in advance of their times, but by coincidence, perhaps, they all appeared within the same few years, and they all heralded the dawn of the English nationalism which was to have such great influence in the economic sphere.

The Crown, meanwhile, was doing more and more to assist economic activity, although the regular unit of control was still local. The king, though regarding his position rather as a personal privilege than as a public trust, had always helped trade by maintaining standard weights and measures and by issuing coinage, but Edward I was the first ruler to do anything more to help his people

economically. He had, for example, prohibited excessive market tolls. From 1327 onwards, however, the Crown interfered increasingly and did a good deal of useful work. Edward III encouraged Flemish weavers to come to England in 1331, and thus laid the foundations of the English woollen trade; in 1351 he attempted, by means of his Statute of Labourers, to fix wages, which were rising owing to the scarcity of labour after the Black Death; and he passed the First Corn Law in 1361. Richard II brought into existence the first Navigation Act in 1381, with the object of helping the English shipping industry and, like his predecessor, also attempted to fix wages in 1385. The Assize of Cloth, a twelfth century attempt to regulate the manufacture of cloth, was re-enacted in 1411 by Henry IV, and in 1453 the import of silken goods was prohibited in order that the native weavers might not be harmed. Altogether the interference of the Crown, of which there are many more examples, was very widespread, and it indicated that the time was approaching when all the regulation would be in the hands of the Government.

The urban population also was increasing gradually and this had two main results. First, the Merchant Gild was superseded by the Craft Gild. The Merchant Gild was most effective when industry and trade were not on a very large scale, but, as the number of men engaged in each particular occupation increased, the complexity of economic activity was such that the Merchant Gild could no longer be satisfactory. It therefore followed that craft gilds should arise, organisations for each particular craft, and they came to their prime in this period. In form they were modelled on the merchant gilds, but their scope was much more specialised, although, of course, they also were the product of the general feeling that external control was made necessary by the

nature of man. Secondly, the increase in urban population caused an increasing number of individuals to divorce themselves altogether from production and to concentrate upon foreign trade, which, in the early Middle Ages, was almost entirely in the hands of aliens. On the one hand there were the Merchant Staplers, who date from the thirteenth century but who become especially important after 1391, when the Staple was permanently fixed at Calais. On the other hand, there were the Merchant Adventurers, who were in existence by 1360, who were chartered in 1404, and who were eventually to triumph not only over the alien merchants but also over the more conservative Merchant Staplers.

E

During the years 1453 to 1485 the Middle Ages came to an end, and the most striking feature was the Wars of the Roses, from 1455 onwards, between the rival houses of Lancaster and York. It must not be thought, however, that these wars, though civil wars, had any real damaging effect upon the economic life of the country. They affected only certain parts of England, and those only intermittently, and the baronage alone was concerned. The population of the towns, and of the bulk of the rural districts, was hardly affected at all, and economic evolution went on normally. The Wars of the Roses, indeed, had a positively good effect. The feudal baronage literally committed suicide by taking part in the wars, and feudalism as a system of government passed away. The barons had been useful in maintaining order, when the difficulties of communications made it impossible for the Crown to exercise authority in the outlying parts of the kingdom, and when land had been the only tangible form of wealth.

But they had never deserved especially well of the country. Their opposition to John, for example, though it had had beneficial results for the whole country, had been inspired mainly by selfish motives, and during the Lancastrian Experiment they had shown, not only that they did not intend to represent the country as a whole, but that they were not fit to do so. It was an anachronism, at the end of the Middle Ages, that the old feudal aristocracy should exercise real power.

Less obvious, but still more important, in the period, were the changes which were being brought about in the economic organisation of England by the introduction of Capital. The effect on agriculture was the demolition of the old Manorial System, the first shock to which had been given by the Black Death. Two results followed from the freer circulation of money in agricultural areas. On the one hand, the villeins commuted their services; and on the other, the lords, becoming commercial-minded, turned over their land to sheep-farming, so that they might gain their share of the profits of the developing wool trade with Flanders. In either case the Manorial System was dealt a fatal blow, and though the Three-field System remained in many parts of the country until the eighteenth century, the feudal relationship of lord and villein was destroyed by the sixteenth century. The result on industry was equally revolutionary. The essential feature of the Craft Gild system was that it was non-capitalistic. The medieval craftsman needed only his house, his tools, and the wherewithal to purchase his raw materials; but, with the rise of the capitalistic employer, journeymen were prevented from setting up on their own, unless they left the corporate towns for the market towns, and the bulk of the smaller master craftsmen fell to the position of mere employees. The craft gilds thus fell

into the hands of the wealthy members, or were subjected either to more powerful gilds or to new companies; and by the Tudor period the Gild System had really come to an end. Finally, Capital undermined the trade of the Middle Ages, for it caused a new class of very wealthy pure traders, like Dick Whittington, to arise, and thus caused a complete separation of the producing and trading functions.

The net result was that by the end of the Middle Ages the new middle class had come into existence in England. Wealthy men, like Canynges of Bristol, were the men of the future, and they gave stability to the country. They were to be the aristocracy of the Tudor period, and were to take the place of the old feudal aristocracy, which was no longer suited to the changed conditions. The middle class, intent on making money, demanded peace and order throughout the whole country, and was therefore to be the great supporter of the Tudor dynasty. It was against local separatism, and in favour of the centralisation of the whole nation under a powerful monarchy. The new class certainly had its faults, but it alone was responsible for the tremendous prosperity of England from the end of the Middle Ages onwards. It made England one of the greatest commercial powers of the world long before the Industrial Revolution made her the " Workshop of the World," and, by securing a share in the government of the country during the Stuart period, it ensured that the policy of the Crown should be comparatively enlightened. It is significant that countries like England and France, which had a middle class, became permanently great, and that countries like Poland, which did not produce a middle class, never arose to a position of importance at all.

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CHAPTER II

AGRICULTURE

A

AGRICULTURE in the Middle Ages was of supreme importance because the country had to be self-sufficing and because land was the predominant form of wealth. Owing to the difficulties of communication, every district had to supply the bulk of its own food, and the unit of agricultural organisation was therefore the Manor. Many elements of the Manorial System, which was superimposed upon the Three-field System of cultivation, had been forming gradually during the Anglo-Saxon period, as has already been shown, but it was definitely precipitated by the coming of the Normans, who had a passion for symmetrical organisation. Absolute uniformity was not to be expected in a country where localism was still the order of the day, but by the twelfth century the Manorial System was fairly general, and it persisted until the fourteenth century, when disintegration began largely owing to the Black Death and the introduction of Capital. Since the Manor was the unit, and since there was little trade in corn, the part played by the Government in agriculture was extremely small until the latter part of the Middle Ages, and even then was exceptional. As the Manor was so important, a good deal of attention must first be paid to it; the evolution of different forms of agricultural organisation must then be considered; and finally, the function of the State, small though it was, must be noticed.

B

1

If a true picture of the typical manor is to be gained, one must first of all understand its territorial lay-out. At the centre of the manor was the village, where were to be found the manor-house, in which the lord usually lived, the church, and the huts of the village population. Around the manor-house was usually a plot of land, varying in size, and each hut had its garden or toft. Around the village stretched three kinds of land. First, there was the arable land, which was divided up according to either the Two- or the Three-field system; and, of course, the Three-field system, being more efficient, became increasingly common as the Middle Ages went on. Each field in any case was divided into strips, which varied in size, although acre and half-acre strips were commonest; and between the strips were balks of untilled land. Secondly, there was the meadow, on which hay for winter fodder was grown, and this, like the arable, was divided into strips. Thirdly, there was the waste, which was used for two purposes, and which was not generally divided into strips. Sheep, cattle, and pigs were pastured on it, and wood for fuel and building purposes was taken from it. It may be added also that the arable and the meadow were thrown open as pasture when they were not bearing crops or mowing-grass respectively.

2

Secondly, the population of the manor must be considered. At the head of the manor was the lord, who, of course, might hold a considerable number of such estates. So far as his relationship to the king, who had granted him the manor, was concerned, the lord's enjoy-

ment of the land was conditional upon the performance of certain duties, notably military service. So far as the rest of the manorial population was concerned, however, the lord's powers were in fact absolute. He possessed his hall, together with the surrounding plot of land, and the "desmesne," which as a general rule consisted, not of a consolidated area of land, but of a number of strips in the arable and meadow. The extent of the desmesne varied considerably on the arable land, being more than a half of the total area in some places, as little as a ninth in others, whilst the rights over the meadow varied accordingly. In addition, of course, the lord had rights over the waste, parts of which he enclosed—and the extent of such enclosing is clear from the fact that in 1235 the lord was given definite permission to take the waste, so long as he left enough for the tenants; and he was to be the judge of what "enough" implied. Finally, the lord exacted from the bulk of the villagers services and contributions, which varied according to the degree of the inferiors, and which will be detailed in the appropriate place.

In many manors certain free villagers ranked immediately below the lord, and of these there were two distinct types. First, there were the socmen, who were to be found in Cambridgeshire, and who were free in personal status, but who were really bound to the soil because they could not sell their land. But far more numerous and important were the *liberi homines*, who in all totalled about 12 per cent. of the population, and who were to be found mainly in the parts in which the Danes had settled, the Danelagh and East Anglia. They were personally free, and could sell their land if they wished. Both types were, however, free because they could sell any of their oxen or marry their sons and daughters without the lord's permission. They could usually

choose their lord; they may sometimes have paid their own taxes; and, though they attended the lord's court, they could usually claim and secure the protection of the royal courts. They might voluntarily take up land in villeinage, but they did not thereby lose their free status. How they came into existence is doubtful, but three main ways can be indicated. They might be the descendants of Danes who had preserved their freedom; manorial officials who had received grants of land carved from the waste in return for special services to the lord; or individuals who had taken over from the lord land at a fixed rent.

Beneath the freemen came the unfree classes, and the most important of these were the villeins, who were the backbone of the manorial economy. In *Domesday Book* they accounted for 108,000 persons out of a total population of 283,000, free and unfree. They were the equivalents, and often the descendants, of the Anglo-Saxon geburs—though many derived from the freemen, many of whom lost their freedom after the Norman Conquest—and they held a virgate of land in the arable fields, a virgate amounting as a general rule to about 30 acres. This land was, of course, held in the form of strips, which were scattered about the two or three fields so that each villein should have a fair mixture of good and bad soil. There had originally been annual redistributions of the strips to secure scrupulous fairness, but the custom had come to an end by the time of the Norman Conquest. In addition, the villein possessed the plot of land around his hut; he had strips in the meadow, which were redistributed annually; and he could pasture a regulated number of cattle, sheep, and pigs on the waste, from which, of course, he could also gather wood. The land and rights of the villein descended to the eldest son on payment of a heriot, or

fine, to the lord, and thus the dangers of the division and redivision of the land, so common amongst the logical French, were avoided.

In return for his lands the villein had to render a number of services to his lord. First, there was week work, according to which the villein had to work on the lord's land for two or three days a week the whole year round, and had to bring with him a couple of oxen for ploughing. Secondly, there was boon work, which meant that the villein had to render extra services at special times of the year, such as the sowing and harvesting seasons. Thirdly, when the lord desired, the villein had to undertake carrying work with his oxen and his cart. Apart from all this the villein was compelled to send gifts in kind to the lord at certain times of the year, such as fowls at Christmas and eggs at Easter, whilst contributions of corn and honey were frequently exacted. As a sign that he was also unfree in status, the villein was under certain other obligations. He had to attend the manorial court, where the lord dispensed justice; he could not sell his land—so that he was tied to the soil—or his oxen; he had to use the lord's mill for grinding his corn; and he could not send his son to school or marry his son or his daughter without the lord's consent. The villein was bound to the lord by every possible tie the Norman mind could devise, because only thus, it was thought, could order and efficiency be maintained.

Legally, the villein was thus absolutely at the mercy of the lord in exactly the same way as, legally, the lord was at the mercy of the king, who was the sole absolute owner of the whole of the land in the country. The essential features of villeinage, it must be noted, were that the extent of the services which could be demanded by the lord were undefined and uncertain, and that the

villein could not secure the protection of the royal courts against his lord. But in actual fact custom determined what the services and contributions of the villein were, the lord being himself ruled by custom; whilst in actual fact, again, the villein was protected by the manorial court from everyone except his lord. The great safeguard of the villein was that the lord could not do without him. Land without labour was of no value at all to the lord, and there was always the chance that the villein, if really ill-treated, would run away to the towns, where he was *ipso facto* free if he remained uncaught for a year and a day. The villein was in a very secure position. He was eminently respectable and his obligations to the lord were not onerous because, even if he had no sons to carry out his duties, he was often prosperous enough to employ hired labourers for the purpose.

Beneath the villeins were two classes of inferiors. First, there were the bordars and cottars, whose titles seem to have been usually interchangeable, and who together formed 32 per cent. of the population when *Domesday Book* was compiled. They appear to have consisted of the younger sons of villeins, and of slaves who had improved their position. The villein was a very substantial farmer in comparison with the bordars and cottars, who held only five acres of land, with similarly small rights over the meadow and waste. But their services to the lord were correspondingly slight, for they had to work only one day per week for the lord; and since they were not usually fortunate enough to possess oxen they did not take much part in ploughing. Owing to the small acreage of their land, and to the lightness of their services, the bordars and cottars had plenty of time to spare and became hired labourers. They worked on the land of the lord or the villeins, for

payment; they performed the manorial services for prosperous villeins; and they helped the lord generally at times of emergency. Finally, at the bottom of the manorial hierarchy were the slaves, who, according to *Domesday Book*, numbered only 9 per cent. of the population. They were most frequent in the West, and may have been unslaved Anglo-Saxons or the descendants of the Celts who had been enslaved by the Anglo-Saxons. They were employed in house-work as a rule, but only played a small part in the manorial economy, and rapidly disappeared after the Conquest.

3

Thirdly, the manor as a working agricultural unit must be dealt with. The organisation of labour on the manor was supervised by three main officials: the seneschal, who was a sort of general overlooker when the lord owned a number of manors; the bailiff, who was directly responsible to the lord for managing a single manor; and the reeve, who allotted tasks to the villeins and bordars and cottars, and who was really the representative of the unfree population. The bailiff and the reeve usually arranged the details between themselves, and the agricultural organisation, whether the villagers were working for themselves or for the lord, was communal. Communal working was made necessary by several factors. First, the average villein did not possess the requisite number of beasts for the ordinary eight-oxen plough which was used. Secondly, the fact that each individual held scattered strips made communal effort indispensable, since no man could attend to pieces of land so far apart from one another. Thirdly, the group rather than the individual was the accepted unit in the Middle Ages, and co-operation was thus in the atmosphere which all breathed. So it was that in

ploughing the teams simply passed from strip to strip, irrespective of who held them. No one gave his whole time to his own strip; but, of course, the product of any particular strip was the property of the owner. Effort was communal but distribution was individualistic.

4

Such, then, were the main characteristics of the Manor, and the main idea of the manorial organisation is clearly contract. The dependents on the manor received land and protection in return for services and contributions, just as the lord himself held the manor in return for military services to the king. The system was fundamentally right because it was the natural product of the times. Owing to the impossibility of maintaining peace and order from one central point, authority had to be localised. Everyone had a distinct status for the simple reason that equality was made impossible by the difficulties of avoiding disturbances unless someone, like the lord, was responsible for order. Owing, also, to the lack of capital, the grant of land to inferiors in return for services and contributions was the only way of supporting those in authority, and of ensuring that the land was cultivated. Capitalistic agriculture could only be possible when money became more common. Owing, once more, to the average villager's lack of adequate equipment, and to the prevailing notion that the group was the real unit, co-operative effort was indispensable. The Manor was the form of organisation which the Middle Ages deserved, and it had many admirable features as well. Everyone had a definite place and no one need be destitute; the principle of the scattered strips was based on sound aim at fairness; and mutual help was the order of the day.

At the same time, of course, the Manor had many

defects from a scientific point of view. No one was free except the comparatively few socmen and *liberi homines;* co-operation often meant that the ambitious villager could not introduce new ideas; the scattered strips prevented a man from having the pride of ownership which a consolidated farm alone can give; the balks meant a rather serious waste of valuable land; and the three-field system allowed a third of the land to lie unproductive every year. That the Manor, in spite of all this, remained in existence, was due to several factors. First, Custom ruled the day, and what was good enough for one's ancestors, it was thought, was good enough for anybody. The medieval villager, indeed the medieval thinker as well, had no idea of progress. The ideal lay far away in the distant past, and the more one altered the order of things the further one went away from the ideal. Life was considered to be static rather than dynamic. Secondly, the Manor was efficient enough to provide for the wants of the time. Population was static—owing to the heavy mortality, which was taken for granted—and there was apparently no reason why agriculture should be improved. So the Manor continued into the fourteenth century; but no organisation can remain exactly the same however much the people may wish it. In actual fact forces were already at work, early in the fourteenth century, which were gradually bringing into existence a new order.

C

I

The transition from the Manor to a more modern system of organisation was the result not of one but of several tendencies, the first of which was the introduction of money. The Manor was the product of a natural

economy, and when labour services began to be commuted for money payments the first definite step forwards had been taken. The earliest example of commutation dates from before 1110. Money was becoming more common; and, just as the king was willing to take it from tenants-in-chief instead of military service, employing mercenaries with the revenue obtained, so the lord found it advisable to accept money payments from his dependents. The advantages to the lord were obvious. He could dispense with manorial officials, who were not invariably very honest and would oppress the weaker villagers without benefiting the lord; he could use hired labour, which was much more efficient than forced labour, on his lands; and he could easily avoid rendering military service by handing over some of his revenue to the king. The villein, also, had some advantages to reap, inasmuch as he became free to devote all his time to his own land; but for some reasons he was not invariably in favour of commutation at first. On the one hand, it appears that one member of the villein's family was often enough to carry out the services; and on the other hand, the obligation to give money to the lord was a very serious burden when money was not common in the rural areas. Commutation was started originally by the lord for his own advantage.

Up to the time of the Black Death in 1348 there was always a certain amount of commutation going on, but the extent of it must not be over-estimated. The progress of commutation is perhaps a little obscured and complicated by the fact that from the thirteenth century onwards manorial services were often computed in terms of money. That did not in any way imply that the services had been commuted. It simply enabled the lord to know what payment should be made by the

villeins when, as emergencies arose, he saw fit to commute the services. In actual fact it seems that services were sometimes commuted periodically, and that everything depended upon the lord, who could demand payments one year and services the next just as was more convenient to him. Those who think that commutation had become almost universal by the time of the Black Death, and that it was the attempt of the lords to revert to the labour services of the past which was the underlying cause of the Peasants' Revolt of 1381, are thus quite wrong. There had undoubtedly been a steady increase of commutation up to 1348, but it was irregular and intermittent and, in some parts of the country, was still entirely unknown. Nor in any case can it be assumed that up to the Black Death, at any rate, the peasant was at all in favour of commutation as a general principle.

The actual effect of the Black Death, of course, was very considerable, for there can be no doubt that it speeded up the rate of commutation and that thus its relation to the Peasants' Revolt was a case of *post hoc, ergo propter hoc*. The pestilence killed off probably about half the population of the country. It is possible, thus, that the remaining half, inheriting the property of the dead, would be twice as wealthy, and there would then be a popular feeling in favour of commutation amongst the villeins. At the same time, wages rose by 50 per cent., and the lords would thus attempt to retain the labour services of their dependents so as to avoid the necessity of employing the very costly hired labour. Where services had been commuted, temporarily or permanently, the lords would also wish to revert to labour services. But as a general principle, the lord, realising that his land was valueless without labour of some sort, was willing to give his tenants decent terms. There was always the possibility that if the lord did not con-

cede, his tenants would run away to become well-paid free labourers on other manors, where they would be welcomed, or to become workers in the growing towns. It is certain, at any rate, that a good deal of commutation occurred after the Black Death. By 1380 all the services on 62 per cent. of the manors had been commuted.

The commutation of services continued in the later years of the Middle Ages and did a great deal to usher in the more modern conditions, in which the tenant was a free man. It is true that the money payments simply commuted the services, and that the status of villeinage remained in legal theory entirely untouched. But, since an essential feature of villeinage was that the services and contributions to which the villein was liable were indefinite, the commutation of the obligations into a fixed rent was a very great advance. The status inevitably died a natural death, and was very rare by Elizabeth's time. Though commutation had been started by the lords also, the villeins who carried it further after the Black Death were the sole gainers. The money payments were based not upon the value of the land, as true rent is, but upon the value of the services commuted; and, moreover, the amounts were fixed once and for all. As time went on two factors assisted the tenants considerably. First, the real value of the land increased; and, secondly, the real value of money decreased. The tenants who had won security by becoming copyholders—by having their money dues entered on the manorial roll, and by having a copy of the entry—were in a most enviable position, and the lords were hoist with their own petard.

2

The second main factor which ushered in a new order was the alienation of the desmesne, the first example of

which dated from 1279, but which became more frequent after the Black Death. If the lord tired of managing the manor, or if he found it difficult to secure labour, he might lease his desmesne to one of his tenants. But during the Middle Ages it was difficult for the tenant to buy all his own implements and stock, and therefore it was the custom for the lord to lease to him not only the land and the buildings—as does the modern landowner—but also the cattle, ploughs, and even seed. In return, the tenant paid to the lord a rent, either in money or in kind or in both, and when the lease came to an end, he had to give to the lord the same number of cattle and ploughs, and the same quantity of seed, which he had originally received. This, the so-called "stock and land lease," marks the beginning of real rent, since the payments were based on the value of the land and stock. The tenant, with the help of his family, managed the estate, and so provided himself the labour which the lord had probably found it impossible to obtain. The lord on his side was relieved of the obligation of shouldering the burden of running the desmesne, and obtained his rent without taking any responsibility at all. Both gained, but since the landlord did nothing in return for his rent, the basis of the hostility to the landlord of later times had been laid.

3

The third leading factor which laid the foundations of future progress, finally, was the Enclosure Movement. For the sake of better agriculture or, more frequently, of sheep-farming, land, whether it was arable, meadow or waste, was enclosed by the lord, and consolidated farms thus came into existence. This movement had begun as early as the thirteenth century, but became really significant after the Black Death, and only assumed its full

proportions in the sixteenth century. The negative importance of the movement is clear. It is obvious that the enclosures were fatal to the old village community, and that large numbers of tillers of the soil were turned adrift, with the result that in the Tudor period the problem of poverty had to be tackled, for the first time, by the State. Still more important is the positive side. The Enclosure Movement marks the introduction of the commercial element into English rural life. During the Middle Ages agriculture had been carried on for subsistence, but it was henceforward carried on rather for profit, for the lords who turned their land over to pasture were intent on gaining large profits from the growing export trade in wool. By the end of the Middle Ages there were clear indications of the far-reaching changes which the Enclosure Movement was to cause; and attention must, of course, be paid to the question in the record of agriculture in the Age of Nationalism.

D

As the manor was practically a self-contained unit, the part played by the State in agricultural life during the Middle Ages was very small indeed, especially in the first half of the period. The Crown granted land to tenants-in-chief, who, in turn, granted much of it to their inferiors; and so long as the Crown received its dues all was well. In the later part of the Middle Ages the Crown had to give some attention to agriculture, and its interference falls under two main heads. First, the Black Death, by reducing the population enabled the survivors to demand high wages, and in 1351, therefore, Edward III attempted to fix wages according to the accepted canons of Just Price. Naturally he failed, owing to the strength of economic forces, but similar attempts were also made in 1388, 1423, and 1444.

Secondly, in the fourteenth century export of corn had begun, and therefore the Crown interfered to regulate the trade. In 1361 Edward III prohibited the export except to the English possessions, Gascony and Calais, by his first Corn Law, but in 1394 Richard II, in order to give encouragement to the agricultural classes, allowed free export except to enemy countries, and this policy was followed up in 1463, when Edward IV forbade the importation of foreign corn until English corn was 6*s.* 8*d.* per quarter. Thus was the agricultural aspect of Mercantilism introduced, but since the majority of the districts in the country were content to feed themselves, and did not export corn at all, the importance of the Crown's policy must not be exaggerated.

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CHAPTER III

TRADE

A

THE development of trade in the Middle Ages received a great impetus from the Norman Conquest, which had three distinct aspects. First, the Normans made trade within the country much more stable by giving order and good government. Secondly, they encouraged trade within the country because, unlike the conquered Anglo-Saxons, they demanded as many luxuries as possible—their wants were increasingly artificial. Thirdly, the mere connection of the Normans with the Continent made possible a great increase in the trade between England and Europe. Throughout the Middle Ages, however, there was not sufficient security to make "free" trade practicable. Regulation, mainly by *ad hoc* bodies, but sometimes also by the State, was indispensable, and did not imply harmful restriction, because it is not possible to allow individualism to be the basis of trade until a high civilisation has been reached. The two kinds of medieval trade must be considered. First, there is internal trade, which was carried on at the markets and fairs and in the greater towns, where it was regulated by the merchant gilds and then by the craft gilds. Secondly, there is foreign trade in which England took an active part from the middle of the Middle Ages onwards. In both attention must be paid to the attitude of the State.

B

1

A good deal of trade was done throughout the Middle Ages at the markets and fairs which had been growing up in the Anglo-Saxon period. Forty-two markets and a few fairs were mentioned in *Domesday Book*, but the heyday of these institutions is to be found in the twelfth, thirteenth, and fourteenth centuries. The distinction between markets and fairs must be noted. Markets supplied the needs of the immediate locality in which they were held, and were usually attended only by those who lived in the neighbourhood. They were set up, as a rule, weekly; they lasted for only one day; and in them were bought and sold the products of the surrounding district, and articles of everyday use. Fairs, on the other hand, were often international, and were attended by foreign merchants who brought with them rare and expensive commodities. In addition to the native merchants came the Flemings with their cloth, the Venetians and Genoese with their spices from the East, and the Gascons with their wines. The fairs were generally held annually, though a number of different fairs might be held at the same place in one year; and they commonly lasted for a week, although, with the development of trade, the period might be extended to a month. In the time of Edward I, for example, the fair at Hull lasted for thirty days, and Northampton Fair, in Edward III's days, continued for four weeks. Despite the great distinction between markets and fairs, however, they were in principle the same, inasmuch as they were periodic and neither permanent nor casual.

The reasons why markets and fairs sprang up were various. The way was open to them owing to the fact

that the lack of continuous order and the difficulties of communication made everyday distribution of commodities absolutely impossible. The factor which directly led to the rise of markets and fairs was the habit of making pilgrimages on saints' days to popular shrines. The fairs at St. Ives, Stourbridge, and St. Bartholomew were originally due to the pilgrims, who combined religious and commercial zeal. The transaction of business at such temporarily busy centres was further made desirable by the necessity of having witnesses when a bargain was made. Since the time of Ine, chapmen had been compelled to have witnesses of their business deals; Canute had said that no man was to buy anything above fourpence in value without the witness of four men; and the Norman and Angevin kings carried on the practice, which was made inevitable by the lack of receipts. Finally, the custom of holding markets and fairs was favoured by the rulers, because it made the collection of tolls, which were imposed upon almost all transactions in return for security, much easier. Henry I, for example, insisted that all the business in Cambridgeshire should be transacted at Cambridge, and Henry II helped Lincoln by a similar ordinance. Markets and fairs were the natural products of circumstances, and simply grew.

Markets and fairs were authorised by the royal grants, but the right to establish them was often alienated by the king to towns, to churches, and to individuals. The market at Bretton belonged to a knight, and Lord Berkeley owned markets at Berkeley and Newport. The fair at Stourbridge was owned by the Church, as also was the fair of St. Cuthbert. The fairs at Hereford and Preston and Colchester were in the hands of the town authorities. The ownership was an important point, because very few fairs and markets were " free,"

the majority being a source of substantial revenue to their owners. Charges were made for right of erecting stalls and booths; tolls were imposed upon all transactions; and profits were made by the administration of justice in the courts which were set up. At Nottingham, for example, clothmakers had to pay 12*d.* for their stalls; a penny was the common toll for the sale of a horse, a cow or eight sheep; and fines were regularly extracted for infringements of the law. The importance of these may be gathered from the facts that in Manchester in 1282 the lord secured £6 13*s.* 4*d.* in tolls, and that the fair of St. Giles in Henry II's reign was worth £146. The proceeds of the markets and fairs were a very valuable appurtenance of land-ownership.

The markets and fairs were held either in the churchyards or in open fields, and the stalls of the traders were arranged in a definite order. Two general practices seem to have obtained. According to the one, all the traders selling the same commodity were placed in the same street of booths. According to the other, which was to be found at St. Giles, the traders were arranged in streets representing the towns or countries from which they came; and since traders from the same town or country usually sold the same commodities, this practice came to the same thing as the first one. The convenience of the buyer was obviously the important consideration in both cases, but there were other factors behind the scheme as well. First, it was an advantage to have similar types of traders in a definite place for the sake of the easy collection of tolls. Secondly, the scheme made possible a really healthy competition between the traders, in so far, of course, as competition was allowed. The traders, however, were protected from "unfair" competition, especially at the markets. There were restrictions on the establishment of new markets within certain

distances of recognised markets. Bracton laid it down that the distance should be at least seven miles, and though the figure was not always followed, the principle obtained generally. The market at Bridport was protected by the abolition of one at Lyme which was less than six miles away.

The essential advantage of the markets and fairs throughout the Middle Ages was that all, whether they were non-burgesses, strangers, or aliens, who were excluded from trade in towns and boroughs, could carry on their business so long as they paid the tolls. The narrow exclusiveness of the towns was thus regularly counteracted. What is more, quick justice could be obtained at the fairs and markets, where a special court, the Pie-Powder Court, was set up. It dealt with all cases of debt, disputed ownership, and disorderly behaviour, and it administered the Law Merchant. This was quite different from the Common Law. It was unwritten and customary, it approached the ideal of Natural Law, and it was binding upon merchants throughout the whole of Europe. The great value of the Pie-Powder Courts was that cases which arose could be dealt with immediately and had not to wait for the ordinary court sittings. The necessary witnesses, of course, were all at hand, and the rulings were generally very fair. In cases in which aliens were involved, half the number of assessors, who assisted the president of the court, were always aliens. Merchants were sometimes sued for debts incurred at previous fairs, but after 1342 a stop was put to this, since it laid open the way to abuse. The Pie-Powder Courts, of course, ceased as soon as the fair or market ended, but they performed a very useful service.

In the times when it was impossible to secure a quick and regular distribution of goods the community was

thus able at any rate to jog along, but in the fifteenth and sixteenth centuries the fairs began to decline in both relative and absolute importance. It is no doubt exceptional that in 1363 the fair of St. Ives had not been held for more than twenty years, and that by 1416 the fair of St. Botolph had ceased to be held. All the markets continued, and many of the fairs were to be economically important in the Age of Nationalism, and were even to survive in form at least up to the present time. Gradually, however, the growth of towns, the extension of order, and the improvement of means of communication were making it possible to supply many of the wants of the people from day to day, and the markets and fairs were no longer absolutely essential.

2

While a very considerable amount of period trade was carried on throughout the Middle Ages at markets and fairs, it must be noticed, secondly, that a good deal of regular trade was increasingly done in the towns. The unit, from the economic point of view, was the town rather than the nation right up to the Tudor period, and all the trade in the towns was the monopoly of the organisation known as the merchant gild. The heyday of the merchant gild was the twelfth and thirteenth centuries, and it is probable that in the form in which we see it, it was introduced from the Continent. The first example of a merchant gild occurs in Burford, during the years 1087 to 1107, and it is known that Henry I occasionally authorised such bodies to be set up in the greater towns. After the time of Henry II the grant of merchant gilds became frequent, and in all it is computed that there were no less than 100 of them in the country. They were the products of a time when trade had developed to a considerable degree but when

industry was not yet specialised, and there is no doubt that they were essential. They were the natural phenomena of a time when regulation was essential and freedom impossible. Whatever they may have become in their period of degeneration, they maintained in their prime a very high standard of commercial morality, and gave good value in return for their privileges.

The functions of the merchant gilds were various, and may be classed under three main heads—the maintenance of the welfare of the gild itself, the advancement of the interests of the gildsmen, and the protection of the public. The officials of the merchant gilds, at the head of which was the Alderman, ensured the welfare of the organisation in one principal way. It was the general practice that the gild had the right to make the first bid at any commodity offered, and that it had the sole right to deal in certain commodities. At Liverpool, Chester, Warwick, and Bristol, for example, the merchant gilds had an option on all goods brought in, and at Lynn the gild alone could purchase millstones. The profits of such transactions might perhaps have been sometimes divided between the gildsmen, but they generally went into the common purse of the gild, and were often used for public purposes or charity. The underlying assumption behind such bargains was, of course, that the merchant gild, of itself, was the unit. As Gierke has pointed out, the merchant gilds had each a "real personality," a life of their own which was quite distinct from the lives of the individual members. It is true, of course, that each individual gildsman gained from the gild bargains in that the opportunity of the seller to gain a high price was restricted, but the welfare of the gild as a whole was the first consideration.

In their work of advancing the interests of the gildsmen the merchant gilds undertook a number of functions.

The most important privilege ensured to the gildsmen was that they alone should have the right to buy and sell freely in the town. The merchant gilds were not voluntary associations which merchants might join. They were not federations of merchants. All who wished to buy and sell within the town had to be members and, therefore, non-members had no chance of competing with the members. Non-members, whether strangers or aliens, could only sell wholesale—thus enabling the gildsmen who bought from them to gain the retail profit; they had to pay all the tolls even on such wholesale trading; and they were entirely forbidden to buy certain goods, such as corn and wool, which were necessary for the town's use. Though there was some competition between the gildsmen, therefore, none of them had any reason to fear the outsider who had bought very cheaply in other parts of the country. Against the aliens the gildsmen were especially protected. It was the practice in London that aliens could only stay for forty days in the town, and had to sell all their goods in that time. From the twelfth century onwards, again, the custom of hosting obtained, whereby the alien had to stay with a gildsman, who kept his eye on his guest and had to be present when any bargain was made. Aliens, finally, could not even sell to one another.

The merchant gilds naturally assisted their brethren as far as possible when they were trading in other towns. Immunities from all tolls and customs in other towns were often claimed for their members by the merchant gilds, on the grounds of the terms of the charter originally received from the king. The gildsmen of Dover, London, Winchester, Oxford, and a good number of other towns were declared by the royal charters to be free of all dues in every town in the country. The

immunities, however, might also be acquired by treaties between the towns. In 1265, for example, it was agreed by Southampton and Winchester that each town should give immunity from tolls and customs to merchants of the other, and later treaties were made in similar terms between Cambridge and Lynn, and Nottingham and Coventry. The merchant gilds, again, protected their members from debtors in other towns. In the twelfth century London exercised the right of distraining the fellow-townsman of any merchant who owed money to a London merchant, and the practice was imitated by merchant gilds in all parts of the country. It proved effectual, of course, because the man seized would have pressure brought upon the defaulter, through their common merchant gild. The detention of an innocent person, however, was not without some objections, and it became the custom that only the debtor himself should be held responsible. The merchant gild of the creditor generally made representations to the gild of the debtor; the gild paid, and then secured the debt from the debtor, who was regarded as a dishonour to his organisation.

Everything possible was done by the merchant gilds to help the poorer or the distressed brethren within their ranks. It was not thought good that one gildsman should grow very rich whilst others were unsuccessful, and it was therefore laid down that any gildsman could share in the proceeds of a bargain made by any other gildsman. Abuse of this quaint rule was only too possible, however, and it was therefore modified so that a gildsman had to be present when the bargain in question was made if he were to claim a share legitimately. Even then the custom did succeed in preventing the rich trader from gaining a monopoly at the expense of his fellows. If a gildsman did really become distressed, again, his gild was there at hand to help him.

If he became ill, the necessities of life would be given to him and he would be cared for by the gild officials in every reasonable way. If he became destitute through no fault of his own, he was maintained at the cost of the gild. If a serious injustice were done to him in another town, he could rely on his gild to secure redress. If he died, even, the gild would see that he had a funeral worthy of a gildsman and that his dependents should not want. So long as a man was a good gildsman, he had a fair measure of security, and there was thus within the merchant gilds a very strong element of real Christian fellowship, which is one of its most attractive features.

Finally, the public was protected in a variety of ways. The quality of the goods made by the gildsmen had to reach a given standard, and the gildsman who persistently turned out inferior work was in the last resort ejected from the gild. In order that the quality of the work should not be prejudiced, night work was forbidden; and the number of apprentices a gildsman might employ was restricted, because the work of such juveniles was likely to be poor. It was further laid down that no one might be a member of the gild unless he had served an apprenticeship, and, of course, wages were fixed in accordance with the current idea of Just Price. The gildsman had thus a reasonable number of obligations to shoulder in return for his privileges. In protecting the public the merchant gilds always kept a keen eye on the millers, the bakers, and the brewers, who were invariably suspected of unfair dealing; and, still more important, they paid particular attention to three other types of people who offended the medieval conscience. First, there were the engrossers, who bought up corn whilst it was still standing in the fields and held it back so that they could create an artificial

scarcity and thus raise the price. Secondly, there were the forestallers, who purchased commodities at low prices on their way to the market so as to make a greater profit. Thirdly, there were the regrators, who bought quickly when the market price was temporarily low in order to make large profits.

It must be concluded that on the whole the merchant gilds performed a very useful function in their prime. They certainly restricted the free play of individual initiative and competition, but they gave security when no other authority in the country could supply it, and they generally maintained the standard of work. The coalescence of the merchant gilds and the borough courts, which generally occurred, was followed by the decline of the gilds as bodies closely connected with the regulation of trade in the towns. For this there were two main reasons. First, the extension of immunities caused trade to become comparatively free, and thus the monopoly of the gilds was undermined. Secondly, the complexity of economic affairs in the towns became so great, as the towns grew, that one authority was insufficient to supervise everything, and the rise of the individualistic craft gilds was everywhere the result. Like every institution the merchant gilds were the product of certain circumstances, and it was no condemnation of them that when the circumstances changed they had to go.

3

A word must be added about the craft gilds, which are to be dealt with more fully later. They were the product of the increasing specialisation of industry, and they were primarily associations of craftsmen, as the name implies. But in the Middle Ages the craftsman was also a salesman, and the craft gilds had therefore

many regulations concerning trade. The ordinances were naturally very similar to those of the merchant gilds. The skilled workmen, who made up the craft gilds, were protected from unfair competition, since no outsider was allowed to practise the craft, and all sick, unemployed, or aged craftsmen were generously treated. Almshouses were often set up by the wealthier craft gilds, and widows were supported. The public was also protected. The quality of raw materials used was supervised; good workmanship was obligatory upon all craftsmen, who, of course, had to serve apprenticeships; and prices were fixed at a fair level. Night work, again, was forbidden, and very short shift was given to the craftsman who, by unscrupulous behaviour, was a discredit to his gild. The importance of the craft gilds lies in the fact, not that there was any novelty in their regulations, but that they enforced them when the merchant gilds could not have done.

4

The State finally played a somewhat larger share in internal trade during the Middle Ages than in either agriculture or industry. The Crown, of course, provided the currency, without which trade would have been impossible, and it collected its tolls and customs with care. The work of local authorities in regulating trade was sometimes supplemented by the State. The Royal Aulnager, who supervised the quality and width of cloth, dates from the first Assize of Cloth of 1197, which was confirmed in 1328 and in 1411. The price of bread was regulated in 1202 by the Assize of Bread, which laid it down that the price of wheat must always be the determining factor; and the same principle was applied to ale by the Assize of Ale of 1266, which insisted that the price of this universal beverage should

only vary with the price of barley and malt. The State, also, was concerned with the problem of debtors, and the First Statute of Westminster of 1275 insisted that no man should be distrained simply because a fellow-townsman of his, whom he might not know, was indebted to some person in another town which the innocent person was visiting. This abuse was thus rooted out, but the problem of the debtor produced also the Statute of Acton Burnell of 1273, which ordered a list of debtors to be kept at London, York, and Bristol, and the Statute of Merchants of 1285, which ordered records of debts to be kept by all towns and said that debtors must be distrained and imprisoned if they could not or would not pay. But even these facts must not lead one to over-estimate the rôle of the State, for the bulk of trade was governed until the end of the Middle Ages by local authorities.

C

1

Foreign trade, after the Norman Conquest, developed very considerably between England and the Continent, but two factors must be borne in mind. First, foreign trade in the Middle Ages was never considerable, if it is judged from any modern standards. In 1314, for example, the total exports of England were £300,000 in value and wool accounted for no less than £280,000. Secondly, foreign trade was very largely in the hands of alien merchants rather than of native merchants, and relatively speaking England's part in foreign trade was "passive." There had been a fair number of foreign merchants in the country as early as the time of Ine, and the number gradually increased after the Norman Conquest. It is clear, however, that the average alien merchant was very jealously regarded by the natives, and

the disabilities which were imposed upon him have already been indicated above. Only at the fairs and markets was the alien merchant free of heavy tolls and customs, and throughout the whole Middle Ages the penalties continued. In 1453, for example, a tax of 40*s*. a year was imposed on domiciled aliens, whilst those who stayed six weeks only were to pay 20*s*. They were continually forbidden, again, to export gold, and had usually to live with a native merchant who watched their every movement. The hostility of the natives occasionally burst into physical violence even. In 1359 the Lombards were attacked in London; and the Evil May Day of 1517 proves how long lived the hostility was.

2

There were, however, certain organised bodies of alien traders who were strong enough to secure preferential treatment for themselves, and the most important of these was the Hanseatic League. The Easterlings, as they were originally called, were traders from North German and Baltic towns, and they had secured certain immunities in England even before the Norman Conquest. They had an establishment, known as the Steelyard, in London in 1321, and were the owners of it by 1475, whilst they had settlements also in a number of provincial towns such as Lynn. They dealt very largely in wool and cloth, and in the early part of the Middle Ages the greater part of the export trade was in their hands. They enjoyed specially advantageous tariffs which were even lower than those imposed on native merchants, and they could sell retail. They could live where they pleased, and could stay in the country just as long as they wished. They were free of a good number of tolls; and the anti-alien feeling which was

so prominent in the Middle Ages was not often directed against them, owing to the good reputation they enjoyed. They performed a very useful function, and were not attacked until the English themselves were ready to undertake the risks of foreign trade. They brought goods to England when England was not capable of securing them for herself, and they disposed of her surplus goods for her.

3

During the fourteenth and fifteenth centuries the English really did become "active" in their attitude towards foreign trade, and the body of native merchants known as the Merchant Staplers came into existence, receiving their charter in 1313 although they had been in existence then for fifty years. These merchants dealt in staple goods such as tin, lead, and wool, and the main idea was that the trade should be regulated and should follow certain definite courses. On the Continent a certain staple town was fixed where all the trade had to take place, and as early as 1285 the staple was fixed at Dordrecht. In 1297, again, it was laid down that the exports of the staple goods should be despatched only from nine specified ports, Newcastle, Hull, Boston, London, Sandwich, Southampton, Bristol, Ipswich, and Yarmouth. The location of the staple town on the Continent was continually altered, Bruges, Antwerp, and other towns in the Netherlands all having their turn, until 1391, when it was permanently fixed at Calais and remained there until 1554, when Calais was lost. The advantages of the Staple were obvious. Trade secured the regulation which was indispensable, and the kings were in favour of it because it made the collection of all the tolls much simpler. The only weakness was that the trade of the Merchant Staplers was restricted to

staple goods, like tin, lead, and wool, and, as the range of exports extended, it was natural that the Merchant Staplers should decline in power and prestige.

It was the more enterprising Merchant Adventurers who succeeded the Merchant Staplers. The Merchant Adventurers were probably an offspring of the Merchant Staplers, but they were an organised body by 1360 and in 1391 received their first charter, which was confirmed in 1404 and 1408. They traded originally with Flanders, but merchants dealing with Germany and Scandinavia were also included. There were branches of the Merchant Adventurers in many provincial centres such as Newcastle, Bristol, and Exeter, and the importance of the whole organisation is that it is the first real example of a Regulated Company. The Merchants traded with their own capital and were not restricted to trading in certain commodities, as were the Merchant Staplers, but they were all compelled to observe the regulations of the organisation. The connection of the Merchant Adventurers with the Crown was by no means so close as that of the Merchant Staplers, but the Merchant Adventurers were responsible for seeing that their merchants behaved in a fair and reasonable manner. Only in that way could the discredit which would reflect upon all merchants, if one committed an act of doubtful business morality, be avoided. The great advantage of the Merchant Adventurers was thus that they combined order with initiative; and they soon outstripped their rivals, the Merchant Staplers and the Hanseatic League, gaining a virtual pre-eminence in foreign trade.

The quarrel between the Merchant Adventurers and the Merchant Staplers was inevitable. The Merchant Adventurers dealt largely in cloth and claimed that the Merchant Staplers, who had a monopoly of wool export only, should pay the admission fee to the Merchant

Adventurers if they wished to export cloth. In 1504 the Adventurers won their case and triumphed over the Staplers, who quickly declined also, because, owing to the growth of native manufacture, the exports of raw wool were steadily decreasing. The quarrel with the Hanseatic League was equally unavoidable. The English merchants continually complained that the treatment of English merchants in the Hanse towns was unfair; and as early as 1378 the privileges of the Hanseatic League were temporarily suspended. A compromise was arranged in 1390, whereby the English merchants were to trade freely in Prussia. Trouble began again and peace was again made in 1409, but the rivalry, however, could not be solved by reprisals or even by a compromise; and after a century of wrangling, in 1553 the privileges of the Hanseatic League were suspended, and the organisation lost its status altogether in the reign of Elizabeth. The Merchant Adventurers had won, and the English merchant had definitely taken up that attitude of self-assertion which was to be so very important in subsequent days.

4

So far as foreign trade is concerned the part played by the State was increasingly active. The Crown, of course, was interested in foreign trade because, thanks to the duties imposed, it was a source of revenue. The relations of the Crown to alien merchants are a cardinal point; and it was a general practice of the Crown to give privileges to foreigners, even at the expense of the native merchants, in return for valuable considerations. But the policy of the Crown was by no means entirely selfish. It was the Crown which licensed the Merchant Staplers and the Merchant Adventurers, giving to them virtual monopolies, and, though the Crown received

payment for the privileges granted, it fully realised the importance of a regulated trade. Throughout the Middle Ages there was a series of commercial treaties made by the Crown, examples of which are the treaty with Norway in 1217, with Flanders in 1274 and 1314, with Portugal in 1308, 1352 and 1386, with the Baltic cities in 1319 and 1388, with Burgundy in 1417 and 1496, and with France in 1471, 1497 and 1510. What is more, it was in the later part of the Middle Ages that the idea of mercantilism, the regulation of trade so that the country should be powerful, gradually evolved. In its attitude towards trade the Crown gradually became more fully aware of its public functions.

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CHAPTER IV

INDUSTRY

A

DURING the Middle Ages there was very little development of technique in industry, but there was considerable progress in manual skill. The Middle Ages were the great period of pride in craftsmanship, for productive labour was invested with a very high degree of dignity. All branches of manufacture grew up, and in the latter part of the period, thanks to foreign immigration, weaving became the staple industry. The main interest of the Middle Ages, however, lies, not in any particular industry or industries, but in the nature of industrial organisation. The basis for the greater part of the period was the domestic system, according to which the worker made his articles in his own home, purchasing his own raw materials and selling his own finished product. Superimposed successively upon that basis were two forms of organisation—the Merchant Gild and the Craft Gild. But, as the Middle Ages drew to an end, the whole structure was undermined by the Capitalistic System, which meant that the worker still worked in his own home but that he was employed by a capitalist and no longer bought his own raw material or sold his own finished product. This evolution must be traced, and some attention must be given also to the functions of the State; but throughout it must be remembered that industry was insignificant as compared with agriculture and was for the most part restricted to the towns.

B

I

The development of economic organisation, like all progress, depends upon an increase in population. When the only concentration of population is in village settlements there is usually only one craftsman carrying on each indispensable craft at most, and as a general principle one Jack-of-all-trades does the bulk of the work necessary. The craftsman works to order for people he knows well, and since he is himself well known by everybody, owing to the smallness of the population, he can only turn out bad work or attempt to charge exorbitant prices at his own peril. That is the state of affairs which normally prevailed up to the Norman Conquest. But when the village grows into a town the population increases and a number of consequences follow. The number of craftsmen engaged in each particular craft increases. The craftsmen produce not merely to order but also in the expectation of sale; they do not necessarily know their customers; and they are not necessarily well known to all their fellow-townsmen. There is a possibility thus that they may produce inferior work or that one may resort to unfair competition to beat his rivals, and to avoid all the dangers some external control is necessary. That control was provided in the earlier part of the Middle Ages by the merchant gilds. So long as there were a few, but not too many craftsmen, engaged in each craft, the one comprehensive organisation was sufficient to set up and preserve effective regulations.

The origin and composition of the merchant gilds have been already indicated, and it has been shown that these organisations exercised a general supervision over the whole of the economic activity of the towns. Since

the merchant gilds were not gilds of merchants but of all who wished to buy and sell freely, it followed that all the craftsmen were necessarily members; and the regulations laid down for the carrying on of industry were important. Prices and wages were regulated according to the current notion of Just Price; and all products had to reach a certain standard of quality, the penalty for bad work being expulsion from the gild. So that work should be efficiently done, it was ordained that all craftsmen had to serve an apprenticeship before they might be admitted to the gild, and the gildsmen were forbidden to employ more than a given number of apprentices because their work could not be expected to reach a very high standard. Finally, night-work was generally forbidden, not because it was bad for the workers, but because the gild held that artificial light was not good enough for the manufacture of really worthy products. All these rules were rigidly enforced, and there is no doubt that the Merchant Gild in its day was perfectly competent to regulate industry for the common weal. It provided very necessary regulation when freedom would have meant chaos.

2

But as towns grew, industry became too complicated to be contained in the mould of the Merchant Gild. Two main factors are to be noticed. First, the number of craftsmen in each particular craft increased considerably, so that there was still less any personal bond between the craftsmen and his buyer; and the opportunities of fraud were accordingly more numerous. Secondly, specialisation in industry came into being, and of this there were two kinds. On the one hand, many different kinds of craftsmen appeared, all using the same raw material but producing different articles;

and on the other hand, there were craftsmen now who performed perhaps only one process in the manufacture of a given commodity. The increase in the number of craftsmen, and the specialisation of industry, brought about such a complexity of affairs that it was quite impossible for the one merchant gild to supervise effectively the craftsmen in the towns. Fortunately it was to the interests not only of the public but also of the craftsmen that more competent organisations should be set up, and thus the Craft Gilds came into existence. The distinctive craft gilds, one for each craft, could do what the merchant gilds could never hope to do. The craft gilds superseded the merchant gilds, just as in modern times the various sciences have superseded what was known as Natural Philosophy.

C

1

Evidence of the existence of craft gilds dates from 1130, when there were gilds of weavers in London, Oxford, and Lincoln. After the Norman Conquest French and Flemish weavers had come to England and, finding themselves disliked by the natives and without rights of any sort, they formed themselves into gilds on the model of the gilds of Rouen and Paris. By means of payments to the king, recognition and protection was ensured, and the weavers could regulate their own internal affairs as they wished. In time, of course, the foreign weavers lost their alien character, and the industry was taken up by the natives, but it must be noted that, though first, the weavers' gilds were in origin rather extraordinary. The purely native gilds, such as the bakers' gilds, which appeared shortly after the weavers' gilds, were the natural products of certain

circumstances. There had been gilds, called *eranoi*, in third and second century Greece; Numa is said to have encouraged gilds of which Plutarch enumerates nine; while under the Empire the "collegia" became very important. In the sixth century, again, according to the letters of St. Gregory the Great, there was a gild of soap-makers in Naples, and up to the nineteenth century there were gilds in China and Japan. There are certainly differences between all these and the English medieval craft gilds, but the fundamental point is that similar circumstances produced similar organisations.

In England it was the need for better regulation than the merchant gilds could provide, and the common interests of the craftsmen in each craft, which resulted in the craft gilds. Religion, in particular, was a powerful formative influence in the early stages. Men of the same craft were accustomed to live in the same district, and it was natural that they should come together when they attended religious service at the church. A sort of religious club would thus spring up, and the members would have Masses said for a departed member. The craft was thus in origin a religious association, but the craftsmen would naturally turn their thoughts towards their common trade interests. On the one hand, the public wanted to be sure that the goods they bought were of competent workmanship, and it was to the advantage of the craftsmen as a body to see that a high standard was maintained, and that those whose bad work brought disrepute upon the whole craft should be dealt with. On the other hand, it was desirable that the craftsmen should band together to protect themselves from the unfair competition of the unskilled worker, so that they might all secure reasonable security and fair prices. Thus the craft gilds came into existence, and though there was at first some opposition from both

the municipal authorities, they persisted, and enjoyed their heyday in the fourteenth and fifteenth centuries.

2

Since they were offshoots of the merchant gilds, the craft gilds imitated the parent organisation in composition. The gilds were controlled by wardens, two or four in number, who were elected by the assembly and held office for a year. It was the duty of the wardens to see that all the functions of the gild were effectively carried out. The assembly, with whom final authority rested, consisted, of course, of all the fully qualified members. In addition to the wardens and the assembly, there was, in some gilds, a council which acted as a powerful committee of the assembly; and in other gilds there was a court which could compel obedience to the regulations and inflict appropriate punishments. In many respects the craft gilds were autonomous bodies, but in the last instance they were usually subordinate to the municipality, which generally had the power to amend gild laws and punish bad workmanship. The craft gilds never absorbed the municipality, as the merchant gilds sometimes did, but they nevertheless exercised very considerable powers. So long as they fulfilled their due functions there was little need to fear the intervention of the municipality any more than at the present time a nonconformist church or a friendly society need fear the interference of the State. In their relationship to the craftsmen, the gilds were always extremely powerful. They were not voluntary associations which craftsmen might join. All skilled craftsmen simply had to be members.

3

Within the gilds there were three kinds of members, each representing a certain status through which all passed; and they must be considered in their ascending order of importance. First, there were the apprentices. The system of apprenticeship can be traced back to 1260, and by the end of the thirteenth century it had spread very considerably. Behind the system were two main ideas. First, the reputation of the gild depended upon the workmanship of the craftsmen, and a regular system of technical training was therefore essential. Secondly, it was necessary to protect the craftsmen themselves from unskilled competition, by laying it down that all who wished to exercise a craft must first have a regular training. But apprenticeship was even more than a vocational training. It was a social education as well. The apprentice lived with his master on terms of familiarity, and it was the master's duty, not only to see that the apprentice behaved himself in every way, but also to inculcate in him noble ideals of citizenship and human dignity. Attention was paid to both manual skill and to the development of character, and apprenticeship at its best was a fine system of education. There were, it is true, exceptional crafts which did not make apprenticeship absolutely essential to full membership. The London Pewterers, the Bristol Taylors, and the York Painters accepted any man who had the necessary skill, even though he had not been an apprentice. But apprenticeship was nevertheless general.

The length of period of apprenticeship, at first, was by no means uniform, but in London seven years was necessary for the training the craftsman had to undergo, and this was commonly followed in many other parts of the country. In some trades there was,

however, a variation. The weavers of Northampton considered that six years was sufficient, whilst the London Lorimers saw fit to impose an apprenticeship of ten years. The period in other gilds was left to the discretion of the individual master craftsman. But the principle underlying apprenticeship remained the same, and in 1563 the Statute of Apprentices made the seven-year period uniform throughout the whole country. In order that apprenticeship should be efficient, it was also often laid down that no master could have more than a certain number of apprentices. The Cappers of Coventry, for example, could only have two apprentices each. But here again there was considerable variation, for the London Shearmen could have four apprentices. In the restriction of the number of apprentices, also, it must be remembered that a number of motives had influence. Sometimes the masters wished to check competition by restricting the number of apprentices, and sometimes the journeymen were affected by similar motives; but the general level of efficiency, and the welfare of the gild as a whole, was perhaps the most typical and worthy reason.

The second type of member of the gild was the journeyman, the fully qualified craftsman. As a general principle, the journeyman then worked for at least a year for his master, though a number of gilds, such as the London Carpenters and the Chester Goldsmiths, laid it down that he must serve with his master for three years. The journeyman stage, however, was generally no more than a stage of transition. It was the chrysalis stage. There was no permanent class distinction between the employer and the employee, for the journeyman looked forward confidently to the time when he should himself be a master craftsman. Before he was fully recognised, he had to produce an example of his work,

or a " masterpiece," which was judged by the authorities of the gild. It must be remembered, however, that there was no need for the man who wished to become a master craftsman to have capital. At most he needed only his tools, his house, and the wherewithal to purchase the raw materials out of which he could make his product; and it sometimes happened that the customer himself provided the raw material, in exactly the same way as one can now take one's own cloth to the tailor. With his tools and his skill, the journeyman could easily set up business with a very reasonable expectation of success.

Thirdly, then, there were the masters, and they were the most fully qualified members of the gild. They were employers of journeymen and apprentices, but they were also craftsmen and traders. From an economic point of view they had thus a triple personality. They themselves worked in their shop alongside their employees, and they sold their finished products. The essential point is that in general they were complete economic units in themselves. They bought their own raw materials; they manufactured their articles; and then they sold them. They were dependent upon no one except their customers, and there is no doubt that they were usually worthy of the dignity which they enjoyed. It was the master craftsmen of the Middle Ages who invested manual labour with a real honour. Their primary occupation was to see that a really first-class article was turned out, and they were then guaranteed by the gild a fair price. The lack of competition, from which they were protected by the gild regulations as to price and quality, may have prevented the craftsmen from being really enterprising, but it enabled them to put sound workmanship and artistic skill before mere cheapness.

4

The primary work carried out by the craft gilds was the regulation and supervision of industry, and detailed rules were laid down. The quality of the raw materials used had to reach a certain given standard, and since the gild authorities knew all about the matter there was no gainsaying their word. Good workmanship was obligatory upon all craftsmen, and serious punishments were imposed on all offenders, the third offence usually being followed by expulsion from the gild. Where possible, measurements were laid down to which the products of the craftsmen had always to conform. Night-work was forbidden, as it had been by the merchant gild, and all work had to be done in full view of the public. Wages were fixed, whether work was to be paid for by the piece or by the week; and, finally, the prices of the standard products were generally regulated by the gilds. The ordinances seem to bring into being an almost idyllic state of affairs, but despite the general dignity of labour it may be assumed that the imposition of the ordinances in such detail was very necessary. The existence of unscrupulous craftsmen was not unknown, but it is to the credit of the gilds that they rigidly enforced all their rules. The honour of the gild had to be maintained and the public must be given a fair deal, if the gildsmen were to prosper. Without these regulations industry in the Middle Ages would certainly have been in a very chaotic condition.

If the gilds imposed severe rules upon their members, for the good of the whole, they did not forget the unfortunates within their ranks. Some gilds, such as the Merchant Taylors, built almshouses for the aged and poor craftsmen who had served their craft well in the days of their vigour. Other gilds laid it down that sick or

poverty-stricken craftsmen should be paid a certain sum every week out of the gild funds. Sevenpence a week seems to have been quite common, but as little as fourpence, and as much as fourteen pence, is not unknown. The widow of a craftsman, again, was not forgotten, and was often given enough to give her husband a suitable burial and keep her from destitution so long as she remained unmarried. In order that this charity might be carried on by the gilds, the wealthier gildsmen left legacies in a most commendable manner. But it was not only by means of gifts of money that the unfortunates were helped. Quite often craftsmen were asked to give work, even at some sacrifice, to fellow-craftsmen who had none, and the man with a great deal of work in hand was compelled to hand over some of it to one who had not sufficient work. There was a very strong feeling of solidarity and of equality in the medieval craft gilds which must be admired. The whole gild was the unit, the individual the part, and all the parts must be contented if the whole was to thrive.

Since religion had played a large part in the growth of the craft gilds, it is to be expected that they had certain religious functions. The gilds paid honour to the patron saints of their crafts; the Woolcombers to St. Blasius, for example, burning candles in their name in the churches. But, still more important, the gilds all took their part in staging the mystery plays which were usually performed every year. The mystery plays were dramatic representations of certain scriptural events, such as the building of Noah's Ark, the expulsion of Adam and Eve from Eden, and the Birth of Christ. The plays were given in the open air, usually on wagons which moved about the towns, and, though tableaux rather than dramas, they made a great appeal to the imagination, while humorous relief was always provided

by the devil, who was portrayed as a rather clumsy clown. The particular crafts, of course, concentrated on the episodes which they were especially fitted to deal with. The carpenters would make the Cross for the Crucifixion; shipwrights would be responsible for the building of the Ark; the Flood itself was arranged by the fishermen or sailors; and the fine-cloth workers would provide the fine dresses for the Birth of Christ. On the pictorial side of the Middle Ages the gilds were not found lacking.

Lastly, the gilds set themselves to preserve the peace between the gild members. It was considered inconsistent with gild membership for two gildsmen to take a dispute to the law-courts. As states in the League of Nations are now to submit their disputes to the League itself, so the gildsmen were expected to bring their quarrels before the gild authorities. Only if a settlement could not then be arranged was it permissible to resort to the law-courts. But it must be noted that the gild authorities did not attempt to dispense justice, the sole object of which is to decide the rights and wrongs of a case. The object of the gilds was to reconcile the two gildsmen, and this was to be done by adjusting the differences concerned. A compromise which would be as satisfactory as possible to both sides was sought, irrespective of the rights and wrongs; and the function of the gilds was thus to arbitrate rather than to judge. The hatred of the lawyers, and the jealousy of the ordinary courts, had doubtless something to do with this practice, but the main object was to preserve the solidarity of the gild before the eyes of the outside public.

Outside the craft gilds there was always a certain amount of unskilled labour, for though skilled craftsmen had to be members, there was no admission of the unskilled labour. In the rural districts, also, there was

throughout a good deal of unorganised labour, which, in the early Middle Ages, as in Anglo-Saxon times, was paid for in kind, but which began to be paid for in money after the middle of the thirteenth century. In spite of all this, the bulk of industry in the Middle Ages was organised under the gild system. Industry was urban, and it was the gilds which gave the necessary regulation. In their prime they were excellent, but they made the fatal mistake, like all medieval institutions, of assuming that society was static. Their assumption did not prevent changes in conditions from coming about, and when the gilds were no longer suited to the circumstances they had to go.

D

The first step towards the capitalistic system was marked by the exclusiveness of the master craftsmen. After the Black Death a clash of interests occurred between the master craftsmen and the journeymen, because the latter demanded increased wages; and gradually the masters began to create a class distinction between themselves and their subordinates. They sometimes made apprentices promise that they would not attempt to become masters when they were fully qualified craftsmen; and they raised admission fees so as to make it difficult for the journeymen to set up business on their own. The result was that in the late fourteenth century the journeymen began to set up Yeoman Gilds of their own—the first one dating from 1303—which were modelled on the craft gilds, but consisted entirely of the hired workers. These became very widespread in the fifteenth century, and, though they were later reconciled with the craft gilds, they indicate a permanent cleavage between the master craftsmen and the employees which was absolutely inconsistent with the true ideals of the

gild system in its prime. But the exclusiveness of the master craftsmen, and their jealousy of all competition, was not the fundamental cause of the decline of the gilds. The economic facts which had brought the gilds into existence were changing, and no matter how generous and sensible the master craftsmen had been, they could not have prevented the decline of the gild system.

The evolution and existence of the craft gilds depended upon the primary condition that capital was neither necessary nor available. So long as it was a simple matter to obtain the raw material, and so long as the market was near at hand, the craftsmen needed only his tools and his skill, and there was no class distinction between the employer and the employed. But, throughout the fourteenth century, capital was gradually becoming an important factor in economic life, and, with the development of internal and foreign trade, there was scope for the supplying of wider markets. A class of individuals thus arose who ceased to be themselves craftsmen, and who became employers of labour in the modern sense. They might have acquired the necessary capital for their enterprises by means of thrift, money-lending, or the purchase of land which rose in value. The essential point is, however, that a class of moneyed men appeared; and their ambition to make more, to improve their position instead of being content to maintain it, entirely broke down the craft gild system. Men still worked in their own homes, as before, but the organisation of industry became now capitalistic. The ordinary craftsman no longer bought his own materials, manufactured them, and sold the finished product; nor did he even manufacture the raw materials of his customer. He worked with goods supplied by the capitalistic employer, who himself took the risk of disposing of them; and he was paid for his work like the modern

employee. The average craftsman was no longer in direct touch with his customer.

This new state of affairs might come into existence in three main ways. First, the more enterprising members of many gilds united together as a sort of clique within the gild organisation, and began to concentrate upon the function of trading rather than upon craftsmanship. In this way arose such livery companies as the Goldsmiths, the Merchant Taylors, and the Mercers. These elect within the gild claimed with success that they alone had a monopoly of the selling of the products of the gild members, and that therefore the ordinary master craftsmen must sell their finished articles to the liverymen only. The result was that the ordinary craftsmen were reduced to the standing of paid employees. As time went on, however, the liverymen extended their activities, and did not concentrate upon the products of the gild out of which they had originally sprung. They extended their activities to almost every kind of commodity, and always, of course, they developed as employers of labour. It was now impossible for the average master craftsman to be a really independent unit. He was at the mercy of the wealthy, and was little more himself than a journeyman.

Secondly, one gild might secure control of a number of kindred gilds, in which case the master craftsmen of the superior gild reduced the master craftsmen of the others to the position of paid employees. This absorption of gilds was fairly common. As early as 1300, for example, the Burellers were giving out work to the Weavers, and in 1327 the Saddlers dominated the Joiners, Painters, and Lorimers who became nothing more than employees. In general it was the gilds which contained few members, and which were thus too weak to resist a powerful neighbour, which succumbed. The members

of the subordinate gilds, in the first stage, had thus to sell their goods to the superior gild, and from this stage to the doing of commissioned work was only a step. There were, of course, protests, but they were unavailing. The wealth of the controlling gild was the dominant factor, and its members, in time, like the liverymen, were able to become pure traders.

Thirdly, there arose outside the craft gilds altogether new organisations which avowedly specialised on trading. These consisted of wealthy men who wished to make more money. From the beginning of the fourteenth century these organisations, of the Drapers and Grocers, for example, were in existence in London. In the capital, it must be noted, such Mercantile Companies grew up, each specialising at first, at any rate, in one commodity. In the provincial centres, on the other hand, companies arose which from the first dealt in every possible kind of commodity, and consisted simply of the nucleus of wealthy men in the town. In both London and the provincial centres, however, the rise of the mercantile companies meant the enslavement of the ordinary craft gilds, the members of which, once again, became mere hired workers. There was opposition to the companies naturally, but with the development of foreign trade their position became impregnable, and in post-medieval times they assumed very great significance.

By the end of the Middle Ages the craft gilds, although they continued to exist, had ceased to be of dominant importance, and the Capitalistic System of industry, which remained the same in principle until the Industrial Revolution, had come into being. Industry was still carried on according to the domestic system, but, with the decline of the gilds, industry was tending to leave the towns. Security was spreading; markets were

extending; and the capitalistic organisation did not need the concentration of industry in the towns. So long as the industrialists were within easy reach of the capitalists, who sent them raw materials and collected the finished products, all was well, and thus, at the end of the Middle Ages, industry was beginning to be dispersed over the country-side. The monopoly of the towns had been broken down by the force of circumstances, and the whole country instead of the borough was becoming the unit in industry.

E

The part played by the State in industry throughout the Middle Ages was naturally not large, but it increased as the period drew to a close. The first great act of intervention was the Statute of Labourers of 1351. Owing to the heavy mortality of the Black Death, both wages and prices were soaring and the State attempted the control of both. Though the attempt failed, the Crown made similar attempts at various times in the later period. More successful—indeed of great moment—was the introduction by Edward III of Flemish weavers. They were extremely unpopular, but they enabled weaving to become the staple trade of England. The Crown, also, when mercantilist notions began to emerge, however vaguely, managed the import duties so that English industry should not be harmed. In 1463, for example, Edward IV forbade the importation of woollens, articles of iron and steel, silk and leather goods, and hats, because they would damage home industries, and the policy came to fruition in the Age of Nationalism. The only other point which deserves mention is that in the fifteenth century also all the craft gilds were ordered to submit their ordinances to the Crown, but by that time, of course, the craft gilds were

already being undermined by the new capitalistic organisation.

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CHAPTER V

ECONOMIC THOUGHT

A

THE distinguishing feature of man is that he is self-conscious, that whilst the animal is only aware of the outside world, the human being is aware of his awareness. It is quite possible thus that the hunter, the nomad, and the agriculturist all reflected at times upon their modes of life, however vague their thoughts might have been. But it is only when industry and commerce have developed that there are the necessary data for real constructive thought, and only when England reached this stage, in the Middle Ages, did thought become important. Even then the economic thought current in England came from the Continent, which was culturally much more highly developed, and which had speculated about economic matters when England was a comparatively uncivilised country. A further point is that, throughout the Middle Ages, the economic thought was purely ethical. It was dominated by Christianity and classical thought; and the two medieval thinkers who considered economic facts scientifically, Walter of Henley, who dealt with agriculture, and Oresme, who considered currency, are untypical. The main points, then, about which medieval thought centres are Trade, Price, and Usury, and they are to be considered in turn.

B

Christianity became the established religion of the Roman Empire in 313, and from that time onwards every

side of thought, including the economic side, was largely influenced by theology; for, though the Empire was to fall, the Church was to survive throughout the Dark Ages as the one symbol of order. Towards the question of Trade the early Christian Fathers soon turned their attention, and their method of approach was naturally deductive rather than practical. There was no doubt about it, from Scriptural authority, that the most Christian life was agricultural or industrial. The agriculturist had been approved in a score of parables, the sower having been compared to God Himself, and it had been expressly stated that the labourer was worthy of his hire, whatever the kind of work he did. The point was that both the agriculturist and the craftsman did something which was useful to society, and that they worked not for wealth but for subsistence. The payments they received were a fair return for the service they rendered. The trader, however, who neither grew nor made anything, and who lived entirely on the profit he could make by selling goods at a higher price than he paid for them, was entirely another matter. It was people of this calling who had been driven by Christ from the Temple, which, He said, they made a den of thieves. Moreover, the traders became wealthy, and wealth had been frowned upon by Christ, whilst poverty had been consistently blessed.

All trade was thus condemned by the early Christian Fathers. To elaborate what has just been said it may be indicated that there were three main grounds of opposition. First, it was one of the fundamental notions of Christianity that all men were equal, and from this it was argued by the Christian Fathers that private property itself was a sinful institution. Owing to the Fall of Man, private property might be inevitable, but the person who sought to make himself wealthy by

means of trade made matters worse by taking from his fellow-men more of what had been intended by the Creator for the benefit of all. As St. Jerome said in the fourth century, the profit of the trader must be someone else's loss, and profit was thus immoral. Secondly, it was considered that trade led to idolatry. It was the duty of men to worship only God; but the trader, whose aim it was to make money, was obviously putting Mammon in God's place. Thirdly, trade produced the sin of greed and generally led to a debasing love of luxury, material comfort, and display, which could not but separate man from God. There was no doubt that it would be better if there were no traders, and it was naturally ordained that no priest must soil his hands with trade.

As time passed, however, it could not be denied that trade had an important social function. It became clear that the trader, who bought and sold only, enabled the craftsmen to go on with their work without having to think too much about the disposal of their goods, and that from trade both the buyer and the seller gained by getting rid of what they did not want in exchange for what they did want. The middle-man meant efficiency. As early as the fifth century indeed, Leo the Great had declared that the goodness or wickedness of trade depended entirely upon whether the trader wished to help his fellow-men or aimed merely at accumulating money, and, though Leo was much in advance of his times, his attitude gained headway. It was not the habits, but the attitude of mind of the trader which counted. The temptations of trade were still stressed, and it was expected that those with wealth should help the poor; but traders were at least tolerated. Then, in the eleventh century, a great revival of trade throughout Europe began, and, what is more, the renewed study of

Roman Law made current a belief in the institution of private property and in the entire freedom of contract. In order to be up to date the Church had to define its attitude towards economic life still more clearly, and two main problems engaged its attention.

C

The first problem which the Church had then to face was the price which could be charged for an article. Roman Law had declared that the price of an article was to be arranged between the seller and the buyer, who made between themselves a free contract which was recognised by the law-courts. The law was simply a recording clerk to see that bargains were kept. But this was not satisfactory to Christian thought, and the idea of Just Price, after gradually evolving, was therefore fully formulated by St. Thomas Aquinas, the brilliant ecclesiastical thinker of the thirteenth century whose ideas dominated the Middle Ages. The phrase "Just Price" had first been mentioned by St. Augustine, and the idea had developed in the twelfth century, but it was Aquinas who gave to it a really logical and coherent form. His ideas are contained in his *Summa Theologæ*, but he was not simply an economic thinker. He considered every side of life in the light of man's duty to God and to his fellow-men, and he simply regarded economic facts as part of the make-up of the universe. Although he based most of his deductions upon Scripture, however, it must be noted that he was also no mean classical scholar; he represented the attempt of medieval scholasticism to reconcile the wisdom of sacred and of pagan antiquity which was first revealed to Europe in the twelfth century.

If the attitude of Aquinas towards price is to be seen in its true light, the modern attitude must first be grasped.

At the present time the theory of price is a statement of what is, rather than of what ought to be. The modern economic thinker is scientific and declaratory, rather than moral and ethical. He deals with the real, not with the ideal, and defines the price of any article as the figure which it fetches in the open market, where the laws of supply and demand are in full operation. Prices, it follows, vary according to considerations of time and place, and there is no such thing as a Just Price. There is indeed no necessary relationship between the price of a commodity and its costs of production, and certainly there is no such thing as inherent value. The utility of the commodity is the all-important factor. If the supply is large, then the seller will be ready to dispose of his commodity at the lowest possible figure—the minimum amount of money which he would rather have instead of the commodity. If the supply is small the buyer will be ready to purchase the commodity at the highest figure which he is prepared to pay rather than forgo the commodity. Nor is the principle greatly affected when, as at present, some articles are controlled by monopoly firms. The price is then fixed according to the probable demand at various possible prices.

The view of Aquinas was the exact opposite of this, for he takes up a theoretical and ethical standpoint. In its extreme form his attitude was that every article had its appropriate and eternal equivalent in terms of money. It was the function of money to be a permanent standard of value. In actual fact he realised that price had to vary according to certain market conditions—that was one of the imperfections due to the Fall of Man—but he considered that for every article at any time and at any place there was a Just Price. How the particular price of any commodity was ascertained is a difficult matter, but Aquinas held that the Just Price was that

which commended itself to impartial men, just as, according to the Roman idea of Natural Law, natural laws were the laws which immediately appealed to the minds of men as right. The appeal was to the ingrained sense of fairness and justice in the human make-up. As a general principle it was thought by Aquinas that the Just Price was related to the cost of production rather than to the utility of an article. Apart from the costs of production there had to be taken into account the expense of transport, if any, and the amount of money necessary to maintain the seller, if he was a pure trader, in that state of life to which God had called him. All of which is vague in detail but reveals the point of view taken up.

The notion that price was inherent and that value was objective smacks, of course, of classical thought, but quite as important was the assumption that, in buying and selling, you should do unto others as you would that they should do unto you. It was wrong, Aquinas thought, for a seller to take advantage of scarcity and raise his prices, just as, conversely, it was wrong for a buyer to force a man to sell at a low price, simply because there happened to be a glut of the commodities. To behave in either of these ways was to make a profit out of someone else's misfortune, and to break the Christian injunctions of brotherly love. All trade was good if the motive was honourable, whether the motive was to obtain the necessities of life or to gain wealth and devote it to Christian objects; but the assumption was that trade must ever be to the advantage of both parties and that each side to a bargain must thus have equal value. It followed as a matter of course that, if there were any defects in an article, it was the duty of the seller to disclose them, if they in any way affected the utility of the article. Suitable deductions were to

be made for defects, but, if the seller himself was unaware of them when the bargain was made, he was not to be held morally culpable. Motive was everything.

It is clear that the idea of Just Price was stronger on its negative side than on its positive side. The condemnation of the individual who bought at a low price, with the sole object of selling at a high price, was very healthy in the medieval world, in which there was no place for, and no need for, speculative trading. But on its positive side the doctrine of Just Price was not without its effect. The way laid down of ascertaining the Just Price of any commodity might have been vague, but Aquinas assumed that some authority, state, town, or gild, would take up the task of determining prices; and this is just what did obtain throughout the Middle Ages. Both town and gild regularly drew up schedules of prices and wages, and the Statute of Labour of 1351 is a notable example of State intervention to regulate wages. Until the sixteenth century, when the development of commerce, the rise of enclosures, and the influx of gold and silver broke up all artificial regulations the doctrine of Just Price held sway. It was not an ecclesiastical imposition. It commended itself to the minds of all medieval people; and in non-economic minds of the present time it still has very considerable influence.

D

The second problem which the Church had to face from the eleventh century onwards was Usury, and here again it was Aquinas who cast the ecclesiastical attitude into a logical mould. The fusion of Christian and Classical thought was more pronounced in this matter than in the idea of Just Price. Usury was the taking of any interest on money lent, not merely extortionate

interest, and in the Scriptures, first of all, there were innumerable prohibitions against it. The Bible was by no means fond of any money-lenders. But, if one did lend money, one should "lend hoping for nothing again." If a fellow-man was in distress, and it was assumed that no one borrowed unless he was in distress, it might be the duty of a Christian to lend the necessary money as an act of brotherly love, and there was nothing wrong in accepting the return of the money when it was offered. But to attempt to make a profit out of the misfortune of a fellow-creature was wicked. As in determining the price of an article, so in lending money, you should do as you would that others should do unto you. In addition, to charge interest on money as a means of living was to obtain a livelihood without working, and since it had been expressly said that he who would work should not eat, all interest was literally "filthy lucre."

Side by side with the Christian premises was the Aristotelian maxim that money was barren, and this Aquinas took up. It was claimed that there was a fundamental distinction between living animals, or even seeds, and money. Animals multiplied of their own accord, and seeds in the ground brought forth food and more seeds as well. But if one placed money in a chest, only the same amount would be found there, however long one left it. If, therefore, one lent money to an individual, it was unnatural to charge interest. So long as one received back the amount lent one had lost nothing, and had no reason to complain. It was not strictly true even in the Middle Ages that money was barren. There were commercial ventures in which one could invest money, and in actual fact the idea of the barrenness of money did not prevent Aquinas from tolerating the man who did gain some return for invest-

ments, so long as he took some risks of losing it altogether. It was the certainty of gain, implied in usury, to which objection was made. But at the same time there was not a great deal of scope for investment in the thirteenth century, and the barrenness of money was a postulate which had a fair amount of logic to commend it.

Finally, there was Roman Law which Aquinas could use as another buttress. Roman Law had permitted usury, but it had also distinguished between what was known as temporary possession and permanent ownership; and Aquinas easily turned the distinction to his own ends. Property, whether real or personal, might sometimes not be consumed in use. A house or a necklace, for example, could be used without being in any way harmed, and one might have temporary possession of these by paying a certain fee for hiring them. Other commodities, however, could only be used by being consumed, and just as food was used by being eaten so money was used by being spent. There could only be absolute ownership in such commodities, and a loan of money was simply a sale of money, payment for which had been deferred. So long as the debtor handed over the payment at some time or other, the creditor could not complain, and for him to charge for the use of what he had sold, though the payment had been deferred, was obviously wrong. If, however, the precious metals were to be used for ornaments or show, and were not to be spent, then temporary possession was possible. In that case a charge could be made for the hiring of the metal, which had, of course, to be returned.

The doctrine of Usury was no more an ecclesiastical imposition than the theory of Just Price. It was consistently maintained in England by the secular authorities, and what money-lending there was lay at first in the

hands of the Jews, who, being outside Christendom, were not affected by Christian precepts. Commerce was not very seriously affected, because there was no objection to the man who made money by means of investments, so long as he took the ordinary risks of business. At the same time, evasions became common as commerce developed, and one main way of getting round the prohibition is of especial interest. It was agreed by Aquinas that if the money lent was not returned to the lender on an agreed day it was only right that the borrower should pay compensation, if the delay in repayment had caused the lender to lose money (*damnum emergens*), and it was generally considered that this principle should apply if the lender lost an opportunity of making money (*lucrum cessans*), although Aquinas was not of this opinion. It was expected that the lender must first prove the loss, but as time went on the loss was assumed, and, what is more, the period during which no charge was to be made was gradually whittled down until it might be no more than a day. In such cases, one had interest in fact, if not in theory, and no objection could be urged against it; and, though an Act was passed against usury in 1487, interest at the rate of ten per cent. was made legal in 1545. By the time of Elizabeth, when industrial and commercial development had made a supply of money essential, every trace of the prohibition against usury passed away.

E

The dominant characteristic of medieval economic thought was, thus, that it was deductive and theological; but the more scientific thinkers, though exceptional, should not be entirely ignored. First, there was Walter of Henley, whose book, *Husbandry*, was probably

written in the thirteenth century. He explained scientifically the advantages of the three-years rotation of crops, and gave a number of shrewd practical hints about the management of an estate. Robert Grossteste compiled a similar work in the same century, called *Reules Seynt Robert*, in which, however, he took a broader point of view than Walter of Henley. But the most important scientific thinker of the Middle Ages was Nicholas Oresme, whose *De Mutatione Monetarum* was written in 1373. Oresme, a French bishop, studied currency with clear eyes. He insisted that money serves a social purpose, and he pointed out the consequences which must inevitably follow from the debasement of the coinage. He even laid down the ratio of exchange between gold and silver and he was an authority on the subject of the materials out of which coins should be made. His ideas were certainly well known in England, for his book was translated, and there is no doubt that he had influence. Untypical of the Middle Ages as he was, Oresme, in his work on currency, foreshadowed Gresham, and in his outlook he was the spiritual father of all modern economists.

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CHAPTER VI

REVENUE

A

SINCE the Norman Conquest imposed orderly government upon England and enhanced the importance of the Crown, it was natural that from 1066 onwards the question of revenue should loom much larger than it had done in the Anglo-Saxon period. It was certainly assumed at first that the king should live " of his own," but as the functions of government extended this became increasingly impossible, and if the development is to be clearly grasped one must notice that there were two aspects to the Crown. The great Moot of Salisbury had indicated that William I intended the monarchy to be more than a mere feudal institution. The king claimed to have authority, not only over the tenants in chief as feudal vassals, but over all people as subjects. There were thus feudal and royal aspects of the king's revenue, and it was naturally the royal aspect which grew as feudalism declined, though, of course, in becoming more royal, the revenue was also made more public, and the king's treasury became the national treasury. To follow this evolution the feudal and royal aspects of revenue must be considered separately.

B

In his feudal character the king drew his revenues from land, which in the Middle Ages was the most important form of wealth. William I had declared that

all the land, including the folk land, was his, but a great deal of the land thus gained was handed over to the Norman barons, who, in return, had to render to the king certain dues. Much land was held on the condition of the performance of military service. One knight's service was to be given for forty days every year in return for every five hides of lands, so that the king should be able to have an army free of cost. Military service of this kind, however, was not satisfactory either to king or vassal, and in 1159 it was converted by Henry II into a money payment, known as Scutage, with which the king hired mercenary soldiers. On every fief of the annual value of £20 a scutage of £1 6*s*. 8*d*. had to be paid, and it was regularly imposed until it finally disappeared in 1322. In addition to this were the feudal "incidents," of which there were five. A payment known as a "relief" had to be paid to the king before an heir could succeed to a fief; if the successor were a woman, a fine was imposed upon her if she did not marry according to the king's wishes; when an heir was under age, the king enjoyed the right of "wardship" and took the income of the fief until the minor came of age; a fief reverted to the king when there was no heir; and, in case of any breach of feudal tenure, the fief was forfeited to the king. All these incidents continued throughout the Middle Ages.

In addition to these normal feudal revenues the king had the right to demand "aids" from his vassals in times of emergency. It was understood that such aids could be required when the king's eldest son was knighted, when his eldest daughter was married, and when it was necessary to ransom the king from captivity. In each of these circumstances a sum of money was necessary which the ordinary revenues were not considered sufficient to meet. It was not uncommon, however, for

aids to be demanded for more emergencies than these three; and the abuses of John raised a considerable amount of opposition, and in 1215 it was laid down in Magna Carta that aids should only be required in the three given emergencies, and that any extraordinary aids could only be imposed with the consent of the realm. Since this was not subsequently observed, it was reiterated in 1297; and then in 1350 the amount of the aids which could be levied for the knighting of the king's eldest son, and for the marriage of his eldest daughter, was fixed at 20 shillings from every knight's fee, and the same sum from socage land worth £20. The income from such aids, however, was very small, and since it had become impossible for the king to interpret " aids " in a wide spirit the king had to rely increasingly on other forms of revenue for extraordinary expenditure, which made it necessary for him to submit to some external control.

The king did not, however, by any means grant all his land to feudal vassals, but remained himself a very important landowner; and from his estates and the courts which he maintained on them he drew a considerable income. Extremely important, also, from the revenue point of view were the towns which grew up on the king's estates. When the towns developed, as they did rapidly after the Conquest, it was natural that they should want to be free from the tyranny of the sheriffs, who frequently extorted excessive amounts of money. It was general, then, for the towns to compound their various dues, and pay the king a fixed annual sum known as the *firma burgi*. The contributions of the individual inhabitants were assessed and collected by the town authorities, and, by the elimination of the sheriff, both the town and the king gained. Nor was this all. Tallage, which had evolved out of what was known as

the auxilium burgi, was imposed upon the towns on the royal desmesne to finance the King's wars. It was levied by the King in his status of landowner, though sometimes extended to the whole country as well, and was exacted a number of times from 1168 onwards until it fell into disuse after the last payment of 1332.

C

In his royal capacity the king in the Middle Ages had a number of sources of revenue. He had the right of purveyance, for example. His representatives, according to this right, could take the goods of anyone at an arbitrary price, a practice called pre-emption, or they could simply take the goods, a practice which went under the name of caption. It was from the same right of purveyance that the king had the privilege of taking prisage, a toll on every ship which came into port with a cargo of wine. In addition, there were the profits of jurisdiction. From the Norman Conquest onwards, murders and breaches of the King's peace were punishable by fines, and after the reign of Henry II the scope of the royal courts was so much extended that this source of revenue became very important. The king fully realised the truth of the maxim "Justicia magnum emolumentum est." But, quite apart from these revenues, the king in his royal capacity could impose taxation. Of this there were naturally two kinds, direct and indirect. Direct taxation included taxes on land, on movables, and certain experimental taxes, whilst indirect taxation took the form of customs duties; and both these must now be considered.

1

The first direct tax on land was the Danegeld, which had been imposed first by Æthelred in order to buy off

the Danes, but which was retained as a national defence fund. It was the first real tax in English economic history, and was levied in 991, 994, 1002, 1007, and 1011. It was suspended by Edward the Confessor, but William I, realising its value, increased it from two shillings on every hide, or 120 acres, to six shillings in 1084. Under William, however, it was still regarded as an occasional tax, and it was not till Stephen's time that it became regular. There is no doubt that the Danegeld was a very heavy burden, and it disappeared in 1163, but its place was taken by another direct land tax known as the Carucage, which was first levied in 1194. The unit of assessment was the carucate of hundred acres, but the amount of the tax varied. In 1194 it was two shillings per carucate; in 1198 it was five shillings; it was three shillings by 1200; and in 1220 and in 1224, it was levied for the last time, it was again two shillings. The taxation of land remained throughout the Middle Ages and two new taxes were imposed, for example in 1404 and 1411. But with the economic development which was taking place, land, though always a very important source of wealth, was being superseded and it is other forms of direct taxation which are of greater interest.

Henry II took a great step forwards in the evolution of taxation, for it was he who first taxed movables as well as land. In 1188 he imposed the Saladin Tithe, for the purpose of financing the Crusade in which he intended to take part, and enacted that every person must surrender a tenth of his movables. This was made a regular tax by Richard, John, and Henry III, but the fraction exacted varied. In 1193, when it was necessary to ransom Richard, the fraction was one-quarter; it was one-fortieth in 1201; and in 1207, when John proposed to recover Normandy, it was one-thirteenth. By the

fourteenth century, however, the tax on movables had become standardised at one-fifteenth in the case of counties, and one-tenth in the case of towns. The difficulties of collection were extremely great, for though everyone was liable to be assessed by juries if necessary, the amount raised was generally unsatisfactory. In 1334, therefore, the "tenth-and-fifteenth" was fixed as being equivalent to £39,000, and the amounts to be contributed by the various counties and towns were agreed upon by representatives of the king and the localities. Thereafter the grant of a "tenth and fifteenth" was always considered to be £39,000, and the counties and towns themselves assessed and collected their quotas. The tax on movables in this form persisted throughout the Middle Ages, though important remissions were made between 1433 and 1472 in favour of the decayed towns like Lincoln and Great Yarmouth.

In addition to the taxes on land and on movables, three experiments in direct taxes were made in the Middle Ages. First, there was the Poll Tax, first levied in 1377, which imposed a tax of fourpence on every man and woman. It was repeated in 1379, when the subjects were ranged into classes, at the head of which were a couple of dukes, who had to pay £6 13*s.* 4*d.*, and at the bottom of which was the poor married man who had to pay fourpence. There was, however, considerable variation in the incomes and wealth of people placed in the same class, and therefore in 1380 the scheme was modified. It was declared that each parish must collect a sum equal to one shilling per head of population, and that the individual contributions were to be assessed and collected by the parish authorities, who were never to levy more than £1 or less than fourpence. The Poll Tax was a main cause of the Peasants' Revolt of 1381, and it was never repeated during the Middle Ages. The

second experiment was the imposition of Benevolences. It is probable that in the later years of Henry VI, when the Crown was poor, it became common for rich men to make presents to the king, but Edward IV began to exact these "offerings," and though it was made illegal in 1483 the practice continued into the Tudor period. The third experiment was the imposition of income tax in 1435 and 1450; people with an income below a certain level were exempted, but the tax was not found in any way satisfactory.

2

Indirect taxation in the Middle Ages, which was an exercise of royal not feudal authority, and which took the form of customs duties, has vague origins. It may have developed from the king's practice of taking prise of cargoes of wine, which he exercised under the right of purveyance, or it may have started as a series of fines paid by the merchants to the king in return for his protection. There is no doubt that in the early Middle Ages customs duties were arbitrary, but in 1215 John was compelled to agree that they should be reasonable, and in 1275 a regular scale of charges was drawn up. The king could levy half a mark on every sack of wool, and one mark on every gross of hides, exported, and could take one cask of wine fore and aft on every cargo of wine imported. But this was not final. In 1303 Edward I in his *Carta Mercatoria*, which he made with foreign merchants, increased the rates on commodities and raised the duty on wine to 50 per cent.; and though this was abolished in 1311 it was confirmed in 1352. With native merchants Edward II made an agreement in 1308 whereby the prisage on wine was commuted to two shillings on every imported tun of wine, and in 1347 it was further added that sixpence should be paid on every

pound of merchandise. This, the origin of Tonnage and Poundage, was confirmed by Parliament in 1373, as supplementary to the royal income from the ancient customs, and from the time of Henry V until the accession of Charles I was always granted to the king for life.

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CHAPTER VII

TOWNS

A

DURING the Middle Ages the town became the dominant unit of economic life, and though the majority of people were still concerned mainly with agriculture, it was in the towns that the basis of future progress was laid. The theme of urban development was, of course, the struggle of the towns to secure self-government and independence, but it must be remembered that what the towns aimed at was the acquisition of privileges. In the Middle Ages there was no such thing as liberty. There were only "liberties," and it was to obtain these undemocratic and exclusive rights that the towns were prepared to pay so much. Nor was there any appreciation of the term "nation," for as late as the fifteenth century the Cornishmen objected to paying their share of a war against the Scots on the ground that it in no way affected them. It was fortunate that the towns did not become so completely independent as the German, Italian, and Spanish towns; had they done so it would have been much more difficult for the State to take its place as the economic unit when the time was ripe. The towns were able to perform a really useful function simply because they did not completely succeed. Their rise, their characteristics, and their decline must be considered.

B

The growth of trade and industry after the Norman Conquest inevitably led to a certain degree of concen-

tration of the population. England was divided into shires, each of which was divided into hundreds, and the first type of urban organisation which must be considered was the township or vill, which was a subdivision of the hundred. The whole of England, from the thirteenth century onwards, was divided into townships, the smallest unit of local government. Very often the township coincided with the manor, but the two units are quite distinct. The manor was an agricultural unit, whilst the township was an administrative unit and had many police duties, such as the apprehension of criminals, to carry out. The township was part of the general political organisation of the country and was represented in the shire court by the reeve and four men when the king's justices paid their periodic visits. It might be on the land of the king, in which case it could make some progress towards self-government, or on the land of a lord or of the Church, in which case it was almost impossible to secure any degree of freedom. The bulk of the townships were too poor to think much of achieving self-government, but in them markets and fairs were usually set up by the local lord or ecclesiastic, to whom such institutions were a source of profit. It was in this way that the unchartered market towns sprang up. The fact that they were centres of trade and industry, though still dependent, meant that they acquired a fair amount of importance.

Far more influential, however, was the second type of urban organisation, the boroughs. The boroughs were originally places of defence. They might be places which had been the capitals of ancient kingdoms, many of which were coterminous with the shires of Norman England; they might be border fortresses, walled seaports, military settlements in disaffected parts of the country, or fortified villages on the royal desmesne.

There were eighty boroughs at the time of the Norman Conquest, the main ones being London, Winchester, York, Norwich, and Bristol, and it is probable that they had an average population of not more than 2,000. The organisation of the boroughs undoubtedly varied from the start. Some were very little different from the townships, but many had a gemot, or court, of their own, for Athelstan, for example, had said that the "burh-gemot" must be held three times a year. There is no doubt, also, that from early times the boroughs held a privileged position as trading centres. The Norman Conquest itself certainly adversely affected the boroughs at first, for they were all considered to be within the desmesne of some lord, and this reduced the burgesses to the status of villein tenants; but a corporate feeling had already been engendered, and the burgesses very soon attempted to improve their position.

Each borough has its own history, and it is true that at any given time in the Middle Ages no two boroughs can be found which were exactly alike; but certain lines of development were commonly followed, and a general impression of their evolution can thus be gained. The first thing the boroughs sought to do was to secure immunities from the lord by making a series of bargains with him. At the same time, the boroughs pursued the still more important policy of securing the commutation of the royal dues, by means of which the boroughs paid the *firma burgi*, a sum which was fixed once and for all. The towns had the right to assess the *firma burgi* on the burgessess, and the privilege was often granted by charters purchased from the Norman kings. Both the king and the boroughs gained from the practice. The boroughs were freed from the financial tyranny of the sheriff, who had previously been responsible for the collection of the dues and who was not averse to levying

extra impositions which went into his own pockets. The boroughs knew beforehand, also, just how much they would have to pay, and the danger of capricious exactions passed away. The king, on the other hand, gained, because he was able to eliminate the sheriff. But the commutation of the royal dues, although a great advantage, did not, of course, give the boroughs any real degree of independence.

Several other policies were therefore commonly followed by the boroughs. They aimed, first, at securing immunity from the jurisdiction of the local hundred court; secondly, at having their own courts with the same powers as the hundred courts; thirdly, at appointing all their own officers; and fourthly, at excluding completely the sheriff. The burgesses were particularly anxious to secure the right to sue and be sued in their own courts only. The degree of self-government obtained varied considerably from place to place, and progress was generally piecemeal. Everything depended upon how much the boroughs could afford to pay and upon how great was the need of the kings. Henry II granted a number of fairly generous charters, but it was Richard I, who needed money for crusading, and John, who was simply avaricious, who made the most sweeping grants. London naturally led the way. As early as the time of Henry I, London had obtained recognition as a borough with the jurisdiction of a shire. It had its own court and its own sheriff and thus occupied a very privileged position indeed, but the smaller boroughs were not able to follow its example for a very long time. The status of shire was not granted to York until 1397, and it was not until the end of the Middle Ages that the grant became more common. And even then, of course, such fortunate boroughs were not completely independent.

Since industry and trade were continually developing, it was natural that the borough inhabitants should wish also to regulate all economic activity within their areas, and in this they were uniformly successful. The grant of a merchant gild to do this accompanied many charters from the end of the eleventh century onwards. The functions of the merchant gilds have been previously indicated, but it may be repeated that they were the product of times when industry had grown up but had not become very specialised. Hence, London and Norwich never had a merchant gild. The establishment of a merchant gild was the recognition of the borough as a unit of economic importance. The relationship between the merchant gilds and the borough courts is perhaps a little confusing. It is clear that the membership is often identical, but the two bodies were nevertheless quite distinct. The functions of the borough courts were administrative, and embraced the preservation of the peace, the collection and payment of the *firma burgi* to the King, and the maintenance of the highways. The functions of the merchant gilds, on the other hand, were purely economic, and included the laying down of regulations about trade and production of every sort. The organisation of the bodies was also quite distinct. But as time passed the two bodies seem to coalesce, the merchant gild sometimes absorbing the borough court, the borough court sometimes absorbing the merchant gild. In 1408, for example, the merchant gild and the borough court were identical in Winchester, and it is significant perhaps that in some old boroughs the " Guildhall " is still the title of the administrative centre.

With the rise of the craft gilds the power of the municipal authorities was often temporarily threatened. It has already been indicated that the craft gilds were the

natural product of the increasing specialisation of industry, which made it impossible for the merchant gilds to exercise effective control; but there was at first considerable hostility between the municipal authorities and the craft gilds. On the one hand, the municipal authorities thought that the king had dealt hardly with them in selling to the craft gilds privileges which had previously been dearly bought by the burgesses, and, in certain cases, when the craftsmen were largely aliens, there was some racial feeling. On the other hand, the craft gilds often tried to set aside the authority of the municipality. The quarrels were generally bitter, but in the long run it was always the municipality which triumphed. In 1300, for example, the weavers of London were compelled to submit to the municipality, and the subordination of the craft gilds became general afterwards. In the fourteenth century the municipalities actually started to organise craft gilds themselves, whereas they had previously been authorised by the king only, and the craft gilds thus became integral parts of the municipal administration. The craft gilds were in every way under the control of the municipality, and since the municipality represented better the community, its triumph was all to the good. The quarrel with the craft gilds led to the increase of the power of the borough court.

Meanwhile the boroughs had been acquiring what is called corporate unity. Until they attained this the boroughs were nothing more than collections of individuals, but on attaining it the boroughs became themselves fictitious persons with legal rights and duties which were quite distinct from those of the individual burgesses. The essential features of a corporate borough are that it has the right of perpetual succession; that it can hold lands; that it can sue and be sued as a juristic unit; that it can use a common seal; that it can make by-laws; and

that its affairs are handled by a mayor and aldermen. The idea of the corporation owed a great deal to the Canon Law, and it is not surprising that, though Bracton considered it in his treatise on the Laws of England, progress was slow. London in 1191 certainly received the recognition of its "communa" and was henceforwards to be governed by its own mayor and aldermen, but it would hardly be correct to date the corporate idea from then. It was really in the fifteenth century only that the recognition of boroughs as corporations came into being, and from that time onwards the practice became more general.

The government of the corporate towns, as they may now be called, was almost invariably oligarchic, and there is no doubt that the towns were extremely exclusive in their outlook. They invariably penalised the alien and the stranger, and in their eyes the town ranked even higher than the State. They were full of urban pride, which did not, however, prevent the rich and powerful in many places from oppressing the weak. But the towns were never to become completely independent, and charters which had been granted could always be modified or cancelled. What is more, from 1265 onwards, representatives of the boroughs were summoned to Parliament, and though many of the boroughs attempted to avoid this obligation, the tendency towards excessive exclusiveness was somewhat checked. When representatives of the boroughs and shires met together at Westminster, it was inevitable that they should develop common aims and that particularist feeling should decline.

C

During the fourteenth century the boroughs had become extremely prosperous. Richard II borrowed

considerable sums of money from the towns in 1382, in 1386, and in 1397, and it is clear that there were many wealthy men in towns like London, Norwich, and Bristol. Such merchants set up magnificent houses in which the king did not despise to spend a night. But in the fifteenth century what appears to be a decline in many of the corporate towns occurred. The exemptions which were granted in the levies of the "tenth and fifteenth" give substance to the complaints of the times. Heaviness of taxation may have been one cause, but there is little doubt that the main cause was the exclusiveness of the craft gilds, which drove journeymen craftsmen, who could not now hope to establish themselves in business in the corporate towns, to settle in the market towns, where there were no restrictive regulations. But there was at most merely a displacement of urban population, and no decline in urban civilisation. What the old corporate towns lost the market towns gained, and the country in any case did not lose. The towns had played their part as centres of economic civilisation, the dangers of excessive independence had been safely avoided, and the State was ready to become the most important economic unit of the new times which were being born.

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CHAPTER VIII

COMMUNICATIONS

A

No very great progress was made during the Middle Ages in the improvement of communications. Owing to the self-sufficing nature of the manor, the majority of people were content to live and die where they were born, and no one had any considerable knowledge about the maintenance of roads and the care of rivers. But at the same time, industry and trade were developing, and towns were growing more and more important; and it is clear that as the period passed on, an increasing number of people, despite the difficulties of travel, were moving about the country. The State, also, and the Church, paid some attention to roads for their own advantage. So far as overseas communication is concerned the Middle Ages have to their credit a better record. England's rôle in foreign trade was largely passive, but towards the end of the period an increasing number of merchants did undertake the risks of overseas trade, and the State gave very influential encouragement. England began, slowly but surely, to take advantage of the fact that Nature had made her an island. In view of what some historians have said, it is well to beware of exaggerating the extent of regular communications, by land, river, or sea; but the story is not one of complete stagnation.

B

Roads were of some importance during the Middle Ages, because fairs and markets were periodically held,

because pilgrimages were constantly made, and because many important lords possessed scattered estates with which they kept in touch. It is clear from Chaucer that some roads were regularly used, but there were few of them which were good enough for cart traffic. The pack-horse was the normal means of transporting heavy goods, and travellers always rode on horseback and never in vehicles. The upkeep of the roads was still one of the items of the Trinoda necessitas, which was still imposed, and the authority directly responsible for the condition of the roads was the manor. It can hardly be doubted that the manor carried out its duties negligently, but a great deal was done by the religious houses, which looked after the roads as an act of Christian charity for the sake of the traveller; and the gilds and certain special brotherhoods did similarly useful work. In 1285 the State stepped in and laid it down in the Statute of Westminster that the highways between market towns should be enlarged, and that all bushes or obstructions should be removed so that there was open land for two hundred feet on one side of the road and for one hundred feet on the other. Such clearing of the roads made travel safer, since the honest man could not now be suddenly pounced on by robbers, but no mention was made of the improvement of roads. It is probable that the roads in London were kept in good condition, for in 1346 tolls, whereby the users of roads should contribute to their upkeep, were introduced; but it would be unreasonable to expect such a system to be extended throughout the whole country.

C

As carts could not be often used on the roads during the Middle Ages, it was an advantage to use the internal waterways for the transport of heavy goods. England was

fortunate in her rivers, and it is significant that during the Middle Ages many towns, like Gloucester, Shrewsbury, Oxford, Peterborough, Tewkesbury, Doncaster, Hereford, and Cambridge, grew up on the sides of rivers. The sea-going boats of the times were comparatively small and could often reach towns which were far inland. York, Chester, and Ipswich, for example, were in immediate touch with the outside world and were consequently important trading centres. York, even, could claim to be a port. Goods, also, could easily be transported from Lynn, one of the most prosperous medieval ports, to Cambridge and the neighbouring fair of Stourbridge. Such communication, it is true, was slow and somewhat uncertain, for very little was done to improve the river channels in any way, and despite the severe punishment meted out to those who blocked up the waterways, obstructions were quite common. But as a means of carrying heavy goods the rivers were extremely cheap, and they enabled inland places to obtain goods which might otherwise have been very rare.

D

Though England was not very enterprising in foreign trade during the greater part of the period, a good deal of development in English shipping did take place. William the Conqueror possessed ships, propelled by sail and oar, which were of thirty tons burden and carried forty or fifty men. The size of the ships seems to have increased gradually, for the White Ship is supposed to have had fifty oars and to have carried 300 persons, whilst in the fifteenth century William Canynges, the Bristol merchant, possessed in all 2,853 tons of shipping, including one ship of 900 tons burden. The Government did something to encourage shipping. Richard I confirmed the maritime code known as the Laws of

Oleron; John policed the Narrow Seas fairly efficiently; and in 1381 the first Navigation Act was passed to protect and stimulate English shipping. Up to the time of Richard I the only parts touched by English shipping were Ireland, the Continent, and Scandinavia, but thanks to Cœur de Lion's part in the Third Crusade, English sailors began to penetrate the Mediterranean. A great step was taken in the thirteenth century, also, for the compass was first used, and though the seas were infested with pirates throughout the Middle Ages, the growing importance of the wealthy merchants proves that overseas communications were by no means unimportant in the period.

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BOOK THREE

THE AGE OF NATIONALISM

CHAPTER I

OUTLINE

A

THE Age of Nationalism extends from the accession of Henry VII in 1485 to the death of George II in 1760, and the essential feature is that politics dominate all economic activity. The period falls into three natural divisions. First, there was the Tudor period from 1485 to 1603, in which the main features were the Renascence, the Reformation, the "Popular Despotism," and the beginning of overseas expansion. Secondly, there was the Stuart period, from 1603 to 1688, during which the clash between Crown and Parliament occurred, Puritanism rose for a time to political supremacy and left a permanent mark on English life, the English affection for Monarchy brought back the Stuarts, and, finally, the foundations of England's colonial greatness were laid. Thirdly, there was the eighteenth century, which really extends from 1688 to 1760, in which the Bill of Rights and the Act of Settlement made Parliament the senior partner in the work of government, rationalism and materialism began to influence the development of the country, whilst evangelical religion at the same time affected the lower and middle classes, and the State played a consistently active part in the formation of the Empire. The whole Age of Nationalism was a prelude to the Modern Age.

B

The Renascence, which affected England from the time of Henry VII onwards, was far more than a rebirth—a term which describes but one aspect of the movement. The revival of classical learning was only one effect of a fundamental change of outlook which transformed every side of life, and the Renascence itself can best be described as a freshening of the human spirit. The medieval mind had considered that certain human faculties were essentially good, others essentially bad, and that the former should be fully developed whilst the latter should be entirely repressed. The Renascence mind considered that all faculties were neither good nor bad, and that true living demanded that all should be exercised so long as no one faculty was so much developed that the exercise of others was impeded. The Renascence was the new birth of self-expression, and it revealed itself in the new political faith in the nation state, in the geographical discoveries, in the freeing of literature, art, and science from the bonds of theology, and in the new passion for individual liberty. In England the economic effects of the Renascence were numerous and far-reaching. The desire for wealth and for worldly success, upon which the Middle Ages had frowned, was let loose, and if this caused the enclosure movement it caused also the growth of England as a great commercial nation. Whereas adventure, in the Middle Ages, had been considered especially desirable in the realms of thought and religious experience, adventure in the world of action now became fashionable. Finally, directing both these was nationalism, which, in economic life, meant the growth of mercantilism. The Renascence had its bad side, but in that it broke the shackles of the past its services were tremendous.

The Reformation, which quickly followed the Renascence, was in England a purely political movement at first, and had but little connection with the German Lutheran movement which had started in 1517. Henry VIII wanted a divorce from Catherine for the simple reason that she had not produced, and did not seem capable of producing, the male heir upon whom the safety of the dynasty seemed to depend. The reluctance of the Pope caused Henry to start the Reformation as an attempt to blackmail the Pope into giving the necessary sanction for the divorce, and it was only when the impossibility of securing this was seen that Henry went the whole way and, in 1534, placed himself in the papal shoes. But the Six Acts of 1539 are clear evidence that Henry was still, in doctrine, Catholic. Under Edward, Somerset and Northumberland attempted to make England extremely Protestant in doctrine; but Mary reversed the process, and it was only in the time of Elizabeth that a *via media* could be found. She, in 1559, set up the Church of England, which, though obliging, was nevertheless Protestant, and from that time onwards England has been quite definitely outside the Roman communion. The effects were of both immediate and permanent importance. England quickly became the leading Protestant power in Europe, so that war with Spain was inevitable; and there can be little doubt that the Protestantism of England has had a stimulating effect upon its whole life. If the Reformation was an accident it was certainly not a blunder from the national point of view.

Partly as a result of the Renascence and the Reformation, and partly as a natural result of circumstances, the Monarchy in the Tudor period played a very important rôle. The spirit of nationalism had been developing in England throughout the later Middle Ages, and the

Tudors were regarded as a symbol of national unity. But, more important still, the Tudors justified themselves on practical grounds. The Lancastrian Experiment had produced the Wars of the Roses, and what England wanted was strong government. This the Tudors were admirably fitted to provide, and they were helped by the fact that the feudal nobility, always a peril to national order, had practically committed suicide during the Wars of the Roses. The Tudors, with the possible exception of Mary, who almost made England part of the Spanish Empire, were extremely jealous of national power and prestige. They looked after the interests of the country; they preserved peace and order at home; and they encouraged economic development. The prosperity of the state was their first object. They were always, moreover, tactful. They were content to be *de facto* rulers; and they preferred to use the existing institutions such as parliament, instead of flouting their authority, always making sure, however, that the institutions should be duly obedient. The Reformation enhanced their authority by making them spiritual and secular heads of the State, and by the end of Elizabeth's reign the English Monarchy was extremely popular. It may truly be said of sixteenth-century England, "Le nouveau Messie c'est le roi."

Owing to the religious difficulties at home the State did not take any active part in overseas expansion, but the attitude of the bulk of the population is revealed by the adventurous activities of a number of explorers. In 1530 Hawkins reached Brazil; in 1553 Willoughby and Chancellor sailed into the White Sea in their search for the North-East passage; and in 1577 Drake sailed round the world. Attempts to establish permanent settlements were then attempted. In 1583 Sir Humphrey Gilbert took possession of Newfoundland, in the next year

Raleigh claimed Virginia, and in 1587 a second expedition under John White went out. The attempts at colonisation were not satisfactory, and a great deal of the maritime activity of the Elizabethan period was directed towards the robbery of the Spaniards. The actual achievements of the Elizabethan adventurers are not very noteworthy side by side with those of the Spaniards and Portuguese, but two factors must be noticed. First, the Spanish discoveries were put forward by the Government. Secondly, the work of the English adventurers was extremely important because it showed that England's pre-occupation with continental affairs was coming to an end. Henry VIII, in 1519, might have been misguided enough to put himself forward as candidate for the crown of the Holy Roman Empire, but England now realised that she must look further afield, and gradually it was recognised that the loss of Calais, instead of being a misfortune, was a providential indication of the true line of development.

C

The accession of the Stuarts meant that for the first time in history one individual was king of both Scotland and England, but the great chances of the Monarchy were hampered by the behaviour of the Stuarts themselves. It is quite true that the Stuarts were in a difficult position. The political anomaly of the Crown supreme in the Church, but constitutional in the State, the growing unrest of the Middle Classes in Parliament now that the foreign menace of Spain was removed, and the decline in the real value of the revenue owing to the influx of the precious metals from the New World all made the situation very serious indeed. But the Stuarts made matters impossible by their idea of Divine Hereditary Right. The Tudors had been content with *de*

facto monarchy. The Stuarts tactlessly demanded *de jure* monarchy and claimed that, since their authority derived from God, they themselves were the source of the law, which they were therefore above, and of all privileges and rights. Such a contention was, of course, now impossible, and Magna Carta, after centuries of oblivion, could be hauled out by Coke to prove the truth of arguments which were admirable, but of which the Middle Ages had never even dreamed. Actual events seemed to credit James with a certain amount of prudence, but Charles, after the Eleven Years' Tyranny, found himself so penurious, owing to the Bishops' Wars, that he had to summon Parliament; and from that time onwards it was inevitable that the quarrel should be fought out with the sword. The ultimate result was to be that Parliament was to have a greater voice in the affairs of the country.

The success of the Parliamentarians and the Commonwealth meant, of course, the triumph of Puritanism, which had been growing up in England since the later years of Elizabeth. In faith, the Puritans were Calvinistic, but they were not, as some have insisted, lower-class people. It has been said rather well that in Hampden village, for example, no village Hampden would have been tolerated. The Puritans, on the whole, were professional men and smaller traders, men of some experience of affairs. They were as much opposed to the Levellers, who wished the land to be common property once more, as they were to the royalists. The better type of Puritan was tolerant towards people of all religious faiths except Roman Catholicism, and it is notable that during the Commonwealth the Jews, who had been kept out of England since 1290, were allowed to return, to the advantage of the whole country. The Puritans believed in hard work and encouraged industry,

and they thus had a permanent effect on English economic life. Cromwell, as Protector, naturally attracts the greatest attention and is the exponent of Puritanism. His influence on the life of the country was not very good, since his rule was more despotic and more expensive than that of Charles had been, but he had a good deal to do with raising England's European prestige, with beneficial results to her trade; and he is, as will be indicated later, a great founder of the Empire.

The Restoration Settlement, which succeeded the Commonwealth, has a number of points of interest. It was a restoration of both the Monarchy and the Church. The Cavalier Parliament which sat until 1679 was more royalist, but also more Anglican, than the King himself, and was as hostile to Roman Catholics as it was, in the Clarendon Code, to Puritans. Despite the Commonwealth, no serious breach was made in the powers of the Crown, which were, indeed, fully restored, but England was determined once and for all to avoid the Roman Catholic Church. Charles, being wisely determined not to go on his travels again, saw the obvious truth after his two experiments, the Treaty of Dover—which would have made Charles financially independent of Parliament but absolutely dependent upon Louis—and his declarations of indulgence, and was content to enjoy absolute power. It was the misfortune of James II who succeeded him that he could not, or would not, see how strong Anglican feeling was in England, and the result was his deposition in 1689. If James II had not been foolish it is quite possible that the Stuarts would have remained much longer on the English throne, and the trend of political and economic events in England would have been entirely different. As it was, the Restoration was merely an interlude between the Commonwealth and the Revolution of 1688.

The European prestige of England suffered during the rule of the last two Stuarts—indeed during the whole of the Stuart period with the exception of the Commonwealth—but advances were made in the colonial expansion of England under Charles II. There had been a good deal of development before this time. Jamestown had been settled as early as 1607; in 1620 the Pilgrim Fathers sailed; and in 1632 Maryland was founded. The Government first took the initiative under Cromwell, who secured Jamaica from Spain, and the beginnings of a definite colonial policy date from 1660, for the Navigation Act of that year was based on the assumption that the colonies existed for the sake of the mother country. It was Charles, again, who founded the Council of Trade and Plantations, to supervise all commercial matters, and during his reign valuable additions were made to our overseas possessions. The Carolinas were founded in 1663; by his marriage to Catherine of Braganza, Bombay and Tangiers became English; and as a result of his war with the Dutch, New York and Delaware were annexed. Up to this time, however, the Government had not taken much notice of colonies, but there were signs of an awakening consciousness which became very pronounced indeed during the eighteenth century.

D

On the threshold of the eighteenth century came the Settlement of 1688, which laid the basis of all future political progress. There are really two items to be noted. First, there was the Bill of Rights, which ensured that the government of the country should in future be carried on by the Crown in Parliament, and that Parliament should be the major partner in the business. Secondly, there was the Act of Settlement,

which insisted that in future all the rulers of England should belong to the Church of England. From this time onwards, therefore, England was governed not by the Crown but by the landed gentry. Parliament triumphed over the Crown. But this did not mean that the government became in any way democratic. Those who had a stake in the country alone enjoyed political power, and there was no recognition of the old principle *quod omnes tangit ab omnes approbetur*. There was a good deal to be said for the argument that every blade of grass was represented, and it is most unfair to talk glibly of the absurdity of Old Sarum—a mere stone wall which returned two members to Parliament. Land was really still the main form of wealth, and since the wealthy commercial magnate invariably bought an estate, those who had proved their enterprise and their business capacity had a chance of exercising political power. The only disadvantage was that the Whig Oligarchy, as it is called, used its power to advance its own class interests; but that after all is no more than the members of every class, high or low, do.

The eighteenth century is called an age of reason. There was not in England the same intellectual life that there was, for example, in France. We had no Voltaire, Rousseau, or Montesquieu. On the other hand, we had Hume and Butler, and there can be no doubt that the average standard of intelligence amongst the upper classes rose very considerably. Now, more than ever before, people began to examine questions on their merits, and not in the light of tradition. This tendency is revealed, in fact, late in the seventeenth century, when Petty proved himself to be the first statistician, even though assumption did play a very large part in his logic, when, for example, he calculated the population of his day by reckoning up the number of generations

since Adam and Eve. The inductive method, which had first been outlined by Francis Bacon, really came to its fulfilment in the eighteenth century, and a scientific atmosphere was produced in which new ideas on all sides of economic life could spring up. As will be shown later, it would have been impossible for the experiments of men like Newcomen and Kay to have their full effect if there had not been such a scientific atmosphere in the period. The rationalism of the period, again, helped on the emergence of individualism which had first been ushered in by the Renascence. Locke ousted Hobbes in the realms of political thought and came forward as the defender of the individual against absolute monarchy—the basis of the 1688 Settlement—and a reasoned case, on the other hand, began to be put forward in favour of freedom in industry and trade. Rationalism, in the eighteenth century, thus meant the death-knell of Mercantilism.

That the eighteenth century was materialistic in its outlook is very largely true. The materialism followed to some extent from the rationalism, but it was due also to the growing prosperity of the times, and for it there was a good deal to be said. Walpole, by avoiding noble idealism as much as possible, and by keeping England out of wars from which she could gain nothing and lose much, did a vast amount to increase the country's prosperity. A country can hardly be wealthy if too much of its attention is directed to quixotic ideals. But at the same time, it is unfair to regard the eighteenth century as simply a period of materialism, because, after all, it was then that the Wesleyan Movement began and had such a profound influence upon the life of the whole country. Wesley opened his first chapel in 1739, and from that date up to his death in 1793 devoted all his energy to "tilling the untilled soil." It is true that

Wesley appeared to be tarred with the eighteenth-century brush of materialism, for he preached that to make a material success of life was the first Christian duty, but he also insisted that the true Wesleyan should give to the poor all that he had, apart from what was necessary for his own personal needs. It will be shown later that a lax interpretation of the second injunction enabled sufficient capital to be accumulated for the Industrial Revolution, but it is sufficient to say, in order to indicate the best side of the Wesleyan Movement, that the effect on the lower classes was admirable. The workers were made God-fearing and clean-living.

Meanwhile the overseas importance of England, the basis of which had been laid in the Tudor period, was becoming a cardinal factor, for it was in the eighteenth century that England became the premier colonial power in Europe. England had defeated her great rivals, Spain and Holland, in the sixteenth and seventeenth centuries, although she had not thereby added very materially to her colonial possessions. In the eighteenth century occurred a continual struggle between England and the great colonial power of the time, France, assisted by Spain, with the result that England secured most of her rivals' possessions. The first conflict really began in 1702, when the War of Spanish Succession opened, and by the Treaty of Utrecht of 1713 England secured Newfoundland, the Hudson Bay Territory, Minorca, and Gibraltar. After that date England interfered in continental matters whenever there was a chance to increase her colonial possessions by injuring France and Spain. The War of Austrian Succession began in 1742, and England was found opposite France and Spain again. There were no material additions to English territory by the subsequent Peace of Aix-la-Chapelle in 1748, but England was again opposed to France and

Spain in the Seven Years' War from 1756 to 1763, and by the Treaty of Paris she gained Canada, almost all the French possessions in India, Grenada, and Florida. Such colonies meant valuable markets for English products.

By 1760, when the period ended, therefore, the foundations for the later developments which were to revolutionise every side of life in England had been laid. Capital, thanks to the expansion of enterprise, was assuming something like its modern importance; industry, trade, and agriculture were advancing; rich men, whether they were flamboyant overseas merchants or careful business men, were increasing; and the general standard of life throughout the whole of the country was rising. All men were becoming both more acquisitive and more intelligent, and yet were not losing the typical English sturdiness and stubbornness. "John Bull," it is significant, is a product of the eighteenth century, and his solidity is the essential characteristic. England had reached the highest stage of economic civilisation ever known before—for all previous Empires had been founded upon commerce—and she was strong enough to have survived the mistakes she made. But the future had something entirely new in store for her. England was to be the pioneer in the new and hitherto unknown brand of civilisation which is based upon industrialism. In the year in which the eighteenth century may be said to close—1760—England was on the threshold of this great change, and fortunately she was not found wanting.

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of wealthy wholesalers or large-scale retailers came into existence, organised together in the Elizabethan companies. They had a real monopoly of trade within the corporate towns, and the Crown smiled upon them, for, in return for their privileges, they could be called upon to undertake the responsibility of seeing that the trade in the towns was well regulated in accordance with the established principles of order. The companies were the agents of the Crown now that purely local regulation was no longer the order of the day.

There were, of course, two main types of companies, the Livery Companies and the Mercantile Companies, of which something has already been said. The most powerful companies were the Drapers' Company, which had risen out of the Shearers' Gilds, and which dealt in cloth made in the homes of craftsmen who were nothing more than employees; the Grocers' Company, which imported mainly spices from abroad and sold them wholesale; the Mercers' Company, which traded in linen, canvas, and silk; the Fishmongers' Company, the Vintners' Company, the Ironmongers' Company, and the Haberdashers' Company, the functions of which are clearly indicated by their names. Side by side with these companies were the Goldsmiths' Company, the Merchant Taylors' Company, and the Leathersellers' Company, all of which were purely commercial and non-industrial; and in some parts of the country the Merchant Adventurers had a monopoly of general trade within the town. On the whole the companies deserved well of the country, for although they were disliked by the craftsmen, they upheld a high standard of commercial morality. Their influence declined in the eighteenth century, when all regulation became suspect, but many of the companies remain in existence as ceremonial and charitable organisations at the present time. The Gold-

smiths and the Fishmongers, for example, take great interest in the education of promising pupils, and the Merchant Taylors' School, to take but one instance, is evidence of the far-seeing policy of the company.

The members of the companies in the greater towns were generally wholesalers who received merchants and travelling pedlars and, when necessary, commissioned craftsmen to do the necessary work for them. They had apprentices, who had to serve seven years, and who might be the younger sons of the aristocracy; and they obtained very considerable experience in the management of affairs. It was they who in the late seventeenth and eighteenth centuries deserted the counter for the country estate, transformed themselves in a generation or two into landed gentry, and took an active part in the political life of the country, thanks to the franchise system, which based everything upon landownership. But the retailers must not be ignored by any means. It was in the sixteenth century that the retailer, or shopkeeper, came into existence as an increasingly important class. There had been shops in the Middle Ages, of course, but the shopkeeper had been also a craftsman, and it was of especial significance that the pure shopkeeper evolved in the sixteenth century. In sixteenth-century London, for example, there were haberdashers and mercers on London Bridge, grocers in Bucklersbury, butchers and locksmiths in Eastcheap, and booksellers in St. Paul's Churchyard. They catered for the ordinary consumer and ensured a regular and continuous supply of an increasing variety of commodities. Such service was unknown in the Middle Ages and could only be maintained by a high standard of economic organisation. In the greater towns one had no need to depend on the periodic markets or fairs. Everything was at hand daily.

The function of the travelling merchants, or chapmen, must be mentioned. They were essential because the means of communication were not good enough to ensure a regular supply of commodities in all places. They bought their goods from the wholesale merchants or from the fairs and markets, and moved up and down the country with their stock. Some such travellers conducted their business on a fairly large scale. In the seventeenth century they carried their stock on teams of pack-horses, ten, twenty, thirty or forty in number, and sold their goods at recognised inns to consumers or retailers. Each horse could carry many hundredweights of goods. In the seventeenth century, also, but more commonly in the eighteenth century, the traveller used two-wheeled carts and four-wheeled wagons; but the condition of the roads made it generally more practicable to keep to the pack-horse. In addition to the important travellers there were, of course, the small pedlars who bought from the chapmen, or from the markets and fairs, and who provided out-of-the-way commodities for the smaller villages and isolated farms. Such articles as paper, ribbon, pins, needles, and domestic wares were thus familiar to all. It was possible for all people to have not only necessities but a few simple luxuries as well, and if the hawker of to-day is more of a nuisance than anything else, his ancestors were nothing less than indispensable.

Since trade in the Age of Nationalism was becoming more complicated and more diffused over the whole country it was difficult for the State to exercise the same intense regulation which had been possible to the medieval gilds; but the State was very closely concerned with trade nevertheless. As is shown later, the State interfered very considerably with industry—by regulating imports and exports; by granting monopolies; by

passing sumptuary laws; by encouraging immigration of skilled artisans; and by making arrangements for the supervision of industry by royal officials, such as the aulnager, or by privileged companies, or by individuals. All such regulations affected trade almost as much as industry, since they determined what should be sold in the country and what quality should be maintained. It was no longer possible to regulate prices, but everything was done to see that internal trade was "healthy," and it was not until the later part of the period that Laissez-faire could usher in a new era. What is more, the State made possible sound trade in the period, by giving to it a sound currency. The coinage was overhauled, first by Elizabeth in 1560, and then by William III in 1696; and throughout the period there was no longer any reason for complaint about the harmful effects of a debased coinage.

C

It was in the sphere of foreign trade, however, that the most far-reaching development took place during the Age of Nationalism; and the extent of the growth of such trade may be gathered by a few statistics. It is difficult to secure figures of trade in the Tudor period, but in 1613 the total foreign trade of England amounted to £4,628,586. By 1663 the figure had risen to £6,038,831, of which £2,000,000 represented the exports. Exports alone had increased to £6,000,000 by 1699, when imports were £4,600,000, and in 1714 they had reached £8,000,000. The eighteenth century was, of course, a period of great commercial progress, and by 1750 exports were £10,150,000, whilst imports were £7,250,000. At the end of the Age of Nationalism exports were £16,000,000 and imports £10,000,000—a total of £26,000,000, or six times the amount of 1613.

In the period, trade was carried on with France, Turkey, Italy, Spain, Portugal, the Netherlands, Russia, the Baltic countries and the East Indies; and in the eighteenth century trade with America and the West Indies assumed considerable importance. The story of trade in the Age of Nationalism is one of constant striving and increasing success, and its main features may be seen if it is considered under three aspects—trade with Europe, Overseas trade, and Colonial trade.

I

By the end of the Middle Ages England's attitude towards trade with Europe had become definitely active, and a really active body of merchants had come into existence in the form of the Merchant Adventurers, who traded with Flanders, Germany, and Scandinavia. The way was definitely cleared for further progress by the abolition of the privileged position of the Venetians in 1534 and the expulsion of the Hansa merchants in 1597. But it was quite impossible for trade with Europe to be "free." First, regulation was still conceived to be in the order of things, and the State, which had taken the place of the town as the economic unit, was determined to keep the control of trade in its hands. Secondly, English merchants, when organised, were obviously able to secure better terms and greater facilities from other countries with which they traded, and the individual merchant would carry with him the prestige of the organisation to which he belonged. Thirdly, the standard of commercial morality in individuals was not sufficiently high to make free trade practicable; and so, regulation being established, it was to the interests of all merchants, and to the welfare of the State itself, to prevent the unauthorised person from carrying on foreign trade. Since the end of the Middle Ages the

" interloper "—the man who scorned control—had been evolving. He was certainly a harbinger of modern times, but he was in the Tudor period a public nuisance, since his misdeeds were a reflection upon the credit of all English traders. He had to be stamped out. For all these reasons, the idea of a monopoly of trade with certain parts of Europe, granted and guaranteed by the State, was favoured.

It was thus that the Regulated Companies came into existence. Each company was given the exclusive right to trade with certain parts of Europe and was responsible for the good behaviour of its members. The members paid an entrance fee to share the privileges of trading, but they traded with their own capital and at their own risk. They were rather like the medieval craft gilds in organisation, though they dealt with foreign trade, and the looseness of their organisation made them especially suited to European conditions. All members, of course, had to obey the regulations of the company, at the risk of expulsion, and all non-members were rigidly excluded from trade. Of such companies, the Merchant Adventurers' had been the model, and it continued to trade with Flanders, Germany, and Scandinavia. Secondly, there was the Eastland Company, set up in 1578, which held a monopoly of trade with Norway, Sweden, and the Baltic, importing tar, hemp, and timber, and exporting cloth. Thirdly, there was the Levant Company, which was founded in 1581 in order to eliminate the Venetian merchants who had called at Southampton on their journey to Northern Europe with Eastern goods; which had the exclusive right of trading with the Near East; and which established even an overland connection with India. The Regulated Companies were not necessarily exclusive, nor, indeed, were they exclusive at first, and they performed a very useful function.

The State itself took a very active interest in European trade apart from granting monopolies to the Regulated Companies. Throughout the period there was a series of commercial treaties which were of considerable value to the country. In the Tudor period, Henry VII was especially notable. He helped the cloth trade by his *Magnus Intercursus* of 1496, which enabled the Merchant Adventurers to sell their cloth in all parts of the Netherlands except Flanders; and even that restriction was removed by the *Malus Intercursus* of 1507, whilst, in addition, he gained from Ferdinand and Isabella of Spain permission for English merchants to trade freely with all the Spanish possessions. In the Stuart period, James I made a treaty with Philip III of Spain whereby English merchants had a monopoly of trade with Spain and a share of Spanish colonial trade; Cromwell made a treaty with Sweden which contained the first "most-favoured nation" clause; and Charles II made advantageous treaties with Spain, Denmark, France, and Holland. In the eighteenth century, the outstanding treaty was the Methuen Treaty of 1703 with Portugal, according to which a greater trade in woollens and port between the two countries was brought about; and in 1713 there was a commercial treaty included in the Treaty of Utrecht. The State did not ignore the welfare of England in any way.

Towards the end of the period the relative importance of trade with Europe declined, and there was even an absolute decline of trade with Russia, France, and the Baltic; but thanks to the policy of the State and to the initiative of individual traders, a sound basis for future progress had been laid. The Regulated Companies, of course, had to go, for the simple reason that in the eighteenth century the loose bond between traders was no longer necessary. Conditions in Europe were im-

proving, orderly government was becoming more and more the rule, the standard of commercial morality was rising, and the interloper was coming into his own. The Regulated Companies, moreover, asked for trouble by daring to make themselves exclusive. The area covered by the Eastland Company, for example, was thrown open to all in 1660, and the Merchant Adventurers were compelled by Charles II to reduce their entrance fees, so that the trade in their area also became virtually free. The Regulated Companies had done their work, and it was to the credit of the Crown that they were not allowed to encumber the path of progress.

2

Side by side with European trade, during the Age of Nationalism, went overseas trade with distant lands, and it was in this sphere that the most far-reaching developments took place. The implications of England's geographical position must be understood first of all. Before the Renascence, England had been simply an island north of France, and had not signified very much, because the Mediterranean was the commercial centre of the West. The discovery of America by Columbus in 1492 was the first blow at the predominance of the Mediterranean ports. The effect of the discovery was not felt immediately, of course, but in actual fact the centre of gravity in the West had been shifted from the Mediterranean to the Atlantic, and in future England, like Spain, Portugal, France, and Holland, was specially favoured by geography. The second blow, which affected the Mediterranean ports, especially Venice and Genoa, more immediately, was the discovery of the Cape route to the East by Vasco da Gama in 1498. It was no longer necessary for goods from the East to come by caravan to the Mediterranean, whence they were dis-

tributed throughout Europe. Overland transport might be quicker but it was costlier, and as time went on England was able to secure her goods direct. Nothing less than a geographical revolution had taken place, and the future history of English overseas trade is the story of the way in which she took advantage of her new position.

English overseas activities were indeed stimulated by two main factors. First, there was the religious animosity between England and the great sea-faring Power, Spain. England, having broken away from Rome for political reasons under Henry VIII, severed herself for religious reasons as well under Elizabeth. Spain, on the other hand, under Philip II, was the champion of Catholicism throughout the whole of Europe, and Philip himself posed as His Most Catholic Majesty. Matters came to a head therefore in the reign of Elizabeth, and the English sea-dogs lost no opportunity of harassing Spain in all parts of the world. Drake attacked Nombre de Dios in 1572, and set off, in 1577, on his three-year voyage round the world, raiding Valparaiso and Callao and seizing a Spanish treasure galleon on the way. Secondly, there was the current idea of the territoriality of the sea, according to which the Spaniards and Portuguese claimed that they held sovereign rights over the sea-routes to the East and West Indies, just as if the routes had been on conquered land. The result was that, whilst the Spanish and Portuguese claims were flouted, attempts were made to find a new way to the East, either by means of a North-East or a North-West passage, which would be the property of England. In order to discover a North-East passage Sir Hugh Willoughby and Chancellor had set sail in 1553, with the result that the Muscovy Company was founded, and in 1607 Hudson followed the same route. In 1576, again, Frobisher attempted to dis-

cover a North-West passage, to be followed in 1587 by Davis, by Hudson in 1610, and by Baffin in 1615. These ventures, of course, failed, but they paved the way for future progress.

As interest in the distant parts of the world grew up, the desire to trade appeared, but if regulation was necessary for European trade it was still more necessary for overseas trade. The loose organisation of the Regulated Companies, moreover, was not enough. The dangers were too great to be undertaken by individual merchants, and the seas were infested by pirates, some of whom, indeed, sacked Baltimore in County Cork as late as 1631. So it was that the Joint Stock Companies came into existence. Such companies traded with a common capital to which the members contributed, and at first contributions were made for each great expedition which was sent out, the profits being distributed when the ships returned. Of this type of company the East India Company was the most important, for though it was founded originally in 1600 as a regulated company, it became a joint-stock company in 1612. It held a monopoly of trade with Asia, Africa, the islands of Africa, and Asia beyond the Cape of Good Hope to the Straits of Magellan. It exported iron, cloth, and glass, and imported spices. Apart from this were the Muscovy Company, the result of Willoughby's and Chancellor's expedition in search of the North-East passage, which had a monopoly of trade with Russia, Armenia, Persia, and the Caspian; the African Company; the Hudson Bay Company and the Guinea Company. As time went on the idea of joint stock was extended, and contributions, instead of being returned together with the profit at the end of each expedition, were regarded as a permanent investment upon which annual dividends were paid. The only

weakness was, of course, that the man who gained was not the trader, who took risks, but the investor, who remained at home.

The Joint Stock Companies did a great deal to build up English overseas trade and they retained their monopolies longer than the Regulated Companies. But in the eighteenth century some modifications were made. The smaller companies were most affected by the demand of the interlopers for free trade. In 1697 the entrance fee of the Muscovy Company was reduced to the nominal figure of £5 and trade in its area thus became virtually open. In 1698 the African trade was thrown open to all who paid a duty of 10 per cent. as a contribution to the maintenance of the African company's establishments, and after a period of decline the company came to an end in 1750. The East India Company, even, was affected, for it was reorganised by Parliament in 1701 in order to unite it with a rival company, the General East India Company, which had been formed by the interlopers. But after 1718 the reorganised company was allowed to deal with all interlopers, it retained all its trading privileges until 1813, and did not come to an end until 1857. In its history it played an honourable part in building up British power in India. The Hudson Bay Company, which was always most successful, retained its monopoly until 1869 and is still in existence. The monopolies of the Joint Stock Companies had to go, but their principle of joint stock undertakings is still the basis of both industry and trade at the present time.

3

The great Joint Stock Companies, like the East India Company and the Hudson Bay Company, did their share in founding the British Empire, which has had

considerable importance from the commercial point of view; but isolated individuals also did their bit. The first attempts at permanent settlement were not very successful. Gilbert failed to make a permanent settlement in Newfoundland in 1583, and in the next year Raleigh failed to secure a firm hold over Virginia. In 1607, however, a permanent settlement was made at Jamestown, and in 1620 the Pilgrim Fathers laid the foundation of the New England States. Thereafter more progress was made. In 1632 the Catholic State of Maryland was founded; Cromwell secured Jamaica from Spain in 1655; in 1663 the Carolinas were founded; Charles II, by his marriage with Catherine of Braganza, obtained Tangiers and Bombay; in 1664 New Amsterdam was taken from the Dutch and renamed New York; and in 1682 William Penn founded Pennsylvania. The part played consciously by the State, however, was small. In the Tudor period, the Government was too much preoccupied with the Reformation to pay much attention to colonisation, and during the reigns of the first two Stuarts the government was concerned with constitutional problems. But Cromwell and Charles II gained colonial possessions at the expense of Spain and Holland respectively, and though these acquisitions were partly due to mere hostility to the foreigners, colonial-mindedness was slowly emerging.

In the later half of the seventeenth century, thus, the advantages of the extension of colonial power were being realized, and in the eighteenth they were fully realised. By the Treaty of Utrecht England gained Newfoundland, the Hudson Bay territory, Minorca, and Gibraltar. Thenceforward it was England's policy always to oppose France and Spain in Europe, so that their colonies might be seized. She gained nothing from the Peace of Aix-la-Chapelle of 1748, which brought the War of

Austrian Succession to an end, but by the Treaty of Paris with which the Seven Years' War ended in 1763 she obtained Canada, the bulk of India, Grenada, and Florida. England in 1763 was the greatest colonial power in Europe. Whilst her Empire had been developing, moreover, England had formulated her economic policy in regard to them. The colonies of the ancient city states of Greece had been regarded by the mother state as independent units, but England in the eighteenth century considered that colonies existed for the good of the mother country, and that their trade must be regulated in the interests of the mother country. Hence the application of Mercantilism to the colonies which resulted in the Old Colonial Policy.

The Old Colonial Policy meant in theory that each part of the Empire should concentrate on those forms of economic activity in which it was naturally fitted to excel so long as the mother country gained the advantage. The policy dates really from the Navigation Act of 1660. This confined the trade of England and her overseas possessions to English or colonial shipping, thus eliminating the Dutch carriers, but raising the cost of transport; and it introduced the system of enumeration, according to which " enumerated " articles, usually the most important colonial products, had to be sent to the mother country. " Non-enumerated " articles could be exported to other countries so long as they were carried in British or colonial ships. Wheat, timber, fish, and rum were non-enumerated goods, but sugar, cotton, tobacco, wool, indigo, ginger, and dye-woods were all enumerated, and there is no doubt that in order that English merchants might secure goods cheaply, the welfare of the colonies was sacrificed, even if the Government did give a monopoly of the English market to Virginian tobacco. Rice and naval stores were added

to the number of enumerated goods in 1706, and, moreover, England adopted the policy of forbidding the colonists to manufacture certain articles, such as furnaces and beaver hats. The colonists had the raw materials at hand for such manufactures, but they were not to take advantage of that factor, even to satisfy their own wants, because the demand for the English-made commodities would suffer. The mother country must always come first.

It is true that England's conduct of her Empire must be judged according to the standards of the day. All colonial Powers subordinated the welfare of the colonies to the welfare of the mother country, and as compared with Spain, for example, England's policy was almost enlightened. The elder Mirabeau, as late as 1764, said that the English were "the most enlightened of the people of Europe in their conduct in the New World." That the Americans revolted was not due entirely to the Old Colonial Policy, but partly to constitutional discontent. The great complaint of the Americans was, in the words of Benjamin Franklin, that "Every man in England seems to consider himself as a piece of a sovereign over America and talks of our subjects in the colonies." But the Old Colonial Policy did play a considerable part in rousing the anger of the Americans. England might have argued that the commercial restrictions placed upon the colonies did no more than recompense her for the heavy cost of the defence of the colonies, but she nevertheless made the mistake of discriminating too much between the people at home and the colonists, who, after all, were of English stock. The great pity is that the revolt of the Americans made England think until well into the nineteenth century that colonies were hardly worth having from any point of view.

4

Throughout the whole Age of Nationalism, the general attitude of the State towards all trade was, of course, based upon the Mercantile System, which is to be dealt with elsewhere. The main points, it may be mentioned, were that exports must exceed imports, and that money must be kept in the country. The mercantilists were undoubtedly wrong in regarding trade with foreign countries as a form of war in which one country could only gain at the expense of another, and in laying so much stress upon the accumulation of bullion. They were undoubtedly misguided, also, in setting up the ideal of Power in contradistinction to Plenty, since the two are in actual fact synonymous. But it must always be borne in mind that the State, throughout the Age of Nationalism, had before it the ideal of national self-sufficiency. There was ever imminent the threat of war, and if the country sold more than it bought it would not, on the one hand, be absolutely dependent on other countries, and would, on the other hand, have plenty of bullion with which the sinews of war could be purchased. Mercantilism was the natural economic theory of the Age of Nationalism, and it was only in the eighteenth century that mismanagement made it cumbrous and that the approach of modern conditions rendered it entirely obsolete.

D

Apart from the developments in internal and foreign trade, the growth of financial speculation in the Age of Nationalism demands attention. This must be distinguished from commercial speculation, which had been known since the Middle Ages, when men began to invest money in commercial ventures, and which was

permitted by medieval thought so long as the investor took a risk and did not demand a certain interest; and the same principle had been extended when the Joint Stock Companies were set up. But Financial Speculation is speculation in credit instruments and dates from the end of the seventeenth century. Trade in East India Company stock had been going on for some time, but in 1694 the Government could no longer pay its way, with the result that the Bank of England was founded, and in 1696 exchequer bills were issued. Government borrowing gave to financial speculation a definite status, and it is significant that in 1697 the London Stock Exchange was incorporated. But the most sensational factor was the establishment in 1711 of the South Sea Company, which soon proposed not only to abolish the National Debt but also to secure a high profit for public creditors and other investors. The high hopes entertained of the company caused a tremendous trade in the stock of the South Sea Company to take place, and extremely high prices were paid, just as high prices were paid, about the same time, for stock of the Mississippi Company, which had been set up in France by John Law. The crash of the South Sea Company, despite its sound commercial prospects, was inevitable, but though a temporary check to financial speculation was given, it had definitely started and never looked backwards again.

Financial speculation, it should be noted, concerned the stock only of the Government and of the trading concerns. It had nothing to do with industrial concerns, which were not yet on a sufficiently large scale. Until the Industrial Revolution capital in industry was mainly personal, and the Joint Stock Company in industry is a very modern development. But, in trade and government stock, speculation continued, and the

sole object, of course, was to secure as great a return as possible. At certain periods financial speculation has certainly produced a sort of mass fever, and serious damage to commercial stability has been caused, but it has also proved that it has uses which make it invaluable to society. It is not a parasitical growth on industry and trade. The fact that stocks and shares may increase in value, that the buyer may not only have a high rate of interest, but may also, if he so wishes, sell out his holding and make a capital profit, has alone enabled great businesses to be built up on the joint stock principle. If stock were not saleable, if one could not sell at a profit, or, indeed, cut the loss by selling in the case of an unfortunate investment, the capital which is absolutely essential for business would not be forthcoming in these days when it is the exception rather than the rule for the business man to start and run a great concern with his own money. That there is illegitimate speculation and rash speculation is simply an unfortunate abuse of an otherwise beneficial procedure.

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CHAPTER IV

INDUSTRY

A

In the Age of Nationalism the importance of industry increased steadily, both absolutely and relatively, and even before the Industrial Revolution began England had become one of the great industrial powers of Europe. The cloth industry, which had been carried on since earliest times, assumed, thanks to the development of sheep-farming, very large proportions indeed and became more than ever the staple industry of the country; but apart from supplying her elementary wants England also provided herself with a fair number of luxuries. Three aspects of industrial progress claim attention. First, there was the variety of industrial organisation and the evolution, in particular, of capitalistic organisation, which produced the two new classes of employer and employee. Secondly, there was the attitude of the State, the new unit of regulation, which directed industry on Mercantilist lines, with a great degree of success until the later part of the period. Thirdly, there were the new inventions which appeared, especially in the seventeenth and eighteenth centuries, and which were the forerunners of the Industrial Revolution. Although the age was one of transition it was one also of great importance.

B

There were in the period four quite distinct forms of industrial organisation, the first of which was a survival

of medievalism, and the rest of which were caused by the introduction of Capital. Throughout the Middle Ages, of course, the domestic system had been organised on a non-capitalistic basis. The craftsman had bought his own materials, made them up in his own home, and sold the finished products himself direct to his customer. So long as he could buy his simple tools and his raw material, and had a roof over his head, he had no need of anything else. This system did not pass away entirely with the Gild system, which was merely superimposed upon it. Owing to the growing exclusiveness of the craft gilds, from the fourteenth century onwards, the journeymen tended to leave the corporate towns, where they had no chance of setting up business on their own, and to settle in the market towns and villages, where there were no restrictions at all. A good deal of industry thus left the great towns, but there was no decrease in the number of industrialists, and many of the small craftsmen, carpenters, leather-workers, painters, and so on, retained their independence. The weavers were of particular importance. In Devon and the West Riding they bought their own yarn, manufactured it themselves, and sold it themselves. At places like the Piece Hall in Bradford, for example, the small independent producer sold his few yards side by side with the wealthy draper, and he could make a fair living. He was still a dual personality, both producer and trader.

But throughout the greater part of the country Capital was exerting its influence and creating a clear distinction between the employer and the worker. The most startling example of this is seen in the development of the factory system, which, if exceptional, was nevertheless pregnant with meaning. During the Tudor period John Winchcombe, or Jack of Newbury, was said to have set up a hundred looms in his house in the early years of

the sixteenth century. In 1540 William Stumpe filled Malmesbury Abbey with looms, and in 1546 he rented Osney Abbey, where, it is related, he employed two thousand workers. The various acts of the Tudor period indicate that there was in a number of places an approximation to the factory system. The Weavers Act of 1555 complained, for example, that clothiers had established houses with looms, and an Act of 1585 definitely limited to three the number of looms which one man could have in Cornwall and Devon, where coarse cloth was manufactured. That some factories continued is certain. There were factories during the Stuart period in which the manufacture of glass, soap and wire was carried on, and printing, brewing, tanning, lace-making, ship-building, and coal-mining were all beginning to be carried out on a basis of large-scale organisation. When water-power began to be used in the eighteenth century, a number of factories sprang up. In 1718, for example, there was on the Derwent a silk-spinning factory which was worked by water. Where the manufacture of an article had been divided into a number of specialised processes, or where water-power could be used, there was a clear advantage in the factory system; but its relative importance must not, of course, be overstressed.

In the big towns, though factories were the exception, the distinction between the employer and the employee was clearly marked during the period. Many journeymen had remained behind in the towns, despite the exclusiveness of the craft gilds, and from the later Middle Ages onwards had attempted, in towns like London, York, Bristol, Oxford, Coventry, and Hull, to form so-called yeomen gilds, all of which were naturally modelled on the craft gilds. Some of the yeomen gilds survived, such as the gild of the yeomen tailors, which

was in existence in 1578; but they were all quickly subjected to the parent gilds and had no real influence. They were allowed to remain in existence simply because they performed useful functions which the craft gild would otherwise have had to undertake. But the journeymen remained employees. They might work in the workshop of their employers, in which case they were in the same position as the modern employee. They might perhaps work in their own homes, but they worked, nevertheless, for their masters, and did not buy their own raw material or sell their own finished product. They married and settled down to their lot. Apart from the journeymen, the small masters also tended to become mere employees. Many of them had already sunk to this position by the end of the Middle Ages, owing to the evolution of a clique of wealthy traders within the gild, the subjection of weaker to stronger gilds, and the rise of pure trading companies; and the process was completed by the evolution of the Elizabethan companies. Capital was necessary, and the craftsman who could not provide it had to become an employee and remain so henceforward.

Finally, industry spread over the whole country-side, and this is especially true of the woollen trade. What may be called the " commission " system thus came into existence. The wealthy draper, needing cloth, saw that, thanks to the establishment of order, there was no need to confine manufacture to the towns at all. He therefore sent his work out to be done in rural areas, and industry was thus allied with agriculture. There were two types of such new workers. On the one hand, there were the farmers with a good deal of land who regarded the spinning-wheel, or even the loom, as a means whereby he and his family might occupy their leisure hours profitably. On the other hand, there were those who

had a very small amount of land, who regarded spinning and weaving as their regular occupation and agriculture as their profitable pastime. In either case, the result was that the spinning-wheel and the loom became a feature of the farm and cottage and remained there until the Industrial Revolution began. There were naturally strong protests from the town weavers, and the Government, obsessed by the necessity, tried, in 1557, for example, to confine cloth manufacture to the market towns; but the new system had come to stay. It was, of course, a boon to the farmer, but he was still nothing more than an employee of the merchant, who alone held the whip-hand.

C

I

The attitude of the State towards industry in the Age of Nationalism was, of course, based upon the Mercantile System and resulted in a number of activities. First, the State, from the Tudor period onwards, felt it was necessary to regulate employment. The earliest attempt of the State to interfere with labour dates from the Statute of Labourers of 1349, and further attempts had been made in 1388, 1423, 1444, 1495, 1514 and 1548, when the question of wages had been tackled. But with the decline of the gilds, owing to the introduction of Capital, the labour world had fallen into a chaotic condition, and the situation was made still worse in 1547 when the gild property which had been used for religious purposes was confiscated. The inability of the gilds to regulate industry was obvious, and they had to go. When they had been practically destroyed the ground was cleared for the new regulations which the State was to introduce in accordance with the accepted principles of

the day, and the new era was ushered in by Elizabeth. She realised that unemployment and industrial unrest sapped the energy of the nation as a whole, and she set about the work of putting matters right with her famous Statute of Apprentices of 1563.

To the Statute of Apprentices there were three main aspects. First, Elizabeth made apprenticeship essential, so that English industry should be efficient. She laid it down that throughout the whole country all must serve a seven-years' apprenticeship before they could practise any craft. She favoured the corporate towns by saying that the sons of forty-shilling freeholders might be apprenticed whilst, in the market towns, an apprentice must be the son of a sixty-shilling freeholder. So that agriculture might not suffer, however, she also laid it down that in the rural industries, of smithing, carpentry, and wheelwrighting, apprentices could be taken without any restrictions whatsoever. It followed thus that the sons of agricultural workers remained as a general principle in agricultural employments, and no real hardships were imposed upon anyone. Secondly, Elizabeth enacted that wages should be regulated by the J.P.'s. No maximum wage was laid down, as had been done by all wage-regulating acts since the Statute of Labourers of 1351, and it was expected that the J.P.'s would fix wages annually according to the price of food. Thirdly, it was declared that workers should be given security by long hirings. A year was to be the minimum.

The Statute of Apprentices was the fruit of all previous experience, rather than novel, and its greatest feature was its flexibility. It thus remained the basis of labour regulation for the next two hundred years. The principle of long hirings was firmly established until the Industrial Revolution began. The system of apprenticeship flourished until the factory system and mechanical

manufacture made it unnecessary in some industries, and it is to be found in skilled trades at the present time. The practice of wage assessment was the most short-lived feature. Altogether, forty-seven assessments are known, the last taking place in Lancashire in 1727. Since the J.P.'s were either employers themselves or friends of the employers, it is possible that the workers did not receive particularly generous treatment, but in the days of Laissez-faire the factory workers looked back to the custom with wistfulness. Perhaps the greatest weakness of the Statute was that it applied only to the industries in existence in 1563, and therefore did not affect such new industries as Framework-knitting and Colchester Bay-cloth making. In any case, however, the spread of industry in rural areas necessarily limited its usefulness.

2

Apart from the regulation of labour, however, there was the supervision of the quality of goods, which, in the view of the mercantilists, was essential. Such supervision had been carried out during the Middle Ages by the craft gilds, and the State had to take up the duty when the gilds declined. This problem was therefore also tackled by Elizabeth. First, supervision might be carried out by a State official such as the Royal Aulnager, who inspected cloth, and who, dating in origin from the twelfth century, lasted until the late seventeenth century. Secondly, it might be carried out by a company, and this Elizabeth favoured especially. Hence the Elizabethan companies which succeeded the craft gilds. In 1563, for example, the London Haberdashers were empowered to " search " all branches of the hat-and-cap-making industry; whilst the Curriers, Saddlers, and Shoemakers controlled all the leather-workers within

three miles of London. This practice lasted throughout the seventeenth century, for in 1635, for example, the London Company of Dyers was given the power of supervising the silk-workers, who had proved incapable of supervising themselves, and Charles II granted extensive powers to the Carpet Weavers. Finally, the work of supervision might be granted to an individual. In 1592 the right of "searching" all leather-workers in England, outside London, was granted to a certain Darcy. But, of course, as industry spread from the towns to the country, all attempts at the supervision of quality had to fail in the eighteenth century, and everything had to be left to the play of competition.

3

But it was not enough simply to maintain good order in industry. Certain industries had to be protected because, from the mercantilist point of view, they were necessary for the welfare of the State. Several methods were therefore adopted to ensure that "key" industries should be safe. First, monopolies were granted. Monopolies might be granted to companies, and accompanied, then, the right of "search." But they might also be granted to individuals, and in this department also Elizabeth made a start. She granted a monopoly for the production of brimstone, which was essential for the manufacture of gunpowder, to two individuals in 1563; a monopoly for the production of salt by a new method in 1566 to the Earl of Pembroke, because previously a great deal of salt had been imported, with the result that money left the country; and a monopoly for the manufacture of starch to Sir John Pakington. Unfortunately an excessive number of unnecessary monopolies were granted by Elizabeth, and she was compelled to give way to Parliament in 1601. It was not necessary

for Sir Walter Raleigh to have a monopoly of tin, for example, however well he conducted it. Abuses continued, in spite of the 1601 Act, however, and monopolies had to be condemned again in 1624 and 1641, after which time they were restricted to inventors of new processes, and introducers of new industries. The principle of the monopoly was sound—it was the same which was applied when regulated and joint stock companies were set up for overseas trade—and after 1641 it performed very useful services.

4

With the same object of protecting necessary industries, a keen eye was always kept on exports and imports. The general principle was that the export of necessary raw materials and the import of certain manufactured goods were prohibited. In the Tudor period, for example, Elizabeth in 1561 prohibited the export of living sheep and lambs—because of their wool—and of unfinished Suffolk cloth, and the import of cutlery and small hardware. In the Stuart period, Charles II forbade the import of lace and embroidery in 1663, whilst in the previous year he had checked the export of hides, which would have robbed the leather-workers of raw material. In the eighteenth century the American colonies in particular were penalised so that English manufacturers should not be harmed. The colonists were forbidden, for example, to make beaver hats or furnaces; and copper, which had been discovered in America, was "enumerated" in 1722. Variations of this policy were also made in the eighteenth century. In 1722 a bounty was given on the export of silk to encourage the silk-workers, whilst in 1750 raw silk from British colonies was admitted free and silk from Persia and China at reduced rates. In

1740, again, the duties on woollen yarn from Ireland were abolished. Whatever the colonists thought about English commercial policy, the English industrialists had no reason to grumble at all.

5

What is more, the State, from the time of Elizabeth onwards, assisted necessary industries by means of sumptuary laws. These had been common during the Middle Ages, but had then been directed against what was considered to be sinful luxury rather than an economic weakness. Elizabeth ordered that all should wear English-made caps or incur a fine of 3*s.* 4*d.* for each offence, with the result that in 1571 there were no less than 8,000 cappers in London alone. In 1662 Charles II enacted that all should be buried in woollen shrouds so that the English woollen trade should not be harmed by linen. In 1663 and in 1698 it was declared that only English buttons might be worn, and it was added in 1738 that they should be covered with English serge. About the same time, all vessels in England and America were to be fitted with English-made sails, and in 1745 any person who wore French cambric or lawn was made liable to a fine of £5. All these detailed restrictions may appear trifling and tyrannous, but they indicated the concern of the Government for the welfare of the home industry.

6

In addition, finally, the Government was very anxious to establish within the country the trades which flourished in other lands, and it was natural that aliens were welcomed, even though many of the native craftsmen were extremely jealous. There was a steady stream of immigrants throughout the Age of Nationalism.

There had been aliens in England since the time of William I, and Edward III had actively encouraged Flemish weavers to settle; but the extent of immigration only became very great in the time of Elizabeth. In spite of the opposition of some of her subjects, she welcomed Flemings who had fled from the terror of Alva, and large numbers of them settled at Colchester, London, Southwark, Canterbury, Southampton, and Norwich. In 1568, for example, there were 1,500 Flemings and Walloons in Norwich, and the number had swollen to 3,000 by the next year. They brought with them new industries—the making of needles, of parchments, and especially of fine cloths, such as bays, moccados, arras, and fine kersies, thus introducing what was known as "The New Drapery," which was eventually taught to the natives. In 1581 alum workers came from Italy, to be followed in 1583 by the Huguenots, who settled in London, Coventry, and Canterbury, and established the art of silk-weaving.

When the seventeenth century opened, England was thus able to supply herself with many commodities which she had previously been compelled to import, and the encouragement of immigration continued. James I introduced silk-weavers and throwsters from Italy, whilst his grandson, Charles II, in 1681 promised naturalisation to all alien immigrants, and after 1685, when the Edict of Nantes was revoked, a great stream of Huguenots began to arrive. Between 1670 and 1690 no fewer than 80,000 Huguenots came to England, settling at London, Canterbury, Sandwich, and Bristol, and bringing with them their tools and the technical knowledge which was of supreme importance in pre-Industrial Revolution times, when trade secrets were invaluable. They were mainly silk-workers, and in 1694 there were 1,000 looms of silk-weavers in Blackfriars alone, but

the French immigrants introduced also tapestry, clock, watch and fine paper industries. The importance of the Huguenots may be grasped from the fact that, whereas £200,000 worth of lustrings were imported annually up to 1685, the Government could prohibit all imports in 1698 without inconvenience. Nor were the French the only immigrants in these times. Dutch dyers had come over in 1668, Germans came in 1709 and 1732, and all had their contribution to make to the welfare of England.

D

The Age of Nationalism is important owing to the number of technical improvements made in industry. As early as 1589, William Lee had presented to Elizabeth a pair of stockings woven on his new knitting frame, but she, making the common mistake of supposing that demand is inelastic, had frowned upon the invention on the grounds that it would cause unemployment. But in the seventeenth century some progress was made. In 1612 Sturtevant, a German, was given a patent for the smelting of iron with coal instead of with charcoal, the supply of which was declining owing to the inroads made upon the forests by shipbuilding. He failed, but Dudley, who began work in 1619, had greater success, although he lost his monopoly when the Civil War began because he was a Royalist. Then in 1698 Savery, following the example of Papin, a Huguenot refugee, applied steam to the production of mechanical energy and produced his fire-engine to pump water from mines. In the eighteenth century many developments occurred. Newcomen improved Savery's engine in 1705 and made it a commercial proposition. Silk-throwing machinery was introduced in 1718, when the first silk mill to be worked by water was set up. In

1730 Abraham Darby of Coalbrookdale succeeded in smelting iron with coke. Then in 1738 Kay introduced his flying shuttle, and this was the first real step towards the Industrial Revolution, because weaving was speeded up and it was necessary for spinning to catch up with the increasing demand for yarn.

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CHAPTER V

ECONOMIC THOUGHT

A

ACCORDING to Kierkegaard, the Danish thinker, " Men act forwards and think backwards." The implication is that practice precedes theory, that men act first owing to a subconscious reaction to their environment, and that they reason afterwards. It would be a bold man who would apply this to all sides of economic thought. Medieval economic thought, for example, sprang not from practice, but from the application of theological notions to economic life. But the generalisation of Kierkegaard is strictly true of the dominant economic theory of the Age of Nationalism. The theory known as Mercantilism was essentially different from the medieval theories in that it had nothing ethical about it, but was simply a practical ideal, the main elements of which were brought into existence as temporary expedients to solve particular problems. Mercantilism never sprang fully formed out of the mind of any man. Nationalism was probably the fundamental motive force behind the later medieval regulations in which Mercantilism was implicit, but as a conscious idea Mercantilism only evolved in the Renascence period when Nationalism came definitely to the surface. The rise of Mercantilism, its characteristics when in its prime, and its decline must be considered in turn.

B

Up to the accession of Edward I the Crown had been considered rather as a private possession than as a public

trust. The treasury was the king's treasury and wars were the king's wars. The king was desired to "live of his own," and he was not desired to interfere too much in economic matters, since it was assumed that he was too likely to think simply of his own welfare. Edward I was the first king to interfere to any great extent in economic affairs, with the object of remedying obvious abuses for the sake of the country as a whole, and his precept was followed by most later rulers, who began to lay down positive regulations on a variety of subjects in the interests of the realm. The growth of Parliament from the thirteenth century onwards strengthened the tendency. The representatives of the boroughs and cities, coming together at Westminster, inevitably began to lose their excessive local feeling and to take up common aims. The increasing inability of the local authorities, in later medieval times, to deal with economic matters, owing to the fact that trade and industry had outgrown parochial moulds, moreover, made the intervention of the State indispensable. Although it was only partially realised, and although no one formulated a comprehensive scheme, the State was taking the place of the locality as the economic unit, just as later the world was to supplant the State, and the change had a fundamental effect upon economic life.

Edward I paved the way by making better trade possible. He introduced legislation to stop the practice of levying exorbitant tolls at markets and towns, for the simple and obvious reason that they hampered trade. He supervised the activities of the royal officials to see that they did not exact excessive taxation, because the withdrawal of large amounts of money from industry and trade meant stagnation. He paid especial attention to making the high-roads, which traders used, really safe. He protected the rights of owners of cargo which had

suffered shipwreck, and he made arrangements for the efficient policing of London. Moreover, in 1299, he declared that any person who imported into the country debased foreign money was guilty of a criminal offence, and he set up at Dover an establishment where English and foreign money might be exchanged in a fair manner. Finally, on the grounds that they brought to England goods which were necessary, but which could not be otherwise obtained, Edward showed considerable favour to the alien merchants despite the narrow hostility of the native merchants. The opposition of the native traders to Edward's attitude towards the parochialism of the boroughs and gilds can be understood, but the king had the future on his side.

Edward II had no contribution to make, but Edward III carried the new tendencies to a further stage. With him began the opposition to the export of bullion, which seemed an obvious weakness because it threatened to denude the country of necessary currency. In 1335 he prohibited the export of gold without a licence, and in 1340 he laid it down that a definite amount of money had to be imported for every sack of wool exported. The encouragement of home industries was an equally obvious gain. For this reason he encouraged foreign weavers, like John Kempe, to come to England in 1331, and in 1337 he limited the export of wool and the import of cloth, and discouraged the wearing of clothes made of non-woollen materials. In an attempt to preserve the *status quo* in industry, again, in spite of the Black Death, he introduced the Statute of Labourers in 1351 to fix wages, and though he naturally failed his step was an important precedent. Then, in 1361, he brought in the first Corn Law, which prohibited the export of corn except to Gascony and Calais, which were English possessions. In this measure Edward was obviously in favour of cheap

corn and was helping the consumer at the expense of the producer. The first Corn Law was therefore fundamentally different from the Corn Laws of later times, and it is true that Edward III was often in favour of "plenty" rather than "power"; but his work nevertheless made the evolution of real Mercantilism more possible.

Richard II carried on the same cause. Like his predecessor he believed in the regulation of wages, and in his Vagrancy Act of 1385 he fixed a maximum rate of wages for agricultural workers. He seems, also, to have had the idea, which later assumed great significance, that it was bad for the country to export less than she imported, for in 1381 he ordained that the country should not import more than she exported. In the same year he brought into existence the first Navigation Act, the object of which was to stimulate artificially the English shipping trade, and though the measure had soon to be modified, owing to the lack of sufficient English ships, the principle was subsequently to be a fundamental feature of Mercantilism. In order, again, to keep money in the country, he insisted in 1390 that alien merchants should spend in the country half of what they had gained from the sale of their wares. More important still, he allowed the free export of corn except to his enemies in 1394. This was a reversal of Edward III's Corn Law, since the object was now to help the producers by giving them the opportunity to export their corn when, owing to a particularly good season, home prices fell. The Corn Law of Richard II was thus the first Corn Law to be directly in the Mercantilist tradition, and its significance can hardly be exaggerated.

During the troubled years of the fifteenth century progress was not correspondingly rapid, but development nevertheless took place. In 1403 it was enacted

by Henry IV that aliens should spend in England all the money which they had obtained from the sale of their goods, and the flow of money out of the country was thus again checked. The craft gilds were compelled in 1437 to submit their ordinances to the Justices of the Peace, who were the direct agents of the central government, and who now supervised the local municipal authorities. The thin edge of the wedge of national control was thus inserted. On the grounds that they were unnecessary luxuries which injured native woollen manufacturers, the import of silken goods was prohibited in 1455, and in 1463 Edward IV continued Richard II's policy of helping producers of corn by enacting that foreign corn should not be imported into the country until English corn was 6*s.* 8*d.* a quarter. The corn producers were now helped by both free export and restricted import. The condition of the woollen industry was still attracting attention, and in 1465 regulations were drawn up to help the native weavers. Finally, in 1478 the export of bullion was absolutely forbidden, and any infringements were declared to be very serious criminal offences.

By the time of the Tudor accession, thus, the basis of Mercantilism had been soundly laid. No one had in these early stages any complete idea of a scheme such as Mercantilism. The foundations had been laid by practical statesmen dealing with particular abuses or forwarding certain sides of economic life which it seemed wise to help. Development had been piecemeal, and, though the growing importance of the nation was always the fundamental element, no economic thinker was responsible for the early growth of Mercantilism. In the fifteenth century one thinker, the anonymous writer of *The Libelle of English Polycye*, caught the spirit of Mercantilism. He claimed that English shipping

should be encouraged, that useless foreign luxuries should be kept out, and that England should control the commerce of the whole world. But it was in the sixteenth century only that Mercantilism as a fully developed scheme really came into existence. As a complete and conscious guiding ideal, it was the product of the great burst of national feeling which broke forth in England as a result of the Renascence and the Reformation.

C

Mercantilism, when fully developed, represented the domination of economics by nationalism, and its heydey was the sixteenth century, when the modern nation state evolved. Whilst economic activity had been controlled in the Middle Ages, it began to be directed when Mercantilism came into being, and the directing agent was the State. Mercantilism was obviously the negation of economic freedom, but complete freedom from all external control is the product of a very high stage of civilisation; and the individual had certainly more freedom under Mercantilism than under medieval regulation. Within certain limits, the individual was allowed a great deal of liberty, and national regulation was better than local control if only because the ruling unit was larger. The State may be destined, as Aristotle wrote, to make possible the good life, but it must first establish its own economic existence by subordinating economics to political ends. The first object of economic activity was to make the State strong. "Power" must come before "Plenty." Mercantilism was thus the natural product of the times. Its great exponent was Burleigh, Elizabeth's great minister; and if the idea is to be thoroughly understood its various sides must be examined in turn.

A cardinal point of Mercantilism was naturally that

the country must have a large, healthy, industrious, and well-ordered population. It was assumed that war was always possible, and that if the State was to survive, let alone thrive, all must be well with the people. The population must be large because it was considered, not without reason, that numbers counted. In order that the population might be healthy, agriculture, which breeds strong virile men, was encouraged. Hence the Corn Laws, and the Acts against enclosures for sheep-farming, both of which, however, as will be shown, were based on another argument as well. In order that the population might be industrious the State had to see that industry was well regulated and that poverty and idleness were reduced to a minimum. Hence the Statute of Apprentices of 1563 and the Poor Law of 1601. In order that the population might be well ordered, the people were to be divided into classes which balanced harmoniously. As Edward VI had said, "Wherefore as in the body no part hath too much or too little, so in a commonwealth ought every part to have *ad victum et non ad saturitatem.*" Edward made it his work to see that no part of the body should "eat up another through greediness," and though he, in fact, repressed certain elements of economic society, insisting "that this country can bear no merchant to have more land than £100," the ordering of society became more truly national under Elizabeth. But there was no caste system, for the Catechism simply said that each man must do his duty in that station in life to which it should please God to call him.

Since war was always thought possible, it followed also that certain industries should be encouraged and others discouraged. It was not considered that all wealth, whatever the way in which it was produced, was to the advantage of the country. The enclosure move-

ment, for example, made some men wealthy, but apart from causing agricultural unemployment and thus lowering the health of the nation, it threatened to diminish the food supply, and was therefore condemned. On the other hand, the production of iron, of saltpetre and sulphur, out of which gunpowder was made, and of firearms was strongly encouraged, and patents were granted to protect the producers. But the two chief industries which were encouraged were naturally agriculture and shipping. Of the first it is enough to say that the Tudors generally supported the principle of the Corn Laws. To shipping considerable and varied attention was given. Navigation Acts were passed by Henry VII in 1485 and 1489 and by Cromwell in 1540. Henry VIII made shipping safer by establishing Trinity House to make rules for sailors; he built piers; and he laid the foundations of a real navy. In 1548 it was ordained by Edward VI that, though Catholicism had been rejected, fish should be eaten throughout Lent so that the fishing industry should thrive; and both Elizabeth and Burleigh encouraged private enterprise by offering a bounty for shipbuilding. The reasons for this particular attention to shipping are clear. It not only meant the rise of a class of men who would be useful in war, but also furnished ships which would be useful in war and prevented money being paid to foreign carriers, who would take it out of the country.

With trade, also, Mercantilism was very greatly concerned. First, certain goods had to be kept out of the country if the import of them would diminish the demand for native goods, or if they could be produced in the country itself. For one or other of these reasons, woollens, leather goods, hats, and purses were kept out of the country during the Tudor period. But all import of foreign goods was discouraged because it might mean

that money was going out of the country, and in the Tudor period the theory of the Balance of Trade evolved. The underlying assumption was that trade was war, that in commerce one country could only gain at the expense of another. The fact that in a transaction both parties can gain by getting rid of what they do not want and buying what they do want with the proceeds was not understood; and efforts were therefore made to ensure that one's own country did not lose. The only tangible way in which a country could show its success, it was thought, was a superfluity of exports over imports. If one exported more than one imported, money was coming into the country, and one should not trade with any country if the balance of trade was against one in relationship to that particular country. The Balance of Trade was thus the index to the well-being of the nation. The exporter of everything except raw materials which could be manufactured in the country was regarded as an asset, whilst the importer was a source of weakness. It is true that from the modern standpoint the relationship between visible exports and imports has nothing to do with prosperity, that the condition of a country depends upon whether her people are fully employed. But the Mercantilists saw that an excess of imports over exports meant that money was leaving the country, and money was felt to be the first consideration.

On the subject of Money, finally, the Mercantilists pondered in a number of ways. The desire to accumulate money in the country was behind both trade regulations and the Navigation Acts, but, as in the Middle Ages, efforts were also made expressly to prevent money from leaving the country. The export of bullion was prohibited because it was assumed that money and wealth were identical. Money was regarded as the form of wealth which could be most quickly converted into

materials of war when need arose, but it was also assumed that the country gained even though the money remained uselessly stored. The greatness of Spain seemed to rest on the fact that she had a constant supply of the precious metals from the New World, and it was considered obviously to England's advantage to imitate her. Hence the prohibition of export, and hence the encouragement of the piratical seizure of the Spanish galleons laden with gold. The Mercantilists erred in not realising that money is a mere token, the value of which in itself is simply psychological, and that the concentration upon hoarding of bullion might restrict trade. But when the international reputation of a country depended on the amount of gold it possessed the Mercantilists were not as foolish as they might appear now, and they were entirely right in realising the importance of money in times of war. It may be remembered that up to the outbreak of the Great War the German Government stored a large amount of bullion in the famous War Chest for the same reason. The Mercantilists were thinking in terms of their own times, and the advantages of their policy, as compared with its disadvantages, were overwhelming.

The Mercantilists thus envisaged a state which, if necessary, could be completely self-sufficing. Economic activity had to be regulated to make the nation strong. All had to be well with the population; desirable industries had to be encouraged; the country had to supply as many of its wants as possible; trade which meant an inflow of money had to be fostered; and bullion had to be kept in the country. At the present time, when no country except perhaps the United States can hope to be at all self-sufficing if necessary, the idea may seem odd. But self-sufficiency, before the growth of national specialisation in industry, was natural, and in Elizabethan England there was hardly any choice. It

was inevitable that, when countries realised their national existence, they should desire to assert it in the shape of hostility to all other nations. In the sixteenth century, moreover, national rivalry was intensified by religious differences, and economic organisation for attack and defence was necessary. Europe was in an atomic condition and the atoms had to reinforce themselves.

D

Though Mercantilism dominated the seventeenth as well as the sixteenth century, changes were coming over the doctrine. The first modification was caused by the quarrel about the question of whether the East India Company should be allowed to export bullion. The company brought to England oriental commodities, and since the native sellers had no use for staple English products, it was necessary to pay them in gold. It was argued by the stricter Mercantilists, known as bullionists, first, that the imports such as cotton, spices and silks were either injurious to home industries or useless luxuries, and, secondly, that the export of bullion was a very serious matter, since it weighed down the Balance of Trade against England. The supporters of the East Indian trade, however, were not without an answer. Sir Thomas Mun, in his *Discourse of Trade from England unto the East Indies* of 1621 and in his *England's Treasure by Foreign Trade* of 1664, indicated that the imported goods were not all consumed in England, but were largely re-exported at a profit, with the result that more money came into the country than had originally left it. Charles Davenant, in his *Essay on the East India Trade* of 1697, took up the same attitude, and in the long run the bullionists were ousted. Mun and Davenant still believed in the Balance of Trade, but they proved that it was not necessarily bad if the balance of trade with

certain countries was against England, so long as the general balance of trade was in her favour. Under some circumstances, thus, the export of bullion was most desirable, and in actual fact the attempts to regulate the flow of bullion dropped into obscurity.

Again, from the later part of the seventeenth century onwards, Mercantilism was applied to England's trading relations with the colonial empire which was being built up. The beginnings of this so-called Old Colonial Policy can be seen in the Navigation Act of 1660, which restricted trade between England and the colonies to English or colonial ships and laid down the system of "enumeration" whereby certain colonial products could be exported to England only. As time passed, the colonists were forbidden to manufacture certain articles on the ground that English industries would be harmed. The general attitude was that the colonies must be content to be subordinated to the mother country, which was considered to have done so much for them. But it was only natural that the American colonists should be particularly hostile to the Old Colonial Policy, and as, in addition, they harboured constitutional grievances, the revolt of the colonists was inevitable. England's treatment of her colonies certainly compared very favourably with that of other European countries, but she made the mistake of distinguishing between Englishmen at home and men of English stock abroad. Instead of thinking of the welfare of the whole English-speaking people, the State thought only of the stay-at-homes. The downfall of the Old Colonial Policy was only to be expected, and that downfall was a very serious blow indeed to the whole mercantilist structure. England paid the penalty of short-sightedness and selfishness, but, owing to her pique, it was some time before she really learned the moral.

Meanwhile, however, even amongst the stay-at-homes, England was discriminating, and Mercantilism was becoming to the advantage of the privileged classes only. On the one hand, Mercantilism was degenerating into narrow protection of established trade. The changing attitude was revealed in 1670, when the salt-makers petitioned for the imposition of taxation on the manufacture of the newly-discovered rock-salt, which would be both cheaper and better than the old bay-salt and brine-salt; and the process culminated in that classic example, the Corn Laws of 1815, the sole object of which was to enable the landowner to keep his rents high. On the other hand, attention was being paid to population in a very class-conscious manner. It was argued that, if England was to beat other countries in trade, low costs of production were necessary, and that a large population would ensure this, since the ample supply of labour would enable low wages to be paid. The great apostle of the new idea was no less a person than Sir William Petty, who even wished that those who had gone out to the New World would return. In the heyday of Mercantilism the great fear had been that the population should become too large, but now a constant increase of the population was desired. The old notion of a well-ordered population, in which each man should receive enough to maintain himself in that station in life to which it should please God to call him, became a thing of the past. The bulk of the population was thus to lose all the way round. The narrow protection of old-established industries meant high prices, and a large population meant low wages. From that sort of Mercantilism England as a whole could hardly expect to gain.

It is significant, also, that the mercantilist regulation of trade became more and more hopelessly inefficient in

its administration. In the Tudor period, the idea of placing duties on foreign imports so that home industries might be encouraged had much in it to be commended. In the eighteenth century, also, such a policy might have been defended, but the whole customs system had become ridiculously cumbrous and inefficient. On one article in particular, for example, no less than fourteen different duties were imposed, whilst upon nutmeg there were five. The net result was that, owing to the cost of computing and collecting the duties, the return was very low indeed. What is more, the high rate of the duties imposed on all articles caused smuggling to be an extremely profitable occupation. In 1783, when Mercantilism was on the decline, it is estimated that in England no fewer than 40,000 men were engaged in the smuggling industry, and the amount of goods which came into the country without paying any duty at all meant that the Mercantile System was failing in its primary object, the protection of home industries. In the later half of the eighteenth century the Mercantile System had simply become rotten as a practical proposition.

Finally, by 1760 a change was at hand which would have killed Mercantilism, even if the lapse of time had not brought into it the seeds of corruption and decay. That change was, of course, the Industrial Revolution, which made any possibility of the self-sufficiency of England entirely out of the question. England became the workshop of the world, and the world, instead of the State, had to be the economic unit. It was to the advantage of the new manufacturers that there should be no import duties to make raw materials dear and no attempts to regulate industry artificially. England, thanks to her natural advantages and to her early start, had no competitors to fear. The old restrictions were

out of date and had to go. "Power" was an outworn creed. "Plenty" was the new criterion, and it was realised that, since plenty made the nation strong in any case, there was no need to worry. The great sign of the times was the publication of Adam Smith's *Wealth of Nations* in 1776—the same year, curiously enough, as the American Declaration of Independence—and that book had a great effect, not so much because it was original, as because it gave a reasoned statement of what the majority of intelligent people were beginning to think. Mercantilism did not pass away immediately, but, though its decline was to be as piecemeal as its rise had been, its final disappearance was from that year inevitable.

E

The rise and fall of Mercantilism must always dominate in any consideration of economic thought in the Age of Nationalism, since national strength attracted the main attention of the times, but several other subordinate trends must also be noticed. Specialised examination of the separate sides of economic life was made by a number of scientific thinkers. Throughout the whole period there was a long line of writers on agricultural subjects—Fitzherbert and Tusser in the Tudor period, Weston, Blith, and Hartlib in the Stuart period, Tull in the eighteenth century. They constitute the link between Walter of Henley and the agricultural research workers of to-day. In the Tudor period, again, there was Sir Thomas Gresham, who understood the law underlying the circulation of currency. He laid down the fundamental proposition that bad money drives good money out of circulation, because the good money is either hoarded or exported, and he is thus one of the pioneers of modern financial economics. In Paterson,

at the end of the Stuart period, once more, appeared a man who really foresaw what banking might be, and throughout the eighteenth century there was an increasing number of men interested in all aspects of economic life. It was thus that the basis for the study of economics, to be founded by Smith, Malthus, and Ricardo, was laid.

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CHAPTER VI

BANKING

A

THE three primary functions of banking are the acceptance of deposits, the lending of money, and the issuing of notes. But each of these activities, though all later co-ordinated, came into existence separately, and no one could foresee the extent of modern banking. The idea of modern banking evolved slowly. The first elements of banking were naturally to be found whenever trade reached a fair stage of development, because only then did money become portable, durable, and universally acceptable in form. The inconveniences of barter, which meant that the man who wished to exchange corn for a hide had to find not only the man who wanted to dispose of corn but who also wanted a hide, and the particular hide offered, had led very early to the appearance of primitive money. But money which took the form of cattle, hides, or iron bars, all of which were lacking in portability, durability, or acceptability, could not be expected to allow banking to develop. There were, however, banks in Greece and Rome, when trade had produced the gold and silver coins, and banking naturally revived after the Dark Ages. The growth of banking up to the end of the Stuart period, the appearance of the Bank of England, and the progress of country banking in the eighteenth century must be considered.

B

During the later part of the Middle Ages the lending of money, one of the functions of banking, became common owing to the needs of the English kings, who frequently wanted a supply of cash in order that some big undertaking, such as a war, might be financed immediately. The credit of such borrowers could be regarded as good because there were revenues to be collected, and the loans were generally forthcoming. Up to 1290 the Crown had borrowed from the Jews, who, being outside the pale of Christianity, were exempt from the restrictions placed upon usury; but after the expulsion of the Jews the lending of money fell into the hands of Italians from the four great cities of Genoa, Lucca, Florence, and Venice. The two great Italian houses were the Bardi and the Peruzzi. They were concerned first of all with the lending of money only. They were finance companies rather than banks, and it was not until they had been in existence for some time that they began to accept deposits, paying on them an interest which was, of course, less than that which they were receiving for their loans. Unfortunately for the Lombards, as they were generally called, the credit of the English Crown was not so good as it appeared, and Edward III, for example, declined to repay 900,000 gold florins to the Bardi and 600,000 gold florins to the Peruzzi.

Although the Lombards also lent to ordinary Englishmen, the theological prohibition of usury prevented this side of banking from reaching any considerable proportions during the Middle Ages. The way for future progress was laid in the Tudor period. On the one hand, the prohibition of usury, being no longer in harmony with the times, was removed by Henry VIII in 1547, when the legal rate of interest was fixed at 10 per cent. On the

other hand, overseas trade was gradually developing, many enterprising business men were making great fortunes, and land was no longer the only form of wealth, as it had been during the Middle Ages. The spirit of competition, indeed, had even invaded the rural parts of England, where landowners, thanks to the growing export trade in wool, were able to abandon subsistence farming in favour of sheep-farming, and the amount of land which was profitably used was increased considerably by the dissolution of the monasteries. Towards the end of the Tudor period, moreover, a great impetus was given to trade by the influx into the country of the precious metals from the newly-discovered mines of the New World. Throughout the whole of England money was becoming common; a natural economy was being superseded by a money economy; and since the bulk of the money was finding its way ultimately into a comparatively few number of hands, the evolution of banking was inevitable.

Progress was certainly slow. What the merchants wanted for their money, when they were not themselves using it, was simply security. That security was obtained in the early Stuart period by depositing the money in the cellars of the Tower of London. In 1640, however, Charles I, being in urgent need of money, seized bullion to the tune of £130,000, which had been placed in the Tower by the merchants. This shock was followed up, from 1642 onwards, by the general insecurity caused by the Civil War when the king might again seize money—to which the royalists always contended he had a complete right—or when, alternately, thieves might steal the money and find temporary obscurity on the battle-field. The merchants, looking around for a place of security for their money, could not help being attracted by the goldsmiths, who, being workers in

precious metals, had to have strong rooms for their raw or finished materials. It therefore became the custom for merchants to deposit their money with the goldsmiths—so that deposit banking begins in England for the first time—and the goldsmiths demanded a fee for the security which they could give. In return for the deposits, the goldsmiths gave notes as receipts; and then, finding that they could lend out their deposits at interest, the goldsmiths began to offer a small interest, from 1645, in order to attract more and more deposits. From this time onwards one gained, not only security, but also an income from money deposited.

In the subsequent years several developments occurred. First, the goldsmith-bankers gradually abandoned their craft and specialised on banking. Secondly, the cheque appeared some time about 1670, the earliest surviving example dating from 1670 and drawn on the firm of Hoare & Son. The cheque is an order to pay out of the drawer's deposit a certain fixed sum to a specified person, and was a natural sequel to deposit banking. Thirdly, receipts given to depositors were made payable, not simply to the depositor, but to the bearer. In other words, the bank-note appeared, and so long as the credit of the firm was good, bank-notes could be issued in payment of debts, although there were no actual deposits but only the reputation of the firm behind them. The banks of deposit thus became banks of issue as well. Fourthly, the goldsmiths-bankers began to lend to the Government. The goldsmiths, for example, lent money to Cromwell and to Charles II, receiving 8 per cent. from the latter and paying 6 per cent. to their depositors. But they, like the Lombards, were to suffer, for in 1672 Charles II announced his intention of paying only the interest on the vast sum of £1,328,526 and of making no attempt to pay back the capital sum. The

goldsmiths were badly hit, of course, and since they had gained an unenviable reputation for hard dealing, there was little public sympathy for them. But they managed to remain in business.

C

With the accession of William III a new development of most far-reaching importance was in the offing. William was in urgent need of a large sum of money, but, owing to the behaviour of Charles II, it was clear that the credit of the Government was not good enough to expect that the money could be raised as an ordinary loan from the bankers. It was therefore announced in 1694 that the Government needed £1,200,000, and that those who came forward with the money should be allowed to incorporate themselves as the Bank of England, and should receive 8 per cent. interest on the loan. The money was quickly forthcoming, and the Bank came into existence. It was to be managed by a Governor who must have £4,000 worth of shares, a deputy governor who must have £3,000 worth of shares, and twenty-four directors who must have £2,000 worth of shares each. There were to be annual elections, and each elector must have £5,000 worth of shares. The primary function of the Bank was to keep the accounts of the Government, but it competed with the private banks in ordinary banking business, and its association with the Government could not help in the long run giving it very considerable prestige. Its notes were not theoretically legal tender, but, owing to the reputation of the Bank, they were very soon accepted as such, and as time went on the still closer connection with the Government gave to the Bank an impregnable position.

The privileged position of the Bank, however, aroused the jealousy of the goldsmiths, and as early as 1696 an

attempt was made to ruin it. The old coinage had been called in, and the goldsmiths, having collected the Bank's notes, thought to take advantage of the temporary lack of cash by presenting the notes for immediate payment. The Bank was faced by a very serious situation, but it offered to pay 15 per cent. of all genuine demands and simply declined to take any notice of the purely hostile presentations, and it carried the day, being able before long to pay all in full. In the year 1696 the capital of the Bank was increased from £1,200,000 to £2,201,171, and was raised once more, in 1708, to £4,402,342. In the latter year the Charter of the Bank was renewed until 1733, and, more important still, it was declared that no other bank, with more than six partners, should be set up and issue notes. From this time onwards the Bank of England was the only Joint Stock Bank, and its stability was very greatly increased at the expense of the private banks. It is true that joint stock banks were quite legal so long as they restricted themselves to general banking business, and did not issue notes, but the issue of notes had become so integral a feature of banking that in actual fact no joint stock banks were set up until the Act was repealed.

The Charter of the Bank was renewed again by Anne in 1713, and by 1727 the capital of the Bank had reached the tremendous figure of £9,000,000, and this rose to £10,780,000 in 1746, whilst the Charter was again renewed in 1742 to 1764. The career of the Bank, however, was not entirely uneventful, for the success of the Young Pretender, in 1745, had caused a run on the Bank, which was only able to stave off disaster by paying the note-holders in small silver, and thus enabling it to secure sufficient supplies of money. But, having overcome this, the Bank, in 1750, approached more nearly its present rôle of a great central bank by

acquiring the management of the National Debt, thereby increasing still further its prestige. Finally, in 1759, the Bank was authorised to issue £10 notes, whereas its lowest note had previously been £20, and the change was of great advantage to both the Bank itself and trade in general. By the end of the Age of Nationalism, thus, it had become clear that the Bank of England had come to stay. It had behind it the support of the wealthy; it had proved itself able to overcome the hostility of its rivals; and it was already doing work of national importance.

D

Meanwhile, however, the private banking of the goldsmiths went on despite the shock given by Charles II, and facilities were even given to them in 1705 by the Act which stated that promissory notes could be made assignable and thus, when endorsed, could be passed on to a third party. The Act of 1708 restricted their development by saying that no bank of issue should have more than six partners, but private banks were necessary owing to the growth of trade, and many banks with the maximum number of partners therefore came into existence. What is more, country banks came into existence during the later part of the seventeenth century and the eighteenth century. Very little is known about them, but Smith's of Nottingham dates from 1688, Baillie, Cave & Co., of Bristol, from 1750, and Messrs. Pease & Co. from 1754. Any reputable tradesman, whose credit was really good, could establish a country bank if he so wished, and such banks were banks of deposit and of issue as well, whilst they could also, of course, remit money for their customers and thus avoid the transmission of money through the post. The great weakness of the country banks was that they issued vast

numbers of notes for very small sums, but until the Industrial Revolution produced a tremendous demand for credit the danger was not great. As late as 1784 there were not 150 country banks in the whole of England, and they had not as yet produced any evil results.

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CHAPTER VII

REVENUE

A

DURING the Middle Ages it had been considered that the king should "live of his own" with his feudal dues, his income from the royal estates, and his ancient customs duties; and levies of direct taxation had been regarded as necessary only in times of emergency. In the Age of Nationalism the business of government became increasingly extensive and complicated, and the medieval attitude was no longer possible. The Crown needed more and more money, and from the end of the Tudor period onwards the need was intensified, because the influx of precious metals from the New World caused the value of money to decline. Hence, throughout the Stuart period the Government was continually striving to increase both direct and indirect taxation. The predicament of the Crown was the opportunity of Parliament, and it was around financial issues that the constitutional principle of the seventeenth century opposed the theory of Divine Hereditary Right. In the eighteenth century Parliament no longer grumbled, because its authority was complete. But even the elaboration of the country's taxes had not been sufficient to carry on the work of government. At the end of the seventeenth century the practice of borrowing money in anticipation of revenue became regular, and the National Debt came into existence and entirely revolutionised State finance. The whole period must

be surveyed from the standpoints of royal revenue, direct taxation, indirect taxation, and borrowing.

B

The Crown revenues consisted of the feudal incidents, the feudal aids, the profits of jurisdiction, purveyance, and the ancient customs, and the rents of the royal desmesne. Ancient customs, since they were really indirect taxes, may be dealt with in a more appropriate place, but the question of the royal desmesne demands immediate attention. The annual value of this was considerable during the Middle Ages, but the practice of making grants of royal land to favourites was gradually whittling it down, and during the Age of Nationalism, also, the sale of royal land was by no means unknown. Henry VII, being careful and cunning, resorted to all sorts of devices to supplement the income from the royal lands, but Henry VIII, though he confiscated the vast estates of the Church when the monasteries were dissolved in 1536 and 1539, either sold or granted away a great deal of land. Elizabeth, when in need owing to the decrease in the value of money, frequently sold parts of the Crown lands; Charles I was compelled by sheer poverty to follow her example; and Charles II handed over great estates to his friends with a free hand. William III was similarly generous towards his friends, and in the reign of Anne it was necessary for Parliament to lay it down that Crown lands could only be leased for the period of thirty-one years. Only then was the shrinkage of Crown lands stopped. That the dissipation of the Crown lands, either by sale or gift, was extremely short-sighted, is obvious. The Crown became poorer and poorer, and when compelled to resort to Parliament, had to surrender constitutional rights in return for funds.

The feudal dues were still of considerable importance during the period as a source of the Crown's income, and some special points deserve mention. Henry VII levied a feudal aid. His eldest son Arthur was dead, his eldest daughter was already married, and Henry himself did not need to be ransomed, but the consent of Parliament was forthcoming and the imposition produced £30,000. Henry VIII went still further, for he set up the Court of Wards, which vastly improved the collection of the various feudal dues. The question of feudal dues did not come into the limelight again in the Tudor period, but in 1609 James I levied an aid for the knighting of his eldest son, and in 1610 the Great Contract, a scheme for the commutation of all feudal dues, came forward. It was proposed that the king should receive an annual grant of £200,000 in place of the feudal dues, but neither side was very much in earnest and the scheme was abandoned. In 1660, however, the plan was again suggested and actually put into effect. Charles II formally surrendered all his feudal rights, and in lieu of them an income of £1,200,000 a year was guaranteed to the king. This should really have been raised by a tax on land, but in actual fact the main sources were the hereditary revenues, the excise on beer and mead, which will be dealt with later, and the income from the Post Office, which had been farmed out since 1653. Out of this income the king was expected to defray all his own personal expenses and the expenses of the government in times of peace. In actual fact, this was really the origin of the Civil List.

C

Direct taxation during the Age of Nationalism assumed an increasing degree of prominence. Benevolences, which had been started during the fifteenth

century, were continued by Henry VII. Empson and Dudley were the two main financial agents and applied the scheme known as Morton's Fork. All the rich were compelled to pay benevolences. Those who used their money for purposes of display had to pay because they obviously had the money. Those who did not make a display of their money had to pay because they must obviously be saving a considerable amount. The practice of levying benevolences was continued by Henry's successors up to 1640, and Charles I applied the notion to his followers up to the Battle of Naseby, when the royalist cause was obviously doomed. Throughout the Civil War indeed the courtiers of Charles continually upheld the proposition that the king, as king, had the right to confiscate the property of his subjects even without their consent, if he considered it to be necessary. But, at the same time, those who were unwilling to pay could always argue with perfect reason that, according to Magna Carta, it was illegal of the Crown to levy extraordinary impositions without the consent of the realm; and after the end of the Civil War the claims of the Crown to benevolence could no longer be heard.

Two forms of direct taxation which had originated in the Middle Ages were of some importance as well. First, there was the "tenth-and-fifteenth," a tax on both real and personal property, which dated from 1193. In the fourteenth century the proceeds of the tax were fixed at £39,000, but owing to the decline of towns in the fifteenth century it ceased to produce so substantial a sum. Moreover, there were no periodic assessments of the tax, and with the changing conditions of the Tudor period the "tenth-and-fifteenth" became both unfair and unproductive. During the late Tudor and early Stuart periods, when England became once more

prosperous, it was clear that the tax was hopelessly out of date. It continued to be levied until 1624, but its importance had by then long since departed. Secondly, there was the Poll Tax, which dated from 1377, and was a tax payable by all adults. It was revived by Henry VIII in 1513, but aroused great opposition and was abandoned. Charles II again revived it, imposing it on three occasions, and it was a regular form of taxation from 1689 to 1698. The tax, however, was never satisfactory either to the Government or the people and it finally dropped out of English public finance in 1706.

Since neither the Benevolence, the Poll Tax, nor the "tenth-and-fifteenth" produced sufficient income it was obviously necessary from the Tudor period onwards that some new tax was necessary. This was found in the Subsidy, which was first levied in 1514, when a General Subsidy of 6*d.* in the £ was imposed upon all real and personal property. In 1522 Wolsey demanded as much as a fifth of the value of all lands and goods, and in subsequent years the amount of the Subsidy varied considerably. The general principle became, however, that 4*s.* in the £ had to be paid on the annual value of real property and 2*s.* 8*d.* in the £ on all movables, and eventually the Subsidy came to mean a grant of £80,000, just as the "tenth-and-fifteenth" had become synonymous with £39,000 in the Middle Ages. Unfortunately the revenue produced by the Subsidy steadily decreased, owing to unscientific assessment and official corruption, and from 1650 to 1660 the Subsidy was dropped by the Commonwealth Government. It was revived again at the time of the Restoration, but still the proceeds of the tax were not satisfactory, and in 1663 the Subsidy disappeared. In principle the tax was equitable, and since it had to be granted by Parliament, it enabled the House of Commons to exercise

some control over the Crown; but it had failed owing to ineffective administration.

During the Eleven Years' Tyranny, the Commonwealth, and the Restoration, three new temporary forms of direct taxation were introduced. First there was Ship-money levied by Charles I. From the Middle Ages onwards the maritime towns, particularly in the South-east, had been liable to the payment of Ship-money, and the first imposition of 1634 was in order. But in 1635 and 1636 Charles demanded Ship-money from the inland towns, and though Hampden refused to pay, a majority of judges decided in the king's favour. The real source of the trouble was that the king was not intending to apply the money to the avowed purpose, and, of course, no subsequent attempts were made to levy the tax after its condemnation by the Long Parliament. The second innovation, also of temporary duration, was the Monthly Assessment of the Commonwealth. This was really the Subsidy levied in a peculiar way. The amounts payable were assessed and collected monthly, and the tax was very firmly enforced. It was, however, very difficult to administer, and caused a considerable amount of distress and discontentment. The heaviness of the taxation during the Commonwealth was one of the chief reasons of the Restoration, for the rule of Cromwell was more expensive, and quite as despotic, as the "tyranny" of Charles had been. Thirdly, there was Hearth Money, a tax on hearths and stoves. It came into existence in 1662, a tax of 2*s.* being imposed, but on the principle that the Englishman's home is his castle it was very unpopular, and was dropped in 1688.

The most important direct tax of the Age of Nationalism, and one which has persisted up to the present time, was the Property Tax, which first started in 1691. The

tax was a levy of 4*s.* in the £ on all real and personal property. In 1697 the Property Tax was made synonymous with a grant of £500,000, a convenient arrangement for which "tenth-and-fifteenth" and the subsidy provided a precedent. Owing to the difficulties of assessing personal property, however, the Property Tax became in effect a Land Tax pure and simple, and though it was not levied in a really equitable manner it continued and has remained, with some modifications, up to the present time. The amount of the tax varied from time to time. From 1722 to 1727 it was 2*s.* in the £, from 1727 to 1732 it was 4*s.* in the £. It fell to 1*s.* from 1732 to 1733, but rose to 2*s.* again during the years 1733 and 1739, and was again 4*s.* from 1739 to 1748. In 1750 it was fixed at 3*s.*, was 2*s.* from 1753 to 1754, and from 1755 to 1760 it was again 4*s.* in the £.

D

The oldest form of indirect taxation was, of course, the customs duty, and this was of great importance during the period. The customs which it was legal to levy had been detailed in 1275, and from Edward III's time onwards Parliament had granted Tonnage and Poundage to the king. The fall of the value of money in the later Tudor period caused the real value of these duties to decline. Elizabeth had not made any attempts to tamper with them, but James I, in order to supplement his income, levied extra impositions on foreign trade. His duty on tobacco was most remunerative, but his tax of 5*d.* per hundredweight of imported currants roused Bates, a Levant merchant, to refuse to pay. The Courts supported the Crown, and following up his success, James issued a new Book of Rates. The new duties do not seem to have seriously hampered the merchants. But matters came to a head in 1625 on the

accession of Charles I, when Parliament granted Tonnage and Poundage to the king for one year only. Since it had been the custom to grant Tonnage and Poundage to the king for life, since the time of Henry V onwards, Charles had reason to be annoyed; but Parliament, of course, was using the tax to secure a hold over the king, and the question could only be finally settled by the sword.

The importance of the customs was very great because foreign trade was considerably increasing. In the forty years from 1610 to 1650 the customs increased from £136,000 to £350,000, and in the next ten years they rose by another £159,000. But by the time of the Restoration it was necessary to overhaul the customs system. The main feature of the new system was that a five per cent. *ad valorem* duty was imposed on certain imports and exports as poundage, tonnage on French wines was fixed at £4 10*s*., and duties on woollen cloth were assessed by weight. In 1698, 1702, 1703, 1749, and 1759 additional poundage was imposed on roughly the same articles mentioned in 1660, and occasional duties were levied on goods during the eighteenth century as they attracted attention with the growth of trade. During the eighteenth century especially, however, it must be noticed, the duties were not levied simply and solely for revenue. The principles of Mercantilism were extensively applied, and there is no doubt that the number and nature of the duties imposed became so extensive and complicated that the work of collecting the duties was no longer by any means satisfactory. Walpole attempted some reforms. He reduced or abolished a number of duties in the name of efficiency, and tried to introduce the bonded warehouse system under which all imports were to be placed in warehouses, the duty being levied when they were

taken out. But there is no doubt that the customs system was most unsatisfactory, and the chaotic state of affairs remained in existence until Pitt began to apply the Free Trade ideas of Adam Smith.

A second form of indirect taxation was what was known as the Excise, which was first imposed in 1643 and which took two forms. First, it was a duty charged on certain imports in addition to the customs duty, but, whereas the customs duty was levied at the port, the Excise was levied when the articles changed hands. It was this principle which Walpole wished to apply to all customs duties when, in his "Excise Scheme," he suggested that bonded warehouses should be set up. But, secondly, and more importantly, the Excise was a duty on goods produced and used within the country. The Parliamentarians in 1643 imposed an excise on ale, beer, cider, and added salt, textile goods, and starch in the next year. In 1649 the tax was modified, for the high prices caused by the Excise aroused discontent, but in 1660, when Charles II surrendered his feudal dues, the necessary money to maintain the king was raised by a hereditary excise on beer, cider, perry, mead, spirits, and chocolate. From that time onwards, further applications of the Excise were made. An excise was imposed on malt in 1695, on soap and paper in 1711, and on glass in 1746, and by the later part of the eighteenth century no fewer than twenty-seven articles, including bricks, candles, and leather, were subject to an excise. It was gradually recognised that an excessive use of the Excise might cause justifiable discontent, but that if imposed reasonably it was unobjectionable and had the supreme merit of being very easily collected. The fact that the Excise has remained a prominent feature of taxation up to the present is an indication of its value.

Indirect taxation in the period, finally, included the

monopoly. Monopolies were, of course, a product of Mercantilism and served the two purposes of fostering essential industries and bringing in revenue. Elizabeth granted monopolies for the manufacture of starch, of brimstone and saltpetre, for example, and they were not without justification and reason. But abuses sprang up, and in 1601 Elizabeth was compelled to agree to grant no more monopolies. James revived the idea, granting monopolies to soap-makers and glass-makers, and evaded the 1601 prohibition by conferring the monopolies upon companies and not upon individuals. Again there was opposition, since the monopolies meant that common articles were high in price and that the king was in some measure free from parliamentary control, and they were therefore abolished in 1624. Charles I, however, ignored the act of 1624 and, for example, granted a monopoly to a company of soap-makers in 1631—an act which roused opposition once more. The result was that monopolies were again condemned in 1641. Thereafter, monopolies were granted only to inventors of new processes, and as patent rights they have survived up to the present time. Though the grant of patents is no longer notable from the revenue point of view, it cannot be doubted that up to the time of the Civil War a fair income was derived from monopolies, and since the price which the companies had to pay was added to the cost of the articles they sold, the monopolies were strictly a form of indirect taxation.

E

The practice of raising loans in order to carry on the work of government became of great importance during the Age of Nationalism. The advantage was obvious. The Government, needing money urgently, found it a great convenience to borrow money, with the forth-

coming revenues as security. It had been occasionally resorted to in the Middle Ages, for Edward III, for example, had borrowed first from the Jews and then from Italian bankers like the Bardi. Charles I was moved by dire need when he seized the £130,000 worth of gold deposited by the merchants in the Tower. The Commonwealth Government and Charles II, again, borrowed from the goldsmiths; and Charles caused a great sensation in 1672 by suspending the payment to the goldsmiths of the large sum of £1,328,526. It was clear that some definite scheme for raising money must be made, but it was not until 1694 that a start was made. In that year, however, the Government called for £1,200,000, guaranteed an interest of eight per cent., and allowed the subscribers to incorporate themselves as the Bank of England. No promise was made that the principal would ever be repaid, but interest was to be regularly remitted; and from this year, therefore, dates the National Debt. The money asked for by the Government was quickly forthcoming, and the Bank of England, despite early trials, became a stable institution and has ever since been in very close contact with the Government.

The National Debt, once started, increased. In 1698 a loan of £2,000,000 was taken from the East India Company, and in 1701 the demands of the goldsmiths, who had lost £1,328,526, were recognised. Then a great delusion fascinated the Government in 1720. In 1711 the South Sea Company had been established and had made considerable progress. The Company then made the Government an offer of £7,500,000 for the privilege of taking over £32,000,000 of the National Debt and undertook to accept from the Government five per cent. on the total amount instead of the usual eight per cent. In 1720, therefore, Parlia-

ment passed the South Sea Act, which offered the Government creditors the privilege of exchanging their state loans for new stock in the South Sea Company, and transferred the management of the National Debt to the Company. The government creditors were only too ready to take the opportunity, and the price of £100 worth of stock rose to £1,000. In exchange for £100 worth of the Company's stock, the directors were actually able to demand up to £800 worth of government stock, on which, of course, they received 5 per cent. interest from the State. But then the crash came, thousands were ruined, and the National Debt was taken away from the Company by Walpole, who was called upon to straighten the tangle.

From that time onwards the National Debt has remained and has steadily increased. In 1748 it was £78,000,000; it was £139,000,000 by 1763; and in 1783 it had risen to £270,000,000. The amount of the revenue absorbed by the National Debt may be gathered from the fact that in 1763, when the total revenue of the country was £8,500,000, no less a sum than £4,800,000 was needed to pay the interest to the public creditors. Walpole attempted to reduce the National Debt by his Sinking Fund, according to which a certain part of the revenue was set aside every year to reduce the principal of the debt, and the idea was followed up later by the Younger Pitt. But, despite everything, the National Debt continued to increase. That the National Debt has advantages is certainly true. If, at any particular time, the country has to be protected, it is unfair that the generation of the day should bear the whole cost, since posterity also gains. At the same time the National Debt has probably sometimes proved a temptation to rather useless wars from which the later generations, which had to pay for them, gained absolutely nothing;

and the continually increasing size of the Debt, whatever its advantages as a principle, has had a depressing effect upon national prosperity.

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CHAPTER VIII

COMMUNICATIONS

A

In the Age of Nationalism the State took the place of the locality and a more effective regulation of internal communications was possible. It is true that there was continual grumbling about the condition of the roads during the period, but this was probably due partly to the fact that they were used more than they had ever been used before. Despite the lack of technical knowledge, an increasing interest was taken in roads and the various Acts of Parliament, the introduction of turnpike roads, and the growth of the coach services all meant real progress. Similar progress is to be recorded in the exploitation of England's excellent waterways, for although the experience of the Dutch in canal-making was not used in England, great efforts were made to improve the river beds. But the importance of roads and rivers was by no means as great as that of overseas shipping. England, in the Age of Nationalism, made the best of her good harbours and of the shifting to the commercial centre of gravity from the Mediterranean to the Atlantic. English ships from the time of Drake onwards were to be found in every sea, and the basis of England's maritime greatness was laid long before the application of iron and steam gave her a monopoly of the shipbuilding industry. Finally, in the Age of Nationalism, regular postal services were started.

B

The condition of the roads at the end of the Middle Ages had degenerated, owing, first, to the decline of the Manor, the local authority responsible for the maintenance of the roads, and, secondly, to the dissolution of the monasteries, which had always shown enthusiasm for the roads. It is more than likely that the Hundred Years' War had denuded England of money which would otherwise have been available for the roads. The condition of affairs is perfectly clear from the fact that a number of individuals bequeathed gifts for the repair of roads, thus following the example of a London alderman who, in 1469, left five marks to repair the road at Bishopsgate and a hundred shillings to repair the highway at Aldgate, a feature of English life which is eloquent testimony of the inefficiency of the responsible authorities of the time. But the question of the roads was firmly taken up in 1555 by a most important Act of Parliament which entitles the much-maligned Mary to some respect. It was declared that the parishes were responsible for the maintenance of the roads within their areas, except in the few cases where the owners of adjacent land had to shoulder the obligation. The Justices of the Peace were charged with the work of supervision, an inhabitant of the parish was appointed every year as Surveyor of Highways, and the parishioners had to provide all the necessary tools, materials, and carts for the work.

Despite the good intentions revealed by the act, it is doubtful how far it was carried into effect, for though carts were used, the roads were rarely good enough for carriages and were often impassable in winter. The first coach service, however, ran in 1650, from London to Dover, and was followed in 1659 by a similar service

from London to Coventry. It was probably the renewed interest in roads which produced, in 1663, a very noteworthy development, for it was then that an Act of Parliament was passed making that part of the Great North Road which ran through Hertfordshire, Cambridgeshire, and Huntingdonshire a turnpike. The principle was that those who used the road should maintain it, and collectors were appointed who exacted from travellers and carters small sums which were handed over to local trustees and spent in keeping the highway in good condition. From the time of William and Mary onwards, the turnpike system was applied to a number of other important roads, and in 1741 a General Turnpike Act was passed which extended its scope considerably. The principle of the turnpike roads commended itself to Defoe, who wrote his *Tours* in 1724, and though they came into disrepute later, they performed a good service. The turnpike roads, however, did not do away with the obligation of the parishes to look after their own particular stretches of road, and it is only too true that these parts were generally in a very bad condition.

Progress was made apart from the extension of the turnpike system. Since 1675, when John Ogilby wrote his book on the main roads of England and Wales, which he mapped and measured, a better knowledge of the available roads spread throughout the country. William and Mary, besides favouring turnpikes, did other useful work. In 1698 they ordered that J.P.'s must erect sign-posts at cross roads; they limited the number of beasts which could be used with a cart or carriage to eight, so that excessively heavy vehicles might not harm the roads; and they authorised the J.P.'s to summon special sessions to arrange for the mending of roads, and to assess the contributions of

the public. All these improvements were both a cause and an effect of the extension of coaching services, which assumed great importance in the eighteenth century. In 1703 there was a service from Leeds to York which covered the distance in eight hours, and it is estimated that in 1713 a coach and six could travel from 90 to 100 miles a day at a cost of 2*d.* or 3*d.* a mile. Really long distance journeys were, of course, always a difficulty, and as late as 1760 it might take sixteen days to travel from Edinburgh to London. But real progress had been made, and when one reads the picturesque exasperation of Young, one should remember that it was the new industrial conditions which made the improvement of the roads a particularly urgent matter.

C

For the carriage of heavy goods the inland waterways were naturally used during the Age of Nationalism. Under Henry VIII the Ouse, the Thames, the Exe, and the Severn were cleared of weirs and obstructions; illegal tolls on the Severn were abolished; and the Stour in Kent was deepened. In 1618 a waterplough was actually invented to clear the beds of rivers, but it appears to have been very little used if at all, so that many obstructions remained. A good deal of internal navigation, however, was carried on thanks to the small size of sea-going and coastal ships, and in the early seventeenth century, for example, the Thames was navigable as far as Lechlade, the Severn as far as Welshpool, the Great Ouse as far as Buckingham, the Trent as far as Burton, and the Ouse as far as York. In 1635 there was a scheme for making the Avon navigable from its juncture with the Severn through Gloucester, Worcester, and Warwickshire, and though it had

to be abandoned owing to the Civil War, it shows the trend of events. After the Restoration, a great enthusiast appeared in the shape of Yarranton, who urged that the Cherwell, the Thames, and the Wye should be improved so that grain might be carried more cheaply, and Charles II himself had in mind some development of the Medway. Of none of these proposals did anything come at the time, but after the Revolution, in 1699, the Aire was cleared of obstructions as far as Leeds, and the Calder as far as Wakefield.

Considering the success of the Dutch, it is surprising that, though the rivers were improved, so very little attention was paid to the construction of artificial canals. In 1539, it is true, an act had been passed for the construction of a locked canal three miles long near Exeter, but no great developments occurred. Charles II himself, also, conceived the idea of connecting the Severn with the Thames, but nothing came of the scheme until the Industrial Revolution began. In the eighteenth century, therefore, up to the end of the Age of Nationalism, attention was still directed simply to improving the rivers. The Irwell, for example, was made navigable as far as Manchester in 1720, and the Don almost as far as Sheffield in 1739, whilst about the same time the beds of the Weaver, the Derwent, and the Soar were also improved. In 1740 Charles II's scheme for developing the Medway came to fruition, for an attempt was then made to render the river navigable so that timber might be transported from the Wealds of Sussex and Kent. Defoe's *Tours* indicates the extent of inland navigation. Material steps had been taken towards the great developments which occurred when Brindley began his activities. That England did not do as much as she might have done is true, but the idea that better communications would actually stimulate trade was very

little appreciated. England thought only of the immediate demands of the times.

D

England's part in overseas navigation was continually increasing during the Age of Nationalism. It was part of the Mercantilist policy to encourage shipping; partly because a busy mercantile fleet produced ships and men, both necessary in case of war; and partly because, if England carried her own goods, treasure was prevented from leaving the country. The backbone of the Government policy consisted, of course, of the Navigation Acts, which held sway throughout the whole period. Henry VII in 1485 favoured strongly the Navigation Act of 1381, and ordered that all wine imported from Gascony should be carried in English ships. Henry VIII preferred to allow foreign ships to be used on payment of a licence, but in 1540 Thomas Cromwell insisted on the use of English ships, and thus reverted to the first Navigation Act. During the reign of Elizabeth very little attention was paid to the Navigation Acts, and home affairs preoccupied the first two Stuarts; but in 1651 the Commonwealth Parliament passed the great Navigation Act which declared that all goods imported into England, Ireland, and English overseas possessions from Asia, Africa, and America must be carried in English-owned ships manned by three-quarters English crew, whilst goods from European countries had to be carried in English ships or in the ships of the countries whence the goods came. In 1660 these were endorsed and it was laid down that, so far as she could, England was to eliminate the Dutch from the trade with Asia, America, and Africa. Throughout the eighteenth century the same policy was followed.

The Government regularly assisted shipping in other ways as well. Henry VII, despite his parsimony, built two ships, the *Regent* and the *Sovereign*, both of which were excellent. Henry VIII, though not favouring the Navigation Acts, did much more than his father. Shipbuilding was one of his many hobbies, and his *Great Harry* was the most up-to-date ship of the day. Henry also restored a number of ports by building piers, and he ensured that there should be a good supply of naval stores by insisting that a certain proportion of the land under cultivation should be devoted to the growing of hemp. In addition, he established Trinity House in 1515, with a governor and wardens who were charged to make rules for mariners. Elizabeth, following this up, extended the powers of Trinity House, authorising it to erect beacons, buoys, and seamarks; and, of course, she encouraged the piratical "sea dogs." In order that the fishing fleet might be maintained, Political Lent was enjoined on England by Edward VI in 1548, by Elizabeth in 1563, and by James in 1603, the nation being compelled to eat fish as before the Reformation, but on political rather than religious grounds. Throughout the period shipbuilding was encouraged spasmodically by the giving of bounties. Elizabeth, Charles II, and William III all offered these subsidies to shipbuilders. Finally, the many wars of the eighteenth century compelled England to build up a satisfactory navy.

But without trade the State could have done very little. The basis of English overseas greatness had been laid by the Elizabethan adventurers, but it was the great trading companies which established regular overseas connections with the distant parts of the world. England was certainly late in the field, but the defeat of the Armada aroused her maritime ambitions. In the

seventeenth century her great rivals, the Dutch, the international carriers, were defeated, and in the eighteenth century the French were ousted, with the result that England gained an overseas Empire which compelled her to pay very considerable attention to overseas communications. The security of the Empire depended upon England's command of the seas. By the end of the Age of Nationalism, therefore, England was the greatest maritime Power of Europe, and though pirates still abounded, there was more overseas communication than there had ever been before. The progress can be very easily seen from the few available statistics. In 1588 England had a tonnage of 12,500, excluding fishing vessels; it is estimated that between 1660 and 1688 England's mercantile fleet doubled; by 1701 she had a tonnage of 260,000 consisting of 3,300 ships; and by 1760 her total tonnage was over 600,000.

E

The establishment of regular postal services, finally, gives to the history of communications in the Age of Nationalism an especial interest. The Crown, the merchant gilds, and the foreign merchants had their private messengers during the Middle Ages, and it was largely the desire of the Government to censor letters which caused Henry VIII and his successors to give their attention to the matter of postal services. Elizabeth was of especial importance, for she set up a Master of Home and Foreign Posts in 1558 and insisted in 1591 that letters should only be carried by messengers recognised by the Master. James applied this principle to inland posts as well, and in 1635 a great reformer, Withering, undertook the task of making the postal services self-supporting. He issued a scale of letter

rates whereby letters could be sent up to 80 miles for twopence, between 80 and 140 miles for fourpence, and above 140 miles for sixpence. Eight main postal lines were established, and by 1643 the revenue amounted to £8,000 a year. In 1653 the inland and foreign posts were farmed out for £10,000 a year, and the experiment was so successful that in 1660 the fee charged had been raised to £21,500 a year. In 1680, moreover, it was possible to send a letter three hundred miles and expect a reply within five days; and in that year Dockwra established the London Penny Post, although he was quickly suppressed for infringing the farmer's monopoly.

By the end of the eighteenth century, there was thus a fairly efficient postal service, both inland and foreign. There had been a mail packet from Holyhead to Dublin since 1598, from Dover to Calais since 1635, from Harwich to Holland since 1686, and from Falmouth to Corunna since 1688. In 1703, again, service to Lisbon was set up, to be followed in 1745 by one to the West Indies. In the eighteenth century itself, also, considerable improvements in the administration of the postal services were made. Anne was interested in the matter, increasing the powers of the Postmaster-General, and Allen, to whom the services were farmed out, made it exceptionally efficient during the long period from 1721 to 1769, in which he was in control. The net revenue from the postal services actually rose between 1724 and 1764 from £96,339 to £116,182. By the end of the Age of Nationalism it was possible for private individuals, merchants, and companies to communicate with all parts of the country, and many parts of the world, with very little inconvenience, and the economic value of such a state of affairs can hardly be over-estimated.

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CHAPTER IX

THE POOR LAW

A

Up to the end of the Middle Ages poverty had never been a problem. On the land everyone had a status which, if it was the negation of freedom, nevertheless gave security; in the towns the merchant gilds and then the craft gilds took care of unfortunate or sick members; and the very few people who moved about the countryside could always count upon the monasteries for relief. Poverty was of so little importance that it was regarded as a divinely ordained institution which gave the charitable a means of acquiring merit through almsgiving, and amongst the pious voluntary poverty was even fashionable. But with the end of the Middle Ages poverty became a major problem, and it quickly became apparent that the State must take some action. It must not be thought, however, that in the Age of Nationalism the motive force was humanitarianism. There is no doubt that from the sixteenth to the eighteenth centuries sensitiveness was not a trait of the English character. To visit Bedlam, in Shakespeare's time, was a Saturday afternoon's amusement. The motive force was Mercantilism. Poverty was a factor which weakened the State, and the action which was taken was meant not so much to help the poor as to enable the State to become a healthy and wealthy unit.

B

There were several reasons why poverty assumed such large proportions on the dawn of the Age of Nationalism. First, the enclosure movement and the conversion of arable to pasture had caused a large number of tenants to be driven from their land because sheep-farming required less labour than agriculture. Secondly, the decay of the craft gilds and the rise of industrial and mercantile capitalists meant dislocation in industry, which, if temporary, was at any rate severe. Thirdly, the influx of the precious metals in the Tudor period caused industrial and commercial instability. All these factors meant that the amount of poverty increased. Fourthly, owing to the Reformation the movement against the monasteries had begun in the 'thirties, and the dissolutions of 1536 and 1539 had made the situation extraordinarily difficult, especially as the monastic lands were sold or given to men who immediately converted them into sheep-runs. But, in the subsequent period, it would not be right to class all the poor together, for the simple reason that there were three distinct classes. There were the able-bodied rogues or vagabonds, who did not want work, but who were a constant danger on the high-roads. There were the poor who were healthy and willing to work but could not find employers. Finally, there were the aged and ailing poor who could not help themselves in any way.

The existence of the impotent poor had been recognised by an act of 1389, which, however, did not attempt to make any provision for them, and the first real attempt to tackle the problem of poverty came in 1530. In that year it was enacted by Henry VIII that the J.P.'s were to be empowered to give licences to the impotent poor, authorising them to beg within certain strictly defined

areas. The able-bodied vagabonds were to be whipped and sent back to their birthplace or to the place where they had last lived for three years. There they were to be put to work. If they persisted in their vagabondry their lobes were to be cut off for the second offence and they were to be executed for the third. This was followed up in 1536 by an act which made arrangements for the speedy return of poor to their places of settlement, and which directed the authorities there to receive them. In order that a town might thus look after its own poor it was declared that the churchwardens of the various parishes must obtain alms and charitable contributions from the inhabitants on Sundays, feast days and holidays; and the clergy, when preaching or attesting wills, were to help by exhorting their parishioners to be charitable. But it was not expected, apparently, that this would be entirely adequate, and a form of begging was thus allowed whereby certain of the poor were authorised to collect broken meat and surplus drink for themselves and their fellows.

The principle thus was that the State should exhort the people, through the Church, to help the poor, rather than that the State itself should make any definite arrangements for the solution of the problem, and this principle continued to be followed. Owing to the dissolution of the monasteries, the problem became worse, and in 1547 an Act was passed, repeating the item of the previous bill, which said that the clergy should exhort the people to be charitable, and laying down regulations for helping the poor to reach their places of settlement. It was now declared that the local authorities must look after all those who had been within their jurisdiction for three years, unless the relations of the unfortunates were able to care for them. All others were to be sent home. Those who loitered

on the way to their place of birth were to have the letter **V**, for "vagabond," branded upon them, and were to be for two years the slaves of any man who would take them. If they ran away they were to be branded with the letter **S** and were to be the slaves of their master for life, whilst if they attempted to escape a third time, they were to be executed. A further innovation was introduced in 1550, when it was said that the children of all vagabonds were to be taken away from their parents. They were to become the servants of anyone who wanted them; they must serve until they were eighteen if males, and until they were fifteen if females; and, like their parents, they became slaves if they attempted to run away.

Plain exhortation by the clergy was not, meanwhile, producing any very satisfactory financial results, and, in order that more money might be obtained for helping the impotent poor, a number of new ideas were introduced. In 1552 it was enacted that in each parish two "collectors" were to be elected annually. They were to see the parishioners after the usual Sunday exhortation by the clergy, and were to persuade them to agree to give a certain sum weekly. It was not unnaturally considered that the office of collector would not be very popular, and therefore a fine of 20*s.* was imposed upon all who refused to accept the duties after being appointed. In 1557 the fine was increased to 40*s.*, and at the same time the richer parishes in a town were encouraged to help the poorer parishes. Then, in 1563, stronger measures were taken against those who were obviously in a position to help but who refused to contribute, despite the exhortation of the clergy, to the relief of the poor. It was enacted that all such persons were to be summoned to appear at the next sessions, where they were to be exhorted by the justices. If this device

failed they were to be assessed at a suitable weekly rate, and if they refused to pay that sum they were to be committed to gaol until they were in a more charitable and Christian frame of mind. Thus did the "poor rate" begin.

Elizabeth, however, not satisfied with the existing enactments, reviewed all the previous legislation in 1572 and brought forward a most important act which entirely transferred all matters concerning the poor from ecclesiastical to civil officers. She made an especial attack upon the able-bodied vagabond, who was to be tried, whipped, and branded, unless some householder was willing to take him and employ him. In that case the vagabond was to serve for at least a year. If he left he was to be again whipped and branded, and for the third offence death was the penalty. If he had any children, they were to be taken from him in the same way as had been prescribed in 1550; and male children had now to remain in service until they were twenty-four instead of eighteen. Elizabeth re-enacted the provision that three years' residence entitled the impotent poor to be looked after by the authorities and that all others should be sent to their place of settlement. The justices of the peace were commissioned to assess every householder's contribution to the poor rate, and collectors and overseers were appointed. This was not satisfactory enough, however, and in 1576 a new step was taken when the local authorities were empowered to buy wool, hemp, and flax and put the able-bodied poor to work on them—a most important development, since it represents the first attempt to remove a cause of poverty. The erection of houses of correction was authorised, regular taxation was again insisted upon, and there was another exhortation to the wealthy to be generous.

With the two Acts of 1597 and 1601 Elizabeth modified the Poor Law, using the experience of all the previous measures. In these two acts it was laid down that relatives were primarily responsible for the care of their own poor but that the impotent poor, if necessary, should be cared for. Materials were to be bought so that the poor who were able-bodied could be set to work. The inhabitants were to meet the cost of maintaining their own poor, and overseers were to be appointed every year to see that the law was carried out efficiently. Arrangements were made for the apprenticing of pauper children to trades in which they could become industrious and valuable citizens. Houses of correction were authorised, and those who refused to work were heavily punished. Finally, the whole scheme was to be managed by the Justices of the Peace, themselves supervised by the Privy Council. There is no doubt that this system was by no means humanitarian, but at any rate it contained no mention of slavery, which had been authorised by the Act of 1547, and the great evil, the able-bodied vagabonds, was well tackled. The great point of the Elizabethan Poor Law was that it was flexible, and the fact that it was the basis of English poor law administration for two hundred years proves its merit.

From the beginning of the seventeenth century until about 1760, no revolutionary changes in social life occurred in England, and there was little need to alter the Poor Law system; but some features must be mentioned. In 1608, James, fearing that the Elizabethan code was not being rigidly observed, ordered that it should be observed and in 1630 Charles I set up a Royal Commission which again insisted on the observation of the law. Cromwell was especially severe on the sturdy vagabonds, and then, in 1662, a very important measure, known as the Laws of Settlement, was passed. This declared that

the poor were too much inclined to wander about the country. It was their practice, it was alleged, to seek out the towns and villages where there was plenty of waste and common land. In such places, it appears, they set up their huts, used the wood and produce they could find, and then moved off in search of a similarly favoured place. It was therefore laid down that the J.P.'s could compel all new-comers to leave a place within forty days of their arrival, if they occupied a tenement of less than £10 value a year. The inhabitants were afraid that all such people would eventually fall upon them for relief. But unfortunately these laws of settlement had a very serious effect. They meant, in fact, that the worker could not move about the country to find where his labour was most needed, and both he and industry in general thus suffered. At the same time, a healthy attack was made on the sturdy vagabonds, who were liable to transportation.

At the beginning of the eighteenth century there was a period of trade depression which caused a good deal of poverty, and considerable attention was given to the problem. In Bristol some advances were made, for the various parishes united to form a workhouse for their poor. The example was followed in Exeter, Hereford, Hull, Norwich, Gloucester, and a number of other large towns, and in 1723 the Workhouse Act was passed, empowering parishes, or unions of parishes, to set up workhouses for maintaining and employing the poor. Occasionally, it appears, the workhouses were managed by contractors, so that in effect the poor were farmed out; but at any rate there was a considerable reduction in the cost of administering the Poor Law, and the imposition of the workhouse test in those areas which had taken advantage of the Workhouse Act was a valuable deterrent. Between the years 1698

and 1750, when the population increased by one-fifth, the cost of poor relief fell one-eighth—from £819,000 to less than £689,000. But the system of Elizabeth even with these modifications was not to last much longer. England by 1750 was on the eve of a great revolution in both the agricultural and the industrial worlds. Changes far more devastating than those of the early sixteenth century were in the offing, and it was clear that all the existing machinery would have to be completely recast.

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CHAPTER X

TOWNS

A

In the Age of Nationalism the population of England rose from about 3,000,000 to almost 7,000,000, and a gradually increasing proportion of the people were town-dwellers, for the simple reason that trade and industry were becoming of greater national importance both absolutely and relatively. Between 1603 and 1660, for example, the population of London grew from about 250,000 to 400,000 and in the latter year, also, Bristol and Norwich had each about 30,000 inhabitants. The influence of the development of towns can be estimated from the cultural significance of the Age of Nationalism. The only great literary figure in the Middle Ages was Chaucer, but in the three hundred years from Henry VII to George III there was a host of great writers—Spenser, Shakespeare, Milton, Dryden, Pope, Swift, and Johnson —who could not have been produced by the rural civilisation of medieval England. But though the towns were growing in size, urban organisation did not develop in the Age of Nationalism. The legal position of the towns, and the way in which they were managed, were much the same at the end of the period as they had been at the beginning. The towns were cramped within a medieval mould.

B

In the Tudor period the most striking feature was the continuation of the decline of the corporate towns which

had begun in the later part of the Middle Ages. As previously indicated, this was due partly to the heaviness of taxation, but mainly to the exclusiveness of the gilds, which drove the journeymen to the market towns and villages, where no restrictions could be imposed upon them. The distress of the corporate towns was very real. York, Bristol, Lincoln, Portsmouth, Hull, Newcastle, Liverpool, Leicester and Lancaster contained a great deal of ruined property and a large number of towns had to seek a reduction of the "tenth-and-fifteenth" which was imposed upon them. The Crown was naturally anxious. In the Tudor period there was a whole series of acts which forbad the pulling down of towns, and the fact that these statutes had to be continually re-enacted proves how dangerous the decay of the corporate towns was considered to be. In her Statute of Apprentices, Elizabeth went out of her way to assist the corporate towns by allowing sons of 40*s*.-freeholders to be apprenticed whilst restricting the privilege to the sons of 60*s*.-freeholders in market towns. But, as the Tudor period drew to its close, it could be seen that there was no real danger to England as a whole because, though the corporate towns were decaying, new towns were springing up. From 1550 onwards, for example, Manchester, Birmingham, and Sheffield, which had been small villages, were quickly developing into busy industrial centres.. There was no decay of town life, taking the country as a whole.

C

Early in the Stuart period it was fully recognised that no useful purpose could be served by favouring the older towns, and all the acts which did so were therefore repealed in 1623. The corporate towns remained extremely exclusive, and York, for example, would not

confer the freedom of the city upon "strangers." But in the Stuart period the towns in general began to exert an important influence upon the destinies of the country. In the House of Commons there were 400 members from the towns side by side with 92 from the counties, and though the country gentry, in actual fact, generally represented the towns, the urban point of view was able to make itself felt. The towns were the natural centres of Puritanism and Parliamentarianism, and they provided the wealth and the bulk of the men to oppose Charles I in the Civil War. The triumph of Cromwell was largely the triumph of the towns—and it is an interesting paradox that Cromwell himself came from such a small place as Huntingdon. But, with the accession of Charles II, it was inevitable that the towns should be made to suffer. Charles, having known the humiliation of exile, was not going to run the risk of losing his throne, but he was not going to run the risk, either, of allowing the towns to foster local feeling against him and to send to Parliament members who would thwart him. From 1681 onwards, therefore, a considerable number of towns were compelled to surrender their charters, which were only returned after being so modified that the towns were in future under the control of royal nominees. From that time onwards there was no real local government in England until the nineteenth century.

D

In the eighteenth century the inadequacy of the existing urban organisation became steadily apparent. On the one hand, boroughs which had been important but which had now practically no population, were represented in Parliament. Old Sarum, for example, was only a stone wall but it had two members. On the other

hand, the growing towns like Manchester were entirely unrepresented. Many of the greater towns, not having been able to acquire charters, were still subject to the medieval village organisation, complete with manorial court; and where town councils did exist they were very often close bodies which were content to manage the privileges of the borough and turned a blind eye towards the new needs which the growth of the population brought into existence. The rigidity of the town councils caused *ad hoc* bodies to be sometimes set up by private Acts of Parliament to deal with such matters as paving and the supply of water, and these were generally elective. Even in the largest towns there was no one comprehensive body capable of attending to all the municipal affairs, and the clumsiness of this division of functions was most unfortunate. There was really no system at all in the world of local government in the eighteenth century. The administrative machinery was hopelessly obsolete in the main, and by the end of the period, when the Industrial Revolution was beginning, it was absolutely essential that everything should be brought up to date.

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B

1

Those two relics of the Middle Ages, the fairs and markets, have gradually declined in importance during the Modern Age as features of retail trade organisation. At most of the fairs, the auctioneer with his crockery is the only remaining trace of the economic aspect of fairs, the amusement side of which is the only one which now attracts attention. The gipsy and the "cheap jack" have supplanted the merchant prince. Markets are by no means so obsolete as fairs. In the small market towns the weekly or bi-weekly market is still held, and local produce is still sold. In the greater towns, also, the market, instead of being periodic, has become permanent. Market rights have been bought by municipalities, huge halls have been set up, and stalls are now let to retailers. But it is as units in the organisation of wholesale trade that fairs and markets have acquired a new significance in the Modern Age. Fairs like the British Industries Fair and the Lancashire Cotton Fair play a considerable part in attracting the attention of home and foreign wholesalers. While such fairs are periodic, however, wholesale markets are in constant operation. There are special markets for every commodity—fish markets at Hull, Grimsby, and Billingsgate, cotton markets at Liverpool and Manchester, and the wool market at Bradford. In addition there is the money market in London and stock and share markets at all the greater towns.

2

It is in the towns, which have increased both in size and number and are now scattered in every part of the country that modern trade has developed. The old

livery and mercantile companies had lost their influence by the time the Modern Age began, and individualism, free and uncontrolled, has been the formative element which has produced commercial organisation of extreme complexity. Three types of traders quickly evolved after the Industrial Revolution. First, there was the wholesaler, who bought in very large quantities, whether he imported his commodities or bought from English producers; secondly, there was the agent, who often acted for the manufacturer or wholesaler, but who carried no stock himself; and thirdly, there was the retailer, who bought from the wholesaler or agent and sold to the general public. In many cases the one-man firm in each case remains in existence, especially in the retail trade, but gradually the size of the trading unit has increased. The law of Limited Liability, which was passed in 1862, affected trade in exactly the same way as it affected industry, for shareholders, no longer fearing the loss of their whole fortune if a firm failed, were ready to invest their money in purely commercial ventures. The company promoter and the board of directors have thus become almost as important in trade as in industry, and a fair number of the 99,000 limited liability companies now in existence are concerned purely with trade. Trade has been capitalised, and the work of distribution has become a great industry in itself.

The common interest of traders has naturally led to the rise of organisations for the sake of self-protection. Merchants, whether wholesalers or middlemen, have founded Chambers of Commerce, and, although many of these are concerned very considerably with foreign trade, all have to pay great attention to home trade as well. The first Chamber of Commerce was founded in Jersey in 1768, and this example was followed in 1783 by Glasgow, and in 1786 by Manchester. In 1813

Birmingham and Leeds each set up chambers of commerce; Newcastle followed suit in 1818; and in 1860 the Association of British Chambers of Commerce, with sixteen chambers in various parts of the country, came into existence. From that time onwards the movement has continued, and at the present time there is, in almost every important town in the country, a chamber of commerce which looks after the interests of the merchants of the place. The chambers concern themselves purely and simply with commercial matters and disavow any intention of meddling with industrial matters, but manufacturers, who are naturally very much concerned with the sale of their products, may be members. A similar combination has been carried out by the retail traders of the towns, and so much progress was made in the nineteenth century that in 1897 the National Chamber of Trade was founded. It was incorporated in 1925, and at the present time presides over no less than 350 local chambers of trade which safeguard the interests of local retailers and retailing firms.

3

The most distinctive feature of trade in the Modern Age is the shop, to which a fair amount of attention must be paid. Thanks to the intricate organisation of trade, it is now possible for the ordinary householder to secure exactly what he wants, when he wants, at the appropriate shop. He has no need to wait until the market day for necessities, and no need to wait until the fair for luxuries. He is able to purchase anything at a moment's notice, and the variety of commodities available for the purchaser is greater than it has ever been before. Goods which come from the distant corners of the world, and which would have been rare luxuries not very long ago, are now regarded, so common have they become, as

necessities. The medieval townsman, and even the eighteenth-century craftsman, had to be content with rough cloth, poor quality meat, weevily bread, and home-brewed ale. Everything was the same, year in and year out. Their modern equivalents can purchase, over the counter of the town shop, coffee from Brazil, tea from India or China, sugar from the West Indies, oranges from Seville, bananas from Jamaica, tomatoes from Australia, grape-fruit from California, and cocoa from Nicaragua. Everywhere there is a variety from which one can choose, and the effect upon life and outlook is tremendous. The old view that the man was rich who had the fewest and simplest needs has gone for good, and it is recognised that the best life is made possible when all tastes can be quickly satisfied. Modern civilisation is unthinkable without the shop, which, of course, has passed through several stages of evolution.

The shop starts when the householder puts part of his house aside for the business of selling goods. It may therefore be traced to the Middle Ages, but the seller was then also a craftsman. The shop can, however, be dated from the sixteenth century, and the pure shopkeeper has come into his own in the Modern Age, though the baker, the tailor, and the cabinet-maker still remain as living symbols of medievalism. But though the man who lives behind his shop and simply sells is the first type of true shopkeeper, he may be either general or specialised. On the one hand, there is the village shopkeeper who supplies everything from silk ribbon to cow-cake. On the other hand, there is the shopkeeper who confines his attention to one special commodity in which he is particularly interested. The grocer, the greengrocer, the draper, the tobacconist, and the furnisher are the products of the differentiation of functions made necessary by the concentration of an increasing popula-

tion in the towns. The owner of the general store, buying only small quantities of any given commodity, cannot expect very good terms from the wholesaler or agent, and his prices must be, therefore, high. The specialist retailer, who has a large regular turnover of his one commodity, can buy cheaply because he buys in bulk and can therefore give better value for money. But both of them are "small" men, because they depend very largely upon their personal relationships with their customers, and the specialist is only one stage removed from the rudimentary.

From the small specialist shops there have been two developments. On the one hand, the departmental store has evolved. The parent shop of this type was, as a general principle, a draper's shop. As time passed, prosperity encouraged the draper to extend the variety of commodities which he offered to his customers, without in any way restricting the drapery side of his business. He may add toys, notepaper, carpets, suits, furniture, shoes, ironmongery, china, and a host of other articles, ranging up to automobiles. This may appear to be a return to the general store on a large scale, but there is an essential difference in that each department is under the direction of an expert; and the store generally becomes a limited company. The idea is that the customer can purchase everything he wants at the one shop, and efforts are continually made in the departmental store to persuade the customer to feel at home in the place. The customer is encouraged to walk around in the shop so that he may see what he wants, although before entering the shop he was unaware of the need. The café is the next development, introduced so that the shopper can resume his purchasing after a rest; and finally comes the departmental library, which may not be a paying proposition, but which causes customers to visit

the shop regularly. That is why the library is usually placed in the most inaccessible part of the building. Unfortunately, the costs of maintaining the departmental store are heavy, and perhaps only the English habit of considering it plebeian to haggle about price has enabled them to thrive as well as they have done.

The second development of the specialist shop is the chain store. The parent shop in this case was usually a small shop selling groceries, shoes, or dairy products. But as business extended the proprietor did not increase the size of his shop or extend the range of goods which he offered to the public. He purchased, or rented, another shop, in another district, and sold exactly the same goods as at the parent shop. As business again expanded he increased the number of shops until he had perhaps a chain of shops in all parts of the country, all of which, as a rule, were identical in appearance and sold exactly the same goods at exactly the same price. He also, as a general principle, converted his business into a limited liability company. The advantages of the chain-shop principle are that the few commodities are bought in very large quantities and can therefore be sold cheaply, that the rent of the small shops is a relatively small charge on the company's expenses, and that a national instead of a local public is available. The chain shop does not encourage people to loiter, but to come, buy, and go, and the success of the scheme has led to the formation of very large companies such as the Maypole Dairy Co., Ltd., which set up chain stores from the start, and which, moreover, supplies all the stores from its own factory, thus eliminating the wholesaler altogether. The only disadvantage of the scheme is that the products are standardised, and that thus very little choice is offered to the customer.

Similar, in some ways, to both the departmental store

and the chain store, are the shops of the co-operative societies. They have their departmental store in the centre of the city which is their headquarters, and, scattered throughout the suburbs, they have specialised shops for groceries, clothes, and footwear. But, whereas the ordinary departmental and chain stores are carried on for private profit, the co-operative stores are conducted for the benefit of the purchasers, who are also, as a rule, members of the society. The experiment in co-operate distribution was first tried in 1844, when the Rochdale Pioneers opened their shop in Rochdale; and in 1873 the Co-operative Wholesale Society, a federation of the bulk of local organisations which had come into existence in all parts of the country, was set up. The success of the movement may be gathered from the fact that at present there are no fewer than 1,351 societies, representing 5,624,079 members. The societies sell their commodities at current prices, but the profits, instead of going into private pockets, are distributed annually to the members according to their purchases. The members themselves elect the managing bodies of the societies, which on the whole are very efficiently run. Of recent years the Co-operative Wholesale Society has had considerable success in producing many of its own goods, so that the wholesalers' as well as the retailers' profits are eliminated. The only disadvantage of the stores is that, like the chain stores, they sell products which are extremely standardised, and choice is consequently somewhat limited.

Finally, there is the sixpenny store, Messrs. F. W. Woolworth's, for example, which is a very remarkable experiment in retailing. In this case, the shop is large and is therefore departmental in appearance, but there is also a large number of similar shops scattered, chain-like, up and down the country. The variety of com-

modities offered to the public is very large, but, since there are so many shops under the same controlling hand, goods can be bought in enormous quantities at very low prices and can therefore be sold very cheaply. It is no rare thing for the headquarters of a sixpenny store to order hundreds of thousands of lamp-shades or saucepans, which are then distributed to the various stores. Like the departmental store, the sixpenny store encourages the general public to visit the place and walk around, because they will then be likely to see something they wish to buy. But all the available space is given over to the display of goods; the fittings of the shop are cheap and standardised; and there is no attempt to make the customer loiter about too much. The sixpenny store is, of course, an American invention—the original name is the "ten cent store"—but it has taken root in this country and has been imitated to a certain extent. It fulfils a real need, since it supplies articles of everyday use at really competitive prices, and it is a recognised advantage to the whole community. The greatest tribute to the sixpenny store is that, as a rule, it does not find it necessary to advertise.

4

Towards both wholesale and retail trade the attitude of the Government has been based mainly upon Laissez-faire. Attention has been directed to the big companies, to ensure that they are carried on in a legitimate manner, and recognition has been given to the chambers of commerce and trade. So far as the actual selling of retail goods is concerned, the Government has been content generally with seeing, by means of inspection by the Board of Trade, which dates in its present form from 1786, that weights and measures are true. But of recent times the State has been a little more active. In

order that shop assistants should not be unduly fatigued, the Shops Seat Act was passed in 1899, insisting that they should be provided with chairs—an act more honoured in the breach than the observance. The same concern for the welfare of the shop assistants produced the Shops Act of 1912, which introduced a compulsory half-holiday per week, and the Shops Act of 1920 has ensured that hours shall not be excessive. War conditions compelled the State to be active in a far more important manner, for in 1917 the Ministry of Food was set up. The results were that the rationing of foodstuffs was imposed and that prices were fixed to prevent scarcity from enabling retailers to make huge profits. Since the war, the State has fallen back on its supervisory functions, but it has kept a close eye on the adulteration of food, and it is possible that in the near future a revolutionary innovation—the regulation of food prices—may be introduced to check profiteering.

I

England's greatest advances, however, have been made in the sphere of foreign trade during the Modern Age. Since she concentrated on attaining the position of the workshop of the world, and thus regarded agriculture as of secondary importance, it was absolutely necessary for her to live by means of exchange; and she made of the necessity an opportunity. She was helped very considerably by the current theory of Laissez-faire which had two effects. First, it meant that the old companies with monopolies had to go, and their place was taken partly by individuals—for the "interloper" was now respectable—and more generally, especially since 1864, by the joint-stock limited liability companies.

The chambers of commerce, which have already been mentioned, have naturally performed a valuable function in assisting the individual merchants and the companies to maintain their position. Secondly, Laissez-faire meant Free Trade, which began to attract the attention of the merchants after 1776, when Adam Smith published his *Wealth of Nations* and disproved the old fallacy that one country can only gain at the expense of another. The reason why the merchants were so anxious for Free Trade was, not that they had any respect for Free Trade as a natural law, but that they realised they had everything to gain and nothing to lose from it owing to the absence of real competition. That was why the London Merchants petitioned for Free Trade in 1820.

2

The extension of Free Trade was accompanied throughout the nineteenth century, and almost up to the present time, by tremendous prosperity in England. A few statistics of English trade at various dates clearly indicate the extent of the progress made. The total trade in 1750 amounted to £17,400,000, which comprised £10,150,000 worth of exports and £7,250,000 worth of imports. By 1800 the United Kingdom exported goods to the value of £38,120,000, and the imports stood at £30,500,000—a total trade of £68,620,000. But this was only a start. By 1850 the exports were valued at £82,500,000 and the imports at £95,250,000, a total of £177,750,000. By then the United Kingdom exported less than it imported, and, according to the old mercantilist idea of the Balance of Trade, ought to have been a declining power. But prosperity continued, for even in the lean year of 1885, when there was a great deal of talk about decline, the imports were £370,967,955 and the exports £271,403,694,

whilst the corresponding figures in 1900 were £523,075,103 and £345,373,754. In 1913, despite foreign competition, which was increasing annually, the exports were recorded as £634,820,326 and the imports as £768,734,739. The Great War followed, and since 1918 the United Kingdom's trade has not increased at the same rate as other countries'. But in 1928 the exports had reached the figure of £843,779,946, and her imports £1,196,940,345. The total trade had risen from £17,400,000 in 1750 to £2,040,720,300 in 1928—an increase of over 110 times.

(*a*)

The countries with which England has traded, and the changing proportion of trade with each country, is an important factor. Up to 1850, as during the Age of Nationalism, the bulk of British exports went to Europe, and, with the exception of cotton, which came from America, the bulk of the imports also came from Europe. Since 1850 trade with Europe has not increased so quickly as trade with the rest of the world, and since 1860 less than a third of the United Kingdom's trade has been done with the Continent. Yet trade with European countries has increased. In 1885 the United Kingdom exported to France goods to the value of £23,020,350, and the figure had risen in 1913 to £28,932,988, and in 1928 to £43,723,000—an increase of 90 per cent. From France, the United Kingdom imported £35,709,787 worth of goods in 1885—she was then still the second most important country from which England imported; the amount had increased by 1913 to £46,352,718, and by 1928 to £60,643,000. The phenomenal increase in the prosperity of Germany during the later part of the century also caused a great expansion of British trade with her. In 1885 the exports were

£27,059,830 and the imports £23,069,163; in 1913 exports were £40,677,030 and the imports £80,411,057; and despite the war a substantial trade is still carried on with her. In 1928 the exports were £67,364,000 and the imports £63,731,000. Finally, amongst the United Kingdom's good customers at the present time are Belgium and Holland, to which exports in 1928 amounted to £27,347,000 and £26,647,000 respectively.

The increase of trade with the British Empire has been steady, not so much because there has been any sentimental link between the Mother country and the colonies, as because the new countries have simply been developed. In 1850 from a quarter to a third of British exports went to the Empire. India, for example, alone took a tenth of the total exports and a sixth of the export of manufactured cotton. Since 1880 the increase of imperial trade at the expense of foreign trade has been steady. In 1880 the United Kingdom exported £85,424,218 worth of goods to the Empire, and to foreign countries exported £185,976,476 worth, whilst importing from the Empire £84,401,733 worth and from foreign countries £285,868,222 worth. By 1913 its exports to the Empire were £195,310,000, or 37 per cent. of the total exports, and the imports from them £191,191,000, or 25 per cent. of the total imports, whilst it exported to foreign countries £329,944,000 worth of goods, or 63 per cent. of the total exports, and imported from them £577,544,000 worth, or 75 per cent. of the total imports. In 1928 the United Kingdom exported to the colonies £288,740,000, or 42 per cent., and imported from them £311,189,000, or 27 per cent., whilst to foreign countries it exported £399,552,000, or 58 per cent. and imported from them £840,007,000, or 73 per cent. The Empire has not been self-supporting, but the increase of trade within the Empire

has shown indisputable development. The relative importance of the various parts of the Empire might be noted. India stands first, since in 1928 British exports to her amounted to £85,087,000, and the imports from her to £65,000,000. Canada stands second, the exports being £36,849,000 and the imports £81,000,000. Australia stands third, after being second until 1913, since the United Kingdom exported to her £54,409,000 worth of goods and imported £57,980,000 worth in 1928.

Amongst non-British countries outside Europe the United States have had the greatest share of trade with England. In 1806 the United Kingdom exported to the United States a third of its products, and as late as 1838 exported to the United States more than half the amount exported to Europe, although Europe was fifteen times as large in population as the United States. The proportion of the United Kingdom's trade with the United States, in relation to the total British trade, has declined, but since 1885 the United Kingdom has imported from her more than from any other country. The amount in 1885 was £86,478,813; in 1913 it was £141,052,072; and in 1928 it was £188,600,000. The exports to America were in 1885 £31,094,589; in 1913 only £29,294,196; and in 1928 £68,736,000, an increase despite the low return for 1913. The development of trade with Argentina has been still more phenomenal. In 1885 the United Kingdom exported to her £4,760,678, in 1913 £22,640,921, and in 1928 £31,776,000. During the same years the United Kingdom imported from her goods to the value of £1,878,921, £42,485,391, and £76,785,000 respectively. With the Far East, also, England has done considerable trade since the middle of the century. In 1850 the United Kingdom exported nothing to Japan, and only £936,000 worth of goods to China; but by

1913 the figures were £14,530,432 and £14,845,269 respectively. The corresponding figures for 1928 were only £14,804,000 and £15,853,000, owing to the industrialisation of Japan and to the disturbed condition of China, but the Far East has been a valuable market for English goods and may continue to be so.

(*b*)

The commodities in which England has traded must also be mentioned. Up to the end of the Age of Nationalism the staple export of England was woollen manufactures. In 1701, for example, England exported £2,000,000 of woollens, which amounted to a quarter of the whole export trade. But by 1814 cotton took the first place, exports of the commodity amounting to almost a half of all the exports of the country. That position was maintained by cotton, but the desire to develop industries of their own led foreign countries to require English machinery and, therefore, the exports of steel and iron took the place of woollens, which sank to the third place. The figures since 1885 show that the proportion has been maintained, though the quantities exported have increased. In 1885 the United Kingdom exported £58,111,593 of cotton, £29,072,808 of iron and steel, and £18,847,053 of woollens. In 1913 the figures were £124,288,106 for cotton, £54,291,768 for iron and steel, and £37,676,687 for woollens. For 1928 the amounts were £145,304,242 for cotton, £120,550,701 for iron and steel, and £56,896,582 for woollens. A few other exports might be noted, though they are of subsidiary importance. Since the time of Wedgwood, English pottery and earthenware have been famous, and exports in 1928 amounted to £13,076,303. Of recent years, moreover, England has built up new industries, and now exports commodities the bulk of which she had originally to

import for her own consumption. In 1928 she exported £25,414,223 worth of chemicals and dyes and £11,629,139 worth of electrical goods.

Imports have consisted almost entirely of raw materials and food-stuffs, both of which are necessary because England has specialised on industry. Until the Industrial Revolution began the United Kingdom could provide her own food, but by 1854 grain accounted for 27.7 per cent. of the total imports. The percentage has remained about the same since then, but the figures have increased. The figures for 1885 were £32,868,913, for 1913 £85,494,628, and for 1928 £97,637,377. Meat has been equally important, especially since 1879, when the first cargo of frozen meat came to London. The imports in 1913 amounted to £49,079,559, and in 1928 to £109,248,909. Of the raw materials, imported cotton takes first place. It accounted for 20 per cent. of the total imports in 1854; £70,570,547 worth was imported in 1913; and £80,707,021 worth in 1928. Wool, which England supplied herself up to the time of the Industrial Revolution, was imported from Australia in 1807. By 1821 only 175,433 lbs. of wool were sent to the United Kingdom, but in 1854 about £9,000,000 worth was imported, and the figures for 1913 and 1928 were £37,731,434 and £63,922,920. Apart from these three main imports, four others may be mentioned. During the Age of Nationalism England was able to supply herself almost all the timber she needed, but in 1928 £42,505,243 worth was imported. Oils and rubber have become especially important in recent times owing to the evolution of the automobile, and imports of these two commodities amounted in 1928 to £45,090,534 and £25,417,228 respectively. Finally, tobacco, which was first imported in Elizabeth's time, accounted for £17,825,215 in the import figures of 1928.

(*c*)

Although English trade generally has increased very considerably in the Modern Age, however, it should be noted that of recent years England's rate of increase has not kept up with that of some other countries such as the United States. This is due to the fact that certain foreign countries have only recently been able to take advantage of the Industrial Revolution, and it is inevitable that their rate of progress will also decrease as time passes. They are in their 'teens so far as trade is concerned—a period through which England passed in the first half of the nineteenth century—and when they reach manhood, they will not add so quickly to their inches. The future of England depends upon the final balance of power, but in the pessimistic observations often heard to-day there is no conclusive reason. Exactly the same things were being said in the dull years of the 'eighties. But meanwhile the struggle of English trade is a severe one. Between 1913 and 1923, for example, there was a decrease of 53 per cent. in the export of English cotton piece to India, and the condition of the principal export is still far from satisfactory, despite a steady expansion of the total exports. It is not unlikely that considerable readjustment of English industry and trade will be necessary in the future, that England will have not only to make her existing trade more efficient, but also to establish new trades. Flexibility, courage, enterprise are necessary, but if they are forthcoming all will be well.

3

(*a*)

The attitude of the State towards foreign trade has for the greater part of the Modern Age been based on the

doctrine of Free Trade, the application of which must be noted. A start was made by the Younger Pitt, the disciple of Smith, with the famous Free Trade Budget of 1787 which abolished a number of duties and reduced many more. The Napoleonic wars naturally prevented further extensions being made, although Free Trade with Ireland was established by the Act of Union of 1801, and nothing was done during the Years of Distress which cover 1815 to 1822. But in 1822 Huskisson became President of the Board of Trade, and in 1823 struck the first blow at the Navigation Acts by his Reciprocity of Duties Act, which promised equality with English ships to the ships of any foreign country willing to reciprocate the treatment. In 1826, however, there were still 1,280 duties in existence, and it was not until 1841 that they were reduced by Sir Robert Peel to 1,052. But the trading privileges of the East India Company had been abolished in 1834, and in 1846 Sir Robert Peel, after much consideration, took the great step of repealing the Corn Laws—an action which split the Conservative Party but also sounded the death-knell of Mercantilism. Then, to finish the story of the decline of Mercantilism, the Navigation Acts were repealed by Lord John Russell in 1849.

The completion of the Free Trade structure was undertaken by Gladstone. In 1849 a number of duties still encumbered trade, and in his Budget of 1853 Gladstone therefore allowed the free import of all raw materials and of partly manufactured goods as well. He followed this up again in his Budget of 1860, according to which even manufactured goods were allowed to enter England free of all protective duties. By 1886, thus, only 20 duties remained, and these were retained, not so that there should be any artificial interference with trade, but simply so that the State might have from

trade a useful revenue. The duties were low because they were not intended to keep out foreign goods; if they had been so high as to be protective they would have produced no revenue at all. From that time onwards Free Trade has been the basis of English tariff policy, and there can be no reasonable doubt that the Free Trade policy had a very close connection with the prosperity of the nineteenth century as a whole. There is no necessary connection, it is true, between the Free Trade and the prosperity, for the Latin principle *post hoc, ergo propter hoc* is not always a very sound principle. It is true also that other countries such as America prospered exceedingly under a protective tariff. But England was a country which depended for its very existence upon trade, and so long as she was not faced by world-wide competition, Free Trade was the obvious policy for her to adopt.

(*b*)

The Laissez-faire principles of the Modern Age, however, have not prevented the Government from giving substantial assistance to trade. First, the Government has opened new markets to English merchants, especially in the Far East. In 1842, after the rather disreputable Opium War, China was compelled to open five ports to the English and to cede Hong-Kong; in 1856 concessions were obtained from Siam; and in 1857 the Chinese were obliged to open five more ports to English merchants, to give the English the right to travel in China, and to accept an ambassador at Pekin and consuls at twenty-five ports. In Africa and the Middle East, also, the State has given valuable assistance, for she secured Cape Colony in 1815 by the Treaty of Paris, and was given the mandate of Togoland, part of the Cameroons, East Africa, and Iraq, by the Treaty of Versailles.

Secondly, the State has interfered to improve trade with more civilised countries by means of commercial treaties. In 1786, for example, she made with France a tariff treaty which was, however, ruined by the Revolutionary and Napoleonic wars; and in 1860 she made with France a similar treaty containing a "most-favoured nation" clause. Thirdly, the State has provided information for merchants. On the one hand, there have been official exhibitions like the Great Exhibition of 1851 and Wembley Exhibition of 1924. On the other hand, she has collected facts and figures for the guidance of merchants. In 1880 commercial attachés were appointed to all embassies and legations; in 1900 trade commissioners were appointed in Canada, Australia, S. Africa, and New Zealand to foster imperial trade; and in 1917 the Commercial Intelligence Branch became the Department of Overseas Trade, which maintains trade commissioners in many parts of the world.

In recent years, also, there has been a slight reaction from the nineteenth-century doctrine of Free Trade. It dates from the 'eighties, when England passed through a period of depression, and in the early years of the twentieth century, as indicated elsewhere, the demand for Protection was made by Joseph Chamberlain. The belief in Free Trade, however, and the fear of taxes on food were so strong that no progress could be made. In 1915 the first real move was made, for protective duties were then placed upon a number of imports such as motor-cars, tyres, clocks, and musical instruments. In 1921 a further step was taken by the passing of the Safeguarding of British Industries Act. The principle of this measure was that selective duties should be placed upon certain imports, if home manufacturers of those commodities could prove, first, that they were unfairly treated by the foreign competitors, and, secondly, that

the granting of the safeguarding duty would not adversely affect any other industry. Since 1921 chemicals, lace, cutlery, and glass have been safeguarded, and though the Act was abolished in 1924, it was reintroduced in 1925, and does not lapse until 1933. It is claimed by the safeguarders that the duties imposed enable the English export trade to grow because the monopoly of the home market makes it possible to produce more extensively, and, consequently, more cheaply. The outcome of the clash between Free Trade and Safeguarding yet remains to be seen.

D

Finally, attention must be paid to advertising, which has filled an increasingly prominent rôle in recent years. Advertising is usually considered to date from a 3000-year-old papyrus from Thebes, which offers a reward for the return of a slave; but in England it was insignificant until the seventeenth century, when weekly papers containing advertisements were published. In the eighteenth century, Johnson complained that there were too many advertisements; but since his day there have been tremendous developments. At the present time the newspapers and the hoardings are the dominant mediums of advertisement, and technically it has reached a very high level. The great firms of to-day advertise their wares in every civilised country in the world, and vast sums are spent. The principle is that it is foolish to hide one's light under a bushel, that it is no use producing a good article unless the public is told of its qualities. It is insisted, further, that extensive advertising enables goods to be sold at a low price, since the greater the output of a firm the less is the cost of each particular article and the smaller the profit which need be taken. In all this there is a great deal of truth, for

B

1

The evolution of Laissez-faire, which coincided with the dawn of the Modern Age, was partly due to the obvious bankruptcy of Mercantilism as an economic theory. As England ceased to be a self-sufficing country Mercantilism could no longer hope to be a satisfactory policy, and its degeneration—the absurd complexity of the customs, for example—made it extremely unpopular. It was, again, impossible to apply the principle of regulation effectively, even in the seventeenth century, when industry ceased to be concentrated in the towns and spread throughout the country-side. But the growth of the spirit of individualism, the positive aspect of the decline of Mercantilism, is still more important, for it had been gradually asserting itself ever since the Renascence. Individualism had asserted itself in the agricultural world since the time of the enclosures; the introduction of Capital into industry in the Tudor period had made men impatient of government control; and the growth of foreign trade had made men wealthy and enterprising—and, moreover, had given birth to that harbinger of the future, the interloper. Events on other sides of life had their repercussions upon economic life. The Reformation, by multiplying the religious faiths in England, adding Anglicanism and Puritanism to Roman Catholicism, implied a greater degree of individual choice, whilst the Civil War and the Revolution of 1688 had both restricted the authority of the Crown. Moreover, individualism was finding expression in the eighteenth century in the works of such philosophers as Locke, Hume, and Butler, the products of the Age of Reason.

The decisive blow in favour of individualism was given by the Agricultural and Industrial Revolutions. They provided unlimited scope for the development of individualism, and Laissez-faire was thus a projection and idealisation of actual facts. Laissez-faire was partly realised, and it was developed into an ideal by its great exponents, Smith, Malthus, and Ricardo. The basis of their theory was plausibly psychological, although, like Bentham, who was also an economist of some importance, they took an extremely rational and intellectual view of human nature. The "economic man," it was asserted, was always governed, in all his actions, by the motive of self-interest, according to the principles of the pain-pleasure philosophy. As the earliest scientists, Thales, Anaximander, Anaximenes, and Heraclitus, believed that there was one primary substance, be it water, air, fire, or something unknown, so the fathers of Laissez-faire held that self-interest was the basic factor in the human make-up. Left to himself, the individual would always act so as to make as much money as he possibly could. From that premise two related deductions were made. First, the motive force of self-interest had been implanted in human nature by the divine hand. As Malthus said, "Man's self-interest is God's providence." Laissez-faire was thus a natural law, and on no account must Man interfere with it. Natural laws were idealised and sanctified and it was considered a sin against the Holy Ghost to interfere with it. Secondly, and because of the first deduction, Laissez-faire must lead to economic efficiency. If the fittest were given the freedom to beat the less fit, then the net result would be good, not only for the fittest, but for the whole of society as well.

2

The application of the idea to industry was simple. During the mercantilist period, the aim had been to direct industry into certain channels which, it was thought, were conducive to the national well-being; the quality of goods had been supervised so that the public might be protected; and wages had been to some extent determined by the theoretically impartial justices of the peace. All this was, as a matter of course, swept away, since a healthy industrial life was now considered to be attainable, not by regulation, but by the free interplay of competition. It was absurd to encourage some industries and check others, because the welfare of the whole country depended upon the survival of those industries which were especially suited to the country. It was superfluous to supervise quality, because the forces of competition would ensure that those who produced inferior goods would be driven out of business. It was an interference with the liberty of the subject to assess wages, because the price of labour, like the price of commodities, was determined by the natural laws of supply and demand, and the sole function of the Government was to maintain the sanctity of the contract between the free employer and the free employee. All forms of combination, whether on the part of the employer or employee, were deemed illegal, because they restricted the free operation of the natural laws and thus injured the whole country. Individualism must be, first and last, the one and only *leitmotif* of industrial life. The Government was simply to be the referee, to see that no really foul blows were delivered by the protagonists, whether the combat was between manufacturer and manufacturer, or employer and employee.

3

The idea of Laissez-faire in trade was equally powerful. The constant aim of the Mercantilists had been to regulate trade so that the strength of the country should be maintained. Goods which could be produced at home should be protected from foreign competition; so far as possible, the country should be self-sufficing; and the balance of trade must always be in the favour of the home country. The wealth of the nation was still the aim of Laissez-faire, but, according to this doctrine, it was best realised by allowing individual merchants and individual nations to enjoy complete freedom. Freedom in trade was a natural right, and the best interests of all would be secured by abolishing all control, however benevolent. The idea of the survival of the fittest was thus applied to commerce. It was natural that each country should trade with those commodities which it was particularly fitted to produce, and it was the way of efficiency as well. The extreme form of this is obviously true. Nothing could be more absurd than that England should attempt to rear elephants or to grow coffee. But the doctrine also meant that if France could produce better wine than England, even though England could produce wine of a sort, then England should leave France to her wines and concentrate on what she could produce better than anyone else. Any attempt to bolster up a trade which was not indigenous, or which could not be well adapted to natural conditions, was an artificial interference with Nature which could not be expected to produce good economic results.

4

Laissez-faire, in its premises, and in its application to industry and trade, was obviously a product of the

times and, as Montesquieu pointed out, all ideas must be estimated from a relative standpoint, consideration being taken of the factors of time and place. In the light of this criterion, Laissez-faire was a great advance on Mercantilism. There are far worse motives of action than self-interest, if it is enlightened. But faults can be found with the theory. The notion that the economic man always pursues his private ends deliberately and rationally is excessively intellectual for a start. The believers in Laissez-faire who upheld their doctrine by claiming that natural laws must not be interfered with were making a foolish claim, and Cobden and Bright, who taught that economic freedom was a law of God, eternal and immutable, were making a cardinal error. All progress depends upon constant interference with natural laws. It might be natural for men to seek their own interests, if left without control, just as it is natural for water to flow down-hill, but no reason can be adduced why any inevitable virtue should be found in either phenomenon. The great test must be pragmatic. The tree must be judged from its fruit; and it is by this test that Laissez-faire must be pronounced a tremendous success. In trade England became paramount. Industry, also, became very efficient. But it was the harshness of Laissez-faire in industry which made some modifications very early necessary. It might be true that the employer needed the employee as much as the employee needed the employer; but the employer held the whip hand, since the employee had either to accept the employer's terms or starve, and bad factory conditions, long hours and low wages were natural effects of Laissez-faire which had to be remedied.

C

1

It was not long before Laissez-faire, in its application to industry, aroused really organised opposition. In the 'twenties, 'thirties, and 'forties, considerable suspicion of the value of Laissez-faire was growing up, even whilst Cobden and Bright were completing the application of Laissez-faire to trade. By 1859 the paradox had become really pronounced, for in that year two books were published, Darwin's *Origin of Species*, which gave a biological basis to the natural law of competition, and Mill's *On Liberty*, which laid down the proposition that for the good of the whole community unrestrained individualism must be checked. Whilst those who believed in natural selection were claiming for their creed the authority of science, those who thought in terms of the community were making a strong ethical appeal. England was divided into two camps and the opposition to Laissez-faire had resolved itself into three aspects, the collectivist, the socialistic, and the co-operative. Even at the present time these three aspects are very closely related. The collectivist is not necessarily a socialist or a co-operator, but the socialist is always a collectivist and often a co-operator, and the co-operator is generally very sympathetic towards both Collectivism and Socialism. In the early nineteenth century the three aspects were still more closely allied. Owen, the Christian Socialists, and Mill were all bound together by a common sentiment, a common hostility to Laissez-faire. But, though the three aspects had in practice a strong bond between them, they were in theory quite distinct, and one must distinguish clearly between the various strands of thought.

2

To discover the origins of Collectivism, one has to go back to the later years of the eighteenth century. Whilst Laissez-faire was really the product of the Industrial Revolution, Collectivism was the product of the Romantic Movement in literature, the social corollary of which was humanitarianism. Romanticism, which was really brought into existence by Rousseau, appealed not so much to the head as to the heart. It was believed that "la cœur aussi a ses raisons," and such were considered to be at least as important as purely intellectual arguments. The movement found its expression in England in men like Burns and Wordsworth, both of whom directed attention to the common man. Burns wrote, for example,

> "The rank is but the guinea stamp,
> A man's a man for a' that."

whilst Wordsworth complained bitterly that

> "The wealthiest man amongst us is the best."

The first effect of this new spirit was to be seen in the philanthropic manner of dealing with the poor, and hence one has such sentimental experiments as the "Speenhamland Act of Parliament." The real progress of the idea of Collectivism must be dated from the first Factory Act of 1802, which protected the children who were apprentices from their masters, and evidence of its development is to be found in the passing of the second Factory Act of 1819 and Althorp's Factory Act, the first really comprehensive one, of 1833. But meanwhile Collectivism proper had become vocal, for in 1829 Southey, the Poet Laureate, was writing in favour of humanitarian collectivism, and it was he who

influenced Lord Shaftesbury, the first of the Tory collectivists.

Antagonism to the harshness of Laissez-faire caused a large number of literary men, in particular, to be in favour of Collectivism. Such men as Carlyle, Ruskin, and Mill were great exponents of Collectivism. Mill, however, who published his *Principles of Political Economy* in 1848, was the first economist to bridge the gap, for although his attitude of mind was largely Benthamite, he was no supporter of unrestrained individualism. Mill followed up his inclination towards Collectivism in 1859, when he published his famous *Essay on Liberty*. In that book he distinguished between self-regarding and other-regarding actions. So far as a man's actions concerned only himself he must, said Mill, be entirely free; but in so far as his actions concerned others he must be accountable to the State. The distinction, from a strictly theoretical point of view, may be unsound, for all actions have social effects, but by stressing the fact that many actions have obvious effects upon other people, Mill's definition of liberty paved the way for a complete Collectivism. Finally, there came Jevons, who, though neither avowedly individualistic nor avowedly collectivist, made great advances in favour of Collectivism possible. His attitude of mind was that a fixed principle was misleading and that every act of legislation must be regarded separately. On those grounds it was clear that many of the suggested acts of the collectivists were of undoubted advantage to the whole community, and from 1870 onwards the attitude of the State towards economic life became definitely collectivist.

Collectivism may appear at first sight to be a return to the paternalism of the Mercantile System, but a clear distinction must be made. The object of the interference

of the Government was to direct industry not so that the wealth of the country might be increased, but so that certain classes of society should not suffer hardship. There were in Collectivism two quite distinct sides. On the one hand, it implied the protection of the weak from the strong. Children, women, and even ultimately men, must, it was considered, be protected from the employer. It was gradually perceived from the beginning of the nineteenth century that women and children had not equal bargaining power with a male employer, and from the middle of the century onwards it was realised that the man who had to sell his labour or starve was not on equal terms with the employer, who had a large number of prospective employees from whom to choose. In exactly the same way, as the century proceeded and the twentieth century was ushered in, it was realised that the young must be protected from their parents, the ignorant from the wise, and the simple from the cunning. The right of human beings to fair treatment was acknowledged by the collectivist. On the other hand, Collectivism, in the twentieth century, came to mean also the protection of the weak from themselves. The first sign of it was the National Insurance Act of 1911, when it was recognised that the low-paid worker, if left to himself, could not be expected to make provision for himself in case of unemployment and sickness. All workers were therefore compelled to contribute to a Health Insurance fund, and a start was made with Unemployment Insurance.

Since the 'fifties of the last century, thus, Collectivism has become part of the mental make-up of the whole country. It has become generally accepted as being an indispensable correction to the harshness of Laissez-faire. The question has arisen, however, as to just how far the Government ought to interfere on behalf

of the people. The cry was first for governmental interference, that is, it was qualitative. Then, however, the question arose, "How much governmental interference is desirable?" The question becomes quantitative. The object of the normal collectivist is to leave individualism the basis of economic life, but the great extension of Collectivism has caused a number of people to fear that the all-important factor of self-reliance is in danger of being undermined. It is considered that Collectivism, which is the result of the growth of democratic government, tends to cause the majority, who are neither very enterprising nor very wealthy, to turn to the State for help in every emergency, to regard the State as being able to remedy any industrial imperfection or as being a bottomless treasury out of which the misfortunes of all can be made good. The State, it is contended, must not protect the individual from the natural consequences of all his actions or it will encourage recklessness and irresponsibility of every kind. That there is a great deal in this argument is true, but, of course, it merely means that too much Collectivism, like too much of anything, is undesirable and does not undermine the need for some Collectivism.

3

Side by side with Collectivism has developed its more full-blooded kinsman, Socialism, which, as has been indicated, is really an extension of Collectivism. The early Socialists were simply strong collectivists in the main, but there have been several stages in the evolution of Socialism in England. As distinct from Continental Socialism, the English variety was first generated, not so much by the industrial system as by the system of land tenure. In England, Laissez-faire, during the Agricultural Revolution, had produced the peculiarly English

large estate enjoyed, or let, by the wealthy landowner, and the small-holder had lost all his stake in the country. On the Continent the small-holder has remained up to the present time. The real founder of English Socialism was Spence, who advocated the nationalisation of the land in 1775 and whose doctrines were preached by his followers, the Spenceans. It was considered that, by means of force and fraud, the people had been gradually deprived of the land which was intended to be common property. The land was held by a few people for their personal profit, and should be taken over by the State for the common good. Ever since that time the land question has been prominent in Socialism. Nationalisation has commended itself, not only to avowed Socialists like Wallace and the Fabians, but even to other critics like Dove, Spencer, and Green. The latest practical evidence of it is the taxation of land values which has been forecast by the Socialist Chancellor of the Exchequer, Mr. Snowden.

With Owen, Socialism became industrial and highly ethical and remained so for many years. In this ethical period there are several quite distinct stages which must be noted. Owen himself marks the first stage. He had proved himself early in life to be a successful business-man with strong philanthropic leanings, and had he been nothing more than that he would have been regarded universally as the forerunner of the Carnegies, the Leverhulmes, and the Fords. But in actual fact he became the forerunner of Marx. He laid down the fundamental proposition that "Men's character is made for, and not by, them," that conditions must be improved if men were to be improved, and he was in favour of the collective control of the forces liberated by the Industrial Revolution. The second stage was marked by the Christian Socialists, who were in favour of socialistic

reorganisation because it was more in accordance with Christian principles than was Laissez-faire. Its great exponents were Kingsley, Maurice, and Hughes. Thirdly, there were the literary Socialists such as Ruskin and Morris, both of whom opposed the industrialism of the times because it meant social injustice and ugliness. They detested Capitalism and desired a return to craftsmanship and harmony, which they thought Socialism might secure. Of the ethical Socialists they were the most ethical, and there can be no doubt that such a book as Morris' *News from Nowhere* had considerable effect in stirring the imagination of many by its combined moral and æsthetic appeal.

But from 1868 onwards, when Marx published *Das Kapital*, which he had prepared in the Public Reading Room of the British Museum, a new influence began to affect British Socialism. He applied to economic life biological principles, and he is generally important because, following out Owen's idea of the importance of external conditions, he evolved the materialistic philosophy of history. He is more particularly important because he made Socialism pseudo-scientific instead of merely ethical. His essential point was that Laissez-faire must inevitably work itself out in the long run. He observed that at first industry was carried on by very small units, the one-man firms, but that the size of the unit had gradually increased until the great trust was produced. He assumed that, at the same time, the number of small units decreased correspondingly, and that thus competition was eliminated, with the result that in the fullness of time it would be very simple indeed for the State to take control of all the means of production. The basis of Marx's theory was unsound, for, owing to the growth of population, both small and large firms were increasing in number,

and up to the present time there has been no clear evidence that competition is being entirely killed. Marx certainly erred in stressing the inevitability of the process he perceived. But the simplicity of his idea secured for it instant acceptance amongst many English Socialists. They now felt that there was no need to be violent—though Marx rather weakened his case by his association with revolutionary movements abroad—and that they simply had to await the day which was surely coming.

What English Socialism stands for at the present time is a very difficult question to answer, for the reason that strands of its various stages of development are to be seen in it. To some it means the control of all industry by the State, though it is fairly clear that such control could hardly be flexible enough to be efficient. To some it means that the workers in any given industry should have control of that industry, conducting it on a democratic basis, and that the government of the country should be carried on partly by the House of Commons, representing the people as consumers, and partly by some other body, representing the people as producers. To some it means the organisation of the industry of the country under public utility companies managed by boards of directors, appointed by the Government but then given a great degree of freedom of action. To some it seems to mean little more than the equalisation of the distribution of wealth by means of taxation. Even amongst those who wish to overthrow the whole capitalistic system there are those who differ as to the means which are to be pursued. There are the extremists, the so-called Communists, who are in favour of the violent overthrow of the present system. There are those also who are in favour of peaceful persuasion and constitutional action, and even these are

divided into those who are content with very slow progress and those who believe in the possibility of Socialism in our time. Socialism is rather an attitude of mind than a coherent system or programme upon which all Socialists are agreed.

4

Closely related to both Collectivism and Socialism is, finally, Co-operation, the great exponent of which was Owen, who was a collectivist and a socialist as well. It was supported by the Christian Socialists, Mill, Ruskin, and Morris, and has been looked on very kindly by all the Socialists, as is clear from the close connection at the present time between the Co-operative Party and the Labour Party. It was first applied by the Rochdale pioneers to retail trade, in which it has since proved itself a great success, and has had some measure of success also in its application to production. It is based upon both psychological and practical considerations. On the one hand, it lays down the proposition that the desire to co-operate is as fundamental as, and far superior to, the desire to dominate, upon which Laissez-faire and Capitalism are based. On the other hand, it considers that distribution is cheaper if the middleman is eliminated, and that production is both better and cheaper if the profits of the capitalist are eliminated. It stresses also the value to character of the discipline which is imposed upon themselves by co-operative workers. So far as co-operation by producers is concerned, there is a great deal to be said for co-operation on psychological grounds. But the bulk of co-operation at the present time is co-operation by consumers who collectively employ workers at a weekly wage in exactly the same way as a joint-stock company.

D

1

Laissez-faire in its application to trade—Laissez-passer or Free Trade as it is called—has withstood attacks much better than Laissez-faire in industry. So long as England was supreme in world trade and was free from excessive competition, there were naturally no objections to Free Trade. Other countries might flourish with a protective system, but England depended entirely upon her trade for her livelihood, and it was considered that anything which restricted her imports must also restrict her exports, because foreigners could only pay for what they bought from her with what they sold to her. The first signs of a revulsion from Free Trade appeared during the temporary depression of the 'eighties, when Farrer Eckroyd raised the cry of "Fair Trade," and advocated the imposition of import duties. Prosperity returning, the cry was forgotten, but in 1903 Joseph Chamberlain came forward as the champion of thorough-paced Protection. The faith in Free Trade and the fear of high prices were still too strong for much progress to be made; but once more, owing to the severe depression which has succeeded the Great War, the demand for Protection has been heard. Side by side with it, moreover, has come Safeguarding, which is a somewhat revised version of the old Protection. Both Protection and Safeguarding have the same basis in that they aim at the abandonment of Free Trade, and they only differ in detail. Protection is general and indiscriminate. Safeguarding is particular and discriminate. The Safeguarder argues that, owing to the change in world conditions of industry and trade, certain English industries are unfairly hit by foreign competition, and that in such cases a safeguarding duty

should be imposed on the imports about which complaint is made. Adam Smith is declared to be hopelessly out of date, a finger is pointed at protectionist countries which are prosperous, and the Free Trader is derided as the equivalent of the Irish soldier's mother who said, "Look, everyone is out of step except our Paddy."

Even the most confirmed Protectionists and Safeguarders agree that on purely economic grounds Free Trade will produce the maximum degree of world efficiency. It is obviously absurd that wool should be exported from Australia to England, manufactured in the West Riding, and then re-exported in the form of cloth to the Far East. Tremendous traffic costs are saved if Japan buys her own raw material and herself manufactures her own cloth. On purely theoretical grounds, it is only sensible that industry should be allowed to concentrate in those parts of the world which are best able to undertake it, and that all countries should live on exchanging what they can best produce. But, it is argued by the Protectionists and Safeguarders, this doctrine implies a continual shifting of the centres of industry, and a consequent shifting of the centres of population which is generally impracticable and which, even if possible, would mean the destruction of capital owing to the decay of factories, offices, houses, schools, public buildings, theatres and cinemas in the areas from which industry would have to migrate. If it is to work, it is again declared, Free Trade implies a world economic consciousness which up to the present time has been conspicuous by its absence. Only if the whole world agreed with Free Trade would it possibly succeed, and of such a Utopian state of affairs there is not considered to be much hope.

The Protectionists and Safeguarders go further and

tackle the fundamental proposition of the Free Traders, that imports are paid for by exports and that therefore the more a country imports the more she exports. In actual fact, they insist, England's imports are often paid for out of the income from capital which she invested abroad during the nineteenth century, when she was extremely prosperous. The result is that not a single day's work is provided for British industry by such imports and that the country is therefore living unprogressively upon her tissues. The Protectionists and Safeguarders point out, for example, that in 1913 the United Kingdom drew upon this income to the extent of £29,000,000 only, whilst in 1928 the amount was £136,000,000, which means that, as compared with 1913, the United Kingdom imported and used commodities in 1928 to the value of £107,000,000 which were not balanced by any additional production. Nor, they argue, is this all. They consider that the Free Trade policy of buying in the cheapest market is not necessarily sound economics. The purchase price may be less if foreign goods are preferred to English, but from the national point of view there is an actual loss owing to the restriction of home production and the increase in the number of the unemployed who have to be maintained by the State—all of which means heavier taxation and makes it still more difficult for industry to be competitive. What is more, English Free Trade has made it possible for the foreigner to attempt to capture the English market by means of dumping subsidised goods.

Protectionists and Safeguarders thus look at economics from a political and national rather than economic and international point of view, but they contend that their suggestions will assist English industry not only to recapture the home markets, but also to recapture foreign markets. The essential

factor is, of course, the proportion between any given industry's home market and foreign market. It is impossible to protect an industry like the cotton industry, which depends upon its foreign market, but the Protectionist and Safeguarder consider that by safeguarding certain industries, such as the woollen or the steel and iron industries, which have a fair home market, a great deal can be done. Since wages on an average account for a large part of the costs of production, much more employment will be provided, and since there will be greater production, prices will fall, with the twin results that the goods will be cheaper for the worker, and that a good attempt can be made to recover the lost overseas markets. In recent times the Safeguarders have had a considerable amount of publicity and the reply of the Free Traders has not been made very clearly. For that reason perhaps there seems to be a growing body of opinion in favour of an experimental extension of Safeguarding in one of the major industries.

2

Side by side with Protection, ever since 1903, has gone Imperial Preference, which is also an infringement of Free Trade. It was first proposed by Chamberlain, who suggested that England should give preferential terms to the colonies, and that the colonies should do likewise to England. Although not at first popular, it was accepted in principle by the Imperial Conference of 1917 and has been recently adopted by Lord Beaverbrook as a stepping-stone towards Empire Free Trade. The idea is that the British Empire should be regarded as an economic self-sufficing unit, and that it should as far as possible desist from trading with foreign countries, against which prohibitive tariffs should be raised throughout the

Empire. On the one hand, England should purchase all her raw materials from the colonies—should, for example, purchase all her wheat from Canada and abjure the Argentina supplies. On the other hand, the colonies should purchase English manufactures—Canada, for example, should buy English instead of American steel. It is true, of course, that since the beginning of the century a tremendous increase of trade between England and the colonies has taken place—partly perhaps simply because the colonies have just begun to develop. But since the colonies have themselves begun to manufacture, it is very doubtful whether any really satisfactory arrangement could be made. One cannot expect new countries to remain content as sources of raw materials, and in any case, of course, Empire Free Trade must mean higher prices.

3

The growth of the scientific attitude towards both industry and trade, however, has brought what is known as Rationalisation into the foreground during recent years, and this is likely to be the great factor which will modify the effect of both Laissez-faire and Laissez-passer. In its application to industry there are several sides to Rationalisation. On the one hand, it implies scientific management. It suggests improved factory conditions because they mean greater efficiency, and is in favour of training workers so that they shall be able to carry out their work with the minimum of exhaustion and the maximum of effect. It implies also scientific organisation of industry. It insists that small units of industry are inefficient, since they mean redundancy of many sorts and cut-throat competition. Increase the unit of production and reduce the expenses per unit of output is the watchword of this aspect of

Rationalisation. In its application to trade Rationalisation implies the making of agreements for marketing between the great combines of all the countries of the world so that, once again, cut-throat competition is eliminated. It is suggested that such arrangements do not eliminate healthy competition, but simply regularise it, and that in fixing their prices the monopolists will always fix the figure at which the greatest profits will be made, which figure will invariably be the one at which there is the greatest demand.

E

Closely related to the economic thought which is concerned with ideals which can be realised if a sufficient number of people are sufficiently determined, is the economic thought which is concerned with the principles underlying all economic life, which exist whether one wishes them to or not. The rise of Economics, the analytical study of economic life, is a product of the Modern Age. One finds traces of it, of course, in earlier times. Gresham, for example, discovered the principle that bad money drives good money out of circulation. But Adam Smith was the first thinker to survey the whole field of economic life, and since his time economists have been many. The early economists, Ricardo and Malthus in particular, it is true, were inclined to be too deductive to be really scientific, for they imported Laissez-faire ideas into their investigations. But with Marshall and the host of modern economists, such as Keynes, Stamp, Beveridge, and Clay, a more truly inductive attitude of mind has been taken up. It is true perhaps that there can be no laws of economic life, since one is dealing with the variable human element, but the generalisations from observed fact, whether they serve a useful purpose or not, throw a very clear

CHAPTER VII

REVENUE

A

In the Modern Age the question of the revenue of the Government has assumed more and more importance because, with the development of democratic government, it has become the direct concern of the whole people. The revenues of the Crown have been continually controlled by Parliament, and have been considerably reduced, although what has remained has been devoted almost entirely to purely private expenditure. During the period when Laissez-faire was in the ascendant, and when governmental interference was considered unnecessary and undesirable, the only important result on the system of raising revenue was the abolition of all protective Customs duties. But, side by side with this development of Free Trade, from about 1840 onwards, has gone the revival of State interference, according to collectivist principles, for the good of the whole people. The State has gradually taken it upon itself to protect the weak from the strong and the weak from themselves, and has even begun to provide social services to increase the happiness of the people. Such paternalism, economic and social, has necessitated increased taxation, and therefore within the period all direct and some forms of indirect taxation have had to be increased. This has not even been enough. The practice of borrowing money has become more and more pronounced, particularly during the last fifteen years.

B

George III, on coming to the throne, surrendered to Parliament the Crown land, the Post Office, and the Excise in return for the guaranteed sum of £800,000, which, however, was found to be insufficient and was increased in 1777 to £900,000. This sum, it must be understood, was not to be devoted to the King's private purposes alone, for he was under the obligation to pay the salaries of all ambassadors, Civil servants, judges, and was responsible, also, for pensions for public services and for the maintenance of the whole royal family. In 1780, however, George III, having wasted his money on friends, was compelled to apply to Parliament for the payment of his debts, and the result was that in 1782 Parliament passed Lord Rockingham's Act, which divided the Civil List into eight headings and regulated the amount of money which was to be spent under each. Amongst these headings, salaries of ambassadors, judges, and Civil servants were still to be found, but the first step had been taken towards limiting the Civil List to purely personal expenditure of the Crown, and the public functions of the Crown were defrayed from 1787 out of the Consolidated Fund, of which something is to be said later. But even this did not check the extravagance of the King, for in 1816 Parliament had to pay his debts to the tune of £1,083,727, and the total amount of debts paid by Parliament during George III's reign was £3,500,000!

When William IV came to the throne in 1830, Parliament settled upon him the annual income of £510,000, out of which comparatively small sum, however, he had not to pay the salaries of ambassadors and judges. The only notable public charges on this income were the pension list, which amounted to £75,000, and the

maintenance of the secret service, which cost £23,000. Then, when Victoria came to the throne in 1837, the Civil List was fixed at £385,000, and the only non-private expenditure was the payment of certain pensions, the amount of which was not to be more than £1,200 in any year. In addition, Victoria was to keep the revenue of the Duchy of Lancaster, which amounted to about £45,000. Edward VII and George V both received a settlement of £470,000 on their accession, and the present King since 1916 has been the recipient of the income from the Duchy of Lancaster and has been free of income tax. The Prince of Wales, it might be mentioned finally, receives part of the proceeds of the Duchy of Cornwall. The Crown has gained added dignity by having conferred upon it an income for purely private purposes, and the nation on the whole has gained very considerably in a purely financial sense. The Crown lands, which were worth only £11,000 a year when surrendered, brought in £400,000 during Victoria's reign, and produced no less than £1,210,000 in 1928.

C

Direct taxation in the Modern Age has loomed very large, partly owing to the Laissez-faire prejudice against indirect taxes on food, and it has naturally taken several forms. First, there are the Death Duties, under which heading are grouped three distinct taxes—Estate Duty, Legacy Duty, and Succession Duty. Death duties had first been imposed in 1694, when a tax of 5*s.* had to be paid for probate of all estates over £20 in value. The tax was raised in 1698 to 10*s.*, and in 1779 a great advance was made, for the tax was made variable according to the value of the estate. A maximum charge of £2 10*s.* on estates of £300 or more was

still the limit, but between 1779 and 1797 an ascending scale of duties, graduating up to estates worth £1,000,000, was drawn up. Meanwhile, in 1780 stamps had been required on receipts for legacies, and in 1796 a duty had been imposed on all who succeeded to legacies, the percentage taken by the Government varying according to the kinship of the legatee with the deceased. By 1815 the receipts from the death duties amounted to £1,298,000. Since that time the death duties have been steadily increased. The Succession Duty Act was passed in 1853, and in 1894 Harcourt extended the principle of graduation. The proceeds of the duties, which were as low as £4,953,000 in 1870, were in 1928 £80,570,000. In principle the death duties are strictly fair, although they are supposed to penalise thrift, but they have fallen very harshly upon the heirs to large estates, who have often had to sell part of their inheritance to pay the duties.

The backbone of direct taxation, however, has been the Income Tax, which was first introduced, as a temporary expedient, by Pitt in 1799. All incomes under £60 were exempt; a graduated tax on incomes between £60 and £200 was imposed; and all incomes larger than £200 were subject to a tax of 10 per cent. In 1802 the tax was abandoned, but it was reintroduced in 1803, when a tax of 5 per cent. was imposed on all incomes of £150 and over. The proceeds were £6,000,000, but the tax had to be modified and was again repealed in 1815. It was not until 1842 that the Income Tax came to stay. In that year Peel, in order to make up for the losses caused by the reduction of Customs duties, reverted to the idea of a tax on incomes. Since 1842 the terms of the Income Tax have varied considerably. The incomes exempt were £150 in 1842, £100 in 1853, £150 in 1876, £160 in 1894, £130 in

1915, and from 1918 to the present time £135 for single persons and £225 for married persons. The rate per £ has likewise varied. It fluctuated between 6*d.* and 8*d.* from 1850 to 1900, with the exception of the years 1874–5, when it was 2*d.*; in 1900, owing to the Boer War, it was 1*s.*, in 1914 it rose to 6*s.*, and at the present time it is 4*s.* Graduation was reintroduced in 1894, when an ascending tax was levied on incomes up to £500; in 1907 a distinction was made between earned and unearned income, the former being more gently dealt with; and a super-tax on incomes over £5,000 was introduced. The governing Act at present is the Consolidating Act of 1918, and in 1928 the total proceeds of Income Tax and Super-Tax amounted to £293,770,000.

The other direct taxes can be quickly considered. First, there is the Land Tax, which varied between 1*s.* and 4*s.* from 1697 to 1798 and remained at 4*s.* throughout the nineteenth century. In 1909 Mr. Lloyd George attempted to impose additional land taxes, but they were impracticable and were repealed in 1920. Secondly, there are Stamp Duties, which were first introduced in 1671 and became a permanent feature of English public finance in 1694, when stamps were required on documents like marriage certificates and wills. In 1782 bills of exchange, and in 1784 receipts, were added to the list of documents requiring stamps, and the scope of the duties was continually extended during the nineteenth century. The governing Act at present is the Stamp Duties Management Act of 1891, according to which duties are imposed on conveyances, leases, transfers, mortgages, bonds, bills of exchange, promissory notes, bank-notes, bankers' drafts, receipts, insurance policies, contract notes, bills of lading, and many other such documents. The proceeds in 1928 were £30,000,000.

Thirdly, there are the many licences levied by the State, the most important one of which is the Motor Licence, which brought in £25,357,000 in 1928. Finally, there is the Inhabited House Tax, which succeeded Hearth Money in 1851.

D

The most notable feature of indirect taxation up to 1760 had been the number and variety of import duties which were imposed according to mercantilist principles. The object of these duties was primarily the regulation of trade so that English industry should be protected, but a good deal of money had originally been produced for the Government by them. In the eighteenth century, however, the complexity and clumsiness of the Customs system was absurd. There were sixty-eight branches of the Customs and as many as fourteen duties on one article—each duty being earmarked for one particular form of expenditure. It is no wonder that many of the duties did not pay for collection and that the country lost £2,000,000 a year owing to the smuggling industry. Pitt, a disciple of Adam Smith, set up a committee to deal with the matter in 1785, and in 1787, by his famous Free Trade Budget, reduced a large number of duties. The duty on tea was reduced from 119 per cent. to 12½ per cent. What is more, he simplified the system where he did not reduce the amount of duty to be paid. It was laid down that one duty only should be levied on one article and that the proceeds of the Customs should not be earmarked for particular purposes but should all go to the Consolidated Fund. The war which began in 1793 unfortunately ruined Pitt's schemes of reforms, because the demand for money to carry on the war made the reduction of taxation impossible. In 1801 there were still 1,500

specified rates of duty. After the war, and after the Years of Distress, however, Huskisson, as President of the Board of Trade, was able to carry on Pitt's work.

In 1824 Huskisson reduced the duties on raw silk and wool and on metals, and thus paved the way for Peel, who, in 1842, limited the duty on raw materials to 5 per cent. and on manufactured goods to 20 per cent. Nor was that all. Out of a total of 1,200 duties he altogether abolished 750, and in 1845, 400 duties also disappeared. In 1846 the Corn Laws were repealed, and in the next decade Gladstone completed the work by his Free Trade Budgets of 1853 and 1860. By 1860 there were thus only 26 remaining duties, 10 of which were on goods also produced in the country, and upon which an excise was imposed. So for a number of years England was to be a Free Trade country—and she lost very little. A number of duties remained purely and simply for revenue purposes, but the increase of trade due to a Free Trade policy meant a great increase in the taxable wealth of the country. A reaction occurred, however, in 1915, when duties were imposed upon certain imports such as motor-cars, alarm clocks, and silks. Their object was to help home industries, but to raise revenue as well, and they remained in existence until repealed in 1924, only to be re-established, however, in 1925. Side by side with the McKenna duties goes the Safeguarding of British Industries Act whereby industries, if they can prove that they are in desperate straits, can have a duty of $33\frac{1}{3}$ per cent. placed on foreign imports. The object of the measure is to protect English industry, but a good revenue is also forthcoming.

The second form of indirect taxation in the Modern Age is the Excise, which, as previously indicated, is now regarded simply as a tax on certain goods produced and consumed within the country. The term has been

used to cover two other forms of taxation. On the one hand, an " excise " has been imposed on goods imported into the country in addition to the import duty, such an excise being imposed when the goods changed hands. It was first applied under the Commonwealth, and Walpole in 1733 made himself temporarily unpopular by attempting to introduce bonded warehouses through which all dutiable imports had to pass, but it was not until 1787 that the modern system was introduced. On the other hand, " excise " has been used to cover licences which, however, are a form of direct taxation and have already been mentioned. The tax remained unpopular throughout the eighteenth century, as Dr. Johnson's dictionary clearly shows, and in 1833 the Russell Commission investigated the matter, with the result that some forms of the tax were withdrawn. Since that time the main revenue from excise has been drawn from the duties on beer and spirits, which in 1928 amounted to £77,800,474 and £40,508,523 respectively. In the present century two experiments have been made. First, there is the Entertainment Tax, which was imposed in 1916 and which produced £6,119,978 in 1928. Secondly there is the Betting Tax, which was imposed in 1926, but which has been withdrawn as impracticable. Excise remains a very important source of revenue as a whole and accounted for no less than £134,000,000 in 1928.

E

Taxation, however, has not been enough to pay the nation's way and the policy of borrowing, which started in the Age of Nationalism, has been very considerably extended. The National Debt, when the Younger Pitt came into office in 1783, was about £230,000,000, the large sum of £120,000,000 having been added by

the War of American Independence. By 1815 the Debt was almost £800,000,000, but by 1894 it had fallen to £635,000,000, and by 1914, despite the Boer War, was still only £650,000,000. During the Great War, however, England took it upon herself to bear the greater part of the financial burden. Since the time of Pitt it has been the policy of England to assist with her wealth in any European war she entered, and, since she is not a great military Power, she may be expected to follow such a policy. But England attempted too much between 1914 and 1918. She borrowed £1,000,000,000 from the United States, for example, to lend to France and Italy, and she has not made any strong enough efforts to secure anything like full repayment. The National Debt, which had reached the stupendous figure of £7,830,000,000 in 1920, is still £7,527,000,000. Of that sum about £1,000,000,000 is still due abroad—to the United States. The rest is due to private people within the country who helped the country by purchasing War Savings Certificates. But nevertheless the Debt absorbs the greater part of the yearly revenue and is a heavy burden upon industry and trade. A reasonable National Debt is one thing—a colossal debt is quite another—and the mere fact that it was almost unavoidable cannot do much to make the burden lighter.

F

Finally, a really bright feature of English revenue may be noted. The State has an income from four profitable sources, the first of which is the Post Office. The gross revenue of the Post Office amounted to £165,000 in 1769, and by 1815 the figure had increased to £1,500,000. The introduction of the penny postage by Hill in 1840 caused the revenue to drop from £1,600,000 to £500,000, but

in recent years the total income has risen to a very large sum. In 1928 the revenue from postal services was £38,250,000, from telegraph services £6,100,000, and from the telephone services £18,050,000, whilst the total net profit available was £8,100,000. In this case nationalisation leads both to efficiency and public profit. Secondly, there is the income from the English Government shares in the Suez Canal Company which were bought by Disraeli in 1875. At the time of the purchase the shares cost £3,976,582, but their present value is £72,258,844 and the income in 1928 was £1,696,932. Thirdly, there are the shares of the Government in the Anglo-Persian Oil Company, for which £5,200,000 was paid, and which in 1928 produced an income of £572,570. Last of all, there is the British Broadcasting Company, the gross income of which was £1,307,000 in 1928.

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CHAPTER VIII

COMMUNICATIONS

A

THE Industrial Revolution made a vast development of the means of communication not only possible but absolutely essential. It was no longer possible for England to jog along content to make small improvements, as she had done more or less since the very earliest times. The revolution which was taking place in industrial technique and organisation made a similar revolution in communications inevitable. England had become the workshop of the world; the processes of production had been speeded up; and the market instead of being local had become not merely national but international as well. The manufacturers had to secure their raw materials, perhaps from the ends of the world, quickly and cheaply, and had to be able to despatch their finished products equally quickly and cheaply, back perhaps to the ends of the world. Hence the importance of roads, canals, railways, and shipping. If the industrial machine were to work flexibly, moreover, it was more than ever necessary that messages should be carried quickly. Hence the importance of the postal services, of telegraphy, telephony, and wireless telephony. Without a revolution in all these means of communication the Industrial Revolution itself could never have assumed the proportions it did. Finally, the invention of the aeroplane in recent years has introduced another stage, the future importance of which cannot even yet be accurately estimated.

B

It has already been shown that, in the later part of the Age of Nationalism especially, improvements were made in the roads, thanks to the adoption of the Turnpike system, and that by 1760 there were in existence many mail coach services. In the Modern Age the Turnpike system continued, and despite the popular hostility which burst out in 1753, when there was a wholesale raid on toll-gates in Yorkshire, 600 Turnpike Acts were passed by Parliament between 1760 and 1780. But this was not enough, for there was real reason in Young's complaints, and it remained to four main men to introduce the necessary technical improvements in road-making which made the modern road system possible. First, there was John Metcalfe, a blind man of Knaresborough with an uncanny sense of direction, who built a road from Boroughbridge to Harrogate in 1765, and subsequently planned 180 miles of road in Yorkshire, Lancashire, Derbyshire, and Cheshire. Secondly, there was Telford, who between 1803 and 1821 built almost 950 miles of road and 120 bridges in Scotland, thus bringing Scotland into closer relationship with England, and 120 miles of road in England. Thirdly, there was Macadam, who introduced macadamised roads, or roads on which small angular stones were scattered to be pressed by the traffic into a solid mass. Fourthly, there was Murdoch, whose discovery of coal tar in 1815 made tar macadam roads possible. From this time onwards technical improvements continued. Wooden blocks were used for roads in 1839; horse-drawn rollers were introduced in 1860 to give roads a good surface; and in 1866 the steam roller made its appearance.

Up to 1840 there was a great revival in the use of

the roads, although the growth of canals, which provided a means of cheap and safe method of transport, prevented the roads from being used for the carriage of heavy goods for long distances. But a period of temporary obscurity then came. The railways took from the roads the passenger traffic and the mail coach system came to an end in 1842. So matters remained until the end of the century. But in 1884 Daimler produced the first practicable internal combustion car, and since that date the evolution of automobiles, lorries and motor 'buses has brought about a great renascence of road traffic. Meanwhile, steps were being taken in the direction of a national control of the roads. In 1875 the Public Health Act had made additions to the duties of the boroughs; the Local Government Act of 1888 made regulations for the maintenance of the roads in rural areas; and in 1910 the Road Board was set up with powers to make grants or loans to local authorities for the construction and care of main roads. The Road Board was subsequently absorbed by the Ministry of Transport, and the funds for the repair of the roads come, as is quite reasonable, from the users of the roads who have to buy motor licences and pay the petrol tax. Great Britain has, at the present time, over 179,000 miles of road of good quality, and they are becoming the arteries of home industry with a still greater future before them. Though the Road Fund may have been raided there is available a large sum of money annually which can be devoted to very extensive developments.

C

Though roads were important in the early nineteenth century, and though they have become still more important in the present century, there is no doubt that

canals loomed largest in the eyes of the public between the years 1760 and 1830. There were also some improvements in river navigation, but side by side with canals, the rivers were not of great importance. It has already been mentioned that the Dutch were great pioneers in canal building and that some schemes had been discussed in England in the Age of Nationalism, but the first canal was not constructed until 1759. The Duke of Bridgewater at the time possessed coal-mines in Worsley, and the cost of transporting his coal to Manchester caused him to direct his attention to the idea of a canal. In 1759 Parliament sanctioned the scheme for a canal from Worsley to Manchester, and it was built by James Brindley, who later extended it to Runcorn. The undertaking was completed in 1772, and though it cost £220,000 and almost ruined the Duke of Bridgewater, the cost of transport was halved, and an income of £80,000 a year was produced. The success of this scheme led to the construction of the Grand Trunk Canal from Birmingham to Liverpool by Wedgwood and other enthusiasts in 1790, and eventually the Trent, Severn, and Mersey were linked up. Then followed the London to Birmingham Canal, with the result that London, Bristol, Liverpool, and Hull were all connected by inland waterways. The great advantage of the canals was that, although slow, they were extremely cheap, and they had a great vogue until about 1840, when the rise of railways eclipsed canals. There are still 3,641 miles of canal in England, but despite the recommendations made by the Royal Commission on Inland Waterways in 1909, they are used very little in the North and hardly at all in the South.

D

From 1840 to the present time the railways have had a monopoly of inland transport. To the development

of railways there are three aspects. First, there is the use of rails. Wooden rails had been used as early as 1630 in the iron-mining districts, and by 1676 they were very common indeed. A great improvement was made in 1765, when instead of wood cast iron was used for the construction of rails, and cast-iron rails remained until 1874, when steel was first used. The second factor was the evolution of the steam engine, and this is by far the more important. Between the years 1770 and 1812 many attempts were made to apply the engine of Watt to the work of mechanical propulsion. In 1804 a steam locomotive was used at Merthyr Tydfil and another at Leeds in 1811. But the greatest event in the history of the railway was the construction by Stephenson of the steam locomotive which was used at the Killingworth Colliery and which drew a load of thirty tons up an incline of 1 in 140 at a speed of eight miles an hour. Expense, however, was an important consideration and it was found that the cost of the engine was almost as great as that of horse-drawn transport. Bright ideas are not popular in industry and commerce unless they pay. But in 1816 a number of improvements were introduced and for the first time really economical mechanical transport was an accomplished fact.

The revolutionary meaning of the steam locomotive was not at first widely recognised, but in 1821 Parliamentary sanction for a "tramway" from Stockton to Darlington was secured. It was originally intended that horse-drawn wagons should be used on the lines, but Stephenson persuaded the authorities to try steam traction, and in 1825 the Stockton–Darlington line was opened. Stephenson's new engine *Locomotion* drew a train, heavily laden with passengers and goods, at the speed of twelve miles per hour. The future

of the steam locomotive was secure. In 1830 the Manchester and Liverpool Railway, on which Stephenson's *Rocket* attained a speed of thirty-six miles an hour, was built, and in 1835 the Great Western Railway came into existence. No national scheme, however, was evolved. Each district built its own local lines, and as late as 1851 there were only two companies with more than a hundred miles of rail. The Great Western had 118½ miles of rail, and the London and Birmingham 112½, whilst there were eighteen companies with less than twenty miles and three with less than five miles. But the railways were nevertheless very popular from the start. The receipts from goods traffic as early as 1845 were £2,300,000, and those from passenger traffic £4,000,000, and by the same year no less than 2,500 miles of railway lines had been laid. The railways had come to stay despite the forebodings of the die-hards.

The stages in the progress of the railway system must be noted. There are really three periods. First, there is the period from 1825 to 1843 when the big lines were laid down. The railway speculation mania, though it was to be financially ruinous, provided England with the basis of a fine railway system, and in 1842 the Government enacted that the companies must run adequate services at reasonable speeds and must provide carriages for passengers, who were to pay at the rate of a penny per mile. Secondly, there is the period from 1843 to 1870 when the modern lines were almost entirely laid out and when, moreover, amalgamation between the companies began. As early as 1843, for example, the North Midland Railway and the York and Midland Railway combined and bought up the Leeds and Selby Railway, and the united company in 1854 was amalgamated with the York, Newcastle, and Berwick Railway

to form the North-Eastern Railway. Thirdly, there was the period from 1870 to the present day, when small additions were made to the lines and amalgamation continued. But amalgamation was not rapid enough, and therefore in 1921 the Railway Act was passed declaring that if the companies did not amalgamate scientifically on their own account they would be reorganised by the Government. The result was that by 1923 the four big companies, the Southern Railway, the Great Western Railway, the London and North-Eastern Railway, and the London, Midland and Scottish Railway came into existence. At the present time England has almost 55,000 miles of rail and the service is the quickest and most efficient in the world.

E

Roads, canals, and railways, however, are concerned only with inland communication, and if the Industrial Revolution was to attain its full proportions it was necessary that there should be also a great improvement in overseas transport. Hence the significance of the development of shipping. Before the Modern Age, as has already been shown, England was the greatest maritime Power in Europe, but all her ships were made of wood and were propelled by wind power. Sea-going journeys might thus take a long or short time according to the wind, and it was no uncommon thing for ships to be becalmed for long periods. Such delay was most unfortunate from the economic point of view, but a start in the right direction was made in 1802 when the steam engine was first applied to the propulsion of a ship, and when the *Comet*, a wooden paddle-steamer, appeared on the Clyde. The next step was taken in America, when the *Clermont*, built by Robert

Fulton, plied the Hudson River, and in 1819 the first ship, a sailing vessel, crossed the Atlantic with the help of steam power. In 1825 a similar ship sailed from England to India, but the steam engine was still considered merely as a useful auxiliary, and it was not until 1833 that the first all-steam ship crossed the Atlantic. This vessel, the *Royal William*, travelled from Quebec to London in seventeen days and it was followed in 1838 by the *Great Western*, which sailed from London to New York in eighteen days, and the *Sirius* which completed the same journey in fifteen days.

In 1840, as a result, the Cunard Company came into existence and built four vessels each of which had a tonnage of 1150 and an average speed of 8½ knots. Having been commercialised, shipping improved technically in a very short time. Up to 1840, it must be remembered, the ships were built of wood and driven by paddles. But in 1845 the *Great Britain* first made its appearance. It was made of iron and was driven, not by a paddle, but by a screw. The importance of these two factors is considerable. Ships of iron can carry much greater cargo than ships of wood and can be built of much greater length as well. Screws, on the other hand, mean a great saving of power. An increase in the size and power of ships resulted, and in 1874 the introduction of steel made it possible to build ships which were stronger, cheaper, and lighter. Since that time there has been a constant succession of technical improvements. Turbines, oil-burning plants, and even internal combustion engines have been introduced and overseas traffic is now extremely quick and reliable. England still leads the way with over 22,000,000 tons of shipping, but of recent years the United States has become very important and possesses about 15,000,000 tons at the present time.

F

The phenomenal progress in communication by air of the last few years must also be noted, not because it has any very great economic importance at the present time, but because it may have great importance in the future. The Wright Brothers were the real pioneers, for in 1903 they managed to remain in the air for twelve seconds and lengthened the period in 1905 to half an hour. In 1906 Santos Dumont flew in the Bois de Boulogne at Paris, and in 1909 Bleriot startled the world by flying across the English Channel. Farman followed this up in 1910 by his flight from London to Manchester, and then before any more real progress could be made the Great War began. The value of aircraft during the War years led to very considerable technical improvements, and from 1919 onwards there has been a great increase in air transport. In 1919 Alcock and Brown flew from Newfoundland to Ireland, and Sir Ross Smith and Sir Keith Smith flew from England to Australia. Sir Alan Cobham flew 12,000 miles round Europe and North Africa in 1924, from England to India in 1925, from England to Capetown and from England to Australia in 1926, and round Africa in 1927. His flights have always been scientific in their object and have helped to make regular air services possible. The regular air service to India was opened in 1928, and it is possible to reach any part of Europe by well-established routes at the present time. The main economic value of air services lies in the quick transport of letters and passengers, but it is possible that in future the transport of goods may also be of importance.

G

In the transmission of messages, a very important element in economic life, certain facts must also be con-

sidered. The first consideration is the postal service, of which something has been said in the section on the Age of Nationalism. The progress of postal services in the eighteenth century had been such that by 1769 the revenue amounted to £165,000, and the extension of the mail coach services in the early part of the Modern Age led to further progress. There was a mail coach service, for example, from London to Bath in 1784, and from London to Norwich, Nottingham, Liverpool, Manchester, Leeds, Exeter, and Holyhead by 1766, whilst by 1797 there were 42 regular mail coach services. The Revolutionary and Napoleonic wars caused charges to be high, but the growth of the postal services is reflected by the revenue of £1,500,000 in 1815. Great advances were made possible by the spread of railways, and the growth of overseas shipping, thanks to the steam engine, led to a very great extension of the overseas postal services. Then in 1840 the influence of Sir Rowland Hill brought the Penny Post into existence. The revenue immediately fell from £1,600,000 to £500,000, but by 1857 the net revenue was £1,314,898, and whereas 169,000,000 letters were despatched in 1840, the number for 1870 was over 800,000,000. Progress has continued ever since, and the most recent innovation has been the Air Mails, the most notable of which are the London–Paris service, started in 1919, and the London–Karachi service, set up in 1921.

Even postal service, however quick, has been made to appear almost out of date by electricity. In 1837 a start was made in telegraphy by Cooke, Wheatstone, and Morse, and in 1838 it was discovered that the earth could be used in place of a second wire. At first telegraphy was used on the railways, but in 1846 the Electric Telegraph Company was formed to enable the general public to take advantage of the new means of com-

munication, and by 1854, 4,500 miles of wire were in use. In 1870 the Government bought up the telegraphs and introduced cheap telegrams. Meanwhile, the telegraph had been applied to overseas communication, for a cable had been laid between Calais and Dover in 1851, and in 1866, after two failures, the Atlantic cable was laid. The next step was taken in 1877, when Edison and Bell invented the telephone, and telephone companies, as a result, sprang up in England until 1913, when the Government took over the system. The importance of the telephone can hardly be over-estimated. The telegraph was clumsy and slow, but the telephone enables the business man to be in constant contact with his customers, and thus makes it possible for the commercial machine to run at a very high speed. In the years 1928–29 there were no fewer than 1,265,000,000 local calls and 111,300,000 trunk calls. It is impossible to think of industry and trade at the present time without the telephone.

Finally, the continued study of electricity has produced "wireless." Wireless telegraphy was first invented by Marconi in 1895, though Sir Oliver Lodge had also been making independent investigations with considerable success, and in 1897 the Marconi Company came into being. Progress thereafter was so rapid that by 1903 the range of wireless communication was extended to 250 miles, although, of course, messages could still only be sent in the Morse code. In 1921 the greatest development of all occurred, for it was then that wireless telephony became an accomplished fact. The British Broadcasting Company came into existence in 1922, and the company was so obviously of public importance that it was taken over by the Government and is now administered by an official body with complete powers. The main object of the

company was, and still is, to entertain, but it has considerable economic value owing to its broadcasts of news, market conditions, and weather prospects. But the progress of wireless does not end with the B.B.C., for thanks to it a new era in overseas communication has been ushered in. It is possible now for the English merchant to speak to an American merchant in New York or Chicago and to an Australian merchant in Melbourne or Sydney, and before very long, there is no doubt, one will be able to speak to anyone in every part of the civilised world with the greatest of ease.

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CHAPTER X

TOWNS

A

THE Modern Age is an age of large industrial towns the like of which has never been known before in the history of mankind. There have certainly been very extensive cities in the past—according to Herodotus, writing in the fifth century B.C., Babylon covered 185 square miles and was seven times as big as modern Paris —but all the great cities of ancient, medieval, and post-Renascence times up to the Industrial Revolution were based upon commercial and not industrial civilisation. The Industrial Revolution brought about this great change, first, by the mere fact that it increased the population tremendously. Whereas the population of England was only 7 millions in 1750 it is now 37 millions. It must be noted, secondly, that the new factory system which was introduced made it inevitable that the bulk of this increasing population should settle in concentrated areas where the necessary coal and iron could be found, and that, therefore, a general movement of urban civilisation from South to North took place. England, owing to the Industrial Revolution, could no longer hope to be a self-sufficing country, and for that reason there was a gradual decline of the rural population, so that by 1923 more than four-fifths of the population of England was urban.

B

The various types of towns which are to be found in England after 1760 must be clearly understood. Before the Industrial Revolution there had been in England market towns, boroughs, and ports. Many of the market towns, like Skipton in Yorkshire, remained more or less as they had been, for though agriculture has declined the demands of the population have made cattle-rearing, market gardening, and dairy-farming as necessary as ever. Such market towns have therefore remained the natural centres for the surrounding country-side. Most of the old boroughs which were centres of medieval industry have declined very considerably owing to the movement of industry to the North, and are simply charming survivals of a past age. Some ports, such as Lynn and Boston, have declined owing to the shifting of the population. But the old market towns and boroughs, such as Bradford, Leeds, Manchester, and Birmingham, which happened to be near the newly-discovered iron and coal fields, have become most important industrial towns, and the ports like Hull, Newcastle, Bristol, Liverpool, Cardiff, and London, being close to the great centres of new population, have undergone a tremendous revival. Owing to the coal and iron fields, in addition, small insignificant villages which were of no importance at all in medieval times sprang up into immediate importance and have remained so since.

The tremendous increase in the size and population of the new industrial towns naturally made considerable alterations in the system of local government necessary. The forms of town government were still medieval. Only the privileged producers, the burgesses or free-men, had a voice in the government of the town, and these were a steadily diminishing proportion of the

population. But even these privileged persons had gradually ceased to exercise their right of electing the town authorities, and what were known as "Close Corporations," in which the mayor and aldermen themselves co-opted councillors, were common. It is true that, owing to the increase in the size of the new industrial towns, the old corporations had a severely restricted jurisdiction over the new population, but, owing to the work which had to be done, this very fact was a strong argument in favour of reform. On the one hand, the basis of the local franchise had to be altered. The consumers rather than a privileged body of producers must have the right to elect representatives. On the other hand, the growth of the new towns made necessary extensive schemes of drainage, paving, street lighting, and efficient policing. The old order had changed, and the old methods of local government, being no longer suited to the times, had to be radically overhauled. Throughout the early years of the nineteenth century, therefore, a considerable and increasing volume of discontent made itself heard, and when the government of the country was brought up to date in 1832, it was clear that the government of the towns would have to be similarly dealt with immediately.

It was for this reason that in 1835 the Municipal Corporations Act was introduced. The Act applied only to 183 particular towns, and was not general, but it is nevertheless the foundation of modern local self-government. In all the specified towns the old corporation was abolished and in its place was put a town council, the members of which were elected annually by the ratepayers. Each councillor was to sit for three years—so that a third retire every year—and the council elected the aldermen, who were to consist of a third of the council, and the Mayor, who held office for one

year. The new town councils were given all the powers of the abolished corporations; they had to provide street lighting and efficient policing; they could make bye-laws; and in order to pay for the necessary undertakings, which usually could not be financed out of the income from the corporation property, they could levy rates. There were several weaknesses in the Act. The jurisdiction of the town councils was not extended so as to include the newly-settled population; no compulsory sanitary duties were imposed upon the councils; and all the necessary work of managing the affairs of the towns was not put under their control, much being left in the hands of *ad hoc* bodies, who had obtained the power before the 1835 measure was passed. What is more, there was a general prejudice against the payment of reasonable rates because, although the money might be spent for the common good, it came out of private pockets.

After 1835, therefore, a good deal of the work of local government was carried out—and carried out inefficiently—by *ad hoc* bodies such as "The Westminster Commission," which was responsible for sewage in part of London, and "The Highways Board" of Nottingham, which dealt with the roads. In 1848 the system was extended by the erection of "Health Boards," and all the time, of course, there were Poor Law Guardians, who indeed remained in existence until very recently indeed. But a start was made in the direction of the concentration of authority in the hands of the town councils in 1875, when Parliament passed the Public Health Act, which set up local health boards consisting, in fact, of the town councils. The town council, in its capacity of local health board, now had the power to ensure proper sanitation, drainage, and water supply. The Local Government Board was to supervise the activity of the town councils and see that they fulfilled

their duties. Then, by the Local Government Act of 1888, the more important boroughs were given the powers of the newly-established county councils, which meant that they had exclusive control over all the necessary work to be carried out in the towns and that *ad hoc* bodies had come to an end—with the exception of the Poor Law Guardians. The processes were finished off in 1902, when the town councils secured control over education, and in 1928, when the Poor Law Guardians were abolished. Meanwhile, moreover, the town councils had been extending their authority over larger areas by negotiation with smaller local authorities—a process which is still going on—and in 1909 town councils were empowered to submit to the Government planning schemes for areas likely to become built on.

Apart from securing control over all the essential duties within the town area, town councils have also, throughout the century, been extending their range of activity. They have begun to provide for ratepayers commodities which are commonly needed by everybody. From 1835 onwards they were empowered to supply water to all householders, so that by now almost all ordinary boroughs and over two-thirds of county boroughs provide water for the ratepayers. From 1848 onwards town councils have had the power to arrange for the supply of gas, and though many private companies supply this at the present time, no less a sum than £27,000,000 is now invested in gas undertakings by corporations. Liberty to provide electricity for power and lighting has been possessed by town councils since 1882, and by 1870 they had already been authorised to provide tramways, which were at first, of course, horse-drawn vehicles. The scope of municipal activities was further developed in 1880 when municipalities were permitted to float public loans in order to finance

schemes, and the liabilities of corporations at the present time amount to no less than £600,000,000. Thanks to this, the functions of the municipalities have been still further extended, and the principle of eliminating private enterprise has been followed with the result that direct labour on housing schemes is often used, whilst Birmingham has its municipal bank, and Sheffield its municipal printing works.

The work of making industrial towns attractive has, however, been especially significant. Slums have been the great bugbear. In 1888 the local authorities were empowered to clear slum areas; from 1890 onwards they were empowered to build houses themselves; and in 1919, owing to the house shortage, they were compelled to build the necessary number of suitable houses. "Lungs" have been provided in the form of parks, where some respite from grimy surroundings can be obtained; museums and libraries have been set up; and supervision of the plans for new houses and buildings prevents any recurrence of insanitary and unhealthy dwelling-places. But these have not been considered entirely satisfactory, and therefore, side by side with the old towns, which grew up haphazard, have sprung up the new garden cities, some of which, like Bournville, set up by Cadbury in 1895, and Port Sunlight, set up in 1888 by Lord Leverhulme, are the work of enlightened employers of labour, whilst others, like the Letchworth Garden City, Welwyn Garden City, and the Hampstead Garden Suburb are the work of far-seeing reformers.

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