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HISTORY OF COMMERCE AND INDUSTRY

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MACMILLAN'S COMMERCIAL SERIES

HISTORY OF COMMERCE AND INDUSTRY

BY

CHEESMAN A. HERRICK, PH.D., LL.D.

PRESIDENT OF GIRARD COLLEGE

PHILADELPHIA, PA.

New York

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1918

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PREFACE

THIS book is an outgrowth of eleven years' experience in teaching history to commercial classes at the Philadelphia Central High School. In preparing it the aim has been the same as the aim of the teaching: viz., to present the essentials of history from the commercial and industrial point of view. The purpose has been to furnish the history of a great movement or tendency rather than the history of nations. It will be obvious to those who use the book that the writer's interests have been primarily in commercial history.

The writer accepts as true a recent statement of Canon Henson, that knowledge of the past is a great emancipating power of the present, and that ignorance of the past is one of the present's greatest curses. History treated as a record of social progress may become "one of the great cementing forces of society."

With what aspect of the past shall history deal? It is quite correct to say that history is the outgrowth of the age in which it is written and that the various interpretations which have been given it are but reflections of the varying and dominant interests of society. Not many years ago, Edward A. Freeman's famous dictum, "history is past politics and politics are present history," found general acceptance; but this sentiment is no longer generally approved. Clearly there is at present a desire to select those interests of the past which most bear on the present. For a considerable time, the tendency has been obvious for both writers and teachers to emphasize economic and social history rather than the history of war or of the evolution of governmental systems.

Another significant illustration of aims in historical study is presented by the World War which began in 1914. The emphasis upon nationality and the treatment of history as a too

great exaltation of the political existence of one's own nation to the disregard of other powers and interests, rightly have been held answerable for much misconception in the world at large, and have led seriously to the question whether there has not been "too much history." To this there can be, of course, but one answer, — not too much history, but history of the wrong sort, or directed to wrong ends.

The conception of history suggested above absolutely forces a consideration of the economic and industrial aspects of the subject. Nor is such a study to be condemned as utilitarian or materialistic. The history of commerce and industry shows how men have transformed the conditions under which they have lived, and have wrought out the physical means of human progress. To those who are to do the practical work of the world, a study of the steps by which this progress has been accomplished is of supreme importance. Business men and women are no exception to the rule that mankind is dependent on a study of the past for both knowledge and ideals.

The list of those to whom the writer is indebted is long. First he acknowledges his obligation to his former teachers, Professors James Harvey Robinson, John Bach McMaster, and Edward Potts Cheyney. Professors Howland, Lingelbach, and McKinley of the University of Pennsylvania have read parts of the book in manuscript or proof, and have made valuable suggestions. Dr. William Fairley, Principal of the Commercial High School in Brooklyn, and Mr. Charles L. Reed of the Mechanic Arts High School in Boston read parts of the manuscript and similarly helped with suggestions as to subject matter and form of presentation. Mr. Paterson Du Bois read all of the manuscript and made many suggestions as to form. But the greatest obligation is to Mr. D. Montfort Melchior and Mr. Morris Wolf, teachers of history in Girard College, who have been most helpful in the preparation of the manuscript and in seeing the book through the press.

C. A. H.

JUNE 15, 1917.

SUGGESTIONS FOR STUDY

Two methods are possible in studying the relations between the past and the present. The history of a movement or institution may be traced from the present backward to its origin, or the roots of the present may be found in the past and the process followed by which the past unfolds. In either case, present interest is the guide in the selection of material. Which of these methods is chosen is not so important as the spirit in which the study is pursued.

The earlier practice of presenting history as a study entirely cut off from present interest has largely disappeared. Our general histories have recognized the need of selecting for study those aspects of earlier times which have the most direct bearing upon present problems. If this is true of general history, it is true also, more largely, of the history of commerce and industry.

The tendency to give less emphasis to the earlier periods should not mean that they be entirely neglected. Schools owe to students a fair knowledge of the past of the society of which they are a part. The change that is now taking place is one of emphasis and method of presentation. The history of the ancient and medieval periods is being more and more summarized and presented in outline.

A caution should be given against the slavish following of any single method of study. Even the division of history into periods is likely to mislead pupils as to the unity of the subject and the vital relations of the parts. The study of history as a unity and a regard for the parts as interrelated and interdependent should go far toward overcoming that "appetite for disconnected facts" which Robert Louis Stevenson once likened to "the savage's love of stringing beads."

The writer would urge the value of the topic and problem methods of study in the history of commerce and industry.

The book suggests in section headings and various subdivisions many suitable topics, and the books for reference given at the conclusions of the chapters offer additional material for investigation. The preparation and presentation of these topics as student lectures, supplemented with questions and discussion by the class and the teacher, will give good results. The interest will be increased if the pupils are permitted to select their topics and to follow their own interest as far as possible. A continuity of topics may be observed. The topics in the earlier periods may be treated in outline, thus reserving additional time for the more detailed study of the last hundred years.

A study of this book should give some insight into social evolution. In the chapter on "Greek Industry and Commerce," attention is drawn to the remarkable intellectual development of the Athenians. A recent writer on *Evolution and Environment* accepts the conclusions of Galton and earlier scholars as to the high development of the Athenians compared with that of the citizens of modern countries, but finds that progress has come from social evolution. The earth has become a great neighborhood. Men now feel an interest in and responsibility for others, even for those who live on the other side of the world. The methods of study used with this book should intensify this interest, and create a new consciousness of the dependence and interdependence of peoples.

The questions at the close of the chapters are not meant to be either exhaustive or complete. In the main, they are on matters outside of the text and they are designed as "thought provokers," or "discussion breeders," rather than as a means of searching the pupil's knowledge of the text. Most teachers will supply questions on the text which will be more satisfactory than stereotyped questions which the book might present. If, however, by citations from other books, and questions in the broader but related field, the student's interest can be stimulated, the questions will serve a highly useful purpose. Pupils will get special profit from the formulation of their own questions on assigned sections of the book.

Attention is drawn to the desirability of making use of maps

for representing the studies of the book. Trade routes, commercial centers, distribution of agricultural and other products, centers of manufacture, locations of colonies, indications of spheres of influence, and other data, may be most easily fixed in the mind through the use of outline maps. The series of outline maps of the McKinley Publishing Company (Philadelphia) furnishes an inexpensive and satisfactory supply of materials of this sort.

Tabular arrangements of the sort shown on pages 11 and 216 are helpful for furnishing comparisons over considerable periods; lists of products and means of transport may be similarly shown. The index of the book is quite inclusive and can be used to advantage for topical study. Pictures may be collected to give the study more vivid interest. Citations from contemporary records can be accumulated, and will furnish a contact with the periods studied that can be secured in no other way.

The lists of "Books for Consultation" at the close of the chapters present materials for further study. The lists are not meant to be exhaustive, and they do not include the books which the writer used in the preparation of his manuscript. Many of the works mentioned in these lists have more complete and pretentious bibliographies than have seemed desirable for this book. The books that are considered of special value are marked with double asterisks, those that are recommended but thought to be of less value are marked with single asterisks, and those of more general interest are enumerated without special emphasis.

SMALL REFERENCE COLLECTION

It is highly desirable that every class that undertakes a study of the History of Commerce and Industry should have access to at least the following books:

PLOETZ, *Epitome of Ancient, Mediæval and Modern History*, revised to 1914, Boston, Houghton Mifflin Company: 1914. $3.

SHEPHERD, *Historical Atlas*, New York, Holt and Company: 1911. $2.50.

CUNNINGHAM, *Western Civilization in Its Economic Aspects*, 2 vols., Cambridge University Press, New York, Putnam's: 1902, 1910. $1.10 each.

DAY, *History of Commerce*, New York, Longmans, Green and Company: 1914. $2.

MYRES, *The Dawn of History*, New York, Holt and Company, "Home University Library Series": 1911. $.60.

ROBINSON, *Introduction to the History of Western Europe*, Boston, Ginn and Company: 1902. $1.60 (also, *Medieval and Modern Times*, Boston, Ginn and Company: 1916. $1.60).

INNES, *England's Industrial Development*, New York, Macmillans: 1912. $1.60.

BOGART, *Economic History of the United States*, New York, Longmans, Green and Company: 1912. $1.75.

WHELPLEY, *Trade of the World*, New York, Century Company: 1913. $2.

It is presumed that in addition to the above, pupils will have access to the Eleventh Edition of the *Encyclopædia Britannica*.

LARGER REFERENCE LIBRARY

For schools that are able to provide a larger collection of books, the list above mentioned may be supplemented with the following:

BREASTED, *History of Ancient Times*, Boston, Ginn and Company: 1916. $1.60.

MARCHANT, *Pitman's Commercial History*, New York and London, Pitmans: 1908. $1.

SEIGNOBOS, *History of Ancient Civilization; History of Mediæval and Modern Civilization, History of Contemporary Civilization*, New York, Scribners: 1906, 1907, 1909. $1.25 each.

ADAMS, *Civilization During the Middle Ages*, New York, Scribners: 1895. $2.50.

CHEYNEY, *Industrial and Social History of England*, New York, Macmillans: 1901. $1.40.

CROSS, *England and Greater Britain*, New York, Macmillans: 1914. $2.50.

GIBBINS, *History of Commerce in Europe*, New York, Macmillans: 1897. $.90.

HAMILTON, *Current Economic Problems*, University of Chicago Press: 1915 (valuable selection of readings from wide range of topics in medieval and modern times). $2.75.

CUNNINGHAM, *Growth of English Industry and Commerce*, New York, Putnams: 1904, 1910. 2 vols., vol. 2 in 2 parts. Set, $8.

MACGREGOR, *The Evolution of Industry*, New York, Holt and Company, "Home University Library Series": 1912. $.60.

HAZEN, *Europe since 1815*, New York, Holt and Company: 1910. $3.

COMAN, *Industrial History of the United States*, New York, Macmillans: 1910. $1.60.

COOLIDGE, *The United States as a World Power*, New York, Macmillans, "Standard Library Edition": 1912. $.50.

KELLER, *Colonization*, Boston, Ginn and Co.: 1908. $3.60.

GOOCH, *History of Our Time (1885–1911)*, New York, Holt and Company, "Home University Library": 1911. $.60.

For those who wish even a larger collection, the volumes of the *Cambridge Modern History* are recommended, also special volumes of the "Home University Library" and selections from the "Story of the Nations." The Palgrave *Dictionary of Political Economy* will also be found of large value. The Books for Consultation at the conclusion of the several chapters offer numerous additional suggestions.

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HISTORY OF COMMERCE AND INDUSTRY

CHAPTER I

INTRODUCTORY

I. Definition and Place

1. **History and Its Divisions.** — *History* is a formal record of man's life upon the earth, and it is concerned primarily with the formation and development of groups of men called nations. The whole of history may be considered as a cable or rope made up of strands or threads. The *divisions of history* are many, but at least five are generally recognized, viz.: political and constitutional history; military history; church history; and economic history. The latter shows how man has provided for his physical and material needs. *Industrial history* is that division of economic history which shows how men have produced the goods necessary for their own lives or to be used in exchange. The *history of commerce* is that branch of economic history which records how men have exchanged or traded the things they had and could spare for those which they desired but had not. Thus the history of industry and commerce shows how human need has been satisfied.[1]

Commerce is a word of recent origin, having come into use since the beginning of the sixteenth century. Its earlier equivalent was trade or merchandise. Both commerce and merchandise are from the Latin *merx*, meaning *goods* or *wares*,

[1] These divisions of history may be studied to advantage separately, but each part must also be regarded in its relation to the whole. Robinson, *The New History*, 66, 67.

and this root should help to fix the idea for which these words stand.

2. Value of Applied History. — The first benefit from a study of the history of commerce and industry may be termed *vocational.* A view of the whole of history is necessary to understand its several parts, but there is also profit in following the thread of one's special interest and seeing the relation of this to the whole. The selection of material in the study of military history, church history, or the history of education, medicine, or law, usually is an evidence of regard for the future occupation of the student. Business is no exception to the rule that the history of an art, a science, or a profession should form part of the education of those who devote themselves to it.

But economic history is deserving of study quite apart from the fact that it dignifies the business calling and gives those in commercial life a proper regard for their occupation. The *basal* and *universal* needs of men at all times and in all places have been for food, clothing, and shelter. The history that shows how these were provided is of great value. Because of this there is an increasing regard for economic history both as an independent subject of study and as an element in general history. It was once the fashion to put strong emphasis on military history, but this records how men were destroyed; economic history, on the other hand, shows how men were kept alive and how they have improved the conditions of their existence.[1]

The desire for improvement in the condition of life has been the chief motive of human progress. Men have broken down the barriers of isolation; the world has become a great neighborhood; time and distance have almost ceased to be, all in order that existence may become more endurable and enjoyable. Trade has been a civilizing force; "the winds of commerce have wafted the seeds of science."

Economic history may well be termed a record of the efforts

[1] "We may state the thesis succinctly as follows: The existence of man depends upon his ability to sustain himself; the economic life is therefore the fundamental condition of all life." Seligman, *The Economic Interpretation of History,* 3.

of men to find an answer to the world-old question, *how to live.* The service of commerce can be best conceived by calling to mind the experience of a native South Sea Islander who, a few years ago, was brought to London. What most filled him with wonder was the number of people, and he questioned how they could live, for he saw "neither cattle nor crops." Economic history answers this question.[1]

3. Causes for Commerce. — Commerce results from two *basic differences:* first, in men and their tastes and aptitudes; and second, in the regions where men live, *i.e.,* in their physical environment. From early records there is evidence that men followed different occupations. Cain tilled the soil, while Abel tended flocks (*Genesis* iv. 2). The differences in men and regions lead to the two forms of commerce, viz., *domestic* and *foreign.* The former might be termed *local* and the latter *regional* or *territorial.*

Man's increased skill and higher productive power have resulted from a narrowing of his effort, which is known as *division of labor.* A "jack of all trades" is wanting in high efficiency in any one trade. It is obvious that this specialized production has made commerce necessary, and at the same time it has furnished the goods by which it could be carried on.

The different regions of the world are found to be markedly dissimilar in their supply of raw materials, and men have followed different occupations in the different localities to such an extent as to create what is known as *territorial division of labor.* They have exchanged goods because of differences in

[1] "The mercantile side of history has often been treated with the contempt, more often with the indifference, of ignorance. Yet nothing has been more efficient in aiding human progress than trade-activity. No form of man's energy has done more to link together distant and diverse races, to bring about the discovery of the earth, to promote truly useful knowledge, to 'clear the mind of cant,' to break down obstacles, both mental and physical, which once hemmed in mankind and separated its lands and peoples from one another." Beazley, *Prince Henry of Portugal,* "American Historical Review," January, 1912.

"Contained within the history of trading, lie all the romance and adventure of the sea and the frontier, the horrors of war, the privations and sufferings of exploration, the rise or fall of nations; in brief, the story of civilization and of barbarism." Whelpley, *The Trade of the World,* 12.

the productive areas of the world, and as a result they have enjoyed more fully the bounty of the whole earth. The wide diversity of man's consumption under modern conditions results from the production of different commodities in different regions and the exchange of the results of such production.

4. **Man's Progress.** — Civilization measures the extent to which man has made nature serve his needs. His progress in the mastery of nature is marked generally by at least three recognized steps — the *hunting*, the *pastoral* (nomadic), and the *agricultural* (industrial). In the first of these man is called savage, in the second, barbarous, or semi-civilized, and in the third, civilized. Man in the savage stage was hunter and fisher and destroyed the very products of nature on which he depended. But even the savages traded, the hunter with the fisher, and those who went on the chase with those who stayed at home.

Men used their leisure to improve their tools and implements, and animals instead of being destroyed were domesticated. The second stage began with the domestication of animals. As a result the food supply was increased and preserved, but man was under the necessity of moving from place to place because of the insufficiency of pasturage. As nomads men had more goods with which to trade, and commerce increased.

Finally man learned that he would get more by remaining in one place and more fully utilizing and wisely preserving the products of nature. With agriculture was felt the need for permanent habitations, tools, and implements. Thus the agricultural stage has also been industrial. It will be observed that progress has come from man's providing for a more remote future; and that exchange has increased relatively with the degree of his progress.

5. **Aids and Hindrances to Trade.** — Commerce is stimulated or retarded by two sets of influences, the first of which is fixed by nature or physical environment and the second is devised by man. The first may be termed *geographic*, the second *economic*.

Winds, currents, mountain passes, location of natural resources and other physical features have aided commerce.

Similarly, nature imposes obstacles to trade, such as high mountain ranges, deserts, contrary winds, and seas and rivers difficult of navigation. Many of these natural hindrances have been overcome or their disabilities minimized. Deserts are crossed by railroads, mountains are tunneled, steam navigation defies contrary winds, and rapids and cataracts of rivers are made the means of furnishing electric power for transportation even around the obstacles they once presented. In commerce it is usually found that nature is on the side of the wisest and bravest, and it often happens that the geographic hindrances of one period are the aids of a succeeding period.

Among the man-created aids may be mentioned means of communication and carriage, subsidies, bounties, and reciprocity treaties. On the other hand, tariffs and non-intercourse arrangements are as a wall of division in the commercial world. Nations are found almost universally to pass from an economic policy of exclusiveness to one of commercial interdependence.[1]

Insularity, either geographic or economic, may, at a certain period in the development of a given area, or because of general conditions in the surrounding region, become an important element in progress. A limited area may save a people from the too wide dissipation of their energies and lead to an earlier maturity in their development. Barriers also may serve as a protection against the destructive invasions of outside peoples. Ancient Egypt, Greece, Great Britain, and Japan are familiar examples of countries whose boundaries are set by nature.[2]

On the other hand, China, Russia, and Turkey have sought through economic policies to remain exclusive. It is found that a people which continues isolated develops up to a certain point, after which it remains static. Commerce has acted as a force to overcome both geographic and economic barriers, and it draws the nations of the world into mutually helpful relations.

[1] Herbertson, *Man and His Work*, 84–98.

[2] Semple, *Geographical Boundaries*. "Bulletin American Geographical Society," Vol. XXXIX, No. 7; also, *Influences of Geographic Environment*, Ch. VII.

6. Trade Depends on Communication. — If the unequal distribution of goods makes commerce necessary (Sec. 3) the means of communication and transportation make it possible.[1] The aids to communication are of two sorts, *natural* and *artificial*. Of both we recognize those by land and those by water. Plains, valleys, and mountain passes are natural features which serve for the establishment of paths, roads, and railroads. Such natural waterways as rivers, lakes, seas, and the ocean may be improved for navigation, or they may be extended by means of canals. Trade routes depend on physical features and they are tolerably permanent over long periods. A trade route may be interfered with by war or other temporary conditions, but the causes which led to its original establishment will usually lead to its reëstablishment.

Navigation is "the wings of commerce." Rivers and land-locked seas have been most favorable to commercial development. Young countries depend on the seas; they grow from the sea inland and then they go back to the sea again.[2] The progress of commerce is from the rivers to the sea, and from the sea to the broader ocean, and though extensive land trade may exist its objective point is usually the sea.

Considering the *power* used, transportation has gone through *three stages* of development. First, man went on foot carrying his goods as a porter, or he drifted on a log in the water, using mere muscular force to propel himself. The origin of this period is lost in tradition. The second period is characterized by the use of animals for land transportation, and sails and rudders for navigation. With modifications and adaptations the forms of power just mentioned were, until very recent times, almost the sole means of transportation. The third era began with the application of steam and electricity both to land and water transportation. Though they came relatively late, the forms of power used in the third period have wrought such marvelous revolutions that there have been more changes in

[1] Herbertson, *Man and His Work*, 84.

[2] For an application of this to America, see Semple, *American History in Its Geographical Conditions*, 110–113; Guyot, *Earth and Man*, 184.

the means of transportation in the last hundred years than in all the preceding eras of recorded history.[1]

7. **Relations of Trade and Production.** — Trade is the exchange of wealth, but with any study of it there must be included an account of the creation of wealth. As Mr. J. Scott Keltie remarks, without the possibility of industrial development "the occupation of commerce is gone."[2] Commerce and industry are related and interrelated, dependent and interdependent. Centers of production have determined both centers of trade and trade routes. As a result of the foregoing the agriculturist, the manufacturer, and the merchant are mutually related.

The modern classification of *occupations* into four groups known as personal service, extractive industries, *i.e.*, those securing raw materials from nature, the transforming or manufacturing industries, and the transferring or commercial activities is very old. Aristotle in his work on *Government* recognized husbandmen, artisans, traders and those who were personal attendants. The annalist Macpherson conceived of agriculture as the foundation, and manufactures and fisheries as the pillars of commerce.[3]

Historically, however, the production of wealth occupied a less important place in its relation to commerce than it occupies at present. Capital, as the term is applied to earlier ages, means almost exclusively wealth employed in commercial enterprise, while industrial capital is essentially modern, the result of changes occurring in the last two centuries. The invention of machinery, the introduction of changes in production known as the factory system, and production on a large scale have changed the nature of industry and consequently the relations it sustains to commerce.[4]

8. **Money and Credit.** — The large use of money and credits in modern times tends to obscure the fact that commerce is

[1] Martin A. Knapp, *Social Effects of Transportation*, "Annals of American Academy," July, 1902.

[2] *Applied Geography*, 60.

[3] *Annals of Commerce*, Preface, Vol. I.

[4] Karl Marx, cited by Prof. Seligman, "American Economic Association," *Proceedings*, 1901, 111.

the giving of goods for goods. Money is a medium of trade, a common "denominator" to which other commodities are reduced for purposes of comparison. In thinking of money it should be kept in mind that it is not limited to gold, silver, and the credit slips of paper now current. Many other articles have constituted money; gold and silver coins as money originated in units of weight. The abbreviations, £, *s.*, and *d.*, are simply the initials of terms which were originally applied to quantities of metal in exchange.

The giving of goods for goods without the intermediary of money or credit is commonly called *barter;* the giving of money or credit for goods is *purchase;* the giving of goods for money or credit is *sale.* In purchase and sale, money and credit are real things, and in effect they enter into the exchange as commodities. The history of commerce shows progress in exchange from a primitive form of barter known as "dumb trade" described by Herodotus[1] to modern highly specialized forms of trade in which the banker appears as a dealer in credits. An economic system in which money serves as an intermediary in exchange is termed *money economy.*[2]

9. Colonies in Economic Development. — By common usage the term *colony* includes historically every form of possession detached from the parent state. Colonies have been termed factories, plantations, and colonies proper. *Factories* are foreign stations for purposes of trade or meeting places for the exchange of goods with native peoples; usually they are also military posts. *Plantations* are settlements for exploitation of the native riches of regions settled; they are also termed settlements of capital and have generally depended on some form of servile labor. *Colonies proper* are settlements of a country in a place detached, for the purpose of developing the

[1] Bk. IV, Ch. 196.

[2] "Money stands in much the same relation to the commercial organism of the world as the nervous system does to the human organism. . . . Money represents that power, that influence, whatever it may be, which conveys these communications through the nerves, by which the world-mind is able to send out impulses and messages to every part of the commercial organism." Haldane, *Money as a Factor in Commerce, and in Tariff Reform,* "Westminster Review," April, 1910.

new region and making it a home. This third purpose of a colony conforms to the root idea of the Latin word, *colere*, from which *colony* is derived, meaning *to till* or *cultivate*.[1]

Five at least of the *motives for colonization* should be noticed: first, colonies have been established to insure a food supply, to provide raw materials for the parent state, and to furnish a market for manufactured products; second, to hold strategic positions for conquest or for commerce, and to add to the territory and prestige of the fatherland; third, to be an outlet for the surplus population and labor supply of the home country; fourth, to be a place of refuge from political and religious persecutions; and fifth, for missionary purposes, and as places for scientific observations.

The policy of nations towards their colonies has differed widely; some have simply exploited them; others have carefully developed their resources with an eye to future benefits. The problem of colonial government has been so to adjust the financial and commercial relations with the mother-country as to be to the advantage of both; if this cannot be done, sooner or later the colonies will detach themselves.[2]

10. Divisions of Commercial History. — Sharp lines of separation do not exist in historical study, but for clearness of presentation the history of commerce and industry may be divided into *periods*. The divisions may be either according to *the way commerce is carried on*, or *chronologically*. According to the former method there are *three kinds of commerce:* on the land or rivers; on the land-locked seas; and on the broader ocean. Civilization has been termed on the basis of these three

[1] Egerton, *Origin and Growth of English Colonies*, 3, 5: Keller (*Colonization*, 8–13) makes the basis of all colonial activity to be agriculture, and classifies all colonies as farms and plantations, according as the agricultural production is on a small or large scale. The former is found to be the dominant type of colony in temperate and the latter in tropical regions.

[2] Says A. T. Mahan, "In production, with the necessity of exchanging products, shipping, whereby the exchange is carried on, and colonies, which facilitate and enlarge the operations of shipping . . . is to be found the key to much of the history, as well as the policy, of nations bordering upon the sea." Production, shipping, and colonies are termed "the three links" in the chain of the sea power *Influence of the Sea Power upon History*, 28.

divisions, fluvial, sea, and oceanic. The caravan trade which was so important in the early ages is still continued in some parts of the world, and the early river trade of the Nile and the Euphrates finds its counterpart in the present river traffic of China and Russia. In the second period boats were stancher and mariners hardier. Navigation of rivers and the estuaries of rivers led to navigation of the sea, and from about 900 B.C. trade pushed out into the Mediterranean and its branches and ultimately to the seas lying southwest and south of Asia, and west and northwest of Europe. But navigation in this period was limited to the seas closely surrounded by land and the inlying parts of the great sea. Finally, in the later Middle Ages, with the improvement of ships and the use of instruments of navigation, mariners trusted themselves across the trackless waste of ocean, when a new era was opened and commerce became world-wide.

According to *time divisions*, the history of commerce and industry falls into the familiar ancient, medieval, and modern periods. The ancient period ends at about the close of the fifth century A.D. with the invasions and settlements of the Barbarians within the boundaries of the Roman Empire. The medieval period extends from about the close of the fifth century A.D. to near the close of the fifteenth century. The ancient and medieval periods are much alike in the way commerce is carried on and in the regions to which it extends. With the modern period commerce reached out to new and different commodities. A tabular view of the history of commerce is presented on the opposite page.

II. Some Fundamentals of the History of Commerce and Industry in Ancient and Medieval Times

11. **Nature of Early Trade and Value of Its Study.** — Ancient and medieval commerce was limited in volume, and it was carried on by modes of transportation that have been largely superseded. To the end of the Middle Ages nations were *isolated* by seas, deserts, and mountains, and by their own

A TABULAR VIEW OF WORLD COMMERCE

PERIODS	APPROXIMATE DATES	EVENTS WITH WHICH BEGINS AND ENDS	CHARACTER OF COMMERCE	CHIEF HAPPENINGS
Ancient Times	From earliest records To about 500 A.D.	Begins with rise of trade. Ends with migration and fixed settlement of Barbarians.	Land trade, river trade, and trade on land-locked seas.	Rise of Governments about the Mediterranean. First barter, and later money economy. Ascendancy of Christianity.
The Middle Ages	From about 500 A.D. To about 1500 A.D.	Begins with settlement of Barbarians. Ends with discovery of America and circumnavigation of Africa.	Continuation of the above. Center of world trade on the Mediterranean and in Northwest Europe.	Rise of Mohammedanism. Crusades in eleventh and twelfth centuries. Use of compass and of Arabic numerals. Introduction of gunpowder. Invention of printing. Loss of Constantinople.
Modern Times	From about 1500 A.D.	Begins with geographical discoveries of fifteenth century	Continuation of trade as above mentioned. Center of world trade about the North Atlantic.	Age of discovery. Reformation, persecutions, and colonization. Struggle for economic rights. Introduction of machinery. Improvements in navigation and transportation. Other uses of steam and electricity.

economic policies. But the trade of those times was fundamental to later exchange. Commercial practices and conditions of the present are deeply rooted in the past, and a knowledge of the past is necessary to understand the present.

The limited volume and simple character of early trade commend it for study also, from the ease with which the essentials of commerce can be understood. Modern trade has become so complex as to be confusing; ancient and medieval commerce was independent of a large use of credits and was usually practiced between two peoples without intermediary traders. In early times the growth of trade was spontaneous, and there was a much larger influence of the geographical elements than in later ages.

Sources of information, both of antiquity and the Middle Ages, have been much enriched within recent years. Archæological excavations have brought to light historical remains, such as tools, implements, and buildings, and investigations into inscriptions, literatures, and languages have added largely to the more formal historical records.

12. **The Mediterranean Sea.** — The Mediterranean was the center of historical interest to A.D. 1500, and may well be termed " the heart of the old world." The lands lying about it came under the influence of various peoples, but always it was the Mediterranean that " vitalized " history; the shores of the Mediterranean were " the school of the world."

From east to west the Mediterranean stretches some two thousand miles, at the center of the great land mass of the globe. Its average width is less than one third its length. Its north shore has numerous projecting peninsulas, off-shore islands and deep indentations. The south shore line is regular. The northeast extension of Africa, Sicily, and Italy cut the whole body of the Mediterranean into two seas, while the islands, projecting capes and inclosing peninsulas subdivide these parts until the sea becomes nearly or quite a dozen smaller seas, several of which are given distinct names.

The Mediterranean lands have *geographical isolation* due to being cut off by a mountain wall on the north and an almost im-

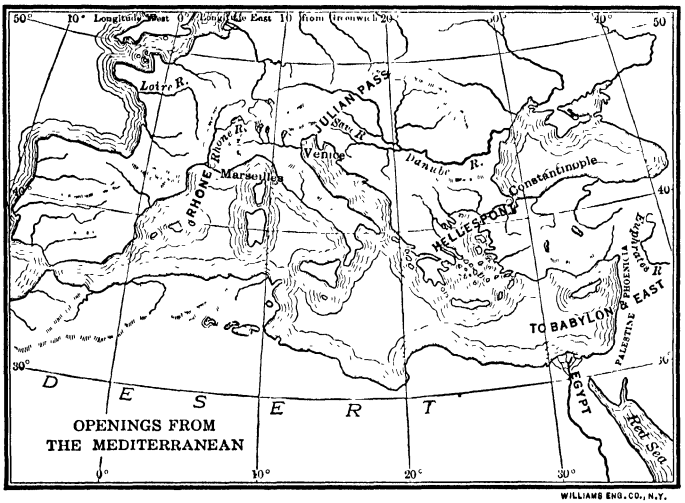
passable desert on the south. From the Atlantic to the Pacific mountain wall and desert constituted a great barrier to communication which was broken at relatively few points. The sea has a *geographical unity* from the numerous islands and peninsulas, which make communication easy. Freedom from severe storms and high tides invites to navigation.

Five *natural gateways* open from the Mediterranean to the lands beyond. These are: 1. Up the Nile and through the Red Sea to eastern and central Africa, Arabia, and southern Asia. This opening gave commercial importance to ancient Egypt, Alexandria, the cities of the Nile and the Red Sea, and makes the Suez Canal a highway of trade. 2. From the east end of the Mediterranean inland and down the Tigris-Euphrates Valley to the Persian Gulf and so to Arabia and India. This passage gave a great advantage to the nations at the east end of the Mediterranean, created Tyre, Antioch, Damascus, and Palmyra, and contributed to the greatness of Babylon. 3. Through the Ægean, the Hellespont, the Black Sea, and so to south Europe and central Asia. This opening gave commercial importance to ancient Troy and Byzantium, medieval Constantinople, and makes the possession of modern Constantinople so important. 4. To the west, is the passage by way of the Adriatic Sea, a pass of the Julian Alps and the Save River. Through this the products of the north reached the Mediterranean in ancient times, and it was because of this gateway that Venice came to commercial greatness; also because of it modern Trieste and Vienna have increased in commercial importance. 5. The last of these natural openings is by way of the Rhone River, to the English Channel and the regions beyond. It is this opening that made Marseilles the site of an important commercial port for more than twenty centuries, and which helps to make Paris and Lyons important cities.[1]

13. Land about the Mediterranean. — A *mountain wall* stretches across the Old World from western Europe to eastern Asia, and this has served as a barrier to communication, and a means of protection. A great plain slopes to the north from

[1] Allen, *Short History of the Roman People*, 1, 2.

this central mountain mass. To the south extend mountain ranges which leave the main system at right angles, and these cut the land into smaller valleys, and traverse the peninsulas. In the north the great steppes, forests, and arid plateaus impelled man to the life of hunter or herdsman. Barbarian nomads roved over plain and highland seeking plunder, and pasturage



for their flocks. South of the central land mass were sheltered river valleys or isolated plateaus. Some of the regions of the south were endowed with great natural fertility, and they were protected alike from the chilling winds of the north and the invasions of the inhabitants of those regions.

East and south of the Mediterranean are great *stretches of sand.* On these deserts oases serve as islands of rest and refreshment to those who cross the arid wastes. The deserts surround the productive regions, and lie as barriers across the highways of trade. A few river valleys are productive through irrigation, made possible by the more plentiful rainfall in the highlands in which the rivers rise.

Human progress passed through its early stages in these valleys where, with a limited effort, man could provide for his physical necessities, and thus gain leisure for improving the conditions of his life. The struggle for existence must not be too absorbing if men are to advance. Civilization is living for the future, and progress comes when freedom from the thought of present necessities enables mankind to make *better* provision for the future. The valleys of the Nile, Tigris, Euphrates, and the rivers in India and China added to rich productivity a favorable climate and the advantages of isolation, and in these valleys history began. But the very ease with which men could acquire the things they needed in the south, enervated them, and made them an easy prey to the fiercer and hardier dwellers in the north. History has few more continuous themes than the repeated invasions of the northern Barbarians. Gaul, Goth, Hun, Scyth, Tartar, and Cossack are some of the names associated with these incursions. The Barbarians came to plunder, but they remained to settle and possess, and to add their virility to the earlier development of the south.[1] At first the Barbarians interfered with the established conditions of industry and trade, but ultimately they adopted the culture of the south and gave the qualities of their own character, and history shows how reinvigorated peoples moved out to subdue less favored regions.

14. Trade Routes. — The valleys and peninsulas in which were the beginnings of history were separated each from the other; but motives of curiosity and the desire to possess commodities which they did not have, led men out to communicate with other men. Their routes of communication were along the lines of least resistance, and these often lay in long detours, by river valleys, past oases, and through mountain passes. For centuries these routes were permanent, and by them military expeditions were conducted and trade was carried on. These trade routes have made cities and nations great and powerful. Only the locomotive and the automobile defy the desert, and only the tunnel turns commerce from the mountain pass.

15. Commodities of Early Commerce. — Trade was over

[1] Guyot, *Earth and Man*, Chapter X.

long distances, by poor roads, across deserts, or through mountain passes. It was dependent on human porterage or beasts of burden, and of necessity was in articles of *small bulk* to which *high value* was attached. A list of common articles of early trade includes gold and silver, precious stones, copper, tin, iron, amber, spices, gums, aromatics, incense, fine fabrics, dyes, wool, camel's hair, cotton and silk, fine workmanship in metal and ivory, skins and furs, salt, honey, dried fish, wheat, barley, and woods of cedar, fir, and ebony.

Gold and silver were used chiefly in the arts, and for ornament. *Gold* was secured mainly from Africa, Arabia and Central Asia; *silver* mostly from Spain. *Tin* was sought as an alloy in making bronze. *Honey* was in large demand as a sweet, sugar not being known. The offensive odors from sacrifice in religious service made a large demand for *incense* and *perfume*. *Salt* was a necessity for life and was unequally distributed. *Furs* were sought for warmth because houses were not heated. *Fish*, salted and dried, and *grain*, were staple articles of food. *Precious stones*, including diamonds, opals, sapphires, and pearls, were used for personal adornment. In general, it may be said that raw materials of greater bulk were most largely produced in the west and about the Black Sea, while farther east was a development of the finer forms of manufacture, and the production of articles of less bulk, but of greater value.

16. Caravan Trade. — Early trade was most largely on the land, and dangers to life and property led merchants to band themselves together for mutual helpfulness and protection. Such a company is termed a *caravan*, from a Persian word meaning trader or dealer. A large part of the Old World was long given over to roving bands to whom commerce was made to yield either tribute or pillage. Nature also presented obstacles; the desert was difficult of passage and men needed association for mutual aid.

If the desert is " a sea of sand " the *camel*, there in his native element, is well named " ship of the desert." This plodder will carry a load of seven hundred pounds, or even more, twenty miles a day, and for many days he will go with but a pound of

coarse food, and a pint of water daily; if need arise the camel can be deprived of both food and water for days.

The dwellers on the desert and about it had one of *three relations* to trade. On receipt of a certain sum they let the caravan association entirely alone; or they bargained to give safe convoy to the caravan through a given territory; or frequently these natives furnished the camels and their drivers as well as convoy to the caravans.

Books for Consultation

**Johnson, Henry, *Teaching of History*, Ch. I, "What History Is"; Ch. III, "The Question of Aims and Values."

**Robinson, J. H., *The New History*, Ch. I, "The New History"; Ch. V, "History for the Common Man."

**——, *History of Western Europe*, Ch. I, "The Historical Point of View."

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**Keller, Albert G., *Colonization*, Ch. I, "Definition and Classification" [of Colonies], Boston, New York, Chicago and London: 1908.

**Guyot, Arnold, *The Earth and Man*. Lectures XI and XII, furnish an interpretation of the continents. New York: 1884.

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Suggested Questions and Topics

1. What is the root meaning of the word trade? Apply this to the exchange of goods, to an occupation, and to a form of wind.

2. What sort of history is emphasized in a military or naval academy? In a law school? In a theological seminary? In a school of education? Why?

3. Apply the idea of evolution and show the relations which a business man should sustain to the commercial phenomena both of the past and the future. (Herrick, *History in the Commercial High School*, "National Education Association, Proceedings": 1903.)

4. What uses has the isolation of nations and when do these uses cease?

5. Rivers are regarded as the natural boundaries or frontiers of states. Have they always so served? (George, *Relations of Geography and History*, 28.)

6. What does Miss Semple mean in the statement: "To-day a fact of geography becomes to-morrow a fact of history"?

7. Look up the origin of the words "husband" and "spinster". What does the etymology of these words show with regard to the influence of productive labor? What is the etymology of "family"?

8. What are the advantages of a division of labor? (Adam Smith, *Wealth of Nations*, or any standard treatise on political economy.)

9. Explain this aphorism of Quesney, "All purchase is sale, and all sale is purchase."

10. What does the etymology of the word "pecuniary" indicate with regard to a form of money?

11. Keep in mind Turgot's statement, "Colonies are like fruit, when ripe they detach themselves from the parent stem," and see whether it has justification in the periods studied. Note the figures of Seeley (*Expansion of England*) that the establishment of colonies is like the "swarming" of bees, or the marriage of a son and the founding of a new home.

12. Explain the following rendering of a Latin couplet:

> "One faith, one weight, one measure and one coin,
> Would all the world in harmony conjoin."

13. Suppose that instead of the Mediterranean Sea there had been a desert of equal extent. What would have been some of the differences in history?

14. Why is not the Strait of Gibraltar enumerated in Section 12 as a gateway out of the Mediterranean?

15. For further references on beginnings of progress in the fertile river valleys, see Hogarth, *The Nearest East*, 278, 279, and Botsford's *Orient and Greece*, 9. With this contention, which is in harmony with the Ricardian *theory of rent*, compare the theory of List and Carey, that man first used the lighter and poorer soils.

An interesting essay on this question is by Professor R. D. C. Ward, in the *Bulletin of the American Geographical Society*, January, 1908. Professor Ward holds that human progress began not in regions rich in nature's gifts but in those that spurred to effort. Make a study of these theories and draw your own conclusions.

16. Explain the rise of civilization in semi-arid regions. Is the following true? "Irrigation is the easiest way to introduce agriculture." Give reasons for your answer. Penck, *Journal of Geography*, December, 1909.

17. What are some New World and Old World effects of railroads across deserts? What is your opinion of the automobile as the new and true "ship of the desert"?

18. Show the influence of certain tunnels, as the Hoosac, and the Simplon, in changing the course of commerce.

19. Consider oases as "inverted islands," and compare early trade on the desert and on the sea.

CHAPTER II

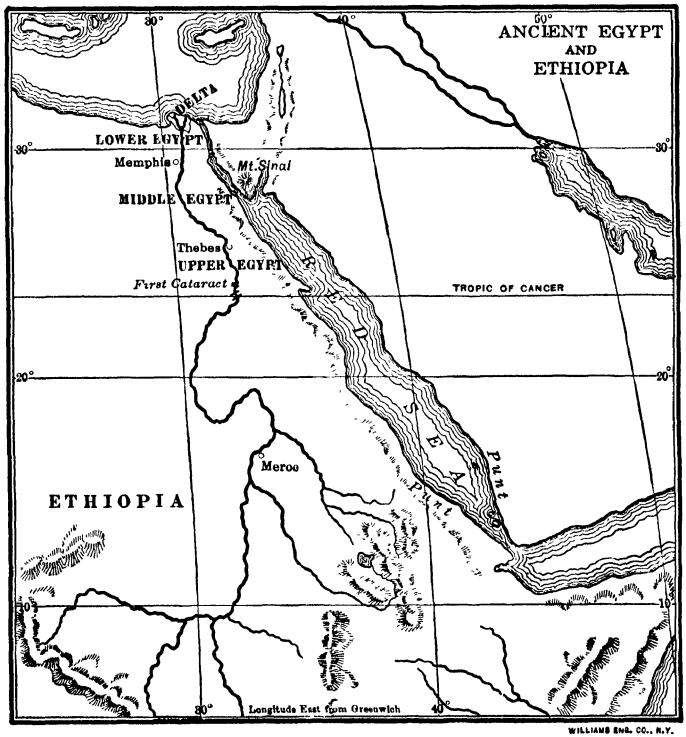
INDUSTRY AND COMMERCE OF THE NILE AND TIGRIS-EUPHRATES VALLEYS

I. Egypt

17. The Country. — Though in Africa, Egypt is essentially Asiatic. The Nile Valley is a strip of land usually from twelve to eighteen miles in width extending south from about the thirtieth parallel across the desert for hundreds of miles. The *Nile*, with its annual inundation, gives high fertility, and on this the Egyptians depended. Of the Nile an old native song recited, "It creates all good things," and of Egypt Herodotus wrote, "It is the gift of the Nile." The people called their land "the black country," to distinguish it from the land of other nations, which they termed "the red country." Practically no rain ever falls in Egypt. The people early acquired the use of irrigation to supplement and preserve the supplies of water. At high water Lake Mœris was filled and the water held back for use after the Nile had subsided. A primitive "well-sweep" was used to raise the water from the bed of the river, lake, or well, to the level where it was to be used.

The basin of the Nile is divided into two parts by the first cataract, which is near the site of the ancient Thebes or modern Assouan. Historic Egypt occupied the lower basin of the Nile and was divided into three parts termed Upper, Middle and Lower Egypt. Lower Egypt lay in the delta region extending about a hundred miles from the sea. Memphis was the chief city of Middle Egypt and Thebes of Upper Egypt.

Isolation was readily accomplished. The delta region was easily defended at the Isthmus of Suez; there were poor harbors on the north with currents unfavorable to navigation; the east and west were flanked by parallel hills with few passages through,



and these could be barricaded, while beyond were deserts solitary and inhospitable; to the south the first cataract was a natural barrier. Egypt was essentially non-commercial, and only her own rich productions, and her position stretching from the east end of the Mediterranean Sea towards the lands of rare and choice products forced her into world relations.

18. The People of Egypt. — The population of ancient Egypt is variously estimated at from five and one half to seven millions. It was probably the most densely populated land of the ancient world.[1] The Egyptians were a *passive trading people.* For most of their needs they were "sufficient unto themselves," and they were less frequently in foreign countries than were foreigners in Egypt. Society was organized into *castes.* All land was owned by the king, priests, warriors, and nobles, and it was cultivated for the owners by the lower classes. What have been termed "trading citizens" included besides merchants and navigators, mechanics, agriculturists, herdsmen, and fishermen. (See *Isaiah* xix. 7–10.) About 3000 B.C. idle laborers were employed on government works, such as canals, reservoirs, and pyramids, which the dry climate of Egypt has preserved as the marvel of later centuries.

Because of her rich productiveness Egypt in her later history became the prey of one people after another, and by these conquests foreign influence was brought in. About 2100 B.C. wandering nomadic tribes, probably of Semitic origin, seized the delta region and extended their conquests into Middle Egypt. These conquerors were termed "Shepherd Kings" (Hyksos), and during the five hundred years of their occupation a much closer relation was established with Asia. New industries and customs were brought in, resulting in changes similar to the changes which the Crusades made in western Europe.[2] Other foreigners were welcomed to help in keeping the native peoples in subjection, and it was during this interval that the Israelites came to Egypt and prospered. Finally the native peoples pushed down from the region of Thebes and expelled the Shepherd Kings. Then came "the King who knew not Joseph," the hard bondage of the Israelites, and finally their exodus. The new Empire (1600–1200 B. C.) was one of marked internal development, foreign conquest and more extensive commercial operations. (*Isaiah* xix. 23.)

The people of Egypt were suspicious of the evil influence

[1] Mommsen, *Provinces of the Roman Empire,* II, 280.

[2] Cunningham, *Western Civilization in Its Economic Aspects,* I, 31.

of foreigners, and the priest-class sought to exclude outside influences lest they be dispossessed of their lands and power. In one particular at least, the religion of Egypt aided commerce, namely, in the veneration paid the bodies of the dead. This gave a demand for embalming materials which commerce supplied.

19. **Products of Egypt.** — *Vegetable* products were foremost in Egypt. The Nile Valley yielded more than an hundred fold of wheat, while rye, barley, and other grains were produced in abundance. Egypt was " the granary of the ancient world," and to this land other nations came to buy food. (*Genesis* xli. 57.) Flax was grown for a particularly fine quality of linen, and cotton was also produced for clothing. The lotus plant was raised extensively, as were leeks, onions, cucumbers, and melons. The enormous productivity of Egypt is accounted for from the fact that crops succeeded each other at such short intervals that three and four harvests could be secured in a single year.

Animal life occupied a subordinate place in the economy of Egypt. Asses, mules, and oxen were used as beasts of burden; horses were later imported from Asia and employed in war; the camel came to Egypt at about the same time as the horse. Cattle, sheep, and goats were raised to a limited extent, and fowls were plentiful.

The waters of the Nile supplied an abundance of *fish*, and fishing was an important occupation. Twenty-two varieties of fish were taken from the Nile, and here, as has occurred again and again, fishing was the mother of navigation. One of the laments of the Israelites in the wilderness was, " we remember the fish which we did eat in Egypt freely." (*Numbers*, xi. 5.)

Egypt was poor in *mineral products*. In the bluffs back from the Nile were quarries of limestone, granite, sandstone, and marble, while the region lying farther towards the Red Sea yielded a plentiful supply of building material. The Egyptians in the later period of their history worked the mines on the peninsula of Sinai and in other parts of Syria, but metals were secured principally in exchange for vegetable products.

The *manufactures* of Egypt were extensive and enjoyed high favor in antiquity. Chief of the industries were textile manufacture, metal and glass work, and the preparation of papyrus. *Weaving* is of great antiquity. In the time of Herodotus the manufacture of cloth was carried on in what corresponds to modern factories, as well as in the homes of the people. An array of authorities indicates that the "cloth exported from Egypt" could have been produced only in considerable establishments.[1] Wool and cotton were woven, but Egypt was famed for its "fine linen," which approached modern silk in fineness and softness. Dyeing was well developed in Egypt at least three hundred years before the Christian era, but the chief aim of cloth makers was to produce pure white fabrics. Cloth was often embroidered with colored thread or gold wire for ornament.

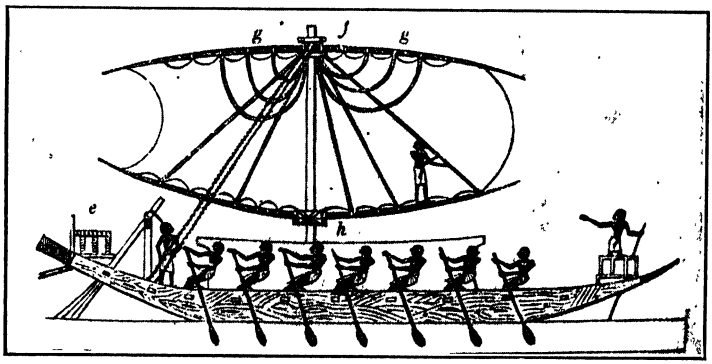
Metal work began early, and was of much importance. It included work in gold, silver, bronze, and iron. Quantities of bronze, all of which had to be imported, were utilized for weapons, tools, and implements. Iron was less used. Work in precious metals was extensive. Amazement has been expressed at the quantities of these, wonder as to how they could have been secured, and why the sources of supply were not exhausted. Gold was worked into threads as "delicate as the finest Venetian lace." The precious metals were chiefly used as ornaments in the form of chains, necklaces, and rings. The passion for personal adornment was strong and extended even to the adornment of the dead, mummies having been found literally "cuirassed in gold." [2]

Glass work, found in tombs of the early period, is the first manufacture of glass known to history. At times it was blown into artistic forms, and again it was colored and cut to counterfeit gems. Threads of different colored glass were fused into one mass, and this cut into cross sections giving the pattern of the fused threads.[3] From Egypt the products of the glass industry and finally the industry itself were taken to Phœnicia and Greece.

[1] In Taylor, *The Factory System*, 94–100.
[2] Cited in Ely, *Manual of Archæology*, 43.
[3] *Ibid.* 40.

The *papyrus* which grew in abundance along the Nile was a sort of "universal material," "one of the most useful plants the world has ever known." In addition to the material from which a form of paper was made, the fiber was utilized for coarse mats, and ropes, and the reed for the light shallow boats of the Nile.[1] *Pottery*, woodwork, and basketry were early developed.

20. **Communication and Trade.** — The Nile was an artery of trade, a natural highway not only between the different parts of Egypt, but between southwestern Asia and central Africa.



NILE BOAT WITH SAIL

From relief at Thebes. Collection of Philadelphia Commercial Museum.

Considering her position, her native riches, and the stores of wealth which she assembled, the marvel is that Egypt remained isolated so long and so fully. The delta region was most exposed, and to protect it a wall was built across the isthmus of Suez. Through Suez were great highways which continued into Asia. Caravan routes reached from Thebes to the interior, "the lands of gold and incense." In the period following 1500 B.C. roads were extended, canals improved, the Nile navigation much increased and fleets maintained on the Red Sea. Thus early was begun a great canal to connect the waters of the Mediterranean and the Red Seas. The shallowness of the

[1] Erman, *Life in Ancient Egypt*, 447.

Nile led to the construction of a curious boat with projecting bow and stern, only about one half of the bottom of which rested in the water. The boats were propelled both by oars and sails. The propulsion of boats by the use of sails was begun early in Egypt.

The incoming of foreigners gave a demand for foreign goods, which Egypt's conquests abroad largely increased. The sale of Egyptian wares naturally followed. Traders accompanied the armies and dealt in all objects that ministered to daily needs or luxury. Phœnician vessels and caravans came to satisfy the desire for new things until the list of imports was long, including slaves, horses and cattle, woods, gold, ivory, precious stones, bronze and iron, dyed and embroidered stuffs, perfumes, oils, wines and liquors. Out of this trade developed a *commercial policy*, tariffs, reciprocal trade privileges secured by treaties, and the prohibition of emigration of artisans.[1]

The *decline of Egypt* resulted from love of luxury, and the rise and aggression of other nations. In the seventh century B.C. two kings gave promise of restoring the old greatness. Commercial fleets were secured for the Mediterranean and Red seas, and this is the time of the reputed circumnavigation of Africa. (Sec. 31.) But the dependence was upon foreigners, and Egypt fell an easy prey to the rising Persian power, and thereafter her history was merged with that of other countries; but Egypt's position, and her rich production have kept her, even to the present, a factor in world trade.

21. Ethiopian Commerce. — The land lying south and east of Thebes is variously termed Punt, Puanit and Ethiopia. The latter name is often applied to all of Africa south of Egypt. Just below the sixth cataract of the Nile, some five hundred miles above Thebes, was Meroë, the capital and the commercial center of this land. Here were gathered for export the rich products of central Africa, and perhaps also of southern Arabia. Ivory, ebony, gums and other embalming materials, mother of pearl, gold, ostrich feathers, sweet smelling salts and aromatics, slaves, and salt, all came from Meroë. The ease with which the

[1] Maspero, *Struggle Among the Nations*, 284, 402, 403.

Red Sea could be reached from Meroë lends probability to the supposition that this city was an intermediary in the trade with Arabia.

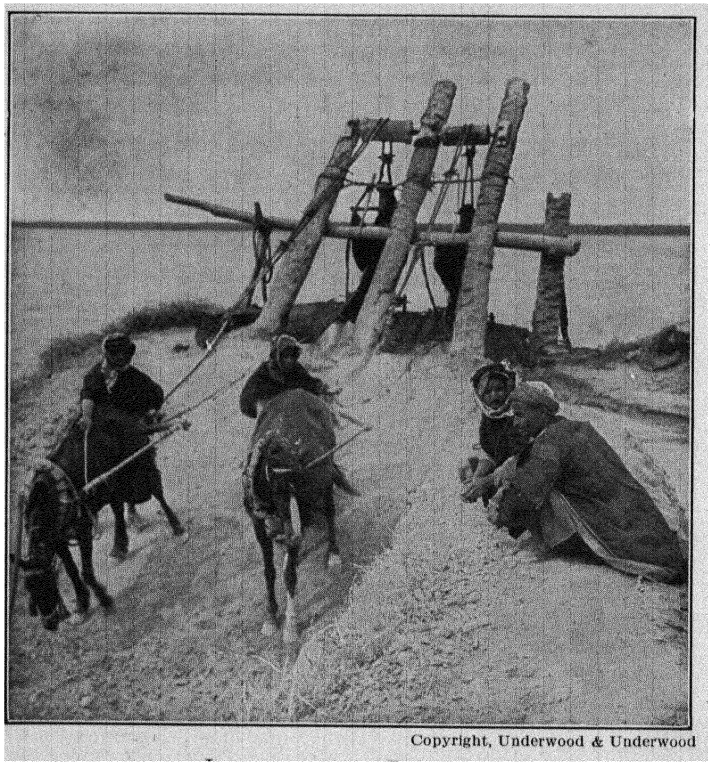
Three routes at least were possible in the trade from Meroë; by the Red Sea in the boats which were common; along the banks of the Nile; and through the desert east of the Nile, avoiding the wide bend which the river makes.

II. MESOPOTAMIA

22. **The Tigris-Euphrates Valley.** — The *location* of the Tigris-Euphrates Valley was *favorable to intercourse.* At one point the Euphrates approached to within a hundred miles of the Mediterranean, and for many centuries this was the principal route to the east. The land was much more open to the world than was Egypt, and trade routes radiated from Babylon to the northwest, the highlands of Asia, India and Arabia. Because of her position Babylon became an extensive emporium and a medley of races.

The "twin rivers" are fed by rains and melting snows of the highlands near the ancient Euxine, and these rivers inclose a wedge-shaped piece of land extending to the southeast and coming to a blunt point near the Persian Gulf. The lower basin of these rivers is low, with a rich clay soil and a hot climate. The rainfall is scant and the region is dependent on the waters of its rivers and irregular rains for irrigation. The rivers do not overflow as does the Nile, but in ancient times extensive canals and reservoirs gathered and stored the waters. In the upper part the basin is hilly, but in the lower it is a great plain which when irrigated is intensely fertile.

23. **The Inhabitants.** — The Tigris-Euphrates Valley was a meeting place of races and in it there was a large intermixture of peoples. The cities of the plain (Ur, Accad, and Babylon), are thought to have been early peopled by Semitics; to the north were a mixed people termed Assyrians with their centre at Nineveh, while still further to the north and east were peoples of the Indo-European stock. The ancient Babylonians



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IRRIGATION ON THE EUPHRATES

made *notable beginnings in science*, particularly in astronomy and mathematics. They divided the year into twelve months, the months into weeks, the week into seven days, the day into twelve hours, and the hour into sixty minutes; they also arrived at the division of the circle into 360 degrees, and the signs of the zodiac, and perfected the water-clock and the sun-dial. The Babylonians are described as " greedy of gain, litigious and almost exclusively absorbed by material concerns." An exact system of weights and measures was invented and given to the world by the Babylonians.

The Assyrians were great conquerors, and brought the Mesopotamian peoples into touch with the other nations of the East. The dwellers in the Tigris-Euphrates Valley were great lovers of luxury, and cultivated artificial wants which could be satisfied only by extensive trade. Their indulgence, however, so enervated the people that at last they fell easily before the hardier Persians.

24. Products of Babylonia. — As in Egypt, *agriculture* was the most important occupation. In the lower valley it was almost perpetual summer, and there wheat, barley, millet, and other grain grew abundantly, so that Herodotus declared this to be the most fruitful land of which he had knowledge. After recording that the yield of wheat was from two to three hundred fold, the historian refrained from further enumeration, lest, as he said, those who had not seen with their own eyes would not credit his report.[1]

The fruit of the *date-palm* was an important product; from it the Babylonians made bread, honey, wine, and vinegar. In one form the stones of the fruit made charcoal, in another they furnished a food for cattle. Other *fruits* were grown extensively, including figs, apples, almonds, apricots, and grapes. So general was fruit culture that the plain was a "great orchard which extended uninterruptedly from the plateau of Mesopotamia to the shores of the Persian Gulf." [2]

Small vegetables were raised in abundance. Sesame yielded an oil used both for food and for illumination. Oil for the latter purpose was also secured from the castor-oil plant. Fibers were obtained from flax and hemp, and dyes from saffron and henna. *Timber* was scarce and building stone almost entirely absent. A substitute was found in *bricks* of clay which were used both for building purposes and as writing tablets. It was natural that this people should have invented the potter's wheel and developed high skill in the ceramic art. Near the river Is above Babylon was found a natural mortar in the form of bitumen.

The *animal life* was not plentiful and proved insufficient for

[1] *Herodotus*, Bk. I, Ch. 193. [2] Maspero, *Dawn of Civilization*, p. 556.

the needs of the people. Great hunts were organized to the regions lying back from the plains, and hunting dogs were sought as an article of commerce. Flocks were pastured on the land adjacent to the river bottoms, and there were raised asses, goats, sheep, camels, oxen, and horses.

In *manufactures*, the Babylonians developed notable skill, their principal activities being in textiles, metals, ceramics, and the making of seals. As in Egypt, *weaving* was foremost of the trades. Cotton, wool, silk, and linen were woven both

A CYLINDER SEAL

The impression was made by rolling the cylinder under pressure in soft clay or wax. (Reproduced from Botsford's *Ancient World*. Original in British Museum.)

in the homes of the people and in larger establishments. Highly colored and ingeniously embroidered fabrics were produced in Babylonia, some of which were of such delicacy and fineness that they were exchanged for their weight in gold.

Silver, gold, and copper were the principal *metals*. The first named was used as a standard of value in trade. It was melted into ingots which were called after the weights according to which they corresponded, the lightest current weight being the shekel, the heaviest, the talent. Huge figures in bronze, and gates of cities were cast.

All grades of *clay work* were produced, from the coarse sun-dried bricks which have gone back to the mud and dust from which they were manufactured, to the finer, more highly decorated and permanent forms of kiln-dried pottery and terra-cotta which are still well preserved.

The large use of *seals* in making contracts, and affixing signatures, gave a stimulus to fine workmanship in gem-cutting. The seals were made usually in cylindrical form on very hard stone. Much of the work on these was so fine that it could have been done only with the aid of some form of magnifier.

25. **Trade of Babylon.** — Babylon was a great trade center. Here were brought the silver of Spain, the linen and gold work of Egypt, the gold of Central Asia, the wine and oil of Armenia, the purple of Phœnicia, the silk of China, the cotton lace and precious stones of India, and the spices and aromatics of Arabia. Salt came from Arabia, and pearls from India and the Persian Gulf. Slavery was a fixed institution, and the slave auction common. The auction block was kept supplied both by foreign importations and by those reduced to slavery at home.

Three *kinds of trade* were carried on in ancient Babylonia: land trade, river and canal trade, and sea trade on the Persian Gulf and to India and Arabia.

Land trade was mostly by caravans, the routes for which were numerous and tolerably well marked. One was up the Euphrates to Thapsacus and thence branching northwest, west, and southwest into Asia Minor and Phœnicia; a second passed more directly west into the Syrian desert; a third southeast to the region of Gerrha in Arabia; a fourth to the east into the Persian desert toward India; a fifth went north to the 35th degree and then east, with stations and branches, reaching to the highlands of Asia which were in the land of gold, and a base of trade with China.[1]

The *river trade* was extensive on the Tigris and Euphrates. By means of the rivers the more densely populated districts of the plains found trade with the upper regions both possible and

[1] Heeren, *Asiatic Nations*, Vol. II, Appendix XIII on "Commercial Routes."

profitable. These rivers were favorable for navigation and their navigation was improved through the introduction of dams and sluices; further, to extend their commerce they were connected by a series of canals. Trade on the Euphrates is interestingly described by Herodotus, who said that boats were made of wood of willow covered with skins, and that these were loaded with merchandise in Armenia and floated down the river with the current. On reaching Babylon the merchandise was discharged, the boats taken apart, the wood sold, and the skins loaded on the backs of animals to be taken back for the building of other boats.[1]

Babylonian *maritime trade* is worthy of mention. A great king established Teredon on the Persian Gulf as an outpost against the Arabs and the Phœnicians, and it became an emporium for the wares of India and Arabia. The Phœnicians were active in the trade of the Gulf and had an important post at Gerrha. The Persian Gulf offered fewer obstacles to navigation than did the Red Sea, and India was much nearer and could be more easily reached from this point than from the opening farther to the west. The sea passage to India was little more than an easy coasting voyage.

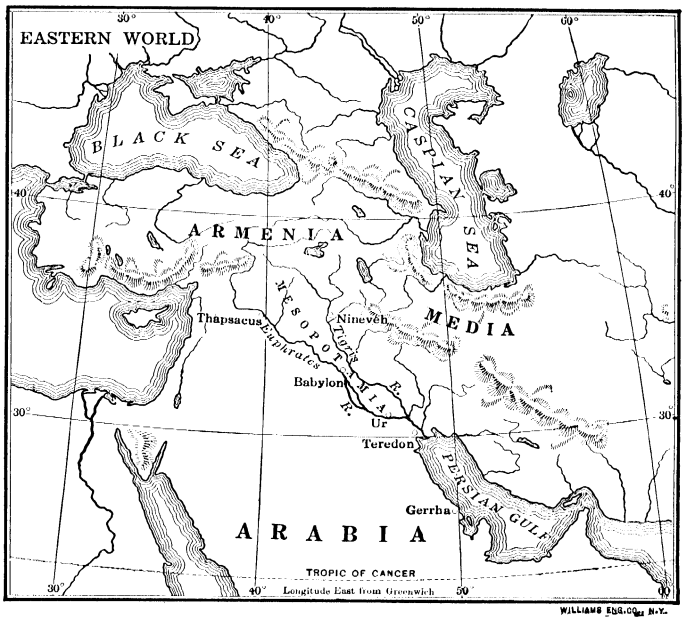
26. Business Methods of Babylonia. — The Babylonians had trade well developed and highly specialized. They used different words for wholesaler and retailer; the former was both exporter and importer and from him the latter made his purchases. The hiring of commercial capital was common, and the laws of debt and interest were well known. *Interest* probably originated in Babylonia, and debt and excessive interest were burdensome. The usual rate was twenty per cent, though higher rates were frequent.

Contract obligations and *commercial law* also probably originated in the business transactions of these peoples. A writer on ancient law says that there is no legal conception or legal transaction of the Roman law at the height of its development that does not find its counterpart in Babylon.[2] Written con-

[1] *Herodotus*, Bk. I, Ch. 194.

[2] Ihering, *Evolution of the Aryan*, 204, 205. Dean Haskins also spoke of the

tracts on clay tablets were common. The contract was drawn by a public scribe, signed and witnessed, after which the seals or thumb marks of the contracting parties were imbedded in



the clay. The tablets were then baked in a public oven, after which they were delivered to the contracting parties. Ihering remarks on the difficulty of falsifying these records.[1]

Accounts also were kept on clay tablets or bricks, and when burned these became proof against fire or the ravages of time. These bricks lent themselves to various methods of filing and arrangement, and appear as remote antecedents of the loose-leaf ledger, and card-index systems of accounts. One advantage

modern character of their commercial law, saying that it would seem to have been made from the precedents of our own time. American Economic Association, *Proceedings*, *1900*, 170, 171.

[1] *Evolution of the Aryan*, 206. Also Maspero, *Dawn*, 750, 751.

they possessed over their modern counterparts, — they did not require a fire-proof vault.

A recent " find " of above seven hundred of these business documents sheds a new light on ancient business. The Murashu Sons of Nippur in the fifth century B.C. stored their tablets for more than fifty years in a place which has lately been uncovered, and these are found to contain contracts for such business transactions as the leasing of canals, lands, and animals, the securing of the rights of irrigation, and the payment of taxes.[1]

27. **The Far East.** — India and China have from remote antiquity been lands of fabulous natural wealth and of a teeming population, noted for ingenuity and industry. A problem of the present has continued throughout the whole of history — how to reach the remote East. In the river valleys of these countries were early civilizations which suffered fewer vicissitudes from outside invasion than did the civilizations of the western world. An exclusive *caste* people found protection behind natural barriers, and here have been the characteristically non-progressive nations of history.

The *products* of these lands have been as a lodestone to draw the world to them. What modern history knows as China was to the ancients, *Seres;* to the Middle Ages it was *Cathay;* but always it has been the *Land of Silk.* From the highlands of Central Asia came gold, while Indian products were varied and rich, including spices and perfumes, tortoise shells, pearls, sandalwood, ebony, lac, and numerous forms of drugs and medicines. To India there were carried from the West, silver and other metals, also coral, frankincense, and furs.

The *commercial routes* to the Far East were either by caravan to the highlands of Asia and down to China or India; through the desert east of Babylon; or by water from the Persian Gulf or the Red Sea. The inhabitants of the region through which the caravan route passed acted as middlemen and brought the silks of China and the gold of Central Asia to the West. The monsoons, blowing for six months alternately northeast and southwest, made the sea passage easy. The Island of Ceylon

[1] Clay, *Business Documents of Murashu Sons of Nippur,* passim.

became the chief center for trade with India; here the boats of India and also those of China assembled to await the arrival of the merchants from the West. In Pliny's time Rome traded extensively to the East, it being estimated that a million *sestercii* a year were given up by the Empire to this trade, and that of this amount one half went to India.

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Suggested Questions and Topics

1. Investigate the influence of the Rosetta Stone on Egyptian history. What have been the advantages of the climate of Egypt in preserving antiquities?

2. Egypt is sometimes called the "China of antiquity." Why was her policy of isolation not as successful as was that of China?

3. Explain the following statement of Heeren: "Geometry, the daughter

of husbandry, was born in Egypt." (See also Strabo, Bk. XVI, Ch. 11, Sec. 24.)

4. Consider the suitability of the term "prolonged oasis," as applied to the Nile Valley. Also explain the following from Longfellow's *Kèramos:*

"Flooding and feeding the parched lands
With annual ebb and overflow,
A fallen palm whose branches lie
Beneath the Abyssinian sky,
Whose roots are in Egyptian sands."

5. Why should the Egyptian's belief in the transmigration of the soul affect his use of animals for food?

6. How do you account for Joseph's remark "Every shepherd is an abomination unto the Egyptians"? (*Genesis* xlvi. 34.)

7. Summarize the work of the Israelites on the tabernacle and the articles used in connection with its service. (*Exodus* xxxv to xxxix.) What did this tabernacle indicate with regard to the arts of Egypt?

8. Write a short account of Egypt's commercial policy. (Maspero, *Struggle among the Nations*, 286, 288, 402, 403.)

9. Compare labor conditions in Egypt with those in modern times. (Maspero, *Struggle among the Nations*, 540, 541, and *Dawn of Civilizaiton*, 342, 343, and any standard treatise on political economy.)

10. The lower Tigris-Euphrates Valley is now largely malarial swamps. Compare this with the conditions described in Sections 22 and 24 as an indication of man's utilization of his environment.

11. Describe methods of telling time by water-clocks and sun-dials.

12. Why have the cities of Mesopotamia so largely gone back to dust? Compare the Babylonian method of building with that of the Egyptians.

13. Compare the Armenian trade described by Herodotus (see Sec. 25) with early flat-boat trade on the Ohio and Mississippi rivers.

14. Does the statement of Herodotus that the extreme regions of the habitable world have received the fairest gifts of nature (Bk. III, Chs. 106, 107) seem to be true? Apply this to Ethiopia, China, India, and Arabia.

15. Write a brief account of silk in the history of commerce. What does the etymology of the word indicate about the origin of this commodity?

16. The desire for the products of the Far East has prompted what notable voyages of discovery? What great canals? What transcontinental railroads?

CHAPTER III

COMMERCE OF PHŒNICIA AND ADJACENT LANDS

28. Phœnicia's Position. — At the end of the Mediterranean Sea, halfway between the East and the West, to each of which Phœnicia stretched out in trade; within easy reach of Egypt, Arabia, and Armenia; protected against destructive invasions by the Lebanon Mountains at her back; invited to navigation by a sea at her feet; and well supplied with timber for ships, this land enjoyed in her position a greater *geographical advantage* than did any other country of antiquity. The country was but about two hundred miles in length and thirty-five miles in width. It would be correct to think of Phœnicia as a place of location for workshops, warehouses, and docks, and of residence for her people. The country consisted of a row of cities along the coast, but the true empire of the Phœnicians lay beyond the seas and in the regions opened up by her numerous caravan routes. Of all Phœnicia it might be said as the Hebrew prophet said of Tyre: "Thou that dwellest at the entry of the sea, that art the merchant of the people unto many isles. . . . Thy borders are in the heart of the seas." [1]

29. The Phœnicians. — The Semitic people who dwelt in this land were the most *active traders* of ancient times. They have well been termed "the pedlers of antiquity," but they carried more than wares. Knowledge of the world and the achievements of men, domestic animals, the arts of tillage, and various forms of manufacture were by them disseminated from one extreme of the known world to another, and the Phœnicians earned the title "missionaries of civilization."

[1] *Ezekiel*, xxvii. 3, 4.

Their position midway between the empires which developed on the Nile and the Tigris-Euphrates gave them advantages as go-betweens. The Phœnicians also enjoyed special advantages from having come into the theater of events just as Egypt and Babylonia were in decline.

Adaptability was a pronounced trait of the Phœnicians. They were lacking in originality, but borrowed freely. Through the Phœnicians came the alphabet, which they adapted from the Egyptians; they also gave knowledge of astronomy, a system of weights and measures, and methods of exchange, all of which they learned from the Babylonians.

Phœnicia was a series of cities, each with an independent government, though at times they acted together. From being a poor fishing village *Sidon* rose to be a mother-city in Phœnicia; *Tyre* overshadowed all other Phœnician cities and became for a time the greatest commercial mart in the world. The *government* of all the cities was similar; a king was dominated by an aristocracy of merchant princes organized into two senates. The people sought to secure by tribute the rights for which Indo-Europeans would have taken up arms. Though they communicated the alphabet they were without a literature, and for their history the modern world is dependent mainly on Hebrew and Greek writers. The Phœnicians had marked success in avoiding war and plying their trade. Their weakness and ultimate failure lay in the fact that they sought to make commerce only a means of wealth, and wealth an end in itself.[1]

30. Phœnician Products and Industries. — Though they made their little country produce to its utmost, the Phœnicians had insufficient food and raw materials, and in the main they imported products which, if they were not consumed at home, were worked over and re-exported. They were *imitators in the arts*, and Egypt, Babylonia, Arabia, India, Asia Minor, Crete and the neighboring Syrian cities gave models for their workmen.

Textiles had a foremost place in their manufactures. The Tyrians were the most skilled cloth dyers in antiquity. The

[1] Cunningham, *Western Civilization in Its Economic Aspects*, I, 69. Keller, *Colonization*, 39, f. n., says, "The Phœnicians thus came to be trade personified."

coloring matter for a special form of purple was secured from the blood of two species of shell-fish (*murex*) found in the eastern Mediterranean. By re-dyeing and through various combinations of colors, cloth was produced which challenged imitation. Mordants were used to give permanence to the colors. Not only did Tyre make cloth but she imported it to be dyed and sent out again. So largely was the dyeing industry developed at Tyre in the first century A.D. that it was the chief source of wealth, and made the city unpleasant as a place of residence.[1]

Metal work was carried on extensively. The Phœnicians were skilled both as miners and as workers in metal. Gold, silver, bronze, and iron, all were known and worked. They made bracelets, necklaces, and other ornaments, also weapons and implements. Engraving on metal and ivory was common, as was the engraving of gems. Famous and extensive glass manufactures centered at Sidon. In addition the Phœnicians made amulets of various kinds, also baubles and trinkets which they traded to primitive peoples.

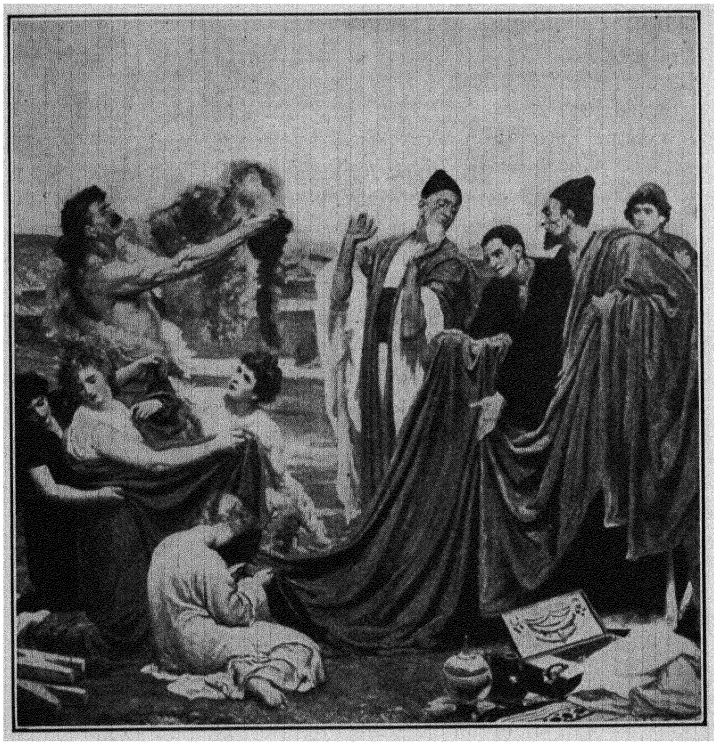
31. **Phœnician Commerce.** — The Phœnicians traded by means of caravans and by sea voyages. They depended on barter and made "incredible profits" through repeated exchanges. Goods that were of small value in one region were carried to a distant region where they were highly prized, and goods secured in exchange were in turn taken to some place where a high value was placed upon them.[2]

An extensive land trade was carried on over fixed routes which were carefully guarded by stations at such strategic points as mountain passes and river crossings. There were three main divisions of the land routes: *southern* or Arabian; *eastern* or Babylonian; and *northern* or Armenian.

The *Arabian* route had a branch going to Egypt and at

[1] *Strabo* (Bohn Library Edition), Vol. III, p. 172.

[2] The possibilities of such trade are shown by the following: A modern traveler in the East exchanged a watch which had cost him a small sum for two rough diamonds. These he bartered in another place and continued to barter until he realized an amount equal to more than twenty thousand dollars. Postlethwayt, *Dictionary of Commerce*, Article "Caravans."



PHŒNICIANS TRADING WITH EARLY BRITONS

Painting by Lord Leighton. Reproduced from "Magazine of Commerce," November, 1902.

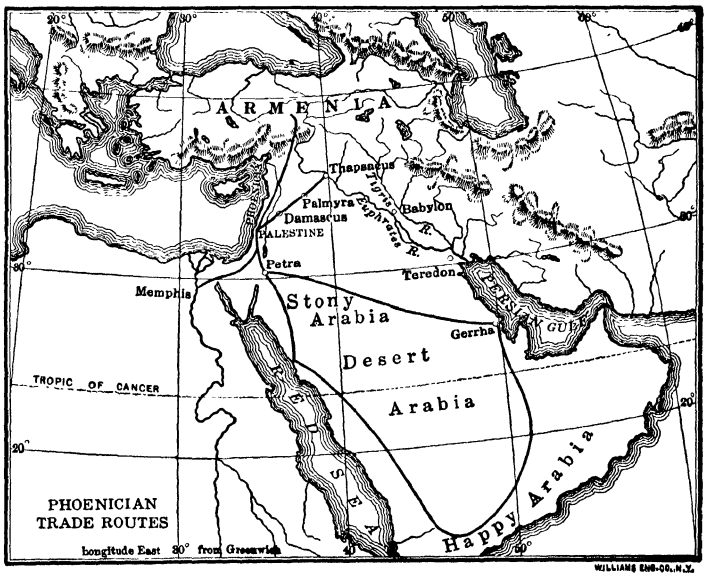
Petra divided again, one branch reaching easterly to Gerrha, and the other southerly to the extremity of Arabia. The most profitable land trade was over this route, for it reached to Egypt and also brought the rich products of Arabia, Ethiopia, and India.

The *eastern trade routes* penetrated Palestine, Syria, and the Tigris-Euphrates valley with the regions beyond. Palestine was the "granary of Phœnicia"; from Syria the Phœnicians

received "the wool of the wilderness"; but the objective of eastern trade was Babylon with her rich supplies of Eastern wares and her demand for the products of the West.

The *northern route* was the least clearly defined. It reached into Armenia and the region of the Caucasus, and over it were received slaves, horses, wine, and honey.

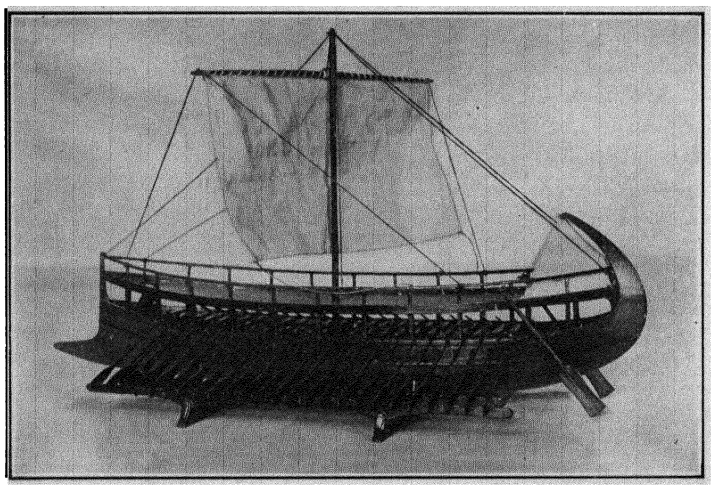
In *navigation* the Phœnicians were the first to cross the inland seas. Early ships had high bows and sterns, and blunt



ends; they were slow and were propelled either by rowers or the wind. Boats of this type were continued for trade, but the main dependence was upon long, narrow, swift boats which were, in turn, ships of war, pirate craft, or merchantmen. Not infrequently did the Phœnician navigators seize the unsuspecting natives of the West and transport them for sale as slaves. Phœnician ships could carry as many as five hundred men. They covered usually about one hundred and twenty

miles in twenty-four hours, though one hundred and fifty miles are given as a day's sailing. When on a voyage they sailed constantly, guiding their course at night by the north star, termed by the Greeks "the Phœnician star." Voyages were begun usually about the last of February and completed the last of October.

Much mystery attaches to Phœnician *sea trade*. Either fear or jealousy prompted secrecy and false report as to the destination of their navigators, and both "Tarshish" and "Ophir,"



PHŒNICIAN GALLEY

Constructed from bas-relief at Nineveh. Model in Philadelphia Commercial Museum.

the two main divisions of this commerce, are of uncertain meaning. These were vague, general names applied to regions. Tarshish was the silver and metal producing land of the West, and Ophir the gold, spice, and aromatic producing land of southern Arabia, India, and eastern Africa; "ships of Tarshish" also became a general term used much as the modern world uses "ocean liner." (*Ezekiel* xxvii. 25.)

The *two* main *divisions* of the sea trade were on the Mediterranean Sea and its branches; and on the Red Sea, the Indian Ocean, and the Persian Gulf. Interesting controversies have arisen as to the western extent of Phœnician navigation, also as to the Phœnician circumnavigation of Africa. The possession of the tin of Britain and the amber of the Baltic is no proof that Phœnician ships visited these regions, as both tin and amber might perhaps more easily have been brought to the Mediterranean Sea by overland trade. Nor can the voyage about Africa [1] be accepted as clearly established.[2]

Phœnician navigation was more lasting than the extensive trade by which it was accompanied, for the ships of the Phœnicians saw service either as mercenaries or in payment of tribute in the fleets of other countries, and Phœnician lessons in seamanship long outlived the commercial greatness of Phœnicia.

32. Phœnician Colonization. — The Phœnicians were the earliest people to found and develop colonies systematically. These were merely trading posts where garrisons were established to assemble goods from the adjacent regions, and to await the arrival of Phœnician ships. Favored positions were chosen at the mouths of rivers, on islands, peninsulas, and projecting headlands, and from these the Phœnicians long dominated the navigation of the Mediterranean. The first Phœnician colony was Cyprus, from which the Phœnicians moved on to the Ægean, but only to be expelled by the Greeks. Next they passed to the northern shores of Africa, Sicily, the western Mediterranean islands, and to Spain. The extent of the Phœnician colonies was very remarkable. In Spain alone a Phœnician origin has been assigned to nearly two hundred localities.[3] Spain was "the Peru of antiquity," and there the Phœnicians secured silver in abundance, also gold, iron, and

[1] Huet, *History of the Commerce and the Navigation of the Ancients*, 20, credits the same accomplishment to the ships of Solomon. See *Herodotus*, Bk. IV, Ch. 42.

[2] Webb, *The Alleged Phœnician Circumnavigation of Africa*, "English Historical Review," January, 1907, rejects the story as a myth and without foundation.

[3] Yeats, *Growth and Vicissitudes of Commerce*, 20.

lead. Spain also produced honey, wool, wax, fish, fruit, and other commodities, and it was often thought to be the location of the Elysian fields where conditions for life were most favorable.

Commerce was the chief *bond of union* between Phœnician colonies and their mother-land. With the extension of Alexander's Empire, a new city at the mouth of the Nile supplanted Phœnicia in the eastern Mediterranean, but one of Phœnicia's colonies placed at the most strategic point of the whole sea succeeded to her empire, and Carthage became a new Tyre. The loosely bound Phœnician colonies of the West were incorporated into the commercial state of Carthage.

33. **Carthage.** — Tyre was at the "entry of the sea"; Carthage was at the middle of the sea. This Phœnician colony stood at the northeast projection of Africa on a headland which commanded a spacious bay, termed "the great roadstead of North Africa." From Carthage to Sicily is a passage so narrow that Carthage could easily trade with Sicily and Italy, and she could also control this passage. The natural harbor of Carthage was enlarged by excavations, and converted into an outer and an inner harbor, the latter being reserved for war vessels. The outer harbor was for merchant ships, and about it were spacious docks for the handling of goods. Carthage was walled, while across the narrow isthmus which connected her with the mainland was a triple wall further strengthened by high towers. Thus Carthage, like the cities of Phœnicia, was fitted to become a place of warehouses and docks, and depended on the outside world for her food supply and raw materials.

Like Phœnicia, Carthage was essentially commercial, and like Phœnicia she neglected letters; as with Phœnicia also, we are dependent on her enemies for her history. It is therefore difficult to trace the story of Carthage's early history or to determine the influences by which she gained the ascendency over the other Phœnician settlements and built her powerful empire. Her position on the border of the civilized world gave Carthage a supply of mercenaries for her armies, and with these

she maintained her power. The supreme interest in Carthage is in her contest for the possession, first of Sicily, and then of the western world. The wealth derived from her commerce enabled her for a long period to fill her armies and continue the struggle.

Carthage was a *single city* supported by the trade and the tribute of an extensive colonial empire. Early in their history the Carthaginians paid tribute to the native tribes of northern Africa, but about 500 B.C. they freed themselves, and either exacted tribute in return, or employed the native people in their armies. An aggressive policy checked the Greek advance in Africa and led to the assimilation of numerous Phœnician settlements. Carthage showed the Phœnician instinct for using colonies as a means of trade, but she enforced her power in the colonies to a greater extent than did the Phœnician cities. The poorer classes at Carthage were sent to the colonies and often became men of wealth, thus relieving conditions at home, and creating in the settlements a sentiment for the mother-city. In consequence, Carthage and her colonies constituted an imperial power, exclusive in trade, closely connected in government, and strong in defense.

Carthaginian colonies were exploited, having their mineral wealth and other natural riches appropriated. Northern Africa was made to yield bountifully of *agricultural products*. Farming was in high favor and was engaged in by all classes. Carthage's skill in agriculture is evidenced by a treatise on husbandry, comprising twenty-eight books by Mago, a member of the upper class. This is one of the few pieces of Carthaginian writing preserved, due no doubt to its having been translated into Latin by order of the Roman Senate. Mommsen says of this that it was the text of Rome as well as of Carthage, and it was, probably, the earliest formal treatise on farming.

Carthage had but limited *manufactures*, due to a low demand in the West for the products of fine workmanship. Her manufactures of various forms of leather were the most celebrated, fancy articles being produced in stamped and embossed leather; a new form of leather resembling modern morocco was first

produced by her. Shawls and other textiles enjoyed popularity; rope was made from the fiber of the wild spartum.

The *land trade* was extensive. Africa yielded dates, salt, slaves, and gold dust. The productive oasis region known as the Fezzan was a base of commercial operations, and from this, trade routes reached to Upper Egypt and to the south and southwest across the great desert. Fronting the Fezzan on the sea was Leptis Major, which served as a staple town for the land trade of Africa.

In *navigation* the Carthaginians surpassed both the Phœnicians and the Greeks. Their supremacy in the western Mediterranean was early (509 B.C.) and repeatedly recognized by the Romans. Ships were improved and enlarged and the Carthaginian quinquereme superseded the Greek trireme as this had superseded the Phœnician bireme. Gades was a base of operations in the West. The regions visited are unknown, for the strictest secrecy was maintained.

Records of the voyages of *Hanno* and *Hamilco* have been preserved as fragments of Carthaginian writing, and they afford an interesting chapter in ancient navigation, and are also a tribute to the skill and hardihood of the seamen of Carthage.

With a state expedition Hanno sailed from the Pillars of Hercules having sixty ships and a company said to number thirty thousand. For many days he headed south, trading with the natives and founding settlements, but after reaching a point, probably beyond Cape Verde, failure of supplies and intense heat compelled him to turn back.[1] History does not reveal what became of the settlements of Hanno. Foreign wars led to their neglect, and probably they were destroyed by the natives.

Hamilco, also representing the government, voyaged north from Gades and is thought to have reached Great Britain, Ireland, and the Scilly Islands; certain it is that he brought back knowledge of the lands of tin and lead.

The Carthaginians monopolized the silver supply of Spain

[1] Schoff, *Periplus of Hanno*, 7, 8. Pub. Phila. Commercial Museum.

and managed also to control the tin and amber importations from the regions further north. On the African coast they traded for ivory, gold, and slaves. They also came to the shores of Italy, bringing to the Etrurians and the Romans, slaves, gold, precious stones, and manufactures. Between Carthage and Rome treaties were drawn in 509 B.C., 306 B.C., and 279 B.C., giving and restricting trading privileges. The Romans agreed not to sail beyond the Fair Promontory which was just north of Carthage, and the Carthaginians promised to abandon all efforts to establish settlements on the shores of Italy.[1]

Bills of exchange and letters of credit are attributed to the Carthaginians. They also loaned money on ships as security. Their most interesting commercial practice, however, was the use of a form of credit currency called *leather money*. This consisted of any material, the size and shape of a coin, wrapped in leather and sealed and stamped by the government. It then became current, and people reckoned their wealth in it. As a Greek writer remarked, those who had this money did not know what they possessed. In other words, it circulated on the credit of the government.

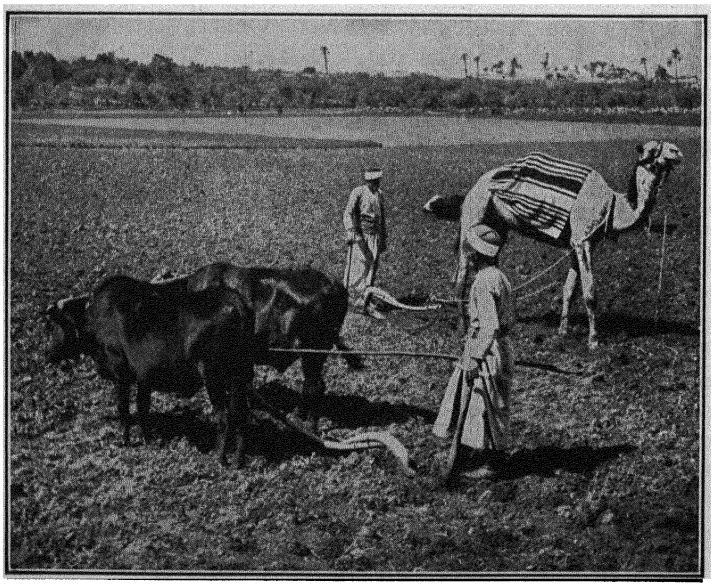
34. Decline of Carthage. — Semitic in race, Asiatic in civilization, Carthage was a foreign state in the western world. Her language isolated her from the surrounding peoples, and she could not assimilate them as did the Romans. Her government was an aristocracy of rich families in which the welfare of the state was sacrificed to personal jealousies and ambitions. Dependence on tribute and foreign mercenaries was a fundamental weakness, for in time of greatest need tribute failed, and the motley crowd of mercenaries disappeared. Thus what had earlier been Carthage's strength became her weakness. As was true in Phœnicia, the ease with which she paid tribute astonished the world, but as in Phœnicia also, character was sacrificed to material gain, and wealth became an end in itself. The doom of Carthage was pronounced when Rome decreed

[1] The text of these treaties is presented in *Polybius* (Schuckburg Edition), **I**, 185–189.

that the city should be destroyed and that any new city built within her territory, should be at least ten miles from the sea. Carthage had been "queen of the waters," but her glory was ended by this Roman edict. (146 B.C.)

35. **Palestine.** — Lying a little to the east and southeast of Phœnicia was a small country inhabited by the ancient Hebrews. Though this land was situated on the great highway between Egypt and Babylonia, her people long managed to keep themselves isolated; but her central position led the great nations to desire Palestine as an outpost, and conquest and attempted conquest were frequent.

In their early history the Hebrews were *pastoral* and *agricultural*, and as a passive trading people they gave the Phœnicians grain, wine, oil, and honey in return for the manufactures which were brought to them. Solomon, whose reign was the most



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PLOWING IN PALESTINE

glorious period of Hebrew history, was termed the "merchant king." It was he who founded Palmyra in the wilderness (Sec. 36) and maintained a fleet on the Red Sea;[1] but the great achievement of Solomon's reign was the building of a national house of worship at Jerusalem. This Temple was the work of skilled Phœnician artisans, and it was paid for with the native products of Palestine.

The *conquest* of the Jews by the Babylonians led to foreign residence and a change in the character of the people. This residence, known as *the captivity*, occurred when Babylon was at the height of her commercial greatness. The Jews assimilated the arts and culture of the Babylonians and rose to positions of influence. With the dominance of the Persians a new policy was introduced into Oriental affairs and the Jews were returned to reëstablish their nation and become a part of the Persian dominions. The Jews have since continued an active trading people.

36. Syria. — To the east of Phœnicia and Palestine, and stretching from Armenia on the north to Arabia on the south was a somewhat ill-defined arid and semi-arid region known as Syria. It was inhabited by nomadic Semitic peoples who furnished wool to the Phœnicians, and camels for the caravans which crossed the deserts in various directions. It was a caravan of these Syrians termed "Ishmaelite" merchants to whom Joseph was sold by his brothers, and by whom he was carried as a slave into Egypt. The record further states that these merchants carried spicery, balm, and myrrh. (*Genesis*, xxxvii. 25). The more settled conditions of life and the trade of Syria centered about the *oases* and on the most extensive of these were built the important cities of Damascus and Palmyra.

Damascus, one of the oldest of cities,[2] was on an oasis in the Syrian Desert, and owed her greatness and long history to her position on the great commercial highway to the East. The industry of the people improved the oasis until Damascus was made "a kind of paradise." The manufacture of arms was

[1] Josephus, *Antiquities of the Jews*, Bk. VIII, Ch. VI. [2] *Genesis*, xiv. 15.

brought to high perfection at Damascus and her swords were long famed. Repeatedly the city was taken by foreign powers,

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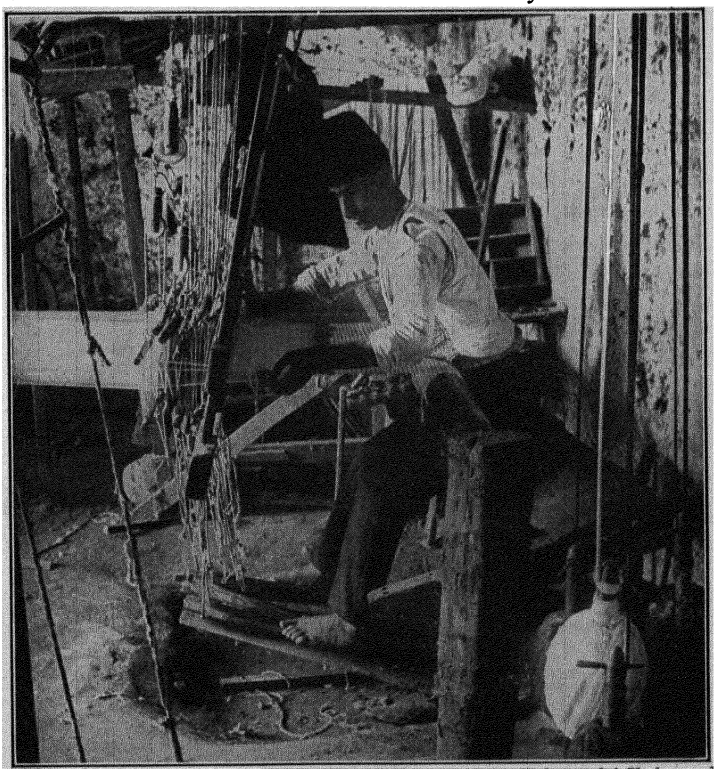
DAMASCUS SWORD-MAKER

and at times she regained her independence, but always she remained an important trading post.

Palmyra (the Hebrew Tadmor) was, as the name signifies, the " city of palm trees." Like Damascus it was " stolen from

the desert." Solomon built Tadmor, and here he levied toll on the caravan trade. Even more than Damascus, Palmyra was dependent on the fact that it was a caravansary. The inhabitants of Palmyra traded on their own account and made their city of considerable importance. With the extension of the Roman power in the East, the city was first incorporated into the Roman Empire and later destroyed.

37. **Arabia.** — The desert region lying between the Red Sea and the Persian Gulf is divided into Stony Arabia in the



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ARAB WEAVER AND PRIMITIVE LOOM

north, Desert Arabia or Arabia Proper in the center, and Happy Arabia, Yemen, or Arabia the Blest, in the south. The north afforded scant herbage for flocks, and was supplied with numerous oases and wells. Petra was the important city of this region and a place of departure for caravans. The Arabian desert with its hundreds of miles of sandy waste was a great obstacle to trade, and would scarcely have been crossed at all except for the rich products of Yemen.

The Arabians were of Semitic intermixture and showed much of the commercial instinct of this race. On occasion they were brigands and looted caravans of the lands adjacent when such a course promised a larger gain than to furnish convoy. Egypt early learned to fear these marauders known as "lords of the sands." The Arabians, owing to the barrenness of their own country, were safe from invasion. Alexander's conquest and the Roman Empire alike were halted at the boundaries of Arabia.

Yemen was the most extravagantly praised region of antiquity. The land was declared to abound with all that was delightful, and even the ocean was held to be sweet with the odor of perfumes and spices.[1] This has been thought to be Ophir, the land of gold; Punt (p. 26) included Southern Arabia. It was also the land of perfumes and here were produced frankincense, myrrh, and cassia. The position of Yemen towards India and opposite Ethiopia added to its commercial importance.

38. Rise of Persia. Persia, the last of the great Oriental empires, extended her conquests to include most of the other parts of the East. In Persia this study first meets an Indo-European people, and Persia marks at once a conclusion of the Oriental division of history and the beginnings of a new spirit. The Persians were great conquerors, and quickly overran the country from India to the Mediterranean; but they sought to maintain and not to destroy the prosperity of the regions conquered. Though not themselves commercial they permitted the commerce of others, and their order and stability improved communication and acted as an aid to productive industry and to trade. The Persians adopted the rich commodities and love

[1] Macpherson, *Annals of Commerce*, I, 104.

of luxury of those whom they had conquered and with the same ultimate bad effects on their character.

The Persians had the Indo-European instinct for government and exercised their largest influence as organizers. Cyrus was the conqueror, and Darius the administrator of the Persian world. The latter's dominions were divided into more than thirty satrapies, each under a deputy who left the people free in most things, but required them to pay tribute and to recognize the power of Persia. Uniform *taxation* was first imposed by the Persians, and they first established regular *communication* by means of government roads over which rode the King's post or messengers. The finest of these roads, called the Royal, led from Susa to Sardis, the capital of Lydia. In conclusion it may be said that the extent and solidarity of the Persian Empire were of great indirect influence on commerce.

39. Lydia and the Westward Movement. — In the west of Asia was a peninsula which brought Oriental influences into contact with Europe, and served as a bond of union between the East and the West. The chief state of Asia Minor and the richest satrapy of the Persian Empire was *Lydia*. Lydia had bountiful agricultural resources and wealth in gold and silver; so rich was this land that the name of its king, Crœsus, has become the synonym for large wealth.

The Lydians early were skilled workers in silver, gold, and other metals. Lydia's great contribution to the world's commerce was the introduction of the art of *coinage*. Coins, first of a mixture of gold and silver termed electrum, and later of gold and silver separately were struck in Lydia, and from Lydia the art of coinage was adopted in the other parts of the Persian Empire and in Greece. The Lydians conquered the Greeks on the shores of the Ægean, and compelled them to pay tribute; but they governed wisely and won the favor of the Greeks. This relation brought to Greece the culture, the coinage, and other arts as well as the wares of the more highly developed peoples of the Orient.

Books for Consultation

**Cunningham, *Western Civilization*, Vol. I, Bk. 1, Ch. 2, "Judea"; Ch. 3, "The Phœnicians"; Bk. 3, Ch. 1, "Struggle for Supremacy in the West," (Carthage).

Yeats, *Growth and Vicissitudes of Commerce* (Ancient), Part I, Ch. III. "Phœnicia"; Ch. V, "Carthage."

Pitman's Commercial History, Part I, Ch. II, "The Phœnicians."

Heeren, A. H. L., *Asiatic Nations*, I, 289–368, "Phœnicians"; 372–448, "Babylonians," 2 vols., London: 1854.

——, *Ancient Nations of Africa*, I, 26–285, "Carthaginians," Oxford: 1832.

*Day, *A History of Commerce*, Ch. II, "Relative Insignificance of the Commerce of the Ancient Empires. The Jews. The Phœnicians"; "Commerce of the Phœnicians. Beginnings of Sea-trade"; "Development of Sea-trade, Wares of Phœnician Commerce"; "Establishment of Colonies by the Phœnicians, Carthage."

**Smith, George Adam, *Historical Geography of the Holy Land*, London: 1894.

*Prime, W. C., *Money of the Bible*, paper covers, 24 pp., Sunday School Times Co., Philadelphia: 1906.

Suggested Questions and Topics

1. Show how the history of the commerce of other Oriental countries includes that of the Phœnicians, or how the history of Phœnician commerce covers that of the other countries.

2. Take a map of the ancient world and point out some advantages of Phœnicia's position.

3. What is the difference between a people "adapting" and "adopting" foreign ways? Which of these was practiced by Phœnicia and with what results?

4. When Jonah wished to flee from the presence of Jehovah where did he seek to go and from what port? Describe the navigation of the time as it is set forth in the first chapter of *Jonah*.

5. Does Herodotus's doubt because of the sun being on the right hand in rounding the point of Africa (Bk. IV, Ch. 42) make the truth of his account seem more or less probable? Show this on a globe (see Tozer, *History of Ancient Geography*, 99–101).

6. Give an account of the imports of Tyre, basing it on *Ezekiel*, xxvii.

7. Summarize the advantages of Carthage's position for the land trade of Africa, and the sea trade of the western Mediterranean.

8. Explain the statement of Arnold (*History of Rome*, New York edition, 1884, p. 421), "Carthage on the stage of history is to us a dumb actor."

9. Compare the probability of the voyages of Hanno and Hamilco with the probability of the Phœnician voyage around Africa. (Sections 31 and 33.)

10. Why was Phœnicia better situated for trade than Carthage?

11. Was Carthage better situated for founding an empire than was Tyre? Why?

12. Write an account of the building of the Temple, noting particularly how it was paid for. (*1 Kings* v–vii.)

13. Summarize the account of the visit of the Queen of Sheba to Solomon. (*1 Kings* x. 1–10.)

CHAPTER IV

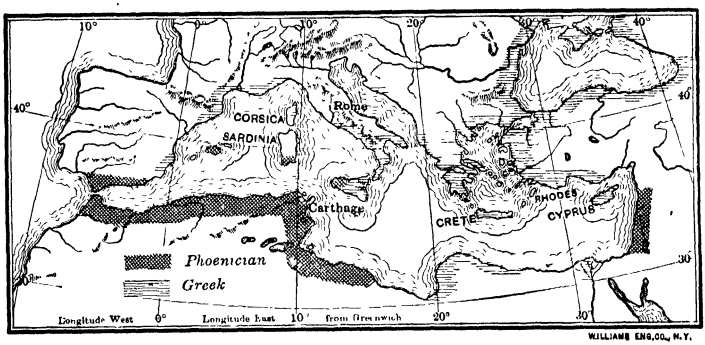
GREEK INDUSTRY AND COMMERCE

40. Greek Geography. — The Greek world consisted of three parts, termed *European*, *Insular*, and *Asiatic*. The first named was Greece proper, and the two latter the extensive colonial possessions. Greece proper was a small country, scarcely thirty thousand square miles in area.

The two *geographical features* of most influence in Greece were the mountains and the sea, and both contributed to the isolation of Greece as a whole, and to the separation of the different parts of the country. A mountain wall protected Greece on the north. The country itself was mountainous. The sea made deep indentations, affording extended coast line and excellent harbors. Greece has been aptly termed "a land of shores," and the sea and the influence of the sea are everywhere observed in her history. Modern Hellenism, like the ancient, "rarely penetrates farther than the sea-breeze." These natural features made Greece a land of small states the history of which was marked by jealousies and rival policies which retarded and not infrequently destroyed industry and trade.

The Greeks early became a maritime people (about 1000 B.C.), and regarded the sea as a "highway." The distinctive Greek sea was the Ægean, which, as Mahaffy says, seems to have had the power of "crumbling to fragments" the continents with which it came in contact. The islands of this sea were as "stepping stones" to navigation, and the passage to Asia Minor was easy. From the Ægean the Greeks passed to other seas and became adventurers and pirates, traders and travelers. The extensive Greek colonies were bound to the home land by the sea.

41. The Greeks. — To the Greeks all men were either Hellenes or barbarians, according as they did or did not speak the Greek language.[1] Though there was marked isolation of the Greek states politically, the people were drawn together by at least five forces, viz.: common race, a universal language,



the same great literature, adherence to the same religious beliefs, and the practice of similar customs.[2] The Greeks were predominantly Indo-European.

Greek *festivals* and *games* should be mentioned for their influence on Greek commerce. The former were common meeting places for the people and were either commercial or had an indirect commercial influence; the latter were national institutions for the gathering of great companies. Of the four great games, the Olympian were most important. The Olympian games were marked by a gathering of those representing the whole Greek race, and during their continuance there was universal peace in the Greek world. The Olympian games were of such recognized universality that the four-year periods at which they were held were the basis of the Greek chronology. A hundred thousand people are said to have gathered at Olympia, from widely different regions, and necessity and inclination both prompted to trade.

[1] *Herodotus*, Bk. I, Intro.; *I Corinthians* xiv. 11.
[2] *Herodotus*, Bk. VIII, Ch. 144.

Population in Greece was of three classes: citizens, non-citizens who were freemen, and slaves. Aliens and slaves were sometimes admitted to citizenship for distinguished service to the state. The citizens rarely engaged in commerce openly. If they desired material gains, they dealt through a third person. Aliens, freed slaves, and members of a conquered race were chiefly engaged in carrying on industry and commerce. They were compelled to pay for the privileges which they enjoyed. Slaves were both serfs (*i.e.*, slaves to the soil) and chattels; they were numerous and in most cities outnumbered the freemen.

The Greeks were wanting in the impulses of an industrial and commercial people. Property was little respected, and in all the early period piracy and robbery, if well performed, brought glory rather than disgrace.[1] Though the Greeks were heroic in adventure, their merchants shrank from the dangers of the sea, and fleets lay idle in the harbors for a considerable part of each year. Labor was held in contempt; the man who made his livelihood by an artisan trade or by commerce was less respected than the one who lived by agriculture, and the one who could live in idleness was regarded with highest favor.

42. Early Oriental Influence. — Both tradition and the evidences of archæology indicate an early commercial relation between Greece and western Asia. Ratzel says, "The most important fact in the history of Greece was its location at the threshold of the Orient." It was fortunate that Greece was in a position between the East with its development and productions, and the newer West. It was easy to reach the shores of Asia Minor, and geographically Greece was nearer to Asia than she was to Europe.[2]

[1] *Thucydides*, Bk. I, Ch. V: *Homeric Poems*, *passim*. A different view is given by Mahaffy, who says that few things were more important than trade in Greek life; that there was a strong trading instinct in the Greeks, and that large portions of their communities existed by trade. *Social Life in Greece*, 385 sqq.

[2] "Eighth International Geographical Congress," *Proceedings*, 662.

Tozer compares the Greek position in the ancient world to England's position in modern times, *i.e.*, she was between the Old World and the New. "Greek Geography" in *Cambridge Companion to Greek Studies*, 1.

Cecrops was said to have come from Egypt, bringing the art of agriculture; the Phœnician *Cadmus* was reputed to have brought the alphabet and the art of working in metals; *Pelops* was a reputed early immigrant from Asia Minor who brought great wealth and gave his name to the southern part of the country. The quest of the *Golden Fleece*, and the numerous *Trojan War* adventures, are easily given commercial significance. These exploits represent the childhood of a race, but they speak also of the seeking of personal or national advantage. Of these and other traditions it may be said they personified the early relations which Greece had with Egypt, Phœnicia, Lydia, and other parts of Asia. Crete and the islands of the Ægean developed a civilization antedating that of the Greeks and from their position served as intermediaries between the Orientals and the Greeks. Crete, from her position almost "midway between three continents," was a natural gateway for the entering of Oriental influences. Egypt and the East contributed to a primitive civilization in Crete, which was in turn extended to Greece proper.[1]

Most largely the early Greeks traded with the Phœnicians, who brought them the rare and costly goods of the Orient. The early indebtedness of the Greeks to the Phœnicians is indicated by the large numbers of Phœnician articles excavated in Greece, and the Phœnician origin of such common words as linen, sackcloth, myrrh, frankincense, cinnamon, cosmetics, and writing tablet. The Homeric Poems make repeated mention of Phœnicia or of one of the Phœnician cities as the source of some rare commodity.

The Greeks proved *ready learners* and passed from the position of pupils of the Phœnicians to that of rivals. They learned to practice agriculture, the textile and metal manufactures, and shipbuilding. In the material arts as in their mental operations the Greeks adapted to their own needs, and usually improved on the ways of others.[2] About the year 1000 B.C. the Phœnicians were expelled from the Ægean, and then followed a long

[1] Hawes, *Crete the Forerunner of Greece.*

[2] Cunningham, *Western Civilization in Its Economic Aspects*, I, 72, 73.

period of exclusiveness which was broken down by Greek colonization.

43. Greek Colonization. — Greek colonization was a process of " blood-letting " by which the pressure of over-population was relieved at home, and a part of the people escaped from the disorganization and misrule of the home government. The great impulse to colonization came just after the Trojan War, and from that time colonies were the chief means by which the Greeks learned of the outside world. The colonists well showed that wonderful quality of their race by which this people could assimilate the best found among foreign nations and yet remain Greek.

In most cases the colony was politically independent of the parent state, but there was social, religious, and commercial union. When the colonists went out, they carried sacred fire from the altar of the home city, and this was lighted and kept burning on an altar in the new home. Should this fire go out, a delegation returned to bring fire again from the mother-city. The colonists sent an embassy each year to sacrifice in the temples of Greece, and wherever they went they remained true to the Greek language, customs, and traditions; this tended to draw them together and create a kind of federation.

The Greek colonies reached to nearly all of the shores of the Mediterranean and its numerous branches. Cicero termed these settlements a " Greek fringe." The colonists did not go far inland, and everywhere they came in contact with the Phœnicians who had preceded them. In some cases their predecessors were expelled, in others the Greeks withdrew.

It is difficult to state fully the *effects* of these numerous colonies extending so widely, and coming in contact with regions so diverse. In brief it can be said that the colonies served as hands by which Greece " supplied herself with material and mental food." But these same colonies distributed to the world at large the products of Greek culture and her material civilization. It is a curious fact that new settlements are more progressive than those longer established, and Greek colonies

gave to the home cities useful lessons in art and industry, in science and letters.

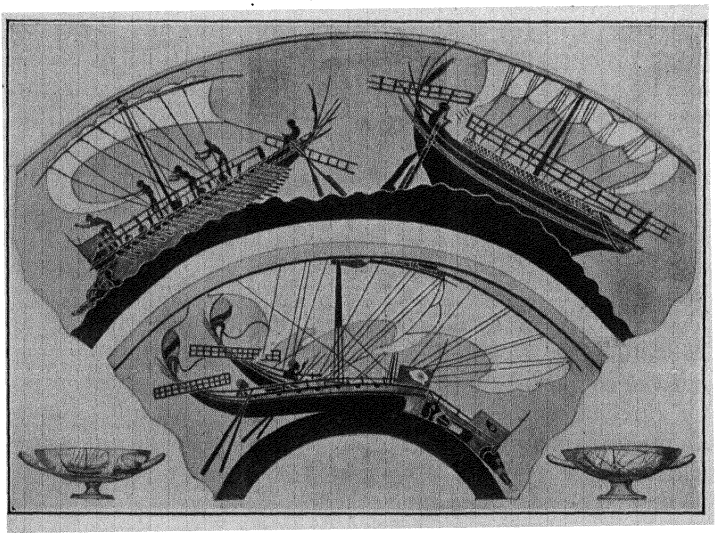
44. **Products and Industries.** — In a climate which ranged from the temperate in the upland regions of the north to semi-tropical in the south there was *wide variety* of Greek products. Some wheat was produced in the fertile lowlands and this, with the wheat imported, formed the food of the upper classes; barley was more generally grown and more commonly used. Wine and oil were almost universal products. The olive was used for its fruit and oil; the latter found a large place in the economy of the ancient world, and formed a staple of export from Greece. Flax also was grown. Sheep, goats, and cattle were pastured on the uplands, but of these, cattle were raised later and less extensively than were sheep and goats. Various forms of wood grew in the north, as did orchards of apple, fig, orange, and date palm further south. Wood was used for shipbuilding, and in the early period for statues. Marble was later used for statues, that of Pentelicus and Hymettus being the most famous. The marble was quarried by slaves, and its products were an item of export. Pottery manufacture was considerably developed. Limited manufactures of leather, textiles, bronze, and other metals were built up at Athens, Corinth, Ægina, and some other cities. But the Greeks were not primarily an industrial people. Manufactures were chiefly of the finer workmanship, and it is claimed that exports of the products of Greek industry included only articles which art had made beautiful.

Slavery was a basal economic institution in Greece. In Aristotle's theory of life, leisure was the "mother of culture" and must be supported by slaves. Slaves were the main dependence for carrying on agriculture, manufactures, and trade. Slaves also were largely used in the homes, and were the attendants and often the teachers of children. As a result, some of them became skilled artisans and others the best educated men of their time. Slaves were of different grades, from those who did the most menial tasks, to those who were on almost equal terms with their masters. They were hired by one person to another,

and at times they obtained the right to hire themselves and even to purchase their own freedom.

Two *results* came from slavery: labor was degraded; and the slave trade became an important branch of Greek commerce. Criminals, debtors, and other unfortunates were reduced to slavery at home, but the home supply being quite inadequate, slaves were imported, mainly from the Black Sea region, and were secured from conquests in war. Slaves usually ranged in price from thirty dollars to one hundred and twenty dollars.

45. Greek Commerce. — Marked differences in the products of the different parts of Greece, and the political separation of the Greek states, gave a basis for trade within the country which might be likened to foreign commerce of other peoples. Wholesalers and importers carried on trade abroad. The Greeks learned the lessons of navigation from the Phœnicians, and their trade was mostly on the sea. Ships would sail from the home



GREEK MERCHANT SHIPS

Reproduced from vase in British Museum. Collection of Philadelphia Commercial Museum.

port bearing goods for exchange, and often in a single expedition they would touch at three or four points, bartering as occasion offered.

Greek trade may be considered as Ægean and Lydian; Egyptian and African; Macedonian and Euxine; and Sicilian and western Mediterranean. Staples of export were oil, honey, fruit, and skins; manufactures in leather, metals, and textiles; and marbles and statues. Goods imported from one region were sometimes reëxported to another, though the Greeks did not carry on this form of trade extensively.

From the Ægean and Asia Minor were received the finer manufactured products introduced by the Lydians and the Phœnicians; from Macedonia and Thrace, timber and slaves; from Byzantium and the Euxine region, dried and salted fish, grain, and slaves. Grain, gold, and slaves were secured from Africa; grain was imported from Sicily; fish, amber, tin, and other metals from Massilia, and copper from Cyprus.

Trade was mostly by barter, but *coinage* was introduced into Greece shortly after the art was begun in Lydia, and it was brought to a high degree of perfection. In the early period silver was used for the coins of higher denomination and copper for lower; gold was not common in the coinage until the last of the fourth century, B.C. Greek coinage was either Pheidonian or Eubœan. Pheidonian coinage was chiefly in Ægina, termed "the first commercial state west of the Ægean," and it circulated principally in the south and west; the Eubœan coinage became the standard at Athens and was chiefly used in the central and eastern parts. One of the reforms of Solon was the adoption of a new coinage which "introduced Athens to a commercial world which she had scarcely known before."[1] The silver mines of Laurium supplied Athens with metal for coinage and served as an important source of revenue to the Athenian state.

Bankers were made necessary by the dissimilarity of the coinage; they were called "table merchants" because they carried on their operations at a table. Bankers came to be the most

[1] Botsford, *Ancient World*, 134.

important commercial class in Greece; they exercised the functions of money changers or testers, money lenders, and custodians for the safe keeping of money. In the earlier period, temples served as places of deposit for money and valuables.

Money was loaned at from ten to twenty per cent *interest* for risks tolerably safe, but for the greater risks of a sea voyage the rates were from thirty-six to forty-eight per cent. Capital was scarce, excessive interest the rule, and creditors relentless.[1]

Greek merchants were of two classes, *wholesalers* and *retailers*. The wholesalers were also importers and usually owned ships, which they commanded themselves, or commissioned others to command for them. The retailers limited their operations to one city, and sold wares either in small shops, or in the booths of the market, which was a fixed institution in most Greek cities. In the larger cities special markets were common for the sale of particular goods. Not always did the sellers wait for customers, but often they went hawking about the streets; the rudeness of fishwives was already a proverb. Fraud, false weights, and other forms of deception were variously practiced; water was put into wine, and the poulterers blew air under the skin of the fowls to make them appear fatter.[2]

Roads and bridges were built by the Greeks primarily as an aid in travel to their religious assemblies, but they served commercial purposes as well. The Greeks enlarged and improved their harbors by projecting jetties and walls; lighthouses also were constructed.

Shipbuilding in Greece can be traced to prehistoric times, and the Greeks believed that the art was taught by the gods. Important improvements in navigation were made by the Greeks, and to Corinth may be credited the invention of a new type of ship termed the *trireme*.

Corinth seems also to have been the first city to appoint prominent citizens as commercial and diplomatic representatives in other cities with which she had dealings. This custom was

[1] Blümner, *Home Life of the Ancient Greeks*, 517; *Cambridge Companion to Greek Studies*, 433.

[2] Blümner, *Home Life*, 510–513.

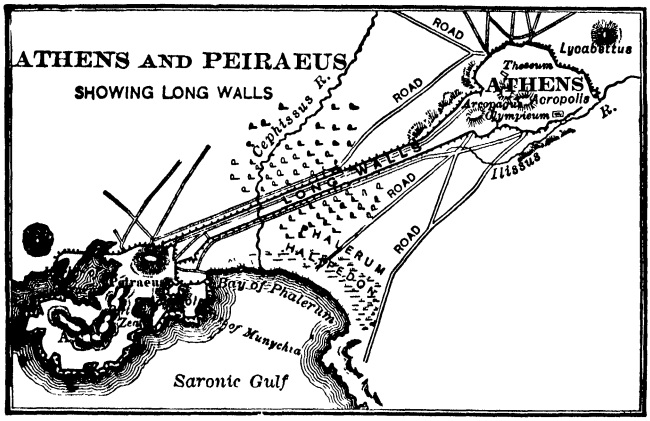
adopted by other cities, and the officer (termed *proxenus*) so appointed came to exercise functions much like those of a consul of modern times.

Corinth was the most distinctively industrial and commercial city of Greece. Manufactures in leather, pottery, textiles, and metals were extensive. The bronze work of the ancient world was of high perfection, and that of Corinth is especially to be mentioned. Corinth was on the narrow isthmus which controlled the passage by land to the Peloponnesus. From her strategic position she was termed, "the eye of Greece." The sea passage around the rocky promontory of southern Greece was dreaded, and it was common to "break cargo" at Corinth, and transfer goods across the isthmus, the total width of which is but three and a half miles. Corinth was especially favored in having a harbor at each side of the peninsula with a low elevation between. From this position she was termed, "the bridge of the seas." Naturally at Corinth the god of the sea was held in special veneration, and in his honor were celebrated the sea games known as Isthmian.

Athens was the representative Greek city. She was well located both for developing the native riches of Greece, and engaging in commerce. By the fortunes of war and the aggression of her people Athens dominated first the Ægean, and finally the whole Greek world. The city was dependent on a food supply secured mainly from the Black Sea region, Egypt, and Sicily, and she made a desperate struggle to maintain her supremacy of the sea. Wheat was imported, stored, and sold by the state; nominal prices only were charged for grain, and at times it was given away in what was termed the "dole." Athens reached the sea through the port of Piræus, with which she was connected by walls.

The population of Athens was sharply divided into classes; in Athens were the most pronounced effects of the colonies and the largest foreign influences. Athens had a phenomenal development of art and letters. Her weakness and ultimate failure resulted in great measure from the wasting of her natural riches, the pauperizing of her citizens, the employing of her work-

men on things of æsthetic purpose only, and her dependence on the outside world for the necessities of life. Thus the "glories" of Athens led to her downfall.[1] Economic reforms were at



Reproduced from Botsford, *Ancient World*.

times introduced into Athens, *e.g.*, by Solon, which gave relief, but did not cure the ills.

46. Alexander's Empire. — In Macedon was a rude people termed half Greek. With the weakness and decline of the Greek cities the Macedonians dominated all of Greece, and towards the close of the fourth century B.C. became the leaders of the West against the East. For two hundred years preceding there had been a decline in the commercial relations between the East and the West, due in part to the Persian Wars, but the conquests of Alexander brought the two sections into new relations, and revived the trade between them.

Alexander was a great conqueror, but he was also a traveler, colonizer, and patron of science and letters. He broke down both Greek and Oriental exclusiveness, and taught that the whole earth is interrelated. Alexander's conquest was one of

[1] Cunningham, *Western Civilization*, I, 123.

exploration; he proceeded leisurely, studying and establishing peaceful relations with the cities which he found, and planting new cities to the number of seventy, to be centers of his power. In this way he carried Greek civilization and language from the Ionian Sea to the Indus, and from Thrace to Ethiopia.

Tyre refused to recognize his supremacy, and the city was totally destroyed, after which Alexander erected his most enduring monument in a new city near the western mouth of the Nile. *Alexandria*, planted on the way between Tyre and Carthage, became later the most important commercial center of the eastern Mediterranean. The city had a fine harbor which was improved, and furnished with a lighthouse. Alexandria was the terminus of caravan routes both Asiatic and African, and was also connected with the Nile and the Red Sea by canals. The city was a meeting place for Greeks, Jews, Arabs, Egyptians, and other peoples, and she was not only a city of manufactures and wealth, but a center of learning as well.

The *results* of Alexander's conquest were many and far-reaching. He extended Greek learning to the East; he brought back knowledge of the Eastern world and its wares. New riches were opened up by his conquests. The invasion of India gave knowledge of sugar termed "honey of canes." By means of commerce and communication Alexander's world was made one, and Greek learning became the heritage of Asia and Africa. The effect of Alexander's conquest continued in western Asia until the rise of Mohammedanism, and with the Mohammedan invasion of Europe Greek learning was carried to the West.

47. Rhodes. — The inhabitants of Rhodes were the most distinctly commercial of all Greek peoples, and their commercial greatness was the most abiding. Their position enabled the Rhodians to learn from the Phœnicians, and navigation and commercial procedure were early acquired. The Rhodians were "sovereigns of the sea"; they cleared the eastern Mediterranean of pirates, and were long its masters.

The *harbor* of Rhodes was one of the finest in the ancient world, and its original construction is still retained. The Colossus of Rhodes, a gigantic bronze statue of Apollo, and one

of the wonders of the ancient world, was made to bear a beacon light for mariners. This statue stood *beside* the harbor entrance, not astride of it, as often represented.

The Phœnician peace policy was adopted by Rhodes, and by means of alliances and tribute she kept the friendship of the Ptolemies in Egypt and of the Romans, and came to importance in learning and commerce. Cicero studied in this city, and it was when bound for Rhodes to study oratory that Cæsar was taken captive by the pirates.

The greatest gift of Rhodes to the world, and possibly the greatest commercial inheritance from antiquity, was her *maritime law*. This law, which systematized the commercial policies of the ancient world, was recognized as so fair and equitable that it was respected for centuries. Of it the Roman Emperor Antoninus said in answer to a case involving sea rights: "I indeed am sovereign of the world, but the Rhodian law is sovereign of the sea, and by it your case must be tried." This law has the distinction of being the earliest code of maritime regulation of which we have any knowledge.

Books for Consultation

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Suggested Questions and Topics

1. Explain the statements: "Greece is the most European of European lands"; and "the Peloponnesus is the citadel of Greece."

2. With which continent is Greece most closely connected geographically? Professor Mahaffy says "the Greeks still talk of 'going to Europe.'" Why is this?

3. How do you account for piracy preceding commerce with the Phœnicians and the Greeks? Keep this in mind for a study of the peoples of Northern Europe. (Chapter XI.)

4. Francis Galton (*Hereditary Genius*, 330) claims that the average intellectual ability of the Athenians was about as superior to the European and American of the present as the European and American are superior to the African negro. What part of the population was included in the comparison? How do you account for this remarkable statement? (See, as bearing on the answer, *Acts of the Apostles* xvii. 21.)

5. What is the difference between race and nation? Give illustrations and apply to the Greeks.

6. Consider the quest of the Golden Fleece as having a commercial significance. (See Gibbon, *Decline and Fall of the Roman Empire* [Milman edition], IV, 226; and Macpherson, *Annals of Commerce*, I, 124.)

7. The younger Philip called Corinth, "the fetters of Greece." What do you understand him to mean?

8. Bishop Spalding termed Athens, "the world's university." Why? Why is Boston sometimes termed "the Athens of America"? Athens has been compared to a flower which blossomed and ripened and then gave her seeds to be scattered abroad. What part did commerce have in this scattering?

9. Compare the Greek method of learning with the Phœnician. (Sections 29, 42, and 43, and question 3 of preceding chapter.)

10. Explain Professor Freeman's characterization of Greek colonies as "patches of Hellas."

11. Why are new settlements more progressive than those longer established? Name some political reforms that have come from Australia. Some economic reforms from New Zealand.

12. Investigate the Greek origin of the word *drachme*, as indicating the way terms for money came into use. (Prime, *Money of the Bible*, 9.)

13. What was the meaning of *bireme*, *trireme*, etc.? Make some study of the controversy over the arrangement of "banks of rowers." (Lindsay, *History of Merchant Shipping*, I, 624–628, and *Cambridge Companion to Greek Studies*, 486–488.)

14. Explain the following figure of Westermann in writing of Alexander's Empire: "Greek city-states were founded at the nodes of the military and commercial highways." (*History Teacher's Magazine*, Nov. 1914.)

15. What do you understand by the following statement by Shelley: "We are all Greeks; our laws, our literature, our religion, our art have their roots in Greece"?

CHAPTER V

ROME'S ECONOMIC DEVELOPMENT

48. Geographical Basis. — The city of Rome was at the central point in the central peninsula of the Mediterranean. If Greece fronted to the east, just as truly did Rome front to the west. Italy was a fruitful land with a mild climate, termed the most favored region in the ancient world. The Alps were a wall of defense on the north, while the Apennines gave variety to the climate, and a range of products. The shore line of Italy afforded few good harbors. The city of Rome was at the head of navigation of the Tiber, and could be reached only by small boats. With the growth of Rome, Ostia became her seaport.

Ancient Italy included the lands lying south of the Apennines and was naturally divided into two parts, termed *central* and *southern*. The central portion was mostly flood plains of rivers; the southern was more broken, extending to the extremities of the peninsula and by many was made to include Sicily. Italy was much more open to communication than was Greece, and easily lent itself to the formation of a strong central government.

49. Roman People. — The Romans were largely Indo-Europeans who easily assimilated the arts of the Etruscans, their neighbors to the north, and the culture of the Greek colonists, their neighbors to the south. They showed a marked capacity as borrowers, but, unlike the Phœnicians, they put the stamp of their character on all they adopted. The genius of the Romans was expressed in *organization* and *government;* by slow degrees they extended their dominion to include first central Italy, then the whole of Italy, next the lands lying about Italy, and finally the known world. The significance of the Romans in history

is that they were the active agents between ancient and modern peoples, "the last of the ancients" and "the first of the moderns." A great contribution of the Romans was the preservation of the ancient means of progress and the handing of it on with the stamp of their own individuality.

The Romans were not actively commercial. They were "warriors and pillagers" under the Republic, "administrators and builders" under the Empire, but always they showed a contempt for trade. In their language the same word was applied to enemy and stranger; and the god of thieves was also made by them to be the god of merchants. Cicero expressed the Roman prejudice against commerce when he said that it was not proper that the same people should be the commanders and the carriers of the world, and that retail trade was sordid and could thrive only by means of lying. In their earlier history the Romans gave themselves mostly to agriculture, and later (after 246 B.C.) to war. Tradesmen were debarred from the Roman legions, — a regulation, which was enforced with few exceptions.[1]

But Roman conquest was not without *good effects* on industry and commerce. The supremacy of Rome meant peace and the establishment of order, with respect for property and the rights of contract. The Roman conquest led to an enlarged knowledge of the goods of the world, and gave the communication by which exchange was possible.

50. Occupations and Products. — Rome was "a nation of soldiers," and with the success of her armies even agriculture was neglected, and the basal occupations on which commerce depends were despised. Industrial and commercial pursuits were largely left to slaves, aliens, provincials, freedmen, and the lower classes.

With her world conquests *slavery* occupied a large place in the economic life of Rome. Domestic service, care of the flocks and herds, labor in the fields and shops, and indeed all forms of work were performed by slaves. To have fewer than four slaves was an indication of low standing in Rome, and many house-

[1] Guhl and Koner, *Life of the Greeks and the Romans*, 519.

holds possessed hundreds. Slaves were often the superiors of their masters in learning, and to them were intrusted the keeping of accounts and the instructing of children. War was the main source of the supply of slaves. Captives were held to belong to those who had captured them, and they were sold to realize gains from war. Africa, the barbarian regions of the north and west, and the eastern world, all were drawn upon to supply slaves. Slaves became a staple commodity, and trade in slaves a leading branch of Roman commerce. Strabo tells that on the island of Delos provision was made for the sale of ten thousand slaves in a day. When a sufficient number of slaves was not secured from the wars, slave hunting expeditions were organized, and so active were these that they threatened to depopulate whole districts.

The use of slaves and the consequent *degradation of labor* were inherent weaknesses among the nations of antiquity, and from these Rome suffered more perhaps than any other state. Idleness and love of ease resulted from dependence on slavery, and ultimately it led to moral as well as economic evils. In Rome's early days Italy was agricultural, and hardy Romans tilled farms of a few acres from which they secured their food. But with the almost constant wars the native people were destroyed, and the land was gradually converted into large estates in the hands of single proprietors, dependent upon slave labor. The more distant parts of Italy, which were secured through conquest, were similarly given out in considerable tracts, and the whole peninsula was either carelessly and wastefully tilled by slaves, or used for pasture. Whole regions which had formerly been good farming land were allowed to revert into marshes. In the early days the Romans produced their own food supply, consisting of grain, cattle, sheep, swine, olives, grapes, and other forms of fruit. The oil of the olive and the juice of the grape occupied a large place in the economy of Rome, as they did in that of Greece.

From the Etruscans the Romans learned the artisan trades. Manufactures were early carried on in the home, and in this way the native wool was worked up. Esparto grass was used

for weaving and was much prized. Cement was known to the Romans, who built in stone extensively. Associations were formed of those in a given branch of trade or manufacture, and in this way there were organized gilds of fruit and grain dealers, smiths, carpenters, weavers and dyers, tanners, and leather-workers.

With the growth of the Empire and the neglect of agriculture, Rome was dependent on outside regions for her food supply; new demands for luxuries and the introduction of many new articles came in the later centuries. These all were supplied by trade, so that Rome's commerce was necessary to supply the food which Italy did not furnish, and the numerous luxuries adopted from the older nations of the East.

51. Imperial Rome. — Rome was a city in origin, her conquest was of cities, and with the decadence of Roman power the world was resolved into independent cities.[1] Rome came to her exalted position at the head of the world, and maintained her supremacy for five hundred years, by her military prowess. This central city which grew to have probably half a million people was more than the military and political head of the world. She became also the center of culture and commerce.

Rome lived not by industry, but by conquest. The earth was levied upon to supply the material needs of the capital. Tribute furnished first the necessities, but from necessities the consumption passed to luxuries, and the use of the latter took the form of voluptuousness. Idleness and sensual indulgence ultimately undermined the Roman character.

The Roman Empire was held together by five *bonds of union:* — 1, a government so organized that it reached to all parts of the world and allowed little to escape regulation. Even food and amusement were furnished by the government; 2, a regard for the emperor as the incarnation of the government; 3, a general enforcement of the Roman law, Rome's "chief legacy to posterity"; 4, the maintenance of roads and a uniform system of coinage, both of which aided communication and interrelation; and 5, the support of colonies or provinces through which

[1] Guizot, *Civilization in Europe*, Lecture II.

Roman influence was extended.[1] Rome long avoided the weakness of dependence on mercenaries.

The Empire became so extensive and compact that the city of Rome was known as "the gatekeeper of the world." From Britain, Gaul, and Spain to the Euphrates; and from the Rhine and Danube frontier to the cataracts of the Nile and the African desert, Roman law and the coinage of the Empire were supreme. Rome ruled a widely diversified region with above a hundred million population, and everywhere her power was felt. The paternalism of the state ruined the people. The government was looked to for "bread and circuses," and men could not secure office unless they fed and amused the populace. Grain was distributed by the state, first at a nominal price and then free.

Roman *revenue*, on which the numerous activities of the government depended, was derived from *five sources:* tribute; sale of the national domain; customs; mines, especially the silver mines in Spain; and the duty on enfranchised slaves. Contributions in the form of property tax were exacted of the Roman citizens and their allies and some of the provincials; the latter were also often required to pay a burdensome poll tax. Customs were levied at seaports, frontiers, and other towns.

52. Roman Provinces. — The Roman Empire included an extensive colonial arrangement known as *provinces*. These, to the number of nearly half a hundred outside of Italy, supplied Rome with material wealth and with men. It was from the provinces that the armies were drawn to support the policies of the emperor; as the city of Rome declined in power the provinces grew more important. The governmental arrangement was such that the emperors had to do more directly with affairs of the provinces on the frontier while the Senate exercised the chief control in Italy.

The provinces were governed by Roman law, and a part of the code which was applied to them was general and common to all nations. The Latin tongue served as a means of communication in the West and the Greek in the East. Through the provinces Roman administration was communicated to the world.

[1] Robinson, *History of Western Europe*, 9–12.

Seneca remarked that wherever the Romans conquered they settled, and that Roman colonization was based on conquest. Certain of the conquerors upheld the Roman power in the new territory, supported if need arose by the home government. The Roman colonies were thus in effect garrisons in territory that Rome had conquered, and they were carefully supervised by the central power. At the same time some of the provincials were transferred to Rome. Thus, as early as the time of Pompey and Cæsar, the Jews were established in their own section of Rome, and became important as traders. This policy relieved Rome of a restless and turbulent home population, and identified the personal interest of this class with the glory of the Empire. It also gave Rome new blood.

The Roman conquest was slow, but Rome sought to make the territory conquered a part of herself. As a result she built what was probably the most compact and homogeneous governmental system that has ever existed. Conquered peoples were given privileges, and enlisted to further the policies of the Empire. By roads, trade, tribute, coinage, language, law, and other interests the provinces were bound to Italy. Cities in them became Romes on a small scale. The provinces were " buffers " against the barbarians lying beyond. Many of the provincials were only partially Romanized, but, rude and warlike as they were, they served admirably as agents in pushing out the boundaries of the Empire. They thus protected Italy and prolonged the life of Rome.

An obvious advantage of the Roman rule in the provinces was the *established order* which was secured. Invasions were less frequent and civil discords declined. A recognized law and an efficient administration were a guarantee of the security of property, and men were led to engage in productive occupations, and accumulated wealth. In this way throughout the Empire cattle-raising was taken up, mines were worked, agriculture carried on, and crude forms of manufacture begun.

Provincial taxation was " moderate in theory," but " oppressive in practice." Taxes were usually " farmed " or sublet through several officers in order to escape the stigma of their

collection, and each of the officers added to the *burden* of the tax. The rights to farm the taxes in the name of the government were sold, and men who bought them sought to recoup themselves and add a profit. The collectors were termed *publicani* (publicans) and they were among the despised members of society. With taxgathering the publicans frequently carried on banking and money changing.[1] The provinces were not primarily for *trade*, but trade resulted from the binding together of regions as dissimilar as were the provinces and Italy. On occasions the Roman government discouraged trade between cities of a given province and of different provinces, wishing to center all commercial interests in Rome.

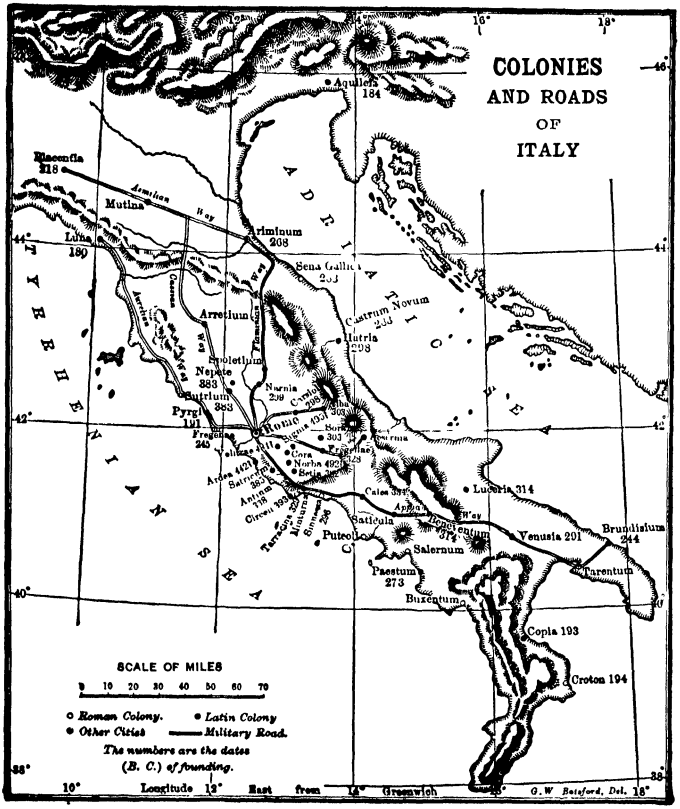
Roman merchants and usurers followed in the wake of the taxgatherers, if the two functions were not discharged by the same individual. An industrial class developed under the peace secured through the Roman arms, and the provinces became the producers of the food, the raw materials, and the luxuries on which Rome depended.

53. **Roman Roads.** — Roman conquest was considered incomplete until communication was established by means of roads, and roads were an agency through which the Empire was reduced to a homogeneous whole. The Romans early learned the art of road building from the Etruscans, and roads were built everywhere in Roman territory. These roads were a conspicuous and abiding evidence of Rome's greatness. In addition to their evident political and military significance, Roman roads afforded a means of trade and travel.

The first important road was from Rome to Capua; this was extended further to the south and others were built throughout Italy. Later these were extended to the provinces and terminated only at the boundaries of the Empire. The roads went out from the Forum and were marked with milestones giving the distances to the golden milestone which stood at the center of the Forum. Within given provinces were systems of roads

[1] "The Romans conquered the world less for glory than for the profits of war"; the profession of a soldier was followed not so much from a sense of duty as for personal gain. Seignobos, *History of Ancient Civilization*, 247, 248.

connecting the different cities and being connected when possible with the larger system. Houses were built and horses kept at



Reproduced from Botsford, *Ancient World*.

distances of five or six miles along these roads, and, by means of relays, messages were easily sent at the rate of a hundred miles a day. These post riders were supplied by the districts through which the road passed. From the age of Augustus regular

communication was established. At first the posts were used for public business only, but later they were employed for private and commercial purposes as well.

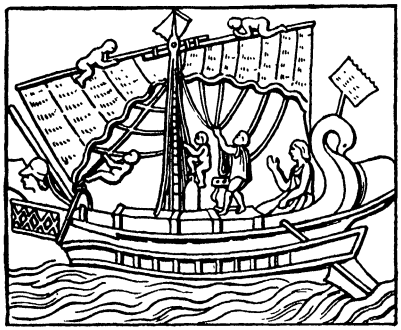
Roads were built in straight lines, disregarding rights of property and obstacles of nature. Elevations were cut down and depressions filled; streams were crossed by means of stone arch bridges. The road itself might be termed a terrace or wall. It was laid with successive strata of sand, gravel, and cement, and was usually paved with stones. The roads were wide enough to allow the free passage of the largest vehicles. The depth of the roads depended on the character of the regions through which they were built. They were so constructed as to be proof against all seasons and weather, and many of them are still in a remarkable state of preservation.

Agrippa had constructed a map of the roads of the first century A.D. showing about 52,950 Roman miles; Antoninus showed a marked interest in the roads and stations and had a description of them termed the Itinerary of Antoninus. From this description, which gives the distances between the stations, it is found that from the Wall of Antoninus, on the extreme northwest to Rome, and thence to Jerusalem on the extreme southeast, was a total distance of about 3700 English miles.

54. Roman Navigation. — The Romans, a *land people*, were called "the most awkward seamen in their Empire." Horace expressed the Roman sentiment when he termed the sea a "separator"; in contrast Homer called the sea "a highway of the nations." Gibbon claimed that the Romans sought to hide their terror of the sea under pretense of religious awe. Rome, however, was *driven to navigation* in her contests with her rivals, to protect herself against the pirates, and to secure food from the provinces. When the Romans set themselves to seamanship, they excavated harbors, built sea walls, established lighthouses, and aided navigation in other ways. Among the famous harbors was Ostia, situated sixteen miles from the great metropolis. Cargoes were taken from Ostia to Rome on flat-bottomed boats or lighters. Goods for the lower parts of Italy were

imported mostly at the Bay of Naples to be distributed either by roads or by smaller boats in coasting voyages.

The Romans were *slavish imitators* in the art of navigation. An early Roman coin bore on its reverse side a representation of the prow of a galley (*rostrum*). Greek bronze beaks were adopted for Roman ships so that they might maneuver in battle and "ram" an enemy's ship. The Romans also copied Carthaginian shipbuilding and converted the quinqueremes into floating garrisons equipped with grappling irons and bridges, to seize and board other ships.



ROMAN MERCHANT SHIP

Collection of Philadelphia Commercial Museum.

Roman regard for the sea is evidenced by the numerous treaties with Carthage in which the Romans agreed not to go beyond the Fair Promontory (Cape Bon) and by a treaty with Tarentum agreeing not to go beyond the Lacinian Promontory. The latter treaty was wilfully violated. Rome's demand for food and luxuries, and the extension of her Empire, drove her to the sea, and she borrowed, or made use of navigators whom she had conquered, or engaged seamen from the outside world. In this way Roman mercantile interests extended to every part of the Mediterranean, the Black and Red Seas and beyond, and even to Britain.[1]

Rome rendered an important service to commerce in the *suppression of piracy* and the establishment of order on the sea. From the earliest navigation piracy had been common, and the Phœnicians and Greeks, while restraining pirates, had not put an end to the operations of these plunderers. Cilicia, the eastern

[1] For an account of Mediterranean navigation see the *Acts of the Apostles*, Chapters xxvii and xxviii.

shore of the Adriatic Sea, and the Balearic Islands were the chief places of rendezvous for pirates. They had villages with organized governments, and arsenals and magazines for the supply and equipment of their fleets. The Romans made various

ROMAN SHIP

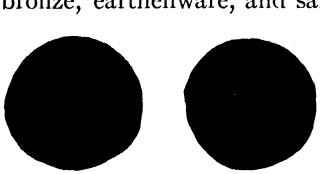
Reproduced from Cecil Torr, *Ancient Ships*. Collection of Philadelphia Commercial Museum.

expeditions against the pirates and concluded treaties with them which the pirates failed to keep. Finally Pompey was made dictator of the sea and completely broke the pirates' power.

The Emperor Augustus, appreciating the importance of the sea to Rome, maintained two powerful fleets, one with its center of operations on the Adriatic Sea, and the other on the Bay of Naples. Squadrons were also stationed to aid and protect the trade of the Red and Euxine seas, the eastern Mediterranean, and the English Channel.

55. Roman Trade. — Rome's *economic weakness* was in the absence of productive industry; her people were not employed in furnishing goods to satisfy home needs, or to offer in exchange for those imported from abroad. The great capital lived on the spoils of conquest and the exactions of the taxgatherers. Goods moved towards Rome, but there was little to send in return. After the middle of the second century B.C. the love of luxury grew apace, and with the extension of the Roman dominion new territory was levied on to furnish the necessities and the elegances of life.

Sicily was termed by Cicero both the granary and the treasury of Rome. In addition to grain, the island produced honey, salt, cattle, cheese, hides, coral, and emeralds. *Gaul* yielded chiefly gold, silver, and iron, also flax and, later, wine. From *Britain* was received tin, chiefly in exchange for articles of bronze, earthenware, and salt. From *Phœnicia*, *Palestine*, and *Lydia*, Rome had cedar, gums, balsam, glass work, textiles, and fishery products. *Egypt* furnished much grain; the region *Farther East* sent spices and aromatics, perfumes, ivory, sugar, drugs, silk and other costly fabrics, and pearls. These Eastern wares were paid for in the main with money, which had been secured as tribute. The vanity of the Roman women made a large demand for luxuries, and fabulous sums were paid for choice viands, for pearls, and other ornaments. The large expenditure for these purposes was deeply lamented by Pliny.



FRONT AND BACK OF ROMAN SILVER COIN KNOWN AS A DENARIUS

Reproduced from Botsford, *Ancient World*.

Grain and *fish* were leading staples of Roman import. The Romans were charged with the attempt to convert their provinces into granaries. Importation of grain was under the direct control of the state, and a special magistrate was assigned to supervise this trade. In time of scarcity a bounty was offered to encourage grain importation.

The Romans showed themselves not altogether unappreciative of the benefits of commerce; their divinity, Mercury, probably took his name from *mercari*, merchant, and there was in Rome an institution known as the college of merchants. A temple was dedicated to Mercury as early as 495 B.C., and each spring a festival was celebrated in his honor, in which merchants took a leading part.

Roman *organization*, which was strong in the government, was quite as evident in the management of business and the supervision of accounts. As a people, the Romans were essentially practical, as was evidenced by their construction of roads, bridges, canals, and harbor improvements. Roman skill and care in making records was an important contribution to the science of account-keeping. Accounts were kept in a book called "The book of the received and the paid away." Two columns were employed for the record, corresponding to the debit and credit sides of modern systems. To the Romans we also credit a system of notation for representing values. Rome's money, weights and measures were used for all official dealings, and while the provinces were allowed certain privileges in the use of local weights and measures, these were always placed at a fixed ratio to the Roman system.

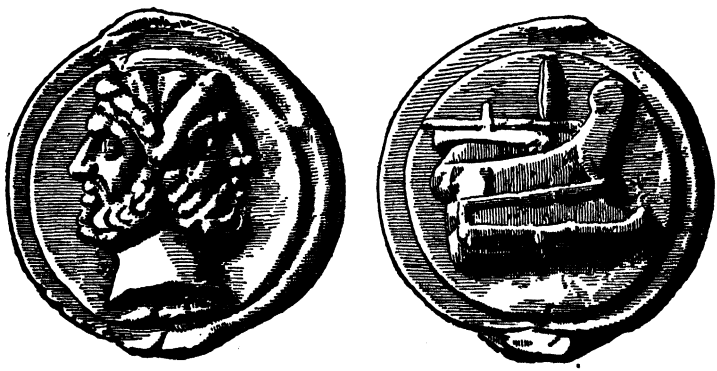
In early days cattle and other forms of goods served as money. Two hundred years after the founding of Rome, fines were imposed in cattle and sheep. Later, provision was made for commuting fines in current money termed *asses*. Silver was used for coinage down to the first century B.C. when gold became more common, though coins of smaller denomination were struck from silver and copper. With the extension of the Empire the *Denarius* became legal tender everywhere and signified the power and the extent of the Roman dominion.

Roman *traders* were classed as wholesalers and retailers; the former were less looked down upon than were the latter, and in the former class there were many wealthy Romans. Retailers were mostly freed slaves, aliens, and the lower classes. The true center of Rome and the Roman power was the *forum*. In the beginning this was simply a market place, especially for the sale of provisions. It was early surrounded by small retail shops, but later these gave place to the booths of the bankers and money-changers. The political importance of the forum came from the fact that the open space in it was used as a meeting place for the dispatch of public business.

Banking in Rome combined money changing and money lending. The presence of people from all parts of the world made necessary the reduction of different forms of money to a common standard, and the use of a current coin. *Interest* charges tended to become excessive, and the government undertook the regulation of rates. Twelve per cent was made legal by the Senate in 51 B.C.; later this rate was reduced, but the probable rate for commercial ventures was ten per cent or above. With the extension of conquest money was more plentiful in Rome and the rate of interest fell, while in the provinces it was double or more than double the rate in Rome. In the regions not under Roman sway, the rate of interest was ten to twelve per cent or higher. The debasement of the coinage from the third century A.D. led to the gradual disappearance of a circulating medium, with a return to barter and the decline of commerce.

The first general survey of the world in what approaches a modern census was begun by Julius Cæsar, and completed by Augustus. This was an enumeration of the people and their property for purposes of levying taxes. (*Luke* ii. 1–4.) Roman system and organization extended not only to taxes and contracts for public work, but to numerous private matters as well. An edict of Diocletian which fixed for the whole Empire the maximum prices of staple commodities, has survived as a document of interest. In the introduction to this edict merchants were charged with extortion and inhuman conduct, and it

was said that their practices made necessary the attempted regulation by the Emperor. Among the articles enumerated were oil, salt, honey, meat, fish, poultry, game, vegetables, fruit, clothing, skins, boots and shoes, harness, timber, grain, wine, and beer. There was also an attempted regulation of the wages of laborers and artisans, schoolmasters, and orators. A marked rise in prices because of the depreciation of the currency in the preceding hundred years was one cause for this edict.[1]



ROMAN BRONZE COIN TERMED AN AS

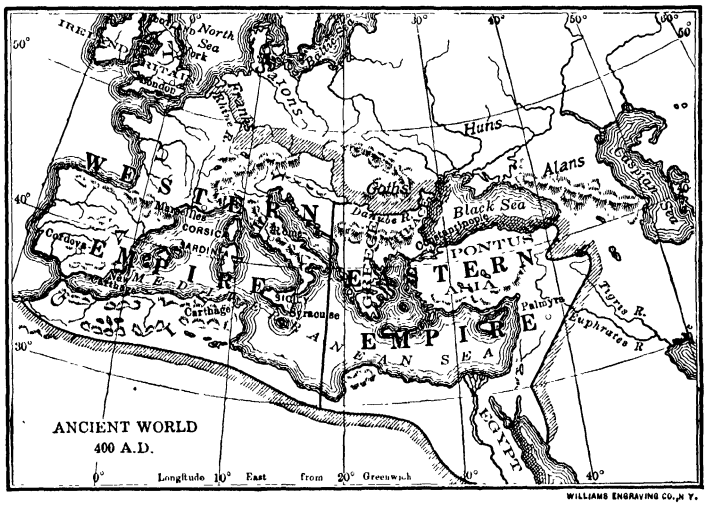
The front represents the two-headed Janus; the back, the prow of a galley. Reproduced from Botsford, *Ancient World.*

Roman peace (*pax Romana*) was famed in the ancient world. A Greek writer said, "Every man can go where he will; the harbors are full of ships; the mountains are safe for travelers; and the towns for their inhabitants." The laws of the Twelve Tables were the basis of Roman law, and upon these a more elaborate system was built. A body of private law, known as the *Jus Gentium*, grew up out of the necessity of the Romans dealing with those who were not Romans. It was based on common notions of right and wrong. Thus was secured a law which could be applied to commercial matters. The rights of private property, and the equal enforcement of contracts among

[1] Milman's Notes to Gibbon, *Decline and Fall*, I, 440, 441.

all classes at Rome, were secured with difficulty, but they were secured.

56. Decline of Roman Power. — The long continuance of the Roman political organization is one of the marvels of history, and although in the fourth and fifth centuries the Empire declined in power, the Roman influence continued. Internal weakness was the cause of Rome's loss of world power. This



weakness was most largely moral and economic. A faulty labor system and lack of productive industry were fundamental limitations. About 325 A.D. the capital was removed to Constantinople, and the partition into an Eastern and Western Roman Empire was begun. The pressure of the roving northern tribes was too strong for the Western Empire, and they repeatedly broke through and settled within the boundaries of the Empire. The change was slow; as the Romans proceeded step by step in the conquest of the world, so step by step they retired from what had been their possessions. The Barbarian soldiers settled on the land, claiming it by right of conquest as the Romans had

done. The settlement of the Barbarians changed the Roman world of both the East and the West, and gave the basis for European history of medieval times. Earlier the Romans had so changed the provinces of Gaul and Spain that we say they were "Romanized," but in the later centuries they were not able so to change the German tribes. The Romans were more largely "Germanized" than were these Barbarians "Romanized," but it would be more correct to say that both Romans and Barbarians were changed, and that out of the fusion of the two came the beginnings of a new Europe. It should be further said that with the decline of the Roman power after the third century A.D., the means of commerce, the security with which it had been attended, and the desires which prompted it, all declined.

57. **Summary.** — We noted earlier that with the account of the Persian Empire there was a natural conclusion of Oriental history; in the same way and for a similar reason the history of Rome forms a conclusion of ancient history. The Persian Empire as the last of the Oriental despotisms subdued and organized the Orient; Rome similarly, as the last of the great states in antiquity, conquered and ruled the known world. Oriental history centered about the rich river valleys and the eastern Mediterranean Sea; occidental history of antiquity was principally about the Ægean and Euxine seas and the western Mediterranean. The most active commercial peoples of ancient times were the Babylonians, the Phœnicians, and the Carthaginians; the two latter were Semitic and the first named had an infusion of Semitic blood. The Indo-European nations of ancient times showed a more pronounced capacity for government and for political organization than for trade. The means of land communication and navigation were greatly improved before 500 A.D. Rights of private property and the validity of contracts came to be recognized during the ancient period. Piracy, at first common, was largely suppressed. An economic weakness of the ancient period was the degradation of labor due to the almost universal practice of slavery. Oriental commerce had a limited contact with India and eastern Africa; the commerce of the West reached to Britain and the Baltic.

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Suggested Questions and Topics

1. Compare the geographical outlook of Italy and Greece. (The two peninsulas stand as persons with their backs to each other; "Greece looks toward the rising and Italy toward the setting sun.")

2. Explain the following: *The Greek power is best characterized by diversity; the Roman by unity.* Show how the truth of this statement results from differences in geography.

3. Botsford says (*Roman History*, 14), "Rome turned her back on the luxury of the East; and faced the fresh vital nations of the West." In what ways were the Romans more favorably situated than the Greeks for becoming a great nation?

4. Compare as to extent of region conquered, and time for the conquest, Alexander's invasion of the East and Rome's subjugation of Italy. Compare also the stability and permanence of the conquests.

5. What would have been the probable effect on the history of the West if Carthage had triumphed in the Punic Wars?

6. Explain the statement of Horace:

"Vanquished Greece o'rcame her savage conqueror."

7. What were some of the bad results of free food distribution in Athens and Rome?

8. Is it true that the character of a people is shown more largely by amusements than by regular employment? Compare the amusements of the Greeks and the Romans.

9. Compare Roman road building and Rome's established means of communication with the roads and communication of the Persians. (Sections 53 and 38.)

10. What was the predominant interest and what the chief contributions to world progress of each of the following cities: Babylon, Tyre, Jerusalem, Athens, Carthage, and Rome?

11. Rome is termed "The Eternal City." Show some of the ways in which her abiding influence warrants this appellation. (Sec. 64.)

CHAPTER VI

BREAK-UP OF THE ROMAN EMPIRE

58. Position and Importance of Constantinople. — The city on the Bosphorus occupies a commanding position on one of the approaches to the Mediterranean Sea. Here was located the ancient Greek colony of Byzantium; here was a place of survival of the old law, learning, and art. The importance of Constantinople's position is well shown in the statement of Gibbon, that, despite changes of masters and religion, the city has continued the capital of a great power from the fourth century A.D. to the present time. The strategic strength of Constantinople was termed a "marvel," and her survival for a thousand years after the breaking up of the Western Empire of Rome gave to trade and industry an impetus which they could not otherwise have had. For nearly five hundred years, says Brooks Adams, the West drew practically all knowledge of material things from Constantinople.[1] The city was regarded for centuries as the economic center of the world.

59. Founding and Government. — Byzantium was the center of the eastern Roman world as early as the first century A.D., and by degrees the two parts of the Empire grew apart. A great change came when Constantine made the city his capital (326–330 A.D.). With the rise of the new capital in the East the political importance and trade of Rome further declined. Provinces were annexed to the Eastern Empire, and these contributed to that Empire both revenue and trade. During the fifth and sixth centuries the rule of the Eastern Empire was enforced in Asia Minor, Egypt, Syria, and

[1] *Civilization and Decay*, 63.

parts of Europe, thus maintaining the integrity of the eastern Roman territory while the western was falling apart.

Justinian (527–565 A.D.) was the greatest of the emperors of the Eastern Empire. By his conquests he effected a partial reëstablishment of the old Roman power. To his achievements as conqueror he added greater accomplishments as builder and legislator. Public works and defenses were constructed throughout his empire and the city of Constantinople was made beautiful with many monuments. Justinian's conquests reëstablished communication and commercial relations with the western Mediterranean, and he was active in promoting trade both in the East and the West. *Commerciarii* were founded as depots of trade; these took the place of fairs, collected revenue, and purchased silk.[1]

But the supreme achievement of Justinian was in the compilation of the Roman law by a commission which labored for more than twenty years. The Justinian law included four main works termed: the *Code*, a collection of edicts and statutes; the *Digest*, a collection of decisions; the *Institutes*, a treatise or manual dealing with the principles of law; and the *Novels*, or laws of Justinian. As the Roman law was important (Sec. 55), its preservation was notable. During Justinian's reign other forms of ancient writings were copied and preserved for later centuries.

In the seventh century the Slavs wrested from Constantinople Illyria and the lands south of the Balkans, and the Arabs took Egypt, Syria, and part of Asia Minor. This left to the city only some small adjacent districts, Thrace and a part of Asia Minor.

60. Productions and Industries. — From early times Byzantium was a center for the catching and curing of fish; the tunny fish on the emblem of the city indicated the importance of the fishing industry. Adjacent to the city were fields for the production of grain. As in Rome, grain had to be brought in for the necessities of the city, and again, like Rome, grain was at different times sold at a nominal price or distributed free to the

[1] Cunningham, *Western Civilization*, I, 201.

populace. The chief imports of grain were from the Black Sea region and Egypt.

During the sixth century *silk culture* was introduced by two missionaries who returned from China, bringing some eggs of the silkworm in hollow canes. From Constantinople the culture of silk was transferred to Greece, Cyprus, Italy, and other parts of the West. The Saracens also adopted this industry and extended it throughout their dominions. As Constantinople led in the production of silk, so she led in its manufacture, though importation continued to supply the finest grades of silk.

Justinian introduced on a large scale the practice of *selling monopolies*, or the exclusive rights to produce a given commodity, or to engage in some special form of trade. This policy was adopted and adhered to by Justinian's successors for the revenue which the monopolies were made to yield. The revenue was used for defense and for extensive public works.

The paved streets, parks, imposing buildings, monuments, and other works of Constantinople were for centuries a source of wonder to visitors from the West. Here were preserved the arts of carving on wood and ivory, also goldsmith work, the making of mosaics, and enameling. From the sixth to the eleventh centuries Constantinople made, and sold to the West, chalices and ornaments for churches, thrones and crowns, and when the production of these articles began in the West, Constantinople furnished the models and the inspiration.[1]

61. Commercial Operations. — Constantinople was a shipping port for the products of the fisheries, fields, and forests of the region around about. She was also a port of call for an extensive commerce to the Black Sea and beyond. Asiatic commerce, whether by caravan through Asia Minor, or by the Black Sea and caravan, or through Alexandria and the cities on the Red Sea, long centered at Constantinople. Ivory and other costly products of Ethiopia came also through the Red Sea cities and Alexandria. Constantinople was the center for what came to be known as the *Levant trade*, and here was a

[1] Seignobos, *Medieval and Modern Civilization*, 35.

mart for the rare and costly fabrics, ornaments, drugs, and spices which Europe secured from the East. From the region north of the Black Sea the traders of Constantinople received wax, honey, pitch, furs, and precious stones. The West supplied Constantinople with metals and other raw materials, such as fibers and woods, and the coarser forms of manufactured products.

Constantinople continued Byzantium's custom of levying tolls on passing commerce, and the advantages of her position were thus made to yield the means of defense and to contribute to public works. On the payment of a fee regular dealers were licensed exclusively for many forms of trade, such as that in silk, oil, or grain. Foreigners who were accorded trade privileges in Constantinople were also heavily taxed. These taxes yielded revenue for a time, but later they resulted in helping to drive away the trade on which they were levied.

62. Decline of Constantinople. — The Crusades (Sections 86 to 88) brought large numbers from the West to Constantinople. The pilgrims wondered at the richness of the city and sent back impressive accounts of its grandeur. But the Crusaders appropriated the wealth of Constantinople and interfered with the established order of industry and commerce. Following the Crusades the city declined rapidly as a commercial center. Oman says that the trade of Constantinople fell off one third to one half within fifty years following the first Crusade. The colonies of Italian merchants were transferred from Constantinople to the cities on the shores of Syria. The Italian seaports plied their trade direct with Alexandria, Tyre, Acre, and other ports, and the Italian cities themselves became the intermediaries in the exchange of Oriental wares with western and northern Europe. From the thirteenth century Venice became the greatest world's mart and Constantinople declined to the rank of one of the many ports to which the central emporium traded. The extension of the Saracen power also had interfered with the continuance of Constantinople's trade in the West, and at the same time the old routes to China and India were hindered by the movements of the Turks. In 1204

Constantinople was captured by one of the Crusading expeditions which had been diverted from its invasion of the Holy Land, and the political as well as the commercial greatness of the Eastern Empire was at an end.

63. Barbarian Invasions. — With the pushing in of the boundaries of the Roman Empire, and the overthrow of established order in the West, there followed a long period characterized by limited communication and slight commercial intercourse. The beginnings of this period are to be found in the migrations of Barbarian tribes during the fourth and fifth centuries A.D. At first the West failed to keep pace with the progressive developments at Constantinople, but in the period following 1000 A.D., when the West began to recover from the worst effects of the coming of the Barbarians, the East was falling to lower levels of helplessness.

The Germanic peoples of the West settled within the old Empire. They were either given lands, or they took them by conquest. They adopted agriculture and practiced the industrial arts. A great change came also over the lands in which they settled. In part the Barbarians themselves were changed by the conditions into which they came, but they also changed the regions which became their homes. Some time before the year 1000 A.D., the old elements had been fused and the earlier line of separation between Roman and Barbarian had disappeared, and out of this merging had come new peoples, new governments, new languages, and new social conditions.

These early Germans were descended from a people which practiced a primitive agriculture, though in their wanderings they tilled the ground but little, and depended for their food chiefly on the milk and meat from their flocks. As they came into the Roman Empire they showed a great desire for places in which to settle and received or took lands in plenty. The Germans when settled stimulated the raising of herds and revived and extended agriculture. These pursuits led later to industrial occupations, and through these were laid the foundations for commerce. In the outcome the invasions of the Bar-

barians were to the economic gain of the exposed and badly governed Roman territory of the West.

64. The Church as an Institution. — After the decline of organized government in the West the Christian church came to be the universal institution. The position of Rome and her former influence gave the bishop at Rome an ascendency and he became the head of all other bishops, or the pope. The organization of the historic church was made definite and the place of the papacy was fixed by Leo the Great (440–461 A.D.). From this time the church as an institution might be termed "the ghost of the Roman Empire." Robinson calls the popes "the longest and mightiest line of rulers the world has ever seen."

The weakness and incapacity of medieval temporal power, with the strongly centralized, definite, and absolute authority of the popes, gave the church marked advantage. The early inadequacy of the courts of justice gave a place for church courts which tried offenses of the clergy, and also extended their jurisdiction to the laity. In most medieval countries of Europe church courts were more used than were the civil courts.

The church through her missionaries opened up new regions and served as a "bridge of communication" between civilization and barbarism. Communication with different parts of the world was kept up through the sending of papal representatives from Rome and through pilgrimages from different regions to Rome. The Church of Medieval Europe adapted herself to the times and had a large influence not only on arts and letters, but on governments and economic systems as well.[1] It is quite obvious that the church in the Middle Ages offered almost the only field open to those interested in literature, art, and the refinements of life.

65. Wealth and Production of the Church. — The foundation of the church's wealth was in the possession of landed property. Kings, princes, and landed proprietors were encouraged to transfer their lands to the church. Inasmuch as her property once acquired did not pass out of her possession by inheritance,

[1] Robinson, *History of Western Europe*, 45–60.

her landed estates grew until the church of the later medieval period possessed nearly or quite one third of all the lands of western Europe. This growing wealth was a menace to the church itself, and was opposed even within its own organization as is evidenced by the rise of mendicant orders, the so-called *Franciscan* and *Dominican* friars.

The church's possessions were organized largely under control of *monasteries*. These were primarily religious, but they had a large secular influence, affecting both the production and commerce of medieval Europe. The residents in the monasteries were known as *clergy* and *lay brothers*. The latter took no monastic vows; they lived as a part of the secular world, and had as their mission to guard the property of the church and administer her business affairs. The medieval church taught that all men are equal before God, which teaching must have influenced in the freeing of slaves and the growth of a new regard for labor. The church taught that honest toil is an important aid to salvation. Church lands were relatively free from the devastation which incessant wars made on secular estates. The lands about the monasteries were carefully cultivated, and the gardens, vineyards, and fields of the church served as models.

The monasteries were also centers of *craft work*, and had their own smiths, carpenters, millers, and masons, as well as representatives of the more skilled trades. The wealth of the church in the later medieval period is evidenced in the rich and elaborate buildings. To build these there was a demand for the products of the finest skill in wood, stone, glass, and metal work. Not only were building materials transferred from country to country, but *styles of architecture* as well. The painters of the Middle Ages were chiefly employed in the decoration of these churches. So rich had the churches and monasteries become by the ninth century that they were a prey to the Norse and Danish invaders.

66. The Church's Influence on Commerce. — The " Peace of God " gave to religious pilgrims and to traders a protection which they could not otherwise enjoy. Offa of England secured by treaty from Charlemagne in 796 the rights for religious pil-

grims to have safe and free passage through his dominions, but those who were traveling for gain were to pay the established tolls and fees.[1] It was not strange that some traders assumed the guise of religious pilgrims to escape the duties. The clergy found it necessary to maintain communication with other church officials and organizations, and the churchmen were active agents in keeping the roads open. In the absence of public inns the monasteries gave entertainment and thus aided in communication. Following 800 A.D. large companies of pilgrims and merchants passed through Europe in different directions, in the service of the church and protected and aided by its influence. The abbot of Cluny, for example, traveled with an escort of eighty horsemen.

The frequency of prohibitions against those connected with the church engaging in trade indicates that these prohibitions were not effective. Those in the service of the church were exempt from many of the burdensome taxes and impositions laid on others and they could thus undersell merchants and realize large profits. Monasteries become workshops and at times also warehouses. The church further sought to restrict commercial dealings by prohibiting the loaning of money on interest, but there were numerous devices to evade this prohibition.

The church of the medieval period was a great financial and business institution which collected and dispersed large sums. Its revenue was derived from lands, excessive fees for its services, fines, and regular taxes known as tithes. The sale of church privileges as a means of revenue led to abuses. Pope Innocent II called England his "inexhaustible fountain of riches."[2] England, Germany, and other regions of north Europe saw their wealth going from them and no material benefits returning. Thus there was an economic basis for the later religious revolts. Here, too, was the beginning of the economic doctrine that the movement of money is an indication of prosperity.

[1] Macpherson, *Annals of Commerce*, I, 248, 249.
[2] *Ibid.*, 392.

67. Rise of the Empire. — After the fifth century the might of the strongest became the rule in the West, and each Barbarian king was supreme in the territory which his people occupied. The popes feared for the church and solicited the aid of Pippin, king of the Franks. When later the Lombards invaded the territory of the pope and attacked the city of Rome, Charles, Pippin's successor, made war upon the Lombards, deposed their king, and had himself crowned as king of the Lombards (774 A.D.).

Pope Leo III in 796 A.D. sent to Charles certain symbols of power and with them the request that Charles delegate some one to receive in his name an oath of fidelity from the Roman people. Charles replied that he desired to form " an inviolable alliance " so that he might receive the benediction of the pope, and give his protection to the church. Charles came to Rome shortly afterward and in 800 he was crowned by the pope as " Emperor of the Romans." [1]

The crowning of Charles indicated the greatness and the abiding power of Rome; it indicated also the union of the Barbarian influence with the Roman. This act more than any other event marked the end of the ancient period, and also the beginning of a new spirit. Charles was a Barbarian, and with him and afterward the currents of Barbarian and Roman influences met and commingled.

At the opening of the ninth century the two dominant ideas were a universal church and a universal empire. It was agreed that these should coöperate, one limiting itself to matters spiritual and the other to matters temporal. Leo III and Charles had no serious differences, but controversies later arose as to the relations and rights of each power, controversies which were prolonged and often intense. For seven hundred years it was stoutly maintained by the church that no one was entitled to the appellation emperor until he had been crowned, or his selection approved, by the pope. Like the church, the Empire was a universal institution, and its influence extended to all the interests of the medieval period.

[1] Robinson, *History of Western Europe*, 67, 83.

68. Services of the Empire. — Pillage and confiscation were the rule with the Barbarian; piracy and rapine were honorable; captives were put to death or sold to slavery. First, Charles the Great was a *conqueror;* he beat back the Moslem invader and defeated and held in check the Barbarian. But Charles was more than conqueror; he essayed the rôle of *organizer* and *creator* of governmental institutions. Peace was secured and communication opened up; Roman roads, bridges, and aqueducts and the Roman laws were again brought into use. Routes of trade were reëstablished and protection given to commerce. Fleets were stationed to guard forts and rivers from the pirates and the Vikings. One of the capitularies of Charles was for keeping the roads in repair. He took steps for reforming the standards of weights and measures. But this was not all, for we find that Charles also became the patron of art and letters.[1]

Charles founded an empire which his successors could not rule, and following his death (814) there was a reversion to many of the earlier conditions. Roads were neglected and communication interrupted. There were invasions of Vikings from the north and of Huns and Slavs from the east. Each district was left largely to protect itself. The tendencies are shown by the *treaty of Verdun* (843), recognizing an East Frankish and a West Frankish kingdom. The latter became France; the former, Germany. Italy and other sections were also recognized, and thus there were the beginnings of modern nations.

Out of the conditions following the death of Charles came that characteristic institution of medieval times, the *feudal régime*. Under feudalism each count, or lord, or baron, protected the territory assigned to him, but he also gave allegiance to his overlord or to the king. In many cases the king was only a little more powerful than some of his barons, and his position was always insecure. In France, for example, the king was termed "the first gentleman of the realm," and for centuries he had no fixed place of residence. But it should be borne in mind that the influences set in motion by Charles were con-

[1] Robinson, *Western Europe*, 79.

tinuous and that Europe became vastly different because of his work.

The fiction of an Empire of the West continued all through the medieval period and even to modern times. The emperor first claimed his place by force, but in the last half of the twelfth century he was chosen by three representatives of the church and four of the temporal powers who were called electors. At first the emperor claimed supremacy over other sovereigns, but later the policy was to preserve a balance of power, a union of the weaker states against the stronger.

Books for Consultation

**Cunningham, *Western Civilization*, Vol. I, Bk. 3, Ch. IV, "Constantinople."

Yeats, *Growth and Vicissitudes of Commerce*, Part II, Ch. I, "Byzantium."

**Robinson, *History of Western Europe*, Ch. II, "Western Europe before the Barbarian Invasions"; Ch. III, "The German Invasions and the Break-up of the Roman Empire"; Ch. IV, "The Rise of the Papacy"; Ch. VII, "Charlemagne"; Ch. VIII, "The Disruption of Charlemagne's Empire."

Tacitus, *Treatise on the Manners of the Germans*. Works (Bohn), Vol. II, pp. 286–342.

*Dill, *Roman Society in the Last Century of the Western Empire*, Bk. IV, Ch. III, "Relations of Romans with Invaders."

*Botsford, *History of the Ancient World*, Rome, Ch. XLIV, "The Germanic Invasions"; Ch. XLV, "The New German States"; Ch. XLVI, "The Growth of the Papal Power and of the Frankish Power."

Gibbins, *History of Commerce in Europe*, Bk. II, Ch. I, "The Barbarian Invasions and the Decay of Commerce."

*Emerton, *Introduction to the Study of the Middle Ages* (375–814); Ch. II, "The Two Races"; Ch. IX, "Rise of the Christian Church."

*——, *Mediæval Europe* (814–1300), Ch. III, "Revival of the Roman Empire on a German Basis" (888–950); Ch. XVI, "The Ecclesiastical System," Boston: 1894.

Jessopp, Augustus, *The Coming of the Friars*, Ch. I, "The Coming of the Friars"; Ch. III, "Daily Life in a Mediæval Monastery," New York: 1892.

Baynes, Norman H., *Historical Significance of Constantinople*, "History" (London), July, 1916.

Suggested Questions and Topics

1. Explain and show the appropriateness of this characterization by Oman (*Constantinople* in "Story of the Nations"), "Constantinople is well placed, with all Europe behind it, and all Asia before it."

2. Show the advantages in the position of Constantinople as evidenced in the desire for its possession by rival European powers.

3. Sketch in some detail "the unity of history" as illustrated in the history of Constantinople.

4. Why should the Chinese want to keep the production of silk a secret?

5. What was the contribution of Constantinople to the rise of learning in the thirteenth and fourteenth centuries?

6. Indicate why Constantinople could not retain her supremacy as the foremost commercial city of the world.

7. Why is the term "the dark ages" misleading? What relation does the medieval period sustain to Greece and Rome and to modern times?

8. Explain the following statement: The change in language from Latin to French, Spanish, Portuguese, and Italian had begun before the coming of the Barbarians and would have gone on without them. (Robinson, *History of Western Europe*, 40.)

9. Show why a system of trade without money, "natural economy," was inevitable in the medieval period. (Cunningham, *Western Civilization*, Book IV, Chapter II.)

10. Is Bryce correct in his statement (*Holy Roman Empire*, Ch. V) that if the Roman Empire had not been restored in the West by Charles the Great it would never have been restored at all?

11. Is the statement of Voltaire justified: "The Holy Roman Empire was neither holy, nor Roman, nor an empire"?

CHAPTER VII

COMMERCE OF THE ITALIAN REPUBLICS

69. Italy in Medieval Times. — During the medieval period Italy was organized into separate states and cities with intense rivalries. These separate divisions were termed republics, though they were republics in name only. The cities had marked differences in production and trade interest, and the contests growing out of the latter were a contributing cause to the self-destruction by which the Italian republics were later eclipsed.

Italy was *advantageously situated* for the trade of Europe. As the West and the North grew in importance the Italian cities were in a position to profit by the trade which was a part of that growth. Italy lay toward the Orient and naturally acted as an intermediary, first between the West and Constantinople, and later between the West, Syria, and Egypt. Italy, and particularly the church, inherited Rome's appreciation for the finer and more costly wares of the East, and here was the early market for the rare commodities which the East produced. The Italians took to trade readily and occupied an important place in the commerce of medieval Europe.

VENICE

70. Position and Trade Outlook. — Venice was situated on one of the gateways which opened out from the Mediterranean Sea. The Adriatic was in effect her roadstead. At her back were passes into northern and western Europe. She was the most eastern of Italian cities and enjoyed advantages possessed

by none of her rivals. "Ocean's Queen," "Pearl of the Sea," and "Bride of the Sea" are names which indicate how important navigation was to Venice. The Venetians were the most active trading people in the medieval period, and commerce was such a dominant interest that Venice was known as "the Tyre of the Middle Ages."

At the head of the Adriatic were low sandy islands lying about two miles from the mainland. Here, before the fifth century A.D. dwelt a rude primitive people who plied the trade of fishermen. When the Barbarian invasions swept through northern Italy in the fifth and sixth centuries, many of the wealthy inhabitants of the mainland fled to these islands for protection. The subsequent unsettled conditions in Italy kept these refugees on the islands and they contributed capital and experience to the development of their new home. The islands took the name Venice from the name of the adjacent province. Before the close of the sixth century the city had a considerable population and a thriving commerce.

71. **Natural Products and Industries.** — Venice was primarily an importer and distributer of the wares of other regions, but she had a certain development of manufactures. Fish and salt industries were early developed, and salt and dried fish were a staple in trade. The Adriatic sand was found well suited to the production of *glass*, and the glass manufactures of Venice early enjoyed a reputation which they have never lost. The city also took up manufactures of finer articles such as silk and other textiles, goldsmiths' and mosaic work, mirrors, and leather goods. The artisans of Venice were forbidden to practice their trades in foreign countries, and in case they did so their next of kin might be imprisoned until they should return.

Venice drew on the adjacent mainland for agricultural products, particularly for grain and wine. The shores of the Adriatic supplied ship timber in abundance, and shipbuilding was extensively carried on. Silk was produced in the Greek colonies of Venice. Paper making had an early development at Venice, the art having been brought from China by the Arabs. With the invention of printing, the books of the Venetians be-

came famous. In general, the early growth of industries was so marked in Venice that they were termed "precocious," but the energy of the city went largely to the carrying trade and the industries remained static.

72. **Trade Policies.** — The chief men in Venice were her merchant princes, and these controlled her government. The state was essentially commercial, with trade as its aim and purpose. The doges (or dukes) and those associated with them rose to their high offices from the marts of trade, and some of them carried on their commercial activities after they were chosen to office. The Rialto, or commercial exchange of Venice, became the business center of the world. There it was that "finance became a science and bookkeeping an art."

The Venetian government financed commercial enterprises, and offered an early example of a permanent national debt and a "funding system" for debt.[1] The Bank of Venice, which enjoys the distinction of being the oldest bank in Europe, arose from the consolidation in 1517 of numerous bureaus, which were to pay the interest on the government debt. Private banks had earlier existed in Venice.

Henry Dandolo (1192–1205), who was the greatest of the doges, was termed "the best sailor," "the keenest speculator," and "the ablest diplomatist in Europe." He was eighty-four years old when elected doge and almost totally blind, but he practiced conciliation or aggression as best served the interests of Venice and showed himself a master alike of intrigue and force of arms.

Pirates long infested the Illyrian shore of the Adriatic, and to maintain herself Venice policed the seas. Colonies were established on the Adriatic and elsewhere to hold scattered territories, and to serve as bases for trade. Venetian colonization may be characterized as a connection between the colonization systems of the ancient and of the modern world. To conquer and hold the scattered territory which she wished to control, Venice made grants to powerful families, the terms being that

[1] Wiel, *Venice*, 101, cites with approval a quotation which claims this was the earliest example of a permanent national debt.

the title should remain with the city, and the possession be enjoyed as a fief, on the payment of a nominal tribute.[1]

Venice made numerous commercial treaties, buying and selling trading privileges with other cities and states. To protect the lives and property of her citizens, consuls were stationed in the ports largely frequented by Venetian merchants. Venice secured for her merchants rights and privileges at fairs and markets. The journeys of the Polos into Asia illustrate the extent to which these operations for trade were carried (Sec. 112).

The Venetians turned the crusading expeditions into profit, and as a result they obtained tribute, booty, and trading rights. Quarters for her traders were secured by Venice first in Constantinople and later in Tyre, Joppa, Ascalon, Acre, and other cities. With the capture of Constantinople by the combined forces of Venice and the crusaders the supremacy of Venice on the Hellespont was secure.

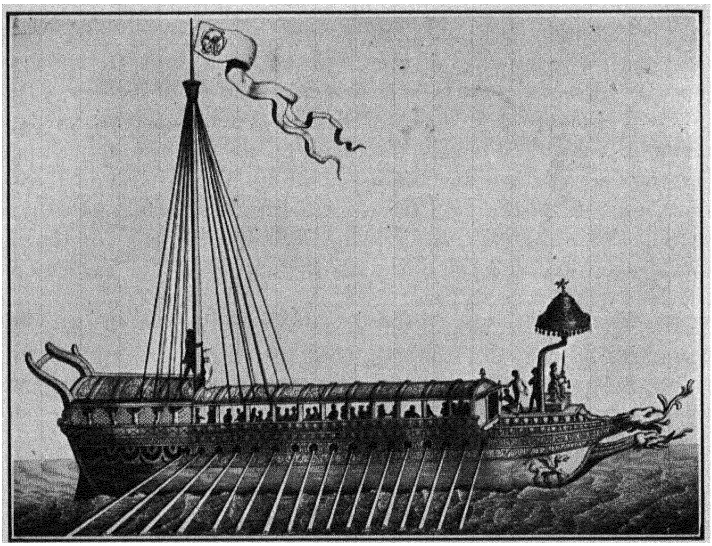
The commercial aggression of the Venetians was so pronounced that they did not scruple at the slave trade and in the eighth century were censured by the pope for selling Christians to the Saracens in Africa. But this desire for gain overreached itself. Venetian regulation commanded that her own citizens bring back goods and not money. It was also required that all goods should first be brought to Venice to be taxed before being taken elsewhere to be sold. Foreigners could not sell to each other in Venice, nor could they carry out of Venice any goods which they had brought in; thus they were at the mercy of the Venetian merchants. In consequence the very ends which it was desired to foster were destroyed. Venice's own people were deterred from going out, and foreigners were turned away.

73. Venetian Sea Trade. — Following the year 1000 Venice made marked progress in her sea trade. Ships were increased in size and improved in sailing qualities. The pirates were compelled to recognize Venice's supremacy and her merchants pushed out to parts more remote. In 1173 was first celebrated the city's " marriage with the sea," which consisted of a spectacular procession and the deposit of a ring in the sea. This was

[1] Egerton, *Origin and Growth of English Colonies*, 19, 20.

repeated annually and was held to typify the maritime supremacy of the city.

Down to the thirteenth century but one mast was used on ships, but in the thirteenth, fourteenth, and fifteenth centuries two and three masts were introduced and square-rigged sails



THE BUCENTAUR

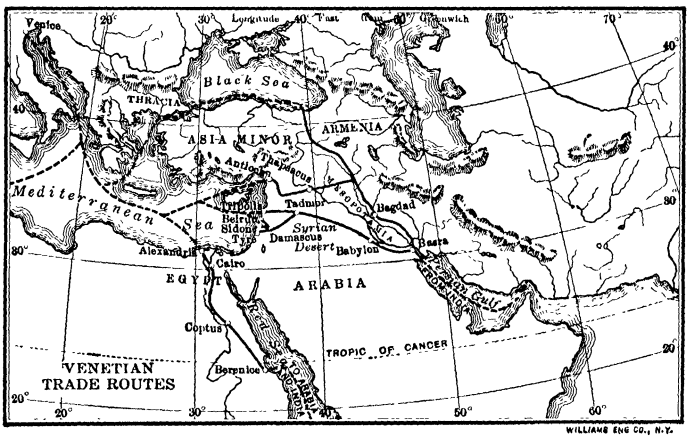
Venetian state barge. From Charnock, *History of Marine Architecture.* Collection of Philadelphia Commercial Museum.

were employed. The Venetians showed great skill in navigation, which was so improved that ships could be sailed against contrary winds, and seamen defied the weather by venturing out at all seasons.

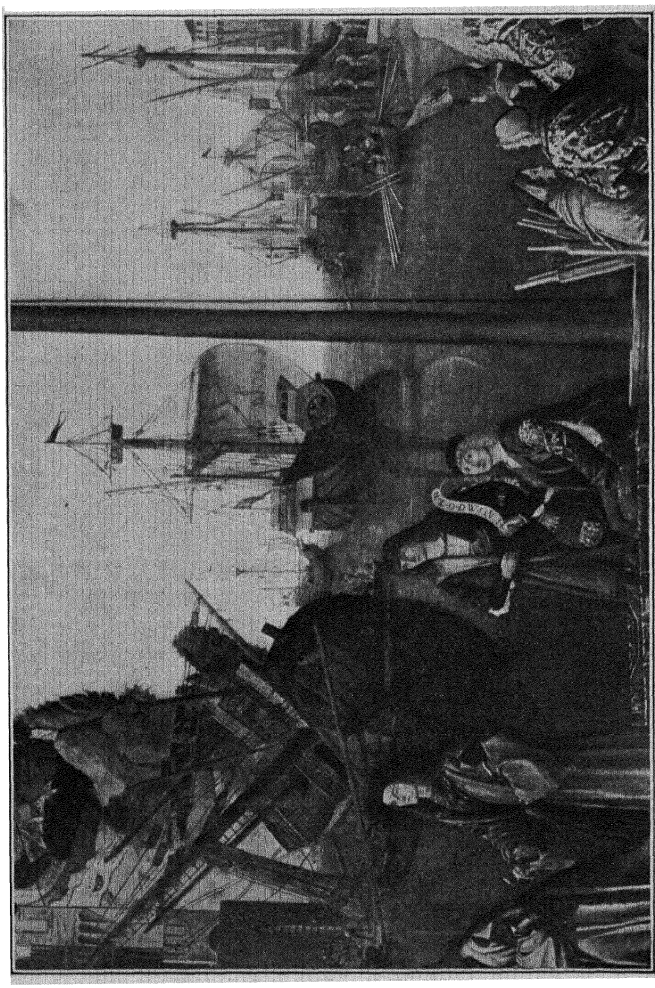
In the fourteenth century Venetian merchant ships had increased to the number of three thousand. Traders of Venice sailed in companies at regular intervals and had a convoy of state ships for protection. The state also aided merchants to go out on these regular expeditions by furnishing them ships,

guaranteeing their credit, or loaning them money. In all there were four principal sailings of these fleets.

The Black Sea Fleet departed regularly between the eighth and twentieth of July. It was made up of three divisions, one going to the ports of Greece and to Constantinople, another to ports on the southern shores of the Black Sea, and the third to ports on the northern shores of the same sea. *The Syrian Fleet* sailed between the eighth and twenty-fifth of August, visiting Aleppo, Joppa, and other Syrian ports and on the



return touching at Cyprus, Candia, and the Morea. *The Egyptian Fleet* sailed in September to Alexandria and adjacent African towns. This fleet took out slaves and brought black the precious goods of India and Africa. *The North Sea Fleet* sailed boldly out on the Atlantic and as far north as Bruges and Antwerp in the Low Countries, and to Southampton and London. Here were met the ships of north Europe with the fine wool, cloth, timber, and furs of that region. En route the North Sea Fleet touched at Tunis, Algiers, Morocco, Spain, and France. Spices, silks, dried fruits, oil, borax, camphor, sugar, and Venetian manufactured products were carried to the West.



VENETIAN SHIPPING IN THE FIFTEENTH CENTURY

From Marriage of St. Ursula, painting by Carpaccio. Collection of Philadelphia Commercial Museum.

By comparison of these different fields of activity it will be seen that one trade was made to supplement the other. Goods secured in the West, either in their raw state or as worked over in Venice, were taken to the East, and similarly goods secured in the East were taken to the West. As late as 1518 five Venetian ships of the largest class visited Antwerp with spices, drugs, silks, and other costly articles for the fair held in that year.

74. Trade of Amalfi. — Down to the eleventh century Amalfi was within the sphere of influence of the Eastern Roman Empire, and she profited as a consequence in the trade of Oriental wares. The city was favorably located on the Gulf of Salerno, thirty miles south of Naples. Amalfi was an early rival of Venice, and in the ninth century was credited with a population of 50,000. Navigation and trade were the chief occupations. Here was devised a code of maritime law which enjoyed some of the distinctions of the earlier Rhodian code (Sec. 47). The Amalfians were also credited with the invention or introduction of the compass.[1]

Rome and other cities of the West drew upon Amalfi for the products of her trade, but in the eleventh century the city fell into the hands of the Normans, and Constantinople turned her trade chiefly to Venice, Pisa, and Genoa. In the twelfth century Amalfi was captured and destroyed by the Pisans, and the city ceased to be important commercially.

75. Pisa. — Pisa rivaled Venice and Genoa as one of the commercial states of Italy. From the eleventh to the thirteenth centuries she contested with Genoa for trade supremacy in the western Mediterranean and even as far away as the Black Sea. The city possessed Sardinia, Corsica, and the Balearic Islands. Pisa courted alliances with Genoa and Venice by turns, and thus incurred the hatred of both. In the early twelfth century she secured trading privileges at Antioch. The Pisans disregarded religious differences and traded with the Saracens both in Syria and the West.

[1] "It would appear that as early as the fourth century B.C. (in China) some sort of a contrivance indicating a southern direction either existed or was believed to have existed in former times." Hirth, *The Ancient History of China*, 129.

Pisa was first attacked and damaged by the Saracens and her possessions taken away. These latter were reclaimed with the help of the Genoese. Differences with Genoa were more destructive than were the attacks of the Saracens. In a battle in 1284 Genoa triumphed over Pisa, and following this the city fell into internal disorder, and at last was absorbed by Florence. So complete was the destruction of Pisa's sea trade that all trace of her port was lost, and even its location became a matter of conjecture.

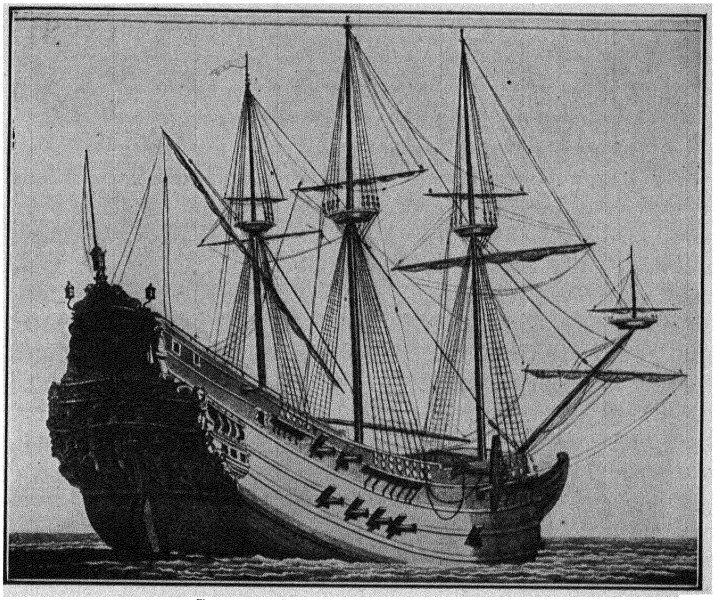
76. Genoa. — The second most important commercial city in Italy was Genoa. Genoa rivaled first Pisa and then Venice. She proved too strong for the first and succeeded to Pisa's possessions and much of her trade. Venice, however, was too strong, and much of Genoa's strength was wasted in controversies with her rival on the Adriatic.

Genoa was favorably situated for the trade of the western Mediterranean, and she was a natural outlet for the interior regions of Lombardy, Piedmont, and Switzerland. The Genoese took the island possessions of Pisa and drove a trade with Sardinia, Corsica, Sicily, the west coast of Italy, France, Spain, and Africa. Her ships also visited the North and Black seas. The Genoese built large ships, adopted the compass, and became skilled and fearless navigators. Genoa shared with Venice in the profits of fitting out the Crusading expeditions. Venice was jealous of Genoa's trading privileges at Constantinople.

Genoa *manufactured* velvet, broadcloth, hosiery, laces, perfumes, arms and munitions of war, gold and silver ware, and marble work. It is worthy of note that the father of Columbus was a wool comber. The traders of Genoa brought back raw materials which were worked up in the city for trade to other regions. The wealth of the city was illustrated by a welcome to one of the popes who was received by a thousand citizens clad in silk.[1]

The aggression of Genoa was her undoing. To strengthen herself against Venice in the fourteenth century she entered into alliances with the Duke of Milan, which led to the loss of

[1] Macpherson, *Annals*, I, 573.



GENOESE MERCHANT SHIP (CARRACK)

From Charnock, *History of Marine Architecture.* Collection of Philadelphia Commercial Museum.

her independence. Later, with the extension of the power of France into Italy, Genoa fell under her influence. It was the seamanship of Genoa and the intrepid spirit of a Genoese which guided the Old World in the voyage by which the New was discovered.

77. **Florence.** — Italian towns in the interior were not to be entirely outdone by those on the coasts, and Milan, Verona, Lucca, and particularly *Florence*, were noted for their manufactures, trade, and financial operations. Florence secured her freedom only in the twelfth century, after which the industrial rise of the city was rapid. The Florentines were famed for a " simple and correct taste " which was reflected in the products of their industry. Florence manufactured extensively in silk

and wool and had a greater production of these fabrics than had Venice and Genoa combined. The looms of Florence were the first to compete with success against the cloths of the East. Before the close of the medieval period Florence had eighty-three factories for the production of silks and gold brocades.

The economic organization of Florence included associations of the *greater* and the *lesser gilds*. Of the former there were seven, viz., one each of lawyers, bankers, physicians, salesmen, and merchants, and two of manufacturers. Of the lesser gilds there were fourteen, including, among others, smiths, carpenters, masons, shoemakers, and butchers. In addition to the greater and lesser gilds there were numerous other branches of artisans more or less loosely organized. The Florentines manufactured straw hats, artificial flowers, soaps, essences, perfumes, lacquered ware, glass, work in mosaics, metal, and alabaster; and musical, mathematical, and scientific instruments.

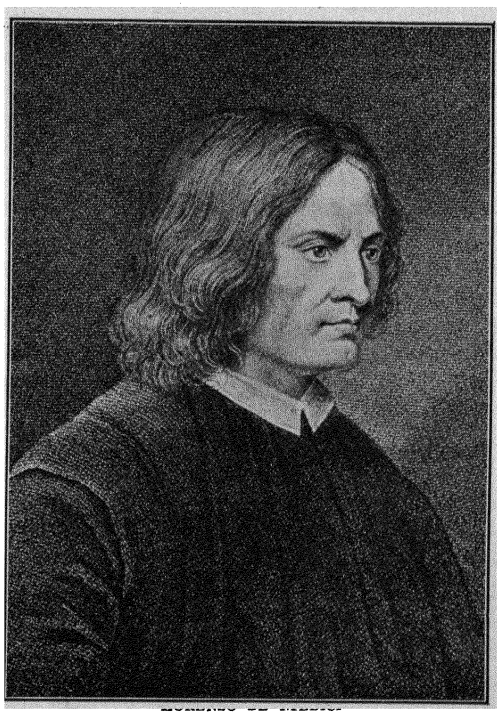
Florence built her greatness on manufactures, but she did not neglect trade as a means of making her manufactures profitable. In order to sell her goods and make collections and exchanges she built up an extensive *financial system*. She had warehouses and banks at London, Bruges, Antwerp, Lyons, Avignon, Geneva, Marseilles, and Provence. From the middle of the thirteenth century the Florentines began to deal in money as well as merchandise, and their city became a money center for all Europe. Merchants from all parts of the continent could draw on Florence for the settlement of their balances. Venice and Genoa followed the same course, though they did not become so important as financial centers. Lombard Street of London took its name from these Italian dealers in money, and the name is known to have been applied as early as 1318.[1]

The Florentines showed skill and insight in financial and commercial affairs, and they were eagerly sought as agents by other nations and particularly by the popes. Florence's trade policy was evidenced in numerous treaties, one of the most famous of which was with Siena, in which it was stated that "free trade is a good which ought to be constantly pro-

[1] Macpherson, *Annals*, I, 399.

moted and even during war preserved intact." Attempts were made to secure in Egypt the same rights for trade as were enjoyed by Venice.

Florence's commercial greatness rested on the liberality of her citizens. The Medici family were famed as bankers, and



From Benham, *Trade and Trade Centers of History.*

above all others they contributed to the ascendency of Florence. Under Lorenzo, termed the Magnificent, Florence became great in art, letters, and philosophy, but it was the wealth of a great commercial era which furnished the means for the patronage of

art and letters. Cargoes of spices and Greek books were brought back in the same ships. The city of Florence became a center for the new learning; so interested did the people become that they closed their shops to hear public lectures on poetry.

Florence fell a victim to internal disorder and to a disregard of the industry and commerce on which her greatness was built. The Medici lost vast sums, due to their own neglect and the mismanagement of their agents. The unsettled political conditions in the city in the fifteenth century led to the migration and exile of many Florentines. The city fell an easy prey to the French at their invasion of Italy in the latter part of the fifteenth century.

78. Conclusion. — From 1000 to 1500 A.D. the Italians were the *active trading people* of Europe. With the development of the nations of the West and North the people desired to enjoy the products of the East and South. Dissimilarity of region and of people was the basis of a trade in which the Italians served as intermediaries. Geographically Italy was in a middle position, and the sea on one side and mountain passes on the other offered her the opportunities for profiting from her position.

The Italians showed a pronounced *commercial instinct*, and for centuries they were the carriers and commercial agents of the world. Arithmetic was given a new impulse in the commercial operations of the Middle Ages chiefly through the influence of the Italians. Forms of commercial paper (bills, checks, and notes), methods of keeping accounts, banking institutions, and the transfer of credits — all were developed in the Italian cities. Until recent times double entry bookkeeping was termed "bookkeeping by the Italian method." In the fourteenth and fifteenth centuries Italians rivaled the Jews as bankers, money lenders, and commercial factors. Italian trade was conducted by great commercial houses which took their rise from some one family. One of these (Peruzzi) is reported to have had fourteen branches and one hundred fifty agents in different parts of Europe. Each of these houses had its distinctive trade mark by which goods and commercial paper were designated.

The Italians monopolized the trade to the East. To the close of the fifteenth century this trade had been along *three main routes:* by the Black and Caspian seas and caravan routes to the regions beyond; by Antioch, Bagdad, the Euphrates Valley, and the Persian Gulf; by Alexandria, Bernice, and the Red Sea. The Turks then thrust themselves across the first two of these routes, and trade even by the third was interfered with. Oriental goods brought by the Italians became scarce and excessively high. During the last half of the fifteenth century various attempts were made to render western Europe independent of the Italian merchants, and at last these efforts were successful and the glory of her seamanship passed from Italy to people further west. When the news of a passage to India by the Cape of Good Hope reached Venice, the people were overcome by the thought of what it meant, and "the wisest held it to be the worst news which could ever arrive." [1] The Italians struggled against the new tendency, and in the early sixteenth century used the Sultan of Egypt in an attempt to limit Portuguese influence in India, but these efforts were of little avail.

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[1] Wiel, *Venice*, 311.

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Suggested Questions and Topics

1. Compare the rivalries among the Italian republics with those among the Greek city states.

2. Is Freeman warranted in his statement (*Comparative Politics*, 128) that Venice was never conquered by the Teutons?

3. Apply the words *quarantine* and *lazaretto* to the treatment of foreign merchants in Venice.

4. Explain the use and give the history of the *Campanile* in Venice.

5. Investigate into the early use of the compass at Almalfi.

6. Mrs. Oliphant (*Makers of Florence*, p. xv) notes the facts that wealth grew, trade flourished, and bankers multiplied in Florence, despite the recurring internal disturbances. Can these facts be explained or harmonized?

7. What ground is there for the opinion of J. A. Symonds that next after the Athenians the Florentines were of the highest average intelligence which the world has known?

8. What is evidenced by the fact that by the fourteenth century the Italians were exporting silk to the Orient?

9. Was it inevitable that the Italian cities should decline in commercial importance? Why?

CHAPTER VIII

THE SARACEN INVASION OF EUROPE AND THE CRUSADES

79. Saracen and Crusader. — From the seventh to the twelfth centuries, the advances of the Moslem to the West and of the West against the Moslem were two significant historic movements. Religious fervor prompted both. Both brought the East and West into contact. Both profoundly affected the then known world. The culture, the productive arts, and the commerce of western Europe were vastly different as a result of the Saracen invasion and the Crusades.

I. The Saracen Invasion

80. The Saracens. — The *Saracens* were those Arabs who accepted Islam. They were Semitic and showed the Semitic tendency to trade. The stronghold of the Saracen power was in Egypt and about the north of the Arabian desert. The *Moors* were natives of North Africa whose ancestors had earlier attempted to invade Spain. The Moors disputed the advance of the Saracens, but were conquered and converted to the Mohammedan faith. Later they were introduced into Spain by the Saracens, and finally in the thirteenth century the Moors became the representative Mohammedan people in the West.

Trading came naturally to the Saracens. In the first place, the old route to the remote East by way of the Black Sea and central Asia was interfered with by the Turks, and so for a long period the West could get Eastern products only by using the Saracens as intermediaries, with the result that Arabian trade routes and commercial cities became well established. New

cities were built, and there were evidences of strong scientific, industrial, and commercial spirit. The Koran made it a duty to practice some means of livelihood, and manual labor was looked upon with favor. Mohammed himself had been a camel-driver on several trading expeditions.

In the second place, Saracen conquests and pilgrimages brought together dissimilar regions. The great fair at Mecca, with the other religious pilgrimages, encouraged trade. The Saracen was a natural wanderer, and he traded by the way to meet necessary expenses. The Saracen zeal for the extension of his religion went hand in hand with his commercial activity, and missionary and trader were often one and the same, or again, journeying together, they crossed burning deserts and scaled snow-capped mountains.

81. Saracen Culture. — The Saracens, like the Phœnicians, showed great capacity for borrowing, but like them, also, they were wanting in original production, or individual initiative, and again, like the Phœnicians, they failed in the accomplishment of a permanent national greatness (Sec. 29). Greek writings were translated by the Arabs. The Saracens devoted themselves to science and practiced *magic*, *astrology*, and *alchemy*. From these practices were developed *medicine*, *astronomy*, and *chemistry*. Observations of heavenly bodies were made with crude instruments, and more than one thousand fixed stars were named and known in the East. The Saracens were the first to distinguish between an acid and an alkali. Not the least of these contributions of the Saracens to commerce was the development of arithmetic and algebra. They were the first people to give place values to figures, and by so doing they made present methods of computation possible. The Saracens adopted the arch from Constantinople, and they gave to the world a new style of architecture termed *arabesque*. Their buildings were famed for ornamentation.

The following words of Saracen origin will serve to indicate something of the world's indebtedness to this people: alembic, almanac, algebra, alchemy, cipher, elixir, nadir, and zenith. The military conquests of the Saracens were remarkable, but

even more notable was their mastery of the old learning and its application to the useful arts. Humboldt regarded them as the founders of modern experimental science. The museum at Alexandria was a combined library, school, and academy, and was a rendezvous for scholars both of the East and the West. The Saracens were credited with no less than seventeen universities and seventy libraries in Spain alone. Saracen influence was further extended through the practice of their scholars going to the seats of Christian universities, and teaching near them. At times the halls of such teachers were thronged while the classrooms of the universities were nearly or quite deserted.

82. Arts and Products. — Saracen science was essentially applied. Their civilization has been termed "incomparably higher" than the Christian when tried by the economic test, and it is said that they could have given instruction to the Christians in every *art*.[1] The Saracens had great skill in metal work, and the steel of Damascus and of Toledo enjoyed high favor. Damascus made pottery which was much prized in the West. Woven fabrics with the designs raised in the weaving took their name (damasks) from Damascus. The looms of Syria continued to turn out tapestries, rugs, and other textiles which were and are "the admiration and the despair" of the rest of the world. The Saracens invented linen paper and also made paper from cotton and silk. Cordova was noted for its carpets and draperies, also for its leather products and saddles, as is evidenced by the origin of the word "cordwainer." Silk was extensively worked in Granada.

Agriculture showed the most marked improvement. In Syria, Egypt, and Spain tillage was carried on in a scientific spirit. Garden products were extensively cultivated. Irrigation was practiced, and many abandoned tracts were brought again into cultivation. Rice, sugar cane, cotton, and the silkworm were raised.

Abandoned *mines* in Spain were reopened, and these and other mining operations were made to yield raw material for manu-

[1] Cunningham, *Western Civilization*, II, 115–117.

facture. Thus her own regions and the supplies of more distant parts were drawn upon to supply the busy industry of the Saracen cities.

83. Saracen Communication. — The Saracens were largely a land-trading people. They kept up communication by means of both caravans and post riders. Routes radiated from their chief cities, and these cities were centers of their respective regions. *Alexandria* was an important port. Her harbor improvements were kept up and, because of her location in relation to the centers of production and routes of trade, she continued to enjoy the superior trading advantages which earlier had made her the foremost commercial city in the world (Sec. 46).

The *Suez Canal* was the earliest ship canal of which we have knowledge. It was begun about 1500 B.C., but fell into disuse. An attempt was made to open this canal by the Egyptian monarch, Necho, but it was not successful, and next the canal was continued by Darius, the Persian; again it was worked on by Ptolemy Philadelphus, but again abandoned. The canal was brought into use by the Saracens, so that the grain of Egypt might be readily transferred to Arabia.[1]

84. Trade. — The Saracens had trade extending over wide areas and including many commodities. This trade concerned not only the Saracens themselves, but the Christian peoples of Europe as well. The Saracen settlements in North Africa, Spain, and the islands of the western Mediterranean gave western Europe a means of contact with the East in advance of the Crusades. The *sea trade* of the Saracens was in three directions: from the Arabian Sea to the east coast of Africa; from the Persian Gulf to the east and south coasts of Arabia, and to India and Ceylon; and on the Mediterranean Sea to the west. Saracen fleets were constructed from the timber which grew on the mountains east of the Mediterranean Sea, as were the fleets of the ancient Phœnicians. Their boats were frail and the daring of their mariners great.

About the year 1000, Saracen fleets were numerous and powerful on the western Mediterranean. "Moslem Corsairs"

[1] Mommsen, *Roman Provinces*, II, 303.

and " Sea wolves of the Mediterranean," they were called. Like the Phœnicians they were merchants and pirates by turns. Crete was taken and held for more than a hundred years; Sicily and Corsica were overrun, as were parts of the coast of Italy. The Saracen power was also established on the Balearic Islands. Naples was for a time a haven of refuge to these Saracen plunderers, furnishing them with arms and food and storing their booty. The contests of the Eastern Empire with the smaller states of Italy and the church gave the Saracens an advantage in their conquests.

Saracen sea trade depended upon an extensive *caravan trade* which brought goods from the interior regions and assembled them at certain ports which served as depots. The annual pilgrimage to Mecca gave opportunities for trade. The Mecca caravan was well protected, it being meritorious to guard it. The Arab tongue became universal from Spain to India.

For her part in furthering the Saracens in their raids in the West, the pope declared anathemas against Naples, but without avail. The church published it as a sin to sell to the Saracens either timber for ships or iron for swords. The slave trade was also put under the ban, but Venice and Amalfi as well as Naples defied the church for gain. By the time of the Crusades trade was more regular, consuls were sent to important centers, and commercial treaties defined and protected the rights of different parties in the trade relations.[1]

The *commodities* of Saracen trade secured from the West included timber, iron and other materials, furs, and slaves. From the east coast of Africa came gold, ivory and the skins of beasts, and amber. Arabia and the more remote East supplied wool, gold and silver vessels, drugs, spices, perfumes, rare woods, precious stones, dyestuffs, silks, and sugar.

85. Decline of Saracen Power and Results of Saracen Invasion. — The Saracens were by race naturally exclusive, and their religion made them more so. They did not adapt themselves to the people among whom they lived, and when the fanaticism of their religious conquest had passed, their power

[1] Cunningham, *Western Civilization*, II, 121–122.

declined. In the East there came gradually a separation into the earlier tribal organizations. The Moors who had succeeded to the Saracen power in Spain were driven to the south (about 1238), and there in the kingdom of Granada they developed agriculture, perfected manufactures, and engaged in trade. They were, however, in frequent wars with the Christians and made alliances with Morocco. The Moors were conquered in 1491 and shortly afterward were driven into Africa.

When Europe was in the so-called Dark Ages, light and learning came through the Saracens. The character of Spain was changed by the Saracen conquest. Spain acted as an intermediary for the instruction of other regions. Philosophy, science, mathematics, geography, and many applications of these came to Europe through the Saracens. They also taught improved tillage and new forms of manufacture and introduced the use of paper and of Arabic numerals. The cotton plant, sugar cane, and the date-palm were introduced into Sicily and Spain. The Saracen invasion was one of the means by which the East and its influence came to the West; it was also one of the agencies which helped to bring the medieval period to an end.

II. THE CRUSADES

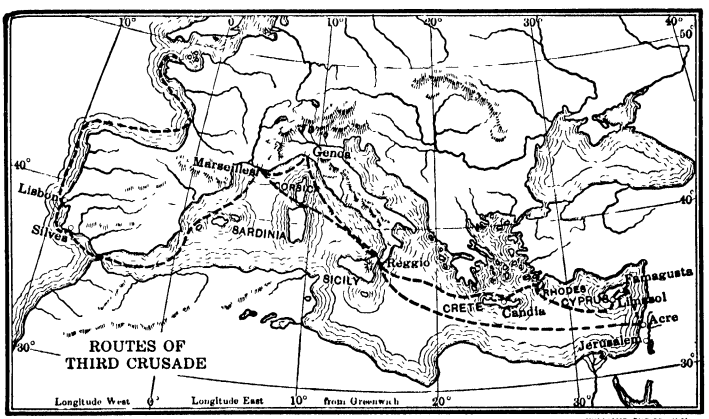
86. Motives for the Crusades. — The movement of the West against the East, which took place from the eleventh to the thirteenth centuries and which goes under the general name of the *Crusades*, was one of the most spectacular events of the Middle Ages. At the first, religion and chivalry impelled to these expeditions, men hoping to save their souls and to find personal adventure. Later, commerce appeared as a motive, and throughout it proved an important indirect result. "Devotion and trade were closely interrelated in the Christian attempts to recover the Holy Land." [1]

From the fourth century on, religious pilgrimages to Jerusalem had been common, and these continued as long as the Arabs and Saracens were in possession of the territory in which

[1] Cunningham, *Western Civilization*, II, 108.

Jerusalem was located; a Christian church had been kept up in the city. But when the Turks succeeded the Saracens in power at Jerusalem, both the native Christians and the pilgrims were persecuted. Stories of these persecutions were repeated, and no doubt exaggerated, in the West, and the warlike spirit of feudalism was turned to an attack on the Moslem with the cry of the church, "It is the will of God!" The Crusades appealed to the devout, the adventurous, the romantic, the mercenary, and the curious. In their origin the Crusades were an evidence of "the growing energy of western Europe."[1] As an inducement for men to go, the church interfered with the rights of contract, freeing those who went from the payment of interest and from the power of the feudal lord.[2]

87. The Crusades in Progress. — There were eight principal, and many minor, Crusades. The neglect and inadequacy of

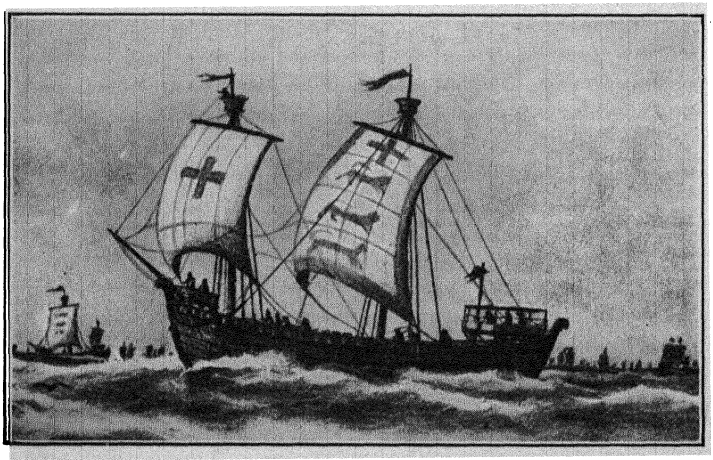


shipping in the eleventh century forced the early Crusaders to go overland across Europe, but Venice, Pisa, Genoa, and Marseilles served as places of departure for later crusading expeditions and gained many advantages by furnishing shipping for

[1] Fiske, *Discovery of America*, I, 270, 271.
[2] Robinson, *Western Europe*, 190, 191.

the transfer of crusading expeditions. Venice seems to have been particularly mercenary in taking part in the Crusades. So avaricious were those on the fourth Crusade that the people of the Eastern Empire said they suffered more from the invading Christians than from the Moslems. Venice had a large part in the capture of Constantinople by the fourth Crusade (1204), and for her share of the spoils she received three eighths of the city and provinces. This expedition demonstrated that "crusading could be made to pay," and after this time the mercenary motive was prominent.[1] The merchants of other cities as well as those of Venice had territory assigned to them in the captured cities, and in all such cases the territory thus assigned came under control of the home city.

Various *orders of knights*, as Templars, Hospitalers, and Teutonic Knights, grew out of the Crusades. These were



ENGLISH SHIP, TIME OF CRUSADES

Collection of Philadelphia Commercial Museum.

extensive organizations with large material possessions. The Templars had their headquarters at Paris, where their great

[1] Cunningham, *Western Civilization*, II, 126.

power was considered a menace to the French king. The Hospitalers had headquarters first in Syria, afterwards in the Island of Rhodes, and later in Malta.

Jerusalem was captured by the first crusading expedition, but it was lost in 1197; for a time Acre remained the center of interest in the Crusades, and hither came merchants of Venice, Genoa, Pisa, and other cities. The Christians were later driven entirely out of Syria, whereupon both crusading activities and commercial enterprise were directed to Egypt. Alexandria and Cairo continued to be the bases for securing the goods from the East until the discovery of the Cape route to India.

88. Effects of the Crusades. — The results of the Crusades on western Europe were many and far-reaching. Some of them were directly economic, others were so indirectly. In brief, these *results* may be gathered *under six heads:*

(1) *An increase in the authority and the wealth of the church.* The church inspired the Crusades, and from them it gained in power and riches. Many who went on crusading expeditions left their possessions to the church during their absence, and as the larger number of these did not return, the church was the gainer.

(2) *An increase in the power of the central authority over the nobles, counts, and barons.* This came from vacancies in many feudal holdings which reverted to the princes from whom they had been secured. Many nobles went to the Crusades never to return, while the kings for the most part stayed at home. The feudal system was thus weakened.

(3) *The rise of many free communities* (towns). The towns bought their independence from princes who wished money for crusading expeditions. Towns in England, France, Germany, and the Low Countries were able to build for their future on the political and economic independence they thus secured.

(4) *The development of the religious orders of knighthood with their wealth and influence.*

(5) *A quickening of the intellectual life of Europe.* Contact with the East gave knowledge of the old learning, which was preserved both at Constantinople and among the Saracens. New ideas were brought back from the Orient. Some of those who went out as missionaries, adventurers, and traders came back as teachers. Western Europe was in a real sense "going to school." The rude country people of the West were brought into contact with peoples dwelling in well-built cities and enjoying the improvements and the comforts of civilized life. The Crusades "hastened the improvements" which brought the medieval period to an end.

(6) *A marked increase in trade and the activities of industrial life.* New articles of consumption were introduced as a result of the Crusades. The taste for luxuries grew in the West, and many articles earlier classed as "luxuries" passed over into the class of "comforts." The demand increased for the silks of China, the calicoes of India, the woolen fabrics of India and Syria, the fine linen of Syria and Egypt, and the gems and precious stones of India and Africa. The spices and condiments of Arabia and India were demanded to make more palatable the coarser vegetables, the salted fish of Lent, and the salted meat of other periods. Window glass was introduced for houses following the Crusades, as were chimneys. Carpets, furniture, artificial light, and fruit trees, such as the apricot, lemon, and plum were brought to the West during the same period. At first, these fruits were only used by a few, but knowledge of them and their use spread rapidly.

An "economic culture" came with the intellectual quickening and the growing demand for new articles. Manufactures were necessary to supply new wants, and manufactures grew apace in the West. The West learned from the industrial arts

of the East. Windmills were introduced following the Crusades. Venice largely profited from the contact of her people with the glass industry of Tyre. The refining of sugar was begun on the Mediterranean. The towns of the West got from the Crusades an impulse for industrial improvement, and also the means by which this impulse could be acted upon.

Another effect of the Crusades upon commerce was the increased volume of money in Europe. Commodities were too bulky to carry on pilgrimages, hence those going out sought to convert their wealth into money. A system of "money economy" in trade tended thus to succeed a system of barter. Large numbers of different coins were brought to the East, and the resulting confusion led to the adoption of a new coin termed "Saracen byzant" which passed current both among the Christians and the Saracens.

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Suggested Questions and Topics

1. Does the following statement seem justified: "During the five darkest centuries of European barbarism the Saracens were the only enlightened people in the western world"?

2. Why should the battle of Tours be regarded as decisive in world history? What would have been the probable effects if the Saracens had won this battle?

3. What interesting facts are evidenced by the rise of medicine from magic, of chemistry from alchemy, of astronomy from astrology?

4. What does the origin of the word *cordwainer* signify?

5. Trace the derivation of the word *homage* and indicate why it came out of the feudal system.

6. Explain the following as applied to the Crusades: "One of the great foreign movements of Europe" (Robinson), and "The Crusades were the Trojan War of a newly awakened Christendom" (Hegel, *Philosophy of History*).

7. Niebuhr (*Ancient History*, I, 109–110) laments the results of the Crusades: "Their failure was the greatest misfortune for Europe," etc. Did they fail? Could they well have been successful in obtaining their declared object?

8. Can you see why there should have been a large demand for furs where people were without chimneys in their houses and had no glass for their windows?

9. Point out how all the different classes in society were gainers from the Crusades.

10. Study the uses of honey and sugar as sweets, and for medicine.

CHAPTER IX

PRODUCTION IN MEDIEVAL TIMES

89. Economic Characteristics of Feudalism. — Some knowledge of feudalism is necessary to understand land-holding, and other economic conditions of medieval Europe. Feudalism took its rise partly from the practices of the Romans and the invading tribes, the victors parceling out conquered land in various ways. Gradually there grew the custom of confiscation which was the basis of the feudal régime. The king granted holdings from the lands he confiscated to free men as a fee or fief in return for military service. There were many variations in taking the lands of subjugated peoples, it being the desire of the conquerors to make as little disturbance as possible in any new district to which they came. Rich vassals of the king sublet parts of their holdings (*subinfeudation*) to those who were termed subvassals or subtenants. Some church lands were held in an arrangement much like the feudal system.

Feudalism also grew out of the internal disorders of the Middle Ages. In times of great confusion it was necessary that the different classes living in the same region should band themselves together for protection. It sometimes happened that owners of small estates would voluntarily put their land into the hands of an overlord and receive it back again as tenants in order to enjoy the protection which this arrangement gave. Feudal practices were destructive of property and interfered so much with the production of wealth that the church was called upon to secure peace. Beginning in the eleventh century, many different churchmen issued the "Truce of God," forbidding all feudal contests from Thursday night to Monday morning and upon the various fast days of the church.

The feudal relations were extended in various ways until they became as "a chain" holding together the society of the Middle Ages. Payment of *services* and *money fiefs* was an essential part of the feudal relation, and this grew until it became oppressive. The *decline of feudalism* came with various changes in the later medieval period. Among these changes were the following: first, and most important, the use of money in the period following the Crusades, thus leading to a change in the payment of feudal dues from services to money taxes, and making the kings less dependent on their vassals in time of war; second, the use of gunpowder weakened the defense, and strengthened the attack in war, thus limiting the power of the vassals against the kings; third, following the twelfth century there grew up a middle class termed the third estate. Earlier there had been only the upper class, including the nobility and the clergy, and the lower class termed the serfs. With an intermediate class there was less conflict and more stability.

War has well been termed "the law of the feudal world." Idle time was filled with mimic battles. Land was taken by force and held by force. Each sought to profit by the weakness of the other. The tendency, however, was toward the centralization of power, and the ultimate breakdown of the feudal régime. Feudalism was fundamental to the economic organization of medieval Europe,[1] but its spirit was not favorable to commerce; it restricted privileges and tended to isolation.

90. Manorial System. — Feudalism was essentially military and political; side by side with it, or fundamental to it, existed the *manorial system* which was essentially economic. The unit of the manorial system was the village, and the outlying fields which were used for tillage and pasture. The manorial village had not only a manor house, and residences for those who worked on the lands outside, but also the homes of a few artisans as smiths and carpenters, a mill, and a church. The manor had little dependence on the outside world, producing at home most of the articles used. Manorial life discouraged trade because the manor sought as far as possible to be *economically self-sufficing*.

[1] Robinson, *Western Europe*, 104–119.

It was, however, necessary to go outside the manor for salt and iron. Salt was required by both men and animals; iron was used for implements and tools, and it was these necessities which broke down the barriers of isolation.

The manor was *agricultural* and practiced the arts which agriculture required. The agriculture was of a primitive sort, without any range or balance in the rotation of crops; consequently the land lay idle or fallow a part of the time, as every other year, or one year in three. This brought about the two field, or three field, or the open field system of tillage with the holdings of each man in small strips located in different groupings, so that one field could lie untilled each year.

The inhabitants of the manorial villages were mostly *villeins* or *serfs*. They were slaves to the soil, and inherited their status. A villein succeeded to the land of his father and was required to pay rent and render services as did his father before him. The villein was compelled to work on the land of the lord, sometimes as many as four days a week. All together quite half of the life of the villein was given to the service of the lord. Under the manorial organization the serf could not forsake his village nor escape his status, and an attempt to do either made him an outlaw. It is not strange that society in the manors made little progress. A large part of the land was not drained or reduced to tillage, and a considerable portion of the tilled land was idle each year. Wheat, rye, barley, oats, peas, and beans were raised. The yield of grain seems to have been only eight or nine bushels to the acre, which was less than one fourth the later yield. Root crops were little produced. Hay was secured from the natural grass, and the supply was so limited that the animals were kept through the winter with difficulty and it was common to kill a part of the stock each autumn, and salt the meat.

Manors had little to do either with one another or with the outside world. It sometimes happened that one manor had an abundance of food while one adjacent was reduced to direst distress from lack of food. Relief in such a case was difficult, owing to poor communication, and lack of roads and the ma-

chinery of exchange. The manor was self-centered "judicially and ecclesiastically" as well as in its economic affairs. In general, it was opposed to change.

The conditions of life in the manors were insanitary, and tended to a high death rate and a slow increase in population. Men had not learned to protect themselves from the ravages of pestilence. The most destructive of these plagues, termed the *Black Death*, swept through Europe in 1348 and 1349 and in England carried off nearly or quite half the population. The manorial system had shown signs of decay before the Black Death, but the result of so great a reduction of the population changed all the relations of society. The scarcity of laborers was such that men could not and would not fulfill the old contracts. If a serf escaped and remained unclaimed for a year and a day, he became a freeman. The *Statute of Laborers* passed in England in 1351 forbade higher rates of wages after the Black Death than were received before, but this was of little avail, as in the end competition among employers themselves made it impossible to check the advance in wages.[1]

During the fourteenth century in England the payments of rents and other duties and services were gradually commuted into payments of money. This meant that the old form of domestic farming was changing to a modern system of rental. Serfdom, however, disappeared slowly from Europe, and it was only in the latter half of the nineteenth century that it was finally abolished in Russia.

Following the Black Death, laborers were so scarce in England that *sheep farming* increased, and in the fifteenth and sixteenth centuries great flocks were common, thousands and tens of thousands often belonging to the same owner. Enclosures took the place of the commons, and the open field system of tillage was no longer possible.

91. Gilds. — Roman cities had begun to decline before the Barbarian conquests, and following these conquests many of them were abandoned. People of western and northern Europe lived mostly in the open country or in small villages (manors).

[1] Columbia University Studies, *Enforcement of the Statute of Laborers*, 223.

The people were *non-industrial.* The old occupations practiced in Rome and the Roman provinces fell into disuse; but from the twelfth century onward, changes were introduced, which can best be noted under what is termed the *gild system.*

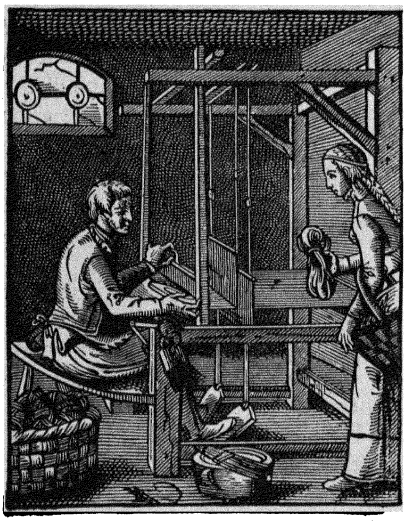
A *gild* was an association or society of those engaged in a similar calling, or having a common purpose, for the mutual advantage of the members. The word originated from a practice of contributing to a common fund. Gilds were of three sorts: *religious gilds,* which were beneficial associations to aid the sick, and to furnish funeral benefits; associations of artisans termed *craft gilds;* and associations of traders known as *merchant gilds.* The gild was essentially an institution of the town as the manor was of the country, and the rise of the gilds came with the growth of towns. The gild organization held the workmen of the town almost as closely in regulation in the thirteenth and fourteenth centuries as did the manor the rural dweller. On both sides life was "corporate rather than individual."[1]

Gilds seem to have grown out of early relations of kinship or the primitive associations of those who lived in the same town. Many of the earlier gilds were non-industrial, being devoted to a social or religious purpose. Associations called gilds were found in ancient Rome, and continued in the various divisions into which Rome was separated, but no very definite continuity can be traced from these organizations to the gild associations of medieval Europe. Gilds were referred to in the capitularies of Charlemagne. They were mentioned again in the ninth and tenth centuries; the craft gild was referred to in a regulation of the candle makers of Paris in 1061. During the reign of Henry I in England a gild of weavers paid £16 to the exchequer and payments continued from that time. Documents indicate the existence of a gild of cordwainers in Rouen in the twelfth century. From that time it became common for men engaged in the same handicraft in a town to unite as a single organization. Such organizations exercised monopoly control, and built up a petty despotism. Workmen were divided into

[1] Cheyney, *Industrial and Social History of England,* 73.

classes, and hours of labor, rates of wages, materials to be used in manufacture, prices for products, and many other details were carefully regulated.

The *merchant gild* was an organization of the inhabitants of a given town to control the trade and industry carried on within its borders. These associations so extended their power that for a time they had a large part in the government of the towns in which they existed. The merchant gild sought to preserve a monopoly to its own members. Two ends were striven for: to prevent or regulate outside competition; and to be of aid to those who were in the association. In the fourteenth century the merchant gild declined and in its place craft gilds multiplied, each organized for a separate industry. The craft gilds adapted themselves more easily to the growing power of the central government, as they sought to control only the affairs of a single industry. The growth of the new industries is shown by the large numbers of surnames which were derived directly from the occupations, *e.g.*, Smith, Taylor, Turner, Weaver, Fuller, Cooper, Hooper, Potter, Chandler, Fletcher, Horner, and Currier.[1]



WEAVER AT CLOSE OF MIDDLE AGES

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92. Rise of Towns. — Towns took their rise in many cases from manors enjoying special advantages. The need for greater protection led to larger numbers living within the walls

[1] Robinson, *The New History*, 148.

of a given town, and in the twelfth century and immediately following, those so living claimed greater freedom. This they secured by grant, by purchase, by revolt, and in other ways. Many so-called free cities in Europe secured their independence by some of these methods.[1] The formation of these larger towns was a forward step in industrial progress. The people engaged in specialized forms of industry, and each group became more dependent on other groups. Thus there developed the necessity for commerce. The towns also maintained order and stable conditions for industry; they were called "happy islands of peace" which "arose amidst the wide wasting ocean of violence and anarchy."

When the Norse invasion swept south, the inhabitants of the Low Countries were in the most exposed position, and they gathered in the towns for defense. These towns were first military and then industrial. *Flanders* led in the industrial development of western Europe. The Flemish towns imported Eastern wares and learned earlier than the other towns the arts of working up the raw materials of the West. Philip the Good, prince of the Flemish towns, established the order of the Golden Fleece, thus publicly honoring the occupation of the people. *Bruges* was at first the leading manufacturing city, though Ghent and Antwerp had extensive industries. Wool and flax were the materials most utilized. Bruges was a staple town for English wool, and among the chief gilds of the city were those of weavers, dyers, and cloth merchants. Bruges is credited with nearly or quite 200,000 population during the Middle Ages. She was disadvantageously situated, being back from the sea and dependent upon a canal. Later, Bruges lost commerce because of a selfish trading policy. With the decline of Bruges, beginning in the fifteenth century, *Antwerp* profited. She manufactured fine textiles, laces, and carpets, also leather goods, gold, silver, ivory, and fine metal work, including weapons and cutlery. The city was favorably located for trade, and liberal policies attracted commerce so that she became a great center, termed "the market of the world."

[1] Robinson, *Western Europe*, 237–239.

The Low Countries were little more than a collection of cities. A group of cities in the south developed into Belgium; a group in the north became Holland. These cities had many advantages of location. They were near the mouths of the Rhine and of the Elbe, and were also advantageously situated on the North Sea near the entrance to the Baltic, and favorably placed for trade on the English Channel. These cities also enjoyed advantages

GOLDSMITH'S SHOP AT CLOSE OF MIDDLE AGES

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from the proximity of fishing grounds, and it is easy to see why, with the momentum of their early start, they became great industrial and commercial centers.

French towns grew from villages which were on the domains of the nobles. In the twelfth century revolts against the authority of the nobles were common, and by means of these, and through payment of money, the towns secured charters for their governments. Industry developed more slowly in France than in the

neighboring cities of Flanders, but before the close of the medieval period, Paris and other cities were producing for export.

German free towns were formed about the palace of a king or the home of a bishop or prince. The German master, whether king, prince, or bishop, early ceased the attempt to rule over the towns and was satisfied with his rent. Three German free cities have continued to our time.

Those who worked at a given trade or calling in the German free cities were organized as a corporation. Each trade had a chief man termed the *minister*, also a banner, a common chest or treasury, a patron saint, and a set of regulations. The regulations were very strict; if cloth was too narrow, it was confiscated. German journeymen who went from town to town for employment were known as vagabonds.

SPINNING AND WEAVING

From fifteenth century manuscript. Reproduced from *The Industrial Arts*, published by Chapman and Hall.

93. Decline of the Gilds. — The gild organization was only one step in the evolution of industry. Differences arose within the gild itself; members refused to be bound by the regulations; masters and journeymen ("craftsmen working for hire") were frequently in conflict, and the latter sometimes established rival organizations. But the chief cause for the decline of the gilds was the change in the methods of manufacture. When industries were dispersed to the homes of the people, control of the gild was no longer possible, and the gild system of manufacture was succeeded by the domestic system, though the gild organizations did not entirely disappear.

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Suggested Questions and Topics

1. Indicate how the use of gunpowder weakened the defense in war and led to the disappearance of the feudal system. Have such recent improvements as smokeless powder, high power projectiles, trench fighting, and machine guns, weakened or strengthened the defense in war?

2. Can you see good reason for Brooks Adams's statement that the moneyed class will be in the ascendency in a society where the defense is stronger than the attack in war? (*Law of Civilization and Decay*, 55.)

3. Trace in outline the history of taxation from the "boarding around of kings." (See Robinson, *History of Western Europe*, 111; also Thompson, *Political Economy for High Schools and Academies*, Chapter VIII.)

4. Explain the root meaning of "farm" from the method of landholding during the Middle Ages.

5. "Furlong" as a unit of measure means literally "furrow long." Explain.

6. Show how England's prominence as a sheep-growing country resulted from a more stable government than was enjoyed on the continent. (Cheyney, *Economic and Social History of England*, 83).

7. Trace associations of workmen from ancient Greece and Rome to modern times. (See Lambert, *Two Thousand Years of Gild Life;* and Webb, *History of Trade Unionism.*)

8. Note the difference between the gilds and the modern trade-unions. (Robinson and Beard, *Outlines*, II, 7, 8.)

9. Can you establish any relation between "engrossing" as practiced in the Middle Ages, "gross," and the word "grocer," and if so give explanations of the origin of the latter word?

10. What is the meaning of "liveried" and "non-liveried companies" as applied to gilds?

11. Trace the word "village," through its French antecedent, to the name for manor. What does this origin signify?

CHAPTER X

COMMERCIAL ORGANIZATION IN THE MIDDLE AGES

94. Roads and Communication. — The Romans were famed for their roads, bridges, and ferries, and for the communication which depended upon these (Sec. 53), but with the disorganization which followed the coming of the Barbarians, the means of communication were neglected, and this, with the dangers incident to travel in a society largely given over to violence and robbery, tended to keep the people at home. On occasions the civil authorities adopted the church's Truce of God and sought to maintain peace on the roads, but the robber barons plundered travelers at will, and almost the only real safety for the merchant was that which he provided through his own precaution. As upon the eastern desert merchants banded themselves together into caravans for protection (Sec. 16), so upon the roads of the Middle Ages, merchants and pilgrims traveled in considerable companies.

The church was an important agency not only in maintaining peace on the roads, but in repairing the roads and making them fit for use. In the thirteenth and fourteenth centuries heavy tolls which were common on the roads at bridges, ferries, and passages through towns, were used in part in England as a means of keeping the roads in repair.[1] Safety on the roads was secured in the later Middle Ages through the centralization of power in national governments. The governments found it an advantage to improve the means of communication.

95. Markets. — Goods were early sold by hawkers or hucksters, who went about a given village or from village to village.

[1] Macpherson, *Annals*, I, 570.

Out of this there grew more specialized forms of selling, and in order to carry these on satisfactorily, there was a common place for the sale of various goods established at some central point, as at the crossing of two roads; or stalls were established in front of houses or in connection with places of production. As thus established, *markets* were of weekly or semiweekly occurrence. The more perishable goods were usually vended at markets. Certain towns at times specialized in keeping up these weekly and semiweekly sales and were known as market towns. The town, indeed, frequently grew up around a market, and the market hall often became the center of government. The kings and princes in the Middle Ages sought to protect and give peace to the markets which they recognized. The power of the church also was used to give safety, and thus there came to be recognized in some markets the symbol of the church in the market cross.

The tiller of the soil and the artisan met and traded in the market, and thus they became mutually dependent and helpful. Of course, traders took advantage of the confused state of weights and measures, and early examples of government regulation are to be seen in the "assize" or relation established between quantity and price of such staple commodities as bread and fish. The presence and influence of markets can be traced in the names of streets and of families which have been taken from some trade or industry. The market presupposed buying in some quantity or accumulating a surplus, and therefore it was not well suited for supplying the daily needs of a population which lived "from hand to mouth," so that small retail trading succeeded as a more common form of exchange.

96. **Fairs.** — Fairs were probably the most distinctive commercial organizations of the Middle Ages, and a study of them will best give an insight into the trading methods of the time. Fairs were held less frequently than were markets, and only the less perishable goods could be sold in them. Among the goods sold at fairs may be mentioned wool and woolen cloth, silk, furs, skins and leather, wax, honey, sugar, manufactures in glass, spices and condiments. Like markets, they were held

under some special grant, usually of the king; some were held annually, others semiannually, and still others quarterly. The fair is an evidence that medieval trade was occasional. The supply of goods was not large enough, or regular enough, to make trading permanent.[1]

Fairs were of ancient origin, and they can be traced to early religious customs. The name was derived from a word meaning holy day or holiday, and early fairs were held in connection with religious festivals. The custom of making pilgrimages and the gathering of considerable numbers of people at some one point made trading necessary. Fairs grew out of such gatherings. These centers were common during the Middle Ages, though relatively few of them became important. The great fairs grew from natural centers of production or convergence of interests at given points. This form of trading was best developed in England, France, and Germany. In some cases cities developed at the sites of fairs, as for instance Yarmouth in England from the herring fair. Large fairs were given principally to wholesaling, while peddlers and small dealers or small fairs carried on trade in the intervals between large gatherings. Extensive fairs were developed in England at London, Winchester, Bristol, Stourbridge, St. Ives, Boston, and many other places, and on the continent among other places at Bruges, Troyes, Aix-la-Chapelle, Champagne, Paris, Lyons, Brabant, Cologne and Leipzig.

The usual term of a fair was six weeks, and in the intervals between them goods were assembled and preparations made for the time when the next fair was to open. At times fairs were held in near-by towns in two successive periods, and this amounted in effect to a continuous arrangement. The fair enjoyed a monopoly privilege, and during the period of its continuance, and for some time preceding, all outside buying and selling were prohibited. For the privileges given, the king and princes levied a toll on all goods brought to the fair, sold during its continuance, or taken away.

Fairs were usually held outside of towns, and the regular laws

[1] Cunningham, *Western Civilization*, II, 94.

were suspended in favor of a special law termed " the law of pie-powder," a corruption of *pied poudre* (the dusty foot). The courts which administered this law adjudicated between itinerant merchants and pilgrims, without the delays so common to the ordinary courts, hence the law thus administered was known as the *law merchant.* The law merchant was a body of law not limited to a particular country, and therefore was more flexible and adaptable than the so-called common law of England or the law of any single country.[1]

GOLDSMITH AT CLOSE OF MIDDLE AGES

The rules for the rental of booths and the privileges of sellers and buyers became extensive and complicated. Such a matter as weights and measures necessarily was of great importance, especially in the large fairs. The measure of value generally accepted was the precious metals uncoined, and the weights used differed in different regions. The most general weights were those of the fairs at Cologne and Troyes. The weight of the latter place was the origin of the familiar Troy weight.

The fair as a commercial organization declined with changes in methods of production and increase in communication. A few great wholesale fairs, as those at Leipzig and Nijni-Novgorod, continued, however, to our generation. The recent decline of the fair at Nijni-Novgorod as a result of improved communication seems illustrative of the earlier disappearance of many other fairs.

97. Jews in the Commerce of the Middle Ages. — After the destruction of Jerusalem, the Jews were dispersed and settled in the West, and following the Barbarian invasions

[1] Cunningham, *Western Civilization,* II, 95.

about 500 A.D., they became factors in trade. First, they had a distinct advantage in their racial foresight and commercial acumen. They were also a people without national affiliation, and were accepted from country to country. Other forms of preferment being closed to the Jews, they naturally turned to making money as a means of gaining power. The Jews were forbidden membership in the gilds; but various forms of banking were permitted to them, and they became the chief moneyed class of the Middle Ages.

The prejudice against *usury* (interest) was deep-seated. Interest was regarded as synonymous with usury and was forbidden by both the canonical and the civil law. Money was regarded as barren, and therefore to take interest on it was considered robbery. Aristotle was familiar with the Greek custom of burying money in the earth, and in his *Politics* he declared against interest. Charlemagne permitted the priests of his time to issue a canon against all interest as sinful. Thomas Aquinas's great classic of the Middle Ages expressed the same disapproval, and the extent to which the hostility of the church went against interest is shown in acts of church councils which forbade Christian burial to those who had taken interest, and declared their wills of none effect.[1]

This prejudice against interest grew out of an economic condition where capital was little needed and could not be invested to advantage in commercial and industrial enterprises. Money loaned was usually for personal expenditure, or for questionable exploits. Workmen were themselves capitalists and had the little capital required by the methods of production. Some held that if money was loaned and at the end of a given period it was returned, an obligation was due from the lender, for the borrower had been subjected to the danger and inconvenience of keeping the money, and therefore the lender should pay interest. This is better understood when one remembers the insecurity of property in the Middle Ages.

By the Mosaic law the Jews were permitted to take interest from strangers (*Deut.* xxxiii. 20), and this was interpreted to

[1] Robinson, *Western Europe*, 245.

mean that they could exact interest from all who were not of their race. At first the Jews loaned in secret; but later their practices were regarded as necessary, and they were given certain rights in the practice of their business. The rates of interest were excessive, due to large losses and confiscation. Often the Jews were defrauded of both principal and interest; Philip Augustus of France allowed the Jews to charge as high as forty-six per cent interest, but reserved the right of extorting from them in case the royal treasury was empty.[1] The Jews were brought to England by William the Conqueror, and for more than two hundred years they acted as agents of the sovereigns. They have been well likened to "sponges" which, having soaked up the money of the nation, were squeezed by the king. The Jews fleeced the subjects of the realm as the king fleeced them. Rates of interest were three, four, and five times as high as they should have been.[2] At times interest was as high as forty per cent in England.

It was not to be wondered at that the Jews should be persecuted. They were regarded much as were the publicans in the Roman Empire, and as are many of the pawnbrokers of recent times. At times Jews were required to wear distinguishing caps or badges, which often were an invitation for indignities and persecutions. A French king once released the Christians from one third of all they owed the Jews in his dominion, accompanying the proclamation with the explanation that it was issued for the good of the king's soul. Edward I of England treated the Jews with great severity. First, he ordered that their depositories throughout the country should be searched; he instituted an inquisition for those who did not wear their distinguishing badges, and the Jews were imprisoned and even put to death on charges of debasing the currency.[3] Finally Edward ordered all Jews to leave England.

[1] Robinson, *Western Europe*, 246.

[2] McCulloch, *Treatises on Economical Policy*, 150–157.

[3] Macpherson, *Annals*, I, 431, 432. The depredations of the Jews and other foreigners who were employed to get money for the King led Matthew Paris to characterize England as "a vineyard without a wall or faithful Keeper, open to the plunderings of every vagrant." Cited in Macpherson, I, 423.

The Jews were citizens of the world and equally at home in all countries. They have been termed "the greatest scientific commercial and philosophical intermediaries of the Middle Ages."[1] The Jews had an unbroken succession of settlements from Spain in the West to China in the East. Their racial ties bound them so closely that interrelation and communication were kept up. This gave them excellent opportunities for the transfer of money from country to country, and also furnished information of possible trade openings.

In the later Middle Ages the sentiment concerning interest began to change, and it was permitted by the church, and allowed by law, if the rate was not usurious. John Calvin early broke with the Christian prejudice against interest. By the middle of the sixteenth century the practices had so changed that the Jews no longer occupied their former distinctive position as money lenders.

98. Use of Money. — Medieval trade to the thirteenth century was almost entirely by barter, but from that time forward gold and silver were increasingly used. The first named form of trade is termed "natural economy"; the second, "money economy." The physical qualities of gold and silver, together with the universal demand for them, made them well suited for use as money. However, there were difficulties and dangers in the transfer of money from country to country, and at times goods were purchased and shipped instead of money.

Beginning with the fourteenth century capital became more necessary for industrial and commercial enterprises, and considerable quantities of money were accumulated in the cities of Europe. Earlier loans had been used for barren or unproductive expenditure, but capital now became economic, and a new era opened. Wealth gave its possessors power; the king allied himself with the merchants and bankers and, supported by them and by the artisan classes (*third estate*), he sustained himself against the power of the barons and the church. This marked the decline of the medieval organization of society, and thus there was a political as well as an economic revolution.

[1] Abrahams, *Jewish Life in the Middle Ages*, 211–229.

Silver was largely used in the coinage, being in demand in the East. Both gold and silver were coined usually by the corporation of goldsmiths, which exercised the functions of a mint for the governments. The coinage was frequently debased ("clipped") in the different countries, and laws of great severity were passed against this practice.

The bankers and money changers of Italy formed a gild and established branches in different important cities. Thus were introduced the essentials of foreign exchange, letters of credit, and bills of exchange. The church employed similar methods in forwarding to Rome money collected in outlying countries. Lombard bankers in London, for example, acted as agents for the pope in transmitting his revenue.

99. Commercial Policies of the Middle Ages. — The law of the Middle Ages was very largely "the law of the fist," or the right of the strongest. Down to the thirteenth century there was not sufficient honest employment for the people of Europe, so robbery and plunder were common. Not infrequently the barons aided robbers, and sometimes their castles were to thieves havens of refuge, and places of deposit for stolen goods. Both in England and on the continent attempts were made to regulate the conduct of those without employment or regular places of abode.[1]

During the Middle Ages towns were the economic units and trade was "intermunicipal" and not "international." Towns made treaties with other towns, and a resident of one town usually was a foreigner in another town. The streets of the towns were so filled with merchandise and litter that they were nearly impassable. The desire seems to have been to convert streets into places in which to live and trade.

Tolls and duties were excessive in the Middle Ages, due to the regard for foreign trade as a special privilege of the kings or princes. Ports of entry were termed "the king's gates" and they were to be opened and closed by the sovereign at his pleasure. These tolls and duties were the heaviest burden which medieval commerce had to bear; they were levied by kings,

[1] Macpherson, *Annals*, I, 443.

princes, lords, and cities at all conceivable places, on roads and rivers, at bridges, fords, city gates and national boundaries.[1]

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Suggested Questions and Topics

1. Summarize the description of the merchant in Chaucer's *Canterbury Tales* (Prologue, lines 270–284).

2. Find present examples of markets and compare them with the medieval form of market. (Sec. 95.)

3. Trace the origin of the word "fair" and show how the fair was one attempt to escape from the monotony of life in the Middle Ages.

4. Compare the modern international exposition with the medieval fair as a place for sightseeing, and as a place for merchandising.

5. Trace the history of the fair at Nijni-Novgorod.

[1] Robinson, *Western Europe*, 247.

6. State the medieval argument against interest. Upon what was it based? (Bacon, *Essays*, "Of Usury.") Explain this passage from the *Merchant of Venice:*

> . . . . "for when did friendship take
> A breed of barren metal of his friend?" (Act I, Sc. 3.)

7. Explain the following: "The canonical prohibition of usury thus had its origin, not in moral or theological inclination, but in economic necessity." Bücher, *Industrial Evolution*, 113.

8. Why did the methods of keeping money make necessary the use of hard substances like gold and silver? (Prime, *Money of the Bible*, 16.)

9. Show how the economic and political revolutions mentioned in Sec. 98 are related.

CHAPTER XI

THE HANSEATIC TOWNS AND THE COMMERCE OF NORTH EUROPE

100. The Hansa. — The city was the characteristic governmental unit of the Middle Ages, and association and coöperation among cities were common. In Germany the commercial union of cities in one section was known as the *Rhine League*, and that in another as the *Swabian League*. Numerous other leagues existed more or less loosely formed; but the *Hanseatic League* (Hansa, meaning *the* association) overshadowed all others.

The *Hansa* was an association of North German cities, with their numerous outlying trading posts and *factories*. Several of the towns which formed the League became free cities during the Crusades, and the growth of towns and the increase of trade immediately following the Crusades gave this League its importance. A treaty between Lübeck and Hamburg in 1164 seems to have been the first step in the formation of the Hanseatic League. This treaty, which was in the nature of a trade agreement, was renewed and extended to other cities, and in 1343 the name by which the League is known was first applied to it by a foreign prince. In 1368 the League was more definitely organized, and in 1369 it showed its power in a war of conquest against Denmark.[1] The growth of the League was slow, but natural. The other cities looked to Lübeck for their commercial policy, and one by one they came under the influence of the League until at the middle of the fourteenth century it included many of the leading trading cities of north Europe,

[1] Beer, *Welthandels*, I, 242 sqq.

and made its strength felt by the most powerful monarchs of the time.

The Hanseatic League was an outgrowth of the *condition of trade* on the Baltic and North seas. The Vikings were half pirates, half merchants, and they in turn were succeeded by a lawless people who needed to be held in check. Protection was necessary in pushing trade into new and remote regions. The commercial cities also needed to unite in order to secure their rights from the rulers of the countries to which they traded. There were mutual advantages and privileges from the union to the cities themselves.

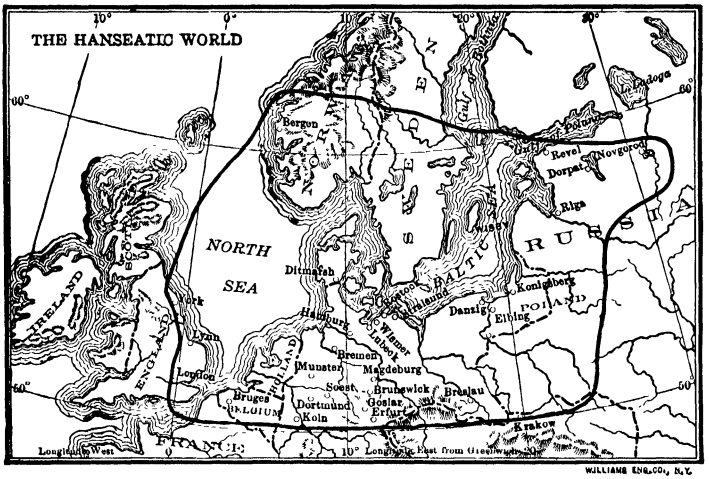
The League was at the height of its power in the fourteenth and fifteenth centuries, when there were from sixty to eighty cities in the association. These cities were in four *groups* or *circles* as follows: Northern or Wendish, of which Lübeck was the head; Western or Westphalian, of which Cologne was the head; Southern or Saxon, of which Brunswick was the head; and Eastern or Prussian, of which Dantzic was the head. In the first group were such important cities as Hamburg, Bremen, and Rostock. Cologne had in her division of the organization twenty-nine towns; Brunswick, thirteen; and Dantzic, eight adjacent, and several more distant.

The power of the League was vested in a *Congress* of deputies which met once in three years. In cases of special need, extra sessions of the Congress were called. Lübeck was regarded as the capital city, and there the treasury of the League was located. The Congress was usually held at Lübeck, but sometimes it was also held at Hamburg, or Cologne, or some other city. At the conclusion of each Congress its decrees were formulated and submitted to the magistrates of the cities at the heads of the circles as described above, and the magistrates in turn submitted the decrees to those below them.[1] A court for adjudicating matters pertaining to the League was held in the chief city of each group.

The League *enforced its decrees* with severity. If a city did not conform to the rule of the Congress, it might be un-Hansed,

[1] McCulloch, *Treatises on Economical Policy*, 374, 375.

i.e., put out of the League. Such action placed a city at great disadvantage in its loss both of protection and privilege. The League for a time nearly ruined Bremen, which had withdrawn in 1285, and Brunswick, which was expelled in 1375; and in 1425 it beheaded four burgomasters of Halberstadt. Those in control of the League showed great skill in preserving peace



and maintaining a balance of power. The flag of the Hansa which waved over its centers and trading stations was respected politically, although the activities of the League were directed chiefly to the ends for which it was created, namely, to protect and extend trade.

101. Hanseatic Factories. — Trading stations formed outside of the League were an important agency of Hanseatic trade. These were in effect settlements of Hanseatic agents or factors in foreign countries. Important privileges for these posts were secured by treaties, and any merchant of any city in the League had the right to trade with any factory in the League and enjoy its trading privileges. The factories of the League were governed by strict rules laid down by the Congress. Mar-

riage even was forbidden to the officers in charge of these posts that they might not have any divided interests in their service to the League.

Four principal *factories* in the League call for notice, viz. Novgorod as a basis for the trade to the East; Bergen, for the trade to the North; Bruges, for the trade to the Low Countries and as an intermediary for the trade from the South; and London, for the trade of England and also in part for the trade of other regions.

Novgorod tapped a vast territory reaching to the Ural Mountains and beyond. Regular trade with this city was established near the close of the twelfth century. The resident factors there collected, for transfer to the West, furs, potash, tar, honey, wax, grain, and hemp. For these there were exchanged principally Flemish and English cloth, metal goods from Flemish and German cities, and leather products. Novgorod was reached principally by way of Wisby, from which city two fleets sailed yearly. A land route to Novgorod was also kept open through Prussia. The city had a large population and continued an important post until the relations were disturbed by wars, particularly those against Ivan II. With the establishment of St. Petersburg much of the importance of Novgorod passed to that more favored city.

Bergen tapped the northern region, and trade to this city was well established by the middle of the thirteenth century. To Bergen were carried spices, grain, cloth, and other manufactured products. In exchange for these came principally iron, copper, furs, and fish products.

Bruges was noted as a manufacturing city (Sec. 92), but it was also a trading emporium. Here the Italian, French, Portuguese, and Spanish traders brought their products to exchange for the materials supplied by the Hanseatic merchants. The voyage from the North and Baltic seas to the Mediterranean Sea was too much of an undertaking for the merchants of the North. So likewise the Mediterranean voyagers hesitated to venture far into the northern seas, hence Bruges served as a meeting point. Fifteen different cities had

depots in Bruges, and sixty-eight trade gilds flourished there. The city sought to minimize the disability of its position back from the sea by building a canal. The Hanseatic travelers marveled at the commercial policies of the city. As early as 1310 Bruges had an insurance office, and was engaged in advanced forms of commerce.[1]

The Hanseatic merchants had factories in England at York, Hull, Bristol, Norwich, Ipswich, Boston, Lynn, and most important of all at *London*. German traders from Cologne were

THE HANSARD STEELYARD IN LONDON

given privileges in London by Richard I, and out of these beginnings grew the relations which later took form in the Hanseatic factories. Easterlings and Hansards, these men were called, and for a time they were the most important foreign trading people in England. The Hansa settlement in London was termed the *Steelyard*. The League was made the absolute possessor of a considerable tract of land on the Thames, with the buildings which were on it. The English kings undertook to protect the Hansards against the encroachment of other

[1] Zimmern, *Hansa Towns*, 165.

foreigners and of the English, and to this end, Edward I made an important treaty with the Steelyard Company. The Hansards were not to be subject to English law, and were to have a special court. For these privileges the English merchants were promised the rights of trade on the Baltic.

The promised rights on the Baltic were not secured by the English, and this gave grounds for dissatisfaction. Moreover, the privileges of the League proved very objectionable and were curtailed in the reigns of Henry VII and Henry VIII, and abolished by an act of Parliament in the reign of Edward VI (1552). In the year 1597 the Hansa traders were ordered to leave London.[1] Hanseatic exports from England were mainly of wool and cloth. Imports consisted chiefly of timber, potash, furs, wax, and honey.

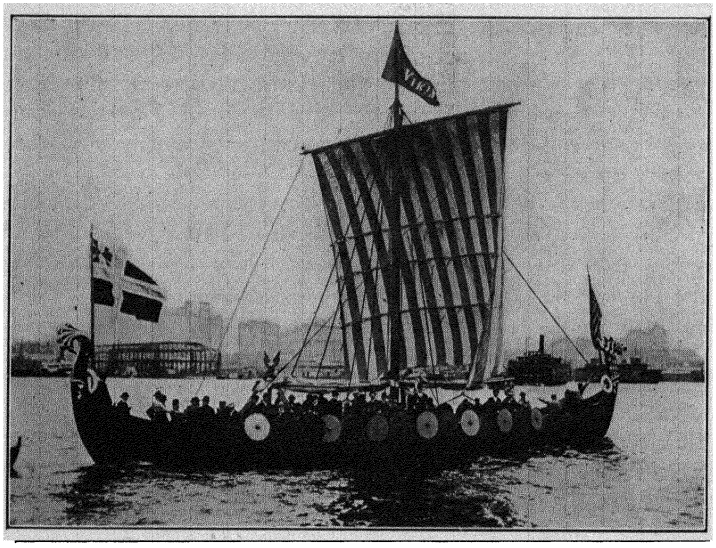
Wisby on the Island of Gothland was the most important city of the Baltic. Originally the city belonged to Sweden, and for a long period it was independent, but finally it was captured by the Danes. Gothland was rich in supplies of wood, pitch, tar, and marble. The island also furnished cattle products, and the adjacent sea, fish in abundance. The position of Wisby in relation to trade with Sweden and Russia gave the city added advantages. Wisby had a fine harbor and the city was walled and strongly protected against free-booters. Here colonies of foreign merchants settled, and it became a great emporium of the North. The city was at the height of its prosperity in the thirteenth and fourteenth centuries.

The fame of Wisby's *Maritime Law* was more abiding than was that of the city itself. This law, in seventy chapters, has been preserved and is entitled to rank with the *Rhodian Law* (Sec. 47), the maritime code of Barcelona (*Consolato del Mar*), and the *Sea Rights of Oleron*. The similarity of the laws of Wisby and the other great codes on the same subject indicates what was probably the fact, that the laws of Wisby were a compilation and an adaptation from the Rights of Oleron, as these had been based on earlier codes. Wisby's Rules of the Sea were recognized as the laws for trade on the Baltic, and they were re-

[1] McCulloch, *Treatises on Economical Policy*, 382, 383.

spected by the Hanseatics, Swedes, Danes, Germans, and others who traded on that sea.[1]

102. Trade of the Hansa. — The Hansa came into existence from trade necessity, and its growth and influence depended on trade. The peoples of north Europe were without the inherited experiences of south Europe, but they made up for this disability in initiative and personal daring. Mariners of the North steered



VIKING SHIP, 900 TO 1000 A.D.

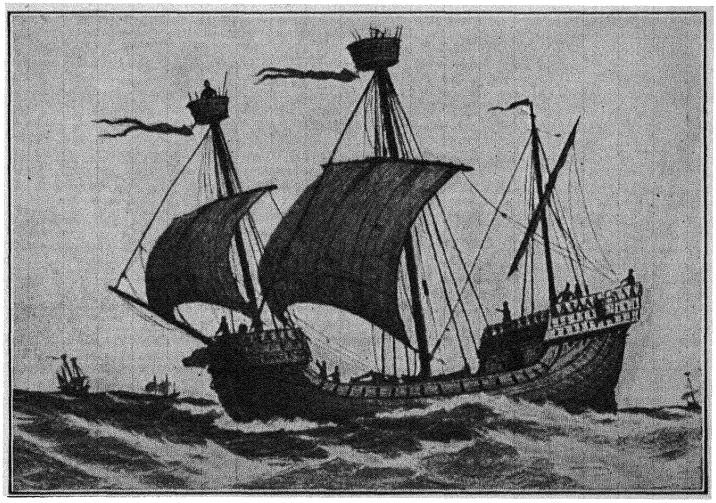
Built by the Norwegian government for the Columbian Exposition, 1893. Collection of Philadelphia Commercial Museum.

by the heavenly bodies and the flights of birds, and they sailed boldly on the wider seas. Crows were taken on voyages, and from time to time they were liberated. If the ship were far from land, the birds would return to the deck; if the ship were near the land, the birds would fly for it in a straight

[1] These laws are given in Postlethwayt, *Dictionary of Trade and Commerce*, Article "Wisby."

line and the captain would then steer his ship in the same course.[1]

Hanseatic greatness resulted primarily from the trade on the Baltic, but by degrees the Hansards became more venturesome and extended their operations until they ranged across Europe by land and reached the Mediterranean by sea. Cologne and Basle profited from the overland trade to the Mediterranean,



HANSEATIC SHIP, FOURTEENTH CENTURY
Collection of Philadelphia Commercial Museum.

as did Augsburg and Nuremberg from this trade and that farther to the east.

The most important branch of the Hansa trade was in *fish*. For centuries the herring frequented the Baltic, which gave the cities of the League a decided advantage. Dried and cured fish was a leading article of consumption in Catholic Europe. "The mysterious wanderings of the herring" are said to have "determined throughout several centuries the whole course of northern commerce." [2] In the fifteenth century the herring

[1] Macpherson's *Annals*, I, 186, 261. [2] Zimmern, *Hansa Towns*, 49.

turned from the Baltic to the North Sea and immediately the cities of the League declined and those of Holland and England profited.

The other *staples* of Hanseatic trade were furs from the East and North, timber, naval stores, and amber from the Baltic, copper and iron from Sweden, honey and wax from Germany and Russia, wool and cloth from England, flax and linen from the Low Countries, and finer manufactures and more costly wares secured mainly at Bruges. The bulk of their trade was in the coarser products of the North, though they quickly adopted such Italian and Oriental goods as jewels, spices, perfumes, figs, almonds, and dates.

As the Baltic Sea was the region of most of the trade of the League, the center of its commerce was near the entrance to the Baltic. The cities there located had the advantages not only in the Baltic trade but in trade on the North Sea and down the English Channel as well. They were also near the mouths of navigable rivers which opened up an extensive hinterland.

103. Decline of the Hansa. — Several causes combined to limit the power of the League. A purely natural one, the change of habitat of fish, was noted above. The conditions of piracy and free-booting from which the League originally came had largely disappeared, so that there was not the necessity for unity of action to preserve order. In the fourteenth and fifteenth centuries came the modern nations, which gave an entirely different basis for commerce. The changed condition of trade was shown by the making of a treaty between England and Russia in the middle of the sixteenth century. The Dutch as well as the English made headway in trade competition with the Hanseatics in the fifteenth and sixteenth centuries. Germany feared the influence of the League, and a confederation of princes threatened numerous cities in the League if they did not withdraw. The factory in Novgorod was closed in 1494; Bergen was lost in 1536; and London in 1597. Gustavus Adolphus quarreled with what was left of the League and completely broke its power. Its decline was no doubt hastened by the opening of new trade routes around 1500 A.D.

The League had grown quietly and by slow stages, and it disintegrated in the same manner. The dissolution of the League was completed during the Thirty Years' War. The last general Congress was held in 1630, and after the Peace of Westphalia (1648) only three cities were left. Lübeck, termed "Queen of the Hansa," with Hamburg and Bremen, kept up the shadow of its old power, and made a pretense of protecting the Hanseatic interests, but the League was only a memory. The three cities named have been important factors in the trade of modern Europe as free cities, and as free cities and sovereign states they entered into the German Empire in 1871.

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Suggested Questions and Topics

1. Point out some differences between the peoples on the shores of the Mediterranean and those dwelling on the shores of the Baltic. To what extent do you think Buckle was right when he said in his *History of Civilization* that differences in peoples can be accounted for by the differences in regions?

2. Note the adaptability of the people of north Europe as illustrated by the settlement and the changes of the Normans in France and the Danes in England. Trace the same quality among the Scandinavian immigrants into the United States in the nineteenth century.

3. What is evidenced by the derivation of "Sterling" from "Easterling"?

4. Sketch in outline the development of maritime law from the Law of Rhodes to that of Wisby.

5. What was the *Zollverein* of Germany (Sec. 255)?

6. What two commodities occupying a large place in the commerce of the Middle Ages were in demand because of the teachings of the church?

CHAPTER XII

ENGLAND'S EARLY RELATIONS WITH THE CONTINENT

104. Geographical Basis. — England had supplies of iron, copper, lead, and tin, and was early visited by the continental peoples in order to get these prized commodities. The climate and the soil were favorable for raising cattle and sheep and for grain production; and hides, wool, and wheat early became staple exports. The tin of ancient Britain and her wool of the later Middle Ages were alike coveted and made her trade important. Professor Cunningham holds that the foundations of the British Empire were laid by Edward III in the fourteenth century to afford protection to England's commerce with Flanders and southern France.

Insularity is the most striking geographical fact of Britain, and although the Channel is but twenty-one miles wide at the narrowest point, the separation is fairly complete, and there is a distinction from the continent in flora, fauna, and history. English rivers widened into estuaries, thus opening her interior to the sea, and impelling her own people to a sea-faring life. With improvements in navigation the sea which earlier had been to Britain a barrier of separation became a bond of union. With this change England would have become subject to pillage and rapine had she not erected a new wall of defense with her navy. England's greatest poet has best expressed the meaning of her isolation:

> "This fortress built by Nature for herself
> Against infection and the hand of war;
> This happy breed of men, this little world,
> This precious stone set in a silver sea,

Which serves it in the office of a wall,
Or as a moat defensive to a house,
Against the envy of less happier lands;
This blessed plot, this earth, this realm, this England." [1]

105. Early Conquests. — England was first brought into the movements of world history by the Roman invasion in 55 B.C. Under the Roman occupation the people were taught agriculture, and internal communication was improved through the construction of numerous roads. The Barbarian Saxons came in considerable numbers in the fifth and sixth centuries, and these proved only the advance guard of traders. In the latter years of Alfred the Great the coasts were defended, and there was a considerable progress of the arts. The early conquests of England were made for personal adventure, military domination, or political control, but contact with the continent and continental peoples gave a taste for new articles of consumption and offered markets for the raw materials of England, hence trade sprang up with France, the Low Countries, the Baltic cities, Spain, and Italy.

106. French Relations. — The French influence which came with the *Norman Conquest* (1066) profoundly affected England. First, a new element was added to the population. Before this time England had dealt mostly with Germanic peoples; now she came into relations with the Latin nations; feudalism was common, though the estates of the barons were so distributed as to hold their power in check. Second, a stable central government was established and the power of the king made strong. This was perhaps best shown in the Doomsday Survey (1087)

[1] Shakespeare, *Richard II*, Act II, Scene I.

Cunningham terms England's position both "peculiar and fortunate," and holds that the country has stood for industrial development as Greece stood for art and Rome for law. "Again, the insular position of England has given a marked character to her civilization, while the comparative immunity from foreign invasion has rendered it more possible to specify the effects of intercourse with other lands, and of the settlement of foreigners here, than might otherwise be the case. On all these grounds we may feel that the story of English industry may be regarded as typical, and as giving us a useful clue with which to follow out the history of economic progress in other lands and other times." Cunningham, *Growth of English Industry and Commerce*, I, 25.

of all the estates of England with their products, for purposes of taxation. The Jews were introduced into England by the Norman kings and were made to serve as part of their financial system (Sec. 97). A new place was given to the church in England as a result of the Norman conquest. Artisans, such as smiths, weavers, fullers, bakers, and masons, were brought into England, and a new impetus was given to both industry and trade. The obedience of law and respect for property secured under the Norman rule contributed to the economic development of England.[1]

107. Relations with the Low Countries. — Flanders early developed industries, and William the Conqueror brought Flemish weavers to England. This movement into England was stimulated by the encroachment of the sea in Flanders, which was driving the people from their homes.[2] The Flemish towns had grown rapidly in industrial importance following the Crusades, and had strengthened themselves politically by alliances with England. Edward III married a Flemish princess, and during his reign the Flemish movement was most marked. A considerable colony of Flemish weavers came to Norwich (1337), and this was but the beginning of a larger immigration. Hatters, shoemakers, bricklayers, and brewers followed the weavers. Most of these established themselves in the interior so as to get the raw material, though the brewers settled on the coast that they might secure Dutch hops.[3] In the reign of Edward III (1327–1377), England became an important textile manufacturing country, and thereafter exports of cloth were added to exports of wool.

Flemish merchants settled in the seaport towns of England, and during the fourteenth and fifteenth centuries they were rivals of the Hansards in the trade of the realm. So evident was the Flemish profit from the trade in English wool that an early historian interpreted the term "Order of the Golden Fleece" to mean "the fleece was ours, the golden theirs."

[1] Cunningham, *Alien Immigrants to England*, Ch. II.
[2] Macpherson, *Annals*, I, 316.
[3] Redstone, *Transactions Royal Historical Society*, XVI, 176, 177.

In the thirteenth century goods of the Flemish merchants were plundered in England and the Countess of Flanders demanded reparation. The English king in promising to pay for the goods destroyed, expressed the hope that the merchants of England and Flanders might enjoy mutual privileges in each other's country. In 1358 the Merchant Adventurers of England secured a grant of privileges in Flanders and established themselves at Bruges.[1] Commercial differences between the citizens of the two countries in the fourteenth century were adjusted, not by the usual course of the law, but by the appointment of a commission of two English and two Flemish merchants.

England's early trade with the Low Countries came naturally. First, they were in close proximity, and the crossing of the North Sea was easier than was the crossing farther south where the waters of the Channel were rougher. The disturbed political, social, and later, religious conditions sent many emigrants to England. England was first a producer of raw materials, desiring the manufactured products of the Low Countries, and trade was mutually advantageous, but with the growth of manufactures in England the relations changed and she became an industrial rival of the Low Countries.

108. **Trade Relations with the Italians.** — A Venetian fleet visited England first in 1317, and usually each year thereafter ships of Venice and Genoa returned, in connection with the Flanders trade. Southampton was the principal port for the Italian merchants. The Italian trade was important to England, for by this means she came in contact with the earlier and more fully developed civilizations of the East. Finer forms of manufactures in cloth (especially silk), metal work, leather, and wood manufactures were early developed in Italy; and England, through the Italians, learned the use of these articles as well as of the rare and costly spices, condiments, and drugs of the Orient. At the same time the Italian trade offered a good market for England's raw materials, especially her wool.

Two influences tended to make Italian trade active; these

[1] Macpherson, *Annals*, I, 389, 560.

were the presence of the Catholic church in England and the activities of the Italian bankers. Many persons were passing and repassing between the countries on the business of the church or to discharge their obligations to the church. The church also collected considerable sums of money which it was necessary to transfer. With the expulsion of the Jews by Edward I, Italian bankers came into the money lending and banking business of the realm. Italians were bankers to the king and by skillful manipulations they gained control of most of the financial business of the country. It became difficult for the king and others to pay their Italian obligations, and at times the Italians became the objects of violent outbreaks. Edward III nearly ruined the Florentines in England through his inability to pay them and by the curtailment of their privileges. In 1456 Italian merchants were for a time expelled from London because of a public demonstration against them.

The extent to which these relations went is shown by the request of Edward III in 1340 for the support of forty ships of the Venetians, and in return he promised them important trading privileges. In his later wars the same king employed Genoese galleys commanded by a brother of the Duke of Genoa. These ships were manned by Genoese sailors who, in addition to the wages agreed upon, were to have the plunder taken in their raids, though the ships and castles which they captured were to belong to the English.[1]

England sent her commercial representatives to all the important Italian cities. She built up a large trade with these cities, and was the gainer both in the development of her economic life and in the growth of her culture. The Italian trade continued in importance until the discovery of a new route to the East turned commerce to other channels.

109. Commercial Policies. — During most of the Middle Ages England was chiefly a producer of *raw materials* which were exchanged for manufactured products. Down to the middle of the fourteenth century her people may be said to have been *passive traders*, but in the latter half of the fourteenth,

[1] Macpherson, *Annals*, I, 580.

and throughout the fifteenth century a new policy was adopted, evidenced in *hostility to foreign merchants*, the regulations of the *Staple* and *Cinque Ports*, and numerous *navigation acts*.

In the Great Charter (1215) the king guaranteed that except in time of war all merchants should be permitted to go into and out of England and to go through England, and to buy and sell, without excessive tolls. Edward I issued a general charter to merchants which promised better protection to foreign traders coming to England. But violent outbreaks were frequently directed against foreigners. These were aimed first against the Jews, and after their expulsion against the Italians, Flemish, and Hansards. In the peasant revolts of the fourteenth century, foreigners were attacked and driven through the streets of the cities. During Wat Tyler's rebellion, for example, men were pursued and slain if they could not pronounce "bread and cheese" with a pure English accent. Frequently kings sought to protect the foreigners, as they were considered necessary for the financial operations of the realm and to the establishment and maintenance of a foreign policy. Edward III was a firm upholder of the rights of foreign manufacturers and traders in England, and when there were fresh outbreaks against them in London, he issued a proclamation stating that these people benefited the country, that they were under his protection, and that any one molesting them would be imprisoned.

Numerous parliamentary acts were directed either to the exclusion of the foreigners, or to the limitation of their operations. In 1376 certain petitioners of London asked Parliament to prevent the practice of foreigners becoming retailers, and the petition was granted with an exception in favor of the Hansards. Disabilities were from time to time laid upon foreigners in the form of taxes and duties. Parliament on one occasion (1390) passed an act assuring foreign merchants of a "courteous reception and fair treatment" should they visit England.

Early regulation of domestic trade, in such matters as wholesalers and retailers, selling in relation to fairs, character of clothing and food to be sold to certain classes, all led naturally

to the first navigation act (1381) which provided that no subject of the king should ship goods either out of or into England except in English ships. There were not sufficient English ships, however, and the act was modified the next year so that English shipping if "able and efficient" was to be given the preference.

Merchants drawing bills of exchange to be paid abroad were (1390) required to invest all the money received for them in English goods within the space of three months. In 1402 importers, whether Englishmen or foreigners, were required by Parliament to invest the proceeds from the sale of goods imported in other goods for export. No one was to have the right of export of gold or silver without the special permission of the king. The next year Parliament required foreign importers to give security that they would sell their goods within three months and invest the proceeds in English goods. These acts were in accord with an earlier one of Edward III's reign (1364) which prohibited any person carrying abroad any gold or silver, except fishermen who had sold nothing but fish. This exception in favor of fishermen was a survival of an earlier custom.

England's trade during the Middle Ages was regulated in part through "the king's staple." In brief, this was the fixing of a certain place, or places, to which goods should be brought and weighed, and where they should pay a duty before they were sold. The goods for which these arrangements were made were termed "staples," and those who handled them were known as "merchants of the staple." Primarily the purpose of the staple was to increase the revenue, but it became an extensive and complicated system of regulation. The staple was first applied to regulate even the places to which exports might be sent, but this worked so badly that it was given up in 1328.

"Staple goods" which were most largely exported included wool, leather, tin, and lead. Staple towns in England included Newcastle-on-Tyne, York, London, Westminster, Winchester, and Exeter. In each of the staple towns, in accordance with

a regulation adopted in 1354, English and foreign merchants chose annually a mayor and two constables who had full supervision over all matters pertaining to the business of the staple. They ruled according to the Law Merchant and not according to the common law of the realm or the custom of the towns. The mayor and constables of the staple swore on taking office to serve the king "well and faithfully" and to do justice to all persons and matters which fell under their jurisdiction. Two foreign merchants might be elected, one for north England, and one for south England, to protect the interests of the alien traders. In trials the jury was to be of Englishmen if the parties to the dispute were both English; of foreigners if the parties were both foreigners, and half Englishmen and half foreigners if one party were English and the other a foreigner.

The King had much difficulty in enforcing the regulation of the staple, and this resulted in 1363 in the establishment of Calais (then held by the English crown) as the chief port of the staple. Those who sold goods for export were put under bond that their goods would be taken direct to Calais to be sold.

The early fourteenth century was the "golden age of the *Cinque Ports*." Originally these were Dover, Sandwich, Hastings, Romney, and Hythe, which were incorporated probably by Edward the Confessor for the defense of the realm and for the advantage of the cities. Important trading privileges were granted by later monarchs, other towns were added, and the whole constituted an association under the government of a Lord Warden. The Cinque Ports were important from their trading interests, particularly in fish. They were regarded as "the guardians of the sea," for they were required to furnish shipping to the king in his time of need. In the later Middle Ages they supplied from time to time both ships and men. They had their greatest prosperity during the reigns of John, Henry III, and Edward I. The Cinque Ports declined during the fifteenth and sixteenth centuries, due to the rise of other commercial cities and the establishment of a royal navy.

110. **Summary.** — During the Middle Ages England had limited manufactures and little active trade. The people were chiefly agricultural, and their surplus was of raw materials, the most important single item of which was wool. Internal communication was poorly developed, and roads were little more than bridle paths. The English showed slight inventive skill, and commodities of finer workmanship were unknown or came from abroad. The trade that took place was from the coast towns of the east and south, and during the fourteenth and fifteenth centuries these towns showed considerable commercial activity, but in the main trade was carried on by foreign merchants, chiefly the Hansards, the Flemish, and the Italians. The amount of foreign trade was curtailed by tolls and other regulations and restrictions. Before the grant of charter to merchants by Edward I, foreign merchants were often required to lodge at the homes of English merchants so that they could be the more closely watched.

The chief developments of English manufactures and commerce during the Middle Ages were under the patronage of kings. Trading privileges were given to the Cinque Ports, the staple towns, Hansard factories, and other similar arrangements. Edward III did most to stimulate early industry and trade. The Hundred Years' War helped to break down England's barriers of isolation and to bring her into new relations with continental Europe. These influences were political and religious as well as economic, but the economic forces were important. The rise of the commercial classes strengthened the power of the king. Harbors and roads were improved, fisheries were fostered, and shipping built. Thus were available for the king's use, revenue and the means of defense.

During the Middle Ages there was the beginning of a trade policy in England. In 1404 merchants trading to the Hansard regions were empowered to form an association, elect governors, and provide for a means of settling their differences; from this association came the Eastland or Prussia Company. The Grocers and Mercers Companies were also organized at about the same time. From these there were numerous develop-

ments, the most important of which was the Merchant Adventurers Company with branches active in trade to the different parts of the continent, as the Moscovy, and Levant Companies. Thus by the close of the Middle Ages English merchants had the experience and the organization for competing with representatives of Italy, the Low Countries, and the Hansards, and by 1485 the conditions were favorable for the opening of a new era in English commercial history.

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Suggested Questions and Topics

1. What is the root meaning of the word "opportunity" and what significance does it bear to an insular country both in matters of protection and commerce?

2. What was the origin of the word Britain? England?

3. What is meant by a "choppy sea"? Why should there be such a sea on the English Channel? Get reports from those who have crossed the English Channel on the difficulties and inconveniences of the passage.

4. What were the effects of the Roman invasion of Britain upon the native Britons? Of the Saxon conquest?

5. Edward A. Freeman termed the Normans "The Saracens of Christendom." Note their migrations and conquests, particularly in France and on the Mediterranean. How do you account for their change in France from a Germanic to a Latin people?

6. Trace the derivation of the word "staple" from its root meaning, viz., a *pile* or *heap*. Show how staple, once applied to the town or port where a given commodity was largely sold, has come to be applied to a commodity largely sold in a given town or port.

CHAPTER XIII

GROWTH OF GEOGRAPHICAL DISCOVERY AND THE CLOSE OF THE MIDDLE AGES

111. **Early Ideas of the Earth.** — Aristotle, Euclid, Eratosthenes, Ptolemy, and other ancients held the earth to be spherical, and believed it to be the center of the universe.[1] Eratosthenes (240–196 B.C.) by determining the differences in the length of a degree at different latitudes, computed quite accurately the circumference of the earth, and he went further and hinted at the possibility of reaching India by sailing west from the coast of Spain. ("If it were not that the vast extent of the Atlantic Sea rendered it impossible, one might almost sail from the coast of Spain to that of India along the same parallel.") The error of the old geographer was in making the distance for this western passage much less than it actually is. It is easy to see the indebtedness of later geographers and navigators to Eratosthenes, "the founder of scientific geography."

The first half of the Middle Ages scarcely kept pace with the earlier accomplishments in navigation. The Mediterranean Sea with its different parts; the near-by Atlantic; the Red Sea with the coasting trade to Africa and India, were the boundaries by which navigation was circumscribed. Mariners sailed, guiding their course by objects on the shore, or if out of

[1] Aristotle noted the varying height of the pole star at different latitudes, and urged this as an evidence of the sphericity of the earth. Concerning the possibility of a western passage to India he said: "Wherefore we may judge that those persons who connect the regions in the neighborhood of the Pillars of Hercules with that towards India, and who assert that in this way the sea is one, do not assert things very improbable." Fiske, *Discovery of America*, I, 368.

sight of land, they were guided by the sun in the day and the pole star at night. The custom of wintering in a harbor was continued. Not only was knowledge limited, but the regions not known were by superstitious imaginings peopled with monsters and destructive forces.

Following the Crusades, there was a pushing back of the boundaries of the known world. Religious pilgrimages increased in frequency and were more extended. Journeys were made to the Far East and more exact information brought back of that region and its products. National curiosity and a new scientific spirit were joined with the desire to have the new and cheaper commodities of distant regions. A Christian mission was established east of Lake Baikal, and because of this and the knowledge it gave, trading expeditions went to that region. The new movement was active in the thirteenth century, and is best illustrated by the achievements of a Venetian family named Polo.

112. **The Polos.** — *Marco Polo* was the most famous traveler of the Middle Ages and the book describing his journeys and the lands he visited did more than any other one thing to stimulate interest in the remote East. The father and the uncle of Marco visited central Asia for trade. They would have returned as they went, by the Caspian route, but disturbances forced them to Bokhara, where they met envoys of the Great Khan of Cathay. Both honor and profit were offered if they would go to the court of the Khan, and the offer was accepted. After a year's journey they reached their destination, where they were well received; they were asked to become the bearers of letters from the Khan to the pope. Three years later (1269) they returned to Venice.

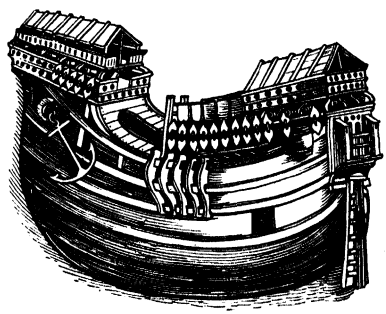
Young Marco was fifteen when the older members of his family returned, and his youthful imagination was fired with the possibilities of establishing communication with Cathay. Missionary spirit was active at this time and the church saw a chance to extend Christianity. Marco joined a second expedition and was in the East for eighteen years, during most of which time he was in attendance upon the court, or in the

service of the Great Khan, and enjoyed unusual opportunities to learn of the country. The Polos returned to Venice in 1295. Three years later Marco joined an expedition of Venice against Genoa and was taken prisoner. While languishing in a Genoese prison, Polo related his adventures and described the East, and his recital was taken down by a fellow prisoner. Thus was preserved the record of the first European who explored the continent of Asia to its easternmost bounds and who gave an account of the vastness and wealth of the lands far to the east.

The reports of Polo were of such riches that he was popularly called "Marco of the Millions." Among other things, he described roads, rivers, means of communication, products, towns, and trade. He told of countries which yielded nutmegs as large as a man's head, with centers full of liquor more pleasant than wine, silks and other rare cloths, and rubies, sapphires, topazes, and other gems. His accounts were widely circulated in the later Middle Ages and filled the minds of geographers with a desire to reach these eastern lands of fabled riches. Polo's account of a sea beyond Asia strengthened the theory of the old geographers, that the East might be reached by sailing westward.

113. **Norse Discoveries.** — The Viking navigators of northwestern Europe seemed not to have shared the fears of other voyagers, and "the sea of darkness" had for them little terror. During the eighth, ninth, and tenth centuries, hardy Norse mariners pushed their small boats to the south, reaching England, Ireland, France, and the Mediterranean; they also voyaged to the north of Europe, making themselves acquainted with the seas and rivers of what is now northern Russia; but Viking discovery is best remembered from their activities in the west. Iceland and Greenland were visited, and, in the year 1000, an expedition pushed still further and perhaps coasted down the mainland of North America to the south shore of what is now New England. Few direct results can be credited to Norse discovery, though the hardihood and daring of these peoples contributed to the new spirit which actuated Europe in the later Middle Ages.

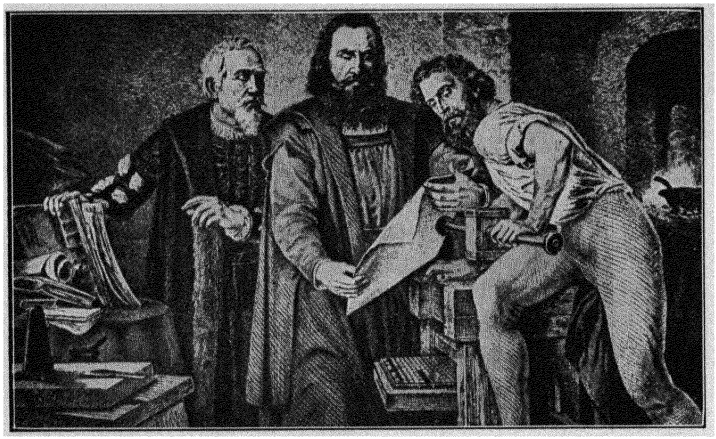
114. Improved Means of Navigation. — The close of the Middle Ages was notable for geographical discoveries, but these were only a part of the general movement of discovery. Most useful of the helps for navigation was the *compass*. In its crude form, consisting of a magnetized needle supported by a splinter of wood or a straw floating on a dish of water, the compass had been known in the East for centuries. The Chinese determined directions by a compass of this sort, probably as early as the beginning of the Christian era. The use of the compass in the West is variously mentioned during the twelfth century, and the credit for its first introduction into the navigation of the Mediterranean is given to the navigators of Amalfi and the Saracens. The original compass was of little practical value, and only when the magnetized needle was mounted on a pivot placed over a dial in a box did the compass become of much use in navigation. The improvements here indicated were made in the fourteenth and fifteenth centuries.



HULL OF SHIP (1500 A.D.)
Collection of Philadelphia Commercial Museum.

Scarcely less important than the compass was the *astrolabe*. The compass told directions; the astrolabe indicated (roughly) position. The astrolabe in one form had been known to the ancients and was adapted to observations in astronomy by the Arabs. It was introduced into Spain by the Arabs and was in quite general use in the fourteenth century.

Printing from movable type was begun about the middle of the fifteenth century. Books of travel and descriptions of the earth were early printed; interest in and knowledge of remote regions thus served as a stimulus for later discoveries and explorations.

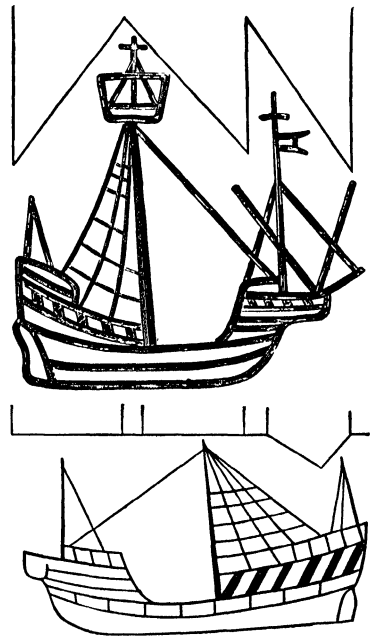


THE INVENTION OF PRINTING

115. Geographical Discovery in the Fifteenth Century. — The expedition of Marco Polo was "the highwater mark of medieval land travel." John Mandeville's *Travels* were evidently a collection of fourteenth century experiences of different travelers. Like Polo, Mandeville was popular and quite widely known. Before the fifteenth century the Mediterranean navigators did little more than follow the lines of the ancient Phœnicians and Carthaginians. Following Polo and Mandeville, and with the improvements in the means of navigation mentioned above, the interest in geographical discovery shifted from land enterprise to that of the sea. Before the fifteenth century, geographical discovery was chiefly a chronicle of personal adventures; beginning with the fifteenth century it was more largely a record of scientific achievement. The first great character of the new movement was Prince Henry of Portugal.

Prince Henry the Navigator, as he is generally known, achieved distinction in foreign war, was knighted and made governor of a captured town in Morocco. First he gathered information of the region and its trade. Later, observing that his own coun-

try was small and hemmed in by the western sea, he determined to extend the power of Portugal through navigation. He had himself transferred to Sagres near the extreme point of the Cape St. Vincent, where he founded a school of navigation, built ships, established an observatory, made and corrected maps, and improved the instruments for sailing. Prince Henry was able to inspire mariners with his own intrepid spirit, and the achievements of the new period were due more to him than to any one else.



SHIPS OF LATE FIFTEENTH CENTURY

Carving in Holy Trinity Church, Hull. Reproduced from Lambert, *Two Thousand Years of Gild Life.*

In 1460, just before the death of Prince Henry, the Canary, the Madeira, and the Azore islands had become Portuguese colonies, and the Cape Verde Islands were discovered. The African coast was explored for about two thousand miles; maps were made, and the region lost its terror. Venetian navigators brought their experience to the West and served the Portuguese in the days of Henry. Commercial enterprise accompanied and supplemented the scientific spirit.[1] Licenses were given to merchants to visit the African coast for slaves and salt. Henry was thus the founder of the African slave trade as a branch of modern commerce. His work was most important for the impetus it gave to navigation

[1] Keane, *Evolution of Geography*, 88.

and for the influence which it had on those who came after him.[1]

This new movement was especially significant because of events in the East. The Ottoman Turks had overrun southwest Asia and invaded Europe. Constantinople was captured in 1453, and a destructive war was waged on the Italian settlements of the eastern Mediterranean. The old bases of trade to the East were destroyed; the eastern trade routes were broken.[2] Thus arose the necessity for the new commercial enterprise of western Europe. Earlier contact with the East and the use of its products had created a demand which only the East could satisfy. At the close of the Middle Ages the Far East was the goal of the explorers and merchants of Europe.

PRINCE HENRY THE NAVIGATOR

116. Commercial Progress during the Middle Ages. — The period termed the Middle Ages, or Medieval Times, extended quite a thousand years, roughly from the latter part of the fifth

[1] Cunningham (*Western Civilization*, II, 129) says it would be difficult to find any other single character who summed up the tendencies of his age so completely as did Prince Henry. The greatness of Henry's achievements is made to appear less impressive in *The Cambridge Modern History*, I, 11–16.

[2] Cheyney, *European Background of American History*, Chapter II, "Oriental and Occidental Trade-Routes."

century to the latter part of the fifteenth. It was a time of transition and assimilation. First there was a decadence of the old development, and then a revival of the old and its union with the new. The Barbarian who came to the West showed a marked capacity for progress, and particularly for adjusting himself to new conditions. The Middle Ages were not "stagnant and unproductive"; instead they saw much of growth, and the modern world has from these times many inheritances which could not have been obtained directly from classic antiquity.[1]

We shall have the most correct notion of the medieval period, if we regard it not as a period of time, but as a set of ideas or forms of society (Emerton). Three great movements or forces are to be noted in the Middle Ages: first, the growth and influence of the Christian church, which has been termed "the greatest of civilizing agencies;" second, the presence and influence of the Byzantine and Arabic civilization; and third, the rise and improvement of the masses of the people. The influence of the church operated throughout this period in all the countries of western Europe. Constantinople and the forces set in motion by the Arabs and Saracens acted as a leaven in the western world. The people progressed steadily and in the later centuries rapidly. The merchant class with its increasing wealth came quickly to importance in the thirteenth century. Kings called merchants to their councils and depended on them for revenue.[2]

At the close of the Middle Ages, new ideas of the earth were current, and new instruments for navigation were in use. Marked progress had come in the manufacture of metals and textiles. Many new articles of consumption had become common in the West, such as pepper, cinnamon, nutmegs, and other spices and drugs. Europe at the close of the fifteenth century evidenced far-reaching changes as compared with the Europe at the close of the fifth century. New interests, new desires, a new outlook, and new tools with which to work, all showed even then a new period. But all that had been ac-

[1] Robinson, *Western Europe*, 6, 7. [2] *Ibid.*, 249.

complished was only a preparation for the period that was opening. Trade had been an important element in the progress of the Middle Ages, and it was to be even more important in succeeding centuries.

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Suggested Questions and Topics

1. What were some of the observations and analogies which led the ancient philosophers to the belief that the earth is spherical?

2. What was the work of Copernicus in changing the ideas about the earth in space? Explain "geocentric" and "heliocentric."

3. Show in some detail the correctness of the following: "The territorial, commercial, and missionary expansion which follows the Crusades." (Beazley, "Atlantic Monthly," Oct., 1909.)

4. Who might be termed "the Columbus of the East Indies"? Why?

5. Summarize the arguments for the Norse discovery of America. Are the arguments conclusive? What were the effects of Norse explorations on the trend of geographical discovery in south and west Europe?

6. Summarize the history of the compass and show its value to navigation. What was the difficulty in using the first form of compass in time of storm?

7. Enlarge on the results of Prince Henry's achievements. (Beazley, or Major, *Prince Henry the Navigator.*)

8. Compare the exploration of the Portuguese ships of Prince Henry with the ancient voyage of Hanno (Sec. 33). See maps in Schoff, *Periplus of Hanno*, 6, and Fiske's *Discovery of America*, I, 324.

9. Explain the use of the following geographic terms: "Finisterre"; "Ultima Thule"; "Land's End."

CHAPTER XIV

PORTUGUESE EXPLORATION AND TRADE

117. The New Age. — The closing years of the fifteenth century saw the beginnings of a striking change in Europe. Prior to that time Europe stood, as it were, with her back to the Atlantic, and fronting the land mass of the Old World; but with the close of the fifteenth century, the outlook and interest of Europe began to change. Printing was bringing a new intellectual life; the introduction of gunpowder was changing the political conditions; the introduction of the compass was giving a new basis for the economic life of the time. The method of navigation was being wholly changed. Ships now sailed boldly out upon the wider ocean, and early in the new period there was the discovery of the New World and of the sea route to India by the south of Africa.

European traders were able to go out and come directly into contact with the producers of costly goods in remote regions. New nations arose in the West. Portugal and Spain were most fortunately situated on the western seaboard, but England, Holland, and France also fronted to the west, and were quick to realize the great gain which came from the advantages of their position. The cultivation of *colonies* as plantations early served as an outlet for surplus products and peoples of the mother-countries, and as a source of supply for the raw products which the countries needed.

In this new age there was a growing importance of the industrial and commercial classes, with the rise of the "third estate," giving new power to the kings in contests with the nobles and the church. There came a new prosperity, an

enlarged production of the necessities of existence, with cheapened goods, and a general extension of industrial and commercial activity. There was also a new intellectual outlook. In general this new life in Europe is given the name *The Renaissance;* the Renaissance was followed shortly by a great religious movement known as the Reformation, which divided the nations of Europe and created intense religious differences. The persecutions and wars which arose out of these differences gave a motive for colonization, and the peoples of Europe sought in new regions a means of escape from persecutions at home.

118. **The Rise of Portugal.** — Portugal and Spain were not actively engaged in the Crusades, not through lack of chivalry on the part of their own people, or because they had no interest in the cause for which the Crusades stood, but both of these nations had at home ample employment for all the force they could command in fighting the Infidel. Portugal and Spain had suffered most from the presence of the Mohammedans in Europe. The Portuguese freed themselves first, and first expended their surplus energy in pushing back the boundaries of the westernmost world. The Portuguese engaged in a contest with the Moorish pirates, and fought against the inhabitants of Morocco in North Africa. Thereby they became trained to the sea, and interested in seafaring.

119. **Portuguese Exploration.** — When Prince Henry the Navigator died in 1462, the torch of geographical discovery was taken by other hands. The accomplishment of Henry, great as it had been, was only slight compared to the service which his career had rendered in furnishing a stimulus to those who came after him. Following the age of Henry, we find that in 1471 the equator was crossed; in 1484 Cam reached the mouth of the Congo River; and in 1489 Diaz passed the southernmost point of Africa, and continued some six hundred miles east. He encountered a great storm, and was forced to turn back. Diaz named the southernmost extremity the " Cape of Storms," but when John II heard the account, he immediately changed the Cape of Storms to the Cape of Good Hope, with

the explanation that there was reason to think that this was the cape by which India would at last be reached.

The Portuguese traded in slaves and gold-dust and found the possession of the African coasts profitable. In 1479 Ferdinand of Spain agreed with the Portuguese not to interfere with their exclusive rights of exploration and trade in Africa.

120. Da Gama. — The greatest Portuguese explorer was *Vasco da Gama*, who with three ships passed the Cape of Good Hope in 1497, and reached Calicut, India, in May, 1498. The question as to why they came, which was asked da Gama in India, was answered, "We come in search of Christians and spices." [1] In India da Gama found some descendants of the Arab settlers, who immediately opposed the Portuguese influence, and he feared to leave a colony. He made a perilous return voyage across the Indian Ocean, rounded the Cape of Good Hope, and reached Lisbon in August, 1499. Da Gama first united the West and the East, and his voyage was one of the great feats of seamanship.[2]

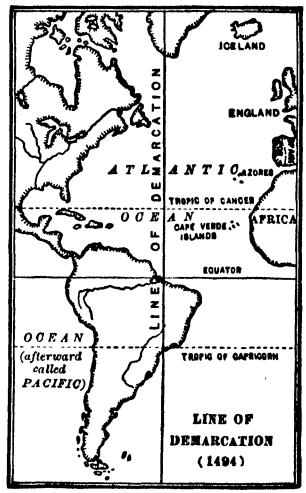
Calicut was an emporium of Eastern trade, and a meeting place for many traders. From Calicut Europe secured largely its supplies of pepper, ginger, and other spices. Heretofore these had been brought overland, and they had been compelled to pay numerous duties in the countries through which they were brought. In this way charges were multiplied, and the cost of the goods was often increased many times over. The overland passage was also much more dangerous than was the one by sea. Da Gama established trade with Calicut and other parts of the East, and the Portuguese proceeded at once to claim these regions and develop them.

121. Portuguese Empire in the East. — To complete their monopoly of trade in the East, the Portuguese attacked the outposts of the Arabian traders at the entrance to the Red Sea, and closed this sea to the West. The discovery of the Cape Route cut off from Italian cities their sources of supply

[1] Egerton, *Origin and Growth of English Colonies*, 24.

[2] By some this voyage is regarded as a greater achievement than the discovery of Columbus. *Cambridge Modern History*, I, 24, 25.

of Eastern wares, and marked the decline of the east Mediterranean. With the continued decline of Venice there was the attending rise of Lisbon. The Portuguese king, Emmanuel, took the title, "Lord of the Conquest, Navigation, and Commerce of Ethiopia, Arabia, Persia, and India." This title was confirmed by a bull of Pope Alexander VI in 1502, and the trading posts in India were kept by the Portuguese monarch as royal factories; the crown sought to derive all the profit from the trade.



122. Division of the World. — A treaty between Spain and Portugal in 1479 gave Portugal trading rights on the west coast of Africa, and Spain possession of the Canary Islands. This treaty was later modified and confirmed by a declaration of Pope Alexander VI, known as the *Bull of Demarcation* (1493). The lands lying east of a line drawn one hundred degrees west of the Azores and Cape Verde Islands were to belong to Portugal, while the lands lying west of such a line were to belong to Spain. This division was indefinite, and would have led to controversy if it had not been settled the next year by the Treaty of Tordesillas, which fixed the line of division at three hundred and seventy leagues west of the Cape Verde Islands. This gave to Portugal most of Brazil, and to Spain the rest of the New World, and reserved to Portugal the western coast of Africa and the lands lying to the east.

123. Commercial Policies. — The reign of Emmanuel (1495–1521) was "The Golden Age" of Portuguese history. The nation during this period became the foremost in Europe, with rich possessions in India, Brazil, and northern Africa. In this brilliant period Portugal enjoyed a place comparable to that

of Tyre in ancient times, or Venice in the Middle Ages. The Portuguese enforced a monopoly over the trade of the Indian Ocean; their merchant fleets sailed as did those of Venice at fixed intervals, and with a convoy of war vessels. But the rivalry of the Spaniards and commercial war with the Dutch undermined the Portuguese power. The incapacity of the Portuguese as rulers also weakened them in India, and a lack of commercial enterprise allowed their commerce to slip away.

124. Internal Development. — With the increased wealth of Portugal, agriculture and internal development were neglected. Then came a decadence in the character of the people. The nation was also unfavorably affected by the Inquisition, and was later easily overcome by the Spaniards. The crown claimed a monopoly of all the advantages from the commercial activity, and some of the Portuguese (*e.g.*, Magellan) deserted from the service of their own country, from lack of appreciation. Portugal had a restricted area and limited natural riches. The country was largely dependent on outsiders.

Philip II of Spain claimed Portugal (1580), and sent the Duke of Alva to conquer the country. The Portuguese were not able to defend themselves against the Spanish power, and from 1580 to 1640 the nation was dominated by Spain. These years have been termed "The Sixty Years' Captivity," and the period marks the decadence of Portugal and a loss of prestige both in Europe and in Asia. In 1640 by an almost bloodless revolution, the nation threw off the yoke of Spain, and was established as an independent power, but in the interval Portugal suffered great loss. This period naturally gave other nations an opportunity to make inroads on her trade, and this opportunity was seized by both the Dutch and the English. During the Spanish control, the Portuguese colonies in the East were pretty completely overrun by the Dutch, so that when Portugal again became independent, there remained to her in the Orient only a few small trading stations. Portugal was too weak to make headway against the Dutch in reclaiming her territory. Spanish control also gave England excuse for engaging in free-booting commerce with the coast of Africa

and with the Indies. In 1576 there was an English-Portuguese treaty, by which England was to have the right of trade with Portugal and the Azores, and the Portuguese were to have trading rights with England and Ireland. English merchants, however, were expelled from Lisbon in 1589. Nevertheless, there was considerable trade of a secret nature, participated in by the Portuguese who were in England. In 1605 the Spanish monarch declared that all foreign trade in the Portuguese colonies, except the Madeiras and Azores, was prohibited on the pain of death to those who were taken if thus engaged.

England made a new commercial treaty with Portugal in 1654, which gave the English marked advantage in trade relations with her former rival. England's advance and Portugal's decline date from this time. First there was a close alliance of the two powers, then a conflicting interest, and then the struggle of a declining power against a rising one. In the period following 1660, English factories were established even in Lisbon and Oporto, and English consuls were stationed in these cities. Following 1689, the English entered into trade with the Portuguese possessions as rivals.

125. **Portuguese Colonies and Trade.** — The Madeiras and Canaries were annexed to Portugal during the first half of the fifteenth century. During the first half of the sixteenth century, Portuguese settlements, in the form of trading stations, were established on the eastern coast of Africa, the entrances to the Red Sea and the Persian Gulf, the western coast of India, Ceylon, Java, and the Spice Islands. Although the Portuguese were excluded from China, the profit from trade to that country was so great that they went there in defiance of barriers, and their ships would lie off the coast, and barter with the natives. In 1542 three Portuguese ships sailing from Siam for the China trade were caught in a typhoon, and blown to Japan. They were welcomed and allowed to trade. Thus the way was opened to the richest of all the regions of the East.

A Portuguese ruler was sent to India with the title of Viceroy, and at once the Portuguese began to extend their conquests, and monopolize trade. In 1503 Portuguese ships visited Ant-

werp, and offered Eastern commodities at lower prices than the same goods could be sold for at Bruges, the goods to the latter city having come overland to Venice. This marked not only the rise of Portugal, but the eclipse of Venice, and the supplanting of Bruges by Antwerp as a distributing point for north Europe. Portuguese spice ships also visited London in 1503, and sought English cloth in exchange for Eastern commodities.

Cabral, sailing from Portugal to India in 1500, discovered *Brazil* by chance. The Portuguese monarch Emmanuel had little interest in the discovery, and regarded the region as of slight value. The early Portuguese settlers in Brazil were of a better character than were the early settlers in India; the Jesuits were an important factor in the development of Brazil. For a time the Dutch threatened the Portuguese power in Brazil, but they were compelled to leave the colony in 1654. Later reports of the material riches of Brazil were the more readily believed from the rich discoveries which were made in Mexico, Peru, and other parts of South America. Gold was discovered in Brazil in the late seventeenth century. The crown claimed one fifth of the total registered export of all metals. This yielded a revenue of a million and a half dollars a year. Diamonds were discovered in 1728. For over a century, Brazil was a leading source of the world's supply of gold and diamonds.

Gold was the chief export from Brazil. Foreign trade in gold was prohibited, but such trade was carried on secretly. The chief profit of Brazilian trade, however, went to England. Even vineyards in Oporto were purchased by the English with Brazilian gold, which had passed through Portugal to them. Five hundred million dollars were taken from the mines of Brazil in fifty years, and at the end of that time Portugal had but twenty-five million dollars of the total left.[1]

The Portuguese brought sugar from India and the Barbary States, and introduced its cultivation into the Azores and Brazil. Brazil early came to be an important source of the world's supply of sugar. When Portugal's ascendency in the spice

[1] Mahan, *Influence of Sea Power*, 52.

trade passed, she still enjoyed a leading place in the sugar trade. She also traded extensively in tobacco, the supply being drawn chiefly from Brazil. Interest in Brazil and the Portuguese trade flagged during the eighteenth century, but this interest was revived near the century's close, when trade with the French West India Islands fell off. However, Brazil was lost to Portugal in the great Revolution of the New World colonies in 1822.

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Suggested Questions and Topics

1. Discuss the statement of Professor Coolidge that the growth of the nations Spain and Portugal in the Iberian peninsula is "nothing but a freak of fortune." (*United States as a World Power*, 19.)

2. Was it accidental that a period of discovery and exploration should have followed the introduction of printing? Explain.

3. It is usual to attribute the new age in Europe to a revival of the old learning. Explain what John Fiske means in his statements, "the influ-

ence of maritime discovery was equally important, . . . and "widening of the environment soon set up a general fermentation of ideas." (*A Century of Science*, 124, 125.)

4. On what grounds did Alexander VI divide the world between Portugal and Spain? (Sec. 122.) How did France and England look upon the Bull of Demarcation? Compare the Bull of Adrian IV giving Ireland to Henry II of England.

5. Does the following seem a fair statement of the facts: "Neither religious discord nor European strife produced the depth of antagonism which was excited by colonial rivalry"? (Shillington and Chapman, *Commercial Relations of England and Portugal*, 132.)

6. What does the name which was given to *Brazil* indicate as to an early product of that region?

7. Contrast the rise of Portugal with the decline of the Italian cities (Sec. 78), and give explanations.

CHAPTER XV

SPAIN AND HER COLONIES

126. Spain at the Beginning of the Modern Era. — A great change came in the affairs of modern Spain when in 1479 there was a union of the powers of Castile and Aragon, resulting from an earlier marriage of the reigning sovereigns, Ferdinand and Isabella. With this union there was the beginning of a strong central power, which directed itself first to an attack against the Moors. In a series of successful campaigns the Moors were driven south, and in 1492 their subjugation was complete. By treaty the Moors were permitted to continue in Spain, enjoy freedom of worship, and have their own education, laws, and judges. These terms were not respected, and in 1502 the Spaniards required that the Moors and Jews either accept Christianity and be baptized, or leave the country. More than a million were expelled. The Jews had been highly useful in Spain in carrying on the industrial occupations, but the prejudice against Orientals and Oriental influence was directed against them as well as the Moors.

The marriage of Ferdinand and Isabella marked the beginning of the "Golden Age of Spain." Not only did the political power from this marriage enable the Spaniards to expel the Moors, but the marriage brought to the crown of Spain extensive possessions, such as Austria and the Netherlands, and under the succeeding monarch, Spain became the greatest power in Europe. The rise of Spain in the sixteenth century is one of the marvels of history. The country brought under her control Sicily, Italy, Austria, and the Netherlands. Other countries were menaced. The New World was made to pour its riches

into the treasury of Spain, and the islands of the Far East came under the same power. The magnificence of Spain was evidenced in the building of imposing cities in the New World, and the construction of splendid chapels, model towns, and cathedrals in Spain; also in paintings of high artistic merit, many of which are preserved to the present day.

127. Spanish Productions. — The Moors imagined that the paradise of their prophet lay immediately over the kingdom of Granada, so rich was this kingdom in its gifts to them. There was a Spanish legend to the effect that Santiago once asked a boon of the Virgin, and she granted to Spain all that was requested except good government, and this was denied lest the angels should prefer Spain to paradise. The chief productions of Spain were minerals, grain, wine, and cattle. The country was well located for the trade from the Mediterranean Sea to the Atlantic Ocean. In addition to the precious metals produced in Spain, they were imported extensively, and their export was restricted.

128. Spanish Exploration.

> "Whatever can be known of earth we know,
> Sneered Europe's wise men in their snail-shells curled;
> "No!" said one man in Genoa, and that No
> Out of the dark created this New World."[1]

Spain was stirred with the hope of realizing advantage from western exploration as Portugal had profited from exploration to the south. There was an old and persistent tradition that land lay in the western seas. The idea that the earth is round was suggested by several of the ancients, it was expressed by various writers of the Middle Ages, and was not uncommon in the fifteenth century (Sec. 111). The Portuguese were the natural people to put this idea to the test, but their path of exploration had already been laid out in the south, and when Columbus went to Portugal, he found little interest in his project.

What is termed "a fermentation" was started in western

[1] James Russell Lowell.

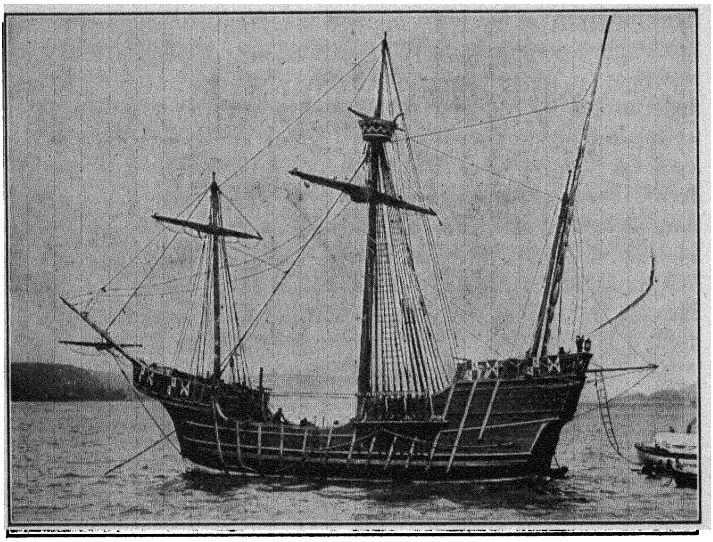
Europe from the discoveries of the Portuguese on the west coast of Africa. This incited Columbus, and probably led to the acceptance of his suggestion by Spain. Columbus was greatly helped, and perhaps his discovery made possible, through his belief in an old error that the earth was smaller than it is, and that Asia extended much further to the east than it really does. Columbus had served as a common sailor first on the Mediterranean, and later on a Portuguese ship from Lisbon, and he had both the experience and the observation of a practical seaman.

Columbus came to Spain in 1486. At the same time he sent his brother to England, to make the offer of his services to Henry VII. His brother, however, fell among pirates, and was delayed. Acceptance of Columbus's project by Spain was deferred because of the war against the Moors and the extravagant demands which he made for recognition. Though he was of humble origin, he insisted that he should have the title of "Admiral and Viceroy," and that his title should be hereditary. He also reserved to himself one tenth of the profit of his expedition.

The Atlantic Ocean is "island poor." The westerly currents and winds off the shores of Europe were unfavorable to a westward voyage. Columbus followed the custom of the navigator of his time, that is of sailing due north or south until he had reached the intersection of the parallel along which he wished to sail, when he turned east or west on this parallel. While the winds were prevailingly from the west in the north temperate zone, in the torrid region the prevailing wind was from the east, and there also was an equatorial current which aided in the western voyage.

The *greatness of Columbus* was in his comprehension of the difficulties of his undertaking, and in his "practical capacity as a sea captain." He would not accept from the Spanish sovereigns an insufficient fitting out. He was great also in that rare quality of genius, "singleness of purpose." While Columbus showed capacity as a navigator, he was sadly wanting in the qualities of a governor, and his office of Viceroy brought him trouble and ultimately sent him home in disgrace.

The *first stage of discovery* was concluded about the year 1500, at which time the New World had been brought to light, and a new route to India had been found. With the discovery of America and the opening of the new route to India, an entirely new conception of the world had been introduced, and the equilibrium of the commercial universe had been changed.



SANTA MARIA, FLAGSHIP OF COLUMBUS

Reproduced for the Columbian Exposition, 1893. Collection of Philadelphia Commercial Museum.

Early in the sixteenth century an Italian navigator, who had served both Spain and Portugal, wrote a description of the lands lying to the west, in which he pointed out that the new discoveries had not revealed India, but an entirely different world, and this account being published in 1503, with the suggestion that the man who had first pointed this out should have his name applied, gave the name to America.

The third great explorer of the early modern period was

Magellan. While in the service of Portugal, Magellan had engaged in some of the expeditions for discovery, and he was fired with zeal to put to test the theory of the age that the world is round, and that the East could be reached by sailing west. The parsimony and lack of interest of the Portuguese monarch turned the attention of Magellan from Portugal to Spain, as the attention of Columbus had similarly been turned. Spain gave the equipment for an expedition, and Magellan started in 1519, coasting first along South America, through the Straits which bear his name, then out on the untried waters of the Pacific. This voyage is believed by many to excel in daring and achievement the voyages of Columbus and da Gama. It is termed "an unparalleled voyage," and Fiske says that nothing could surpass it except a journey to some other planet.[1] The crew of Magellan proved faint-hearted, and would have turned back, but the broad expanse of the deep and the great distance over which they had already come so oppressed them that there was little hope of escape under their own leadership, and they remained faithful to their intrepid commander. Magellan's expedition of five ships discovered Hawaii, the Ladrone, Philippine, and other Pacific islands. The commander was killed at the Philippines, though his flagship continued and in 1522 reached Spain. At the Philippine Islands the Spaniards found visiting traders from China, Japan, and other regions of the Far East.

129. Spain in the New World. — For more than a century the claims of Spain were practically undisputed in the New World. The division made by the Line of Demarcation (p. 185) was recognized, Spain keeping to the west and Portugal to the east of that line. The first Spanish settlement was established in Haiti in 1493. From Haiti the Spanish power extended to Cuba and to Porto Rico. Cuba became a fresh starting point for new expeditions, and the Spaniards moved on to the possession of richer territory on the mainland. The Spanish territory in the New World included islands and the mainland, "The Spanish Main."

[1] *Discovery of America*, II, 210.

Spanish colonization in the New World passed through *three periods* of development. The first was *military*, during which the attempt was to conquer, and if need be, to exterminate the native people. The second was *religious*, of which the agents were the priest and the missionary. The latter sought to convert the natives to the Christian faith, and to alleviate conditions resulting from the cruelties of the conquerors. The third period was one of *occupation* or *exploitation*. Spain sent to the colonies court favorites who sought to rebuild their wasted fortunes. The Spaniards were much more successful as conquerors or missionaries than they were as governors. They had little genius for government, and little capacity to adapt themselves to the conditions in the New World.

Throughout the whole period of their domination of the New World, the Spaniards showed little enterprise in industrial and commercial affairs. Before California was ceded to the United States, it was common for the New Englanders to visit that region, and trade for the hides which the natives offered for sale. These hides were then carried by way of Cape Horn to New England, where they were made into shoes, and the shoes returned by the same route to be traded for other hides.[1]

The *monopolistic* and uncompromising control of Spain over the trade of her colonists probably was more arbitrary and domineering than was that of any other European country. At first the Spaniards not only restricted all trade with outsiders, but limited it to particular Spanish cities. During the earliest period, all colonial trade was to be entered at Seville; after 1529 Cadiz was added as another city to which colonial commodities could be brought. The trade was later extended to Palos, and in 1778 it was opened to any port of the country. Spain in this particular was following the early example of Portugal, which had restricted her Indian trade to Lisbon. Throughout her colonial history Spain enforced to the full the sixteenth century dogma that colonies existed for the sole profit of the mother-country, and that the only warrant for the establishment of new settlements and going to the expense of

[1] Brigham, *Geographic Influences in American History*, 297.

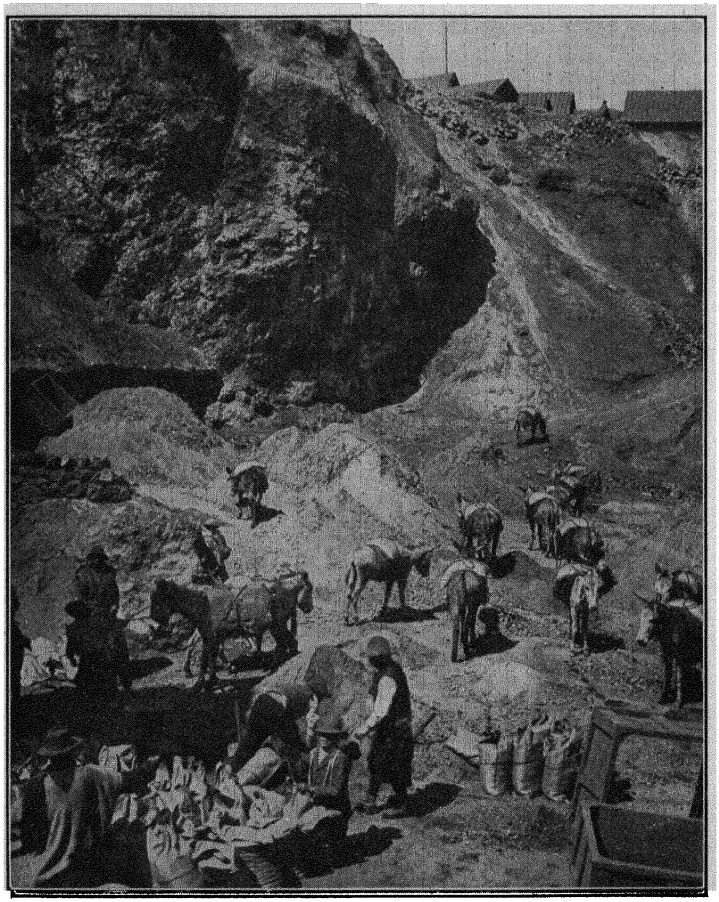
defending them was that their trade might enrich the country which had thus made the investment. Captain Hall, who visited the coasts of Spanish America early in the nineteenth century, made the observation that it was the abiding theory of Spain that the colonies existed for the purpose of collecting the precious metals in the regions occupied, and that if the wild horses or cattle which overran the country could have been trained to perform the business of assembling the metals, the inhabitants might well have been entirely dispensed with, and the colonial system would then have been perfect.[1]

The Spanish colonists, finding that the mother-country could not, or would not, furnish them with a sufficient supply of European products, invited the trade of other nations, and to this invitation foreign traders were prompt to respond, so that with the growth of the Spanish colonies there was organized "the most extraordinary system of smuggling the world ever saw."

The *principal occupations* of New Spain were mining, farming, and grazing. The fabulous accounts of gold and silver in the New World gave mining a disproportionate place in the list of employments. Animals had been introduced by the early settlers, and were turned out upon the plains and so neglected that they ran wild, and as they increased, great droves of wild horses and cattle roamed the plains. The soil was favorable for domestic animals, and as the climate was such that they could live out of doors the whole year, they multiplied rapidly.

Vera Cruz was the center of the Spanish commerce in the west, and to this city came each year a fleet of merchant ships from Cadiz, with a convoy of men-of-war. From Vera Cruz the gold, silver, and other products were carried back to Spain. *Panama* assembled the goods of South America. A fleet came annually to Panama with goods of the Dutch and English, and other supplies which the settlers needed. Spain exported little of her own produce to the New World, her chief articles of export being wine and fruit. Spanish trade with the *Philippine Islands* was strictly regulated, and the ships trading on the

[1] Basil Hall, *Journal*, quoted from Pilling, *Emancipation of South America*, 477.



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PERUVIAN SILVER MINE (CERRO DE PASCO)

Worked by the Spanish and still productive.

Pacific were required to take the Philippine produce only to Acapulco, Mexico.

Europe had lacked supplies of the precious metals. The great quantity of gold and silver secured from the New World stimulated trade, and Spain had a temporary and brilliant prosperity, but Spain was under the necessity of sending out immediately the precious metals which she had received, and the wealth of the New World enriched every nation except the nation which imported it. Spain's great mistake, was that she regarded the rich stores of the New World as inexhaustible.

The evils of the Spanish monopoly and of an *incompetent administration* went hand in hand, the latter being quite as damaging as the former. Inexperienced and incompetent governors were sent out. Men born in the colonies were not eligible to hold office, even if of pure Spanish stock. Spanish colonies were founded more on mining than on agriculture, and this has always meant a brief and insecure prosperity. The Spanish colonies were also at a disadvantage from the lack of suitable labor. Then, too, the church held much land which was not developed.

The *Armada defeat* in 1588 marked the beginning of the decadence of Spain, and the close of the first period in New World history. Spain failed to dominate the sea, and was not able to exercise her monopoly over her colonies; Holland, France, and England promptly profited by Spain's failure. In the contest between England and Spain, the attack on Spain's New World possessions proved the most effective means of weakening her power.

In the early period, the Spanish ships went singly to the West Indies, but with the increase of free-booting, ships sailed and returned in fleets. The English ships and ships of other nations, especially the Dutch, violated the Spanish regulations against trading with her colonists by numerous subterfuges, one of which was claiming that a ship had been driven from her course; English ships claimed the right of landing for supplies of water and other necessities. After landing trade was easy. Spain laid heavy disabilities upon the foreigners

who were caught smuggling, but the profits from such trade were so great that foreigners were willing to take the risk. On the other hand, the goods of foreigners were more desirable and the Spanish colonies purchased them more cheaply than they could the goods brought by the Spanish traders, hence both the foreign traders and the Spanish colonists joined in smuggling. Buccaneers or free-booters ravaged the Spanish coasts, destroying shipping and laying waste the towns. So marked were the results of the buccaneers that many of the Spanish towns on the sea-coast were deserted, and the people moved back some miles to the interior, in order to defend themselves more easily. A fringe of towns thus grew up about the Spanish American coast lying inland some distance.

At the opening of the nineteenth century, Spain was in possession of Mexico, Central America, and practically all of South America except Brazil. These extensive territories were governed by the old system of monopoly, and were kept isolated as far as possible. The Spaniard sought to restrict, limit, and control to his own advantage, and the extent to which exploitation went is evidenced in the prohibition placed upon Mexico that neither the vine nor the olive could be cultivated in that colony, in the hope that Mexico would be forced into the production of silver, and that the necessities of her life would have to come from Spain. Spain failed to realize even in the nineteenth century that a new era had dawned in the treatment of colonial settlements, and not only was she unwilling to heed the lessons of the loss of the English colonies in North America, but she was equally heedless of the lessons which would seem to have been taught by loss of her own colonial possessions.

130. **Decline of Spain.** — The decline of Spain in the last half of the sixteenth century was as precipitate as her rise had been during the first half of the same century. In the first place, the country neglected the means of wealth. Her economic policy was false, and she depended upon money without any regard to the proper source from which the money should be secured. There was introduced by the Spanish monarch a debased currency, and the prevalence of numerous foreign

coins led to confusion and uncertainty in trade. Before the close of the sixteenth century, Spain had lost much of her foreign territory, her mines were exhausted, her colonies had ceased to be profitable, agriculture was neglected at home, her natural riches were disregarded, and commerce was in the hands of her rivals.

In the time of the Arab occupation, the population of Spain was supposed to have been about twelve million. In 1515 it was estimated at about twenty million, but under the disastrous rule of Philip II and his successors, it declined to less than six million in the time of Charles II. The basal cause for this decline was bad economic conditions. The expulsion of the Moors and the Jews had led to the abandonment of irrigation, and a loss of interest in agriculture. With the neglect of agriculture, whole regions were deserted.

Spain was at the height of her power at the accession of Philip II. The country had great natural riches, but she became bankrupt. The treasures of the West were poured into her treasury, but the land became debt-ridden and poverty-stricken. Spain had countless churches, but the country was spiritually ignorant and superstitious. The making of money was dishonorable, for the "taint" of the Moor and the Jew was on this occupation. The common people were lazy, and begged at the gates of the monasteries. Nine tenths of the trade of Spain was in the hands of aliens. Spain neglected her own mines for those of the New World. What Spain herself had been to Tyre and Carthage, Mexico and Peru became to her. Even in her colonial policy she stimulated the production of the precious metals to the neglect of the other natural riches of the colonies. Poverty was deemed no disgrace, but manual labor was. Someone told the Spanish king, "Not gold and silver, but sweat, is the most precious metal, a coin that is always current, and never depreciates." [1]

Mercantilism took deep root in Spain, and the nation sought to restrict the export of money, and so to control her economic policies, that she could secure an abundance of the coveted

[1] Robinson, *Western Europe*, 464.

gold and silver. Another cause of the economic backwardness of Spain was the *absence of good roads*. The roads had been neglected by the Moors who were used to the free life of the desert, and since the Moorish occupation Spain had used chiefly bridle paths and had failed to build wagon roads. What was true of the mother-country came to be true of the Spanish settlements in the New World, and to this day the Spanish-American countries of the western hemisphere are sadly wanting in suitable wagon roads, and depend mainly on porterage and bridle paths as a means of communication.

The decadence of agriculture in Spain was attended with the development of *sheep farming*. A company of wealthy sheep farmers termed the "Mesta" maintained great flocks on the open lands. This practice was so well established that it took the form of a general regulation promulgated in 1511, which recognized the rights of pasturage on open land, and later, in 1633, these rights were approved by a law which forbade the planting of new vines or the plowing of previously uncleared lands. Spain's climate was well suited to the production of a fine grade of wool, and her merino wool has long been famous; not only the wool but the sheep that produce it have been supplied by Spain to the outside world. It is, however, a sad observation on Spanish development that the wool which Spain produced was sent away to be manufactured, and then brought back to supply the needs of the country.

The extravagance of such monarchs as Charles I and Philip II created enormous debts of the Spanish crown, while the legitimate revenues of the crown were not sufficient to meet the national necessities. Philip sought to secure revenue by *excessive taxation*. A tax was levied on all retail sales in Spain, and seriously interfered with the progress of trade. A heavy church tax was also laid upon individuals. The taxes not furnishing all that was needed, the monarchs were driven to the policy of forced loans. They also sold titles and bargained offices, and all these means failing, the rulers resorted to confiscation of property, thus doing away with that fundamental necessity of economic development, property security.

Among those who were especially attacked by the Spanish monarchs were the Protestants, who were brought before the *Inquisition*, and had their property confiscated without restraint. The Spanish Inquisition sought to restrict personal initiative, and this led to what has been termed the "universal stagnation of the country," evidenced alike in agriculture and in trade. The great number of holidays also proved a disability to Spain. These were originally days for worship, but they came to be days of idleness and dissipation, which not only kept men from their regular employment on the days when they actually participated, but unfitted them for resuming their employments on the days following these times of indulgence.

The greatest blow to the Spanish power as already noted was the defeat of the *Armada* by England in 1588. Following this, the English, the Dutch, and the French were able to make rapid headway in the rivalry with the Spanish nation for the possession of the trade of the world. The overreaching commercial policy of Spain was the primal cause of the growth of the illicit trade of the colonies. When the "enlightened despot" Charles III lessened the disabilities on trade, the commerce of the colonies "increased nearly sevenfold from 1778 to 1788." [1]

The *War of the Spanish Succession* (1701–1714) marked a decided decline in the world influence of Spain. Practically every European country was affected by the results of this war. The most crushing blow to Spain was the loss of Gibraltar, which denied her the control over the commerce which passes through the adjacent strait, and divided her power on the Mediterranean from her power on the western seaboard.

The destinies of Spain were further affected by the *Napoleonic Wars*, and for a time the throne of Spain was occupied by a brother of Napoleon. But with the overthrow of the Napoleonic power in Europe, the French were expelled from the country, and the former dynasty was restored. Spain suffered the loss of most of her American colonies, which, during the period of French control, declared their independence. Immediately on the return of the Spaniards to power, both

[1] Robinson and Beard, *Outlines*, II, 255.

industry and commerce were put under heavy disability by new burdens of taxes. The taxes on commerce and industry not being sufficient, there was next an attempt to shift the burden of the tax from the manufacturers and traders to the land-holding classes and the church. The last chapter of Spanish world history was enacted in the later years of the nineteenth century, when, because of the bigotry and tyranny of the Spanish control, Cuba revolted. The United States supported Cuba, and this led to the *Spanish-American War*, resulting in the loss of Spain's remaining New World colonies and the Philippines.

131. **The New World.** — The New World was unfortunate in having but few animals capable of domestication, of serving as burden-bearers, or able to supply milk. The llama, found in limited areas, and dogs held by some tribes of Indians, were almost the only animals capable of serving the purposes of man, and the absence of the ox, horse, ass, hog, sheep, and goat was a heavy handicap to the natives of America. The absence of milk-giving animals necessarily limited the increase of population, for this prolonged materially the period of infancy, and of necessity increased the death rate among the natives. The New World was also very poor in the supply of clothing-producing animals. Far from placing blame on the aborigines for their failure to make progress in the New World, we should give them credit for the progress they did make when we take their limitations[1] into consideration.

For human purposes the western hemisphere was far better equipped with *vegetable products* than with animal life. Among the *indigenous plants* were maize or Indian corn, the potato, cassava which produced tapioca, and tobacco. The potato and maize have been widely distributed over the earth and contribute important elements to the world's food supply. Tobacco was early introduced into Europe and formed a leading staple in New World trade.

The Indians tilled the land in a primitive fashion, burning trees and exhausting the fertility of the soil, after which they

[1] Payne, *History of America*, I, 318.

moved to another region, abandoning their first site, and proceeding to treat the new region in practically the same way. Under this method of tillage, the fertility of a region would be exhausted in from ten to twenty years.

With the knowledge in Europe that a new region had been discovered, there was at first exultation, but when Europe understood that the New World was not Asia, that it did not supply the rich products of the Orient, and that indeed it lay across the path to the Orient, there was regret and disappointment. For centuries the desire was to get around or through the land mass of the western hemisphere. New World discoveries were a gradual process, being made through a long period, and they were the direct outcome of the attempt to go through or around the continents which interfered with the way to the East.

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Suggested Questions and Topics

1. Can you see why from Spain's position she has usually occupied a relatively unimportant place in the affairs of Europe? Why has Spain been less cosmopolitan than other European nations?

2. Explain "The Oriental method of nation-making," *i.e.*, "conquest without incorporation," as illustrated by the Moors in Spain. (Fiske, *Beginnings of New England*, 9–11.)

3. Why was the discovery of America so long delayed? (Johnson, *European History*, 1494–1598, p. 97.)

4. Explain the statements that the rise of Spain was due to "fortuitous circumstances"; and that "Spain like the moon shone with borrowed light."

5. What does Payne mean (*History of America*, I, 13) when he says "Spain and Portugal were thus unwittingly the cat's-paws of England and Holland?"

6. What was the indebtedness of Columbus to Marco Polo? (Beazley, "Atlantic Monthly," October, 1909.)

7. Consider the contention of Biggar (*The New Columbus*, Report, "American Historical Association," 1912) that Columbus was not seeking a new route to the Spice Islands, but new land, and that he found new land because he set out to find it.

8. Payne says, "The naming of America was an illustration of the fact that a new power had come into the world, which henceforth was to be greater than the power of kings and councils." (*History of America*, I, 212.) What was this new power?

9. Explain the figure of Hume when he terms Spain "the Niobe of nations." (*Modern Spain*, "Story of the Nations," 563.)

10. What is the meaning of Miss Semple in the following: "The American isthmus was discovered because an Asiatic one existed; in trying to avoid Suez the early mariners ran afoul of Darien"? (*American History and Its Geographic Conditions.*)

11. Trace the history of inter-oceanic projects and communications in the New World. (Chapter II, *Report of Isthmian Canal Commission*, 1899–1901.)

12. Franklin wrote, "The Indies have not made Spain rich, because her Outgoes are greater than her Incomes." (Smyth, Edition, III, 413.) Explain this from the preceding chapter. What application did Franklin make?

CHAPTER XVI

TUDOR ENGLAND. (1485–1603)

132. The New World. — England during the Middle Ages was of limited extent, and sparsely populated. The country was estimated to have a population of about two and a half millions in 1485; London had at that time a population of approximately one hundred and thirty thousand, while Paris had four hundred thousand. Down to 1500, England as a country was "poor and weak," "backward and isolated." England's trade to this time had been in the export of raw materials, and a few manufactures. Holland, France, Spain, Italy, and Germany drew from England their wool supply and coarse forms of cloth.

The most important commercial activity at this time was the trade of the Merchant Adventurers to the Baltic, and of the Bristol fishermen to Newfoundland. In 1485 England had no navy except the merchant ships, which in times of danger were armed for defense of the realm. Early in the new period there was the discovery of the Cape Route, and the turning of the world's commerce to the broader ocean. In this new commerce England participated. Under the Tudors the central government was strengthened, and the power of the sovereigns won respect both at home and abroad. A period of quiet followed the disastrous War of the Roses.[1] Henry VII and the monarchs who succeeded him gave a stability to industry which it had not enjoyed before that time.[2]

[1] The wars of the Middle Ages had been largely "personal," *i.e.*, vassals and lords fought against one another or against the king. With the strengthening of the central government, the destructive effects of the earlier forms of war ceased.

[2] The new prosperity of England depended most largely on industry and commerce. Says Cunningham: "We are apparently a nation of shopkeepers, con-

133. **Henry VII.** The reign of Henry VII was a time of transitions and beginnings in English history. Particularly was it a time of economic beginnings. Henry favored the new commercial class, and repressed the old nobility. The interests of a strong central government went hand in hand with those of industry and commerce. Henry was active in promoting the commerce of his nation by means of treaties and favorable foreign arrangements. In 1485 an English consul was appointed at Pisa, and an important treaty with Florence was made in 1490. In 1496 was made the famous treaty with Holland, known as the "Magnus Intercursus." The harboring of a pretender to the English throne in the Low Countries had led to a cessation of trade relations with those regions in 1494. Both England and the Low Countries suffered, the English that a market formerly existing in the Netherlands had been denied them, and the inhabitants of the Low Countries from their failure to secure English wool, and the loss of the fishing privilege in English waters. The new treaty did little more than establish the old relations, and guarantee the conditions which had existed before 1494.

Henry VII by fostering trade was able to add to the revenue and build up the industries of the country. Another important service of Henry was in taking away the monopoly privilege which had formerly been enjoyed by the foreign merchants. The greatest success of Henry VII came from the maintenance of order. Economic prosperity followed naturally. Throughout his reign this first Tudor manifested thrift, and a love of gain so marked that it is usually termed avarice. He accumulated a fortune of nearly two million pounds. The trade policies of Henry VII were set forth in an address of Lord Chancellor

tinually pushing our commerce; but we are preëminently a nation of artisans, busily engaged in producing all sorts of goods. England's place as a leader in the history of the world is chiefly due to her supremacy in Industry and Commerce. The arts, which the citizens of Greece and Rome despised, have become the foundations of her pride; and the influence which she exercises on the world at large is most clearly seen in the efforts, which other nations make, to follow the steps by which she has attained this supremacy." (*Growth of English Industry and Commerce*, II, 1.)

Morton to the British Parliament, in which Parliament was urged to take into consideration the trade and manufactures of the kingdom, and to prevent the employment of money in usury and unlawful exchanges, so that it could be directed to its natural use. He also expressed the hope that the people would be set at work on arts and handicrafts, and that the realm might supply more of the necessities for its own existence; that idleness might be avoided, and the sending out of treasures for foreign manufactures be brought to an end. The Lord Chancellor also urged that whatever merchandise should be brought from beyond the seas should be employed upon the commodities of the land.

134. The Cabots. — England's voyagers naturally turned to the colder waters of the north Atlantic. These waters were plentifully supplied with fish, and fishing became an important employment of the Bristol seamen, who were favorably situated for this trade. The activity of the city was long continued, and especially was it a factor in the fisheries and the slave trade. Bristol profited more than any other English city from the early interest in western voyages of discovery. In 1494 Bristol merchants coöperated in the preparation of a fleet, to sail for purposes of discovery. This fleet was to be in the command of a Venetian, John Cabot.[1] In 1496 Henry VII advanced twenty pounds to a London merchant, to fit out a ship "going towards the new Ilande." Preparations and voyage alike were shrouded in mystery. It is probable that John Cabot sailed from Bristol in 1496; that he wintered in Iceland; that he sailed in the spring of 1497 for Labrador, and coasted as far south as Cape Cod. There was a significant entry in the private expense account of Henry VII under date of August 10, 1498, "Ten pounds paid to hym that found the new isle." Though little attention was paid to the voyage of the Cabots at the time, and a slight reward was given for the service rendered, it proved nevertheless to be of far-reaching consequence to England, as it became the basis for her claims in the New World.

[1] Corry and Evans, *History of Bristol*, II, 224.

135. Economic Changes. — England's economic progress was slow during the earlier years of the Tudor period. The population was limited, and it was mainly rural; one in twelve lived in cities of any size. The two largest cities of the realm were London and Bristol, and aside from these there was probably no town with ten thousand inhabitants. Agriculture was almost static.

During the Tudor period, there was an extension of *sheep farming* at the expense of tillage, which meant the employment of fewer people on the land; there was necessity of the change from agricultural to manufacturing occupations, or the people must leave the land to wander about as beggars. Great tracts were given over to pasturage, and flocks of sheep numbering thousands became common. To make these enclosures it was necessary to "evict" tenants living on small estates and pasturing their stock on the commons, and this was attended with great hardship to the common people.

Industry was stimulated in England by the introduction of the French Huguenots and workmen from the Low Countries. In the later years of the Tudors, important changes were introduced by the use of machinery for manufacture, and industry was given a new development. The *gilds* lost their control through the growth of industry. They were succeeded by the government in the control of industrial and economic operations. They were also denied the religious duties which they had formerly exercised, and became "inconspicuous and insignificant." [1]

The loss of gild control was seen both in relations to the workmen and to the town. Following the gild system a new organization of industry appeared, evidenced first in the manufacture of wool, known as the *domestic system.* Under this the combing, spinning, and weaving were given out, to be performed in separate homes. The workmen usually did not live in large towns, but instead in small villages and rural communities, and from time to time the work was carried out to their homes and then collected as the material was made

[1] Cheyney, *Industrial and Social History of England,* 160.

ready. The laborers were largely at the mercy of the middlemen, who either supplied the raw material, or collected the manufactured product, or both.

The Statute of Laborers was repeatedly reënacted down to Elizabeth's *Statute of Apprentices*, in 1563, which in effect codified the acts that had preceded it. The act of 1563 made labor compulsory, regulated its conditions and hours, and required justices to meet annually and fix the wages for each industry practiced in their locality. This continued as a labor law in England from the date of its enactment to 1814.

The great *religious changes* which spread over Europe in the sixteenth century reached England, and profoundly affected her economic life. Wars and persecutions on the continent created a class seeking to escape from the discomfort and danger of conditions in their home countries. This class came in considerable numbers, bringing to England their skill in industry and their economic interests. More than that, the Reformation reached England, and led to great changes. Outside of the religious interest, the Reformation in England was economic and political. The church took money out of the realm and in certain matters its power was in conflict with that of the sovereign. The so-called small monasteries were "rich and weak," and offered booty to Henry VIII, who broke with Rome. Parliament in 1536 voted to dissolve all monasteries with an income of less than two hundred pounds per year, and to give their estates to the King. The dissolution of the small monasteries was so profitable that in the year 1539 the large monasteries were added to the list, and dispossessed of their properties. The money received was spent chiefly on the fisheries, the navy and coast defenses and for the king's personal uses.

Early *roads* in England were little more than bridle-paths, and during heavy rains which extended over considerable seasons they were almost impassable. Various devices were tried for the improvement of roads, such as leaving them to the owners of the manors, or to the monasteries. A law of Henry VIII required each county to repair the bridges within its limits. Little was accomplished for the improvement of

the roads until the year 1555, when a statute provided that each parish should choose two surveyors of the highway, and that the highways should be improved by compulsory labor if necessary. Wagons for the transportation of goods were not used in England until after Elizabeth's time. Transfer of merchandise on land was with pack horses. As large a use as possible was made of river comunication, and the tidal rivers were especially valuable as harbors and means of communication.

136. English Seamen. —

> "Keep then the sea, which is the wall of England,
> And then is England kept in God's hand;
> So that, for anything that is without,
> England were at peace withouten doubt."

Sir Walter Raleigh gave the rule that whoever commands the sea commands the trade of the world, and whoever commands the trade of the world commands the riches of the world, and consequently the world itself. Shipbuilding was extensively carried on in the days of Elizabeth, and after this time there was little need for foreign ships to carry English trade. During the Tudor period there was adopted in England a type of trim, easily navigated, fast sailing vessel after the Venetian model. The English ships were relatively small, low in the water, with narrow beam, carrying three or four masts, and of about two hundred tons burden. The Spanish ships of the same period were larger, with wider beam, and much more difficult of navigation. At the time of the Armada fight, the great advantage of England was in her smaller and more easily managed ships, and it was to her navigation quite as much as to her arms that England was indebted for the great victory won in 1588.[1]

Piracy was common in the time of Elizabeth, and strong efforts were put forth to suppress it. The Cinque Ports and other seaport towns were authorized to send out expeditions to capture the pirates, and provision was made for bringing prizes into port, and disposing of them.

[1] Corbett, *Drake and the Tudor Navy*, II, 259, 305.

Privateering was one method of getting redress for national wrong, and this was countenanced as a form of justice on the sea, long after robbery had been discontinued on land. The sea was regarded as free domain, and persons venturing there were held to do so at their own risk. There was no clearly recognized law to which one could appeal and have his rights adjusted for loss at sea, and navigators sought letters of *marque* and *reprisal* from their governments, and went out to ravage on their own account.[1] The English took this method of settling their real or pretended grievances against the Spaniards. English privateers adopted as their motto, "No prey, no pay," and plundered as opportunity offered.

Many English seamen during the Tudor period came to be known as *buccaneers*, and those of Elizabeth's reign were "the sea dogs of history." The *motives* which actuated the English buccaneers were adventure, gain, and revenge against the Catholics. The belief of devout churchmen in England was that they had an unquestioned right to plunder the Spaniards on the high sea. Thus, "the English sea power was the legitimate child of the Reformation."[2]

The English Channel was a favorite place for the operation of the buccaneer, as the Spanish ships passed through the Channel in communication with the Spanish possessions in the Low Countries. The English, however, were not content to plunder the Spaniards who sailed past their coasts, but stationed themselves near the Canaries and Cape Verde Islands, and made attacks on Spanish ships as they returned from the New World. They went even further and attacked the Spanish settlements, seizing ships in harbor, and raiding towns on the coast.

Hawkins and Drake were among the great names of the English privateersmen. The first established the slave trade, and engaged in freebooting and trading with the Spanish settlements in the West Indies. Drake was a cousin of Hawkins, and accompanied him on some of his voyages. Later he organized an expedition on his own account, and became a typical priva-

[1] Story, *British Empire*, "Story of the Nations," I, 38, 39.
[2] Froude, *English Seamen of the Sixteenth Century*, 3, 4.

teersman. He sailed to the New World, and accomplished as his supreme achievement the circumnavigation of the world.

The great voyage of Drake fired the zeal of Englishmen, and proved that navigation about Africa was not attended by as great difficulties as the Portuguese had led the world to believe. Englishmen were incited to enter into competition for the trade to the East. Sir Thomas Cavendish was the second Englishman to circumnavigate the earth. His return in the year of the Armada defeat gave England a new impetus for entering upon trade with the Orient, and the victory over the Spanish fleet opened the way by which that trade could be prosecuted with less danger.

An early act of Henry VIII's reign provided for the establishment of a *navy* office, which later became the Admiralty, the duty of which was to supervise the nation's defense on the seas. The ship *Great Harry* was begun by Henry VII, though it was not finished until 1511. A second ship was added the next year, and other ships were put into the navy from time to time, until at the close of Henry VIII's reign, the shipping for the defense of the realm amounted to 12,500 tons. It should be noted, however, that of the hundred or more ships which engaged in the Armada fight, one quarter or fewer were of the Royal navy, and the others were ships which had been drafted into service or had volunteered.

137. **Companies.** — New companies took the place of the old gilds, and though these were formed on the models of the earlier gild organizations, there was this difference, that the gilds had been authorized by the towns in which they operated, whereas the companies were created by and were under the regulation of the crown. *Five reasons* are given for the monopolies which were thus formed: first, to get revenue; second, as a reward to court favorites, and those to whom it was desired to render service; third, to control the materials for war, such as gunpowder, saltpeter, and ordnance; fourth, as a reward to inventors, and as an encouragement to new industries; and fifth, to control trades which were regarded as dangerous to health and morals.

Companies in England were of two sorts, known as *joint stock* and *regulated*. As the names indicated, the joint stock companies were those the shares of which were held by different investors, who participated proportionately in profit and loss; regulated companies were those under the direct control of the government, with their trade activities defined, and open to any merchant who conformed to the regulations.

"Merchant Adventurers" was a term given in general to early traders. This term appears to have been used in three ways; first, it was applied to merchants who shipped goods abroad to new fields at a risk, and were in truth adventurers; second, to the group of merchants in a given town who traded together for mutual protection; and third, to a larger association of merchants who were organized and incorporated for export trade. Earlier grants and privileges were given to these merchants, but in 1505 they were incorporated by royal charter, with a governor and twenty-four assistants with powers to make regulations, and to punish offenders if the regulations were not complied with. Another charter was secured in the year 1564. The Merchant Adventurers organization was typical of the English trading company. This organization of merchants existed in England in some form from the Middle Ages to the nineteenth century, but the time of its greatest activity was from 1485 to 1689. Its decline after 1689 was due to the withdrawal of certain privileges by William and Mary. The Merchant Adventurers engaged in foreign trade only, so their chief centers were in foreign parts. The organization was known as a "fellowship of merchants," and membership was based upon an eight-year term as apprentice. The merchants each had his own capital, and traded at his own risk, providing he was a member of the company and conformed to its rules. The Merchant Adventurers were thus not a joint stock company, but a regulated company.[1]

The principal trading companies, the regions of the world to which they traded, and the commodities in which they dealt are indicated by the summarized table on the next page.

[1] Lingelbach, *Merchant Adventurers*, xv–xxxix; Story, *British Empire*, I, 10.

ENGLISH TRADING COMPANIES[1]

COMPANY	DATE CHARTERED	TRADED WITH	COMMODITIES EXPORTED	COMMODITIES IMPORTED
Merchant Adventurers	1505	Low Countries and Germany.	Wool and woolen cloth.	Tapestries, cambrics, linens, wine, soap, hops, manufactures.
Muscovy	1553	Russia.		
Eastland	1568	Norway, Sweden, Poland, and Prussia.	Cloth, tin, lead, and spices and Eastern wares reexported.	Copper, iron, timber, furs, flax, hemp, hides, tallow, fish, wax, honey, pitch.
Levant	1581	Turkey, Syria, and Asia Minor.	Woolen cloth, tin, lead, and iron.	Cotton, mohair, drugs, currants, coffee.
Guinea	1588	Senegal, Gambia, and adjacent African Coasts.		Pepper, ivory, and palm oil.
East India	1600	India, Arabia, Persia.	Woolen cloth, metals, and coarser manufactures.	Spices, cotton, perfumes, precious stones, indigo, silk, and rare woods.

It will be seen from this table that practically all of the important trade of the world came under the supervision of some of these trading companies, the chief exceptions being the trade to France, Italy, and Spain. It is true that interlopers and smugglers were constantly encroaching on the monopolies which the companies enjoyed, but during the sixteenth and seventeenth centuries the company was the principal agency for promoting commerce. English settlements in the New World were an important achievement of such organized companies.

The last day of the sixteenth century saw the incorporation of the English *East India Company*; a Dutch India Company was established two years later, and for two hundred years the history of southeast Asia was largely a story of the activities

[1] Based on Gibbins, *History of Commerce in Europe*, 138, 139.

of these two companies; the result was that England came into the possession of India, and the Dutch of the Spice Islands.

The first expedition under the English East India Company yielded a profit of one hundred per cent. The same gain is reported for the second expedition, while the third voyage yielded a gain of two hundred thirty-six per cent. Naturally the Dutch opposed the English Company and the English were forced away from the Spice Islands. Gradually the English gained ground on the mainland of India, where the Portuguese were less formidable. They took advantage of the wars among the natives and established themselves firmly on the peninsula.

The Portuguese exercised a government monopoly over the trade in the East, whereas both the English and the Dutch established their monopolies through chartered companies. The desire of the English was to reach India, and to break, if possible, the monopolies of the Portuguese and the Dutch in the Far East.

138. New World Interests. — England lost quite eighty years in beginning explorations in the New World, due in the first instance to the frugality of Henry VII, and later to the pronounced continental interests of Henry VIII, and the complications that followed.[1] Devonshire fishermen and men of their class began first to take an active part in the New World explorations. The first great name in the annals of English settlement is *Sir Humphrey Gilbert* of Devonshire. He held that a northwest passage could be found, and that it would prove of great advantage to England. This he put to the test, and later created a joint stock company, and undertook a settlement in Newfoundland. He left the settlement expecting to return, but was lost on the passage home.

Sir Walter Raleigh, a half brother of Gilbert, took up the work which Gilbert had inaugurated, and sent out an expedition in 1585. Realizing the mistake of Gilbert in settling too

[1] "This remarkable neglect of navigating the coast, and of attempting colonization, is in some measure accounted for by the frugal maxims of Henry VII, and the unpropitious circumstances of the reign of Henry VIII, of Edward VI, and of . . . . . Mary; reigns peculiarly adverse to the extension of industry, trade and navigation." Holmes, *American Annals*, I, 18.

far north, he turned his attention to the south, and a colony was left in North Carolina on Roanoke Island, but all trace of it was lost. The real beginnings of English *colonization* in the New World are due to the genius of Sir Walter Raleigh. In a letter to Cecil he said of America, "I shall yet live to see it an English nation." Before his time the desire had been to go to the New World, exploit its riches, and bring them back to the mother-country, but with Raleigh there was a well conceived attempt to found a new England beyond the seas. That Raleigh's work did not succeed was due to matters over which he had no control.

139. **Conclusion.** — The reign of the Tudors was a time of preparation. In the period as a whole peace, order, and prosperity were maintained at home, and the foundation was laid for the manufactures and commercial life which were to develop in the years to follow. The Tudors were astute in negotiating for commercial advantages abroad, and were the first monarchs of England to show a conspicuous and continuous governmental policy for commercial development. England lost Calais in the reign of Mary. This had been held for 211 years, and over its loss Mary grieved greatly, but probably the loss was a gain to England as it relieved her from the necessity of defending that post on the continent, and threw her back upon herself as an island kingdom, with the sea as a "wall of defense."

England's industrial and commercial development was checkered and uncertain down to the accession of Elizabeth. There was the self-destruction of the earlier period, and the uncertainty and waverings in the beginnings of modern times, but with Elizabeth came an unprecedented activity in industrial and commercial affairs. The England of Elizabeth was at peace with the world, and thrived at a time when war was destructive on the continent. London became a great city, with three hundred thousand people. It was a time of trading companies. Up to this period the nation was exclusive, but with the coming to the fore of industrial and commercial interests, there were new economic and political relationships.

Books for Consultation

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Suggested Questions and Topics

1. Are the statements warranted that a "fountain of youth" had been discovered on the western hemisphere, and that Europe had lost her equilibrium as a result of geographical discoveries?

2. Name several Italian navigators who sailed for Portugal, Spain, or England. Why should the Italians have engaged so largely in the seafaring activities of western Europe?

3. Trace the effects of the extension of sheep farming in England and compare the results here with the results in Spain (Sec. 130).

4. Show the effects of the introduction of the domestic system of manufacture upon labor. Contrast this system with the "sweat shop" labor of recent times.

5. Why did the gilds decline with the growing power of the central government?

6. Explain the origin of the word *buccaneer*. (Burney, *Buccaneers of America*, 48, 49.)

7. Explain the function and privileges of a *badger* as the term was applied to a small trader in grain and victuals. (Palgrave, *Dictionary of Political Economy*.)

8. Why were companies especially necessary for the trade of the sixteenth and seventeenth centuries?

9. Summarize the trade relations between England and the Low Countries in Tudor times, and show the effects of the *Intercursus Magnus*.

10. What was the effect of the loss of Calais on the English staple? What effect upon England's relations to the other powers of Europe?

11. Show how industry in England was affected by religious changes and differences on the continent.

CHAPTER XVII

DUTCH COMMERCE AND COLONIES

140. The Position of Holland. — The Netherlands were in an economic position of great strength. The natural conditions of soil were favorable to agriculture and the country's intensive farming became the best developed in Europe. Particularly were the Dutch famous for their cattle. But industry outran even agriculture in importance. The soil of the Low Countries was well suited for the making of brick and pottery, and Dutch pottery, brick, and tile have long been noted (*e.g.*, "Delft Ware"). The Dutch made use of both wind and water for power.

The geographical position of Holland was favorable. She was at the natural entrance to the North, and was a place of meeting for the North and the South. She was also at or near the mouths of important rivers of western Europe, for example, the Rhine, the Maas, and the Scheldt, which opened up an extensive hinterland. The country was generally level with navigable rivers, which with the canals invited the people to shipping. The coasts afforded good harbors, and the Dutch early took to the sea, and became a fishing folk. The Dutch were aggressive in their trade policies, and extended their operations widely. They engaged in the carrying trade of Spain and Portugal, the Portuguese encouraging the Dutch through granting protection and trading privileges in Lisbon. But insecurity and seizure of the Dutch ships followed the extension of Spanish power to Portugal in 1580.

141. Rise of Holland. — Spain's rule in the Netherlands was characterized by exploitation of the colony and incompetency of administration which resulted in revolt. The southern Nether-

lands were Catholic, but became involved in the general war which went on with interruptions from 1568 to 1648. The Spanish war for the subjugation of the Netherlands was destructive to an extreme. Property was confiscated and the inhabitants scattered abroad. This war resulted in a considerable migration from the Netherlands to England.

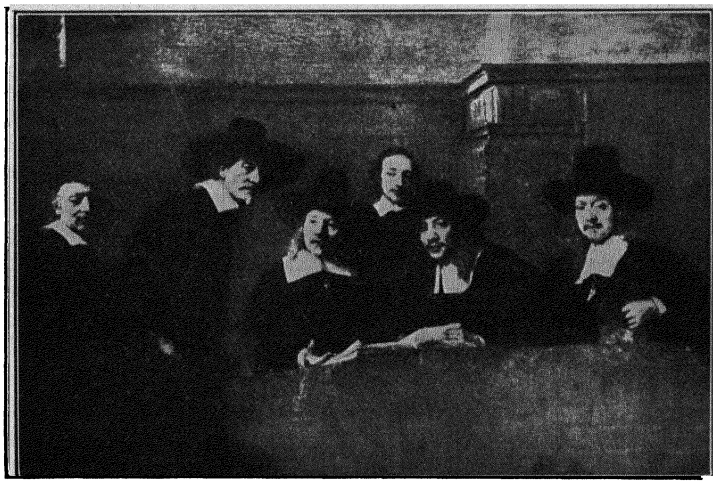
In the *Pacification of Ghent* (1576) an effort was made to unite all the provinces without regard to religion, but the southern provinces were brought under the control of Spain; three years later the seven northern provinces joined in the Union of Utrecht. Complete independence from Spain was declared by this Union and the hereditary title settled on William the Silent. Holland later grew from this Union and Belgium from the southern provinces.

Following the discovery of the Cape Route to India, *Antwerp* rose rapidly as a commercial city. The Italian factors transferred themselves there from Bruges, and other nations also sent their representatives to Antwerp, so that she became the chief commercial city in north Europe. Particularly did the people of Antwerp grow rich from the Portuguese trade in spices. But the destructive war of the Spanish put Antwerp at a great disadvantage. In 1585 the city was sacked as had been many other towns in the Netherlands, and the commercial prosperity of Antwerp passed for a time to London and Amsterdam. But Antwerp's location was favorable for commercial greatness. A tide-water river gave easy access to the sea and ample docks. A rich hinterland afforded markets and supplied wares for trade.

The northern provinces increased in wealth and population, and during the war with Spain many inhabitants of the southern provinces migrated to them. When the war was brought to an end, the foundations for the future greatness of Holland were well laid. The religious differences among the states of west Europe were first compromised, and the rights of the different faiths recognized in the famous Treaty of Westphalia (1648). By this treaty, Holland became an independent power and the way was opened for a new greatness of the Dutch people.

142. Rise of Dutch Trade. — Shipbuilding early became an

important industry in Holland. The Dutch were bold in war, and so aggressive in pushing their trade that they were called "the beggars of the sea." The Dutch also thrived from the fisheries, and great quantities of herring were taken from the North Sea. A new method of curing herring had been discovered in Amsterdam, and from this industry the fishing activity was developed to such an extraordinary degree, that it was said Amsterdam was "built on herring bones." Later the



SYNDICS OF THE CLOTH HALL

Painting by Rembrandt in the National Museum, Amsterdam.

Dutch were not content with fishing for herring, but pushed out to the Atlantic for cod, and even to the Polar Seas for whale.

In the first half of the seventeenth century the Dutch were in a position of trade ascendency, and had a virtual monopoly of the carrying trade of Europe. They were the masters of the fisheries, and gained control of the spice trade. This latter trade long continued under their domination. Dutch ships visited the White Sea in 1577 and later established a post at Archangel. After the Armada defeat the Dutch became bolder

and in 1590 traded to Venice. Before the close of the sixteenth century Dutch traders had also reached to Constantinople and Alexandria, as well as to the west coast of Africa and the Cape Verde Islands. So successful were the Dutch in trade during the sixteenth century that a common phrase of the time was accepted as the ambition of the English navigators and traders, namely, "to beat the Dutch." The Dutch showed great insight in the selection of their trading posts, for example, Fort Amsterdam at the mouth of the Hudson, and the settlement on the Delaware River.

The Dutch were noted also for their financial organization. The *Bank of Amsterdam* was one of the earliest and the most famous in Europe. Amsterdam's extensive trade brought quantities of gold and silver, and these as well as the worn coins made uncertain the value of the currency of the city. The Bank of Amsterdam was established in 1609 to serve as a means of regulating the currency. This bank rendered a great service to the commerce of Holland, and continued for centuries an important institution in the history of that country.[1] Amsterdam was long the chief spice and sugar market of Europe. The city had extensive sugar refineries and large textile manufactures, especially of linens and velvets. A great industry in the preparation of precious stones also centered there.

143. Dutch East India Company. — The weakness of the Portuguese monopoly in the East and the aggressiveness of the Dutch merchants tended to an early development of Dutch commercial interests in the Orient. Spain's domination of Portugal (Sec. 124) led naturally to the Dutch going to India. The first Dutch expedition was fitted out in the year 1595, and sailed with four ships to Goa. Soon the Dutch established themselves on the islands of Java and Sumatra, both of which were rich. The Dutch expedition of 1595 was formed by a union of nine merchants as an association termed, "Company for Foreign Parts." The ships were in the command of a captain who had formerly been in the Portuguese service. This expedition returned in 1597, richly laden with the profits of the voyage;

[1] Smith, *Wealth of Nations*, Bk. IV, Ch. 3, "Digression on Banks of Deposit."

another company was promptly formed at Amsterdam, and two more in Zeeland. In 1598 twenty-two ships sailed to the East Indies, and in a space of fifteen months, four of these ships returned with rich cargoes. It was a time of great rejoicing in Holland. Before the close of 1601, sixty-five ships had sailed to the East Indies, mostly by the Cape of Good Hope, but some by the Straits of Magellan, and many returned with great riches.[1]

With the aid of the natives the Dutch captured the Moluccas in 1609 from the Spaniards and the Portuguese. Batavia, on the island of Java, called "the Oriental Amsterdam," became the Dutch trading center of the East. Two Dutch ships were sent to Japan in the year 1699, and an agreement was made by which the Dutch were to send to that kingdom one ship a year. This ship was sent regularly, carrying a precious cargo of the wares of Europe, and bringing in return the costly productions of Japan, to the great profit of the Dutch.

Cape Colony was established by the Dutch in the seventeenth century, and became an important agricultural settlement and port for the refitting of ships on the long voyage to India. The Dutch held this colony as a link in their colonial empire until 1815, when it was ceded to England.

Trade to the Orient required too much capital and the outcome of the ventures was too uncertain for any one trader to embark in it. As in Venice, there was the formation of great companies, which multiplied rapidly about the close of the sixteenth century. Competition among these companies was keen, and their desire for gains was injurious to the Dutch, both in the East and in Europe. These rival companies were held to be a means of weakening the country in her struggle against her ancient enemy, Spain. Self-interest and national welfare were appealed to, and the compelling power of the government used to bring the representatives of the companies together. The attempt for joint action led as a final consummation to the establishment of the East India Company in the year 1602. At first the Company had a charter for twenty-one years, and this was renewed. "For many decades the history of the commerce

[1] Keller, *Colonization*, 387, 388.

and colonization of the Dutch is the history of this chartered corporation, and of its offshoot, the West India Company." [1]

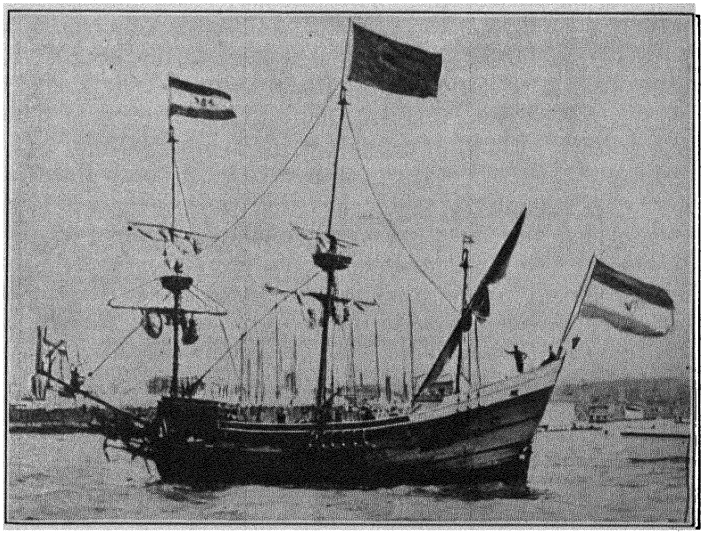
For nearly two hundred years, the Dutch *East India Company* was one of the principal experiments in the management of trade through corporate action. In a few years this Company became so strong that it could defy the power of the very government that had called it into existence. Dutch competitors were forbidden to sail east of the Cape of Good Hope, or through the Straits of Magellan. The Company was given sovereignty in the East, that is, the power to make treaties, exercise military power, and establish a judiciary. The Company was a joint stock enterprise, in which numerous trade organizations were represented. Each local body was termed a chamber. The policy of the organization was settled by a central directorate consisting of seventeen directors called "The Seventeen." Of these, Amsterdam appointed eight, Zeeland four, and the others were representative of various other localities. This directorate sought to make profits for shareholders, and to serve the state of Holland. The last dividend of the Dutch East India Company was paid in 1782. The Company paid an average dividend of eighteen per cent throughout its history.[2]

The Dutch established a trading post at Mocha on the Straits of Bab-el-Mandeb. They also traded to Ceylon and the coasts of India. Coffee was imported from Arabia, but it was scarce and about the year 1700 its production was introduced into Java. Pepper, nutmegs, mace, cloves, and other spices were secured from the Moluccas. Drugs and rare woods, gold, silks, saltpeter, pearls, and cinammon came from the island of Ceylon and from India. Dutch trade with the Indies was in the ascendency until about 1780, when a commercial war with England broke the naval power of Holland and led to the decay of the company system. The Dutch, however, retained Java and the Spice Islands, and made them an abiding source of trade advantage.

144. Dutch in the New World. — The Dutch East India Company was little interested in trade to America. The other

[1] Keller, *Colonization*, 391. [2] *Ibid.*, 398–409.

fields of her activity were so extensive and rich that she had small inducement to come to the New World. The Dutch had early explored in North America, even before the days of Henry Hudson. Hudson sailed for the East India Company in 1609 in search of a route to India by a northeast passage. Inability to make progress in that direction led him to turn to the



HALF-MOON OF HENRY HUDSON

Built for Hudson-Fulton Celebration. Collection of Philadelphia Commercial Museum.

west, and not wishing to go back without making every effort to get to India, he sailed to North America, and sought to find a passage through the continent. His small ship, "The Half Moon," was of but ninety tons burden, and carried a crew of not more than eighteen sailors. He sailed down the Atlantic coast, put in at the Delaware and Hudson rivers, going up the latter as far as Albany. On his return the English apprehended him and compelled him to go out in the service of the Muscovy Company.

The chief commercial activity of Holland in the New World was due to the West India Company which was formed from the union of numerous smaller interests. There were various suggestions for the formation of such a company in the earlier years of the seventeenth century, and in 1621 the Dutch Company for Trade to the West was started, directly under the control of the government. The Company had a directorate of nineteen, chosen from the various chambers or associations of merchants, according to their contribution to the joint stock. Eight of these were from Amsterdam, and four from Zeeland. The Dutch West India Company had a monopoly of trade to the west coast of Africa, to the east coast of America from Newfoundland to Cape Horn, to the west coast of South America, and to the Atlantic islands. The Company was put to large expense, and the trade was not profitable enough to pay dividends. The chief profit of the trade of the Dutch West India Company was in furs, but the profit of the Dutch fur trade was not comparable to the profit of the spice trade.

When the Dutch found that the colony on the Hudson was not successful they organized *patroonships* as a means of stimulating settlement. This arrangement was effected in 1629, and provided that any shareholder of the West India Company, who within four years after a declaration of such purpose should establish a settlement of at least fifty persons, should receive land extending sixteen miles on one side of the river or eight miles on both sides. This land was to be purchased from the natives, and governed by the patroons under the authority of the Company.

Settlers who came to America independently were to have all the land that they could cultivate, and were to be free from taxes for a period of ten years. Neither free settlers nor patroons could engage in fur trade, except in places where the Company had no trading station; all pelts were to be brought to Fort Amsterdam, and were to pay a tax of a gulden each before they could be exported. All goods to be exported were to be taken to Fort Amsterdam and loaded on the Company's ships. The Dutch West India Company exercised a very strict trade

monopoly. The patroons might trade along the coast from Newfoundland to Florida, but must put in at Fort Amsterdam and pay a duty of five per cent. All imports were reserved to the Company.

The Dutch in the New World carried on an extensive illicit commerce with the Portuguese, French, and English colonies. Trade to the Dutch settlements of the region was not very profitable, and the Dutch traders sought a larger return from a smuggling trade with the more prosperous colonies of their rivals which lay to the south. It was this trade and the aggression of the Dutch in encroaching on the trade of the English colonies that called forth the Navigation Acts in 1651 and 1660 (Sec. 163).

Weaving and other industrial occupations that would compete with home manufactures were forbidden under heavy penalty. Trade of the colonists with the natives was hedged about and restricted in various ways. The rule of the Company was increasingly arbitrary; duties on trade were made more burdensome and penalties for violation more drastic. The colonists evaded the regulations in trade with the Indians and other colonies. Peter Stuyvesant came out as Director-General, and enforced the regulations with vigor. The people, with limited political privileges, were dissatisfied, and talked of the greater liberties enjoyed by their neighbors, the English. The disaffection of the colonists led to the extension of some economic privileges near the close of the period of Dutch control. The settlers were permitted to engage in certain forms of manufacturing, and some unimportant trade privileges were given in the relations with other settlements and in the Caribbean Sea, but the privileges were not enough to satisfy the people, and the feeling of unrest grew.

145. **Trade Rivalry with England.** — The rise of Holland to the commercial domination of the world was rapid. In fifty years she had passed from being an unimportant state to a foremost place in world trade. Grotius, the celebrated Dutch political philosopher, issued in 1609 a classic work termed *Mare Liberum* (*i.e.*, The Open Sea). An English writer, regarding the encroachment of the Dutch as dangerous, published an answer

which he termed "The Closed Sea." Shortly, however, the contest for rights on the sea came to be more than an academic discussion.

In 1650 the Dutch were the successful trade competitors of England. Dutch ships were regarded as the best commercial vessels in the world, and the Dutch were successful in the trade between Europe and the colonies of European nations in the western hemisphere. On pretense of trading to New Amsterdam Dutch ships traded to Virginia and tobacco was taken direct to Holland.[1] As a means of limiting the Dutch, England passed the Navigation Act of 1651, and the attempts to enforce this led to the first commercial war, which was waged with varying success for a considerable time.[2] The contest just mentioned was continued by Charles II, who desired to control the trade with the North American colonies. A new Navigation Act was passed in the first year of Charles's reign, and he, exercising England's claim to the possession of the North American continent, gave the Dutch territory in the New World to his brother, the Duke of York. The Dutch wars continued in 1665 and 1672 with little provocation on England's part, the chief motive being to get the advantage of the Dutch. The English said, "What matters this or that reason; what we want is more of the Dutch trade." England gained a decided advantage over the Dutch; before the Navigation Acts, the Dutch had extensive trade to the various parts of the North American continent, but this was largely taken from them. The only territory which Holland retained in the New World was the Dutch Guiana, which is still in her possession.

146. Conclusion. — The Dutch East India Company lost its charter in 1798, and the next year there was established in its place a "Council of Asiatic possessions." Later these possessions were put in the charge of a governor-general, who established himself as an autocrat of the East. Java, which was

[1] Child, *New Discourse of Trade*, 24.

[2] Robinson, *Western Europe*, 488. Child said that if it were not for the Navigation Act there would have been forty Dutch ships to one English ship in the English Plantations.

retained as a principal colony, was rich and very profitable to the Dutch, who practiced in this island and in the adjacent smaller islands the policy of exploitation. This developed into what was known as " the culture system " of colonial development, that is, a colony is an agricultural estate for the production of coffee, tea, tobacco, indigo, and other articles needed at home. Not only the natural riches, but the natives were exploited for the profit of the home country.[1]

The decline of the Dutch in world trade was due to a policy of confining the energies of their people to a limited sphere of action. Because " they would not progress " the Dutch were not able to hold what they possessed; it was impossible for the Dutch to hold their own against their aggressive rivals by simply remaining on the defensive, and the Dutch were compelled to give up " piecemeal " the advantages they once enjoyed.[2]

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Suggested Questions and Topics

1. Show how the names Flanders, Netherlands and Holland indicate the character of the regions to which they are applied.

[1] Keller, *Colonization*, 463–495.

[2] Cunningham, *Western Civilization*, II, 206.

2. Explain the significance of the symbol of a lion struggling with the waves on the Dutch flag. Also, what is the meaning of the legend *Lucto et Emergo*, "I struggle and I rise"?

3. What is the meaning of this from Blok: "The Netherlander before 1795 A.D. recognised no fatherland but only a father-town"? (Cited in Cunningham, *Western Civilization*, II, 204.)

4. What sort of cloth took its rise from Friesland? What are "Hollands" and why are they so-called?

5. Cunningham says that the rise of Antwerp was significant of "the change in the center of gravity of the world's commerce." (*Cambridge Modern History*, I, 510.) What does he mean?

6. Napoleon is reported by Miss Semple (*American History and Its Geographic Conditions*, 294) to have characterized Antwerp as "a pistol pointed at the heart of England." Explain.

7. Ireland cites (*Far Eastern Tropics*, 173) a Dutch publicist, who says of the Dutch East India Company: "To the day of its downfall the Company remained faithful to its origin. It was a company of brisk and energetic tradesmen, who, with profits as their lode-star, and with greed as their compass, obtained, through the chance of events, absolute control of one of the most beautiful and fertile regions of the earth, and unhesitatingly sacrificed it to their low ideals." Comment on this as a statement of the aims of the Dutch East India Company.

8. England and Holland have been called nations of "shop-keepers," but, says Mahan, "The jeer, in so far as it is just, is to the credit of their wisdom and their uprightness." (*Influence of the Sea Power*, 52.) What does he mean?

CHAPTER XVIII

ECONOMIC DEVELOPMENT OF OLD AND NEW FRANCE

147. **The Establishment of Economic Policies.** — France began the modern period as the most compact, harmonious, and united nation on the continent of Europe.[1] The French conquests in Italy in the sixteenth century were of great influence. The French both adopted new articles of consumption and learned new industrial and commercial methods. France also pushed on from Italy for participation in the Levant trade. Francis I (1515–1547) fostered agriculture, encouraged industry, and extended the sea activities of France. During his reign, France first became active in the New World exploration, and the foundations were laid for French claims in North America.

The religious differences which rent Europe reached France, and in the latter half of the sixteenth century the nation was divided into Catholics and Huguenots. Henry IV came to the throne in the last part of the period and established his claims to the crown after a bitter contest. His policy was pacific and in 1598 he issued the famous *Edict of Nantes*, giving political equality and numerous religious privileges to the Huguenots. Henry's great minister, Sully, wrought a work of supreme importance. At his suggestion, Henry had the silkworm introduced, planted mulberry trees in his own garden, and established shops for spinning and weaving silk, where Italians taught these arts to Frenchmen. Henry organized on his own account a company to which was given the monopoly of trade in silk stuffs. The success of these enterprises was immediate, and in the south of France, which was well suited to the production of the mul-

[1] *Cambridge Modern History*, I, 384.

berry, these trees were planted in large numbers. Factories for the manufacture of silk were established in Tours, Lyons, and Paris, and their production was sufficient to supply the needs of the nation, so that France no longer was compelled to import silk from Italy. Sully repaired old roads and bridges and built new ones. Inland navigation also was improved. Sully checked the monopolies, and reformed the revenue, and in general so improved the agricultural conditions in France that he was called " the Father of Agriculture."

The merchants of France in the time of Henry complained against the high tariff levied on their wares by Spain, and against the attacks upon French ships by the English. Henry established a definite foreign policy, compelled the king of Spain to lower the tariffs, and required the English king to forbid piracy among his subjects.[1] Henry also organized the merchants of France under the title " The High Chamber of Commerce."

Henry IV was succeeded by Louis XIII,[2] who appointed as his minister Richelieu. Up to this time the nation had neglected shipping, but Richelieu sought to establish the navy and extend the shipping of France. The reign of Louis XIII was important also for its economic accomplishment. During the ministry of Richelieu, French interests were pushed beyond the seas; in the period from 1599 to 1642 twenty-two trading companies were organized and reorganized in France. These companies were named from the regions with which they traded. Many of these were utter failures, and at best only a few were indifferent successes.

Probably the most brilliant period in French history was the reign of Louis XIV, which was the time of personal monarchy. In this reign occurred the revocation of the Edict of Nantes (1685). By the revocation of this Edict, the Huguenots were forbidden to migrate. Many of them (estimated at half a million), however, escaped to Holland, England, Germany, and America. Thus the industry which had been

[1] Seignobos, *Mediæval and Modern Civilization*, 408.

[2] Brief regency of Mary de Medici intervening.

established by Henry IV was carried from France to other nations, and Europe felt the effect of the beginnings which France had made.

The reign of Louis XIV has been termed "glorious," and in it France secured rich possessions and with them, trade advantage. Colbert, the great minister of Louis XIV, was given the title, "Controller General of the Finances." He introduced extensive reforms in taxation, and proceeded with the policies begun by Richelieu, of constructing a fleet and strengthening France's power abroad. France at this time became involved in numerous international complications, which later led to general European wars. Colbert also introduced the *mercantile system* (p. 362).

COLBERT

From Benham, *Trade and Trade Centers of History.*

Before the time of Colbert there was no fleet or trade of consequence. Colbert saw the necessity of commerce as a means of supplying raw materials for the industries of France, and also saw the dependence of commerce upon shipping. Colonies were encouraged and trade opened up with America, India, Africa, and the Levant. *Four great companies* were formed by Colbert: the East India, the West India, the Northern Ports, and the Levant. Many minor companies also were formed. The king was the patron of trade, and compelled the nobility to give support through forced loans to these companies. The companies had many difficulties, but commerce progressed under the management of Colbert. His

great mistake was in attempting to force trade instead of stimulating its growth.

Colbert's elaborate scheme is comprised under three heads: *increase production ; encourage shipping ;* and *develop colonies and markets.* "His aims and spirit were thoroughly French; the spring of everything was in the minister's Cabinet." Every branch of trade and industry was to be organized and systematized by the government. Colbert was in the line of succession of Sully and Richelieu, and the success of the policy he introduced depended on the absolutism of an able minister. Colbert has been termed "The Father of French Manufactures and Trade," as Sully was the "Father of French Agriculture." He supplemented the work of Sully in road building and in fostering internal commerce. Colbert prohibited imports of manufactures and the export of raw materials. Foreign artisans were induced to settle in France. Thus came the glass workers of Venice and the textile workers of the Low Countries. France was prosperous during the ministry of Colbert, but he lost favor with Louis XIV in the latter years of his reign, and there was a consequent decline of the system he had established. As his reign progressed Louis XIV became more interested in European wars than in the furthering of industrial and commercial interests.

148. French Exploration and Settlement. — The French were tardy in beginning explorations in the New World. The first interest of France in the western hemisphere was in the fisheries. The nation was Catholic, and there was a large demand for fish. French fishing ships visited the north Atlantic early in the sixteenth century. Cold waters yield better fish than warm; the north Atlantic is a great subterranean plateau, with a plentiful supply of grass as a feeding ground, and here has been during all the modern period one of the great fishing fields of the world. Cod were caught in abundance, and not only the French but the English and the Dutch were active in the fishing industry of that sea.

The greatest of the French explorers was *Champlain*, who came to the St. Lawrence and made his way inland. He joined

(1609) an expedition of the Algonquin and the Huron Indians in a war against the Iroquois. Champlain shot some of the Iroquois chiefs and turned the battle against the Iroquois. This incident, trivial as it may seem, was of momentous consequence in determining the future of French development, for the Iroquois became on the whole the sworn enemies of the French, and the firm friends of the English. As a result, the French were forced to the north along the line of the Ottawa River, across the portage to Lake Huron, and were prevented from establishing themselves in a strong position across central New York, the natural gateway to the continent.

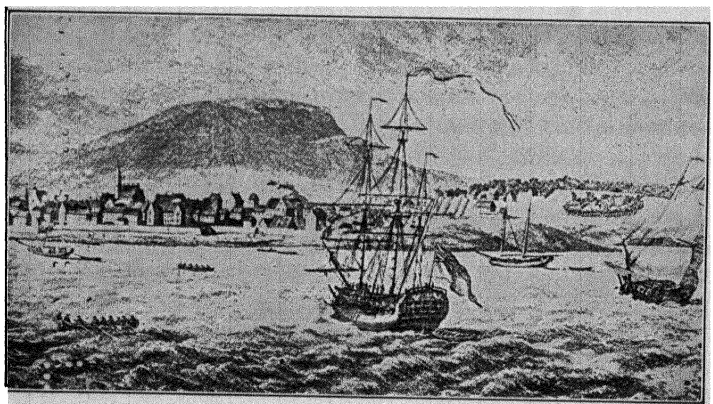
The *ruling classes* in the French settlements were priests, soldiers, and nobles. Between these colonies and the New England settlements to the south there was the most striking contrast. Says Parkman, "Canada was the offspring of church and state. She was nursed in her infancy in the lap of power, and her puny strength was fed with artificial stimulants." In contrast, the English colonists were "outcasts and neglected," but while the French came to depend upon the support of the mother-country the English came primarily to depend upon themselves.[1]

The two classes which reached to the interior of Canada were *priests* and *coureurs de bois*. The latter were interested in the fur trade, and carried with them brandy, gewgaws, and trinkets, and a few necessities which could be traded to the Indians. These *coureurs de bois* were half-civilized forest rangers who went to the most distant tribes. Their light canoes were carried over portages, and they paddled along the small rivers and traveled into the depths of the wilderness. They adapted themselves to the Indian standards of life, and instead of civilizing the Indians were themselves "Indianized."

The contrast between English and French methods of dealing with the Indians was marked. The French received the Indians at their forts with a firing of cannon and much demonstration. They were treated with distinction. The English

[1] *Conspiracy of Pontiac*, I, 46–64.

received the Indians coldly and stolidly. As the French saw no differences between the Indians and themselves which should forbid marriage, there was free intermarriage between French traders and Indian women. The English had an aversion to marriage with those of a foreign race. The extent to which the French went in adapting themselves to the Indians is illustrated in the conduct of Frontenac, who arrayed himself in the garb of a savage, and joined in the Indian war dances. This adaptability of the French gave a decided advantage in carrying forward exploration and the trade which accompanied it.



MONTREAL, 1700

Drawn by Thomas Patten. Collection of Philadelphia Commercial Museum.

The so-called "long bow" of the French power in North America reached from Quebec up the St. Lawrence drainage system, across the portage to the Mississippi basin, and down this to New Orleans. More than sixty military posts were established on this line, so that it was possible for a trader to go all the way from Quebec to New Orleans and not be far from a French fort at any time. The idea of keeping the English east of the Alleghanies was advanced by La Salle at the early attempts to found Louisiana. Burke termed the English policy of keeping to the east of the Alleghanies as "sheer madness." Others

regarded the French lightly and termed their New World ambition as "dreams of colonies and commerce in the moon."

The French also settled in the West Indies. Martinique and Guadeloupe of the Windward Islands were colonized in 1635. They were in the path of the buccaneer, and were speedily ravaged. They were captured by the English, but were restored to the French and are still held by them. These islands produced sugar, coffee, molasses, rum, indigo, and hides. In 1613 the French settled at Cayenne in Guiana, South America. This colony produced much sugar, also coffee, cacao, and cotton. In 1667 France by treaty received half of San Domingo. This island produced coffee and sugar extensively, and was probably the richest of the French possessions in the New World. French traders from Normandy established a settlement on the west coast of Africa on the Senegal River in 1674–75. This settlement was extended to other points, and the African trade was brought into relations with the New World. From the African settlements were received chiefly gold and slaves.

By the peace of Utrecht (1713) England was awarded Newfoundland, the Hudson Bay territory, Acadia (Nova Scotia), and New Brunswick. Boundaries were not definite, and much trouble followed. Acadia was termed a "nest of pirates," and the French inhabitants were transported on the plea that it was necessary to hold the country in subjection. The contest for the control of the Canadian Maritime Provinces was natural, for these settlements lay alongside the trade routes across the North Atlantic, and in addition they were contiguous to valuable fishing grounds. No sooner was England successful in the contest for the Maritime Provinces than she advanced into the interior, but only to meet stubborn resistance.

149. **French Colonial Policy.** — French *colonization* may be divided into *five periods*, as follows: first, the time of spasmodic trading and beginnings down to the year 1627 — this was marked chiefly by the voyages of adventurers, and by the missionary work of the priests; second, from 1627 to 1664, during which time there were two companies formed, known as the Company of New France and the Company of the Isles of

America; third, from 1664 to 1683, the time of the dominance of one great company, formed by Colbert, and called the Company of the West — this Company was to have for forty years a monopoly of the trade in Canada, Acadia, the Antilles, Cayenne, the lands from the Orinoco to the Amazon, and the coast of Africa; fourth, from 1683 to 1713, during which period attempts were made to establish the foundations of French power in Canada and Louisiana; fifth, from the Peace of Utrecht in 1713 to the Peace of Paris in 1763, during which time came the death struggle between the English and French powers in the New World. During the fifth period the French colonies had marked prosperity. The eighteenth century saw also the rise to importance of the French Sugar Islands.[1]

The French company of "One Hundred Associates" discouraged agriculture, for it wished quick and large returns on its investment, and agriculture would yield only slow and uncertain returns. New France was ill suited to tillage. The agriculture was primitive; land was cleared and tilled until exhausted, when it was abandoned and new land cleared, which in turn was left in due time.

While the inhabitants of the English colonies were more than twenty times as numerous as were the French, they occupied in comparison relatively a small area. But there was a unity of purpose among the French which was absent from the English. The English admitted persons of different religious beliefs, ambitions and social interests, which gave a diversity to their colonies, and made coöperative action difficult. The French had only those of one religious faith, and a general unity of purpose, which gave to their colonies military effectiveness.

At the period of New World settlement, France had a more numerous population than England, and she might have sent large numbers to the colonies had she been so minded. In that case, the French power in North America would have had a firm establishment and the continent might ultimately have become French and not English.[2]

[1] *Cambridge Modern History*, VII, 70.
[2] Coolidge, *United States as a World Power*, 23.

At the same time France was so powerful in Europe as to make all other nations apprehensive. Neglected as she was, New France was doomed in her contest with the English. When New Netherlands became New York, the French intendant in Canada wrote that the French were under necessity of finding a second entry to Canada, one which was not blocked with ice for half the year, and if possible, one that would break the English power at the center and cut off the English trade with the Iroquois. The plan was to capture the Hudson River, and thus be at the point of supremacy in the approach to the continent, and in control over the Iroquois.[1] The French failed to carry out this plan; but the contest with the English was waged intermittently for nearly a hundred years, and in 1763 resulted in the final overthrow of the French power on the western continent and the ceding by France of the most of her territory in the New World to England and Spain.

150. Fur Trade. — Fur-bearing animals were found in great numbers in the colder regions of North America, and trade in furs was an important factor in the development of the continent. In the sixteenth century French fishing ships began to bring home furs and walrus hides, which were largely in demand. Henry IV granted a monopoly of the fur trade late in the sixteenth century, and changes and controversies followed, but from this time trade in furs was part of the French colonization scheme. Champlain sought to found and to build an empire which was opposed to the policy of the merchants, who sought to profit from the fur trade. The monopoly of the fur trade was sold again and again; in one period of eleven years it was sold six times. The fur trade of the French was a careless and wasteful use of the natural riches of the continent. The French control attempted to regulate the trade of the *coureurs de bois*, by requiring them to secure licenses from the king, but this was ineffectual, and the regulation went to the extreme of prescribing even the exact punishment for violation of the rules, which also failed.

151. Economic Changes of the Eighteenth Century. — New

[1] *Cambridge Modern History*, VII, 80.

development in French colonization followed the Peace of Utrecht. John Law, a Scottish adventurer in "high finance," came as a new genius to France. There was a conviction that capital only was necessary to prosperity, and Law became a new Colbert who sought to consolidate all the companies into one great company of enormous capitalization. The bank and company of Law were to have full control of the banking, currency, fiscal system, and colonial trade of France. The attempted absorption of trade extended to trade with Africa, India and China. These attempts resulted in failure and the speedy downfall of Law and his schemes (1720).

The French colonies were affected by the great economic changes that were taking place in the mother-country during the eighteenth century. There was in that period a decadence of industry. French wars were destructive, taxes were excessive and the burden of supporting the church was heavy. Law founded his famous land bank and the Mississippi Company, to liquidate the debts with which France was burdened. The land bank failed and thousands of people became bankrupt.

Manufactures were burdened by all sorts of special privileges. The old gild organizations continued with their medieval regulations. French tariffs against foreign importations were excessive, but worse than this, before the French Revolution, France was a group of separate states, each with a tariff arrangement of its own. Goods could not be sent from one large city to another without paying a duty. Roads were poor and were kept in repair by the forced labor of the peasantry, under regulations introduced by Louis XIV. The peasantry had little use for roads, and resented this and other arrangements through which they were exploited.

One of the first modern economic systems to be worked out was that of the French physiocrats, with such representatives as Quesnay and Turgot. The physiocrats wrote against economic abuses and suggested reforms. Louis XVI made Turgot Minister of Marine in 1774, but he was soon transferred to the Controllership of Finances. His proposals for reforms in taxation

and for the relief of the people were extensive; but they were not acceptable to his sovereign, and he was dismissed from office in 1776. Turgot sought through his practical reforms to secure the industrial and commercial freedom of the people of France quite as much as to accomplish a political revolution. Quesnay was called the "Founder of the New Science," but Turgot attempted to apply it to practical affairs.[1]

Many forms of feudal privilege continued in France, preventing the masses of the people from engaging in the economic activity practiced by the inhabitants of England and Holland. The church exercised many objectionable economic functions. The French Revolution was in part the rising of the masses in France against the evils of inherited privilege and the burden of taxation.

152. Modern France. — The Peace of Paris (1763) stripped France of nearly all her territory in the New World. She ceded the region west of the Mississippi to Spain, and to England all of her other possessions, except two small islands in the Gulf of St. Lawrence retained as bases for her fishing operations, French Guiana, and her West India sugar islands. The latter, which were rich and productive, were exploited by slave labor, as were the Spanish and English islands of the same group. The French were able to exercise a virtual monopoly over the sugar market of the world, following the Peace of Paris. Earlier, the sugar had been mainly supplied by the Portuguese colony of Brazil and following that, the supremacy of the sugar trade passed to the English West India Islands, but after 1763 the French came to ascendency in that trade.

In the French Revolution, France tried to cut herself off from her own past. The anarchy of the period resulted in the rise of a military despotism in the person of Napoleon Bonaparte. He restored order and repaired roads and bridges. Some of his work in road building was notable. Napoleon attempted to establish a great empire, which led to a general European war. The combined powers sought to restrict and minimize the ascendency of France. Napoleon attempted to subdue Eng-

[1] Lowell, *Eve of the French Revolution*, 233.

land, his chief rival, by destroying her trade, through the so-called "continental system." Napoleon issued the famous Berlin and Milan Decrees, closing English ports to neutral commerce. These were met in turn by the English issuing Orders in Council, which forbade trade with France. Ships of neutral powers that were engaged in the carrying trade became the victims of the depredations of both nations. Napoleon's "paper blockade" failed. The French fleet was destroyed at Trafalgar (1805) and the French power completely broken at Waterloo (1815). Following Waterloo the map of Europe again was changed and the international relations readjusted for the modern period by the Congress of Vienna.

France saw repeated changes of government during the nineteenth century, with numerous internal disturbances and complications with external powers, but despite all these the French people were prosperous in their economic life and grew rich. France extended her colonial and commercial operations to outside regions. She pushed her explorations to Africa and followed with armies and commercial aggression. Algeria was seized (1830) and a new colonial policy formulated. The power of France was later extended to Tunis and Senegal, other regions on the west coasts of Africa, and to Cochin-China and China in Asia. The French also extended their powers to numerous small islands.

France is one of the great powers of modern history. Including her outside domimions she has an area of over four and a half million square miles and a population of nearly or quite one hundred million inhabitants. At home France has an area of two hundred thousand square miles and a population of forty million inhabitants. Most of the colonial power of France has been acquired recently, and the colonies are poorly developed. They offer to the nation, however, a rich field for the investment of both capital and enterprise.

The population of France is probably more homogeneous than that of any other great nation. The French people are especially noted for their thrift. It is a saying that "no one in France spends more than four-fifths of his or her income." The rule

of the French people is to save and to live on their savings, which trait has made the nation a financial and banking center, rather than a factor in the promotion of active industrial and commercial affairs. Small families have been the rule in France to such an extent as to halt the increase in population and to affect the economic efficiency of the nation. Loans of other nations are largely made in Paris, or if made elsewhere, the securities are brought to the attention of French capitalists, and France has been termed " the great international creditor."

One unfortunate trait of the French people is a tendency to discredit the industrial and commercial callings. Certain French writers have recognized the importance of commerce, as, for example, Voltaire, who said, " the merchant so constantly hears his business spoken of with disdain that he is fool enough to blush for it; yet I am not so sure that the merchant who enriches his country, gives orders from his counting-house at Surat or Cairo, and contributes to the happiness of the globe is not more useful to a state than the thickly powdered lord, who knows what time the king rises and what time he goes to bed, and gives himself mighty airs of greatness while he plays the part of a slave in the minister's anteroom." [1] Diderot spoke even more unqualifiedly in the support of commerce: "All the men of all lands have become necessary to one another for the exchange of the fruits of industry and the products of the soil. Commerce is a new bond among men. In these days every nation has an interest in the preservation by every other nation of its wealth, its industry, its banks, its luxury, its agriculture. The ruin of Leipzig, of Lisbon, of Lima, has led to bankruptcies on all the exchanges of Europe." [2] But the foregoing are the exception rather than the rule of the French writers; and it is still true in France that the industrial classes and merchants apologize for their callings, and those who go into the professions or into the government service are regarded as being in a more worthy sphere of influence.

The French people have been noted for the manufacture of

[1] Cited in Robinson and Beard, *Outlines*, II, 27, 28.
[2] *Ibid.*, 32.

articles requiring skill and fine hand work. This is the kind of production for which the Germans, English, and Americans have not shown aptitude, and there is a striking difference between the coarser wares of other modern nations and the fine artistic products of French industry. French silks, feathers, lingerie, leather goods and jewelry are famous, and merchandise of this sort to the value of many millions is exported yearly. It is this type of manufacture which has made Paris "the Mecca of the shopping world." The taste of the French is such that Paris is regarded, too, as the creator of styles. One modern writer has said that there "must be something in the French atmosphere or environment that tends to charm, grace, and originality." [1]

Modern French commerce has exceeded a total of more than a billion dollars a year. The imports have been mainly of raw materials and the exports of finer manufactures as stated above. The French attempts to encourage foreign trade by subsidies and commercial advantages have not had the desired result, and it is still true that more than three fifths of the foreign trade of France is carried in the ships of other nations.

Books for Consultation

*Robinson, *History of Western Europe*, Ch. X, "The Development of France"; Ch. XXXIV, "The Eve of the French Revolution."

Day, *A History of Commerce*, Ch. XXIV, "France: Survey of Commercial Development"; Ch. XLI, "France."

*Cunningham, *Western Civilization*, Vol. II, Bk. 5, Ch. 3, "Rival Commercial Empires" (French, pp. 206–215).

George, *The Relations of Geography and History*, Ch. XI, "France."

**Bateson, *French in America* (1608–1744), in "Cambridge Modern History," Vol. VII, Ch. III.

*Thwaites, R. G., *France in America*, "The American Nation," Vol. VII, New York and London: 1905.

*Lowell, Edward J., *Eve of the French Revolution*, Boston and New York: 1893.

*Munro, W. B., *Seignorial System in Canada*, Harvard Historical Studies, XIII, New York: 1907.

**Parkman, Francis, *The Old Régime in Canada*, Ch. XX, "Trade and Industry" (1663–1763), Boston: 1901.

[1] Whelpley, *Trade of the World*, 109.

Mims, Stewart L., *Colbert's West India Policy*, "Yale Historical Series," Vol. I, New Haven and London: 1912.

Mahan, A. T., *Influence of the Sea Power on the French Revolution*, Chs. XVII and XVIII, "The Warfare against Commerce" (1793–1812).

**Andrews, C. M., *Anglo-French Commercial Rivalry*, 1700–1750, The Western Phase, I and II, "American Historical Review," April and July, 1915.

**Biggar, H. P., *Early Trading Companies of New France*, University of Toronto Library: 1901.

Gooch, G. P., *History of Our Time* (1885–1911), Ch. II, "The French Republic."

*Whelpley, *The Trade of the World*, Ch. IV, "The Trade of France."

Ogg, F. A., *Social Progress in Contemporary Europe*, Ch. III, "The Old Régime in France"; Ch. IV, "The Revolution in France"; Ch. V, "Napoleon and the New Régime," New York: 1912.

Suggested Questions and Topics

1. Why was the mercantile system of political economy so called? Summarize its essentials as they were worked out by Colbert. (Palgrave, *Dictionary of Political Economy*, Articles "Mercantilism" and "Colbert.")

2. State the effect of religious differences on the industry of France, and upon emigration from that country.

3. Greek colonization was careful to retain the civilization of the mother-country. The Greek colonies are compared by Holm to the French colonies in Canada. Refer to Sections 43 and 149, and express an opinion as to the correctness of this comparison.

4. De Tocqueville says, "The physiognomy of a government can best be judged in its colonies." Account for this, and also for the continuance of the *ancien régime* in Quebec long after this *régime* had passed away in France. (Goldwin Smith, *Canada and the Canadian Question*, Ch. I, "The French Province.")

5. Characterize the French sentiment for colonization as expressed by Voltaire's description of Canada as "a few acres of snow." (Quoted by Coolidge, *United States as a World Power*, 26.)

6. Parkman says of the trade of New France that it was "condemned to wear the ball and chain." What did he mean?

7. Compare the population, industry, and relative strength of the French settlements in the New World with the English settlements, basing the comparison upon Parkman, *Montcalm and Wolfe*, Ch. I.

8. Louis XIV is reported to have said, "The Pyrenees are no more." Discuss this statement and show the lack of comprehension of the French

king for the limitations of his own country. What was the effect of the ambition of France to control Spain as reflected in the War of the Spanish Succession?

9. Justin H. McCarthy in his *History of the French Revolution* quotes the statement that there are but two facts in all history. One is the Trojan War and the other the Revolution of 1789. Explain.

10. Which of the Great Lakes did the French discover last and why?

11. Compare the English and Dutch methods of dealing with the Indians with the French and Spanish methods. Which of the nations was most successful in the Christianizing of the Indians, and why? Which nation realized the largest return from the trade with the Indians, and why? Show how national temperament or feeling determines largely the success or failure in dealing with aborigines.

CHAPTER XIX

EXPANSION OF ENGLAND (1603–1760)

153. The New Period. — The chief events in the expansion of England were the settlement in and development of North America and the extension of the operations of the India Company in Asia. In general the policy of the government was to promote settlements and encourage trade and shipping, to supply the raw materials which England needed for her manufactures, and to obtain a market for the products which England had to sell. Through colonization an effort was made to furnish relief from objectionable or troublesome elements in the population at home. The trading companies (Sec. 137) thrived and built up extensive fields of operation in all parts of the world.

The period of expansion resulted from a variety of causes, but it will be found that the English were influenced quite as much by commercial motives as they were by religious differences or the desire for empire. It was even hoped that English manufactures might profit from teaching the savages to wear clothes. The *trading motive* was so strong that it led first in the East, afterward in Europe, and later in America to wars of conquest with the Dutch and the French. Trade influences in the relations between England and her New World settlements resulted in friendly relations in some colonial projects and controversies in others.[1] Down to 1650 England's colonial policy was halting and uncertain, but from the date named came the period termed "trade ascendency," when it was

[1] Woodward, *Expansion of the British Empire*, 67, 68.

sought to manage the colonies for the material prosperity of the mother-country.

154. **Causes for Colonization.** — An attempt to enforce the worship of the established church led to a desire to leave the country, and in successive periods there followed a "Puritan Migration," a "Catholic Migration," and a "Quaker Migration." Social and industrial conditions at home contributed further to emigration. English advantage in colonization was largely due to the supply of disaffected elements in the home population, which were suited to the founding of settlements beyond the sea. Whatever may have been the prime motive on the part of the settlers, the companies or individuals that sent them out sought profit from their trade, and the nation never lost sight of the trade advantage which would come from these colonial projects.

One mistake made by the England of the seventeenth century was the attempt to realize too immediately a profit from colonies, and a feeling of dissatisfaction if profit was not forthcoming. Lord Bacon held that it was destructive of settlements in the long run to have a hasty drawing of profits, and he suggested that no attempt be made to realize a gain out of colonies until years had passed.[1] Not only was there the sending of the surplus population of England to the colonies, but there was the solicitation for settlers from foreign countries, and in the eighteenth century the "golden books" of England which were widely circulated in Germany and elsewhere on the continent resulted in a considerable migration, particularly from Germany.

155. **Colonial Foundations.** — There was a striking contrast in temperature between Europe and America, and this contrast was the explanation of the very serious mistakes made by the early colonists who thought it well to settle on the east coast of North America in about the same latitude in which they had lived on the west coast of Europe. The gateways to North America were from the Atlantic seaboard through the Appalachian Highland; through the Gulf of Mexico, the Missis-

[1] Essay *Of Plantations*.

sippi and its tributaries; and through the St. Lawrence and Great Lakes. A series of passes in the Atlantic Highlands was important in reaching the interior. The most accessible and easily accomplished of these was by way of the Hudson and Mohawk rivers and the "finger" lakes of New York to the Great Lake navigation at the east end of Lake Erie.[1]

In *Virginia* tobacco cultivation was profitable almost from the first. Cattle were introduced and throve. They supplied both work-animals and food. Virginia was without towns. Estates of thousands of acres were usually given over to the production of a single crop, and often this crop was continued until the soil was exhausted, when it became necessary to let the land lie fallow while other regions were being similarly exhausted. The early settlements in Virginia were on the lowlands of the east, and within easy reach by the tidewater rivers. Neither an industrial nor a trading class existed. The great plantations had their own economic systems. A wharf at some river landing enabled the planters to send their goods abroad directly without a commercial agent. Americans are proud to believe that flour, bearing the name of George Washington, passed without inspection in the West Indies.

The *New England* settlers found less of encouragement for agriculture and took to the sea. Extensive fisheries and various forms of trade throve in New England and there the colonists also early began manufactures.

The *Middle Colonies* had a diversified production. Their peoples farmed quite extensively and produced grains and meats.

Through their desire to exploit the mineral riches of the New World, the Spaniards had neglected the numerous small islands of the *West Indies*, and had gone on with settlements on the mainland. The "outer fringe" of the Caribbean served as a field for the English occupation, and settlements were made upon the groups known as the Windward and Leeward Islands.

[1] The physical geography of North America is described by Professor Shaler as "large, simple, and easily comprehensible." Quoted from Coolidge, *United States as a World Power*, 19.

Barbados was occupied in 1625. The Bermudas, which were settled in 1609, were a natural stopping place between the continental colonies and the West Indies, and served as an important link in the development of England's colonial empire in the west. They were annexed to the crown, and handed over to one of the trading companies. St. Kitt's and Antigua, the most fertile and most important of the Leeward Islands, were also settled by the English. Jamaica and Trinidad were taken from the Spaniards. The Spanish, however, did not recognize the rights of the English in the Caribbean until the Treaty of Madrid in 1670.

The position of the West India Islands, opposite Africa and in the path of a west-blowing wind, tended to establish communciation from that continent. The greater similarity of the climate of Africa and the West Indies made the adaptation of slaves there much easier than on the mainland, and slaves were largely imported into the Islands, and after being kept there for a time and acclimated, were taken on to other settlements. The English West Indies utilized slave labor for their large production of sugar.

Barbados had an extensive trade with England during the Commonwealth times, and later an average of a hundred ships a year were sent to that island bearing emigrants, slaves, cattle, and various forms of manufactures. From Barbados were brought return cargoes of cotton, tobacco, indigo, and sugar. Barbados and adjacent islands had been under the old proprietary arrangement, but in 1663 they were converted into crown colonies, and brought under the direct supervision of the king.

156. East India Company. — The English East India Company was necessary for England's trade. The English could not compete with the Portuguese by using the overland route through Russia and Persia, and trade through the Mediterranean was attended by many dangers. Protection and large capital were necessary for sea trade to India. The English East India Company was given the monopoly of all trade to the region lying beyond the Cape of Good Hope and the Straits of Magellan.

The monopoly thus extended to the coasts of Africa, Asia, and America, and included the rich islands of the Indian and Pacific oceans. A company with such a monopoly obviously was not popular in England. The English East India Company was successful from the start, the first voyages even yielding a large profit. It was easy to make headway against the Portuguese, but the Dutch were strong rivals. The English traders to the East bribed the native rulers, siding with one or the other as occasion offered, and in the end were gainers from the local contests.

SIR JOSIAH CHILD

From Benham, *Trade and Trade Centers of History.*

Charles I and Cromwell neglected the India trade, and the Company languished, but there was new interest in the Company in the days of Charles II. Shares which were issued for £100 each, had sold as low as £60, but in the new prosperity they sold at from £245 to £500. Sir Josiah Child rose from office boy to be absolute master of the Company, and his administration gave large profits to its operations.

Changed social customs added to the prosperity of the East India Company. Tea and coffee came into quite general use in England in the seventeenth century, to some extent taking the place of ale and wine. Coffee houses became places of resort for those of kindred interests, and were not unlike the modern club. To London were brought from the East, not only tea and coffee, but spices, jewels, silk, linen and cotton fabrics, and saltpeter.

The profits from the India trade invited competition, and there was dissatisfaction and controversy growing out of the Company's monopoly. For nearly a hundred years intense rivalry of these commercial interests continued with bribery at home and overreaching and fraud in India. Unauthorized traders were known as "interlopers." So extensive did the opposition to the East India Company become that there was organized a rival association of the traders outside of the Company. The conditions in India due to the conflict of these rival interests were highly objectionable. Such men as Josiah Child and Charles Davenant held that a monopoly of trade to India by a single company was necessary. Nevertheless, the interlopers were recognized in 1698 by an act of Parliament, and founded a new company.

The conflicting interests and the conditions existing in the Far East resulted in an act of Parliament in 1708 by which the rival companies were consolidated under the name, "The United Company of Merchants in England Trading to the East Indies." Under the new charter the Company was given exclusive trading privileges for a term. A phenomenal growth of English trade in India followed the formation of this new Company. The Company drove its trade actively during the first half of the eighteenth century, and in that period was content to trade in India, but in the latter half of the eighteenth century, Robert (afterwards Lord) Clive led the English in a contest for military and political power, with both the native princes and the rival colonial empire of France.

The English Company operated in India through what were known as presidencies, which consisted of a President and a Council associated with him, appointed by the Company at home. Of these presidencies there were three, located at Bombay, Madras, and Calcutta, each of which was independent.

The trade of the English East India Company was not so profitable as that of the Dutch Company. In 1732 the English Company reduced its dividends from eight per cent to seven per cent, and at the latter figure they remained until

1744.[1] The annual value of the East India Company's importations from 1708 to 1728 was over three quarters of a million pounds. The earlier Company had felt it necessary to own all of its vessels, but after the consolidation in 1708 there began the practice of chartering ships, and utilizing all the Company's available capital for the direct purposes of trade.

157. Ireland. — Between 1610 and 1620 there was a settlement of the Scotch and English Protestants in North Ireland (Ulster), which became an important and prosperous colony in close relations with the mother-country. In her dealings with Ireland, England seemed ready to sacrifice the island to her own advantage. All exports from Ireland to the colonies were forbidden (1663 and 1666), as was the export of cattle from Ireland to England. All forms of Irish manufacture, for example, the manufacture of iron, tinware, gunpowder, silk, cotton, beer, and malt, were restricted at various times. The restriction on trade in cattle, beef, swine, pork, mutton, and even butter and cheese, acted as a hindrance to agriculture. Parliament also prohibited the export of any woolen manufactures to any country except England, and from England they were already practically barred by prohibitive duties. The disabilities placed upon Ireland were believed to be necessary to keep in a subordinate position what was regarded as a dangerous though indispensable part of the British power. Ireland was practically crushed by the economic prohibitions placed upon her and the Irish emigrated largely to escape the hardship of their own unhappy land. Half a million of them are estimated to have come to the North American colonies between 1730 and 1770.

158. Agricultural Productions. — The making of enclosures had almost ceased before the death of Elizabeth (1603). Mixed farming was introduced, waste land reclaimed, and methods of tillage improved. In the eighteenth century the rotation of crops and the production of clover were practiced as a means

[1] During the same period the Dutch Company paid never less than twelve and one half per cent and most of the time fifteen per cent.

of rehabilitating the soil, without letting the land lie fallow. The raising of grain in England was stimulated through government bounties. A law of 1689 made allowance for all grain exported when the price at home was less than six shillings a bushel. A sliding scale encouraged export when the price was low, and the keeping of grain at home when the price was high. Wheat was imported in times of scarcity of production.[1] Increase in population and improvement in methods of agriculture brought idle land into use. The period of the expansion of England was a time of an enlarging and cheapening of food supplies.

159. Manufactures. — Manufactures throughout the period of expansion were chiefly by the *domestic system*, in the homes of the people, with the members of the family as workers, and one or more apprentices living with the master. The materials were either supplied by a larger dealer, or worked up by the head of the house on his own initiative, and taken to the towns for sale on market days.

Flemish emigrants settled in Sandwich, and Dutch and Walloons similarly settled in Norwich, Maidstone, and Colchester; French Huguenots came to London, Canterbury, and Coventry. Among the ancient industries thus introduced by the foreigners were thread manufacture, the weaving of linen and silk, and the manufactures of paper, glass, clocks, and metal goods. Stocking frames came into more general use during the seventeenth century, and a machine for the preparation of silk threads was invented in 1719. The printing of cotton from rolls or dies was begun during this period, though cotton printing was prohibited by Parliament, as a means of aiding woolen manufactures. The printing of linens, however, was permitted.[2] An extensive development of woolen manufactures began early in the seventeenth century. The woolens were in a wide variety of fabrics, and this branch of manufacture exceeded in importance that of any other textile. Cotton and linen, however, were not neglected.

[1] Cheyney, *Industrial and Social History of England*, 183–185.
[2] *Ibid.*, 185–189.

Coal was coming into use. It was called "pit coal" or "sea coal," either from the means of securing it or from the method by which it was transported to the region where used. The iron industry developed slowly as long as it depended on charcoal. Two loads of wood were required to produce a load of charcoal, and it took quite a ton of charcoal to smelt a ton of iron. The iron industry grew by leaps and bounds with the introduction of coal for smelting. During the dependence upon charcoal, iron manufactures were limited to the region of forests, but with the use of coal, it was natural that they should find their location in the regions where coal was produced.

160. Internal Communication. — The establishment of a post office in 1661, an act authorizing the erection of toll gates, and the building of new roads marked the beginnings in the improvement of the means of communication in England. An early road, called the Great North Road, was constructed from London to York, and stage coaches were run on this and the roads in other parts of England about the middle of the seventeenth century. In 1684 the "Compleat Tradesman" reported that the conveyance by post was in so short a time, "the means of transfer being employed by night as well as by day," that in twenty-four hours the post could go a distance of 120 miles, and the marvel was announced that in five days an answer could be had to a letter sent three hundred miles distant.

161. Shipping. — In the seventeenth century England began to recognize clearly the dependence of the extension of her power upon a plentiful supply of shipping, and there was, both on the part of the government and individual companies, a constant effort to increase and perfect the shipping. Sir Charles Davenant said that during the brief reigns of Charles II and James II (*i.e.*, twenty-eight years) the shipping of England was more than doubled. In 1688 the total tonnage of England was five hundred thousand tons. At the same time the total tonnage of Holland was nine hundred thousand tons. England's shipping, however, was held to be equal to or greater than that of all the rest of Europe combined, exclusive of Holland.

England could not depend upon the voluntary contributions of ships at times of threatened attack. Charles I, following an earlier practice, issued writs upon the coast towns of England that they should furnish ships of a given size. The size of the ships specified was larger than could be furnished by any port town in the realm, with the exception of London, and Charles issued a supplementary statement to the effect that the towns that could not supply the ships required would be excused, if they would furnish the means by which the king could himself provide these ships. Later the regulations applying to port towns were applied to inland towns also, which manifestly could not supply the ships, and a controversy arose over the "ship money," as it was called. The objection to the tax was that it was demanded by the king and not levied by Parliament, and the famous case followed in which Hampden defied the king and refused to pay the tax.

The ship tax marked the cessation of the king's dependence upon merchant vessels and volunteer ships in times of war, and the establishment of an independent and more efficient navy. To protect her extensive commerce, England built up the greatest naval power in Europe; during the seventeenth and eighteenth centuries, ships of war were built and the world came to recognize that England was in a position of supremacy on the sea, both from her geographical outlook and the naval strength which she was able to command.

162. Cromwell's Commercial Policy. — Under *Oliver Cromwell* the foreign policy of England was directed toward the development of commercial and colonial interests. He sought to use colonies as an offset against the continental influences, which were favorable to his Stuart rivals. James I and Charles I were uncertain and halting in dealing with colonies; Cromwell showed both insight and decision. Up to his time, the trade of the colonies had been free, but Cromwell saw the advantage of having the colonies in close relations with the mother-country, and in 1651 Parliament passed the *Navigation Act*, restricting colonial trade to England. The Dutch war of 1652–1654 followed, and Cromwell gained a decided advantage, closing

this war with a treaty in which the Dutch accepted the Navigation Act, and paid an indemnity for damages to English commerce. Advantageous treaties were also secured by Cromwell in the same year from Sweden, Portugal, and Denmark. Cromwell added Jamaica as a foreign territory (1655) and adopting an aggressive commercial policy toward the West Indies, he extended the English power in that region. The *Jews*, after an absence of 365 years, were invited by Cromwell to return to England (1655). In the same year, a *committee of trade* was summoned, and began its sessions in the old House of Lords. It included, among others, the chief merchants and political economists, zealous for improving the trade of the country.

163. **Navigation Acts.** — The Dutch had the most prosperous trade with the New World. They had much in common with the Puritans of New England, and engaged so largely in commerce with the English colonies that early in the Restoration the Parliament of Charles II saw the advantage of England's reënacting the Navigation Act of Cromwell, which was done in 1660. Other acts were later added.

Various forms of legislation had long been directed to the end of furnishing English shipping or protecting English mercantile enterprises, and these acts taken in their entirety are termed "Navigation Acts." The first of these was passed in 1381 to provide for a more efficient navy in England. An act which no doubt suggested the Navigation Acts of 1651 and 1660 was passed in 1646, to the effect that no duties should be levied on goods intended for the plantations, provided they were shipped in English bottoms. The Navigation Acts were termed by Sir Josiah Child, their great admirer and upholder, a " Sea Magna Charta."

The *aims* of the Navigation Acts may be enumerated under five heads: first, they prohibited importation into or exportation from the plantations, except in English or colonial ships, the commanders of which were Englishmen (or English colonists); three fourths of the crew similarly must be English; second, foreigners were prohibited from becoming merchants or factors

in the plantations; third, coastwise trade was restricted to English shipping; fourth, trade from foreign ports to the colonies was prohibited except when vessels should call at English ports, satisfy the customs regulations and clear regularly; fifth, the chief products of the English colonies were restricted to England, Ireland, or some other British plantation as their place of shipment. The goods thus restricted were termed "enumerated goods," chief among which were tobacco, sugar, furs, timber, and naval stores.[1]

England's policy was to reserve colonial trade to herself, but in doing so, she sought to compensate for the disadvantages which her colonies would be under by extending to them certain privileges, thus establishing a reciprocal arrangement between the colonies and the mother-country. While England, as stated above, provided that certain goods could be sent only to England, she at the same time gave the colonies the monopoly of the English market for those goods and she also extended bounties and special privileges on certain wares that were in the list of enumerated goods, such as naval stores and hemp, and later extended a special favor to sugar. If carried out the Navigation Acts might have worked great hardship to colonial commerce; the acts were, however, not enforced.

164. Dutch Commercial Relations. — The Navigation Acts were directed primarily against the Dutch, and their enactment marked the beginning of the decline of Holland as the supreme commercial power of Europe. The Dutch were at first offended by the English Navigation Acts, and later, when they were charged with having violated them, certain English citizens requested the privilege of letters of marque and reprisal, to prey upon Dutch commerce. More than eighty Dutch ships were seized as prizes, which led to the attack by the Dutch in 1653, and with slight interruptions war went on for the next twenty years. Admiral Penn, father of the colonizer, engaged in this war and captured the island of Jamaica for the English. The depredations of the English in the West Indies led to a declaration of war on the part of Spain to defend her

[1] Palgrave, *Dictionary of Political Economy*, Art. "Navigation Laws."

own rights. England waged a bitter contest for the possession of the Spice Islands in the eastern ocean, but by the treaty of 1667 she gave up all claim to these islands in return for the New World territory which was ceded to her.

England had much in common with Holland, and trade between these neighboring countries continued intermittently. Many refugees from Holland settled in England, and England aided Holland in her war against Spain. It was this earlier intercourse between Holland and England which paved the way for the coming of William of Orange, and he found a welcome from the former residents of his own country and their descendants.[1]

The prosperity of Holland, however, and the success of the Dutch in the world's commerce made the country and its people objects of much jealousy in England. This prosperity was denominated by Sir Josiah Child, in his *New Discourse of Trade*, as the "envy of the present" and the "possible wonder of future generations." Another writer of the same period, Andrew Yarranton, prepared a treatise on "England's Improvement," the purpose of which was to show how "to beat the Dutch without fighting." (Illustration on page 262.)

165. **Science of Wealth.** — The discussions on the Dutch relations first turned the attention of English writers to the "science of wealth," and to a consideration of the methods of trade by which wealth could be secured. Men of the stamp of Josiah Child, Francis Brewster, Andrew Yarranton, and Charles Davenant, wrote extensively on navigation, banking, colonies, commercial relations, and gradually a body of literature was produced which became fundamental to the later science of political economy.

In the reign of Charles II, England began to take a new interest in colonial development, and from this time the oversea activities of the nation occupied an increasingly large place. It would be quite fair to say that in the eighteenth century England's whole relationship to the continent of Europe and to her colonial empire was changed. In the sixteenth century

[1] Cunningham, *Alien Immigrants*, 243, 244.

ENGLAND'S
Improvement
BY
SEA and LAND.
TO
Out-do the *Dutch* without Fighting,
TO
Pay Debts without Moneys,

To set at Work all the POOR of *England* with the Growth of our own Lands.

To prevent unnecessary SUITS in Law;

With the Benefit of a Voluntary REGISTER.

Directions where vast quantities of Timber are to be had for the Building of SHIPS;

With the Advantage of making the Great RIVERS of *England* Navigable.

RULES to prevent FIRES in *London*, and other Great CITIES;

With Directions how the several Companies of Handicraftsmen in *London* may always have cheap Bread and Drink.

By *ANDREW YARRANTON*, Gent.

LONDON,

Printed by *R. Everingham* for the Author, and are to be sold by *T. Parkhurst* at the Bible and three Crowns in *Cheap-side*, and *N. Simmons* at the Princes Arms in S. *Paul's* Church-yard, M DC LXXVII.

TITLE-PAGE OF YARRANTON'S BOOK

From original in Library of University of Pennsylvania.

England had no interest in colonies, and in the seventeenth century, her interest was, in the earlier period at least, indefinite and incidental, while in the eighteenth century the colonies claimed a new and increasingly important place evidenced most strongly, perhaps, in the so-called " mercantile system."

An English merchant, Thomas Mun by name, gave the first accurate account of the *mercantile system* as a form of trade. Mun had engaged in commerce with Italy and the Levant, and later in life was a director of the East India Company. He was a pronounced mercantilist, and his book, *England's Treasure by Foreign Trade*, which was printed in 1664, is supposed to have been written considerably earlier. In brief, it was a panegyric on trade, and set forth what would be England's gain from an active and scientific participation in trade.

The mercantile system had various aspects, but its most striking single feature was the attempt to secure prosperity by the regulation of foreign trade, so that the value of goods brought into the country would be less than the value of goods sent out. The relation between the value of imports and exports would thus give a balance in favor of the home country, gold would come in, and the country, it was thought, would thereby be the gainer. The constant effort of publicists under the mercantile system was to adjust their trade relations so as to have the balance in their favor, and trade was regulated, industry stimulated, and every effort bent to accomplish this end.

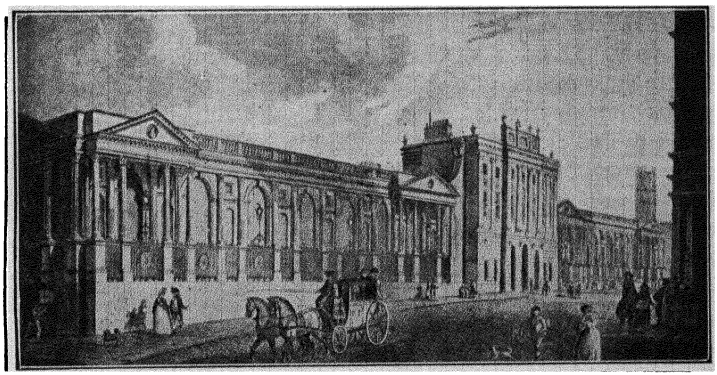
Colonies were to have a large place in the new commercial system. Indeed, the aim seems to have been to have, so far as possible, a self-sufficing empire. In the seventeenth century, England was importing timber and pitch from north Europe. Iron and copper and other necessities were also imported from abroad. The new trade regulation sought to make England independent of these outside powers through the supplying of all these articles from her colonies.

166. **Finances.** — Goldsmiths in England received money on deposit, and usually paid six per cent interest on it. They in turn loaned to merchant companies or to the government,

usually at eight per cent. Commercial paper was introduced in the form of notes and checks. During the seventeenth century increased supplies of gold and silver led to a rise in prices. Money was thus cheaper, and a given amount of it would not go as far as the same amount would have gone earlier. As a consequence, the money expenses of the crown were much increased. The Stuart kings did not have the revenue with which to pay their debts, and there was during their reigns a great problem of adjustment to new financial conditions. The beginning of England's modern financial system may be seen in the taxes and grants of Parliament for carrying on the Civil War against Charles I. From this time there was the gradual growth of the policy of the treasury of the nation. Sir Josiah Child, in his *New Discourse of Trade*, held that since the introduction of the new artillery and gunpowder, all war had become a means of defense, or of money rather than men, and that success would attend those who could secure and expend the greatest amount of money.

167. Board of Trade and Plantations. — Temporary councils had been appointed from time to time in England to exercise supervision over trade, the first of these being selected to advise Parliament as early as the fourteenth century. A department of more permanent character was established under Cromwell, the purpose of which was to foster trade and navigation, and to check the aggression of Dutch merchants. The policy was continued under the Restoration and a committee of the Privy Council was appointed in 1660 to ascertain the chief facts concerning the imports and exports of the realm, and to improve the conditions of trade. There was a later committee to aid the crown in the supervision over the foreign plantations. In 1672 these two committees were joined, and were to constitute a standing Council of Trade and Plantations. Of this the Earl of Shaftesbury was President, and the next year John Locke became Secretary. This joint Committee, however, continued in session but two years, and then fell into disuse. In 1696, John Locke returned to office, and then began the activities of the new Board of Trade and Plantations.

The Board was subordinate to the Privy Council and was utilized as a source of information and a means of communication. The regulations of this Board were that the colonies should submit accounts of their doings in detail, the membership and proceedings of their legislative bodies, and the reports of their governors. There was also to be submitted to the Board a statement of the exports and imports, and the general progress of trade in the different parts of the British dominion. In its earlier period the Board sought to exercise political functions, but after some twenty years, its chief interests seem to



BANK OF ENGLAND

Reproduced from Benham, *Trade and Trade Centers of History.*

have been such economic matters as commercial relations, the collection of debts, the issue of paper money, and the setting up of manufactures.

168. **The Bank of England.** — The Bank of England was founded by act of Parliament in 1694. The purpose was to give financial stability to the government, and it became the most important agent in marketing the government's securities, and maintaining the circulating medium of the realm. By original charter, the Bank was authorized to deal in bullion and bills, issue notes, and make loans on security. A very important branch of its work was issuing notes and negotiating

loans for the government. Thus the Bank has been a bank of issue and an agent in disposing of the government's securities.

169. Peace of Utrecht. — The Peace of Utrecht which was concluded in 1713 marked an important forward step in the colonial and commercial greatness of England. By this peace England secured possession of Gibraltar, which gave her free access to the Mediterranean, and established her power securely in that region. Similarly in the New World, England realized gains in receiving Nova Scotia and the Hudson Bay territory. French domination in Europe was checked by this peace, and England was strengthened both in Europe and North America. One important provision of the Peace of Utrecht was the right secured to England to send one ship a year to Panama, which right gave to the English the opportunity to make of the ship a virtual warehouse, and to carry on an extensive trade with the Spanish colonies. Having the right to send one ship led to smuggling and illicit trade, and was an important cause of later war between England and Spain.

The so-called *Assiento Treaty* was entered into the same year as the Peace of Utrecht. By this England was given for thirty-three years the right to send yearly to Spanish colonies in the New World a total of 4800 merchantable negroes. Two thirds of these were to be males, and none were to be under ten or over forty years of age. The Assiento was temporarily suspended, but was resumed in 1725 and again in 1748. This gave England a virtual monopoly of the slave trade, and during the eighteenth century this trade was plied with renewed energy. The Dutch had earlier been active in the supplying of the New World with negroes, but from 1713 the English were in the ascendency in the slave trade.

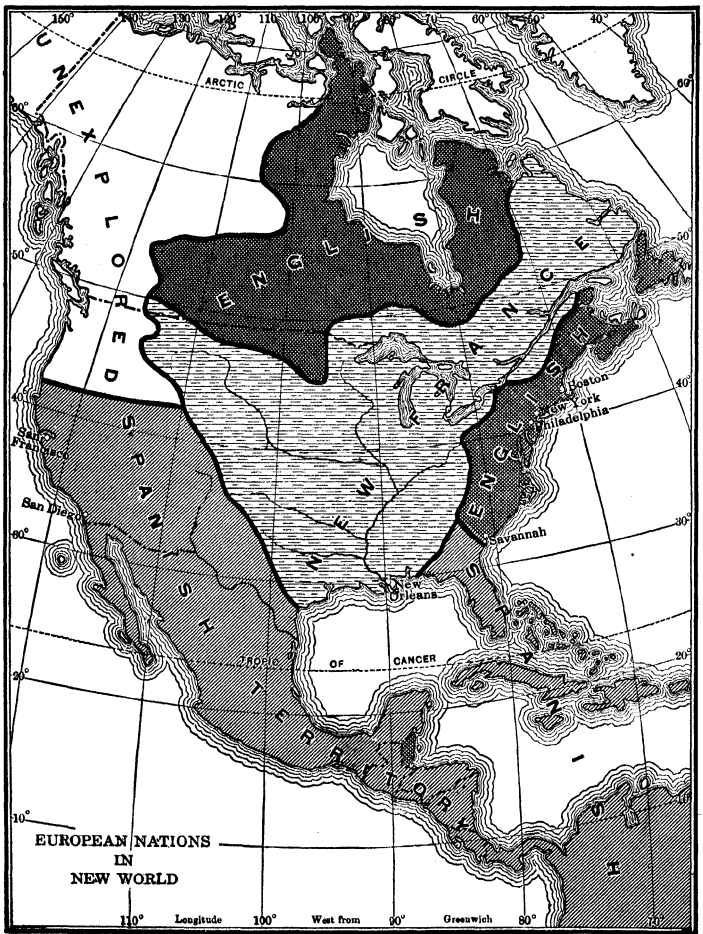
Following the Peace of Utrecht, England had decided *trade advantages* due to her military position in Europe, her supply of such valuable materials as the furs of the New World and the gold and silver of the Spanish possessions, and her monopoly of the trade with Africa.

170. **Speculative Companies.** — Great joint stock companies were common in the later seventeenth and early eighteenth centuries. These companies were enterprises in which many people invested small amounts, and they were a natural outgrowth of the earlier trading companies which had prospered in England. The most famous of all these speculative companies was known as the *South Sea Company*, which was both trading and financial in its aims. In the first place the South Sea Company took over the Assiento contract with Spain. It also undertook the whale fisheries, and proposed in addition to assume all of the national debt of England. Between April and July, 1720, the value of the shares of the Company advanced from £120 to £1020 each. Capital was expended extensively in preliminary plans, but trade did not follow; there were no funds with which to pay dividends, and the value of the shares fell. A financial panic resulted, almost to the extent of a catastrophe. Only the wise statesmanship of Robert Walpole averted disaster. Walpole became the First Lord of the Treasury in 1721, and his first great achievement was the settlement of the South Sea Company's affairs. More than two hundred of such companies were formed in England with a subscribed capital of five hundred million pounds. They undertook all sorts of industrial and commercial projects which resulted in wholesale losses to all classes.

171. **Colonial Rivalry.** — A period of quiet and commercial prosperity followed the Treaty of Utrecht. England was at peace with Europe, and property on the high seas was safe. Walpole's colonial policy was characterized by a desire to establish and maintain good relations with the colonies, known as the "Peace Policy of Walpole." He was willing to ignore the slight violations of the English regulations affecting the colonies, and to look to the larger good that would come from the growth of these settlements and the extension of England's power through them.

An important step in England's development was taken with the settlement of *Georgia* in 1732. The Spaniards claimed the region where the Georgian settlement was made. The English

looked upon Georgia as a "buffer" or bulwark against the attacks of the Spaniards. In order to make the colony stronger for military defense, and to remove the dangers to which the Carolinas and the West Indies had been exposed, due to a large



slave population, it was provided that negroes could not be admitted into the Georgian colony. The Georgia settlement increased the hostility of the Spaniards against the English.

Smuggling and violation of the trade agreements by the English traders resulted in a commercial war with the Spaniards known as the "War of Jenkin's Ear" (1739–1748) and with interruptions, war continued until the peace of 1763, which closed the contest for colonial power in the New World with the complete ascendency of England. While the wars that went on from 1653 to 1763 were a contest for political and military supremacy, they were also commercial wars. Upon the issues of these wars depended the centers and avenues of trade. Five nations competed for the possession of the New World trade. Success came to that country which was "least hampered by the Old World." [1]

Books for Consultation

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[1] Seeley, *Expansion of England*, 97.

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Suggested Questions and Topics

1. Point out the differences between England's commercial and colonial interests, as shown in chapters XVI and XIX.

2. Apply the motives for colonization as set forth in Sec. 9 to the colonial expansion of England (1603–1673).

3. Draw the annual isotherms of western Europe to eastern North America. With these before you, account for the failure of so many of the earlier colonial projects.

4. How do you account for Ireland's having been held in such close restraint by England? Explain the figure of Jevons, that Ireland is "the Achilles heel" of the British nation.

5. Explain the origin of the word "Guinea" as the name of a coin. Why should "Guinea Coast" and "Gold Coast" be used interchangeably?

6. Explain the following, written in 1644: "Methinks I see a noble and puissant nation rousing herself like a strong man after sleep, and shaking her invincible locks." — Milton's *Arcopagitica*.

7. Fiske (*Dutch and Quaker Colonies*, II, 209–257) treats the Middle Colonies as "The Citadel of America." He says that from military and commercial considerations they occupied "the most commanding position on the continent." What does he mean?

8. Apply the following to Spanish, French, and English relations in the New World: "The Latin adventurer sowed the seed, the Teuton reaped the harvest." (Payne.)

CHAPTER XX

ECONOMIC DEVELOPMENT OF ENGLISH NORTH AMERICA

172. The Region. — The English settlements in America reached from the colder temperate regions to the tropical islands. The chief colonies were The West Indies and the thirteen which stretched along the Atlantic seaboard, from New Hampshire to Georgia. As England was geographically the most isolated country in Europe, so her continental colonies were in the most isolated region of North America. To their west lay the Appalachian Highland with its mountain ranges and almost impenetrable forests. On the north, they were flanked by the French settlements and the powerful Iroquois tribes, while to the south were the Spaniards and the friendly Cherokee Indians.[1]

On the Atlantic Plain there was a density of population not found in either the Spanish or French colonies. "It was possible in 1700, to ride from Portland, Maine, to southern Virginia, sleeping each night in some considerable village." As the English moved back from the seaboard, they occupied the fertile valleys which stretched across the Indian country. These valleys led into the highlands and pointed the way to the mountain passes which later served as gateways into the rich lands beyond.

The colonies occupied widely *dissimilar regions* and had correspondingly a wide range of productions. The sterile soil of *New England* with the long winter when agriculture could not be practiced, almost forced some other employment. A plentiful water power suggested manufactures; timber was at hand for ships; the sea yielded richly of fish; transportation of goods

[1] Semple, *American History and its Geographic Conditions*, 40.

was profitable. Hence began shipbuilding and other forms of manufacture; the fisheries also prospered and commerce grew apace. The *Middle Colonies* were more fertile and the settlers engaged in agriculture extensively. Wheat and other forms of grain were produced, as were pork and beef. These settlements were well named in the Board of Trade papers, "the bread colonies." Further *south* production was usually of some one staple. In Virginia it was tobacco; in North Carolina, naval stores; in South Carolina, rice; in the West India Islands, sugar.

173. The Hinterland. — The "back country" was of marked influence in the development of English North America. The first settlements were on the coast or on tidewater rivers, but gradually the wilderness was penetrated. Furs were an important item of trade, and trading posts were the beginnings of towns; the trails of the traders grew into roads, and the Indians were pushed back.[1]

Shortly after the middle of the eighteenth century the English passed the Appalachian Highland and disputed with the French for the possession of the rich central plain. When by arbitrament of arms, England secured the interior of the continent, the English King, by proclamation (1763), forbade the colonists to extend their influence beyond the headwaters of the rivers flowing into the Atlantic Ocean, but it proved quite impossible to stem the rising tide of English population, and settlers passed beyond the mountains.

174. Population. — Population increased slowly. A large proportion of the original immigrants was lost. It is estimated that by 1640 there were 21,000 people in New England and about half that number in Virginia. New Netherland had 7500 at

[1] Turner, *Rise of the New West*, "The American Nation," XIV, 113, 114.

"The trading posts reached by these trails were on the sites of Indian villages which had been placed in positions suggested by nature; and these trading posts, situated so as to command the water systems of the country, have grown into such cities as Albany, Pittsburg, Detroit, Chicago, St. Louis, Council Bluffs, and Kansas City. Thus civilization in America has followed the arteries made by geology, pouring an ever richer tide through them, until at last the slender paths of aboriginal intercourse have been broadened and interwoven into the complex mazes of modern commercial lines." Turner, *Influence of the Frontier in American History*, American Historical Association Report, 1893, 210.

the time of the English conquest (1664). In 1760, the total in the thirteen colonies was estimated at 1,600,000, including blacks. Of this total, one half lived north of Maryland, and one third were said to have been in New England. Philadelphia and Boston were the largest cities each with a population of about 20,000; New York had about half that number. The blacks were estimated at nearly 400,000, of whom three fourths lived south of Pennsylvania.[1]

That the colonies progressed so rapidly in their material civilization resulted from the fact that the settlers came to America with the period of apprenticeship past. Experience, intelligence, and economic efficiency were brought to the New World. Here were boundless natural resources awaiting the peoples, ideas, and capital of Europe. When for periods of time in a given field of effort, colonial progress was slow, men and money or initiative had not come from across the sea.[2]

175. Labor Supply. — The history of colonies and present observations of their economic activities lead to the conclusion that the *labor supply* has a determining effect on colonial development, and that the value of colonies is limited by the possibility of furnishing an efficient labor force. Of the factors in production, the natural agents are in abundance in new settlements, inviting men to become independent proprietors; of the agents to be imported, labor is the most costly to transport, the most difficult to adjust to the needs of a new region, and the slowest to respond by the multiplication of itself. Under present conditions free labor is economically more efficient than servile labor, but in earlier periods men had not learned the lessons of thrift and industry and if labor was to be had, compulsion was necessary.[3] Every sort of labor was tried in the North American colonies, and various forms of servile labor had a marked influence on the economic development of the settlements.

176. Indentured and Redemption Laborers. — In addition

[1] Channing, *Student's United States*, 139, 140.
[2] *Cambridge Modern History*, VII, 687, 688.
[3] Ely, *Evolution of Industrial Society*, 48.

to the free laborers who were brought from the mother-country, the North American colonies were supplied with white settlers who came as servile laborers, bound for a term of years. In early days immigrants of this class were received in practically all the settlements, but in the eighteenth century the largest number came to Pennsylvania and Maryland. Of the British servants who came under indenture, some were political offenders, criminals, and " sturdy beggars," who were transported to free the mother-country, but by far the largest number were those who signed indentures with a ship captain to serve either him or his assignee for a term of years, usually four or five, as payment for being transported to the New World. Thousands of persons of this sort came from Great Britain and Ireland, and they added considerable numbers to the population of the two colonies above named, and lesser numbers to other settlements.

The bringing in of white servants who had been trained in industrial activities had a marked effect on the economic development of the Middle Colonies. Many of these servants were skilled artisans who were utilized in the trades before the expiration of their indentures and followed trades on their own account after their servitude had been completed. Some English students of colonial affairs objected to furnishing the colonies with white servants under indenture on the ground that this arrangement would tend to the economic prosperity of the colonies and would make them rivals of the mother-country. The merchant Postlethwayt issued in London in 1745 an interesting study under the title " The African Trade, the Great Pillar of the British Plantation Trade " in which he argued that the sending of white servants to the colonies would only make them competitors, while supplying them plentifully with negroes would keep them agricultural, to the advantage of the mother-country. Postlethwayt urged that not only would the policy of supplying the colonies with negroes keep the population of the mother-country at home, but it would make the colonies absolutely dependent on the mother-country. From the colonial side objection was made to receiving vagabonds and those convicted of crime, and some of the early differences

between the colonies and Great Britain grew out of the attempt to make the colonies what was termed a "dumping ground" for the objectionable elements in the population of the home country. It was pointed out that a change of residence did not change the natures of vicious and idle persons.

Not only was the trade in servants important, ships often bringing over whole loads of these passengers and exchanging them for the produce of the colonies, but the influence of this form of labor on the political and economic development of the colonies was far-reaching. Important additions were made to the population by immigrants of this sort and their labor added not a little to the economic prosperity of the New World.

177. Slave Labor. — The earliest attempt to get a labor supply in the New World was by the enslavement of *Indians*. The Spaniards reduced the natives to slavery for service in both field and mine, but it was quickly shown that the Indian had neither the temperament nor the resistance for labor of this sort, and the attempts of the Spaniards failed as did like efforts of the Dutch and English.

The supplying of African *negroes* for slaves was begun by the Portuguese and continued by the French, Dutch, Spaniards, and English. The Spaniards were the first large users of negro slaves and for their supply they depended in part on the merchants of other nations. The Dutch early drove this trade actively and it was the prosperity of the Dutch from the slave trade as well as from other branches of commerce that led to the jealousy and hostility of the English as expressed in the Navigation Acts. It was a Dutch trader who introduced negro slavery into the colonies from which the United States was ultimately formed (1619). The English slave trade was begun by Captain John Hawkins, who sailed the first slave ship in 1563. The first organized company for the driving of the slave trade was the Guinea Company in 1588. The English did not, however, enter actively into the business of supplying slaves to their own colonies until about the middle of the seventeenth century.

Negroes were found well suited for manual toil in the tropics and semi-tropics, and slavery made a large contribution to the development of the West India settlements and the southern continental colonies. The usual plan was to bring the negroes to some West India island, Jamaica most often, keep them there for a period until they had become acclimated or "seasoned" and then to transfer them to the colonies farther north. In this way the loss of life was considerably reduced, but even at the best the loss was so great that sixteen per cent of the negro population is thought to have died each year.[1]

The slave trade was driven most actively after 1662 when was organized a Fourth African Company with the definite purpose of supplying three thousand slaves annually to the American markets. The operations of this Company were restricted by the commercial wars with Holland, and with the peace of 1672, was organized as its successor, the *Royal African Slave Company*, which received grants of exclusive privileges through royal charter. Favors and protection were extended to this Company, stock of which was owned by members of the royal family. These privileges were taken away following the Revolution of 1688, but they were later in part restored. In 1750 a new African slave company was formed, but without exclusive monopolistic privileges. A much larger number of slaves was supplied to the North American settlements after the Assiento Agreement (1713). The English established a reputation for skill and daring in the slave trade and became the carriers for all European colonies. Even when other nations sent out slave ships they were largely dependent for their supply upon the English trading factories on the African coast.

In 1753 there were more than one hundred ships in the Guinea trade and the number of slaves annually imported was quite one hundred thousand. The activity of the British slave traders increased during the third quarter of the eighteenth century, the number of ships being estimated as high as two hundred. Liverpool and Bristol grew in importance from the profits of the slave trade. For the hundred years from 1673

[1] Payne, *European Colonies*, 74.

to 1773, the total importation of slaves into the various West India and continental colonies has been estimated at 3,000,000.[1] So largely were the rights of the colonies disregarded that in 1774, the Continental Congress declared that the slave trade should cease, and in the original draft of the Declaration of Independence we find in the arraignment of the English sovereign, that "determined to open a market where men should be bought and sold, he has prostituted his negative for suppressing every legislative attempt to prohibit or restrain this execrable commerce."

An interesting phase of slave labor and the slave trade is the activity of the colonial merchants in the prosecution of the trade. New England ships, more especially those of Newport and Boston, would sail to the coasts of Africa carrying rum, various trinkets, and gewgaws, which were bartered for slaves. The slaves were carried to the West India settlements, and there exchanged for sugar, molasses, and other products, which were brought back to the home port. From molasses, additional rum was manufactured for further trade with Africa. Commerce was thus triangular and the sailing from Africa to the West Indies came to be known as "the middle passage."

178. Tropical Colonies. — The subtropical and tropical colonies were regarded with most favor in England because they differed most widely from the home country and offered the double advantage of furnishing a market for the goods which England had to sell and of affording supplies of those food products and raw materials which England most needed. Thus the trade policies of the mother-country were shaped in the interests of the sugar and tobacco colonies. The southern colonies of the continental group and the West Indian settlements took from the home country and other colonies, cloth and clothing, household goods, iron and leather manufactures, and various forms of food. For these they gave in exchange chiefly sugar and molasses, tobacco, rice, and indigo. These staples were taken to England in such quantities that some of them were re-exported.

[1] Bancroft, *History of United States*, II, 277.

The economic prosperity of the West Indies depended on *sugar*. About the middle of the seventeenth century, new methods of producing and preparing this commodity were adopted. The cane was allowed a longer time for ripening and the product was boiled to prevent fermentation. These changes added enormously to the profits from sugar production.[1] But the British West Indies were not the only islands producing sugar, and from 1725 to 1732 there were numerous complaints against the practice of the traders of the northern colonies visiting the French and Dutch colonies for supplies of this commodity. Jamaica, Barbados, Antigua, and St. Christopher joined in these protests and numerous communications were addressed to the Lords of Trade and Plantations. The desire of the home government to favor the sugar colonies led to the passage of the so-called *Sugar or Molasses Act* (1733), fixing what was in effect a prohibitive duty on all molasses or sugar brought into England or the British colonies from any place other than the English sugar islands.

Tobacco was the basis of the prosperity of Virginia and it served as an important item of trade. The early and general use of tobacco provided for it a large market in England and on the continent. As with sugar this staple was also cultivated on large tracts making a demand for slaves.

179. Colonies of Temperate Regions. — The colonies lying farther to the north engaged in diversified production. The Puritans of New England early learned to raise Indian corn, and even to use fish as fertilizer. Swine, cattle, and sheep were brought over, and thrived. The exportation of sheep from England was forbidden, but some were taken on the pretense that they were to be used for food in passage; the future colonists would change their plans after getting to sea, and bring the contraband sheep to their new homes. Tillage was crude, the ground being either spaded by hand or loosened with a wooden plow. A brush or wooden tooth harrow further prepared the soil. Grain was harvested either with a sickle or scythe, and threshed with a flail. The grain was powdered in

[1] Holmes, *Annals of America*, I, 352.

a sweep mill, or crushed between two stones, which were made to turn one on the other by means of water power. Apples, cherries, and other hardy fruits were successfully introduced.

The colonies of the temperate region so flourished that they had a surplus of food and sold grains and grain products, salt meats, and fish. They produced also a limited supply of furs, timber, lumber, masts, hemp, and other naval stores. Particularly did they supply raw materials. The inventive genius of the people turned naturally to manufactures as a means of supplying their own needs, and later they had a surplus of certain manufactures for export.

180. **Colonial Manufactures.** — Early manufactures in the colonies, as in England, were carried on in the homes of the people. The domestic system was then in vogue and manufacture was by hand work, which was carried on either in the household or in a small shop connected with it. The earliest industries were textile; spinning wheels and looms were brought from England and it is not possible to determine how early or how extensively cloth was made. The cloth was mostly coarse, and termed "homespun," but better grades of woolens and serges were also produced. The first restrictive measure of the English Parliament was directed against the export of woolens (Sec. 181).

The colonists enjoyed special advantages in the supply of fur, and the manufacture of beaver hats grew to such proportions that *hats* were sent out of the colonies, even to Great Britain. In 1731–1732 the Hatters Company of Great Britain appealed to the Board of Trade, and also petitioned the Parliament, to protect them by passing an act to prohibit the manufacture of hats in the colonies. They claimed that they were being ruined by the operations of their colonial rivals.[1] The extent of the manufacture of hats must have been exaggerated, but evidently what the English petitioners most feared was not the present, but the future, competition of the Americans.

The colonists early introduced *tanning* and manufactures in

[1] *Journals of Board of Trade, MS*, Vol. 42, p. 12.

leather. These, too, were household industries. The hemlock and oak of northern forests supplied bark for tanning. Shoes, harness and saddles were manufactured. The itinerant shoemaker was common in New England and the Middle Colonies. The impetus of an early start gave to Massachusetts and Pennsylvania a leading place in the leather and shoe industries.

Iron was early discovered in the colonies in a relatively native form, as bog iron ore. Other forms of ore were later discovered, also limestone for flux. Charcoal was much more abundant than in England and the home government encouraged the production of pig iron by the colonies with a view to its being worked up at home. England was under the necessity of importing iron, and if she could get it from the colonies, she was less dependent on Norway, Sweden, and other sources of supply. The colonists produced pig iron in considerable quantities, some of which was sent to England; they also set up small furnaces and forges for the production of crucible and plate steel. Trip hammers and slitting machines were also introduced. Another of England's restrictive measures was directed against the finer forms of iron manufacture (Sec. 181).

When the returns were made according to the act just mentioned, it was reported that Massachusetts had two slitting and rolling mills, Pennsylvania one, and New Jersey one, which was not then in use. Of plate forges, Massachusetts was reported as having one, Connecticut six, New York one, New Jersey one, but not in use, Pennsylvania and Maryland each one. Massachusetts, Connecticut, and New Jersey were reported as each having one steel furnace, and Pennsylvania two. From the guarded statements in the reports of the governors as well as from contemporary records it is probable that the above summary did not include all the manufactures of the kind mentioned.

Potash and *pearlash* were manufactured by boiling the lye of wood ashes. On the frontier in the period of clearing the forests, this was an important industry. In representations to the Board of Trade in 1750, it was claimed that although this trade was of great value it was much neglected. In the seven

years from 1742 to 1748 inclusive, over three million pounds of pearlash and seventeen million pounds of potash were exported from the colonies to England.[1]

Lumber and *timber* were produced extensively in the colonies. Huge rafts of masts and spars were bound together to resemble a ship and sailed across the Atlantic. The timber and lumber supplied the shipbuilding industry (Sec. 183). Wood was also worked up into pipestaves, barrel heads, and hoops for export to the West Indies, where casks and hogsheads were used to ship the sugar products.

181. Restrictions and Bounties. — Trade regulation as it applied to the colonies was of two sorts, affecting, first, production, and second, exports and imports. The right of the home country to regulate industry and trade was stoutly maintained even by those who questioned England's right to tax the colonies. So good a friend of America as William Pitt said at the time of the pre-revolutionary agitation: "Taxation is theirs, commercial regulation is ours"; many of the restrictions were defended as being necessary for commercial regulation.

In 1668 the Massachusetts government (the jurisdiction of which included New Hampshire and part of Maine) forbade the cutting of any white pine trees which measured twenty-four inches in diameter three feet from the ground. The same legislation was reënacted in the British Parliament in the reigns of William III and Anne. A surveyor of the woods went through the forests and placed the king's arrow, or the "broad arrow," on trees which were of the size indicated. Thus the best trees were marked for the king's use, but the objection was urged by the colonists that the trees thus marked were not used, that instead they rotted in the forest.

A restrictive measure against the manufacture of wool was passed by Parliament in 1699, forbidding the exportation of any wool or woolen goods from any of the colonies under penalty of forfeiting the ship and cargo and incurring liability to a fine of £500 for each offense. In 1732 a similar act was passed to restrict the exportation of hats, and its terms made more severe.

[1] *Plantations General*, Vol. XV, O, 92, and O, 120.

In addition to the fine of £500, to which the offending exporter was subject, the customs officer who signed an outward entry was to be held for a like amount. Any other person knowing of the exportation or aiding in any way was liable to a fine of £40. By the same act no person was to make hats unless he had served an apprenticeship of seven years in England, nor could any master have more than two apprentices at the same time, nor could a negro be permitted to work at making hats.

The Sugar or Molasses Act (1733) was like other restrictive measures, in that it was passed in answer to appeals of those who thought to profit by its operation. In 1731 and 1732, numerous communications were presented to the Board of Trade and Plantations and to Parliament complaining that the so-called "Bread Colonies" were trading with the Spanish, French, and Dutch settlements and exchanging food products for sugar. The act was meant to prohibit the importation of all sugar, molasses, and rum except from the English sugar islands. It was termed, "An act for the better securing and encouraging of the trade of His Majesty's Sugar colonies in America." A duty of 5*s.* per hundredweight was laid on sugar, of 6*d.* per gallon on molasses and of 9*d.* per gallon on rum. Duty was to be paid in advance of landing, and in case of violation, the penalty was to be forfeiture of the goods. In case of confiscation, one third was to go to the support of the government of the plantation where the offense was committed, one third to the governor, and one third to the informant.

The sugar act was regarded by the continental colonies as *doubly unfair*. Foreign colonies in the West Indies offered markets for surplus food products, notably for poor grades of salt fish. The same settlements supplied sugar, molasses, and rum at a lower price than that at which these articles could be secured from the British islands. Rum was cheap in the French colonies, due to a regulation which forbade its exportation to France. Molasses was the foundation of the slave trade. The balance of trade with the foreign colonies was in favor of the English colonies and from them was drawn the specie to make

up for an unfavorable balance of trade between the continental colonies and the mother-country (Sec. 185).

But the Molasses Act was *not enforced*. Fraudulent clearances were secured, customs officers were bribed, and governors feared to carry out the law. Macpherson quotes with approval a statement that 20,000 hogsheads of French molasses were made into 1,260,000 gallons of rum in Boston in one year.[1] It was not contemplated that this act would give revenue, and in this particular its lack of enforcement was not a disappointment, but it was well known that the act failed to monopolize the colonial markets to the West India planters. One of the first of the new tax reforms in 1764 was a modification of the Molasses Act by cutting the duties in half and providing for their collection.

An act of 1750 aimed to encourage the production of pig iron in the colonies and to restrict the finer forms of iron manufacture. The manufacture of steel was forbidden, as was the rolling, plating, or slitting of iron. The governors were commanded to make returns on steel furnaces, plate forges, and slitting mills in their respective settlements and such returns were made in 1751.[2]

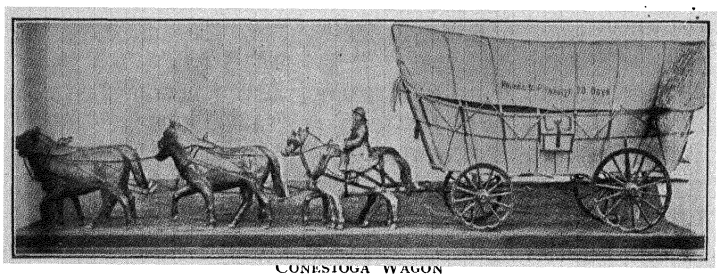
Along with these restrictive measures went a *bounty system*, the purpose of which was to encourage certain forms of trade, or to mitigate the hardships of the regulations. Pig iron from the colonies was admitted into England duty free, while iron from other parts was subject to a high tariff. Other articles from the colonies, as tobacco, lumber, potash, and pearlash, were favored either by being admitted duty free or having a low duty.

In 1704 Parliament passed a law to encourage the importation of naval stores from America. A bounty of £4 per ton was allowed on tar and pitch, £3 on turpentine, and £6 on water-rotted hemp; at the same time a bounty of £1 per ton was fixed on all masts, yards, and bowsprits of forty feet. These bounties were modified from time to time and other similar ones provided. The indigo industry was encouraged in 1748 by a bounty of 6*d*. per pound.

[1] *Annals*, III, 176. [2] Bishop, *History of American Manufactures*, I, 625.

Rice was included in the list of articles to be sent only to England in 1706, and so continued until 1730, when the regulation was so modified that rice could be sent to any country in Europe lying south of Cape Finisterre.

182. Intra-Colonial Trade. — Internal trade in the colonies was little developed. Indeed, trade rivalry was so keen between different seaports and sections as to prove a decentralizing force. The *fur trade* was the earliest practiced. The Indians were poor business men, and unprincipled traders took to them trinkets, whisky, and fire-arms which were bartered for their peltries. The consequence was antagonism against the Eng-



CONESTOGA WAGON

Collection of Philadelphia Commercial Museum.

lish. In the prosecution of the fur trade the English came into rivalry with the French and this trade had no slight influence on the struggle for the possession of North America.

Roads were poor. Usually they were bridle paths or rough tracks for ox-carts. In New England carts were common. In 1639 the General Court of Massachusetts required that each town should build a road so as to be connected with the next town. A road was constructed from Boston north to the Merrimac in 1639. In 1654 a road was opened from Boston to Providence where it connected with another set of roads through the Connecticut settlements to New York. Pennsylvania introduced a form of wagon which later developed into the Conestoga wagon and ultimately evolved into the prairie schooner and the railway coach.

The most natural ways of communication were on rivers and by coastwise traffic. "Carries" were made across portages from one river system to another. The tidewater rivers offered advantages for commerce and at the fall-line were favorable locations for towns which enjoyed the double advantage of having water power and being at the head of navigation. New England was favored in having plenty of good harbors. Long Island Sound was a sheltered roadstead reaching from New England to the Hudson navigation. The Hudson was navigable far inland. From Perth Amboy in northern New Jersey led what was termed the King's Path, to navigable water on the Delaware. The Delaware and Chesapeake Bays were joined by wagon road.

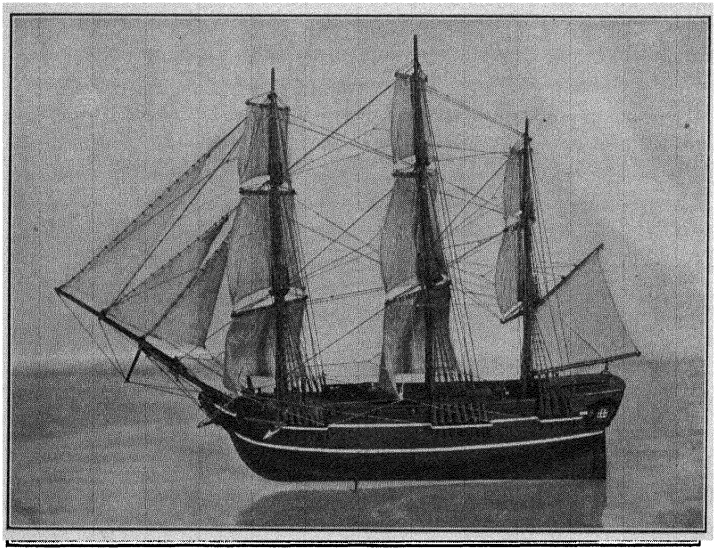
The cities favorably located in relation to this land and water communication became important commercial centres, *e.g.*, Boston, Providence, Newport, New York, Albany, Philadelphia, and Baltimore. There was little land communication in the South, but cities situated at the mouths of navigable rivers as Norfolk, Charleston, and Savannah grew into important ports.[1]

183. **Shipping and Shipbuilding** — The building of ships in North American colonies was both an important industry in itself and had, moreover, an influence on the trade activities. The chief centers for shipbuilding were about Boston and on the Delaware. Commerce in which the colonies engaged was principally coastwise and to the West Indies, and small ships were most used. The schooner type of ship was perfected in Gloucester in 1713 and combined safety, speed, and economy in operation. The shipbuilders on the Thames complained in 1724 that their industry was interfered with by the activity of the New England shipyards. A little later (1729) Joshua Gee in his *Trade and Navigation* defended colonial shipbuilding, claiming that many colonial ships were finished only in a rough manner, that they were sailed to the West Indies and sold, after which they were brought to England for completion.

Shipbuilding timber grew at the water's edge both in New England and Pennsylvania and an oak vessel which could be

[1] Coman, *Industrial History of the United States*, 73–76.

built in Massachusetts for twenty-four dollars a ton would cost in England at least fifty dollars a ton. Some fifty ships a year from New England were sold in the mother-country, and at the outbreak of the Revolution the claim was made that nearly 400,000 tons or nearly one third of all the British shipping had been built in the American colonies.[1] A few ships were built



EIGHTEENTH-CENTURY SHIP

Collection of Philadelphia Commercial Museum.

ranging in size from one hundred to two hundred and fifty tons burden, but usually they were small, even down to ten tons or less.

Massachusetts had seven hundred and thirty ships in 1676. In 1745 the New England settlements had approximately one thousand ships, large and small, exclusive of the fishing craft. But by this time the industry had begun to decline. For example, Boston had building in 1738 forty-one vessels of about

[1] Bogart, *Economic History of the United States*, 51, 52.

6000 tons register; in 1743 there were but thirty building; in 1746, twenty; and in 1749, only fifteen ships were on the stocks, with a tonnage of 2450. In all the American colonies there were built in 1769, 20,001 tons of shipping, and in 1771, 24,068 tons.[1]

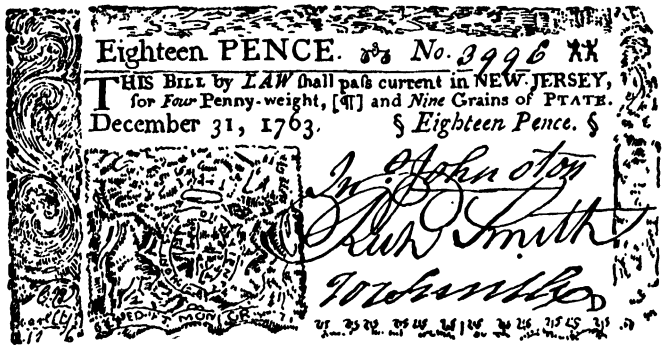
184. **Fisheries.** — The productive fishing grounds lying off the American coast were much coveted in advance of the English settlement in North America. New England lay near to these grounds and the fisheries had a prominent place in her economic life. The New Englanders quickly saw the force of Captain John Smith's advice to the Plymouth settlers, that their staple product should be fish. Herring, mackerel, cod, and whale frequented the near-by seas, so the New Englanders took to their fishing boats. Their rock-bound coast afforded ample harbors and the industry was most profitable. Salt was obtained for curing the fish by evaporating sea water.

Cod fishing preceded the fishing for whales, but both made large demands for ships and men. The cod fishery grew in importance after 1670; the whale fishery began in 1700. When the whales were driven from the American coast about the middle of the eighteenth century, the daring New Englanders followed them to the Arctic and Antarctic seas. This naturally made necessary larger ships, and longer voyages. Dried and salted fish were the staple of New England and entered largely into her trade. The poorer grades were sent to the West Indies and Southern Colonies as food for slaves while the better grades went to the Middle Colonies, England, and Europe. The estimated value of fish exported was held to be above a million dollars yearly.[2]

185. **Colonial Currency.** — When the colonists came to the New World they found the natives using for purpose of exchange strings of shells termed *wampum*. As long as the Indians were near and wampum could be traded for their furs, it could serve the purpose of money, but when they were estranged and driven to the interior, other devices were adopted. Barter was common

[1] Bishop, *History of American Manufactures*, I, 47, 48, 90.
[2] Bogart, *Economic History*, 57.

and payment in commodities often resorted to. This was termed "country pay." In entering into a contract it was necessary to specify the kind of currency in which payment was to be made, such as "specie"; "hard money"; "Massachusetts currency"; or "Pennsylvania money." Scarcity of a circulating medium led to the use of that commodity which was most common as a means of exchange. Thus in New England, codfish was used at times as a basis of reckoning values; in New York, bearskins; in Pennsylvania, wheat; in Virginia, tobacco.



COLONIAL PAPER CURRENCY

"Ptate" is for "Plate," meaning silver bullion. (Reproduced from Moore, *Industrial History of the American People.*)

The Virginia tobacco was stored in warehouses and certificates were issued on it which passed current. Wheat was stored and certificates were similarly issued in Pennsylvania.[1]

Money in circulation was *coin*, consisting of specie from the Spanish and French West Indies, and *paper currency* issued in the several colonies. Spanish coin was the most common, though Portuguese currency came into use during the eighteenth century. Spanish hard money, called "pieces of eight" (*i.e.*, having a value of eight shillings) or "milled dollars" served as the basis for all the moneys. The paper money was of

[1] *Cambridge Modern History*, VII, 68; Channing, *History of the United States*, II, Ch. 27.

uncertain value outside of the colonies issuing it, and even there it was usually at a discount. Paper currency was variously denominated, as "Land Bank Issues," and "Pennsylvania Currency." In 1751, Parliament sought to support Massachusetts in an attempt to give stability to paper currency by enacting that the New England colonies should not issue further bills of credit except in the emergency of war. Twelve years later this regulation was made to apply to all of the colonies. This action was resented in America as an invasion of colonial rights.[1]

Scarcity of specie led to trade in goods direct to England, but the value of goods imported from England was in 1750 nearly £200,000 greater than the value of goods exported. The balance was made good by carrying charges on England's commerce or in specie which had been drawn off from trade with the West Indies.[2] The colonies thus justified their trade with foreign settlements. Bishop, writing of this trade, said: "None of the colonies north of Maryland ever had balances in their favor, but were, on the contrary, much in their arrear. Their obligations could only be met by the circuitous trade carried on, in contravention of the Trade Acts, with foreign countries, whence they derived most of their specie and remittances suitable for returns to their English creditors. By this illicit traffic English commerce was as much benefited probably as that of the Colonies. Lord Sheffield admits that, between the years 1700 and 1773, the Colonies must by this circuitous trade have remitted to Great Britain upward of thirty millions sterling in payment of goods taken from her, over and above their direct remittances in produce and fish." [3] Franklin in his famous examination before the House of Commons urged that the colonies were drained of their specie by the existing trade relations.[4]

186. Economic Differences with the Mother-Country. — From the foundation of the colonies there had been conflict of

[1] Coman, *Industrial History of the United States*, Revised Edition, 88.
[2] Channing, *History of the United States*, II, 508.
[3] *History of American Manufactures*, I, 89.
[4] *Writings*, Smyth Edition, IV, 416, 417.

interests with the mother-country. The French philosopher Montesquieu in 1730 prophesied that England would be the first nation to be abandoned by her colonies and gave as a reason the distasteful laws for the regulation of navigation and trade.[1] Two years later the Board of Trade reported that there were in the colonies manufactures that were detrimental to the mother-country, and the House of Commons appointed a commission and ordered an investigation into colonial industry and navigation. In 1732 the objectionable act against the hat industry was passed, while the more obnoxious Molasses Act followed a year later. Imperial administration of colonial affairs irritated the colonists more and more, because there seemed increasingly less regard for their rights.

A new problem was presented in the administration of a territory widely separated from the seat of the home government. The colonist was usually much more interested in a working scheme of government than in any abstract principle, or in the following out of any precedent. In addition to all else, the British administration was halting and uncertain. Between the Board of Trade, the Privy Council, special commissions, and later the Colonial Secretary, the colonists hardly knew to whom they were responsible, and these conditions made them all the more ready to disregard the laws.

The fundamental idea of the old colonial system was an economically self-sufficing empire, and colonial rights were sacrificed to this. Says Professor Andrews:

"England's colonial policy, instead of being a broad statesmanlike policy with the interest of the colonies at heart, was a narrow mercantile or commercial policy with the interests of the mother-country at heart. Throughout the period from 1660 to 1783 trade was in the ascendancy, and England's leading men viewed these far-off territories from the standpoint of trade and profit. The colonies were to be sources of supply, and those that furnished the largest part of the commodities that England needed were the most important in their eyes." [2]

[1] Cited in *Social and Economic Forces in American History*, "The American Nation," 113.

[2] *The Colonial Period*, 109, 110.

England's policy, however, was not less liberal than that of any other colonizing power of the time.

The Peace of Paris (1763) presented both to the mother-country and to the colonies a new situation and one which further separated them. When George Grenville came to the head of the government in 1763 he found that the Navigation Acts were evaded, smuggling was common, and duties not paid. In 1764 a new law was passed known as the "Sugar Act," which was the first legislation avowedly to secure revenue. Coffee and other tropical products were included, the duty on sugar was reduced, but the penalty for violation was greatly increased. The act contained two other provisions, aimed: first, to prevent illegal trading; and second, to favor the colonies by repealing certain duties, and granting additional bounties on colonial products. This act had as an accompanying provision that revenue raised under it was to be used for colonial defense.

The colonists believed that the action of 1764 was an invasion of their rights, and an attempt to enforce this action aroused bitter resentment. The feeling became more acute with the passing of the Stamp Act in 1765 and broke out anew when the Townshend Acts were passed in 1767. The tea tax (1771) and the first of the so-called "Repressive Acts" (1774) were commercial measures.

Non-importation agreements affected English merchants and they in turn influenced Parliament. When, in 1767, a resolution was adopted in Boston to encourage manufactures, to lessen the use of articles termed superfluities, and to restrain the purchase of large numbers of articles imported from England, excitement resulted in England. In the year following the tea tax the value of imports from England decreased over $4,000,000. One of the arguments used in America against extending manufactures was that such a policy would lessen importations from England and thus render less effective non-importation agreements as a means of enforcing rights.

From 1764 to 1775 the controversy with the mother-country was largely on political grounds, but it was also economic. The colonies grew steadily in population, wealth, and economic independence, and at the outbreak of the Revolution they were in a position fairly to provide for their own needs.

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Suggested Questions and Topics

1. Shaler says that the Appalachian Highlands were "almost as impassable as the Alps." What was the effect of this on the development of the interior?

2. Compare the results of the geographic isolation of the English colonies in North America with the results of the geographic isolation of England. (Sections 104 and 172.)

3. Locate the "Iroquois Trail," "Kittanning Path," and "Cumberland Gap." What is evidenced by the succession of animal trail, Indian path, bridle path, frontiersman's road, and later, canal and railroad through these openings? (Hulbert, *Historic Highways*, I, 17 sqq.)

4. Consider the difficulty of adapting what Thomas Malthus called the "moral and mechanical" habits of the mother-country to colonies. Are colonies more or less successful after they develop an "indigenous labor supply"? Why?

5. What did Alexander Stephens mean in characterizing society as in layers, with negroes at the base? In what particulars was the person held in white servitude better off than the negro?

6. Without slavery what would have been the destiny of the negro? What do you think of the Newport deacon who thanked God for the blessings of the slave trade?

7. What probably would have been the development and what the present condition of the West India Islands and southern United States without negro slavery?

8. Explain the figure used by Professor Andrews (*The Colonial Period*, 114) that the prosperity of the early colonies was "built on smoke."

9. Show how the introduction of indentured servants led to manufactures. (Sec. 176.)

10. What is the meaning of the phrase "codfish aristocracy"? What does it indicate of industry and currency?

11. Justify England's regulations of manufactures and trade, treating the topic from the standpoint of England.

12. Compare the English pre-revolutionary taxes on the colonies with the ship money tax of Charles I. (Sec. 161.)

13. Consider "commerce as an engine of coercion" and the results from so using it. (Sumner, *Finances and Financier of the Revolution*, I, 103–131.)

14. Explain: — John Morley's statement that the Revolutionary struggle of 1776 was a necessary step in the development of English liberty; Edward Thornton's (British Minister to the U. S., 1879) claim that "Englishmen now understand that in the American Revolution you were fighting the battles of Englishmen"; Henry Van Dyke's assertion (*Spirit of America*, 20) that the Revolution was not a Revolution at all, was not to secure new rights and privileges, but was to defend old ones; and a fundamental in Winsor's *Narrative and Critical History* (VI, 1) that the Revolution was not "a quarrel between two peoples" but "a strife between two parties."

CHAPTER XXI

THE INDUSTRIAL REVOLUTION

187. What the Industrial Revolution Was. — From about 1750 to about 1830 was a time of such economic change and adjustment that it is generally recognized as a revolution. Though these changes were seen first in England and first worked their great result there, they extended to other countries. With this movement, as in the religious reformation of the sixteenth century and the political revolution of the eighteenth century, new elements were and are being introduced into the life of the time and new adjustments were and are made necessary. The great changes of the Industrial Revolution affected agriculture, manufactures, transportation, and commerce. Necessarily the ways people lived, worked, and thought were largely changed. From being a country of small freeholders with open field tillage, England became a modern agricultural nation with inclosed fields, practicing rotation of crops, and using improved tools and methods of cultivation. From being a country of handworkers, each carrying on his trade in his own home or in a small establishment, she became a land filled with great factories in which the workmen were machine tenders. From being a nation largely economically self-sufficing, and one in which the various communities similarly provided for most of their own needs, England became a workshop dependent on outside regions for raw materials and foodstuffs. For centuries little change had taken place either in agriculture or manufacture. Aristotle, it has been said, would have been quite at home in the economy of George Washington, but Washington would scarcely have recognized the economic order of fifty years later. The nations of the Napoleonic

era underwent great changes in laws, governments, boundaries of countries, and spheres of influence, but even greater changes were introduced into the lives of the people. The invention of machines which do the work of millions of persons has made between the eighteenth century and the present almost as great a difference as the introduction of metal tools made between primitive savages and the inhabitants of historic Egypt and Babylonia.

The changes above mentioned resulted most largely from mechanical invention. The last half of the eighteenth century was notable for a " burst of inventive genius." The conditions of economic life were favorable to such a development. The " age of geographical discovery " had prepared for " the age of invention." England had eclipsed all rivals in the struggle for commercial supremacy: she had ships and capital. The demand was for *goods* and this demand led inevitably to the era of invention, which made the Industrial Revolution possible.[1]

188. Agrarian Revolution. — Changes in *agriculture* in the last half of the eighteenth century affected crops, methods of tillage, and the life of the people. In 1750, two fifths of England's land was waste, being either bogs, fens, moors, or unimproved commons. Of the land under tillage, probably one half was held by the common field system, preventing individual improvements and the rotation of crops. Implements were of the sort used for centuries and were " primitive and wretched." In the main the land was held by small freeholders who carried on manufactures in their homes by the *domestic system*. The country was said to have had one hundred and eighty thousand of these freeholds at the opening of the eighteenth century.

Jethro Tull led the reforms in agriculture by the introduction of " drill husbandry " and " horse hoeing." He also introduced artificial grasses, such as clovers, and root crops, such as turnips. The new methods of tillage and rotation of crops removed the necessity for land to lie fallow. Lord Townshend adopted turnip cultivation with such zeal and followed it with such success that he was known as " Turnip Townshend." Robert Bakewell be-

[1] Cunningham, *Western Civilization*, II, 225–228.

gan in 1755 the improvement in sheep and cattle through breeding by selection and crossing. He developed sheep that gave wool as before, but which yielded also much larger carcasses and more palatable mutton. Cattle were produced that dressed twice as much meat, and meat that was better for food purposes. Stock-raising also was made to supply manure for fertilizer. Gypsum was introduced for the same purpose.

Arthur Young traveled widely both in England and on the continent and wrote at length on agriculture. For thirty-eight years his observing mind and ready pen accelerated the movement for agricultural reform. Young urged larger farms, better drainage, rotation of crops, use of fertilizers, improvement of machinery, and grading of stock. Numerous societies and individuals offered prizes for various competitions in agricultural products. In 1793 a new era was inaugurated by the establishment of the British Board of Agriculture.

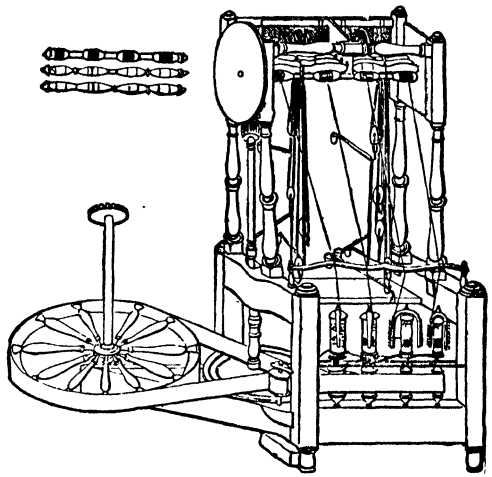
With the new method of enclosures, a shifting of the population was necessary, and the small holders were forced from the land and into the towns, where they engaged in the newer methods of manufacture. Despite improved methods in tillage, England was not able to supply her increasing need for food. In the twenty years from 1770 to 1790 the exports and imports of food supplies about balanced, but from the last named year the imports were in excess [1] and England was fairly launched on her career as a *manufacturing nation.*

189. Textile Manufactures. — Manufactures in wool had for centuries been an important industry in England, but so few changes were introduced that Adam Smith could say in 1776 there had been only three inventions of note in the textile industries in three centuries. Here as elsewhere, invention was a growth; one built on the foundations which others had laid. Wyatt produced a device for roller spinning in 1730, but it was not generally adopted. In 1738 Kay invented his *fly shuttle* which made it possible for one weaver, by the manipulation of cords, to pass a shuttle mechanically back and forth. Greater widths of cloth could be woven, and one weaver could do the work of at

[1] Cheyney, *Industrial and Social History of England*, 223.

least two. The *carding cylinder*, a device for machine combing, was invented by Lewis Paul in 1748. Before this time wool was prepared for spinning by wooden combs used by hand.

Thus improvements in the preparation of wool for spinning and in the use of yarn which had been spun, intensified the demand for spinning machinery. The Royal Society offered a prize for a machine which could spin several threads at once. A device termed a *spinning jenny* was invented by James Hargreaves, and demonstrated that several spindles fixed on a



ARKWRIGHT'S FIRST MACHINE FOR SPINNING

movable frame could be made to turn and each do the work formerly done by a single spinner. Hargreaves' invention was completed in 1764, but was not patented until 1770. In 1769 Richard Arkwright patented his roller spinning machine which spun much faster than the jenny, though the jenny spun a finer thread. The next great improvement came with Samuel Crompton's *mule* (patented 1779), which joined the features of the inventions of Hargreaves and Arkwright. This new invention spun cotton thread finer than could be spun by hand and

made possible the manufacture of muslins. The next great advance came with Edward Cartwright's *power loom* which was patented in 1787. Numerous improvements were made in the power loom and it came into general use about 1800.

Hargreaves' first jenny had but eight spindles. The number in each frame was gradually increased until it reached two hundred by the opening of the nineteenth century, and the number has gone on increasing until a modern frame has more than a thousand. Inventions for textile machinery multiplied. In 1857 the testimony before an industrial commission was that the carding machines then in use embodied some sixty different inventions and that the spinning machines embodied eight hundred inventions.

Calico was introduced into England from India, and was so common in the eighteenth century that it was said "even poor persons could afford it." But the stamping of calico was by hand dies and therefore a time-consuming and expensive process. A great improvement came with Bell's invention of printing by brass cylinders (1783), by which the productive capacity of a man was multiplied a hundred fold. About the same time a new method of bleaching by use of acid shortened this process from months to days.

Eli Whitney's *cotton gin* (1793) was necessary to supply raw material for the mills of England. Before Whitney's invention, a day's work at cleaning would result in from one to six pounds of cotton. By use of the gin a man could clean a thousand pounds of cotton in a day. In 1764 England imported about four million pounds of cotton; in 1841 she imported five hundred million pounds. Cotton manufacture became a leading industry and cotton a staple import, — the supply coming largely from the United States.

190. Iron and Steel Manufactures. — The machines mentioned in the preceding section were made of iron and steel. Coal and iron are basal industries on which other industries depend. Scarcity of wood for charcoal had limited the iron industry in England, and made England dependent on an outside source of supply. The blast commonly used was a bellows

worked by oxen or water power. In 1760 a new form of furnace was brought into use, with a cylinder blast which made possible the smelting of iron by use of coal. Roebuck took out a patent for this in 1762 and the iron industry had a rapid rise in the coal fields of the Midlands and North ("The Black Country").

The invention above mentioned gave great impetus to *coal mining* and a new industry sprang up. New machines and steam power were utilized in mining. Thus one industry was bound up with another. The steam engine was used in the production of the blast in 1790 and greater efficiency was obtained when the air used in the blast was heated. Hardware and the finer forms of steel manufacture were developed in England, and next to textiles, the iron and steel industry was most important.

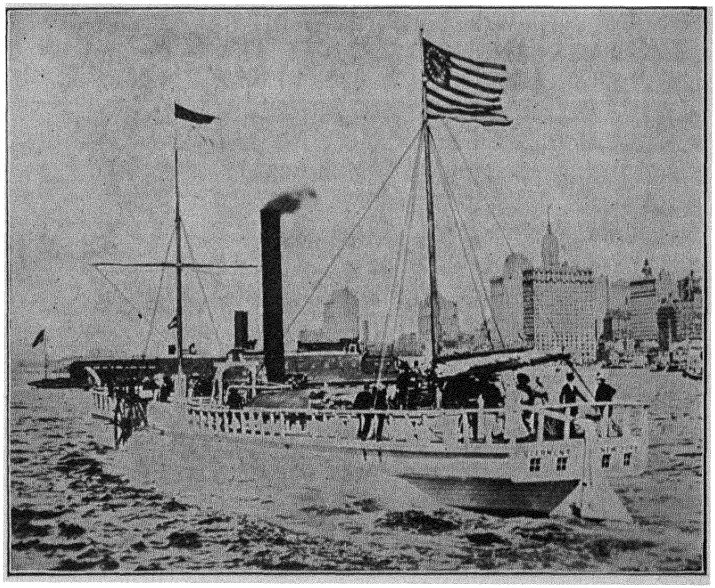
191. Steam Engine. — Probably the most important single mechanical invention which the world has yet known is the *steam engine.* The machines mentioned in the preceding sections would have been much less useful except for new means of supplying power. Those wonderful contrivances, the steamboat and the railway locomotive, were made possible only by the use of steam. Steam substituted mechanical power for water power and muscular energy. The expansive power of steam had probably been known prior to the Christian era. As a scientific fact it had been adapted in various ways to utilitarian purposes — such as pumps. James Watt, of Glasgow, determined in 1764 that the volume of steam, at 212° and atmospheric pressure, is about seventeen hundred times greater than is the water from which it is made. This great expansive power he utilized by introducing steam alternately into the two ends of a cylinder, thus forcing a piston head back and forth. Watt's invention, which was built on that of other experimenters, was patented in 1769; numerous improvements were added to it, one of the most important of which was the adoption of the so-called rotary principle. Watt entered into an important partnership with Boulton in 1781, and began the manufacture of steam engines for commercial purposes. In 1785 the first

steam engine was used to run the machinery of a cotton factory.

192. Roads. — In 1760 trading in England was largely at markets and fairs. Roads, therefore, were necessary for travel to these centers. In the main, the highways were dirt roads, which were at all times rough and for a part of each year seemed almost bottomless mud. From 1760 to 1774 Parliament passed four hundred and fifty-two acts for road improvement, but most of these were local in purpose, authorizing private companies to establish toll roads. An act different in character was passed in 1773 which was directed to the centralizing and systematizing of road construction. England then had great road builders, Telford, Macadam, and others, who worked as complete a revolution in constructing highways as was worked in agriculture, the textile and iron industries, and in the methods of supplying power. In brief, the new principle introduced was the superimposing of stone, broken and crushed, in layers, with a smooth surface so rounded that it would shed water. The name of Macadam was often associated with these improved forms of road building.

193. River and Canal Commerce. — The rivers of England were navigable inland and contributed largely to England's commerce. In the period of the Industrial Revolution, however, important extensions and connections of the river systems were made in the form of canals. Canals had long existed in Holland, and they were also introduced into France in the seventeenth century. The value of canals was recognized in England by Parliamentary grants in 1755 and 1760. The first important canal was constructed by James Brinley in 1761 for the Duke of Bridgewater and connected the Duke's coal fields at Worsley with Manchester. This canal, called the Bridgewater, was extended to Liverpool. It was a success and others followed. The Grand Trunk Canal was completed in 1777, connecting the navigation of the Trent and the Mersey, a distance of ninety-six miles. The Grand Junction Canal, ninety miles in length, was completed in 1792, and connected London with the principal towns of the Midlands district.

194. Steam Navigation. — The use of steam for navigation followed shortly after the steam engine was found to be a success, and numerous experiments were conducted during the last quarter of the eighteenth century, but it remained for Robert Fulton to make the demonstration of a successful steamboat.

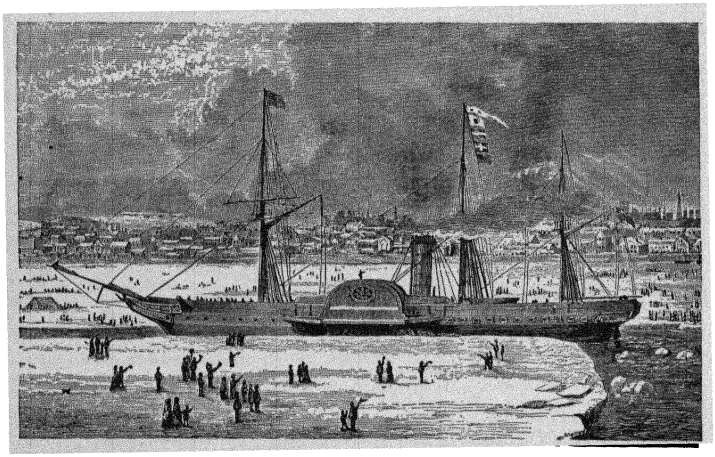


THE "CLERMONT"

Reproduced for the Hudson-Fulton Celebration. Collection of Philadelphia Commercial Museum.

Fulton went abroad, where he studied and experimented. In 1806, he returned to America bringing with him a Watt and Boulton engine. A hull was built, and the engine installed, after which the first steamboat, the *Clermont*, made the trip from New York to Albany (1807), taking two days. The *Clermont* soon made regular trips on the Hudson. Robert R. Livingston and Fulton, who had formed a partnership, were

given a monopoly of steam navigation on the Hudson. John Stevens of New York also made a successful steamboat in 1807, and, securing a similar monopoly on the Delaware, brought his boat by sea to the Delaware Bay. A boat was soon placed on the Connecticut River and Livingston and Fulton began the manufacture of steamboats at Pittsburgh. From this point they were extended to the various branches of the Mississippi navigation. The first successful steamboat in



FIRST CUNARD STEAMSHIP ("BRITANNIA") AT HALIFAX
Collection of Philadelphia Commercial Museum.

Great Britain was the *Comet*, built on the Clyde in 1812, and within a few years all important inland waters of that country were supplied with steamboats. This form of navigation was at first more important for river commerce than for ocean-going trade.

Ocean-going steam vessels followed, however. In 1819 the *Savannah*, with auxiliary engine, sailed from the city whose name she bore to Liverpool, making the voyage in twenty-five days. She continued her voyage to Russia and returned. The first ship to cross the ocean without use of sails was the *Royal William*,

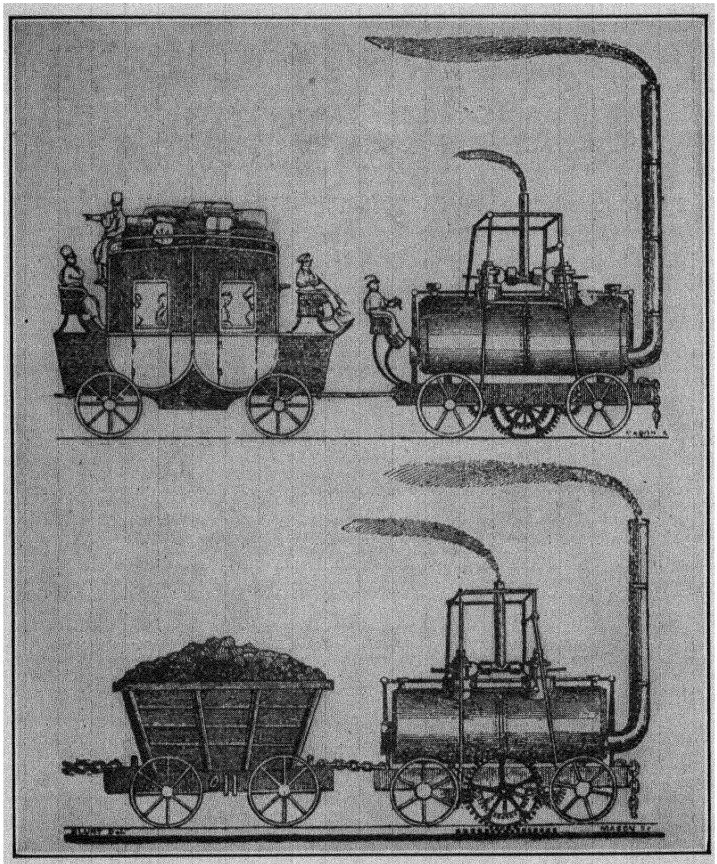
which made the voyage from Quebec to London in 1833. The English Cunard Company sailed its first ship in 1840, and from this time use of steam for sea communication has grown steadily. The first ocean ships were, as most river steamboats still are, side-wheelers. The screw propeller was invented in 1836 and came into general use for ocean craft about 1850.[1]

195. Locomotive. — The difficulties of utilizing steam for transportation on land were greater than on the water. Roads with rails in the form of wooden stringers had long been used in England, and in the late eighteenth and early nineteenth centuries these stringers were finished with straps of iron. Over these roads wagons or cars were drawn by horses. Such roads marked the beginnings of the railway.

The invention of the *locomotive* like other great inventions was an evolutionary process. Various experiments with a steam locomotive were tried during the first quarter of the nineteenth century. By accident it was discovered that smooth wheels revolving on a smooth track gave sufficient resistance to make a locomotive possible. To George Stephenson were due the greatest achievements in overcoming obstacles. He produced his first locomotive in 1814, and continued his experiments. In 1825 Stephenson laid out the Stockton and Darlington railway, and three years later he entered the famous "Rainhill Trials" on the Liverpool and Manchester line, to determine whether stationary engines or locomotives were the most effective for hauling cars.

Stephenson introduced two revolutionary changes in the *tubular boiler* and *forced draft*. The tubular boiler was a boiler filled with small pipes, surrounded by water, which gave a largely increased heating surface. The forced draft, resulting from the use of the exhaust steam in the smokestack, largely increased combustion due to the air being drawn through the fire box. Thus, with more intense heat, and greater surface exposed to it, the steam-producing power of the locomotive was much greater. Stephenson's locomotive, the *Rocket*, was entirely successful in the trial over the Liverpool and

[1] Johnson, *Elements of Transportation*, 209, 210.

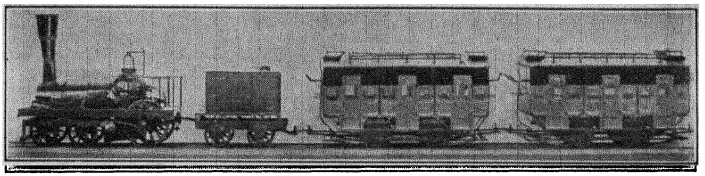


LOCOMOTIVES AND CARS AS REPRESENTED IN 1823

Note cog-wheel for propulsion. From contemporary publication as reproduced in "Magazine of Commerce," January, 1903.

Manchester road and demonstrated a speed of twenty-nine miles an hour. Within the next ten years in England, various important railway systems had been projected and the locomotive was accepted as a means of transportation.

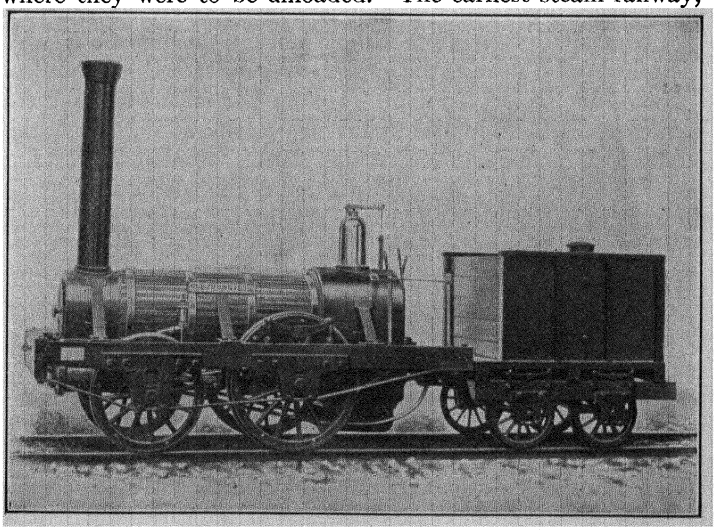
America had much the same development. The horse railway was used at the quarries in both Pennsylvania and Massachusetts. In 1826 two "gravity railways" were introduced in



EARLY AMERICAN TRAIN

Collection of Philadelphia Commercial Museum.

connection with the coal mining operations in Pennsylvania. These consisted of hauling the cars up an elevation by means of a stationary engine and letting them run down by gravity to a place where they were to be unloaded. The earliest steam railway,



EARLY AMERICAN LOCOMOTIVE ("Old Ironsides")

From photo of the Baldwin Locomotive Works.

in the present use of the term, in this country was the Baltimore and Ohio, the first rail of which was laid by Charles Carroll, on July 4, 1828. It so happened that Carroll was the last survivor of the signers of the Declaration of Independence and, as stated by President Hadley, one man's life thus connected the political revolution of the eighteenth century with the Industrial Revolution of the nineteenth. In 1830 thirteen miles of the Baltimore and Ohio Railway were opened for use.

The first locomotives were introduced from England, but soon Matthias W. Baldwin in Philadelphia, and Peter Cooper in New York, demonstrated that America, as well as England, could build locomotives. Within ten years, railroads were projected in all parts of the country, and they came to be of first importance in the new period ushered in by the Industrial Revolution. The use of steam in transportation pushed back the horizon of the economic world.

Revolutionary inventions later followed for the transmission of messages by telegraph and of sounds by the telephone. The telegraph has made the whole world a neighborhood, and the telephone transmits the human voice for thousands of miles.

196. The Factory System. — In no particulars were there greater changes from the Industrial Revolution than in the methods of manufacture. Adam Smith's account of making pins has served as a classic illustration of the advantages of the division of labor. Using Adam Smith's system, ten persons could make 48,000 pins in a day. In a modern factory it is said that three persons can operate machines which will make 7,000,000 pins in a day. Other industries show as great or greater changes. To bring about such changes has meant the use of heavy machinery, requiring mechanical power to operate it, and substantial buildings to support it. As a result, large numbers of workers are centered in one building known as a factory. Other conditions, such as the presence of the means of power, or the availability of raw material, or the accessibility of a market, or the momentum of an early start, or a plentiful labor supply, or several of these acting together, have usually resulted in a number of factories being placed

in the same locality. With these changes gilds had less and less to do, and either disappeared altogether or exercised only a "shadow of their former power." Gilds in France were swept away with other economic privileges in the French Revolution, and the last trace of them disappeared in Germany in 1869, when the North German Industrial Code was enacted.[1]

The factory system was dependent on the means of power and changed the centers of population in England from the east and south to the center and north where were the deposits of coal. The population also shifted from a rural to an urban base. These changes presented new problems both economic and political. New labor laws termed "factory acts" were necessary regulating such matters as labor of women and children, and health and safety in working conditions. The first of these acts was passed in England in 1802 and the most important in 1834. Similar acts were later passed in the various American states. In England, these changes in population resulted also in a political revolution known as the Parliamentary Reform of 1832.

197. England's Foreign Trade. — Before 1760, England's trade with outside nations was relatively unimportant. Goods were largely produced in the regions where they were consumed. England, in common with the other nations before the Industrial Revolution, largely supplied her own needs. At the opening of the eighteenth century, England's exports amounted to less than one sixth the value of her home trade and at the same time the value of the imports was but one twelfth the total consumption.[2] The foreign trade was hindered by various regulations such as duties on imports, monopolized trade, and navigation laws. These laws were first modified in a special treaty which Pitt made with France in 1786, by which each country agreed to reduce the tariff against the commerce of the other. In the ten years from 1782 to 1792 the value of England's foreign trade almost doubled.

The *navigation laws* were severe. The first step towards the abrogation of these restrictions came in 1796 when the navi-

[1] Dyer, *Evolution of Industry*, 67. [2] Beard, *Industrial Revolution*, 20, 21.

gation acts were withdrawn from trade with the United States. Probably the demand for cotton following the inventions mentioned in Section 189, and America's plentiful supply of raw cotton following the invention of the cotton gin, had much to do with this action. The same policy was made to apply to Brazil in 1811 and to other Latin American countries in 1822. More liberal trade agreements were made with the United States immediately following the war of 1812–1814. In 1823, the crown was authorized to make reciprocity agreements affecting the shipping and trade with foreign countries, and many such agreements were entered into during the next twenty years. The famous navigation law of 1660 was repealed in 1826. Huskisson and Robert Peel championed various laws abolishing trade restrictions. In 1845, a tariff reform bill was passed which removed the duties from four hundred and thirty different articles, in part raw material and in part manufactures. From 1846 to 1849 there was a gradual reduction in the tariff on wheat and in the last named year the duty ceased altogether, except a nominal levy of one and one half pence per bushel. This is termed "the abolition of the corn laws" and "the beginning of the free trade era." [1]

198. Summary of Results. — The results of the Industrial Revolution were first and most largely evidenced in England. The first change to be noted was in the *population*. In 1700 an estimate gave the country five million people, in 1750 the estimate was six million; a census of 1801 showed over nine million; in the first thirty years of the nineteenth century, the increase was greater than during the entire eighteenth century. In 1700 it was estimated that one-fifth of the population was urban, but at the opening of the nineteenth century, dwellers in cities made one third of the total. The same tendency continued until the cities became the determining factors in the social and political life of the country. Up to 1760 the landowning class was supreme in the affairs of England, but from that time the capitalist class also exerted an influence. The Industrial Revolution developed a distinct laboring element

[1] Cheyney, *Industrial and Social History of England*, 229, 230.

which claimed recognition, first in matters of social and economic import, and later in political affairs. The changes affected international as well as national affairs. Says Professor Shotwell "the mill and machinery not only made possible the overthrow of Napoleon, but they are the chief sources of Britain's greatness today."[1] As a result of the Industrial Revolution, England changed from a domestic to an imperial nation.

With the coming of machine manufacture, it can be seen that *capital* assumed new significance. Under the domestic system the laborer was also capitalist, but under the factory system larger sums were necessary not only for machines, but also for raw materials and a food supply for laborers. The capitalists were often separated from the enterprise in which their capital was used and capital became "cosmopolitian and impersonal." These conditions have made necessary a new factor in modern industry, viz., the manager, or *entrepreneur*. It is he who finds raw materials, supplies of power, and necessary labor, and the capital required to operate these, and brings all into effective coöperation. This agent was unknown before 1760.

Not only has economic life changed, but the *theory* which underlies it has also changed. In 1776 Adam Smith published his *Wealth of Nations*, which is generally regarded as the first complete treatise on political economy. Adam Smith argued for less regulation and more working of natural law in economic affairs. Smith's work was followed by a remarkable essay on *The Principle of Population* by Thomas Malthus (1798) and a treatise on political economy by David Ricardo (1817). At first the old regulations of industry and trade were questioned and later they were repealed. As a result of the various changes of the Industrial Revolution, England adopted the economic policy of *laissez faire* or absence of government regulation.

The Industrial Revolution may be considered as an "era still in progress." The greatest changes and the earliest effects came to England which gave the impetus to the Revolution,

[1] *Social History and the Industrial Revolution*, 13.

but other countries felt and are feeling the results.[1] One steam engine only had been introduced into France at the close of the Napoleonic era, but by 1847, the number had increased to five thousand. The consumption of raw cotton in France increased five times over in thirty years. Important manufactures were begun in Paris, Lyons, Lille, Marseilles, Bordeaux, and other cities. Germany did not feel the results of the Revolution until after 1833 and the greatest effects did not follow until after 1870. The great changes of the Industrial Revolution in America will be considered in later chapters.

Books for Consultation

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**Cunningham, *Western Civilization*, Vol. II, Bk. 6, Ch. 1, "The Industrial Revolution."

**Levi, Leoni, *History of British Commerce*, pp. 3–252 (1763–1840).

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Gibbins, *History of Commerce in Europe*, Bk. III, Ch. V, "The Industrial Revolution in England and the Continental War (1793)."

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Day, *A History of Commerce*, Chs. XXVIII to XXXV.

[1] Cunningham, *Western Civilization*, II, 228.

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Suggested Questions and Topics

1. Was the Industrial Revolution more evolutionary or revolutionary in method? Explain.

2. Explain the following from Shotwell (*Social History and the Industrial Revolution*), "The Industrial Revolution grew out of the commercial revolution which preceded it." "The era of Pitt inevitably brought that of Watt." "Increased capital and world's markets stimulated industry so as to produce the machine and the factory."

3. Does the following from Beard (*Industrial Revolution*, 37) seem warranted: "Not a single one of the great inventions was struck off at one blow by the brain of a genius"?

4. What were the results of the agrarian revolution as set forth in Goldsmith's *Deserted Village?*

5. What does the origin of the word "spinster" indicate about the practices of the period preceding the Industrial Revolution?

6. What is the tradition of the way in which James Hargreaves discovered the spinning jenny? Does the name itself lend plausibility to the tradition? (Cheyney, 208.)

7. What is the origin of the word "calico" and what does the origin signify?

8. When Matthew Boulton of Soho (partner of James Watt) was asked by George the Third what he sold, he said, "I sell, Sire, what all the world desires — power." How largely was this true?

9. What do you understand to be the difference between a tool, or implement, and a machine?

10. When iron furnaces were dependent on water power for blast, where were they located? Where, when they were dependent on steam power?

11. Show the truth of the following definition as it applies to some factory of which you know: "A factory is an establishment where several workmen are collected for the purpose of obtaining larger and cheaper conveniences than they could procure in their own homes; for producing results by their combined efforts which they could not produce separately, and for preventing the loss from carrying articles from place to place in their manufacture." Carroll D. Wright, *Report of Factory System*, 1884.

12. Does the following from Shotwell (*Social History and the Industrial Revolution*, 6) seem an overstatement: — "The Industrial Revolution is . . . the greatest single event in the World's history"?

CHAPTER XXII

THE ECONOMIC INDEPENDENCE OF THE UNITED STATES (1776–1833)

199. Manufactures and Money during the Revolution. — Non-importation agreements preceding the American Revolution, and the Revolution itself, deprived America of the usual supply of English goods, resulting in the necessity of America undertaking manufactures for her own needs. Several so-called factories, simple in construction and limited in output, were started in different places immediately before or during the Revolution.

During the Revolution efforts were made to trade with the countries of Europe, notably France, Holland, and Spain, but foreign trade was chiefly with the West Indies. The limited employment for ships in regular trade led to privateering and ships went to sea to prey on British commerce. The most daring of these privateersmen was John Paul Jones, who captured various British ships and even attacked the coast of England. During the American Revolution, England went to war with France in 1778, with Spain in 1779, and with Holland in 1780. France saw an opportunity to injure her ancient enemy, and Spain wished to seize her old stronghold Gibraltar.

An interesting aspect of the Revolution, and a significant incident in monetary history, was the large issue of *fiat currency*. Congress declined to lay a tax when it was possible, as the members said, to pay for the needs of the country by issuing paper money. Issues succeeded issues in increasing volume; but as they increased in amount they decreased in value until money was scarcely worth the paper on which it was printed. By 1780 the scale of prices was quite twenty times as high as

it was in 1774. The issue of this paper currency, it is now recognized, was a form of taxation. Some have held that this was probably the only form of taxation which the new states would have accepted.

In 1781 Robert Morris, a Philadelphia merchant, was chosen Superintendent of Finance. Morris fixed a value for the depreciated currency and ordered it to be retired. He under-

A CONTINENTAL PAPER BILL

Reproduced from Ashley, *American History*, Revised.

took to have only hard money in circulation and to secure from the states contributions in goods to supply the needs of the general government.

200. **The Critical Period.** — High hopes were entertained as to the effects of American independence upon commerce. John Jay said that in the future the whole world would be open to America and that she would be at liberty to purchase from those who would sell at the best terms and to sell to those who would

offer the best prices.[1] But the expected advantages were not realized. In the period following the Revolution Americans reverted to the former trade with both England and the West Indies. In the ten years preceding the Revolutionary War, one third of the commerce from New York and Boston had been with the West Indies. England sought to damage the trade of the new country in all ways possible and in 1783 issued an order in council forbidding American ships to sail to the English West Indies. This was not only a great hardship to American traders, but it was against the best interests of the islands also, as the planters there had neither sale for their products, nor the necessary food supplies. Said John Adams, "The West India Islands can neither live without us nor we without them."

Under the Articles of Confederation each state had the control of trade both within and without its borders. What John Fiske termed "a barbarous superstition about trade" continued. It was believed that one party was always the loser in commercial transactions, therefore to realize an advantage the other party must be injured. Not only was this policy carried out in the trade of America and foreign countries, but it was carried out in the commercial relations of the different states. A few of the important cities as New York, Boston, Philadelphia, Charleston, and Baltimore had commercial advantages, but adjacent regions often suffered great disabilities. States laid duties on the ships of other states in some cases as high as were the duties on the shipping of foreign countries. New Jersey, between New York and Philadelphia, was characterized as "a cask tapped at both ends"; North Carolina, between Charleston and Norfolk, was termed "a patient bleeding at both stumps."

Yet the Critical Period saw hopeful beginnings of American commerce. Immediately following the war there were established in various parts of the country societies for the promotion of agriculture, the encouragement of manufacture, and the stimulation of trade. Prizes were offered for the largest crops

[1] Cited, Coman, *Industrial History*, 113.

and the best domestic animals; bonuses were given for iron and steel products and other forms of manufacture.

201. **Trade Difficulties and the Federal Constitution.** — The new Constitution was a direct outgrowth of trade difficulties. The southern boundary of Maryland was the southern bank of the Potomac River, thus giving Maryland control over the commerce of that river. The territory of Virginia included both capes at the entrance of Chesapeake Bay, thus giving to Virginia the control over Maryland's trade by the Chesapeake. In order to carry out the plans for the navigation of the Potomac in which Washington was interested, it was necessary to have a conference between the representatives of Virginia and Maryland. Accordingly the commissioners of these states met at Mount Vernon in 1785. As they discussed their respective trade rights their discussion grew into the larger question of the commercial interests of all the states, and representatives from all were invited to meet at Annapolis in 1786. Virginia's call for the Annapolis Convention was " to examine the relative situation and trade of the States, to consider how far a uniform system in their commercial regulations might be necessary to their common interest and method of harmony." Five states only had delegates in attendance at Annapolis although four others appointed representatives. Those present agreed to an address by Hamilton inviting all the states to send delegates to another meeting in Philadelphia in 1787 (Constitutional Convention).

Under the Federal Constitution power was given to Congress to lay and collect all duties, imposts, and excises. Congress was also given power to regulate commerce with foreign nations and among the several states, to coin money and determine its value, to fix the value of foreign coins circulating in the United States, to establish standards of weights and measures, and to establish post offices and post roads.

202. **Establishment of a Currency.** — During the Revolution and immediately following, English, French, Spanish, and other forms of money circulated in the United States, and there was in consequence much confusion from lack of a national monetary

standard. After the war when trade was increased with the Spanish West Indies there was a large increase in the quantity of Spanish hard money in circulation. A coinage act was passed in 1792. From the average of a number of Spanish dollars were taken three hundred seventy-one and twenty-five hundredths grains of pure silver as a standard for the silver dollar. Twenty-four and seventy-five one hundredths grains of pure gold were taken as a standard for the gold dollar.[1]

203. **United States Bank.** — To carry out the finances of the new government, the United States Bank was established in 1791 under a charter of Congress. It had a capital of $10,000,000 of which $2,000,000 was subscribed by the United States and $8,000,000 by private individuals. It was a bank of issue, and its notes were made receivable for all obligations due the government for a period of twenty years, which was the life of the bank under its first charter. The fact that the bank would receive its own paper currency in satisfaction of obligations due the government made its issues of equal value with coin as a circulating medium. The bank was prosperous and succeeded in floating the obligations of the United States; it served also as a place of deposit for the surplus funds of the government. The constitutionality of the bank was questioned at its establishment, and during the last years under its first charter political differences arose over this same question. When the time came to renew the charter in 1811, the ninety state banks which were in existence vigorously opposed the United States Bank, and the charter was withheld. The bank had been uniformly successful and yielded an average annual profit of from eight to ten per cent.

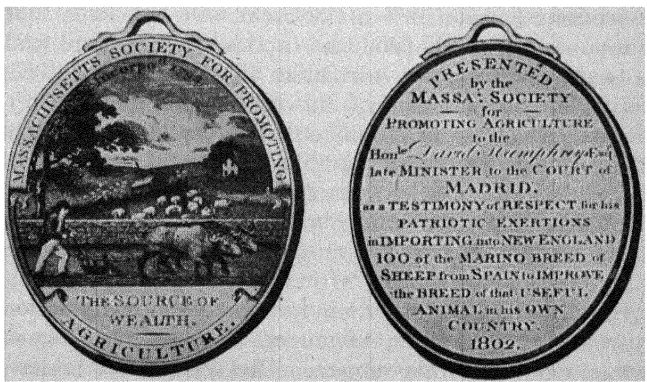
With the discontinuance of the United States Bank in 1811, many private companies obtained charters from the states in which they were located and proceeded at once to issue notes, but without the stability to guarantee the payment of these when they should fall due. Between 1811 and 1816 banks of issue multiplied three times over and the circulating medium increased from $45,000,000 to $100,000,000. But, as is true with any large increase in paper money, this money promptly

[1] Dewey, *Financial History of United States*, 103, 104.

fell below par and there was a disorganized condition of the finances.[1]

During the War of 1812 the United States was embarrassed by the lack of a central bank. A second bank was chartered in 1816, also for a term of twenty years. The second United States Bank was more bitterly attacked than the first; charges were openly made that its influence was used in elections. When Jackson was elected in 1828, he attacked the bank on the grounds that it was unconstitutional, that it interfered with elections, and was dangerous. Jackson opposed the bank during his first administration, and it was made an issue in the campaign of 1832. When he was reëlected he naturally said that the people supported his attack on the bank, and he withdrew the deposits of the United States and ordered surplus funds placed in state banks (Sec. 336).

204. Agriculture. — In the period following the American Revolution the United States continued to be mainly an agricul-



MEDAL FOR IMPROVING BREED OF SHEEP
Original in Boston Public Library.

tural nation. Her chief products were food supplies and raw materials, only a part of which was consumed in the country; the nation looked naturally to the export of these products in

[1] Coman, *Industrial History of the United States*, 198.

exchange for the manufactures which the people needed. The agriculture practiced was crude, and wasteful of the natural resources. The implements were clumsy and the crops secured not commensurate with the richness of the soil. It was natural that men should move westward to claim more fertile lands. A large increase in the agricultural output followed the development of the rich region west of the Alleghanies. Breeds of domestic animals were improved.

205. Manufactures. — The British Parliament sought to prevent manufactures from taking their departure to other countries by fixing a heavy penalty on the exportation of either machines or the plans or models of machines. The Parliament similarly fixed a fine for inducing machine operators to go out of the country and begin their trade in other countries. But almost immediately began the smuggling of English machines or the plans for them, and in 1787 what was probably the first cotton factory in the United States was erected at Beverly, Massachusetts.[1]

Manufactured goods produced in this country were said to cost twenty to fifty per cent more than the same or better goods in England. Some of the best minds questioned the wisdom of encouraging manufactures; John Adams, Madison, Franklin, and Jefferson, for example, held that the manufactures were not desirable. Said Adams, "The restraint on the freedom of commerce and intercourse between us can afford no advantage equivalent to the mischief they will do by keeping up ill-humor and promoting a total alienation." Washington and Hamilton, on the other hand, favored the introduction of manufactures. Hamilton submitted to the first Congress a valuable report on this subject. The second act under the Federal Constitution was a Tariff Bill, the declared purposes of which were to provide revenue and pay the debts of the United States, and "for the encouragement and protection of manufactures."

Samuel Slater, termed by Jackson "the father of American manufactures," worked as an apprentice to a maker of textile

[1] Bogart, *Economic History*, 152.

machinery in England; he noted the demand for persons who could build and operate textile machines in the United States, and the rewards offered. Slater perfected himself in all branches of the business and brought to America the textile machines in his head. Landing at New York in 1789 Slater shortly afterward made a contract with a firm at Pawtucket, Rhode Island. Before the end of the year 1790 he had made the machines and had in operation a carding frame and seventy-two spindles after the Arkwright models.

The system of Samuel Slater spread to various other cities, but the next great advance in textile manufactures in America was made by Francis C. Lowell of Boston. Lowell went to England and, after making observations on textile manufacture, came home, and with the help of a machinist built a factory at Waltham, Massachusetts. Lowell's factory was more complete even than that of Slater, and Colonel Wright claimed that this was the first factory in the world where all the processes of manufacture from the raw material to the finished product were gathered together under one roof.[1] While the factory system in the United States may be said to have taken its rise from 1790, its growth was slow. Manufactures were principally by the domestic system until after the War of 1812.

The progress of the iron industry was slow; it depended on charcoal and moved back with the cutting away of the forests. Iron furnaces were operated on the Monongahela and the Youghiogheny rivers as early as 1788. The manufacture of iron was begun at Pittsburgh in 1803. In 1812 a manufacturer of iron conceived the idea of building his fire over a grating so as to get a stronger draft, and this arrangement resulted in the successful use of hard coal for smelting iron. With the use of coal a new era was opened in the iron industry. In 1829 iron manufactures were well established at Pittsburgh, that city having nine foundries and eight rolling mills. In 1831 two steel furnaces were in operation in Pittsburgh. A further great change in the iron industry came about 1840 due to the large use of coke made from bituminous coal.

[1] *Industrial Evolution of the United States*, 131.

206. Growth of Shipping. — The right to fish off the east coast of North America was granted to the United States by the treaty of 1783, but the foreign market for fish was immediately cut off by the action of the British in forbidding the West India trade to Americans. Right to engage in this trade was again granted by the British in 1818.

At the end of 1789 the total merchant shipping of the United States amounted to 201,562 tons, and of this 123,893 were registered as engaged in the foreign trade; 168,607 tons were said to be for the coasting trade and the balance engaged in the fisheries. The tariff of 1789 gave an advantage to American ships through lowering duties by ten per cent on all goods imported in them. In 1792 an act was passed excluding foreign-built vessels from registering under American navigation laws, which resulted in a rapid increase in vessels built in America and flying the American flag. The total registry of the American ships in the foreign trade had increased in 1810 to 981,019 tons. In the same period the proportion of foreign trade carried in American ships had increased from twenty-three and six tenths per cent in 1789 to ninety-one and five tenths per cent in 1810.

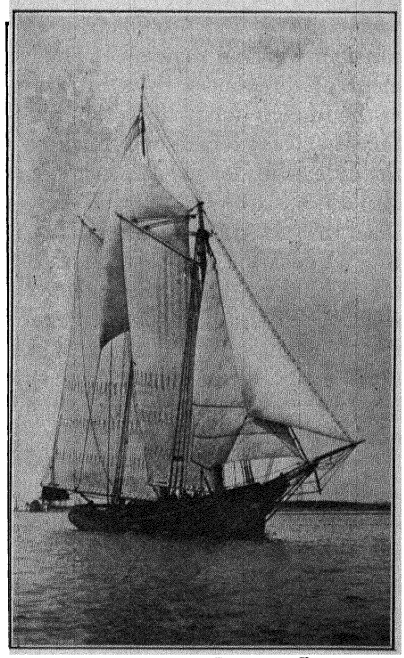
In 1817 Congress passed an act declaring all goods forfeited which were taken on board a foreign vessel to be transported from one port of the United States to another. From that time there has been the complete monopoly of the coastwise commerce of the United States by American shipping, and this has resulted in the building up of an extensive fleet of coastwise ships.

In 1802 provision was made for the erection of lighthouses along the coast, particularly on Long Island. Money for these was secured from a levy on foreign vessels. An appropriation of fifty thousand dollars in 1807 provided for a coast survey.[1]

The United States enjoyed advantages as a neutral during the European wars, and the profits from the carrying trade of foreign nations made a strong inducement for investments in shipping. The United States enjoyed marked advantages in the building of wooden ships. There was a temporary inter-

[1] Coman, 133–137.

ference with our foreign shipping during the second war with Great Britain, but favorable treaty arrangements following that war gave further stimulus to commerce, and the ships in foreign trade increased rapidly. In the years between 1820 and 1830 conditions were favorable for the foreign shipping of the United States, and in the last named year quite ninety per cent of all the foreign commerce of the country was carried in American bottoms. In this decade a larger proportion of the foreign commerce of the United States was borne in her own ships than at any other period.



FISHING SCHOONER LEAVING BOSTON
Collection of Philadelphia Commercial Museum.

207. Struggle for Neutrality. — In 1793 war broke out between the new French Republic and England, and as the United States had entered into a Treaty of Alliance with France in 1778, many held that she should help France. Washington issued a proclamation of neutrality which forbade the citizens of the United States to take any part in the war. Washington again emphasized the same principle in his Farewell Address. In his first inaugural address Thomas Jefferson said that it was the purpose of our government "to secure equal and exact justice to all men" and "that there should be commerce and honest friendship with all nations — entangling alliances with none." The struggle for neutral rights led the country to

the verge of war with France in 1799, and ultimately to the war with England in 1812.

Jay's treaty of 1795 was an illustration of a measure which sought to preserve the friendly relations of the United States and which was intensely unpopular at home. While Jay's treaty did not settle all the questions at issue it was a "stay in proceedings" and provided for the principle of commissions to consider various matters. Thus began the policy of settlement of differences by arbitration which has been important in the foreign policy of the United States. The questions which the Jay treaty left to be arbitrated were the settlement of debts, the indemnity for negroes carried away at the close of the Revolution, and the boundary disputes on the northeast.

During the struggle for neutral rights England tried to enforce the old doctrine that "when at war commerce with an enemy might be preyed upon no matter who was carrying it or in what ships." Prussia in 1752 had made a claim for rights of neutrals in the principle that *free ships make free goods*. This grew in favor with the nations that were without strong navies, and made England much trouble during our Revolution and the Napoleonic Wars. Another disputed policy was known as the *Rule of '56*, that a nation should not enjoy in time of war a trade which she did not enjoy in time of peace. This the United States denied and claimed the right to trade with the French and Spanish West India Islands. In time of peace both France and Spain had monopolized the trade of their islands, but when they were largely driven from the sea by the English, the restrictions against foreign ships were withdrawn so that the United States could engage in the trade.

A new war between England and France in 1803 gave impetus to the American trade especially with the West Indies and in the carrying trade of the West India colonies to Europe. England in her attempt to enforce the Rule of '56 preyed upon the American commerce, but the Americans evaded the attacks by bringing the goods to an American port, having them entered and reshipped. At the Battle of Trafalgar in 1805 the French navy was destroyed, and from that time England was supreme

on the sea, while France had for some years large success on land. England gained various important naval posts such as Malta, Cape Colony, and Ceylon. France during this period lost Haiti and sold Louisiana.

As an offset to England's success on the sea, Napoleon issued his *Berlin* and *Milan Decrees* closing the ports on the continent of Europe against the ships of England, and ordering the sale of any neutral ships which entered an English port. England retaliated with various *orders in council* which forbade commerce with France. These decrees and orders made American ships engaged in the carrying trade subject to seizure, and in this period England was termed a "den of pirates" and France "a den of thieves."

208. **Embargo.** — In 1805 England began anew the enforcement of the Rule of '56. Ships of the United States were captured, their cargoes confiscated, and they were searched for former British subjects who were pressed into the service of the Royal navy. Between 1803 and 1811 over nine hundred merchant ships of the United States were captured on the high seas. So general was the confiscation of cargoes that in 1807 it was deemed unwise for ships to go to sea and in that year the Embargo was passed. American vessels were prohibited from all foreign trade, and foreign ships were forbidden to take cargoes out of the United States. Coastwise ships were required to give bond that they would land cargoes in the United States. The Embargo was especially hard on the commercial seaports. Ships were tied at wharves and cargoes rotted in warehouses. American trade had prospered even though there were losses, hence the Embargo was unpopular. When it went into effect the exports fell in one year from one hundred and ten million to twenty-two million dollars, and the imports similarly fell from sixteen million to seven million. No market was available and the country was nearly bankrupt. Party feeling ran high, and even the continuance of the Union was threatened. The president was given power to suspend the Embargo, and in 1809 the opposition to it led to its repeal and the adoption of the Non-Intercourse Act. By this, trade was permitted

except with England and France. In 1810 the Non-Intercourse Act was repealed.

209. War of 1812. — With England's attacks on American commerce had grown a feeling of antagonism to that country. This was most evidenced by the representatives who had come into Congress from the West. They had no interests on the sea and strongly opposed the conduct of England. The War of 1812 proved unpopular both in America and England. Five days after war was declared the orders in council were repealed. American opposition to the war grew with the loss of commerce. The Americans were almost driven from the fishing grounds, and coastwise commerce and trade to the West Indies were seriously crippled. So completely was American commerce forced from the seas in the last year of the war that the lighthouses in some cases were discontinued, they being of service only to the British. New England was especially opposed to the war, the height of the opposition being voiced in the famous Hartford Convention.

The War of 1812, however, fostered *national feeling.* This war is often spoken of as the "Second War for Independence," independence not merely of other nations but of the conditions of colonial life. Of this war and its effect on Americans the *London Times* said: "Their first war with England made them independent; the second made them formidable." Embargo, non-importation, and war made manufacture necessary. Three reasons at least accounted for the *rise of manufactures:* the discontinuance of commercial relations with Europe compelled us to supply at home manufactured goods which before that time had been imported from abroad; second, the failure to send ships out left large quantities of raw material seeking a market; and third, the money formerly invested in shipping was now available for manufactures.

210. Tariffs, 1789 to 1833. — The main purpose of the tariff of 1789 was to afford revenue. The need for a protective tariff did not present itself until after the War of 1812, when England flooded the market with manufactured products as she had done in the period following the Revolution. The

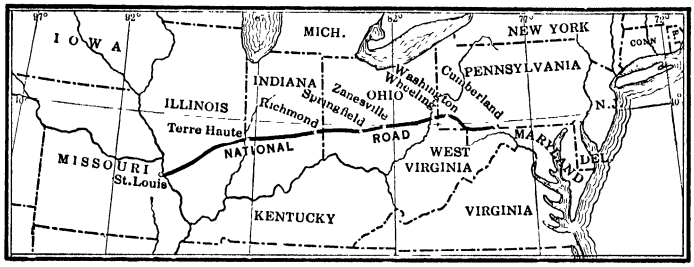
conditions now were very different. Important manufactures had sprung up and the United States desired to continue these and to be, so far as possible, industrially free from England.

The tariff of 1816 was the first in which *protection* was definitely introduced. A new tariff of 1824 levied higher duties and aimed more consciously to keep from the American markets the goods that competed with home manufactures. This was strongly opposed in the South. In 1828 was passed another tariff termed the "tariff of abominations" with still higher duties. Threats of nullification and secession were brought to a focus in 1832 with the passage of a new tariff act. Clay's compromise tariff measure was passed in 1833; it provided for a gradual reduction in the tariff until 1842, after which time the rate was not to exceed twenty per cent.

211. **Internal Improvements.** — Settlement in the interior and beyond the mountains had made necessary the means of communication which would bring the country closer together. In 1806 Jefferson recommended that the surplus of the national government should be used for building roads, opening canals, and improving rivers, basing the recommendation on the authority given the United States to establish post offices and post roads. The large increase and wider distribution of population made improved roadways, canal and river navigation matters of necessity if communication and the interchange of products were to be kept up. The Revolutionary War and the War of 1812 also showed the need for better means of communication.

212. **Roads.** — At the beginning of the constitutional period, roads were almost as unsatisfactory as they had been during colonial times. The first turnpike in America was the Lancaster Pike from Philadelphia to Lancaster, a distance of sixty-two miles. This toll road was chartered in 1792 and opened in 1796. Toll roads were similarly constructed for short distances in other parts of the country, but the greatest road project in the period was the *Cumberland Road* west from Cumberland, Maryland, to Wheeling on the Ohio River. An act for

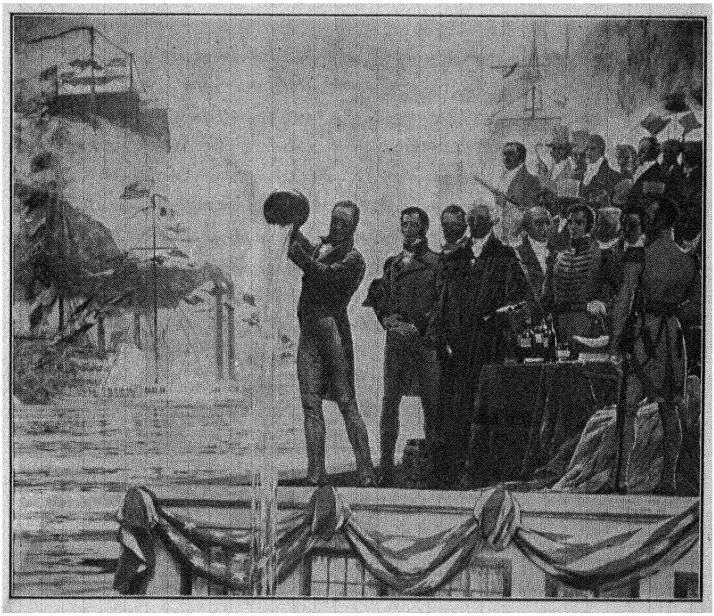
the construction of this was passed by Congress in 1806 and it was termed the "National Road." From Wheeling it was extended to St. Louis by the federal government and the states.



213. **Canals.** — In 1770 Washington had said that what America most needed was an easy means of communication between the East and the West. He held that canals and water communication were necessary and that they were of great political importance, adding, "Let us bind these people to us by a chain that can never be broken." Various canals were opened in the early part of the nineteenth century, such as the Chesapeake and Ohio Canal from the Chesapeake Bay to the Ohio River, the Delaware and Chesapeake Canal from the Delaware Bay to the Chesapeake Bay and the Lake Champlain and Hudson Canal. But the most important of these artificial waterways was the Erie Canal, which was opened in 1825. This extended for a distance of three hundred sixty-three miles from Albany to Buffalo. Before the opening of the Erie Canal it was not profitable to transport wheat from the interior to the seaboard. With the opening of the canal the freight rate from Buffalo was reduced to a fraction of earlier charges, and the time for the transportation of the goods greatly decreased. The Erie Canal was said to have added one hundred million dollars to the value of farms in New York State alone.

The Erie Canal and the development of public improvements gave a great commerical impetus to the city of New York. Up to the War of 1812 Philadelphia was the larger and more

important commercial city, but the opening of the Erie Canal and the development of the West turned the scales in favor of New York.



GOVERNOR CLINTON POURING THE WATERS OF LAKE ERIE INTO THE ATLANTIC

In celebrating the opening of the Erie Canal. From painting in the De Witt Clinton High School, New York City.

214. **River and Lake Trade.** — In 1812 Fulton built at Pittsburgh his first steamboat for a western river and termed it the *New Orleans*. This was between three and four hundred tons burden. The *New Orleans* and other boats steamed down the Mississippi, but none came up the river until 1815, when the *Enterprise* made the voyage from New Orleans to Cincinnati taking twenty-eight days. After this, steamboats passed regularly up and down the river. Steamboats also became active in the coastwise traffic in the period following the War of 1812.

There was little outlet for the trade of the Great Lakes and navigation of these waters came slowly. In 1817 the first steamboat plied the waters of Lake Ontario. In the next year a steamboat was launched on Lake Erie and made the voyage to Detroit. In 1834 the first steamboat reached Chicago, then a small village. The development of water transportation immediately preceded the introduction of railroads and continued uninterruptedly until the railroads became a rival.

215. Westward Expansion. — The chief interests of our colonial forefathers were on the Atlantic and across the Atlantic, and it was not until the Revolution that the attention of the dwellers on the seacoast was turned to the interior. Thus they were in effect "Europeans living under American conditions"; true Americans were produced when the settlers passed beyond the Alleghanies and developed a new civilization in the Great West. The *winning of the West* was an important event of the American Revolution. The expedition of George Rogers Clark which conquered the territory north of the Ohio River and claimed it for America was of determining importance to the future of the country.[1]

In 1785 Congress adopted a plan for a scientific *survey* of the lands of the Great West, based on a series of principal meridians, base lines, ranges, townships, and sections laid out in squares and numbered systematically. By this means land could be easily and accurately described. In 1787 was enacted an *Ordinance* for governing the Northwest Territory. This was a form of territorial control and has been the basis for establishing the control of the United States over such other continental territory as has come into her possession. Congress encouraged the migration of settlers to the West by offering them cheap land and political privileges.

Three important *routes* of reaching the West were: through central New York by what was known as the Iroquois Trail; through western Pennsylvania over the Kittanning Pass; through western Maryland by the valley of the Potomac and the Cumberland Gap. The latter two led into the Ohio

[1] Coolidge, *United States as a World Power*, 27.

Valley and made Pittsburgh "a gateway to the West." In the Ohio Valley the different elements in the population met and commingled and thus was produced a type without the old differences which had been brought across the seas.

Philadelphia, in 1800, was a city of sixty thousand, advantageously situated for trade from the middle of the passages above named; Baltimore, with a population of twenty-six thousand in the same year, enjoyed the greatest advantage from the trade through the lowest of the passes named; New York, which began the century with a population of fifty thousand, profited greatly from the trade by the Iroquois Trail.

The purchase of *Louisiana* (1803) resulted from the war between England and Napoleon. By the Treaty of 1783 both England and America were guaranteed the rights of free navigation of the Mississippi. This was an earlier right which had been secured by England in the Treaty of 1763. Following the Revolution the United States had difficulty in securing free passage on the river, particularly as she needed a "place of deposit" where goods might be landed and transferred to ocean-going ships. This was secured by a treaty with Spain in 1794, but was withdrawn in 1802 to the great distress of the West. Napoleon received the Louisiana Territory from Spain in 1800. In order to get trading privileges on the lower Mississippi Thomas Jefferson sent an embassy to France to purchase a strip of land on the coast east of the Mississippi and including New Orleans, which would give the full rights of landing and warehousing. To the surprise of the American representatives Napoleon was willing to sell the entire Louisiana territory, and in 1803 this was purchased for $15,000,000. This territory made up nearly one third of the present United States, and its addition in the period of westward expansion had a far-reaching result in the development of the new country.

216. Commercial Independence of the Western Hemisphere. — Napoleon placed his brother on the throne of Spain in 1808, whereupon the Spanish colonies in the New World revolted. They enjoyed freedom of trade for a number of years, but a new situation was presented when, after the restoration of the Spanish

sovereign, an attempt was made to reëstablish the former trade monopoly. The colonies revolted, and in 1822 all of the Spanish possessions on the two continents of the western hemisphere had gained their independence. The Holy Alliance which was formed in 1815 by the Czar of Russia, the King of Prussia, and the Emperor of Austria, and had been subscribed to by certain other powers on the continent of Europe, sought to aid Spain in her attempt to gain control of her colonies. President Monroe then sent his famous message to Congress (1823), stating that the attempt on the part of a European power to gain territory in (or to extend its political system to) the New World would be regarded by the United States as an unfriendly act. No doubt the United States was influenced also in declaring the Monroe Doctrine by Russian aggression and colonization in the northwest. In one sense the Monroe Doctrine may be regarded as a political statement of an economic situation. The United States aimed to be economically as well as politically free from Europe. This proclamation marked the beginning of the leadership of the United States among the republics of the western world; it has occupied a prominent place in the foreign policy of the United States and in various forms has been declared again and again.

217. New Era. — A new tendency in American history was well started by 1833. The country had embarked on a period of internal improvement. The eyes of the nation were turned inland as well as across the sea. The principle of Americanism was established and with it had come protection to American industries and the belief in public improvements. Both the institutions of the country and the industries being carried on were largely freed from the Old World. The western lands were being settled and instead of a dominant interest in foreign commerce, domestic commerce was rapidly built up. With the conclusion of the first term of Jackson the new era was firmly established. He represented a new section of the country, with new policies, both political and economic. America, now freed from the dominance of the Old World, entered on an era of unprecedented economic and commercial development.

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Suggested Questions and Topics

1. What is the origin of the expression "not worth a continental," and what does it signify?

2. What was the bond of union among the states during the Revolution? What during the so-called "Critical Period"?

3. Explain the following in terms of the commercial needs of the country: "The Constitution was wrung from the grinding necessities of a reluctant people."

4. Explain how the Spanish dollar came to be the basis of the coinage of the United States. What of its wider use in world trade? (See *Encyclopedia Britannica*, eleventh edition, article "Dollar.")

5. What relations did the fisheries sustain to the development of shipping in the United States? Compare the experiences of the United States in this particular with that of England, Holland, and Venice.

6. Why was Jay under suspicion, and represented in effigy as burdened by bags of British gold, after the Treaty of 1795?

7. Reverse the letters in em-barg-o and apply the expression to American commerce. Why was the embargo so unpopular?

8. Explain the expression "struggle for independence" as applied to the period from the outbreak of the Revolution to the close of the War of 1812.

9. What is "dumping" or "glutting the market" as applied to foreign trade? Why should a tariff for protection have come after the War of 1812?

10. Are old settlements or new settlements more progressive? Why? (See Turner, *The Significance of the Frontier in American History*, American Historical Association Report 1893, 219–227.)

11. What was the meaning of "nationalization of public improvements"? What were the constitutional arguments for and against this policy?

12. What practice of the old toll roads gave the origin of the term "turnpike"?

13. New York was regarded as a "small state" in the Constitutional Convention in 1787. How do you account for its rise from that position to the position of the "Empire State"?

14. George Canning in the House of Commons in 1826 said, "I called the New World into existence to redress the balance of the Old." What did he mean by this? Was it true? (See *The Canning Myth*, "Annals of the American Academy," July, 1914.)

15. Explain the expression, "The Monroe Doctrine was the first call of Pan-Americanism."

CHAPTER XXIII

INDUSTRY AND COMMERCE OF MODERN BRITAIN

218. Modern England. — The *Reform Bill of 1832* was a sign of a new spirit at work in the British nation. This bill was the result of great industrial changes that came late in the eighteenth and early in the nineteenth centuries (Sec. 198). But the Reform Bill was also the beginning of further far-reaching changes, evidenced in new factory acts, a new poor law, the emancipation of slaves in the British colonies, new postal regulations, a new trade policy, the rise and marked influence of trade-unionism, and finally in other political reforms, such as the extension of the franchise to the working classes in towns in 1867 and to agricultural laborers in 1884–1885.[1] Religious reforms came just ahead of the Reform Bill of 1832 and educational reforms followed soon after. About the middle of the nineteenth century came movements toward liberalism in government, both on the continent and in England. Reforms began in Germany, France, Italy, and Austria, and the same tendency showed itself in the Chartist movement in England. Conservative forces, however, remained in the ascendancy in Great Britain, resulting in a large migration of the disaffected elements both to the British colonies and to the United States.

219. Agriculture. — Although the soil of England is favorable for wheat, wheat production steadily declined during the nineteenth century. As the century advanced, small farming was introduced. In 1892 local governments were given the right to purchase land and to divide it into plots not to exceed fifteen acres each, to be tenanted by persons who would themselves

[1] Cheyney, *Industrial and Social History of England*, 240–243.

cultivate these tracts. By such means those who would otherwise remain agricultural or industrial laborers would become small farmers, and it was hoped that there could be the introduction of some of the old peasant proprietorship and the restoration of a population to succeed the English yeomanry of earlier times. England still has much waste land and much land that is poorly tilled, and the English nation is, seemingly to a dangerous degree, dependent on the outside world for food supply. In 1875 there were 3,514,088 acres of wheat in the United Kingdom, but by 1905 the acreage had fallen to 1,836,598. In 1875 51,876,517 hundredweight of wheat was imported into the country; by 1905 the imports had risen to 97,622,752 hundredweight.

220. Coal Mining. — Available supplies of fuel have been the foundation of England's modern industrial development. Originally coal was of little value, due to the distance of the mines from the centers of population and the cost of transportation, but with the introduction of the steam engine and the adaptation of this to the purposes of transportation, it was possible to move coal more easily; manufactures also made their way into the coal regions. The rapid consumption of coal in England with the introduction of the factory system and the export of coal led Professor W. S. Jevons in 1865 to publish his alarming book on *The Coal Question*, in which he set forth that England must choose between a rapid and somewhat temporary prosperity from the prodigal use of her coal, or a more prolonged life through the husbanding of this resource.[1] Immediately following this book there was a Royal Commission on the coal question which clearly pointed to the limited supplies of coal in England which, with the increasing consumption, would lead to the certain exhaustion of this supply within a relatively short time. Repeated studies of the same question have but further emphasized England's industrial limitations.

[1] The conclusion of Jevons's *Coal Question* was. "If we lavishly and boldly push forward in the creation and distribution of our riches, it is hard to over-estimate the beneficial influence to which we may attain in the present. But the maintenance of such a position is physically impossible. We have to make the momentous choice between brief greatness and a longer-continued mediocrity."

Notwithstanding all warnings, England has continued to mine the coal actively. In 1914 a total of 265,000,000 tons of coal was mined, and over a million people were engaged in the industry. The country has continued to export coal and to use it in increasing quantities at home. On what seems to be a trustworthy estimate, the coal resources of Great Britain are adequate to sustain industrial life for a period of three centuries. The best judgment of England seems to be that the nation should not allow the needs of a remote future to hamper the industrial development of the present, and that considering possible new sources of power, such as alcohol, natural gas, mineral oil, and water and wind power, England is not living in a fool's paradise in using her coal resources.

221. Iron Manufactures. — England's industrial development has been based largely upon coal and the iron and steel industries. The latter have moved into the coal regions and have developed mainly in the direction of finer manufactures, such as machines, hardware, and cutlery. In 1840 there were exported from England iron and steel products to the value of twelve million dollars; in 1915 the value of the same exports had risen above two hundred million dollars.

222. Textile Manufactures. — The textile industries with their numerous subdivisions have served as the most important branch of England's manufactures. The greatest of these is *cotton* manufacture, which centers in the Lancashire district. About 1850 England took approximately fifty per cent of the world's supply of raw cotton. While her industry has not fallen off, her proportion of the world's cotton consumption was reduced to one-third at the close of the nineteenth century, and it has fallen still further. The bulk of England's raw cotton has come from the United States, although in recent years both Egypt and India have furnished additional amounts. At the opening of the twentieth century, England had a total of forty million spindles and 650,000 looms in cotton manufactures, and the value of the annual production of this industry was $450,000,000. The value of the cotton exports at the same time had reached to approximately one fifth of the total exports.

The next most important textile industry has been *woolens* and *worsteds*, centered in the West Riding of Yorkshire. English manufactures began with the woolen industry; England is still the greatest woolen manufacturing country in the world, and her wool products are famed.

England has enjoyed a tremendous *advantage* due to the invention of revolutionizing machines for the textile industries, the steam engine, and the locomotive. Then, too, England was protected from the ravages of continental wars, and continued the development of her industrial life, even profiting from the devastation on the continent. In the period immediately following the Industrial Revolution she occupied an undisputed place as the foremost industrial nation. In Hyde Park in 1851 England opened before the whole world an *exhibition* of the results of her industrial life. This was a revelation, and won for England the title "workshop of the world," but it was said of this exhibition and of England's policy in general that she put all her goods in the open shop window. She made no secret of her trades, and allowed other nations to adopt freely the English machines and the English methods if they so desired. It could scarcely be otherwise than that other nations would become England's competitors.

223. Commercial Relations with America During the Civil War. — England's cotton industry was prostrated by the blockade of the southern states in the Civil War. The extensive mills in Lancashire were practically closed. The Confederacy, knowing the dependence of England upon cotton, adopted the slogan, "Cotton is King." Repeatedly during the Civil War the South had high hopes that the power of England would be thrown to her support, but the British continued neutral until there were decisive victories by the North. Southern *ships* were one of the chief sources of irritation. Though they sailed under the Confederate flag, it was well known that some of them had been built and fitted out in England, and it was believed that they had been permitted to escape, and were kept at sea with the approval, if not with the connivance, of the British authorities. The feeling over these privateers was

so intense that there was for a time grave danger of a war between Great Britain and the United States.[1]

224. The Fisheries. — Great Britain has on all sides seas productive of fish, and on nearly all her coasts are fishing stations. The fishing folk of Devonshire and Cornwall contributed largely to the development of British shipping. The most important fish in recent years have been the herring, for the catching of which Yarmouth and Lowescroft are the principal stations. The east coast is famous for its haddock, cod, and plaice. Mackerel are taken chiefly off the south, while pilcard are secured from the southwest, and hake off the west coast. Shellfish, such as crabs and oysters, are secured on the east coast and lobsters in quantities on the south.

Grimsby, at the mouth of the Humber River, is by far the most important fishing port in England. Four times as much fish was landed there in 1903 as in Hull, the second largest fishing port. London is an important fishing center for the east coast as is Liverpool for the west. Milford, Swansea, and Cardiff are the principal fishing stations in Wales.

Grimsby came to importance from the terminal facilities at that point. The Manchester, Sheffield, and Lincolnshire Railway in 1849 began important dock improvements which were completed in 1854, and when this road became a part of the Great Central System, the policy of improving this terminus was continued. Three special fish docks have been built, with the necessary supply of dry docks and hydraulic hoists, for both unloading fish and loading coal. The fishing fleet from Grimsby is upwards of five hundred ships, mostly *steam trawlers*,

[1] The *Alabama* was the most famous of these privateers, though there were numerous others, as the *Savannah*, *Sumter*, and *Charleston* The *Alabama* was kept at sea for two years and did heavy damage to Northern commerce. Seventy vessels were said to have been captured by this ship alone. America made charges against Great Britain for her responsibility for the *Alabama* and demanded satisfaction. The question was referred to an international tribunal of arbitration which met in Geneva, and in 1872 awarded the United States $15,500,000. Thus was evidenced again a method of settling international differences and affording a means of preserving world peace. Though the award of the Geneva Arbitration Court was highly distasteful to the English, it was accepted as being less objectionable than war.

equipped with nets which are dragged through the sea. The steam trawler succeeded the sailing trawler as the latter had followed stationary nets. The steam trawlers which operate off the west coast cover the sea from the Faroe Islands and Iceland on the one side, to the Bay of Biscay and the Portuguese coast on the other.

225. **Shipbuilding and Shipping.** — In the eighteenth century the practice was introduced of covering ships with iron or copper, and in the nineteenth century builders began making the framework and shell of ships of iron. In 1835 William Fairbairn constructed iron ships on the Thames. Extensive yards for the building of iron ships have been developed at Glasgow and other places on the Clyde, at Belfast in Ireland, and at Liverpool and elsewhere on the Mersey. With the change in materials and methods of constructing ocean-going ships, England has enjoyed an increased advantage in shipbuilding, and not only has she built the enormous fleets necessary for her own commerce, but she has built and sold extensively to other nations.

England has maintained a place of supremacy on the seas. Her tonnage was multiplied four or five times over during the nineteenth century. In the period between 1870–1880, British shipping increased by seven million tons, that being sixty per cent of the total increase in carrying power of the world. In 1880 England had forty-eight per cent of the total tonnage of the world, and in the same year her ships claimed fifty-five per cent of the total earnings of the world's shipping. Great Britain has maintained for thirty or more years approximately fifty per cent of the world's total merchant tonnage; of the ships of more than one hundred tons burden in 1910, there was a total of 30,450, and of these 9491 belonged to the United Kingdom, and 2074 to the British colonies.

The nation has built her fleets for the carrying trade of other nations as well as for her own needs. An important item in the make-up of England's trade balances is the charges for her merchant carriers. English shipping includes both the immense and splendidly equipped *liners* which go out from

London, Liverpool, Southampton, Glasgow, and other ports, to all parts, maintaining regular sailings, and a great number of smaller ships known as *tramps*, which usually load in the home country for some port and, after discharging their cargoes, take new cargoes for other parts of the world, and when these have been discharged, similarly take others to any desired port. Thus they may go for a long period without returning to the home port. Such an arrangement gives the English shipowners an opportunity to secure the carrying trade in the ports where it is available, and to offer their services to any desired haven.

England is dependent on her commercial fleets for the raw materials and the food to keep alive her industrial millions; and she is dependent also on her naval strength to keep the way open for her food supplies in time of war. It has been repeatedly pointed out that England could not feed half her population, and that in case of a blockade her available food supplies would be exhausted within a few weeks.

226. River and Canal Navigation. — England's navigable rivers and canals cover the country, reaching to the center of the great manufacturing and commercial regions. The principal river systems are connected by canals which make it possible to bring raw materials and food products far into the interior and to transport manufactured articles by cheap water carriage. The most important recent canal development in England is the *Manchester Ship Canal*, which was begun in 1887 and completed in 1894. This canal, connecting Manchester with the Mersey navigation, is thirty-five and one half miles long and has a depth of twenty-eight feet. It cost approximately seventy-five millions of dollars, but its service to Manchester has quite warranted the investment. Ocean-going ships may now discharge their cargoes at the docks of Manchester and may be loaded with the manufactured products of that city for shipment to the world's markets.

227. Railroads. — The first regular train service was introduced into England in 1830, and from that time inter-communication has increased steadily. The railroads have made

it possible for great masses of the population to work together and to live distributed over wider areas. They have similarly led to the concentration of industry. In 1883 there was a total of 19,000 miles of railroad or an average of one mile to six square miles of area. By 1911 the total railroad mileage of Great Britain had reached 23,417, of which the larger part was in England and Wales.

In England as in America, railroads have been developed under *private control* and their management has been far from satisfactory. A strong sentiment has been evidenced in the country for a system of subsidies or other form of government encouragement for railroads and for bringing the railroads more definitely under government supervision. A striking incident in railroad operation in England occurred in 1914 when the London and Eastern System engaged as superintendent an American of large experience in railroad work. The British public protested against this policy, but the directors of the road maintained that they were acting in the public interest.

228. Trade-unions. — England in 1799 and 1800 passed what were known as the *combination acts*, prohibiting the forming of associations of workmen under severe penalties. In 1822 committees of Parliament made investigations into the existence and operation of trade-unions, and in 1824 the combination acts were repealed. A wave of strikes followed, and a year later, further legislation permitted the existence of trade-unions, but limited their activity. In 1859 another law allowed laborers to combine to demand change of wages or hours, following which trade-unions multiplied and strikes were frequent. Through the unions pressure was exerted on Parliament, and commissions were appointed in 1860 and 1867; the latter made a thorough investigation into the operations of trade-unions, and the causes for their existence, and presented to Parliament recommendations for new legislation. Two new laws were enacted in 1871, one termed the *Trade-union Act* providing that trade-unions were not illegal because they were "in restraint of trade," and that they could be registered as beneficial societies and become corporations.

The second law was termed *The Criminal Amendment Act*, which restricted the operations of trade-unions and opened a way by which judges could punish men who should interfere with other workmen taking their places in time of strike. This legislation and discussion resulted in a new trade-union act in 1875, the essential feature of which was that no act perpetrated by a *group* of workmen could be punished unless it was a criminal offense when committed by a single workman.[1] The trade-union was granted the right to exist under the law, to hold property, to carry out a policy, and the same right to represent the interests of its members as was possessed by any other company, any social or literary agency, or any organization of capital for the promotion of business.

Not only was the *legal status* of trade-unions thus secured, but the popular *prejudice* against them disappeared, and by 1875 trade-unionism became an organic institution of British industry. Many employers realized that it was better for industry that there be a well-organized union of the workmen in a given trade, governed by responsible officers, whose agreements could be made binding by the union upon its own members, rather than to have an irresponsible and chaotic condition in industry which might result in the withdrawal of laborers at any time. By the Reform Bill of 1867 the political status of the working classes was changed by giving them the right to vote. The unions have influenced political policies, and since 1874 labor representatives have regularly held seats in Parliament.[2]

Trade-unions in England could not have exercised the influence which they have except for the *federation of the unions*. After numerous efforts in this direction, a general congress of the representatives was called in 1868, and, omitting the year 1870, there have been annual sessions of this congress. The trade-union congresses have appealed to the joint labor interests in favor of certain measures and have exercised a large influence in elections and in social legislation. Usually the union members of Parliament have been officers of the trade-union congresses or some affiliated body.

[1] Cheyney, *Industrial and Social History of England*, 285. [2] *Ibid.*, 292.

An important step in the development of trade-unionism occurred in 1867 when there were formed *boards of arbitration and combination*, and from this time the public influence in trade-unionism has been evidenced in the contributions for the support of the unions and the upholding of their rights in time of strikes.

In advance of the legalizing of trade-unions, various *organizations of manufacturers* and managers were formed to protect their interests and to promote the industries which they were managing. Combinations of trade interests have developed in almost every branch of industry in England, but they have been most influential in the various quasi-public corporations, such as railroads and banks. Pools, car trusts, and clearing house agreements have been common.

229. Social Changes.—The British government has exercised *control* over industry and commerce in a good many ways affecting the welfare of the people. Laws have been adopted prohibiting the adulteration of food products and requiring that they be registered and inspected. Housing similarly came under governmental supervision by a law enacted in 1890. Beginning in 1875 many laws were enacted looking to such matters as the control of agriculture, the analysis of fertilizers, and the preserving of the purity of drugs.

In 1899 Parliament authorized any local government to advance as a loan four fifths of the price of a small house, with the arrangement that the owner might repay the loan in installments within a period of thirty years. Various coöperative societies have arisen among the workingmen in England, such as the Rochdale Pioneers in 1844 and coöperative enterprises in Oldham. The Rochdale plan has been popular and quite widely adopted. Building and loan associations were brought into use; in case a contributor has not saved a sufficient sum with which to buy a house, he may make a loan through the building association, which loan may be repaid in small amounts.

Robert Owen's early movement for reform marked the beginning of a tendency toward Socialism and coöperative effort.

Social legislation has grown in popularity in recent years. The *Workmen's Compensation Act* of 1897 was enlarged in 1906 and made to apply to agricultural labor. The terms of this regulation require the employer to provide compensation in case of death or injury to a workman except where the death or injury was clearly through his own neglect or misconduct. In 1906 a new act was passed, limiting the time that a workman could be employed to eight hours out of every consecutive twenty-four.

The expressed policy of the British government has been to "make war on poverty," and in 1908 was enacted an *Old Age Pension Bill*, making an allowance of five shillings per week, under certain conditions, to those who were seventy years of age, and affording other protection to laborers engaged in the industries. In the same direction an effort was made in 1909 to *regulate wages* through governmental action, which regulation was to be applied to the so-called "sweating trades," such as tailoring. It provided for trade boards made up of representatives of employers, employees, and the government, which were given authority to fix minimum wages; they could extend their operations to any other trades likely to have a prevailing low wage as compared with other employments and when the condition of the trades was such that it was not possible for the employees to help themselves. Even more revolutionary than the preceding was the "National Insurance Act" which was passed in 1911 and became operative in 1912. With certain exceptions this provided compulsory insurance of all employees in England.[1] Thus with the development of British industry there have come marked social changes and the introduction of what may be regarded as an "enlightened state socialism."

230. Foreign Policy. — In the hundred years following Waterloo, England had an increasing sphere of influence and exercised a leading place in international affairs in Europe, Asia, Australia, and Africa. England's influence has been for a *balance of power* among the nations and for a continuance of what is denominated in law "*the status quo*" (*i.e.*, things as

[1] Robinson and Beard, *Outlines of European History*, 525 *sqq.*

they are). She had acquired her possessions, and was therefore quite willing that existing conditions continue. As a free trade country, Great Britain has exercised her influence for the *open door* and the freest intercourse among the nations, but always with the desire that the integrity of foreign powers should be preserved. Repeatedly at critical times she has held aggressive foreign nations in restraint, and perhaps more than any other single influence in recent diplomacy her position has preserved an equilibrium in world affairs. Great Britain has been served by diplomats whose influence has always been for an enlightened commercial policy.

231. Commercial Policy. — Beginning with Adam Smith, England has had a succession of *great economists*, including such men as Malthus, Ricardo, James Mill, McCulloch, John Stuart Mill, Cairnes, Bagehot, and Jevons. Almost all of the English economists have followed the lead of Adam Smith in advocating unrestricted trade. From 1842 to 1849 there was a gradual going over to free trade. The differential sugar duties which were in the interests of the West India sugar islands were abolished in 1848; in 1849, the last of the *Navigation Acts* (Sec. 163) was *repealed*. These acts had been in existence almost two hundred years and had exercised a large influence on British commercial policy. Even Adam Smith accepted them as, perhaps, the "wisest of all the commercial regulations of England," on the ground that "defense is of more importance than opulence." [1] John Stuart Mill similarly held that, though the Navigation Acts were "economically disadvantageous," they were "politically expedient." One of the last and greatest contests against the abolition of trade privileges was waged over the repeal of the Navigation Acts, and at the last the repeal was carried by a small majority.

In 1853 the *restriction* of *coastwise commerce* to British vessels was *abolished*, thus making the domestic as well as the foreign trade free. In 1855 the duty on newspapers was removed. In 1880 the tax on malt was repealed. In 1910 no duties were laid on goods taken out of England, and the only duties on

[1] *Wealth of Nations*, Edition of 1791, II, 287.

imports were on playing cards, cocoa, coffee, chicory, dried fruits, sugar, tobacco, wine, beer, spirits, liquors, cordials, and other articles either manufactured of or containing spirits. An examination of this list and a comparison of the productions of England will suggest that it was for *revenue*. The tax on such articles as tobacco, wines, and liquors, corresponded with an internal revenue tax levied on these same articles. The tax on tea, coffee, chicory, dried fruits, and sugar was levied with the expectation that the amount of the tax would be added to the price of the articles and handed on to the consumers, thus distributing the burden of taxation to the public.

232. **Home Trade.** — Internal trade in England may be considered under *three heads:* first, that which is under individual control; second, that which is under incorporated concerns known as companies; and third, trade which is carried on by the government. The domestic trade of England is largely individualistic, but in recent years there has been a rapid increase of coöperation through what are known as joint stock companies. Investors contribute small amounts which in the aggregate make the large capital necessary to carry on great enterprises. Banks, railroads, and many industrial operations are common forms of joint stock enterprises.

The British government has been active in stimulating trade by means of the post and the telegraph. The first serious proposal for *penny postage* was made by Rowland Hill in 1837. Under the old method charges were made for the distances which letters were carried, and the rates would vary from fourpence for short distances to more than a shilling to places remote. Letters were sent in a government envelope with elaborate pictures, and it was the custom to have the person who received the letter pay the charges at delivery. Beginning in 1841 the method of affixing the government stamp was adopted with the more convenient arrangement of postage being paid in advance.

Other postal reforms followed. The *money order department* was begun as a semi-private operation with three clerks. After 1840 this service was made a part of the post office and the charges were greatly reduced. The number of money orders

rose in five years from one hundred and ninety thousand to nearly three million. In 1861 Great Britain established *postal savings banks*. Twenty-five cents and upward were accepted on deposit, but no more than two hundred and fifty dollars could be deposited by a single individual in one year, nor more than one thousand dollars be placed to the credit of any one depositor. In 1870 the use of post cards was introduced. The *parcel post* was established in 1883. It carries packages of eleven pounds in weight, and in certain cases even twenty-one pounds. In 1898 there came as a culmination to the series of improvements *Imperial penny postage*, by which it was possible to send a letter weighing one half ounce or less from England to the other side of the world for a single (English) penny.

The *telegraph* system of England was built up in its early stages through private competition, but the service was so unsatisfactory that in 1870 all private telegraph lines were purchased at a cost of £10,120,000, and from this time the telegraph has been maintained as a government monopoly in connection with the Post Office Department.

In 1878 the *telephone* was introduced. At first the government allowed private competition, but collected a rental of ten per cent on all messages. In 1892 Parliament appropriated five million dollars, which was later increased by one and one half million dollars, with which to purchase the telephone lines already existing, and by the same act further extension of private telephones was prohibited. Within five years the government had secured the chief telephone lines, but allowed a single company to operate under limitations. In 1898 a further inquiry was instituted which resulted in a new telephone act. Additional appropriations were made to extend the telephones under government control, and conditions were much unsettled until 1905 when the government entered into a contract to purchase the remaining company's plant entire in 1911.

233. The English People and Lloyd's. — The Englishman is *conservative*, and too often he has disregarded the wishes of those with whom he traded, and relinquished the trade to certain parts of the world. The English appear to have failed to push

their commercial operations with largest success to Africa, China, the Balkan States, and Central and South America.

An important agency in the promotion of English commerce is the maritime insurance organization known as *Lloyd's*. This was established in 1688, reorganized in 1811, and incorporated in 1871. It has grown in importance until it has become one of the great institutions of commerce. In brief, it is an intelligence system for trade; coasts of the world are mapped and inspected by Lloyd's agents; signal stations are located on all the main routes of commerce, and information collected at these stations is cabled at once to London, from which place it is communicated to the commercial centers of Europe, to New York, and even to Australia.

234. Port Facilities. — England's experience in dealing with ports and terminal facilities is an interesting aspect of her commercial development and a highly significant lesson to the world at large. The first half of the nineteenth century was the *era of dock companies*. These were organized in the principal ports and derived their revenue from charges levied on both goods and vessels. *Three great changes* which came at the middle of the nineteenth century made the port facilities inadequate. They were: first, the introduction of the railway, which gave all parts of Great Britain easy access to the sea; second, the larger use of steamships and increase in their size and depth of draught; and third, the introduction of free trade, with the dependence of England upon the outside world for raw materials and food supplies, which made large increases in the importation of bulky commodities. These changes showed the insufficiency of port facilities. In most cases the old dock companies were not able to meet the demands for improvements, and there was a reorganization of port arrangements. In the main the railroad companies have taken over the ports and docks, converting these into terminals of their own systems.[1]

London is the greatest commercial center of the world, but

[1] Smith, *The British System of Terminal Facilities*, "Annals of the American Academy," Dec., 1904.

despite this fact the port of London has been inadequate, the docks cannot accommodate large ships, and the machinery for loading and unloading vessels is antiquated. In many cases lightering is necessary in order to land goods. The Thames affords a somewhat long and difficult channel for the passage to London and is in constant need of dredging. As a port London is said to be "fifty years behind the times."

On the south coast is *Southampton*, the "open door of England." The Isle of Wight lies immediately in front of the opening of the harbor and affords an excellent breakwater. Southampton's position on the Channel with her ease of access made her a "port of call," and a great naval and military center. The foundations for her docks were laid in 1838 and the docks were opened in 1843. In 1892 the docks were purchased by the London and Southwestern Railway which further carried on the work of improvements. The natural advantages of Southampton may be considered equal to those of any other port.

Liverpool is the great commercial emporium fronting to the west. It is favorably situated near the sea on the Mersey River with deep water approaches, and little dredging is necessary. Liverpool is the outlet for the Lancashire and Yorkshire districts with their textile manufactures, and coal and iron products. Her position opposite the Atlantic ports of North America has also contributed to the growth of trade. The city has a quay extension of more than twenty-five miles.

235. Imports and Exports. — The volume of England's imports has reached more than three billions of dollars, of which over five hundred millions are in foreign products to be re-exported. The total annual exports of British manufacture are approximately two and one half billion dollars. The excess of net imports over exports in recent years is an average of about seven hundred millions of dollars. These figures create an enormous *balance of trade against* the British nation, but this is offset in several ways. England is a creditor nation, with large investments in outlying countries, and for these investments she is entitled to receive returns in produce. Then

again England is a ship-owning country, engaged in the carrying trade in all parts of the world. This is a service for which foreign nations must pay in goods. The principal articles of import are cotton, wool, timber, wheat, maize and other grains, fresh and dried fruits, meats, butter, sugar, and tea. Of the exports cotton manufactures are far in the lead, and made during the first decade of the twentieth century a yearly total of more than five hundred million dollars in value.

236. Conclusion. — Much has been written on the economic strength and weakness of England. There have been obvious weaknesses in England's position due to growing differences between classes, and poverty and distress at home. English industry and commerce have been termed "orderly as a whole," but "chaotic in detail." In England matters are left free which in the other great industrial countries are taken under the supervision of the government through a ministry or board of control.[1]

England's *geographic position* has from the first given her an advantage in world trade. Moreover she was endowed with the means of power with which to engage in manufactures. In addition the *English people* have had the *capacity* to utilize these resources and turn them to account in production and trade. English traits were never better evidenced than in the period following the Industrial Revolution, when Englishmen threw government protection to the winds and matched their own skill against government regulation and encouragement and other advantages possessed by nations outside. But England has had in her manufactures and commerce the advantages which come from the *momentum of an early start.* Since the Norman conquest, the country has had the advantage of territorial unity and of isolation from the continent, with the strategic strength which that isolation gives. In the World War which broke out in 1914, England was again free from the ravages which were visited upon continental nations, and her supremacy on the sea has given her the possibility of calling upon the outside world to supply her needs.

[1] Whelpley, *Trade of the World*, 43, 44.

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Suggested Questions and Topics

1. Show why the Reform Bill of 1832 was at once the result of one set of industrial changes and the cause of another.

2. What is the probable ultimate future of England's industrial development? What do you regard as the rights of a nation to use up her avail-

able source of economic prosperity, disregarding the needs of a more remote future?

3. Why may the coal and iron industries be regarded as basal in our economic system?

4. Show the natural relations between the cotton industries of England and the sympathy of the English with the Confederacy in the American Civil War.

5. With the Geneva Board of Arbitration as an illustration, show the advantages of commissions to settle questions of international difference.

6. Show the relations and interdependence of fisheries, merchant shipping, and navy.

7. Apply the following of Sir Walter Raleigh to England's modern commercial development: "Whosoever commands the sea, commands the trade; whosoever commands the trade of the world, commands the riches of the world and consequently the world itself."

8. Summarize the advantages and disadvantages of trade-unions, considering the advantages from the standpoint of the laborer and the disadvantages from the standpoint of the manufacturer.

9. What do you understand by "standards of living" among laboring classes? Do standards of living tend to fall, to remain stationary, or to rise? What effect does this have on the cost of production?

10. Explain the following from Whelpley (*Trade of the World*, 90): England is "financially the strongest," and "economically the weakest" of all the great industrial and commercial nations.

11. Why has England had so great a prosperity under a system of free trade? Might conditions so change that protection would be obviously to her advantage?

12. Why should England wish to have national boundaries, territorial possessions, and spheres of influence continue as they are? Compare her position with a nation which has limited foreign territory.

13. With Manchester as an example, show how man can modify natural resources for the welfare of a city.

14. What in your opinion is fundamental to the present economic strength of Great Britain?

15. What do you regard as the probable future of Great Britain in world trade?

16. Compare England's increase in population with the increase in her production of food supplies.

CHAPTER XXIV

GREATER BRITAIN

237. Introduction. — At the opening of the twentieth century Great Britain controlled one fifth of the world's area, one fourth of the population (above 435,000,000 persons), and one third of the wealth. Her possessions extended to both Americas, with rich Atlantic islands; she owned Australia with the neighboring islands of Tasmania and New Zealand as well as other important islands in the Pacific, Asiatic possessions including India, a rich empire in itself, and an extensive territory in South Africa. In order to keep up communication with and bind together the parts of this Empire, Great Britain must maintain naval bases and coaling stations on the great highways of trade.

The English have been able to *assimilate foreign peoples* and bring them into harmonious relations with the mother-country. The principal parts of the British Empire are not the old subservient colonial possessions, but are in effect free states, each enjoying the rights of self-government and the economic freedom which has come from the exercise of these rights. The industrial and commercial development of the oversea interests of the British Empire is as important as is the economic development of the home land.

238. Ireland. — The *famine of 1845* was important in the economic history of modern Ireland. In that year a blight struck the potato crop, not only in Ireland, but in England, Scotland, and on the continent. Ireland suffered from a second failure of the crop in 1846. This caused the direst distress. Aid was extended to the Irish from both England and America, but the conditions were such that there followed an

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BELFAST LINEN WEAVING

exodus of the Irish to Canada, Australia, and the United States. One fourth of Ireland's population of eight million migrated as a result of the famine, and emigration continued even after prosperity had returned. At the time of the famine Ireland was without manufactures, the only exception being the linen

industry in the north. Her agriculture was backward, because of an objectionable system of landholding, and altogether the conditions were such that the people had little encouragement to stay in the country.

Before the end of the nineteenth century two important changes were inaugurated in Ireland; one was the introduction of manufactures and a more diversified industry, and the other, reforms in agriculture. *Belfast*, in the north, became a great shipbuilding center and established extensive manufactures in linen. Ireland is endowed with a naturally fertile soil which can be easily cultivated. Important changes in landholding came through the introduction of land purchase acts, by which tenants are able to come into the possession of small farms. The formation of the *Irish Agricultural Organization Society* in 1894 has proved a great blessing. The purposes of this society were to effect coöperation among the Irish themselves, and to furnish instruction in proper methods of tillage. Sir Horace Plunkett has taken a prominent part in the work of Irish self-improvement. In 1899 a Department of Agriculture and Technical Instruction was established which has been active in disseminating information and making investigations. A new prosperity came to Ireland during the last years of the nineteenth century.

239. The Government of Canada. — When by the Treaty of 1763 Canada passed to British control, she had a population of sixty-five thousand, almost all of which was French and Roman Catholic.[1] By the Quebec Act of 1774 the Catholic religion was permitted. The system of landholding was feudal, and Canada was backward and unprogressive. Numerous Loyalists migrated to Canada during the American Revolution and in the years immediately following. Many English emigrants also came. Conflicts followed between different elements in the population, and in 1791 Canada was divided into two parts known as Upper Canada and Lower Canada. Lower Canada was French and Catholic; Upper Canada was English and Protestant.

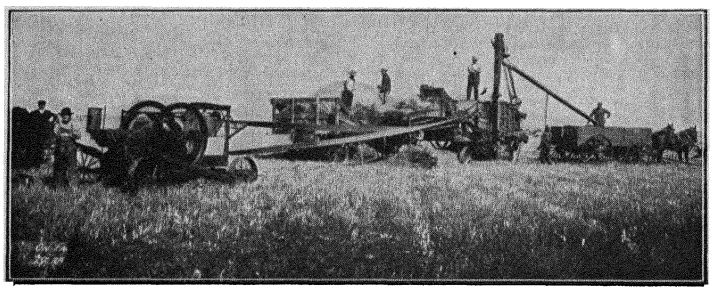
[1] Nova Scotia was then a distinct colony.

In the period following 1810 there was increased immigration into Canada, and there arose such conflicting interests among the population that Lord Durham was sent as a commissioner in 1837. He made his famous report in 1839, proposing that the two provinces be united and given a responsible government, and this action was taken the next year. The new Governor-General, who was appointed by the Crown, adopted the English custom of appointing a cabinet from the party in control in the Dominion Parliament. Matters were so continued until 1867, when the two sections of Canada were separated under the titles of Quebec and Ontario, and at the same time these provinces and Nova Scotia and New Brunswick were organized into the Dominion of Canada, with Ottawa as capital, but the plan of government continued the same. Newfoundland has remained outside of the Dominion. Each province has its legislature with the rights of local self-government, and is represented in the government of the Dominion as a whole. The most striking fact of Canada's government is her virtual independence of the mother-country. While there is the best of feeling toward Great Britain, the Dominion has maintained her right to close her door if she pleases in the face of Great Britain, and this pleasure she has exercised in her trade relations.

240. **Internal Development of Canada.** — Canada's great prosperity dates from the establishment of the present Dominion government. In 1869 the Hudson Bay Company surrendered a great territory in the northwest which was opened to settlement, and a succession of new provinces and districts has been carved out of it. The Conservative party came into the control of the government in 1867 with Sir John Macdonald as its guiding genius. With slight interruption this party continued in power until 1896, and its control was attended by tremendous advances in the material welfare of the Dominion. Among the policies of the Conservative party were the utilization of the natural resources, the development of internal communication, and the maintenance of a protective tariff.

Canada is rich in *agricultural possibilities*. Ontario has

developed a dairy and small farming industry similar to that of the states in the northern tier of the American Union. The Canadian northwest has already become a great grain-producing region the future of which is only beginning to be realized. The *forests* of Canada have yielded rich stores of fur. The forests have been extensively felled, and lumber and timber as well as wood-pulp are largely exported. The *mineral resources* have been developed to but a slight degree. Coal has been mined in Nova Scotia, iron and copper in western Ontario, and rich supplies of gold were discovered in the Klondike in



THRESHING IN WESTERN CANADA

Photo by International Harvester Company.

1896. *Fishery* products are taken off Newfoundland, Nova Scotia, Prince Edward Island, and New Brunswick on the east, and off British Columbia on the west. Canada is still largely a country of undeveloped natural resources, and her great industrial and commercial activity lies in the future.

Canada has an extensive system of *public improvements;* rivers have been made more navigable, notably the St. Lawrence, and numerous canals have been opened. *Railroads* have been extended in various directions. The large proportion of the mileage is under four great systems known as: The Inter-Colonial, serving in the main the Maritime Provinces; the Canadian Pacific; the Grand Trunk, including the Grand Trunk and Pacific; and the Canadian Northern. The Cana-

dian Pacific serves the entire Dominion. It was projected in 1870 and completed to the Pacific at Vancouver in 1886. This system maintains not only an extensive railway service, but has lines of steamers operating on the Great Lakes, from Canada to Great Britain, and on the Pacific. The Grand Trunk and Pacific has projected its lines to important terminals in the United States, and more recently through its western extension has reached the Pacific at Prince Rupert. The Canadian Northern, which serves the Canadian northwest, has a third line to the Pacific. These great railroad projects have been carried through by the joint action of private companies and the Dominion government.

241. Canada's Commercial Policies. — In 1854 Lord Elgin negotiated a treaty with the United States, which opened American markets to Canada's natural products. This continued for a term of ten years, when it was disallowed by the United States. Canada adopted a protective tariff policy in 1878 and from this time has maintained what is in effect a high tariff arrangement. In 1897 the "preferential tariff" was adopted in trade relations with England, giving English imports a preference of twelve and one half per cent. This was later increased to a preference of thirty-three and one third per cent in favor of British goods. Germany penalized Canada by dropping her from the most favored nation class of her own tariff system, and Canada responded by fixing in 1903 an extra duty on German goods.

The next important aspect of Canada's tariff history was the proposed *reciprocity* treaty with the United States in 1911. This provided for what was in effect free trade in food products and other raw materials and for a mutual decrease of duties on manufactured articles. Although this treaty was ratified by the American Senate it was defeated in Canada. What may be termed a moderate protective policy has continued in Canada. The average schedule for the first decade of the twentieth century was about twenty-eight per cent on the lists of imports to which it applied, or, comparing the tariff as a whole with the total imports, the rate was about sixteen per cent. The system

of preferential duties continued in force, applying to the imports from Great Britain and the principal British colonies.

Quebec and Montreal are the great *ports of entry* during the season of open navigation. The St. Lawrence has been made navigable for deep draught vessels to the latter city, and numerous steamship lines use Montreal as a terminus. But these cities have the great disadvantage of being closed to navigation for a part of the year, at which time Canadian trade is mainly through Halifax, Sydney, and Portland, Maine. Canadian foreign trade has been *triangular* in character. Her exports, consisting chiefly of grains, dairy products, timber, and furs, are sent most largely to Great Britain. Canada's imports, which are chiefly manufactured products, are secured principally from the United States, the inequalities in the two directions being balanced by exchanges through London.

Canada's most important trade is her *domestic commerce.* The system of internal navigation on her lakes, rivers, and canals, and extensive railway development have brought all parts of the Dominion into close relations, and there is the free movement of goods within the country itself. The protective tariff and public improvements which were designed to accomplish this result have been in large measure successful.

The Canadian government and private initiative in Canada have been progressive in *stimulating interest* in the country and in developing its natural resources. The government has offices in London and other centers of the world, disseminating information and directing emigration. The railroads and chambers of commerce are similarly active, advertising lands available for settlement and opportunities for capital in the various parts of the Dominion. One of the most energetic of the private endeavors is the Canadian Manufacturers' Association, which has a membership of nearly or quite a thousand, with its chief office at Toronto. This association has adopted as its program the guidance of public opinion and governmental encouragement in the development of manufacturing projects. It maintains a bureau of commercial intelligence for the use of its members and the benefit of the Dominion. The results of

Canadian solicitation have been effective in the United States, and American capital and enterprise have been drawn upon for the promotion of the fisheries in the Maritime Provinces, the development of the mineral resources of Nova Scotia and Ontario, and particularly in the building up of the farming industries of the great Canadian Northwest. Many American farmers have sold their lands and moved to Canada, where more fertile farms could be secured at a fraction of the price. Thus hundreds of thousands of Americans have found their way into Canada and are contributing to the development of the Dominion.

242. British West Indies. — Great Britain has positions of commanding importance on the western hemisphere, both in the north and in the islands lying farther south. Bermuda serves as an approach to the entire east coast of North America and is strongly fortified. To the south are the Bahamas, which are in the path to the Gulf of Mexico, and still farther is Jamaica, standing on the passage either to Panama or Nicaragua. Rich islands known as the Lesser Antilles make up the outer edge of the Caribbean, while British Guiana and Trinidad complete the series.[1]

The first *commercial decline* of the British West Indies came during the American Revolution and the Napoleonic Wars, at which time trade to this region, both from America and Europe, was seriously impeded. Before conditions were settled the slave trade was abolished (1807) and following the establishment of peace in 1814 came an agitation against slavery, which resulted in freeing the slaves in the British colonies (1833).

When freed from the compelling force of their earlier status negroes would not work, as under the conditions of their life labor was not necessary to get the means of subsistence. In the first seven years after the freeing of the slaves the production of sugar fell to less than two thirds of what it had formerly been, and coffee to one half its former production. *Forced labor* seemed necessary, and to take the place of the negro slaves British planters imported under contract coolies from India

[1] Coolidge, *America as a World Power*, 267.

and China. But this solution of the labor problem did not give the British islands prosperity. The abolition of the *preferential duty* on sugar by Great Britain in 1848 was a further blow to the British West India islands. The next great hardship was the introduction of the beet sugar industry into Europe with government encouragement, which gave the beet sugar producers a great advantage. The new sugar convention agreement which was adopted at Brussels in 1903 modified the terms and the conditions under which government aid was extended in beet sugar production and afforded improved conditions for the production of cane sugar.

The most recent development in the commerce of the British West Indies has been in *fruit growing* and the establishment of lines of trade from these islands to the United States. Jamaica is well suited to fruit production, and by recent methods of transportation it has been possible to market fresh fruit in the great centers of population in the eastern United States. A new prosperity followed the development of this industry.

243. The Suez Canal. — From ancient times the project of a canal across the isthmus of Suez had been familiar. The opening of the Suez Canal established a new basis of communication between the East and the West and shifted again to the Mediterranean routes of trade which had been diverted by the discoveries of the late fifteenth century. The opening of the Suez Canal shortened the sea passage to India by nearly six thousand miles with fewer dangers than were incident to the Cape route. The canal was begun in 1859 by a private company, of which a Frenchman, de Lesseps, was the leading spirit. It was completed and opened to traffic in 1869 under the control of the Khedive of Egypt. In the early years of its history the larger part of the traffic which passed through the canal was under the British flag. The Khedive was in such debt that he sought a purchaser for his part in the enterprise, and in 1875 the British government bought enough shares to gain control of the canal.

English ships have used the Suez Canal more than the ships of all other nations combined. The fast sailing clipper ship had

been popular in the trade to the East until the canal came into use, following which the sailing vessel was largely superseded by steam craft. The purchase of the canal proved a good bargain for Great Britain, as it has strengthened her Empire, promoted her commerce, and has in addition yielded a profit. The

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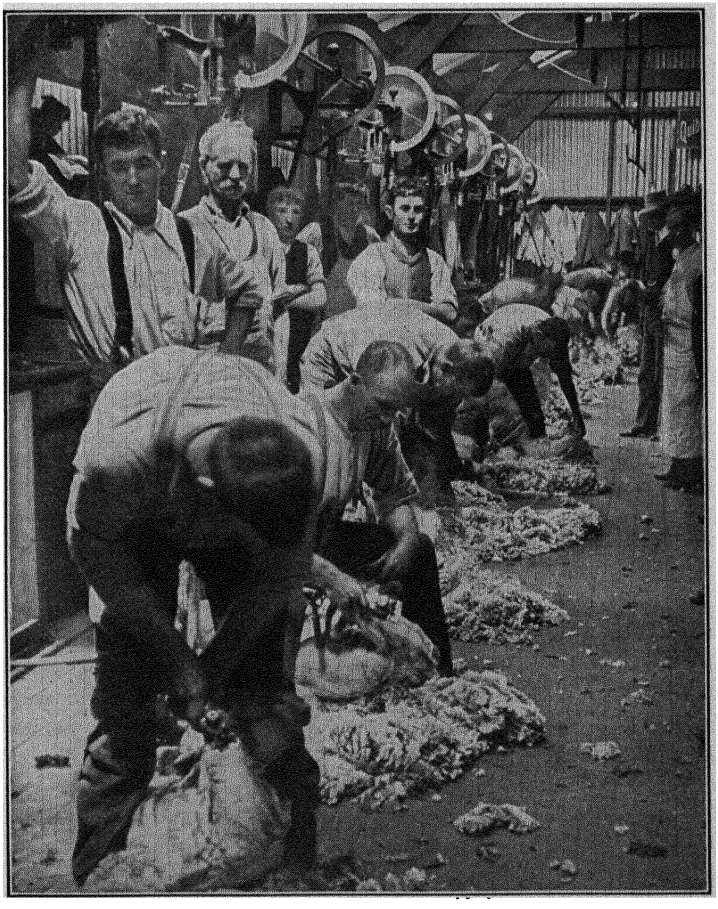
THE SUEZ CANAL

possession of the Suez Canal imposed upon England the necessity for a strong line of defenses on the Mediterranean and the control of Egypt, from which country the canal might be easily overrun. On the Mediterranean England has such stations as Gibraltar, Cyprus, Malta, Alexandria, and Port Said.

England has thus become an important factor in North Africa as well as on the Mediterranean, and great changes have been wrought in Egypt during the period of her control. In 1898 one of the great marvels of modern engineering was undertaken in a dam at Assuan near the first cataract of the Nile, which was put into use in 1902. This dam has since been raised and made more effective. Through its use the floods of the Nile may be controlled and the water stored for irrigation. Social reforms also have followed English control in Egypt. The peasant has grown more independent through the establishment of agricultural banks, and the system of compulsory service on government works has been practically abolished. Through British influence the Egyptian judicial system has been improved and altogether the political and material interests of Egypt have advanced.

244. **Australia.** — Australia was first explored by the Dutch, but the English superseded them in the eighteenth century. Captain James Cook made three voyages to Australia between 1768 and 1779 and issued a proclamation in which he claimed the land for Great Britain. Following the American Revolution England, having learned lessons of colonial experience and desiring to recoup herself from the loss of the North American colonies as well as to have a place to send convicts, claimed Australia. In 1788 a military rule was begun in New South Wales which continued for the next twenty-four years, during which period this was a penal colony. As New South Wales was settled, the convicts became objectionable, and they were next sent in considerable numbers to West Australia, and when objections were made to them in this settlement they were sent to the neighboring island of Tasmania. Transportation was discontinued to New South Wales in 1840 and was abolished altogether in 1867. A federal council for securing a closer union was formed in 1883, and in 1891 a convention drafted a plan of government for the *Commonwealth of Australia*, which was approved by the British government in 1899, and the union was completed and the Australian Commonwealth proclaimed in 1901.

245. Development of Australian Resources. — Australia has been found well suited to agriculture. Sheep and cattle were easily acclimated, and the region early came to importance because of the supplies of wool which were exported, chiefly



SHEARING SHEEP BY ELECTRICITY IN AUSTRALIA

to England. With the later methods of refrigeration, meat products have added largely to the importance of Australia. Coal was discovered in 1797, copper in 1848, and gold first in 1851. The discovery of gold led to increased migration, first to New South Wales, and afterward to West Australia. Australia has been important as a source of supply for copper as well as gold, and in addition to these, and her meat and wool products, she has supplied largely grain, flour, butter, hides, and skins. The value of imports into Australia in 1912 had reached a total of three hundred and fifty million dollars, and the exports of Australian produce made a sum equally large.

The development of Australia is one of the most remarkable achievements of the nineteenth century. From being a continent given over to a military station and a penal colony, she became a continent of four millions of people, with great wealth and an extensive commerce. Such development was only possible in a land with a favorable climate and abundant natural resources. Pressure of European population on food resources when Australia was opened to settlement furnished a plentiful supply of immigrants.

246. New Zealand. — The adjacent islands of New Zealand constitute a separate government similar to that of Australia and the Dominion of Canada. These islands were settled later than Australia under the impulse of the colonial theorizer Edward Gibbon Wakefield. For a time New Zealand was subject to the Crown, but in 1852 she was given the right to organize a separate government. In 1901 New Zealand refused to enter the Australian Commonwealth, and in 1907 numerous small islands of the Pacific were annexed to her and a dominion was proclaimed like that of Canada. In its *economic legislation* New Zealand has undertaken what probably is the most progressive program of any country of the world. The Liberal party was in power for a long term following 1891, and various projects for economic reform were carried out, including a state owned and operated railway system. Large estates were broken up by the government, and through the influence of the state banks, money was loaned to

small farmers for the development of land assigned to them. In 1895 a new plan was tried for preventing strikes, requiring that on the failure of employers and organized labor to agree, an appeal could be made to a board of conciliation, and in the event of this board's not settling the question at issue an appeal could be taken to an arbitration court, the decision of which should be final. In 1898, a decade before old age pensions were adopted by the mother-country, this policy was begun by New Zealand. New Zealand's development has been similar to that of Australia. The islands have been valuable chiefly for their production of wool and of meat, and the bulk of their trade has been with Great Britain.

247. India. — The Empire of India was begun and built by traders. Through the efforts of the India Company, Great Britain came into undisputed possession of a great territory in India in the eighteenth century. The nineteenth century was one of development and assimilation of this territory. First there were the operations of the East India Company with its exercise of political power and overreaching in the control of local government. The first change was made when there was the complete separation of the governmental interests of the India Company from its commercial activity. Numerous revolutions of the native princes in India followed during the first half of the nineteenth century with a general uprising in 1857, known as the Sepoy Rebellion. Immediately following this outbreak the authority of the East India Company was set aside (1858), and the territory became a possession of the Crown. As the government has developed, the control of India is by a Governor-general, appointed by the Crown and supported by a Council of men familiar with Indian affairs. Thus the government of India is under the direct control of the British, and in 1877 Parliament added to the other titles of the Queen that of "Empress of India."

India is a great empire with rich resources and a population numbering in 1911 two hundred and forty-four millions. Under the British control the *natural resources* have been *developed* and the country has progressed steadily. Public improvements

have been extended and facilities for commerce increased. The chief *exports* from India have been cotton, rice, wheat, hides, tea, wool, opium, jute, indigo, sugar, silk, coffee, oils, and saltpeter. The total value of the exports has reached upwards of five hundred million dollars annually. The imports are slightly less than the exports and trade has been chiefly with Great Britain.

India has been almost entirely an agricultural country and its chief products are the result of tillage. More than two thirds of the population are agriculturists. Weaving is the next most important industry, and within recent years the cotton manufactures of Bombay and the jute mills of Bengal have extended rapidly. As machine-made goods are brought from England and machine methods of manufacture are introduced, there has been a tendency to discontinue the old handicraft industries in silk, cotton, carpets, rugs, wood and ivory.

The East India Railway was begun in 1854, but the progress of transportation has proceeded slowly. India's great needs have been modern methods of production and the machinery of transportation. A new policy in *railroad development* was entered upon in 1870 through the direct agency of the government. In 1880 the system of encouraging private enterprise through state assistance was again applied, and both methods of development have been continued. *Local commerce* is still largely carried on in the permanent bazaars, at the weekly markets, or at the annual fairs in connection with religious festivals. The trade of India has been with other parts of Asia across the frontier, and oversea, conducted mainly through the ports of Calcutta, Bombay, Karachi, and Rangoon.

248. South Africa. — Great Britain secured her footing in South Africa in 1806, although the territory was not granted by treaty until 1815. The settlement at the Cape had been made by the Dutch, and the Dutch proved a troublesome people to govern. When in 1833 slavery was abolished in the British colonies, South Africa had a total of thirty-nine thousand slaves, for which there was granted an indemnity held to be less than one half their value. The Dutch emigrated (" trekked ") largely in

1836–1837 from Cape Colony, settling on the Orange and Vaal Rivers where they organized independent states. The discovery of rich mineral possessions in South Africa and a large immigration of Europeans added to the difficulties and led to general turmoil. Cecil Rhodes was the dominant British character in South Africa. He came in 1870, and after making his fortune sought to convert all of South Africa into a strong British colony. Rhodes was Prime Minister of Cape Colony and founder of Rhodesia. Local differences culminated in the Boer War, which Great Britain brought to a successful conclusion in 1902. In 1906 the importation of Chinese coolies was prohibited and further rights of self-government granted to the separate states. A convention at Cape Town in 1908–1909 formed a constitution which provided for a united government in South Africa, and a Union Parliament was organized in 1910.

South Africa has been important economically chiefly because of its *mineral resources*. Diamonds were discovered near the Orange River in 1867 and gold in the Transvaal in 1884. In addition South Africa has produced wool, hides, skins, mohair, fruit, and wines. British supremacy at the extremity of the African continent has been deemed of first importance by those who would maintain world empire for Great Britain. Should England be blocked on her Mediterranean route to India, the possession of South Africa is indispensable, hence, the determination of England to retain South Africa in the Boer War. In addition to the territory in South Africa, the British have possessions in East, Central, and West Africa, and one of the ambitious projects of Cecil Rhodes was the construction through the heart of Africa of the "Cape to Cairo" Railroad. Important links in this project have been completed.

249. The British Empire. — From considerations of territory, population, and native wealth, the *most important part* of Britain's Empire is that lying outside of Great Britain herself. With a territory totaling more than eleven million square miles, exclusive of the British spheres of influence in Egypt and the Soudan, Great Britain's possessions extend to every continent and the remote isles of the sea. In addition to the few larger

divisions treated above, there are some sixty colonies and dependencies bound to the motherland by ties of a common interest and purpose.

When Victoria came to the throne in 1837, the feeling was strong that Great Britain would gain by the *dismemberment of the Empire.* England had suffered the annoyance of the American Revolution and lost her most cherished colonial possessions. The Spanish colonies had revolted and secured their independence, and the feeling was not uncommon that the self-interests of colonies and a mother-country could not be harmonized. The year of Victoria's coronation saw unrest and dissatisfaction in Canada, with the appointment of Lord Durham as commissioner. The extension of self-government to Canada was the beginning of a new chapter in the history of English colonial policy, and the experience gained in Canada was applied to Australia, New Zealand, and South Africa.

The imperial aspects of modern Britain were brought prominently to the fore by Disraeli with the purchase of the Suez Canal in 1875, and from that time there has been a consistent effort to extend English influence in world affairs. In 1884 the *Imperial Federation League* was organized to cement the union between Great Britain and her colonies. This continued for nine years, disseminating literature and urging the policies for which it was organized, when it gave place to other agencies directed to the same end.

The *jubilee celebrations* in honor of the fiftieth and sixtieth anniversaries of Queen Victoria's coronation afforded an opportunity for the entire British world to express itself and to come into new relations with the mother-country. The presence of colonial representatives and their expressed loyalty to the Empire gave impulse to "Imperialism." The celebration of 1897 evidenced even more than the earlier one the unity of British interests.

Joseph Chamberlain, Secretary of State for the Colonies from 1895 to 1902, was a staunch Imperialist, and it was long his ambition to have the British Empire reorganized on the basis of a Customs Union, with trade privileges extending to the

several parts of the union, and maintaining a tariff barrier against the outside world. Chamberlain called numerous conferences of the Colonial Premiers in London, and found the outlying parts of the Empire more ready to accept an

JOSEPH CHAMBERLAIN
From "Magazine of Commerce," July, 1903.

Imperialistic program than was Great Britain herself. Chamberlain's policy was denominated "an unauthorized program" of the Government in which he held office; and he appealed without avail to the Cabinet, after which he resigned and appealed to public opinion, but with no better success. A further Colonial Conference was held in London in 1907, which consid-

ered the questions of "imperial reciprocity" or colonial preference, but also without result. The newly chosen Liberal Government could not be induced to accept any modification of England's conventional policy of free trade.

At the Imperial Conference in London in 1911 on the suggestion of Sir Wilfrid Laurier of Canada, there was created the British Imperial Trade Commission, composed of six members from the United Kingdom and one each from Canada, Newfoundland, Australia, New Zealand, and South Africa. This Commission was organized early in 1912 and began the task of reporting on the natural resources in the different parts of the British world and making suggestions for the further development of these resources and the promotion of mutual trade between the parts of the Empire, but with this qualification, "consistent always with the existing fiscal policy of each part." [1]

The saying, "the sun never sets on the British flag," is a commonplace, and the British Empire may be called "an empire of the isles." Great Britain has sent her sons to all regions and climes, and everywhere they have gone bearing Anglo-Saxon institutions and recognizing the rights and traditions of native peoples. Great Britain has bound her Empire to herself by ties of self-interest which are reciprocal, and she is a world empire, sea-girt, and resting on the control of the sea. Great Britain has in effect said to her colonies: "So long as the blood endures, I shall know that thy good is mine; ye shall feel that my strength is yours" (Egerton).

The British colonies exemplify the truth that "blood is thicker than water," but the tie that binds the colonies to the mother-country is not alone a tie of sentiment. The resources of the colonies have been developed largely by British capital and initiative, and colonial attention is naturally fixed on the land from which came the impulse and the wealth which created the colonies. Then, the colonies have been, and still are, chiefly producers of food supplies and raw materials. They possess the commodities which Great Britain wishes to buy,

[1] Bishop, *Promotion of Foreign Trade*, "Atlantic Monthly," May, 1914.

and they need the manufactures which Great Britain has to sell. Thus the British Empire is built on a mutuality of interest.

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Suggested Questions and Topics

1. How can you account for Great Britain's success in holding foreign territory?

2. Why should Great Britain seem less willing to give home rule to Ireland than to Canada, Australia, New Zealand, and South Africa?

3. With Ireland as an illustration, show the disadvantage of producing a single staple for the food supply.

4. Based on her history and from consideration of her natural resources, what is the probable future of Canada? How do you regard the statement of a Canadian publicist that there is room on the American continent for two great nations, of which Canada may be expected to be one?

5. What in your opinion would have been the advantages and disadvantages of Canadian reciprocity in 1911? Consider the question from the standpoint of both the United States and Canada.

6. Are the chief commercial interests of the British West India islands with Great Britain or with the United States? Why?

7. What would have been the probable success of the Suez Canal if steam navigation had not been introduced when the canal was ready for use?

8. Had a mother-country the right to transport felons to a colony against the protests of the inhabitants of the colony? Compare the Australian experience with that of the North American colonies. (Sections 176 and 244.)

9. How do you account for the phenomenal development of Australia in a single century?

10. What explanation can you give for the advanced economic legislation of New Zealand?

11. In your opinion has India contributed as great a benefit to Great Britain as Great Britain has contributed to India?

12. What were the respective rights of the Boers and the British in the South African War? With which side did Germany sympathize, and why? What was the effect of the German attitude?

13. How largely do commerce and financial relations serve as a bond in the British Empire?

CHAPTER XXV

INDUSTRIAL DEVELOPMENT OF MODERN GERMANY

250. Physical Features. — Germany is central in Europe, touching most of the great nations of the continent. With 208,780 square miles of territory not generally fertile, she has been forced to depend upon the outside world for help in providing for her own needs. Germany borders on the sea and has great rivers which serve as highways from the interior. In the main the country is a plain across which canals have been easily dug, thus connecting the different river systems. The level character of the country has similarly made railroad building easy. The *climate* of Germany is equable, free from the extremes of severe cold and excessive heat. Her mountains are rich in coal, iron, and other minerals. Upon this geographical basis the German people have worked out what is probably the most complete of modern economic developments.

251. Natural Resources. — Germany lies in the plain of northern Europe; her soil is sandy and lends itself to the production of root crops. *Coal* comes principally from the Westphalian and Rhine districts, where it has been found in close proximity to supplies of iron and other metals. The Rhine affords an easy means for bringing ores from Sweden and other countries to the German coal regions. German coal can be readily transported to all parts of the Empire. Germany's known coal fields are larger than those of Great Britain, but she has followed a different policy with regard to her coal products. It has been estimated that the known supplies of coal in Germany would sustain the industries of the country for thirteen

hundred years at the present rate of consumption.[1] While Great Britain has exported approximately twenty-five per cent of her coal output Germany has exported only about ten per cent of hers. Germany has also rich deposits of *salt* and ranks first in the potash industry. *Potash* production centers in Magdeburg and Hanover.

252. German Agriculture. — Germany is essentially an agricultural country, and agriculture, including stock-raising, furnishes the foundation for her industrial system. At the opening of the nineteenth century the agricultural laborers were servile, being fixed both as to the place where they might live and the labor at which they might engage. Land was still known as *noble land*, *peasant land*, and *burgher land*, and its ownership could not be changed from a member of the class to which it belonged to a member of another class. Reforms in landholding were the basis of great economic changes. A reform act in 1807 was followed by another in 1811, and still a third in 1850. Taken together these reforms provided for the abolition of serfdom, the free exchange of land, and the allotment of common fields. Following these reforms, agriculture had a new prosperity. The price of agricultural products rose, and there was at the same time a decline in the cost of production due to the introduction of machinery and the application of improved methods. As a result agriculture realized disproportionate profits and land rose above its normal value. Speculation became common and mortgages were placed upon landed property. But improved communication, the establishment of steamship lines, and lower freight rates, which came immediately after 1870 brought goods more regularly and more cheaply than before, and German products had to meet the competition of America and other outlying sections. The price of grain fell and there followed a series of depressions. The government met this situation with a tariff to protect agricultural products.

During this same period the wages for *agricultural labor* increased, due to the demands of other industries and to a

[1] Dawson, *Industrial Germany*, 25.

scarcity of laborers. In some cases the deficiency has been met by importation of Italians, Poles, and Russians for farm labor. To a considerable extent agricultural work in Germany is done by women and children. Improved methods of farming have

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CULTIVATING SUGAR BEETS IN GERMANY

been introduced, and agricultural machinery utilized, and, consequently, labor difficulties have arisen because the demand for labor has become intermittent. As a whole the *agriculturists* of Germany have been *unprogressive*. The system of land tenure has changed but little and methods of tillage are still

antiquated. In many parts of Germany the land is held in small plots, the people living in villages and going out to till their little farms. Since 1870 *agriculture* has *declined relatively* in its place among the German industries. Sixty per cent of the people were agriculturists in 1870; thirty-five per cent in 1900; and twenty-eight per cent in 1910. Less than fifty per cent of the area of Germany is under tillage.

The northern plain has been given over largely to the production of potatoes, sugar beets, rye, and oats. Potatoes have been a staple food of the German people, and have also been extensively used for distillation of alcoholic products. Beets have contributed large supplies of sugar, both for home consumption and for export; they also supply food for cattle. The production of rye has much exceeded that of wheat and rye has supplied the common black bread. Extensive areas for the production of the vine have been developed, particularly along the Rhine and Moselle rivers, and in the regions west of the Rhine.

Forests should be mentioned as a part of the tillage in Germany. Quite one fourth of the country is in forests, a large part of which is systematically cultivated. Of the forests, about one half are privately owned, one third belong to the separate states, and the remainder are owned by the local governments within the borders of which they are located. In parts of Germany the public is given the right to the forests as a park, and under regulation the people are permitted to gather fuel. The forest has been cultivated and harvested in Germany as any other crop would be, the maturing of a forest requiring a generation instead of a single year. The German forest has been compared to the sea in some other countries as a means of supplying the people with the fundamentals of their existence. Life in the forest has not been without its effects in the development of German character.[1]

253. German Population. — For a long time Germany served as "a fertilizer" of other nations through the emigration of

[1] Dawson, *Industrial Germany*, 43, 44.

large numbers of her people. It is estimated that two hundred thousand Germans a year were migrating about 1880, and down to 1895 Germany continued to lose largely through emigration. Beginning in 1895 there has been a net gain of immigration over emigration. Prior to 1871 Germany was agricultural, without a merchant marine, and with little foreign trade. She had limited industrial capital, and commercial enterprise was of the " small business " sort and was conducted with extreme conservatism. The Germans have in large measure kept to themselves, and Germany has as a consequence less admixture of foreign elements in her population than have most other European nations. In 1871 the population of the German Empire was slightly over forty-one millions; it had reached fifty-six million in 1900, and sixty million six hundred thousand in 1905. In 1910 the population was nearly sixty-five million. The increase which has been more marked in recent years is accounted for in part by an unusually low death rate.

The most marked changes in German population have been in the large cities and in the numbers engaged in industrial and commercial activities. In 1871 cities of one hundred thousand population and above held but four and eight tenths per cent of the population. In 1910 cities of the same size held twenty-one and three tenths per cent. The proportion of the population dependent on industry and mining increased from thirty-five per cent in 1882 to forty-two per cent in 1910.[1] Since 1880 the city population of Germany has increased by more than fourteen millions.

Germany is relatively a small country with what may be considered on the whole not a fertile soil, but through her methods of utilizing her resources she has been able to furnish employment for her people, including more than one quarter of her female population. In addition she has imported intermittently Italian and other manual laborers to carry on agriculture and other forms of work. The pressure of population and the future needs of the country have been an impelling desire for more territory and an extension of the German power.

[1] Dawson, *Industrial Germany*, 9–13.

254. Growth Toward Union. — The earliest unions in Germany were the various trade leagues, mentioned in Chapter XI. Under these leagues Germany enjoyed considerable trade prosperity. Religious differences assumed large proportions during the Thirty Years' War and the economic development of Germany was retarded. The weakened country was preyed upon by adjacent states, more especially by France, and the ravages of Louis XIV with the attendant destruction of industry also retarded Germany's development. Other inroads on Germany were made by both Austria and Russia. Following Napoleon's overthrow the smaller German states looked to both Vienna and Berlin for leadership. There were, however, thirty-eight organizations, each with its own government and tariff arrangement and almost as much cut off from the rest of Germany as from foreign countries. In trade across any considerable country there were constant haltings, with payments of tolls. The establishment of the Customs Union, to be noted in the succeeding section, was an important step toward a union among the German states. The withdrawal of British influence from Hanover in 1837 was a further contribution to German unity, as Hanover cast in her lot economically with Prussia, and steadily there developed a cohesion of power in Germany down to 1858 when William I became ruler of Prussia. He governed as regent for two years, and then became king in his own right. In 1862 William called as his minister Bismarck, who for twenty-eight years dominated in German affairs.

255. The Zollverein. — The first Customs Union among the German states became effective January 1, 1834, merging two former unions between Prussia and Hesse-Darmstadt, and Bavaria and Würtemberg. Other states joined from this time until 1851, at which date Hanover gave its approval and the union included most of Germany. The Zollverein provided for unity in trade, but did not extend to such economic interests as patents and warehouses. Such free cities as Hamburg and Bremen with important harbors, were still out of the union, being in effect foreign ports, the trade of which was more largely with Scandinavia and Russia than with the German states.

Nevertheless the Customs Union taught the advantages of coöperation and was of distinct influence in the development of the future unity of Germany.

256. Bismarck. — In an early speech before the German Parliament Bismarck used an expression which has since been associated with his character and is taken as a description of his policies: "the great questions of the time," said he, "are to be decided, not by the speeches and votes of majorities, but by blood and iron." First he led Germany to accept a plan for union, and next he forced German policies upon outside powers.

The dominance of Germany over Austria aroused the antagonism of France, resulting in the *Franco-Prussian War* of 1870. This war completely crushed France's military power, and from Paris the Germans dictated humiliating terms of peace. The French territory of Alsace-Lorraine was ceded to the Germans, and the French were compelled to pay the Germans a war indemnity amounting to a billion dollars in gold. The most important result of the Franco-Prussian War was the establishment of the German Empire in 1871.

257. National Development. — One important gain to Germany from the Franco-Prussian War was the available *capital* for new enterprises. It was intended that the war indemnity should cover the cost of the war, but a considerable part of the original cost had been provided by the revenue of the country and the surplus could be utilized as a means of stimulating production. The German nation employed the indemnity for the introduction of a much needed system of gold coinage; but by far the greatest effect of the Franco-Prussian War was the confidence it gave to the German people and the enthusiasm it aroused for further national progress. Beginning about 1876 the policy was adopted of *building* up *home industries* by stimulation, such as government ownership or support, by perfecting the means of transportation, by encouraging the importation of raw materials, and by sending abroad the results of German enterprise. It has been the aim of those dominating German affairs to make the nation as far as possible independent of outside powers.

Germany has gone to an extreme in state intervention in industry, and is a good example of a nation which resorts to the *paternalistic* system of government. The bureaucratic political administration of Prussia with the dominance of the Emperor and his ministers has been well suited to the working out of such a policy, and the temperament of the German nation is favorable to the extension of governmental supervision over economic matters. Government ownership and administration, and government encouragement through subventions have been common and these principles have been applied in larger kingdoms, smaller principalities, and numerous municipalities and local governments.

258. Military System. — The military system of Prussia took its rise from the days of Stein and Scharnhorst (1807), who introduced the idea that all citizens physically fit should serve for a period in the army and thus be ready at their country's call.[1] William I increased the number of men in the service and perfected the system. The trained army was highly efficient in the Franco-Prussian War, and when that war was over, the Germans continued and made more binding the requirements of compulsory service. Every able-bodied man was a conscript soldier and no substitution was permitted. From the dangers of her position Germany has held to the necessity for a trained army. "Without army no Germany" has become a creed.

The *navy* is of recent origin. In 1848 the people contributed money for a few ships which were afterwards sold. Prussia purchased territory for a war post on the North Sea in 1854, and the post was completed and opened in 1869 under the name of Wilhelmshaven. In 1864 Prussia, through the annexation of Schleswig and Holstein, obtained the fine strategic harbor of Kiel. Little interest was manifested in the navy, however, until the new program of William II was promulgated, near the close of the nineteenth century. Increasing expenditures were made and, largely through the personal initiative of the Em-

[1] For an interesting and suggestive paper on *Boyen's Military Law*, (1814) see Guy S. Ford, "American Historical Review," April, 1915.

peror, there was founded in 1898 the *German Navy League*, and in 1900 was adopted a new naval program to be completed in 1917.

Military and naval preparations have laid on industry a heavy *burden of taxes*. The large expenditure for military purposes has been opposed by the Socialist Party, and a strong vote against increased taxes was registered in the Imperial Parliament, but despite these objections the Government has been able to carry out its program. Some *results* of *militarism* in Germany are obvious. Large numbers of men have been kept from industry. The German people have accepted the burdens of supporting armies and navies as a necessity for the preservation of the Fatherland. No doubt the Germans have been affected by military training and as a people they have been coöperative, obedient, and respectful to authority.

259. Education. — It is impossible to comprehend Germany's economic progress except by considering the elaborate system of education which has been gradually built up. State and local governments in Germany act upon the theory that no form of investment brings so ready or so large a return as that directed to education. German *social classes* and economic divisions are clearly marked, and German education seeks to fit each man to discharge his particular obligation. The German accepts the station in life to which he is born, or which has largely been determined for him by the choice of his school. He takes up the business of life well equipped, but with little opportunity or inducement to change his occupation. Such an educational system produces workers who coöperate for the great purposes of the nation, but it may be questioned whether in the long run there will be created the initiative and aggressiveness on which a large and permanent national success must be based.

260. Social Progress. — The Revolution of 1848 brought forth in Germany a body of socialistic doctrines, though for twenty years these did not win a large following. In the seventies the Socialists exercised so much power as to trouble the Iron Chancellor, and he determined to drive them out of Germany.

At the last Bismarck adopted a varied program for the advancement of the working classes. He advocated insurance against accidents and illness, which went into effect in 1885, and later old age pensions and other forms of relief were added.[1]

German governmental action is a good illustration of the difference between " state socialism " and " democratic socialism," the former being the action of the government as an agent in the production or transportation and marketing of the products which the people need. State socialism in Germany has progressed in recent years not only by the legislation of the general government, but also from the action of local governmental units, where it may be termed " municipal socialism." German cities have gone far in the purchase of land and the renting of it to the people, the clearing away of congested areas, the widening of streets, the abolishing of what in American cities are known as " slums," the provisions for open spaces, and the ownership and operation of markets, warehouses, street car systems, docks, and harbors. The government regulates plans, height, materials, and character of buildings. Labor exchanges, public baths, and public loan offices are maintained by the government. Theaters, opera houses, and concert halls are conducted as municipal enterprises. Taxes are necessarily high, but the Germans probably get more in the way of service from their government than do the citizens of any other country. Governmental ownership and action make it possible to plan for the development of a city over a long period, and it is not uncommon to find in Germany a commission serving the present generation and with an eye to the future for at least a hundred years.[2]

[1] Robinson and Beard, *Outlines*, Part II, 345–347.

[2] Of Düsseldorf, Mr. Frederick C. Howe says: "This industrial city is one of the best governed cities in the world. It has dreamed dreams and dared to carry them into execution. It is almost as beautiful as Washington, as full of the joy of living as Paris, and is managed with more scrupulous honesty, more scientific efficiency and more devoted pride than any American business corporation. The city is built for the comfort and convenience of its people. It is designed as master architects might design a world's fair to which all mankind was invited for education, recreation and art."

State monopolies have been common in Germany and have long had the endorsement of her leading thinkers. The German government has contributed the capital, experience, and machinery necessary for mining coal, and has a virtual monopoly of the potash industry; there has been strong sentiment for government control over the supply and distribution of petroleum. The municipalities of Germany have for a considerable time owned and operated their electric plants.[1] In 1912 the proposal was made for a more general control over the supply and distribution of electric power.

261. German Labor. — While trade-unionism has not developed in Germany with anything like the completeness that it has in England, the labor party has a large following, and in recent years it has exercised an increasing political influence. In 1901 the aggregate membership of the trade-unions in Germany was held to be one million; in 1911 it had increased to three and three quarter millions. The social democrats make up by far the largest part of the trade-union representation, which is chiefly in the metal, building, wood-working, textile, and clothing trades, and in transportation and mining. In their early history the unions were modeled after the English type, but more recently they have developed along different lines. The two and one half million socialist union workers are organized and united in one central trade council. The central association looks with disfavor upon the power of the local independent trade organization, and has united the workers into a smaller number of strong bodies.

Wages are much below standards for corresponding work in America, skilled workmen usually receiving about half what workmen receive in this country. The German workman appears to be slower, and he takes longer to learn his trade than does the American or English operative, but he becomes expert and accurate and is plodding and steady in his accomplishment. A recent investigation found that the hours of labor in the textile industry were on the average two hours per day longer in Germany than in England, and the machinery in Germany ran

[1] Dawson, *Industrial Germany*, 142–147.

ten per cent more slowly; machinery in Germany was operated only about eighty per cent of the working time, while the same machinery was operated ninety and ninety-two per cent of the time in England.[1] Nevertheless the German by his long-sustained effort is able to turn out a creditable product, and the workmen as a class find health and permanent satisfaction in their work.

262. Iron and Steel Manufactures. — The iron and steel industry has had a steady growth since 1870. The Rhineland and Westphalian districts supplied largely both coal and iron, and in these districts there has grown a succession of manufacturing plants so close together that one virtually touches the other. The iron foundries own their coal mines, and mining coal is a branch of their operations. Almost within a generation the pig iron output of Germany increased four hundred times.

An important means of promoting iron manufacture was the invention of the Thomas-Gilchrist method of smelting by means of which the phosphorus contained in the ores can be readily separated, thus making it easier to work the iron and to obtain the phosphorus as a fertilizer. More than one fifth of the industrial population is said to be engaged in the mining and smelting industries, and most of these are in the employ of big concerns. About 1880 Germany was producing from three to four and one half million tons of pig iron yearly. Great Britain at this time was producing double this amount and the United States about fifty per cent more than Germany. In 1903 Germany passed Great Britain in these industries, and in 1911 it was held that in the not distant future she could turn out annually twice as much pig iron as was demanded by her own industrial life.[2]

263. Textile Industries. — Before the Thirty Years' War Germany prospered in the textile industries and produced linen and wool which were sent in considerable quantities to England, Russia, Spain, and other countries. Wool and linen were of

[1] Howard, *Industrial Progress of Germany*, 119.
[2] Dawson, *Industrial Germany*, 27, 28.

high order and at times the raw wool of England was taken to Germany, manufactured, and brought back as cloth. The invention of textile machinery in England in the eighteenth century gave that country a large lead over Germany. England sought to prevent machines from going to Germany as well as to other countries, but in 1798 a machine for spinning cotton was set up in Saxony. There was a necessity for the manufacturing of textiles in Germany during the blockade of the Napoleonic Wars, but when this blockade was raised, German markets were glutted by English goods and textile manufacture was given a set-back. There were fluctuations during the nineteenth century due to economic crises, political disturbances, and tariff changes, but the textile industries progressed.

The great center of the *cotton industry* is in Saxony. German raw cotton has been secured largely from the United States through Bremen. Under normal conditions the Bremen Cotton Exchange is, next to that of Liverpool, the largest in the world. The making of textiles was long a household industry in Germany. In 1850 one and one half million spinning wheels for flax were said to be in the country, of which only sixty-five thousand were in factories. Weaving continued even longer than spinning in the homes of the people and hand weavers are still engaged in the production of special forms of cloth.

264. Home Industries. — Despite the growth of the factory system in Germany the *domestic system* has to a large extent continued, and it was estimated in 1911 that nearly or quite five hundred thousand persons were employed in home industries. Of these eighty-five per cent were in Prussia, Saxony, Bavaria, and Würtemberg. One half of those in home industries were employed in textiles, one third in the clothing trades, such as dress and shoe making, and the others chiefly in the making of clocks and toys. The industries in which there has been the greatest decline are those in which machinery can be substituted for handwork, such as the making of clocks, straw hats, and small musical instruments.

In 1892 the value of toys produced in Germany was above fifteen millions of dollars, which in recent years is considerably

less than the value of toys exported. The United Kingdom has taken annually more than five million dollars worth of German toys and the United States has imported them even more

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DRESSING GERMAN DOLLS

largely. The industry originated in Bavaria and Thuringia. In 1912 the value of the toy-making industry was nearly or quite thirty-five millions of dollars.

The home industries are attended by many of the evils of the

"sweat-shop system" that are known in the United States, and the factory laws have not availed to prevent long hours, low pay, and a hard condition of life. Very young children are put at toy making, and in many cases the home has been converted into a workshop and has ceased to be a home in any true sense. The "Home Work Law," aimed to protect the health of those engaged in the domestic industries, was passed in 1911.[1]

265. Other Manufactures. — Germany has a large list of miscellaneous manufactures, including glass, chemicals, porcelain, beer, and watches. In general the policy has been to produce goods economically or to utilize waste products in production. The *scientific spirit* has been a large factor in Germany's industrial success. The Germans have been equipped by their education to carry on work, and they have had success in the use of products which go to waste in other countries. For example, there has been a phenomenal development of gas engineering through the utilization of the gas which is driven off in the manufacture of coke, and gas is distributed over wide areas. Not only has coal gas been utilized for illumination, and to furnish power, but other coal tar products, such as *aniline dyes*, have been brought into use. Practically the whole world has come to depend on the German supply of dyes. In 1860 all dyes were of vegetable or animal origin and Germany was under the necessity of importing all supplies of this sort. Down to 1896 Germany imported millions of dollars' worth of dyes, but by invention and perfection of coal tar dyes, Germany has been able not only to cease altogether this class of importation, but by the year 1900 she was sending out an annual export of these products to the value of over twenty-four million dollars.

The products of other *chemical industries*, such as acids and salts, have similarly had a large sale. In chemical manufactures Germany is the first nation of the world. The total value of her products of these industries is above three hundred millions of dollars annually. The endowment of Germany with

[1] Dawson, *Industrial Germany*, 228–242.

the crude materials and her splendid system of technical education have won her this place.

Germany had in the beginning to dispossess foreigners who were supplying her own people, but in this period of her remarkable development she has not only done this but has made for herself a foremost place as an industrial nation. A recent writer on world commerce makes the observation, "With brains and industry, the German people have created a rich and powerful nation out of poorer material than ever before produced such tremendous results." [1]

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Suggested Questions and Topics

1. What are the advantages and disadvantages of Germany's geographical position?

2. Enumerate some of the resources that have contributed to Germany's remarkable industrial development.

3. With the forests as an illustration show the advantages of government control for the utilization of natural resources.

4. How do you account for the large use of brown bread and potatoes by the common people of Germany?

5. What were the economic advantages of the Zollverein?

6. In what ways was national development in Germany influenced by the Franco-Prussian War?

7. What are some of the advantages and disadvantages of compulsory military service?

8. Upon what foundation has modern German economic development been built? Show this from 1806 on. How did the Industrial Revolution affect the growth of cities and the development of manufactures in Germany?

9. What is "paternalism" and how has it operated in Germany?

10. What was the meaning of Jerome K. Jerome's statement that all a German has to do is to be born, his government does the rest?

11. Contrast German workmen with American workmen as to working hours, rapidity, and character of output.

12. What is the present condition and probable future of Germany's manufactures in iron and steel?

13. How do you account for Germany's prominence in the so-called home industries?

14. Originally beets yielded five and seven tenths per cent of sugar, but by experimentation and careful improvement the percentage was increased to nearly thirteen per cent. Show how such a change affects not only Germany but the cane-sugar producing sections of the world.

15. Study aniline dyes as an illustration of the contribution which chemistry and scientific discovery have made to Germany's industrial development.

CHAPTER XXVI

GERMAN COMMERCE

266. Water Transportation. — Five great river systems are favorable to Germany's internal trade; these are the Rhine, the Weser, the Elbe, the Oder, and the Vistula. Düsseldorf, Cologne, Mainz, and Frankfort-on-Main are important in the Rhine commerce. Bremen and its port Bremerhaven have come to greatness from their position on the Weser. Hamburg, its port Cuxhaven, and Magdeburg similarly have enjoyed commercial prosperity from the Elbe. Stettin, Breslau, and Frankfort-on-Oder have enjoyed the advantages of the Oder, and Danzig has come to importance as an outlet for the region drained by the Vistula. These great river systems reach to the interior and are navigable for long distances. The Germans have not allowed natural obstacles to interfere with river navigation, and the canalization of rivers has been extensive. At such cities as Bremen, Hamburg, and Danzig, ocean-going freight is received and discharged. Barges are brought for the discharge of interior shipments for foreign export, and loaded for the transportation of goods to the interior.

The Germans have accepted the statement of James Brinley (Sec. 193) that "rivers exist to feed canals," and have constantly used the canal system as a means of extending and making more effective water transportation. The navigable rivers have been considered as central nervous systems with numerous ramifications of tributaries and canals which make it possible to supply cheap transportation to all parts of the country.

A recent writer has said that no expenditure is too large for a German city when there is an opportunity of meeting the re-

quirements of her commerce and extending or assuring her future prosperity. Rivers are deepened, harbors enlarged, or new harbors actually created by excavation, and the machinery is introduced for the easy transfer of cargoes to and from boats. *Hamburg* has been a leader in harbor and port improvements and has spent fabulous sums in harbors, piers, and dry docks. Bremen has similarly been active in a large scheme to furnish harbor facilities on the Weser. Even a city as far from the sea as Frankfort-on-Main has spent millions of dollars in harbor extension, and her new harbor, also created by excavation, is a model for similar constructions.

In advance of its control and operation of railroads the government assumed responsibility for canals, and these have been developed under government stimulation. With the state ownership of the railroads, these and canals have been brought into coöperative relationship. The total length of canals in Germany, including ship canals, is approximately two thousand six hundred miles. The navigable and canalized rivers have a combined length of nearly six thousand miles, and Germany has realized the largest gain from cheap water transportation of all countries of the world. Practically all of the great industrial areas and commercial cities are served by water transport as well as by rail. The inland navigation of Germany is served by nearly twenty-five thousand river, canal, and coasting craft with a tonnage of approximately four million tons.

Among the interesting canal improvements is the *Kaiser Wilhelm* or *Kiel Canal*, which was begun in 1887 and completed in 1895. This canal, sixty-one miles in length, connects the North Sea and Baltic navigation. Originally the canal was built with a depth of twenty-nine feet six inches, but in 1908 work was begun to increase its depth to thirty-six feet, thus affording passage to the largest ships. Though built primarily for naval purposes, the Kiel Canal has served a large commercial end. In the first four years after it was opened a greater tonnage passed through the Kiel Canal than passed through the Suez Canal in a period of ten years.

267. German Railways. — Railroads were inaugurated in Germany by the opening of a line four miles in length at Nuremberg in 1835, followed by a line from Leipzig to Dresden which was opened in 1839. In 1840 there were 341 miles; in 1850 the mileage was 3640; in 1870, 11,730;[1] and in 1912 it had risen to 37,995. The total mileage in Germany appears small as compared with that of the United States and the rate of increase slow as compared with that of Great Britain.

Beginning in 1848 there was the gradual extension of *state ownership* in Prussia, and this went on by degrees until 1871 when there was adopted the general policy of the state purchase of all the railroads. The experience of Prussia was applied to other German states, and by 1906 out of a total of 34,475 miles of railroad only 2579 miles were under private ownership, of which a part was operated by the state. The several governmental divisions each own their railroad systems, and the states of southern Germany have held out against any attempt to convert all of the railroads into an imperial system. The great trunk lines through Germany have been consolidated in operation so that through service has been maintained in all directions within the country, and even in coöperation with the railway systems of adjacent countries.

State ownership of the railroads in Germany has been termed "a brilliant stroke of business." Seaboard towns are given an advantage of special rates, and particular industries may be developed, or cities favored, as the government decides. The growth of railroad business has been rapid, the lines increasing their operations forty-seven per cent in ten years. Germany has been prompt to apply experiments in electric transportation to her railroad operations.

268. Domestic Commerce. — While Germany's foreign trade has increased at a phenomenal rate the development of the internal trade of the country has been even more rapid. Germany has widely dissimilar industries in different parts of the country. The means of communication have been well developed and the financial machinery of commerce provided. Great *fairs* have

[1] Howard, *Industrial Progress of Germany*, 36.

been held, one of the most famous of which was at Brunswick. The fair at Leipzig has been termed "a commercial congress of all nations and the center of the trade for Germany." German retail trade has adopted the methods of concentration of capital and the centralizing of operations in what is known in America as the department store, and this is a common form of merchandising in the large cities. Such stores have been popular and have seriously interfered with the small shop industry. In Prussia a tax was levied on the department stores, the proceeds of which were directed to the support of the local governments. One hundred and eight such stores were taxed in 1911 an aggregate of over $800,000.

269. Foreign Relations. — Germany has been endangered by the nations which surround her. To form the German Empire, Austria was antagonized and a war resulted. Austria was the natural ally of France in the Franco-Prussian War; Russia threw the weight of her influence in favor of Germany with an intimation that should Austria support France she would join Germany. Russia and Germany were in harmonious relations until the Congress of Berlin in 1878, at which time there were irreconcilable differences, and in 1879 Bismarck entered into a new alliance with Germany's old rival Austria in which they pledged joint aid in any differences with Russia. Russia cultivated France, and there was a realignment. Later when France extended her control over parts of Africa which were coveted by Italy, and the Italians had continental differences which could best be protected by the friendship of Austria, she joined with Germany and Austria in the so-called *Triple Alliance*, which was cemented in 1894. The next year a definite agreement was entered into for an alliance between France and Russia, later strengthened by the entrance of Great Britain in what has been termed the *Triple Entente*. International affairs have been controlled by these friendships and agreements, though there have been instances when the powers joined irrespective of their alliances, as for example in 1895 when Germany, France, and Russia jointly demanded that Japan give up territory on the Chinese mainland.

Germany's position has been hazardous; since the Franco-Prussian War there has been fear of France, and later of Russia, which fear was rendered more acute by the identification of English interests with those of France and Russia. Germany's aggressive commercial policies and her grasp of territory have served to arouse the antagonism of the foreign powers. Her expressions of sympathy for the Boers intensified England's ill feeling, and the tendencies of the twentieth century were steadily toward a condition resulting at last in the great World War, in which Germany and Austria could not command the support of their ally Italy, and were forced to fight not only the nations of the Triple Entente, but Belgium, Japan, Italy, the United States, and numerous minor powers. Turkey and Bulgaria joined with Germany and Austria.

270. Colonial Interests. — With the development of industry and commerce the Germans desired foreign territory which it was believed would serve *three purposes:* first, as places of settlement, so that emigrating Germans would be kept under the control of the Fatherland; second, as a means of supplying the raw materals and food products for the industrial needs of Germany; and third, as markets for the output of Germany's industrial life. The Germans gained the support of certain of the chiefs in Southwest and East Africa and established a protectorate over large provinces, acquiring a territory greater in extent than Germany at home. The Germans were active in the islands of the Pacific also, and secured a part of New Guinea, the Caroline Islands with the exception of Guam, a part of the Solomon Group, and two of the Samoan Islands. In 1911 Germany acquired additional territory in Central Africa by agreement with France, but in a region which has been little developed and the products of which are limited, being mainly gathered from the forests, such as rubber, ivory, and oils. The total foreign possessions of Germany in 1914 exceeded a million square miles and they had an estimated population of nearly or quite fourteen millions. German East Africa with ten million population was the largest of these possessions.

The parts of the world to which Germany has gone have not been favorable to colonial development, and the colonies have not supplied the raw materials which Germany hoped to secure. The native peoples are not given to industrial labor and have been satisfied to have only their most pressing necessities supplied. The colonies show little interest in trade and are on the whole non-progressive, and no policy has been successful in making them meet the needs which prompted their establishment. The total trade of the German colonies in 1910 reached approximately $55,000,000, of which the larger part was in imports. Of this trade two thirds was with the mother-country and the balance mostly with Great Britain and the British Colonies.

271. **Merchant Marine.** — A German poet said that the Almighty had given to France the empire of the land, to England the empire of the sea, and to his own country the empire of the air. But Germany has not been willing to accept the place thus assigned. The power of France was broken by the Battle of Leipzig in 1813, and she was further humiliated by the Franco-Prussian War, after which Germany entered on the phenomenal industrial development which brought her into conflict with England's supremacy on the sea. In no particular has Germany's progress since 1871 been more striking than in the increase of shipping. Within a generation the registered tonnage of Germany, both in foreign and domestic commerce, increased nearly or quite three hundred per cent, and Germany became a rival even of Great Britain in the carrying trade of the world.

The rapid increase in shipping can be explained in part by government encouragement and stimulation both in foreign and domestic trade. The German government has given subsidies for lines to certain parts of the world and has so regulated the internal means of communication as to stimulate favored cities, such as Hamburg and Bremen. The government has also fostered an extensive ship-building industry with great dry docks. Vessels have been built remarkable for speed, size, and completeness of equipment. Indeed, improvements in

ocean-going service in a series of years would seem either to have been largely made by the Germans themselves, or to have been forced as a result of German competition.

Germany has felt the necessity for outlets to the sea. Von Bülow in his work on Imperial Germany laid it down as fundamental that nations which could not reach the sea, or were forced back from it, were destined to be retired from greatness. Russia with her great extent of territory, her enormous population and boundless material riches confronted Germany on he one side, while England with her wide open doors to world :ommerce and her rich colonial territory stood across her path on the other. There has grown up in Germany a sort of fatalism as to the future, a doctrine that Germany must be either "a hammer" or "an anvil" among the nations. The origin of the World War in 1914 can be best understood by considering Germany's position and her desire for a freer scope in her development ("a place in the sun").

272. German Finance. — Until 1870 *French capital* largely supplied Germany's need, and French financial methods prevailed in Germany. Future bankers were sent to Paris and other French cities for training and experience. The early railroads in Germany were mainly built by French capital, but in the period of industrial advance German finance was reorganized and became an important factor in German commerce. Frankfort-on-Main, which was the home of the Rothschilds, first came to prominence as a financial center, and here banking, insurance, and exchange operations were extensive. In the later period, however, Berlin succeeded Frankfort, and with the industrial expansion of Germany this city has become the money capital. Banks are organized with branches in all parts of Germany and in foreign lands to serve as media of exchange. The Germans have been daring as investors and promoters. They have not only served as bankers for their own wealth, but they have continued to draw upon France, and have borrowed extensively from England and other countries.

273. Commercial Policy. — In 1879 Germany put her tariff on a *protective basis*. New tariffs were laid on manufactured

goods, and agriculture and shipping were similarly protected. There was a reduction on raw materials not produced in Germany, and from this time Germany affords the best example of a country which has carried out a consistent well-directed protection program.

The German tariff is a highly involved system, to administer which a large staff is necessary. In comparison with other countries it would appear that the cost of collecting the custom duty in Germany is out of all proportion to the amount of money produced.[1] A number of great aggregations of companies known as *syndicates* have grown in Germany under the protective tariff. These are associations which control, in the industry in connection with which they are organized, practically all the operations within the German Empire, and they are able to sell their products at a high price at home, and at a lower price to outside purchasers. This result of high protection in Germany has presented a problem which the Germans have not satisfactorily solved.

274. Commercial Cities. — Germany's trade development has been chiefly through Hamburg and Bremen, although Stettin, Lübeck, Kiel, and Danzig have an important export trade. Berlin, Leipzig, Hanover, Frankfort-on-Main, and Munich have come to greatness through their intercommunication as bases for internal trade. Both *Berlin* and *Hamburg* quadrupled their population in the forty years following 1870. Berlin is important as a manufacturing town and railroad center. Twelve railway lines converge there, and it has attained the position of official, financial, and military center of Germany and is one of the first half-dozen cities of the world.

In addition to the cities mentioned above, *Antwerp* and *Rotterdam*, lying outside of the German Empire, have realized

[1] In 1911 the value of German imports subject to duty was slightly less than the value of imports which came in duty free, and the amount of duty levied was nineteen per cent of the imports on which it was laid. The customs union then in force included all of Germany with some minor exceptions, also the Grand Duchy of Luxemburg and two Austrian communes. There were not included in the customs arrangement of the German Empire a few smaller districts on the Swiss frontier, the island of Heligoland, and the free ports of Hamburg, Bremen, Bremerhaven, Cuxhaven, Geestemund, and Emden.

a large advantage from their situation in relation to the German fields of production. The Rhine is an international river and Rotterdam has profited from her position in the river's lower course. Antwerp similarly has profited from the great iron manufacturing section of Germany which is in effect her hinterland. The North German Lloyd Company maintained steamship service from Antwerp as a terminal.

275. Foreign Trade. — German industrial development has most impressed itself upon the world through foreign commerce. The Germans went to all continents and showed a genius in understanding the needs of the export trade, and a capacity in adapting themselves to meet these needs. During the last quarter of the nineteenth century and in the earlier years of the twentieth, German trade progressed rapidly. The expansion of Germany's foreign commerce appears in striking contrast with the English trade advance. In England the progress has been through individual effort, while in Germany there has been constant coöperation between the government and the business interests. Some of the *organized activities* which have contributed to German advance are: first, the establishment of the Imperial Consultative Board for the Elaboration of Commercial Measures, which consists of thirty-two members, one half of whom are appointed directly by the Chancellor and one half from lists made up by the Agricultural Association, the Associated Chambers of Commerce, and the Central Association of German Industry. This Board has had a large staff carrying on investigations and making up schedules in connection with the tariff, and has formulated what may be termed an industrial and commercial census of the country. It has gathered information of conditions in Germany on which commercial treaties may be made so as to promote the nation's advantage; second, the government maintains commercial experts at the world centers of trade, also experts in other lines such as forestry and agriculture who serve in conjunction with the consular offices in the assembling of information and preparing reports; third, the government maintains at home in its Department of Commerce a staff for the preparation and

distribution of reports and confidential information. These reports are given out to those interested in particular trades, but they are not given to the press nor are they available for general distribution; fourth, the government through its monopoly over the means of transportation makes rebates on freight charges on goods for export, even reducing the freight on these goods to one half, or less, of the charges made for the same transportation on goods for domestic consumption; fifth, the German banking system with its branches in various parts of the world furnishes information as to markets and the means of exchange and facilitates exchange operations.[1]

In the forty years from 1872 to 1912 the *imports* into Germany increased two hundred and eight per cent, and the *exports* likewise increased two hundred and sixty-two per cent. In the same forty years the combined trade of Germany increased one hundred and ninety-nine per cent. The combined trade of England had increased eighty-six per cent, the combined trade of France ninety-one per cent, while the combined trade of the United States for the same period had shown an increase of two hundred and thirty-six per cent.[2]

The chief imports into Germany in recent years have been grains, cotton and wool, tobacco, coffee, raw minerals, chemicals, hides and leather. The chief exports have been sugar, textile manufactures, manufactures in iron, including machinery, coal, and coal tar products. Germany's trade has been most largely with Russia, the United States, and Great Britain.

276. Conclusion. — This chapter and the one preceding it discuss a country which developed within a brief period from a society virtually of the Middle Ages to one of the most advanced industrial and commercial nations in modern times. This development has been conscious, men have contributed to it and have understood the contribution they were making. Germany's economic progress would have been impossible except that it came relatively late, when the Germans were able to utilize the achievements of other countries.

[1] Bishop, *Promotion of Foreign Commerce*, "Atlantic Monthly," May, 1914.
[2] Whelpley, *Trade of the World*, 42, 81.

Germany's progress has been due to a *variety of causes*, the first of which lies in certain national traits. As a class the Germans are a hard-working, steady-going people, who are respectful of authority and law-abiding. The German seems equipped both by nature and training to become a part of an organization, whether it be for the accomplishment of some economic end or the purpose of government. Says Whelpley, "The captain of industry counts on the obedience of his men as would the general of an army." This trait has made possible Germany's industrial development. Another secret of Germany's success has been her policy of adapting her goods and her methods to the peoples with whom she trades. The rule of the German is "Be practical; if you would have commerce, sell people what they want and in the manner they want it." This again is in striking contrast to the British or American method, which seeks to introduce goods of a particular sort and to convince foreign buyers that they are better than goods heretofore used.

The *Industrial Revolution*, which so changed England in the earlier part of the nineteenth century, and France and the United States about the middle of the century, was well advanced and had a large effect in Germany after the Franco-Prussian War. A combination of events then gave Germany a new impetus. First there was the political union and the enthusiasm which had come from a great national victory. Germany secured a large capital for the initial impulse in her manufactures. The country was well supplied with coal and minerals for manufacture and had great agricultural possibilities. Above all were the results of education which had been slowly accumulating for fifty years. The German people were well trained, and there was a scientific basis for the economic progress of the nation. That Germany came so rapidly into world affairs, therefore, was no mere accident.

Books for Consultation

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*Lotz, Walter, *The Commercial Policy of Germany*, "Journal of Political Economy," May, 1907.
**Whelpley, *The Trade of the World*, Ch. III, "Germany's Foreign Trade."
Bishop, Avard Longley, *The Promotion of Foreign Commerce*, "Atlantic Monthly," May, 1914. Treats briefly foreign trade activity of Germany.
*Slosson, Edwin E., *The Conquest of Commerce*. An account of the success of Germany's commerce. "Independent," Sept. 6, 1915.

Suggested Questions and Topics

1. What are the strategic and commercial advantages of the Kiel Canal?

2. What are some of the advantages of state ownership of the railroads in Germany? What disadvantages can you see?

3. How do you account for the alignment of the nations in the Triple Alliance and the Triple Entente?

4. Is General Bernhardi correct in his statement that there are two alternatives and no third for Germany, that is, "world dominion or ruin"?

5. What estimate would you place upon a suggestion made by a German-American that Germany should favor the creation of a separate kingdom of Poland which would serve as a "buffer state" between Germany and Russia and the ceding of Alsace and Lorraine to Belgium so that these might serve as a "buffer state" between Germany and France?

6. In your opinion did Germany make a mistake in attempting to found a colonial empire and maintain a strong naval power?

7. Show how the protective policy in Germany was an outgrowth of the Zollvercin.

8. Why should Antwerp and Rotterdam profit from the trade of Germany?

9. Can you see any reason for Germany's wishing to possess Belgium?

10. Contrast the German with the English or American method of promoting foreign trade. In the long run which is likely to have the largest success, supplying the demands of people for exactly the things they fancy, or teaching them to use what may be better articles?

11. How much of Germany's industrial and commercial greatness is due to the accidental circumstances resulting from her late national unity, the introduction of modern methods, and the utilization of her national resources? What other influences have operated?

12. What in your opinion is to be the industrial future of Germany?

CHAPTER XXVII

GROWTH AND ECONOMIC POSITION OF MODERN RUSSIA

277. Geographical Features. — Russia includes one half of Europe and one third of Asia. In extent and character of territory she resembles the United States more than any other country, but Russia is two and one half times as large as the United States. Russia is like the United States in having come to a position among the great nations relatively late and in having within her boundaries rich natural resources.[1]

The most striking geographic fact about Russia is the generally level surface, making her well named "The Empire of the Plain." European and Asiatic Russia are separated by the Ural elevations, and in Asiatic Russia tablelands and mountain ranges extend northward from the great mountain wall which crosses the continent east and west. The plain is drained by great river systems which afford easy communication, especially in the south. While European Russia is but a small part of this great Empire, it has an area equal to the other nineteen nations of Europe combined. Peninsulas and islands, isolation of mountains, and deep indentations of the sea have cut the rest of Europe into many smaller states, while Russia is one great expanse.

In a country of such extent there is necessarily great diversity of climate. All the northern belt is in the Arctic zone which produces only mosses and dwarf shrubs. Lying south of this is a cold temperate zone in which grow hardy trees, such as the pine and the birch, and such grains as rye, oats, and barley. South of this is a more favored belt producing wheat, hemp,

[1] See Coolidge, *The United States as a World Power*, 216.

and millet. The " black earth " region of European Russia is one of the most fertile and productive parts of the world. Still farther south is a warm zone which produces grapes and other fruits. Russia's greatest limitation to industrial development has been her lack of sea-coast and trade possibilities. She has had to struggle for an ice-free port on the Pacific and has had difficulties in securing a western outlet. She has also had obstacles to a free passage on the south.

278. Natural Resources. — Russia has extensive *forest* areas estimated at nearly or quite two million square miles. In certain sections such as the Ural Mountain Provinces, the Northern Provinces, and Finland, forests make up from sixty to seventy per cent of the total area. The government is the chief owner of the forest regions, though members of the noble families and other private owners hold extensive tracts. The science of forestry is little appreciated in Russia and methods of exploitation are most destructive. The largest part of the wooded areas is coniferous, but deciduous trees such as oak, maple, and chestnut are found.

Fur-bearing animals abound in the forests, and Russian sable, bear, and various forms of the fox have been made to yield a large return. Russia has long been one of the chief centers for supplying the world's *furs*. These have been exported most largely to Germany, where they were prepared for market. The known supplies of *coal* are limited and have been developed slowly; in the first decade of the twentieth century there was an annual production of but twenty-five million tons of coal.

Petroleum is found in large quantities in the Caspian Sea region and Russia ranks second to the United States in petroleum production. The famous Baku District, sometimes termed " the land of eternal fire," was early developed. A pipe line was laid from Baku to Batum on the Black Sea through which petroleum is transported by gravity; at the latter place it is refined and prepared for the market. Petroleum is not found over a wide territory, and by the methods of exploitation the supply may be exhausted within a relatively short time. In 1900 twenty-eight distinct companies were engaged in the

petroleum industry, some of them paying dividends as high as sixty per cent. In 1900 Russia produced thirty-one per cent of the world's supply of petroleum, but this percentage has decreased in more recent years.[1] In 1912 the country produced nine million barrels of petroleum of forty-two gallons each.

Though Russia has quantities of *iron*, the industry has had a tardy development. The production of pig iron advanced from 446,800 tons in 1890 to 801,600 tons in 1900, but in the years immediately following the production actually decreased. Iron is worked in the Ural region, in Poland, and in southern Russia. Of the total annual output of more than three million tons to which the industry has recently grown, quite half is produced in southern Russia. The government is the largest user of the iron products, applying them to the extension and equipment of railways and for military operations. As an iron-producing country Russia has come to compete with France for the fourth place among the nations of the world.

The country is poorly equipped with *building stone* and her people have resorted to buildings of wood, brick, and thatched straw. She has great natural riches in such *metals* as platinum and gold, which are found largely in the Ural district, and in silver, lead, copper, and tin. Graphite is supplied from Siberia. Copper was worked to a considerable extent in the eighteenth century, but with the development of the industry elsewhere the Russian production has actually decreased. Various explanations account for the limited development of Russia's mineral resources. Absence of volcanic eruption or folds in the earth's crust has left the minerals deep and difficult to reach. The mineral products are at a distance from the industrial centers, equipment is lacking, and the people as a whole have been unprogressive. Even though high tariffs have been laid the industries have not responded.

279. Agriculture. — Russia is largely an agricultural country, the people being peasant farmers. Over ninety per cent of the population gets a living from the soil. Until 1861 the Russian peasants were held as *serfs*, but in that year they were liberated

[1] Whelpley, *The Rise of Russia*, "Independent," September 21, 1914.

by the Czar. The government owns large tracts of land. Industrial surveys earlier granted to each head of a family a plot of forty acres for tillage, with eight acres additional timber land and eight acres of reserve. This arrangement was discontinued in 1887, but it was begun again in 1898, though the size of the allotment has varied greatly. Russian agriculture is primitive and backward. Rotation of crops is not practiced, and when the soil becomes exhausted it is allowed to lie fallow until it restores itself to sufficient strength for production. The agricultural classes are both poor and ignorant, and the government lays on them a heavy burden of taxation, so that they live close to the margin of mere existence. In a country of such extent as Russia there is a wide diversity of soil. Relatively a small part of Siberia is fit for tillage, and great stretches of European Russia offer little inducement for agriculture. The southern part of it is largely a level and intensely fertile region. Here are great grain fields contributing wheat to the world's commerce chiefly through the port of Odessa. The high tariff has placed a barrier on Russian agriculture from the difficulty of importing agricultural machinery. American manufacturers have in a measure overcome this obstacle by establishing in Russia factories in which machines are built after the American model. The harvesting machines thus produced have had an important influence in the development of Russian tillage.

Trans-Caucasia has supplied considerable quantities of cotton; tobacco is grown there, market gardening is followed, and fruit is produced in abundance. Russian live-stock and poultry production has been in what may be termed the experimental stage. Dairy products have been produced for export, and Russia has gained the experience on which to build future economic activity.

Russian agriculture has given itself chiefly to the production of rye, wheat, oats, and barley, and in the early twentieth century the percentage sown to these four crops was as follows: thirty-four per cent to rye, twenty-six per cent to wheat, twenty per cent to oats, and ten and one half per cent to barley. Russia has long held first place among the nations of the world in the

production of rye, with a total annual yield of nearly a billion bushels, and she was second in the production of both wheat and oats. As a farming country Russia must be regarded as in her infancy. With her great extent of territory, with the wide diversity of her soil and climate, and her enormous population she is sure of an increasing place as an agricultural factor.

280. Fisheries. — *Fish* is an important article of food in Russia. The numerous fasts of the Greek Catholic church prescribe a fish diet, and the climate has been favorable for the transportation of fish over wide areas. Herring have been caught extensively in the White Sea and the Arctic Ocean; the inland lakes and rivers and the Baltic are also important sources of fish supply. Whales and seals have been taken on the Pacific coast. A fish preparation termed anchovy is produced in large quantities. Russian caviare is a world delicacy, but the supremacy of the Russian product has encountered successful competitors in the caviare of Sweden, Germany, and the United States.

281. Russian People. — The Russians are mainly *Slavic*, with an admixture of Jews and Indo-Europeans. Though the majority are adherents of the Greek Catholic church there are in the Empire some twenty million Buddhists, Mohammedans, and other non-Christians, including five million Jews. The Czar has been the head of the state church, and the church occupies a prominent place in Russian life. The people are ignorant and superstitious, but vigorous and rugged, with a high labor resistance. The population has increased steadily and at a rapid rate. In 1722 Russia had but fourteen million people; in 1815 the number had increased to forty-five million; in 1859 to seventy-four million; and in 1911 to one hundred and sixty-seven million. The recent growth of population has been most marked in the towns and among the industrial classes. In fifty years the dwellers in cities in Russia increased over three hundred per cent.

In the main the population of Russia is *Asiatic*. In Europe the saying is common, "scratch a Russian, find a Tartar." This fact, with the existence in Russia of a religion dissimilar to that common to the rest of Europe, has led many Europeans

to regard Russia as a menace. In recent years the Russian people have turned their attention to the east, and the excess of population in the west has been sent to more sparsely settled lands in the eastern part of the Dominion at the rate of a quarter million a year.

282. Russian Government. — Russia was long an *absolute monarchy* in which the Czar and the governing classes were supported by the military and police power. Russia includes Germans in the Baltic Provinces, Finns in the north, Poles and Bohemians in the west, and other Asiatic peoples in the south. The press has been under the strictest censorship and the universities are kept in the control of the government. In earlier times those who resisted absolutism were subject to exile and the horrors of Siberian imprisonment. Conditions have improved in recent years, but the government has maintained its absolutism. By a manifesto of October, 1905, the Czar voluntarily limited his power by saying that no law could in the future be made without the consent of an elective legislative body termed the *Duma*, and by act of February, 1906, the Council of the Empire was incorporated as an Upper House, following which time the Czar exercised legislative power in conjunction with the two chambers. But the Duma was constituted so as to give the ascendancy to the wealthy and land-owning classes. A revolution in 1917 forced the abdication of the Czar, and led to the introduction of a more liberal form of government.

283. Russian Education. — Russia has been most *backward* in educational development. There were nine universities in 1904, that at Moscow, with more than ten thousand students, being the largest, but strict government supervision had so hampered them that they had but limited influence. Below these are middle schools which correspond to American high schools, and a more fundamental system of primary schools. Russia has begun the development of *practical education*, and in 1911 bee-keeping was taught in a thousand schools, silkworm culture in three hundred schools, and trades in nine hundred schools. The Russians have introduced into three hundred schools a system of manual training from Finland.

The amount of *illiteracy* has been appalling. In 1897 seventy-two out of every hundred of the population over nine years old were not able to read and write. A recent observer said, however, that in no phase of social development have greater changes taken place in Russia than in education, and that over six million children were at school. In 1914 Russia had established more than four thousand agricultural societies and above fifteen thousand pupils were studying agriculture. Over five thousand specialists in agriculture were employed by the government, and in 1914 above three hundred thousand farmers attended lectures for instruction.[1]

284. National Foundations. — At the beginning of the modern period Russia was divided into over seventy small states, each with its own government. From time to time certain of the states, most often Moscow, asserted supremacy. The first great advance toward modern Russia was made by *Michael Romanov*, who established a new Muscovite dynasty and reigned from 1613 to 1645. By treaties with England in 1623 and with France in 1629, Michael gained commercial privileges for his country and made a place for Russia among the nations of the West. His son, *Alexis*, established a department of trade, and in 1654 and 1657 proclaimed ordinances for regulating customs, dues, and fines, and restricted the privileges of the foreigners trading in Russia. Alexis modified the Russian laws and gave a stability to the procedures of the courts, so that commercial interests were more safe. The same monarch encouraged manufactures by the introduction of factories, and the operation of mines; he imported as superintendents both Germans and Scotchmen. Agriculture was similarly stimulated.

285. Peter the Great. — Peter, who ruled from 1682 to 1725, followed in the course marked out by Michael and Alexis. In his earlier years he heard from visiting merchants of the development of their countries, and learned that Russia was far behind other European powers. He visited Archangel, where he saw large ships of foreign countries and was inspired by them to start, in 1697, on his famous visit to Holland and

[1] Whelpley, *The Rise of Russia*, "The Independent," September 21, 1914.

England. For two years he traveled and observed. He worked as a common laborer in the shipyards of both countries, and returned to his native land, bringing with him engineers and workmen who were instrumental in improving the industrial operations of Russia. Schools, hospitals, printing presses, and manufactures were established. A navy was begun and ships were placed upon the Baltic, White, Black, and

PETER THE GREAT

Caspian seas as well as built for commerce on the wider ocean. Young Russians were sent to other European countries to study and make observations on the industrial and commercial activities of the people among whom they dwelt.

Peter established St. Petersburg as the Russian capital in 1703. This, to use his own figure, was "a window" by which Russia could look to the west. Seven years later Peter secured Riga, also on the Baltic. This enterprising monarch extended Russia's commercial operations to the east as well as the west

and with greater success. Caravans were despatched as far as China and made trips which occupied a period of three years, but they came back richly laden. Russia thus began a trade with China which she has retained to the present time.

286. Later National Development. — Catherine I, the widow and successor of Peter, attempted in her brief reign to carry out the policies of her husband. She contributed to the building of canals, and sent ships on voyages of discovery to extend the commerce of Russia, but the successors of Catherine made little advance for a long period. The commerce of Russia was mainly in the hands of foreigners, England and Prussia taking a leading part. The chief interests of the Russian rulers were war and political advantage, which resulted in a loss of some of the territory and commercial greatness of Peter. *Catherine II* resumed the policies of Peter. She sent scholars to various parts of the Empire to examine and report on the moral, political, and economic conditions. In 1774 she secured again the harbors of Russia on the Black Sea and inaugurated a new commercial prosperity by opening these as free ports, and Spain and Italy particularly availed themselves of these trading privileges. Next Catherine took a large piece of Poland, which has been termed "the doormat of Russia." Finland was conquered and added in 1809, and in 1813 Warsaw was subjected and added.[1]

Russia gradually extended her influence in Asia, gaining a place on the Pacific and coming at last into contest with Japan. A war was fought in 1904–05 in which Russia suffered reverses, due, among other causes, to lack of preparation and the great distance of the war from her base. The Japanese War, however, gave Russia a new impulse. Within ten years following its close she began to liberalize her government, to introduce reforms in her agriculture, to adopt better machinery, to improve her manufactures and to inaugurate reforms in education. This is termed only a beginning in which Russia is feeling her strength. Instead of reverses acting as a setback to Russia,

[1] Lingelbach, *Geography in Russian History*, "Popular Science Monthly," January, 1915.

they seem to have been a spur to her advance and she has continued on her " resistless path, slow as the glacier but as sure." Russia may be credited with " the Asiatic quality of resilience. She is never more to be feared than when she has just been beaten." [1]

287. Tariffs. — A long established custom of issuing a royal ukase against foreign importation was continued into the nineteenth century. The first Russian customs tariff was enacted in 1816, which marked the beginnings of a national protective system. More extreme protection was granted by a new tariff act which went into effect in 1822. This practically prohibited the importation of manufactured products. Then Russia began manufactures in cottons, woolens, silks, metal, and glass. These were carried on to a limited extent during the next twenty years when a new tariff was passed which lessened the strictures of the earlier act. Nine additional tariffs were enacted between 1824 and 1846, all tending to convert the prohibitory tariff of 1822 into one which, while it gave protection, would allow trade.[2] Trade increased as a result of the reductions above mentioned, but the period of the Crimean War affected unfavorably both the internal development of the country and its foreign commerce, and there followed an extension of the protection principle. Comparing the tariff of 1891 with the one of 1850 the duty on cotton goods and glass had been doubled; on railway supplies and locomotives the duty had been increased four times over; on leather and iron twice over or more; on petroleum and wrought iron the duty was increased three times; while on sulphuric acid it had been increased four times. Russia has pursued a more extreme protection policy than has any other country. Her desire seems to have been for economic isolation.

288. Manufactures. — The Russian government has made efforts to establish and extend her manufactures since the time

[1] Mavor, *Economic History of Russia*, IX.

[2] The tariff of 1822 had not been without effect. The total number of operatives in textile factories and paper mills in 1825 was 129,000; in 1850, 240,000. Mavor, *Economic History of Russia*, I, 565.

of Peter the Great. To this end monopolies were granted in the eighteenth century and as stated above duties levied on foreign imports. Government bounties have been offered and every effort made to foster industries. The results of these efforts have been the accumulation of large private fortunes, but the industries have grown slowly. Manufactures have developed most rapidly since 1863, chiefly through the introduction of machinery. Among the men who contributed most to the development of industries in modern Russia was *Count Witte*. He was instrumental in putting Russia's currency on a gold basis, and foreign capital and enterprise were induced to come to Russia. The industries in which the Russians were engaged were left undisturbed, but new fields were available to which the foreigners were welcomed.

Manufactures have been developed in Poland and South Russia. The principal industries represented are cottons, woolens, silks, machinery, and the making of chemicals. The greatest textile city in Russia is Lodz in southern Poland. *Moscow* has been termed the "industrial heart of Russia." In fifty years this city's population increased from three hundred and fifty-nine thousand to one million six hundred and twenty thousand, and her industrial operations have changed from the household industries and the small shop handworkers to the modern factory system, often employing in a single establishment as many as ten thousand operatives. Sugar is also extensively refined. Tanneries are established in Warsaw, St. Petersburg, and Moscow.

A peculiar feature of Russian industry has been the development of "a semi-factory system." During the winter the agricultural laborers have little employment and the villages and smaller towns have established factories which are operated for a part of the year. Some of these have grown to such size that they employ from ten to twelve thousand operatives, but during the harvest season the factories are deserted. In addition to the general manufactures, the peasants, who are employed on large estates and carry on operations on their own small farms, are employed for part of the year on various forms of

work, such as household industries. From 1900 to 1908 the number of factory workers increased from one million three hundred and forty-three thousand to one million five hundred and fifty-nine thousand.

The people are forbidden to work on the numerous holidays of the church, which further limits the manufacturer's output, as the *labor* supply is *inconstant*. The large consumption of the national alcoholic drink vodka has also unfitted the Russian workmen.[1] To this disability should be added the excessive cost of raw materials, scarcity of fuel, high interest rates, and excessive charges for transport. Close government supervision over industries tends to retard their development. The practice of forbidding any one to engage in any industrial operation until he receives the special permission of the government not only results in delays but opens the way to all sorts of irregularities. The need for ammunition and other supplies in the World War proved a stimulus to Russian manufacture.

289. **Transportation.** — Russia has been without improved roads. In a country as large as Russia and producing bulky commodities, transportation is of great importance, but European Russia is marshy and road-building materials are scarce. The roads are almost impassable for part of the year, and in the country districts transportation in winter is chiefly upon sledges. The generally level character of the country has been favorable for the building of canals and railroads. Peter the Great conceived a magnificent system of canals to connect the Black, Baltic, White, and Caspian seas, and while not all of these were built during his reign, they were constructed at a later time. The rivers have also afforded advantages of trade, but for a considerable part of each year they are closed to navigation. The rivers of European Russia are navigable for many thousand miles and constitute the best natural system of river navigation in the world. Asiatic Russia also has a very large mileage of river, canal, and lake navigation. Products which have been assembled during the winter are, in the spring, loaded on flatboats

[1] The manufacture and sale of vodka were forbidden by ukase in the early stages of the World War.

and floated down the rivers. The river systems are connected by canals.

The improvement in water transportation was carried on until the middle of the nineteenth century, since which time emphasis has been on *railroad* building. In 1851 the first railroad was constructed from St. Petersburg to Moscow. Railroads have been carried in straight lines over the country, connecting the great centers of population. Railway building and commerce were greatly aided in Russia by the founding of the Russian Railway Company in 1857, which was in the main the result of outside capital and initiative. In 1860 Russia had less than one thousand miles of railway; in 1885 this had been increased to sixteen thousand miles, and in 1913 the total mileage had increased to nearly fifty thousand. The railways have been built for military as well as commercial purposes and to serve the ends of the state they have been largely kept under government control. The most famous of the Russian railways have been the *Trans-Siberian* and the *Trans-Caucasian*. A *zone tariff* has been introduced into the operation of the Russian railroads and the service improved so that it compares well with the railway service in other countries. Russia has the largest railroad mileage of any country in the world except the United States. A visitor to Russia in 1914 made the observation that the country had developed a most marvelous system of transportation — almost bewildering in its variety of medieval and modern methods. There were long caravans and motor vans, barges and vessels with internal combustion engines, antiquated carts and up-to-date steam railways.[1]

290. The Trans-Siberian Railway. — The first railroad into Siberia was built in 1878. The greatest single achievement in Russian transportation was the construction of a line to the Pacific, a distance of more than seven thousand miles. This road was completed in a period of ten years and was opened for commerce in 1902.[2] The Trans-Siberian Railroad is twice

[1] Lingelbach, *Geography in Russian History*, "Popular Science Monthly," January, 1915.

[2] A section around the southern end of Lake Baikal was not completed until 1905. In advance of this cars were ferried across the lake.

the length of the great continental systems which traverse North America. The line has been regarded as more remarkable for its enormous length than for any special engineering difficulties which were encountered in its construction. More recently the Russian government has developed the line by double tracking it and by the building of branch lines which may serve as feeders. The prime purpose of the Trans-Siberian road was for military defense and to bind the Empire more closely together. Eastern termini were found first at Vladivostok, and afterward at Port Arthur, affording Russia an ice-free port on the Pacific. The branch to Port Arthur gave Russia a base in Manchuria and led to the complications resulting in the Russo-Japanese War. The Trans-Siberian road is but a return to the old desire of Peter the Great to extend Russia's influence to the east. The sparsely settled and sterile regions through which the Trans-Siberian road passes and the excessive cost for the long haulage of freight make the line of little value for commerce.

291. Internal Trade. — Russia's industries are chiefly for supplying the needs of her own dominion, but even at this the domestic commerce of the country is limited. The people are primitive and unprogressive and there is little demand for goods except for the direst necessities, the most of which each locality supplies for itself. Certain great *fairs* have served as centers of trade. The greatest fairs have been held at Nijni-Novgorod, Irbit, and Moscow, but in addition to these, hundreds of smaller fairs have been conducted in the various parts of the Empire.

The fair at Nijni-Novgorod, which was begun in 1817, has been one of the most famous of modern times. The fair at Nijni-Novgorod is held from the twenty-seventh of July to the sixth of September yearly and is attended by a great throng numbering from four hundred thousand to five hundred thousand persons. The city is distant but two hundred and twenty-seven miles from Moscow and affords a central place of meeting for traders. With the development of railroad communication, the introduction of manufactures, and the opening of Russia to modern economic conditions this fair

has become less important. Irbit, in the Urals at the heart of the fur-producing region, conducts a great fair yearly for the sale of furs, skins, and hides. Moscow similarly has an annual fair attended by nearly or quite half a million people

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FAIR AT NIJNI-NOVGOROD

representing all parts of the Russian Empire and many outside countries. This fair, like the one at Nijni-Novgorod, has declined in importance in recent years.

292. Foreign Relations. — Since the time of Peter the Great, Russia's great desire has been to extend her territory and to

gain free access to the open sea. She joined with Prussia and Austria in the eighteenth century in a general policy of building up power and territory at the expense of weaker nations. Russia's last territorial acquisition in the west was at the Congress of Vienna in 1815, when she was granted a part of Poland. (Parts of Poland were granted also to Prussia and Austria.)

England has ever been suspicious of Russia and has sought to curtail her power. With rich natural resources and her teeming millions it has been feared that Russia might become a dominating power in Europe. It was to prevent this that England and France joined in an alliance with Turkey in the *Crimean War*. With the fall of Sebastopol in 1855 a treaty was concluded at Paris (1856) by which Russia agreed to reduce her fleets and dismantle her fortifications on the Black Sea. The Dardanelles and the Danube River were to be opened to commerce and the powers agreed to respect the national existence and integrity of the territory of Turkey; but this agreement has not been respected. The Balkan difficulties and the incidents growing out of them are in part the result of a desire to possess some of Turkey's territory. Turkey, termed " the Sick Man of Europe," has had its power so curtailed that at the opening of the World War in 1914 it possessed little in Europe. Russia's advances upon British India have been a constant concern to England. In 1900, with the Boxer uprising in China as a pretext, the Russians placed Mongolia under military control. Russia also took advantage of the Boxer Rebellion to strengthen her grip on Manchuria, but this was followed by the Japanese War of 1904–05 with a curtailment of Russia's power in the Far East.

293. Commercial Outlook. — The Russian coastline is without good natural harbors; until the latter part of the nineteenth century she had no artificial harbors, but the necessity of modern commerce for deep-draught vessels forced the construction of harbors at Odessa and St. Petersburg.

Archangel was once the most important port of Russia, but Peter the Great, wishing to set this aside in favor of St. Petersburg, issued a prohibition against merchants carrying their

goods down the Dwina. This met with such opposition that he yielded in part and allowed the use of both ports, but laid a higher tariff at Archangel than at St. Petersburg. *Odessa* was established in 1793 and had a rapid development during the Napoleonic Wars when a general blockade closed the Baltic trade. As St. Petersburg had surpassed Archangel, so St. Petersburg was surpassed by Odessa. Odessa is more open to the interior and is situated in a section largely productive of the raw materials of which the major part of the exports of Russia has consisted. This city has been the center of the grain trade. She is also favorably situated for the introduction of the commodities which Russia imports.

In the very heart of commercial Russia is *Moscow*, standing midway between the Volga and the Dnieper, and at the meeting place of six great trunk lines of railroad. Fertility of the soil and other natural resources have favored Moscow. She is also advantageously located for the Black Sea trade and the trade to trans-Caspia. As industry has developed in the south the center of population has tended to move in that direction, and Moscow has become a large and progressive city.[1]

294. Merchant Marine. — Peter the Great gave privileges in lower customs dues to goods carried in Russian vessels. These were further extended in 1731 and confirmed by Catherine II. The Russian government later encouraged shipbuilding. Russian trade is divided into what are known as the *lesser coasting trade*, consisting of the transport of goods on rivers or some inland sea, and the *greater coasting trade*, which is the trade between ports not on the same sea. In 1832 the lesser coasting trade was restricted to Russian subjects and vessels flying the Russian flag, and in 1900 the same restrictions were extended to ships engaged in the greater coasting trade.

Russian *shipping* is confined *chiefly* to trade on the inland seas. Russia has long practiced the system of subsidizing ships engaged in the foreign trade. The oldest and largest of the subsidized companies is the Russian Steam Shipping and Trad-

[1] Lingelbach, *Geography in Russian History*, "Popular Science Monthly," January, 1915.

ing Company, which took its rise in 1856. Foreign shipping has had but a limited development. On January 1, 1914, the registered merchant marine of Russia was a total of 3700 vessels, aggregating a tonnage of 783,019. The Caspian Sea had twenty-nine per cent of the total, and the Black Sea and the Sea of Azov thirty-seven per cent.

295. Foreign Commerce. — Russia's first important trade was with the *Far East.* From China she imported silks, teas, gold, and jewels, and while a part of this importation was kept for her own use, a part was reëxported to western Europe, in exchange for sugar, coffee, spices, and such manufactures as textiles, pottery, and paper. Russia's trade increased during the last half of the eighteenth century, but it did not assume such proportions that it could be compared with the trade of other modern nations. In the earlier years of the nineteenth century the profits of Russian commerce accrued largely to Great Britain, but with the building of railroads and the opening up of communication by land Germany secured first place. In her shipbuilding industry England had need for the naval stores, timber, and coarse fibers which Russia had to sell, and more recently England has sought Russia's grain, dairy products, and meat.

The impulse for trade activity in Russia has come mainly from the outside and from resident foreigners. Colonies of Germans and English are settled at St. Petersburg and Moscow. The existence of an *Anglo-Russian Chamber of Commerce* which works in conjunction with the London Chamber of Commerce has had a large influence on English trade relations. The presence of foreign capital in Russia has put the country under a heavy burden for interest charges, and a large balance of exports over imports has been necessary to pay the interest due abroad.

Russia has imported raw materials, machinery for manufacture, and provisions. The value of her imports in 1912 was above five hundred million dollars, of which seventeen per cent was of raw cotton, thirteen per cent machinery and metal goods, five per cent tea, and five per cent mineral ores. At the

same time the value of her exports made up a total of over seven hundred millions of dollars, of which almost one half was in cereals, the next largest items being timber and other forest products, petroleum, eggs, and flax. Germany took a little over twenty-three per cent of Russia's total exports, and Great Britain slightly less than twenty-three per cent. Germany supplied approximately thirty-four per cent of Russia's imports, Great Britain fifteen and one half per cent, and the United States nine and one half per cent.

The Russians have adopted a custom common in Germany and Japan, of sending young men abroad for education, to make observations on the experience of other nations, and to learn of opportunities for profitable trade. The Jews have been especially enterprising in promoting the commercial welfare of Russia. Russia established a *Department of Trade and Manufactures* attached to the Ministry of Finance with branches at St. Petersburg and Moscow. Six local trade bodies have been organized to care for the commercial interests in such ports as Archangel, Odessa, Roster, and Iver.

296. Conclusion. — One of the great *limitations* on Russian development has been scarcity of capital and lack of organizing ability to establish and promote the manufactures necessary to supply her economic needs and to give employment to her people. The Empire has suffered also from the lack of outlets to the wider ocean. She has free access through Archangel, but the region is so cold and the route so inaccessible that it is of slight commercial importance. Russia has a virtual monopoly of the trade of the Caspian and dominance in the Black Sea trade, but the first named is without outlet to the ocean and the trade of the latter has been restricted by the presence and influence of Constantinople. She has but one ice-free port on the Baltic (Libau). The country demands ice-free ports on the Pacific and a free outlet for her trade to the south through the Black Sea and to the west through the Baltic. Through most of her history Russia has been *non-progressive*. She has stood with her back to Europe and has not participated in the great forward movements which have changed the modern world. She

was not on any of the great trade routes; her religion was distinct; her people were sparsely settled over a great territory; her population was illiterate.

Russia has been termed the "country of contrasts and contradictions — where the new jostles the old." There is a wide diversity among her people. She has had many obstacles to her progress, but has steadily increased in population and national strength despite wars, famines, and other hindrances. While she has grown in world power those most familiar with her history say that her greatest growth has been an internal one. Her people have evidenced great fecundity and population has increased rapidly in the last fifty years. In studying Russia one must remember that it was not until 1861 that serfdom was abolished; should Russia's progress continue she is sure to play an even larger part in world affairs. The late Count Witte expressed the Russian's conception of his own country: "Russia is no state; *she is a world.*"

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Suggested Questions and Topics

1. In following a given parallel of latitude across Russia from the extreme west to the extreme east what differences would be found in climate, and why?

2. Compare the geographical position, soil, and mineral resources of Russia and the United States.

3. Explain the following statement made of the Slavic people: "They occupy a larger place on the map than they do in history."

4. What do you understand by "Russification" applied to the policy of the Russian government in dealing with Poland? What has been the application of this policy to more than five million Jews residing within the boundaries of the Russian Empire?

5. What is "enlightened despotism" as a government policy, and why did it continue so long in Russia?

6. What is legislation by ukase as it has been practiced in Russia?

7. Enlarge on the following concerning Peter the Great by the Honorable Maurice Baring (*The Mainsprings of Russia*, 22), "He found Russia a sleepy kingdom enervated with Oriental habit and Byzantine tradition; he hacked off the crust with an axe, and he left Russia open to the influences of Europe, and ready to value the place which was her due amongst the nations of Europe."

8. How largely has the following statement of the Czar Nicholas I, made in 1846, been true, "Where the Russian flag has been hoisted, it must never be lowered"?

9. Why has Turkey been called "The Sick Man of Europe"?

10. Can you account for the call for a world conference on peace, which was issued by Czar Alexander III of Russia in 1898, to meet at the Hague in 1899?

11. What is the probable strategic and commercial future of the Trans-Siberian Railroad?

12. Why is the internal trade of Russia so limited?

13. In what ways may protection be said to have succeeded, and in what ways has it failed in Russia?

14. What disability has Russia been under due to lack of seaports, and what have been some of her efforts to reach the sea?

15. Is the following from Mavor (*Economic History of Russia*, I, ix) a correct statement of the virility of Russia: "From the time of Peter the Great until now Russia has benefited rather by her defeats than by her victories"? Apply this statement to the reforms following the Crimean War of 1854–55, the Japanese War of 1904–05, and Russia's defeats in the World War of 1914–

16. What explanation can you give for the change of the name of St. Petersburg to "Petrograd" in 1914?

CHAPTER XXVIII

CHINA

297. The Far East. — For fifty years eastern Asia has been a vortex into which have gathered currents of world interest. Here exists one of the oldest civilizations; here are almost boundless natural riches and teeming millions of people. In a period when nations were extending their spheres of influence and pushing back obstacles to their economic development it was but natural that they should have come to the doors of this eastern world, the wealth of which has been coveted for thousands of years. It was inevitable, too, that there should be conflict of national interests.

298. Geographical Position. — The Chinese power governs a great territory in the most favored part of Asia. In extent it reaches through sixty degrees of longitude and thirty-four degrees of latitude. The country has a coast line of over four thousand miles, and it is crossed by numerous great rivers which for thousands of years have served as highways of trade. The *Chinese Power* is made up of China proper and the dependencies: Tibet, Turkestan, Mongolia, and Manchuria. China comprises slightly over one third of the area of the country with the great bulk of the population and practically all of the wealth. *Isolation* has been the supreme geographic fact of China. She is cut off by the great tableland and the desert of the west and the mountains of the south, and to complete her isolation the Chinese Wall was built along the northern border. The Chinese are the world's best example of a people that have excluded foreign influence, and China is at the same time a striking illustration of a non-progressive nation.

299. Natural Riches. — China has natural riches unexcelled. Her territory lies largely in the north temperate zone; she has a

large extent of extremely fertile soil and rich stores of metals. China has rich deposits of coal and iron. A German geologist estimated that in a single province there is a sufficient quantity of coal to supply the world's need for three thousand years at the present rate of consumption. Other minerals, including copper, tin, mercury, sulphur, lead, mineral oil, gold, and silver, are widely distributed.

300. **The Chinese People.** — China proper is probably the most *densely populated* country in the world. With an area about half that of the United States, she has a population of more than three hundred millions of people. The Chinese are industrious and have a high labor resistance. They are frugal and hardy and can thrive on a limited and coarse diet. Though they are exclusive, they have been famed for their commercial operations and their teas and silks have been long known in Europe. The Chinaman is methodical and will follow faithfully directions given him.

Large families are the rule, and opportunities limited, hence the younger men especially of South China have gone to other parts of the Orient, and to Australia, Latin America, Canada, and the United States. The Chinese residing outside of their own country were estimated in 1908 at over nine millions. The *exclusion* of the Chinese from the United States has led to delicate and troublesome questions in international relations. In 1910 nearly one hundred thousand Chinese were in the United States and her possessions, and of these approximately three fourths were in the United States proper.

301. **Education and Government.** — Western learning has come into China through the missionaries, who for over seventy years have been establishing schools and promoting new ideas, and from the attendance of the Chinese upon institutions in foreign lands. An early effort was made to secure Western learning through Japan, but the Chinese quickly saw that their students could learn to better advantage in the Western countries themselves. In 1908 the United States remitted $10,785,286 of the Boxer indemnity due her, allowing the proceeds to go to the education of Chinese students in the

United States.[1] Students are selected annually by examination to fill a given number of scholarships. For the first examination in Peking fifteen hundred competitors presented themselves, from whom fifty were to be chosen. The Chinese thus educated return to their own country usually to become teachers of the new learning or government officials.

The great proportion of the Chinese are, however, still untouched by the influences either of the missionaries or of the new schools. Chiefly they are illiterate, and those who are educated have been trained in the teachings of Confucius. In 1911 there were less than two million in attendance on all the schools and colleges after the Western model. The movement for Western learning has set in so strongly that it has been termed a "wild craze." Various types of primary, secondary, and higher schools are in existence, also schools of agriculture, engineering, and technology. Over forty foreign colleges were in operation in China in 1913; an Imperial University had been projected in every province and the leaven of the new learning was working great changes. Not many years ago China was without a native press; in 1913 several hundred newspapers were being published. As a people the Chinese are beginning to respond to the Western influences. A United States Consul-General at Shanghai held that the only aristocracy in China was that of learning.[2]

The influence of Western ideas is evidenced in the *government* of China. In 1906 a commission was appointed to make a study in Europe and America in order to discover the secret of national strength. In 1907 an Imperial decree was issued stating: "Foreign countries acquire wealth and power by granting constitutions to their people with the privilege of the ballot." Republican features were introduced into some of the local governments, notably in the province of Chih-li and the city of Tientsin, in the north. Local assemblies were called in

[1] An unexpended balance of $453,400, out of an earlier indemnity of $735,000, was returned by the United States in 1885. *China and the Far East*, 57, 77.

[2] Wilder in *China and the Far East*, 195. The government examinations were in 1915 no longer based on the writings of Confucius.

various provinces of China in 1909, and a national assembly convened in Peking in 1910. The latter demanded that the first Parliament under the constitution, which was to have met in 1917, be called immediately, and the government yielded and agreed to the summoning of a National Parliament in 1913. A second National Assembly was called in Peking in 1911 and a republic fully launched February 12, 1912. The difficulties in the establishment of a republican government in China were great. First there was the enormous population; moreover the people were ignorant and not used to exercising political functions.

302. **China's Products.** — Two thirds of the people of China are estimated to be in the "extractive industries," chiefly in agriculture and the fisheries, and one third are credited to all other employments, including manufactures, commerce, government service, and professional activities. Occupations in China are largely what they have been for more than two thousand years. Though China is rich in mineral products, her people are chiefly engaged in agriculture.

In latitude China lies in a territory which would reach from New York to Cuba, but her climate is more continental than the eastern part of the United States with lower average temperature and greater variableness. There is of necessity a wide diversity in the productions of the different regions. In the past few years the monopoly of China in the *tea* trade has been disputed by India, Ceylon, and Formosa. The greatest single staple in China is *rice*, which serves as the principal article of diet in the south. South China has also produced sugar-cane, bamboo, silk, and cotton. The mulberry thrives in China and silk culture has long been a leading industry. In North China the chief staple crops are wheat, barley, millet, buckwheat, maize, beans, and pease.

The agriculture practiced in China is intensive. The people have small tracts and work them with great care, though the methods are primitive. The rainfall is generally adequate, or if it is not water is present for irrigation. The loess soil is one of the most productive and enduring that the world has known.

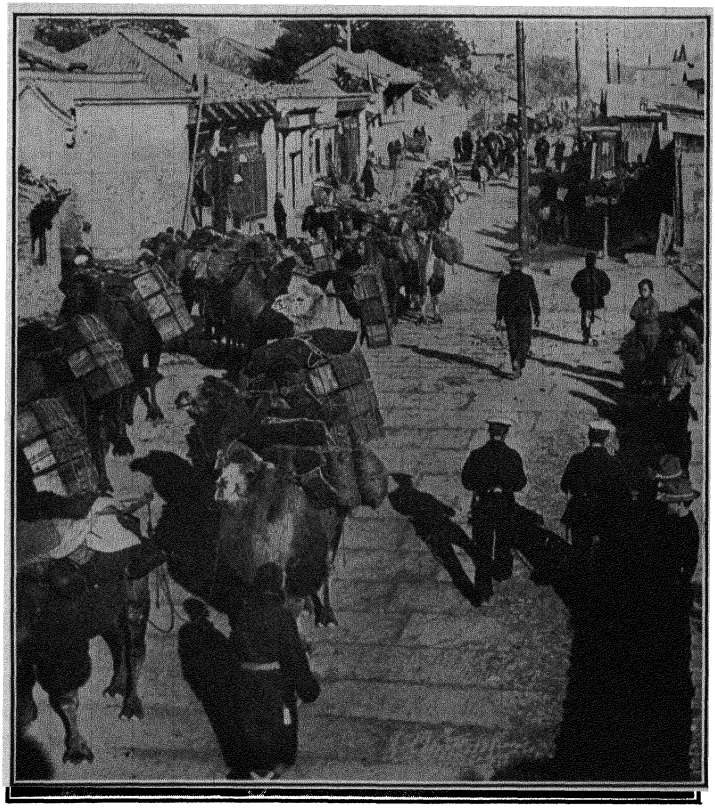
It produces with limited fertilizing, and the same soil has been in constant use for thousands of years. The Chinese live simply, having few wants and these easily satisfied. Though a limited commerce exists among the different parts of the country, there is little with the outside world. In times of shortage of crops in given regions there is often great distress.

From early times the Chinese have manufactured silk, porcelains, and certain forms of bronze and iron work. The arts of enameling metals and painting on enameled surfaces were early practiced. The industries, however, have been of the primitive hand-working sort; only recently have modern machinery and Western methods of manufacture found a way into China, and they have had but limited influence.

303. **Inland Commerce.**—China's rulers once paid considerable attention to road building, but for the past two centuries roads have been neglected and she is practically without highways. Communication is mainly by the navigable rivers and the canals. Among the most famous of the public works in China is the *Grand Canal*, which as a monument to Chinese industry has been compared to the Great Wall. It was built in the thirteenth century, the site being laid through a series of abandoned lakes, river beds, and marshes. The Yangtse is navigable for ocean-going vessels into the heart of China. On this and other rivers is employed the familiar Chinese junk, a type of boat that has come down from ancient times. The three principal cities of China, namely: Canton, Shanghai, and Tientsin, owe their greatness to their positions near the mouths of three rivers reaching to the interior. Caravans of camels are used in the west and north of China and for trade outside the country.

China's great need is for a system of railroads. The first line was begun by English capitalists in 1876 near Shanghai, but later when this road came under the control of the local authorities, it was taken up and the materials transported to the island of Formosa. Railroads have been introduced for the transportation of freight, but they have been of slow growth. Exclusive of the Russian and Japanese roads in Manchuria there

were at the end of 1911 five thousand five hundred miles of Chinese railway open to traffic and two thousand eight hundred miles additional were under construction.



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CHINESE CARAVAN FROM THE INTERIOR

304. Foreign Influences. — Until the middle of the nineteenth century China continued the policy of *exclusion*. Vessels visited her ports from both Europe and America, but the status of traders was uncertain and the results of their visit problem-

atic. Nevertheless, the profits were such that ships continued to force their way into China. Trouble occurred with England in 1840–42, and again in 1856 when Chinese officers arrested men on a British ship. France joined with England in a war which resulted in the capture of Canton, and there followed a treaty which required the Chinese to open the valley of the Yangtse to both missionaries and traders. China was required

A CHINESE BANK

From "The World's Work," January, 1902.

to pay an indemnity covering the expense of the war. The very next year China was again invaded to enforce this treaty and Peking was captured. England has led in the policy of opening China to the world.

China has looked on America as her friend, and missionaries quite as much as traders and diplomats have extended America's influence and cemented the relationships. The first American

missionaries reached Canton in 1830, and from this time the missionaries have extended their teaching to all parts.

The aggression of foreigners led to bitter hostility against them and the formation in China of a secret society called *The Boxers*. In 1899 and 1900 occurred numerous outbreaks against missionaries and other foreigners. Many foreigners were killed; others fled to the legations for safety. In 1900 an army representing a concert of the powers captured Peking and dictated *terms of peace*. The Chinese were required to punish the leaders in the Boxer revolt, destroy the forts between the seacoast and Peking, and pay a large indemnity, the payment of which was distributed over thirty-nine years, with interest at four per cent. Several of the legations in Peking were fortified.

China was at war with Japan in 1894–95 and Japan was conspicuously successful; only the insistence of the other powers prevented Japan from taking large territories on the continent. China was weak and helpless following the Japanese War both in her internal conditions and in her relations to the world powers. The Trans-Siberian Railroad, which was begun in 1891, was extended to Port Arthur in the period following the dispossession of the Japanese in Manchuria (1905). Immediately following this grant to Russia Great Britain demanded and secured a post at Wei-hai-wei immediately opposite Port Arthur, to be held as long as Russia retained Port Arthur. Germany followed by leasing the peninsula on which Wei-hai-wei is located, and England's purpose in establishing a strong base in that region was circumvented. France similarly secured territory near Tonkin, and even Italy demanded concessions from China.

Trade with China is conducted through a series of cities known as *treaty ports*, numbering over forty. Five of these were originally granted to Great Britain in 1842. As the treaty ports have increased in number, they have changed in character, and might almost be termed "ports of entry." Eighteen of the nations have special treaties with China giving rights to their citizens to reside in places named, and to have their persons and property inviolate ("extra-territoriality").

The earliest of these special treaties was made with Russia in 1689, granting certain rights on the Mongolian border. The first of the distinctively modern treaties was negotiated by Caleb Cushing for the United States in 1844. England and other nations have followed this as a model. In brief, citizens of foreign countries are exempt from Chinese law. Both Great Britain and the United States have courts in China for the administration of their own laws. In case a nation has not a court established, a consular agent administers the law of the home country. The port or ports to which a treaty extends becomes in effect territory of the foreign power. For example, mail is despatched from the United States to Shanghai or from Shanghai to the United States under domestic postage rates.

The relations between the United States and China were further affected by the *Burlingame Treaty*, which was ratified in 1869. By this China's right of "eminent domain" was recognized in her own territory and she was given the right to appoint consuls at the ports of the United States, which consuls should enjoy such privileges and immunities as were enjoyed by the consuls of Great Britain and Russia. Citizens of the United States in China and Chinese in the United States were granted full liberty of conscience in the practice of their religious beliefs without either disability or persecution, but the right of the Chinese to become naturalized citizens of the United States was withheld.

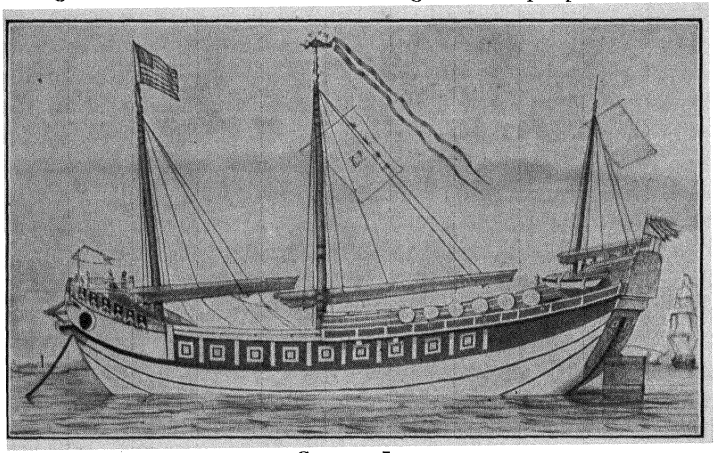
The ten years beginning in 1900 were termed "the *open door* decade." This period was a sort of crucial one in breaking down Chinese barriers; with the completion of the military campaign following the Boxer revolts, China was more open than ever to foreign influence, and the future of the country seems to have been fixed by Western ideas. England and the United States have been the great promoters of the open door policy. Japan has been especially aggressive in forcing her influence on China. New treaties were dictated by these three countries in 1902–03 which gave added opportunities for trade in China. China has been so bound by treaties that in 1914 she was not at liberty to fix her own tariff.

305. Opium Trade. — Trade in opium has been one of the troublesome questions of Chinese foreign relations. Opium was introduced into China by the Portuguese, and its use became so common that it was a menace to the national life. An Imperial edict of 1800 forbade the importation of opium or the cultivation of the poppy. Opium, then contraband, was smuggled. In 1839 the Chinese government again forbade the importation of opium. The United States early prohibited her citizens from engaging in the opium trade with China and declared that traders who violated this prohibition would be denied the protection of their own country and left to be dealt with by Chinese law. British merchants enjoyed a profitable trade in opium from India to China, and they appealed for the support of their home government against the Chinese restriction. The Chinese seized British vessels in their ports and confiscated cargoes of opium, at which Great Britain sent a fleet to China which forced a peace in 1842, compelling the Chinese to cede the island of Hongkong to Great Britain, to open five treaty ports to British trade, and pay a heavy indemnity. The production of the poppy continued in China, the opium trade dragged on into the twentieth century, and opium proved one of the worst curses with which China was afflicted. Repeated opposition to the continuance of the trade led in 1907 to a proposal by the Indian government that it be discontinued gradually during the next ten years. In 1911 China asked that India unite with her in putting an end to the opium traffic in two years. A new aspect of this question was presented in 1912, when the Chinese seized British cargoes at Shanghai to the value of fifty-five millions of dollars. But in the year following notice was given that the trade was at an end and that India had undertaken to make good to British traders a loss of twenty million dollars a year due to the discontinuance of this traffic.

306. Foreign Commerce. — From earliest antiquity China had an *overland trade* to India and the West across Central Asia. The chief commodity of this commerce was silk, which was woven or rewoven at Berytus or Tyre, and dyed either at Tyre or Sidon.

There was early established a regular *sea trade* between Arabia and China and from Arabia the Chinese products were transferred to either Phœnicia or Greece. In the ancient period Chinese junks traded as far as Ceylon, where they met Arabian ships.

There is probability of the use of the *magnetic needle* in China from ancient times. During the Middle Ages Arab traders found this device on the coast of China, where it was being used for what were termed " geometric purposes." The



CHINESE JUNK

Collection of Philadelphia Commercial Museum.

magnetic needle was taken to the West and later perfected and applied to navigation, after which it was returned to China in its improved form.

The first direct trade between Europe and China was begun by the Portuguese early in the sixteenth century. During the seventeenth and eighteenth centuries other nations made spasmodic efforts for the Chinese trade. The first American ship reached China in 1784, and though there were many obstacles and great risks, the profits were so great that there were not wanting those who were willing to take chances. The United

States suffered, as did others, in the later years of the eighteenth and the first part of the nineteenth centuries from the disabilities imposed upon foreign traders in China, but the United States profited by the policy of the English in securing from the Chinese possessions and grants favorable to the extension of the foreign trade. In the period following the Civil War the American flag became less and less common in China and had almost disappeared from those waters when near the close of the nineteenth century there was a revival of American interest in the Far East and new privileges were granted in the Chinese trade.

The ceding to England of the station at *Hongkong* (1842) gave a base for England's operations in China. This possession has been both a military and commercial base, but it is important chiefly for its trade activity. Hongkong is an outpost of Canton and may be termed a Chinese colony directly under British control. It is a port for the trans-shipment of goods and has come to be the leading trading-post in the Far East. Forty per cent of the exports of China are through Hongkong. Chinese exports are assembled at Hongkong and imports are received there for distribution. Hongkong is also the chief port for Chinese emigration.

In 1898 Great Britain carried eighty-two per cent of Chinese foreign commerce and paid seventy-six per cent of the dues and duties collected on that commerce. Great Britain and her possessions in that year enjoyed over eighty per cent of all China's foreign commerce. In 1908 the trade was distributed as follows: Great Britain, including Hongkong, fifty-five per cent; Japan and Korea, thirteen per cent; the United States, including the Philippines, nine per cent. In 1912 the percentage of the trade which went to Great Britain had decreased while that going to Japan had increased.

The trade of the United States with China has not been extensive. In 1896 America's trade represented one seventh of the entire Chinese foreign commerce. The tendency has been for Chinese exports to increase slowly, while the imports into that country have grown more rapidly. In 1880 tea far ex-

ceeded all other exports, but in thirty years this had fallen below silk and other commodities. As stated above, tea from India, Ceylon, and Formosa has largely dispossessed China of the world market. Up to 1880 silk and tea made up eighty per cent

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UNLOADING TEA AT HANG KOW

of the total exports. Silk still holds its place as an important item of export, but miscellaneous items are added in such articles as beans, raw cotton, hides, furs, straw braid, and paper. The most important articles imported from the United States have been cotton goods and petroleum. In 1899 China took more cotton goods from the United States than were sent to Europe,

South America, and Central America combined, but by far the larger part of China's cotton goods is supplied from Great Britain.

307. Conclusion. — In 1853 William H. Seward predicted in the United States Senate that the Pacific shores and islands would become the chief theater of events in the world's great future. Humboldt had earlier expressed the same faith in the future of the Pacific. President Taft (1909) declared that the problem of the Pacific was the greatest problem before the American people. China, the largest and richest country of the East, has thus far failed to realize her opportunity. She is the country in which for centuries "old age has reigned supreme." With the Chinese "the past excels the present." China has two necessary elements of national wealth: natural riches, and a plentiful labor supply. What she yet needs is the capital and organizing ability necessary to make these effective. But there are signs of an awakening. China is termed "a giant asleep," but one whose slumber is disturbed by "stirrings from within." Her sleep of the past is breaking into "visions of a great future." [1] What this future will be is still problematic. One who has resided in the Far East, and who is familiar with conditions there, predicted in 1905 that in twenty years China's trade would double and that in fifty years it would be portentous. He saw an old Far East fast passing and a new Far East coming apace.[2]

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[2] Weale, *Re-Shaping of the Far East*, II, 428.

*Colquhoun, Archibald R., *China in Transformation*, Ch. I, "The Geographical Question"; Ch. III, "The Economic Question"; Ch. VI, "Commercial Development"; Ch. XII, "Hong-Kong," New York and London: 1899.

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Suggested Questions and Topics

1. Can you give any reason why in the Far East one of the oldest civilizations should be so retarded and now be learning from the West? Show how the two have been related in the development of the mariner's compass, the art of printing, and the use of gunpowder.

2. Describe the geographical isolation of China and show what its influence has been on the history of the country.

3. What do you think of Wu Ting Fang's explanation of China's long continuance in history as an illustration of Western science, viz., "a survival of the fittest"?

4. What is wanting in China to make her a really great nation?

5. It is common to associate luxury with the Orient, *e.g.*, precious stones, gold, silk, and costly woods. What is the truth of the following: "The facts make the Orient a synonym for poverty rather than for riches"?

6. Investigate the influence of missionaries on China's progress. (See Weale, *The Re-Shaping of the Far East*, II, Chapter 34; also Beach, "History of Christian Missions in China" in *China and the Far East*, edited by Blakeslee.)

7. From the standpoint of the Chinese what defense can be made for the Boxer uprising?

8. Upon what will the ultimate success of a Chinese government depend?

9. Why has a system of extra-territoriality been necessary in China?

10. Sir Robert Hart in dealing with *China and Her Foreign Trade* ("North American Review," January, 1901) held that she did not trade and had not the need for trade because she had "the best food in the world, rice; the best drink, tea; the best clothing, cotton, silk, and fur"; and possessing these she had not the inducement to buy elsewhere. What is your opinion of this statement?

11. Is the following from an English paper a correct statement of the facts: "Every time the bones of China are rattled an increase of commerce follows"? (Cited from Leroy-Beaulieu, *Awakening of the Far East.*)

12. On the basis of China's resources, population, and recent development, what estimate would you give of her future?

CHAPTER XXIX

INDUSTRIAL JAPAN

308. An Island Kingdom. — Japan is "the Great Britain of the Far East"; her geographical position in relation to Asia is similar to that which Great Britain sustains to Europe. Japan, however, possesses more than five hundred small islands and has extended her authority to the peninsula of Korea on the mainland. From the north to the south, the Japanese Islands stretch over four thousand miles. They extend from twenty-two to fifty degrees north latitude, or from the tropical island of Formosa to the frigid Kurile Islands. If the Empire were superimposed on the Mississippi Valley, the islands of the north would lie beyond Minnesota, and Formosa would extend south of Louisiana. On the east and south the islands are open to oceanic and tropical influences, being warmed by an ocean drift known as the "Japan Current"; on the west and north they suffer the cold of an Arctic current, and the storms and continental winds which sweep across Siberia. Japan lies near the meeting of cold and warm ocean drifts and the precipitation of moisture is heavy. The country enjoys advantages in commerce from a deeply indented coast line on the south which gives numerous excellent harbors.

309. Natural Resources. — *Forests* occupy about sixty per cent of the total area of Japan, and one third of these are the property of the government. Such trees as pine, cedar, maple, oak, and bamboo abound, and fruit trees, as persimmon, orange, cherry, and peach. Plum and cherry trees are cultivated for their flowers.

Japan has supplied *minerals* extensively, including gold, silver, copper, petroleum, and sulphur. Marco Polo mentioned

Japanese production of the precious metals. The Portuguese in the period following 1550 brought home bullion from Japan, the larger part of which was gold. The Dutch followed the Portuguese in the exploitation of Japanese precious metals. In 1590 the Japanese learned from foreigners the art of separating silver from other metals, and the production went on extensively until 1671, when an edict of the government prohibited further exportation of the precious metals. A survey in 1876 indicated five thousand square miles of coal area. Coal production has increased steadily since 1875, at which time it was but two hundred tons per year; from 1900 to 1909 the increase was three million tons, but in 1912 the total had reached to only fifteen million tons. Limited available capital has retarded the development of mineral resources.

310. **Agriculture.** — Japanese *products of the soil* have contributed largely to her development. The plentiful rains wash the earth from the slopes, often depositing it on the valleys below. This soil with the favorable climate, the abundant moisture and intensive farming have made the productive regions intensely fertile. All available land is under tillage, and this is carefully tended. Rice has been Japan's principal agricultural crop, though the country produces wheat, corn, barley, beans, and millet. Raw silk and tea are also produced for export. Camphor gum is gathered from the forests of Formosa for export.

Tillage in Japan is in small farms, usually of about five acres, and although there are landholders who have larger possessions, the style of farming is such that only small tracts can well be tilled by a given proprietor. Farming is of a primitive sort by hand labor. The country has not learned specialization in agriculture, with division of labor and rotation of crops. The lands have been so depleted that an abundance of fertilizer is now necessary to secure a satisfactory crop. Manufactures were introduced into Japan in 1860 to 1870 and developed steadily, yet sixty per cent or more of the people were employed in agriculture in 1911. Year by year, however, the industries have absorbed a larger part of the labor and the tendency has set toward an industrial country which imports both raw materials and food products.

311. Fisheries. — Japan's position has led naturally to a large development of the *fisheries*, and the country in 1912 ranked among the first four of the fishing nations of the world. Fishing is largely carried on both on the sea and in inland waters, and the fish have contributed an important article of diet and a fertilizer. Among the small fish, sardines, cuttlefish, mackerel, tunny, salmon, and carp may be mentioned. Whale and seal fisheries are also common. In addition to the place which fish occupy as a food product in the economy of Japan the various forms of the fish products have entered into the export trade, particularly in that with China.

312. Population. — The Japanese are of the Yellow race and resemble the Chinese in many particulars. Though they have been quicker to learn Western ideas and have shown themselves more resourceful in dealing with new situations, they are believed by many students of the Eastern question to be a less sturdy race than the Chinese and to have a lower labor resistance. Like the Chinese, the Japanese have increased rapidly and one of the pressing problems of Japanese future will be to dispose of the surplus population. In 1872, when the first census was taken, a population of thirty-three millions was returned. In 1900 the population, exclusive of Formosa, was forty-four millions, an increase of thirty-three per cent in twenty-eight years. In 1916 the population had increased to 55,900,000.

In 1890 eleven per cent of the people lived in cities. There was at that time little communication between parts of the country and very largely the divisions were self-supporting. In 1913 Tokyo had above two million population and Osaka nearly a million four hundred thousand.

With an area one twentieth of the United States, Japan has a population more than one half as great, and this has presented serious problems. Various causes are assigned for Japanese emigration, such as overpopulation and the pressure of the people on a limited food supply, and the increased inducements of foreign countries. The Japanese, however, as a class have been poor colonizers, and when they have adopted a residence abroad,

they have generally looked to returning home. Most of the Japanese living outside of their own land are in China or the United States and her possessions; to a less extent they have settled in South America, European countries, and other parts of Asia. In 1910 approximately 153,000 Japanese were in the United States and her outlying territory; of these over seventy-two thousand were in the United States proper and seventy-nine thousand in Hawaii.

A limited number of *foreigners* are resident *in Japan*, of whom more than one half are Chinese and approximately one fourth English and American. The foreigners are of four classes: first, those there for business purposes who have been instrumental in the building up of commercial Japan; second, missionaries who have had a large influence in teaching Christianity and the English language; third, temporary visitors and travelers; and fourth, various advisers, and educational and technical experts retained by the government. This last class has had a large part in the creation of modern Japan.

While the *Japanese* learn easily, they seem lacking in the thoroughness and stability which give the largest permanent success. Japanese workmen have not specialized to the degree necessary for high industrial skill. Women and children work extensively. The Japanese differ from the other people of the East, however, in their love of cleanliness, their politeness, which is a striking national trait, and in their artistic temperament and appreciation of natural beauty.

313. Government. — For centuries the Mikado (Emperor) had been little more than a figurehead. The government was a feudal aristocracy, controlled by the *Shogun*, or head of the military system. In 1867 the Shogun voluntarily retired in favor of the Mikado, and Japan was organized on a modern basis. Commissions were sent abroad to study governmental systems, and gradually there was worked out a government modeled after that of the nations of the West. The Emperor gave his approval to a national parliament, and a new constitution was undertaken, based on that of Prussia. The first Cabinet was organized in 1885 and the first Parliament convened in 1890.

314. **Education.** — Learning in Japan, long after the Chinese model, was the possession of a privileged class; about the middle of the nineteenth century it became more general. Science and art were freed from the blighting influence of Chinese philosophy and more and more evidenced the effects of Western culture. The Emperor who had so much to do with Japan's educational progress came to the throne in 1868, part of his coronation oath being, " Knowledge shall be sought for throughout the world so that the welfare of the Empire may be promoted." This was the keynote of the new policy. Old schools were opened to the new learning. Foreign teachers were engaged, and promising young men were sent abroad to study.

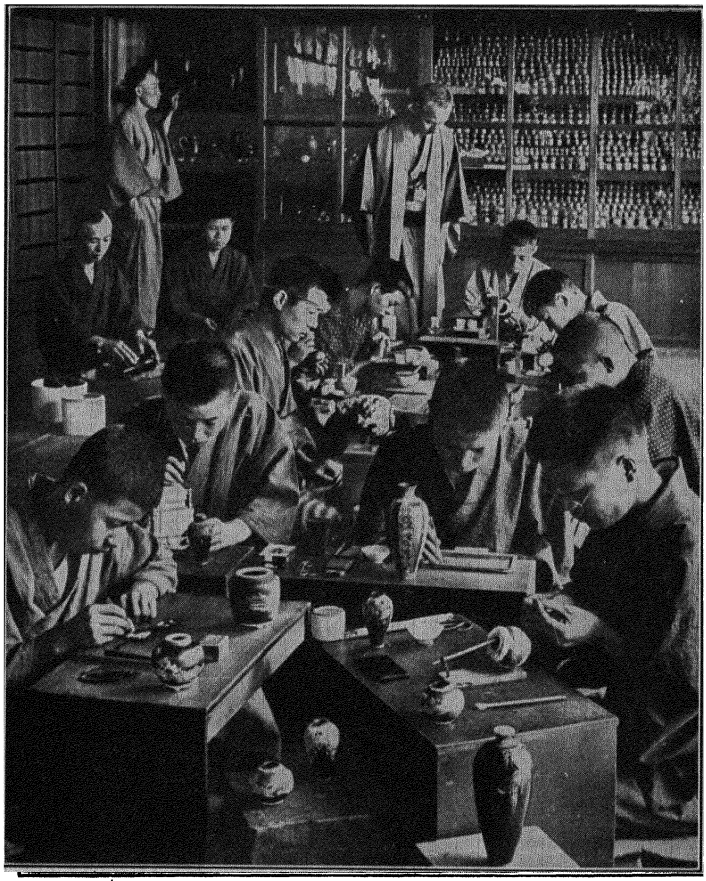
An Imperial Decree on education was issued in 1869. In 1871 the Department of Education was established, and in 1872 an educational code and a new Imperial rescript were issued. The rescript opened as follows: " The acquirement of knowledge is essential to a successful life. All knowledge from that necessary for daily life to that higher knowledge necessary to prepare officials, farmers, merchants, artisans, physicians, etc., for their respective vocations is acquired by learning. . . . It is designed henceforth that education shall be so diffused that there may not be a village with an ignorant family nor a family with an ignorant member." The code of 1872 furnished equality of educational opportunity and a practical education.

The Japanese showed an inclination to abstract studies, but this has been checked and diverted. A new Imperial rescript on education was issued in 1890, and schools have been built up directed to general, vocational, and professional ends. Grants from the national treasury have stimulated special schools in such fields as agriculture, forestry, navigation, technology, applied art, commerce, and four Imperial universities, the largest of which has an attendance of over five thousand. By 1904 the technical schools of various classes had reached eight hundred and sixty-nine. Elementary education in Japan is *compulsory* and the elementary schools have been largely attended; in 1910 the total number of pupils was nearly six and one half millions.

The first *newspaper* was published in 1871. In 1905 the total number of daily newspapers in Tokyo alone was sixteen, and there were at that time in Japan four hundred and eighty dailies. In 1916 three daily papers had an issue of over 250,000 each.

Japan has rapidly and seemingly effectively *absorbed Western learning*. Western books of all sorts have been translated into the Japanese and adapted to Japan's needs. Teachers from Europe and America have gone in considerable numbers to Japan, and the Japanese have been quick to learn their methods. Large numbers of Japanese students have resided abroad and carried back foreign influences to their mother-country. Since the abrogation of the Shogun government in 1867 probably no other nation has made such great progress in science, arts, and letters. In some historical museums this has been strikingly shown by arranging in series the tools, implements, weapons, and scientific instruments used by the Japanese in the middle of the nineteenth century and the tools, implements, and weapons which have been brought into use since 1854.

315. **Industries.** — In 1869 Japan had *no manufactures worthy of mention*. In 1872 the total value of manufactured exports was less than a quarter million dollars. The country had great advantages in the supply of raw materials and an abundant and cheap labor force. The Industrial Revolution came late in Japan, but it has wrought marvelous changes. Japan has been far more prompt than China to adopt the machinery and the methods of Europe and America, and her development has been rapid and substantial. In 1895 the value of manufactured exports was more than eighteen and one half million dollars, and in 1910 the value of such exports had risen to fifty-eight and one half millions. In 1872 there was not in the whole Empire an establishment which could be called a factory; in 1910 there were, exclusive of the establishments owned by the government, thirty-two thousand factories, and Japan's production in textiles alone exceeded one hundred and twenty-five millions of dollars. Silk manufactures, and work in cotton yarn, Japanese paper, matches, and various forms of ceramic ware have been extensively developed.



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JAPANESE CLOISONNÉ MANUFACTURE

When Japan came into contact with industrial nations she saw that she could not sustain herself as a manufacturing state without adopting their machines and methods. While the household industries still continue, almost all forms of factories have been introduced. Porcelain ware, lacquer ware, matting,

and chip braid have been added to the list of manufactures. Osaka and Tokyo are the greatest manufacturing centers of the country. Osaka is sometimes termed " the Manchester of Japan."

Japan has the promise of a great *industrial future.* The country is well endowed for manufactures: — first, she has or can readily secure a plentiful supply of raw materials; second, she has an abundance of water power. The islands are mountainous with rapids and waterfalls in all parts, which are readily available for manufacturing purposes. Third, Japan has a large labor force which may be had at low cost. In 1912 the average wages of the Japanese did not reach twenty cents a day. Though the wages are low, the standards of living are such that the Japanese live in what is regarded as tolerable comfort. Fourth, the Japanese government has taken an active interest in the promotion of industries. Schools are provided for the training of workers and aid is given to manufacturing enterprises. And fifth, Japan is geographically well situated to dispose of her products. To an increasing degree Japan has found a market in China, and she stands at the door of that nation, and is advantageously placed for other commerce in the East.[1]

316. Foreign Relations. — From the Chinese Japan originally adopted religion, art, and many of the crafts. The first entrance of a distinctively modern influence was in 1853 and 1854, when *Commodore Perry* forced open the door of Japan and found the nation " still using bows and arrows." Two treaty ports were opened to American influence, and the Dutch similarly secured the right to trade at another port. In 1857 the first American Consul-General was recognized by Japan in the person of Townsend Harris. He made the first of the modern treaties between Japan and the United States, in which it was agreed that the treaty should not be ratified in Washington until a commission of Japanese had visited the country. Lord Elgin secured a similar treaty for Great Britain in 1858. In 1860 the Japanese sent an embassy to America to sign the treaty,

[1] Murase, *Development of Manufacturing Industries in Japan,* "Journal of Geography," November, 1912.

to study our financial system, and to plan for the organization of a modern economic state. The Japanese currency system was later modeled closely after the American. The United States joined with the representatives of the European powers in a protest to Japan in 1863 and received one quarter of an indemnity which was exacted. In 1883 Congress, however, returned this indemnity, thus cementing the friendship of Japan for the United States.[1] In 1871 Japan sent representatives to Europe to secure a modification of her treaties. This proved a new object lesson, and the Japanese have continued a close relationship with both Europe and America.

In 1887 the United States agreed to give up extra-territorial privileges in Japan on the condition that the other leading powers would do the same. In 1894 Great Britain led the way to a fuller recognition of Japan in a treaty which provided for the *withdrawal* of her *extra-territorial jurisdiction.* Within a few years the other principal powers followed England's example, and in 1911 the last of the special treaties of Japan with other nations expired and she entered into full rights as a nation among nations. She concluded fourteen commercial treaties with leading nations, the first of which was with the United States.

Japan came to large influence in the affairs of the East through her *war with China* which began in 1894. By the treaty which concluded this war in 1895, Japan secured the island of Formosa and certain territory on the mainland. The latter she was compelled to give up through the protest of the European powers. But Japan secured an indemnity of one hundred and eighty-two millions of dollars for the cost of the war and for giving up conquered territory.

Japan's dominance in the affairs of the Far East has been a constant strain on her international relations. In the first place the United States objected to Japanese repudiation of the open door policy in Manchuria, and recurring incidents have kept the relations somewhat tense. On her own side Japan resented the demands of the European powers that she give up

[1] Coolidge, *The United States as a World Power*, 343.

Port Arthur and adjacent territory at the close of the Chinese War, and this resentment was intensified when Russia entered into a treaty with China for the occupation of Port Arthur, making it a terminus of the Trans-Siberian Railway. Japan protested against Russia's influence in Manchuria, and Russia similarly protested the Japanese presence in Korea. Relations came to a crisis in 1904 in the *Russo-Japanese War*, which was concluded in 1905. The advantage was decidedly with the Japanese, and their efficiency in mobilizing armies and conducting campaigns was a revelation to the world at large. The Russo-Japanese War contributed also to the open door policy of the Far East. The latest incident in Japanese foreign relations was in the European War of 1914, in which Japan threw the weight of her influence in favor of Great Britain and found herself an ally of Russia. Since 1914 there have been various evidences of friendship and good will between Russia and Japan.

Foreign *relations* between the *United States* and Japan have been affected by the presence of the Japanese in this country. Citizenship in the United States has been so restricted as to make aliens of the Japanese resident in the country, and in certain states such matters as race legislation, and rights to hold land, have presented delicate and even dangerous diplomatic questions.

317. Communication. — Until recently Japan was a country almost without roads. Communication with the interior was limited and unsatisfactory. The steepness of the hillsides has made road building difficult. The first *railroad* in Japan was opened in 1872, but the obstacles to construction were such that the development of the railroads came slowly. In the beginning railroads were principally in the hands of private owners, but in 1907 they were taken over by the government and improvements followed both in the roads introduced and the service rendered. From 1896 to 1910 the railroad mileage more than doubled, and the earnings increased four times over. The total mileage in 1910 was six thousand, with two thousand miles additional under construction. In 1872 the first *telegraph* line was opened to the public, and the telegraph accompanied the

introduction of the railroad. Both telegraph and telephone enterprises are wholly under government control.

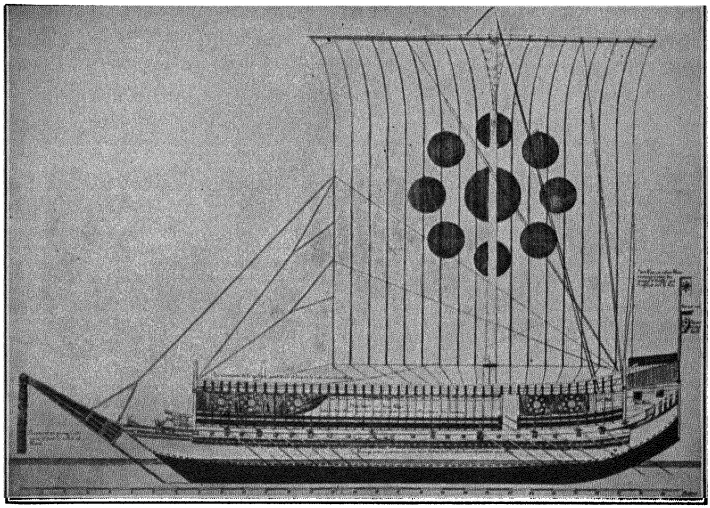
Japanese cities are old, with streets so narrow that the building of *electric roads* has been difficult. The first line was begun in 1905, after which numerous private companies were organized for the introduction of electric railway systems.

In the Japan preceding 1873 there was no national *postal* system; mail was dispatched by private messengers or by carriers. When the country was first opened to the Western nations some of the powers maintained post-offices of their own. In 1873 the present postal system of Japan was organized after the American model, and in 1877 Japan entered the International Postal Union and the postal service was so improved that Japan is credited with one of the most satisfactory systems in the world.

318. Shipping. — The Japanese were *skillful seamen*, who in the Middle Ages ventured in their small ships to adjacent islands and the continent of Asia. A prohibition of 1635 limited ships to fifty tons burden, which affected adversely the shipping industry. Immediately following the opening of Japan in 1854, the nation became active in promoting shipping; some ships were built at home and others purchased abroad. In 1873 Japan's first line of steamships to a foreign country was established, and the government encouraged shipping by heavy *subsidies*. The Japan Mail Steamship Company was developed into one of the most powerful in the world. Four great shipping lines have been established, extending to Europe, America, Australia, and India. There are also lines to Korea, North China, and the ports on the Yangtse River. The Chinese War gave a new impetus to foreign shipping. In 1891 only one tenth of the total foreign commerce of Japan was carried under her own flag; in 1910 nearly one half was so carried. In the year last named the country had a merchant marine and a navy of such proportions as to give her rank among the maritime powers of the world.

319. Commerce. — Japan's trade before 1550 was almost exclusively with China. Portuguese, Dutch, and English merchants found their way to Japan, but ports were closed

and trade was under restrictions. Trading privileges were of short duration. In 1630 an edict which limited trade to the Chinese and the Dutch required traders of these nations to be admitted only at the port of Nagasaki. The Japanese at the same time were forbidden to leave their own country.[1] Thus with but one port open and that under such conditions as



JAPANESE GALLEY (1768)

From Paris, *Souvenirs de Marine Conservés*. Collection of Philadelphia Commercial Museum.

to restrict the most of the world, and with her own people forbidden to go abroad, Japan made little progress.

In the new era, which began with the entrance of Commodore Perry, trade followed naturally. Foreign trade affected international relations before 1872 and has increased steadily since that time. In the last of the nineteenth century Japanese trade was largely in the hands of foreign merchants, but gradually foreigners are being displaced by the Japanese. In 1910 Japanese

[1] Leroy-Beaulieu, *Awakening of the Far East*, 96.

merchants controlled approximately forty per cent of the export trade, Germans seventeen per cent, Chinese sixteen per cent, British fifteen per cent, and Americans nine per cent, and the balance was in the hands of the French, Dutch, and representatives of other countries. In the same year Japanese merchants controlled fifty-seven per cent of the imports, British merchants sixteen per cent, Germans ten per cent, Chinese seven per cent, and Americans four per cent. In 1882 the total Japanese trade aggregated thirty-three and one half million dollars. In 1892 it was more than double that amount, in 1902 it had again trebled, and in 1911 had almost doubled again, or within a period of thirty years the increased foreign trade was nearly fifteen hundred per cent.[1]

The most important single import is raw *cotton*, which the Japanese manufacture extensively and sell to other Asiatic countries, particularly to China. Raw *silk* has constituted an important article of export, especially to the United States.

The Japanese have shown a *progressive spirit* in foreign trade. Schools of commerce have been established after Western models and directors and teachers brought to Japan from Europe and America. Commercial organizations have been modeled after those in the Western world. In 1911 Japan had sixty chambers of commerce and forty-six commercial exchanges.

320. **Formosa.** — Formosa was secured from China by the war which ended in 1895. The Japanese established at once their system of education and took charge of the development of the resources. The island is rich in agricultural productions, especially tea, rice, sugar, and camphor. The latter is produced extensively from the forests of the island and is controlled as a government monopoly. Roads and other improvements have been introduced by the Japanese, and Formosa has contributed important wealth to Japan.

321. **Korea.** — By treaty of May, 1895, China gave up all claim to Korea and this so-called " Hermit Kingdom " came under the influence of Japan. In 1904 a formal agreement was signed between Japan and Korea by which the Japanese guaran-

[1] Whelpley, *Trade of the World*, 236.

teed the safety of the ruling dynasty, the independence of the country, and its territorial integrity, while Korea bound herself to accept Japanese advice. Russia and Great Britain by treaty agreed not to interfere in Korea. Step by step Japan increased her influence until in 1910 Korea was formally annexed. Korea had in 1912 a population of above thirteen millions and was rich in natural resources. She was, however, without adequate means of communication and in a backward state.

322. Conclusion. — China "imparted" her culture to all the peoples of the Far East and it is further said of China's old and wonderful civilization that Japanese life is its "flower and concentrated essence."[1] Probably the difficulties of passing from feudalism to modern industrialism, from despotism to modern representative institutions were as great in Japan as in either Italy or Germany, and yet Japan in a few decades accomplished a result which may be compared with that wrought out in centuries in these countries. From being an unimportant factor in world's affairs, far removed from the currents of world influence, Japan has come within a generation to be recognized as an ally of strength, an enemy to be feared, and a formidable economic rival.

Japan's position has made her "the Dictator of the Far East." The surprise of Japan's triumph over China grew to wonder when she so quickly and completely humiliated Russia. She has been called "an opportunist" among the nations; at every turn in world affairs she is prompt to avail herself of the advantage which an astute commercial insight, skillful diplomacy, or military preparedness may bring to her. Japan has learned valuable economic lessons from Germany. She has adopted the policy of a protective tariff and has stimulated industries at home, importing the raw materials which will keep her people employed and supplying the manufactures which can be utilized in trade to secure food products and other raw materials.

The Japanese have been quick to learn, both as visitors to foreign countries and from foreigners who were resident in their

[1] Reinsch, *Intellectual and Political Currents in the Far East*, 25, 29.

own land. As imitators they may well be likened to the ancient Phœnicians. The foreigner imported into Japan is utilized as long as he contributes important new knowledge, but when this period of contribution is at an end, his services are discontinued in favor of another foreigner or a native Japanese.

Many have held it difficult to believe either in the durability or sincerity of Japan's transformation, and the whole Far East has been termed an " unburied Pompeii," without basal moral life. Changes, however, are so recent and so complete as to make predictions of little value. It is probable that the conception is more correct that the separate existence of the East and the West is at an end, and that with the closeness of relationship now established they will in the future influence each other in the development of an " all human civilization." [1] The building of the Panama Canal and the establishment of American interests at the center and on the farther side of the Pacific have thrown the United States closely into relations with the *Sunrise Kingdom*, and Americans should understand more of the history and true genius of the Japanese.

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Suggested Questions and Topics

1. Discuss the appropriateness of the name, "the Great Britain of the Far East," as applied to Japan.

2. What are some of the advantages, also what are some of the disad vantages of Japan's position and geographical features?

3. What are the difficulties presented by the residence of Japanese in the United States? What in the relations of state and Federal governments have added to the complications?

4. What is the significance of the following from a leading Japanese journal: "When Christianity first came to Japan it was warmly welcomed (1550–1620); in after years it was bitterly opposed (1620–1880); and, at the present day, it is treated with indifference"?

5. How do you account for the readiness with which the Japanese, who had earlier learned from the Chinese, took up Western learning and for the rapid strides they made in its mastery?

6. What comment can you make on the following statement by Porter (*Full Recognition of Japan*, 2): "Japan absorbs, she does not copy"?

7. Explain in some detail two ways in which Western learning has found its entrance into Japan.

8. What are the advantages and disadvantages of Japan as a manufacturing country?

9. Can you justify the action of the United States in breaking down the barriers of exclusion which Japan had raised against the outside world?

10. Which seems more appropriate, the "Open Door in the East" or the "Open Window," the latter showing the vistas of future possible trade without giving the opportunity for entrance? (Whelpley, *Trade of the World*, 231.)

11. Trace the steps from 1867 by which Japan has come to a place of influence in the affairs of the Far East.

12. What policies of Japan indicate the influence of the American system of government?

13. What Japanese policies evidence German influence?

14. What effect has the opening of the Panama Canal had on American-Japanese relations? Are these relations likely to become closer in the future?

15. To what extent is the appellation, "changeless East," applicable to the Japan of recent years?

16. In what ways is the Industrial Revolution an explanation of the rapid development of Japan?

CHAPTER XXX

COMMERCIAL LATIN AMERICA

323. Introduction. — Some minor colonies of Great Britain, Holland, and France are found in the western hemisphere south of the United States, but the great part of the territory is included in twenty republics modeled after the United States and known as Latin America. Latin America was once largely the colonial possession of Spain and it is still principally Spanish in language and civilization. The rich and undeveloped natural resources of Latin America and its proximity to and identity of interest with the United States point to a need for the largest possible knowledge of the history and present commercial institutions of this region.

324. Geography. — Latin America consists of approximately nine million square miles of territory, of which eight million are in South America. Three fourths of South America lies within the tropics with the many tropical drawbacks of climate and dangerous disease. The geographical approach to Latin America is unfavorable. On the shores of the Caribbean, harbors are shallow, except on the islands, and the islands are subject to severe storms. On the west coast the roadsteads or harbors are not deep enough for ocean-going ships to land at piers, and lighters or small boats are necessary to land passengers and cargoes. The harbors on the Atlantic are better, and South America is more open from that side where the great rivers reach long distances to the interior. The Orinoco, the Amazon, and the Plata serve as highways into the great plains of South America. The Amazon drains an area of nearly three million square miles and discharges a volume of water estimated to be five times as great as is discharged by the Mississippi.

Steamers navigate the Amazon over three thousand miles from the sea, and the river as a whole with its tributaries has approximately twenty-seven thousand miles of navigable extent.[1]

The prevailing winds over South America are from the east, and as they pass inland and to higher elevations the lowering temperature condenses the moisture which is precipitated in heavy rainfall, feeding the great rivers mentioned above. As the winds pass from the mountains and descend on the west side they are going from a cold to a warm region and have a tendency to take up rather than to give off moisture, so that on the west coast little or no rain falls.

If one take a map of the western hemisphere and draw the meridian which passes through New York he will be surprised to find that nearly all of South America lies east of this meridian, and similarly if he take the easternmost point of South America at Cape St. Roque, he will find that the distances to New York and western Europe are practically the same. Thus for the commerce which must pass Cape St. Roque New York enjoys little or no advantage over western Europe. A new situation is presented with the opening of the Panama Canal, which gives the United States a much more direct approach to the western coast than she has heretofore enjoyed.

The tropical sections of Latin America are coming into the sphere of development. Through careful *sanitation* the fatal pestilences of a few years ago are now almost unknown in such places as Havana and the Panama Canal Zone. Already a more intelligent understanding of the tropics has been reached and a beginning made in the utilization of the great riches with which these regions are endowed.

325. Natural Resources. — Latin America first came to world notice because of her supplies of *precious metals*. Mexico, Peru, Bolivia, Colombia, Chile, and parts of Brazil have been exploited. Gold and silver were obtained during the long period of Spanish control and the countries above mentioned were the chief sources of world supply; Brazil was the source from which diamonds were largely drawn in advance of the discoveries in

[1] Shepherd, *Latin America*, 114, 115.

South Africa. Mexico has continued a storehouse of silver, and one third of the world's product has been secured from that country. She has been second only to the United States in the supply of the world's copper. Mexico has also been an important petroleum producing region. Chile has enjoyed great advantages from her stores of nitrate of soda and has supplied the world for many years. Other valuable mineral products are found in Chile, as iron, copper, coal, and sulphur. Guano from north Chile and Peru and the off-shore islands has been exported as fertilizer to older and more settled states. Venezuela and Trinidad, a near-by island (British), have been the world's principal sources of asphalt.

Latin America is also rich in the products of *forest* and soil. Many forms of tropical woods are found in abundance, and the famous cinchona trees (from which quinine is secured) grow largely. Fruits have thrived in the lower regions. One state of Brazil has been credited with seven hundred million coffee trees,[1] and Brazil produces more than one half of the world's coffee. One half of the world's India rubber comes from this country, though some of it originates in Peru and Bolivia. The great grassy plains of the Orinoco and the Plata rivers have afforded plentiful pasturage to the immense *herds* which have made South America an important center in the production of meats, hides, and tallow.

326. **Population.** — Latin America is *sparsely populated* and as a whole the people are non-industrial and non-commercial. The most reliable estimates for the population in 1910 were forty-six millions; of these fifteen millions were white, thirteen millions half breed (mixture of Indian and white), nine millions Indian, and nine millions negroes and mulattoes. The distinction among races in Latin America is one of social standing rather than of color. Very largely the half breed is accepted on the same terms as are the whites. The earlier migration was Spanish; in more recent years the immigrants have been principally Germans and Italians. Thus the ties of blood and natural inclination bind the people to Europe.

[1] Ward, *Journal of Geography*, September, 1911.

The unhealthfulness of the lowlands in the tropics has driven the Europeans to plateaus or to the more temperate regions of the continent. Brazil, with approximately one half the area of South America, has also about one half the population. In the states of northern Brazil there is a large admixture of negro blood. In many sections, especially the more inaccessible districts of the west, it is believed that the present population does not exceed what it was at the discovery of America. The recent European influx of Germans to Brazil and Italians to Argentina has contributed to a new development of these countries.

To a degree the Indians have supplied *labor needs*. They are better adapted for work than are the North American Indians, and when supervised are said to equal the negro laborers. On the whole, however, the countries to the south have been without an adequate labor force. The peoples of Latin America have been indolent and improvident. They have lived enjoying the present without providing for the future. In industrial matters and in any physical labor these people are said to apply as a universal expression, *mañana*, that is, " to-morrow." Shepherd remarks on the comment of a witty Frenchman that the only expression more common than " to-morrow " is " the day after to-morrow." Argentina, however, is said to be a country not ruled by the spirit of *mañana*.[1]

The *instability* of the *governments* in Latin America has been a heavy disability. The countries are republics, but the people are volatile and unstable, and contests have been common for the control of the governments. These revolutions and the predatory character of some of the leaders have made investments insecure and the natural resources have not been developed. Certain of the larger states, as Brazil, Argentina, and Chile, have stable governments and in consequence they enjoy an advantage over the other states. Several Latin-American states have encouraged industry through the sale of lands at nominal rates and under conditions which make its possession easy. The governments have in some cases founded

[1] Whelpley, *Trade of the World*, 352.

agricultural and mortgage banks for the stimulation of tillage and stock-raising. Bureaus have been established by several of the states for the exhibition of native products and the creation of interest among possible purchasers. Argentina, Brazil, and Chile have been most active in these policies. In Brazil the government has taken the control over the marketing of coffee, and the entire crop has been bought in by the government and sold as the market was favorable; this method of protecting the producer is termed " valorization."

Education is in a backward condition. Systems of free schools exist in some of the more advanced countries, but school attendance is not compulsory and education is unpopular. As a whole the people are illiterate, superstitious, and non-progressive. A few higher institutions exist and there are tendencies toward the introduction of practical education in preparation for industrial and commercial life, but the greatest limitation on Latin-American development has been lack of training of the people.

With the exception of Brazil, in which Portuguese is spoken, and Hayti, in which French is spoken, the *language* of Latin America is Spanish. The commercial classes are not educated to do business in the language of another country and facility in the use of Spanish is a necessary equipment for commercial dealings with them. The religion is almost universally Roman Catholic.

327. Independence. — The revolt of British colonies in North America with the establishment of a republican government in the United States was not without its effect on the Latin-American colonies. Except for Hayti and Brazil, Spain owned practically all of the western hemisphere south of the United States. When, in 1808, Joseph Bonaparte was placed on the throne of Spain there was much opposition to his rule even in Spain. The king from whom the earlier officials had their commissions no longer ruled and the colonies seized on this opportunity to free themselves from a distasteful political system and commercial monopoly. England for centuries had struggled to break down Spanish exclusion in the New

World, and in the revolt of the Spanish colonies she saw her opportunity. Ships were sent out and capital supplied for the activities in the colonies, and trade was begun with them. In 1814 the Spanish king was restored and an attempt was made to reintroduce the old order into the settlements, but the colonies had enjoyed a taste of freedom and were unwilling to be brought again under the close supervision of the arbitrary Spanish power. By 1822 revolutionary governments had been set up in all of the continental Spanish colonies, and these governments were recognized by the United States. By 1826 Spain was forced to grant independence to her possessions on the mainland of the western hemisphere.

When in 1808 the Portuguese monarch was driven from his own country he brought his court to *Brazil* and continued his government. The ports were opened to foreign trade, restrictions formerly placed on immigration were withdrawn, and various liberal reforms stimulated. In 1815 Brazil was raised to the rank of a joint kingdom with Portugal. When the king of Portugal returned to the home country, his son was left in Brazil with the title of Regent and he so continued until 1822, when independence was claimed, with the former Regent as Emperor. In 1824 a more liberal system of government was granted to Brazil. The influence of Great Britain and the United States deterred Portugal from any attempt to reclaim her colony, and in 1825 she recognized Brazil's independence. In 1889 Brazil exiled her Emperor and established a republic by a bloodless revolution.

Following the revolt of the Latin-American states was a long period of instability and struggle among the conflicting elements. *Two influences* were evidenced: one, characterized by the old-time reactionary and monarchical spirit, and the other by the liberal and progressive policy of a new element. Conditions have been more stable since 1876 and the republics of the south have progressed steadily. This period has been termed the "rise of great states," when the strong governments have come forward and directed the affairs of the whole.

In 1876 *Porfirio Diaz* came to the presidency in *Mexico*.

Diaz was out of the presidency from 1881 to 1884, though his influence was dominant in the affairs of the country. He was elected again in 1884 and continued until 1911 when his government was overthrown and he was compelled to leave the country. His rule gave stability to Mexico and resulted in a large introduction of foreign capital and the development of Mexican resources to a remarkable degree. Since the overthrow of Diaz's government Mexico has relapsed into a state of revolution which has gone far to undo earlier progress.

In 1898 *Cuba* after a long struggle secured her independence from Spain due to the help of the United States. For a time the United States exercised a military protectorate over the country, but in 1902 a constitution was adopted, a president elected, and the troops of the United States were withdrawn, since which time Cuba has been a republic.

In 1903 the state of *Panama* seceded from the Republic of Colombia and established an independent government, in which action she was protected by the United States. Shortly thereafter she entered into a treaty with the United States under which the Panama Canal could be built.

328. International Relations. — The Monroe Doctrine has been of great significance in the relations of the United States and Latin America. Early in the independent existence of these states the United States appeared in the rôle of a protector, and again and again she has assumed this rôle. The Monroe Doctrine has been an international policy for the western hemisphere. Thus in 1895 the government at Washington declared that the United States was to be "paramount on the American continent," and that she would "defend her weaker sisters."

The recognition of the independence of Panama by the United States had a disquieting effect on the relations with the other republics. The building of the Panama Canal gave to America a new and different interest in the lands lying to the south, and she has had the task of preserving the friendship and fostering the good feeling of the sister republics. The American policy in dealing with Cuba and later experience with Mexico would seem to have gone far toward allaying distrust of the United States,

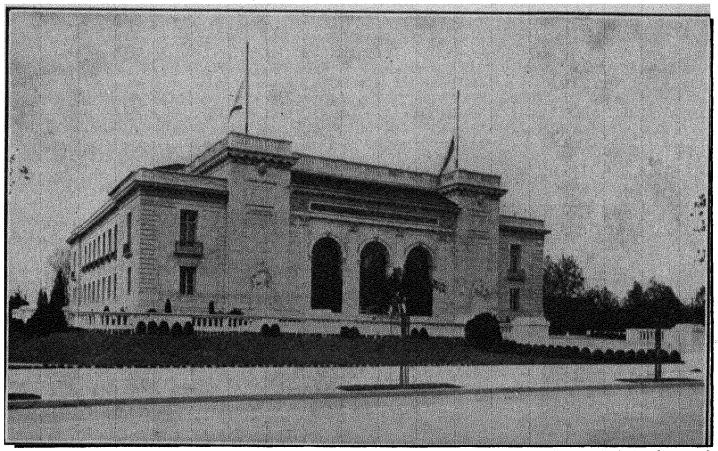
and as our government served as a model for the republics of the western hemisphere so our example and influence may operate as a determining factor in the policies of the two Americas.

Thus, as the several countries develop more stable governments, the Monroe Doctrine, which in the beginning was a negative and prohibitory policy, has tended to bring about *a concert of powers*. The Latin-American republics have given an excellent example of arbitration as a means of adjusting international differences. Rival states, as Argentina and Chile, have settled their conflicting interests by arbitration, and in 1902 they set the world an example by limiting their respective armaments. The three great powers of South America — Argentina, Brazil and Chile — have entered into an international understanding termed "the A. B. C. Alliance." These countries have exercised a large influence in the affairs of South America, and in the acute situation between the United States and Mexico in 1914 their representatives were the agents that adjusted the differences and probably prevented war. Even more striking was the concert of the United States and the principal Latin-American powers in the recognition of a *de facto* government in Mexico in 1915. In the appeals to the Hague tribunal and the utilization of peaceful means of settling their international differences, these Latin-American states have practiced what is probably the most progressive peace program yet put into effect.

329. The Pan-American Union. — Numerous conferences of the powers on the western hemisphere were called following the independence of the Latin-American states. Unions of the republics have been successively held since 1889. In the year named a Congress was called in Washington by the Secretary of State, James G. Blaine, and was presided over by him. All of the republics were represented and questions of diplomatic, commercial, and other interests were duly considered. One result of this Congress was the adoption of a plan for a Commercial Bureau of the American Republics. This Bureau was established shortly afterward with the Secretary of State

of the United States ex-officio as chairman, and the representatives of the several republics at Washington as members of the governing board. A second of these conferences was held in the City of Mexico in 1901–1902; a third in Rio de Janeiro in 1906, and a fourth in Buenos Aires in 1910. At the meeting in Mexico the name of the organization was changed to *The International Bureau of American Republics*, and at the Buenos Aires meeting it was again changed to *The Pan-American Union*. The Bureau, or Union, in Washington and the several conferences have contributed largely to mutual understanding and good will.

In 1910 the Pan-American Union entered into the possession of a palatial home in the city of Washington. The site and building cost a million dollars, of which three fourths was con-



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BUILDING OF THE PAN-AMERICAN UNION

tributed by Andrew Carnegie and one fourth made up as quotas assigned to the United States and the other republics. The Pan-American Union has also contributed to commercial intercourse through its monthly Bulletin and other publications

which are widely distributed through all the countries represented. Further evidences of a recognition of the unity of interest among the countries of the western hemisphere are found in the Pan-American Exposition of 1900, the Pan-American Financial Conference held in Washington in 1915, and the Pan-American Scientific Congresses.

330. **Agriculture.** — Latin America is of commercial interest chiefly for its agricultural products. Fruits and sugar are produced in the West Indies and along the lowlands touching the Gulf of Mexico and the Caribbean. For more than fifty years Brazil has produced the larger share of the world's coffee. Mexico raises extensively some thirty-three species of cacti, classed under the name "maguey," which are a source of food and clothing as well as drink. Argentina has become the most prosperous agricultural country of Latin America and she now exports largely grain, flax, and the linseed from which oil and oilcake are obtained. To Argentina have been brought the choicest strains of Old World horses, cattle, and sheep, and here they have thrived even better than at home. Cattle are extensively raised in Mexico and Venezuela. Argentina wool is in special demand in the world's markets. The countries of Latin America promise fields for further immigration and a source for the supply of the food products and raw materials needed by the older industrial nations. Up to the present the productive possibilities of Latin America have not been put to the test.

331. **Industries.** — Manufactures made little progress during Spanish control. Vegetable productions which were thought to be in competition with the productions of the mother-country were discouraged. The industries so far begun have been of the simpler sort, such as mills for the manufacture of flour, distilleries, sawmills, and factories for preparing the products of the forest, as tar, India rubber, and coca leaves. Mills for the crushing, grinding, and crude refining of sugar have also been introduced in some parts. A comparatively small number of cotton mills are in operation in the larger countries, as Brazil and Argentina. Factories also exist for the manufacture of

tobacco. In the cattle-raising countries of the Plata Valley numerous establishments have been introduced for the curing and preparation of meats. The Liebig Extractive Company, which markets its products widely over the world, operates in Uruguay. Packing industries in Argentina prepare meats for shipment by cold storage to Europe and recently cargoes have been sent to the United States. Manufactures thus far have been carried on chiefly by foreigners, the natives having shown little enterprise and limited industrial capacity.

332. **Communication.** — Road-building has suffered from serious obstacles. The mountain regions are high, ascents are steep, and many parts of the country are still in the "pack-mule stage" of commercial development. The lowlands are often covered with dense forests and are swampy. In great degree the people of Latin America live in isolated communities which are largely self-sufficing, and contribute little to or derive little from commerce. *Water communication* is mostly through uncultivated swamps and serves small towns. The great river systems of South America are inadequately supplied with the means of navigation. Steamboats when introduced are principally owned and operated by foreigners. Brazil is an exception in having developed a steamship service of her own.

The first *railroad* in Latin America was built in Cuba in 1835. The first railroad in Mexico was begun in 1842, but the important line connecting Vera Cruz with Mexico City was not completed until 1873. Practically all the railroads of Latin America have been promoted by foreigners, and many of them are operated by foreign interests. In Mexico and the republics adjacent in North America the influence of the United States may be traced, and the type of car and the system of railroad administration are after the American model. In South America the principal promoters have been Europeans, and in these countries the European type of car and the European method of administration have been introduced. The railroads have been mostly short lines connecting seaports with the adjacent cities which are built on higher elevations, or to

serve some other local need. Different systems, with varying widths of gauge, have been introduced in different countries, thus preventing the extension and connection of the systems.

In 1855 the *Panama Railroad* was completed to aid in the communication between the Atlantic and the Pacific. The demand for this communication was intensified by the rush to the gold fields of California and the development on the Pacific seaboard. A line across the Isthmus of Tehuantepec has been of large influence in that region. There is a third inter-oceanic railroad through Guatemala, and a fourth, connecting Buenos Aires and Valparaiso, was completed in 1909.

Railways have been projected connecting the different river systems and affording transportation which would not be possible by navigation alone. An interesting development of the latter sort is a railroad built around the rapids of the Madeira River in western Brazil, a distance of two hundred and ten miles. Below these rapids ships discharge their cargoes, which are taken by rail to the region above the rapids where there is a further navigation of twenty-five hundred miles in a region of great wealth in upper Brazil and Bolivia. This railroad, which was completed after repeated trials, represents American enterprise and American capital.

At the meeting of the Pan-American Congress in Mexico in 1901–1902, a plan was projected of establishing a great intercommunicating trunk line from New York to Buenos Aires, a distance of ten thousand miles, which would act as a backbone for numerous other lines, as branches and feeders. This project is far from realization, but with the building of railroads in different countries and the linking up of systems it seems possible of realization.

333. Financial Condition.—The development of Latin America has been largely by use of *foreign capital.* In Mexico, and the districts bordering on the Caribbean, American money has predominated, while in the countries lying farther south the dependence has been chiefly on Great Britain, France, and Germany. Chile has been held almost as much a British industrial state as though she were a British colony. American

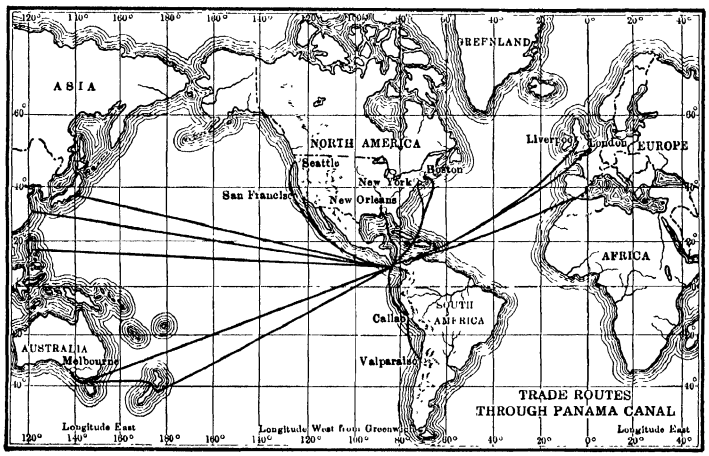
interests have begun to rival the British in Chile. Foreign wealth has worked the coffee plantations of Brazil and built the railroads of Brazil and Argentina. Flocks in Argentina and Uruguay are owned by the British. Mexico has been dependent on American capital, and it is estimated that one billion dollars of American wealth have been put into the industrial development of that country. Great Britain and Germany have established branch banks in the South American centers and the United States has depended almost entirely upon exchange through London.

With one or two exceptions the Latin-American countries are deeply in debt, and most of them have suffered from a depreciated paper currency. The political instability of the Central American Republics and those on the north and west of South America has deterred foreign investments in these regions, and their economic development has not kept pace with that in other sections. The loss of investments in Latin America has presented acute international relations. The bankruptcy of Argentina in 1889, resulting in the failure of the Baring Brothers in London in 1890, set in motion world-wide influences on economic conditions, but Argentina quickly recovered from this failure and has since had a stable economic development. Conditions in Latin America are steadily growing better. Foreigners have influenced the governments and protected themselves in ways not possible in the earlier periods.

334. The Panama Canal. — The canal across the American Isthmus was one answer to the world-old question of how to reach the East. Alexander the Great, Marco Polo, Columbus, da Gama, Magellan, Drake, and many others had attempted its solution. Raleigh, John Smith, Henry Hudson, La Salle, and other explorers sought in vain for water communication through the western hemisphere, but at the opening of the twentieth century this question was still unanswered.

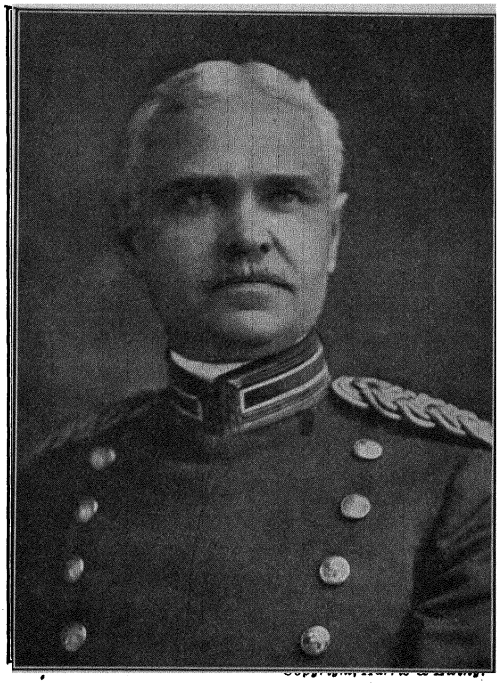
The German traveler-scientist Humboldt mentioned nine possible routes for a canal to connect the Atlantic and the Pacific, but these were narrowed down to two as of practical value, through *Nicaragua*, and across the *Isthmus of Panama*.

Diplomatic complications affected the plans for the canal. Great Britain had secured certain rights on the American Isthmus and in 1850 the United States entered into an agreement with her known as the *Clayton-Bulwer Treaty* guaranteeing the neutrality of the canal and participation on equal terms in its construction. This delayed action by the United States because she wished to have a canal under American control.



During the delay two attempts were made to build a canal by private enterprise. An American company started a canal at Nicaragua but failed in 1893. De Lesseps, who had promoted the Suez Canal, urged upon the French the greater advantages at Panama and organized a private company which began operations in 1882 and carried the work forward to a considerable degree. Mismanagement and incompetence, if not corruption, attended the operations of the French company; the project proved too extensive for any private company to promote, and in 1889 the Panama Canal Company failed and the work came to a standstill. Five years later another Panama Company was organized and began work anew, but the progress was slow.

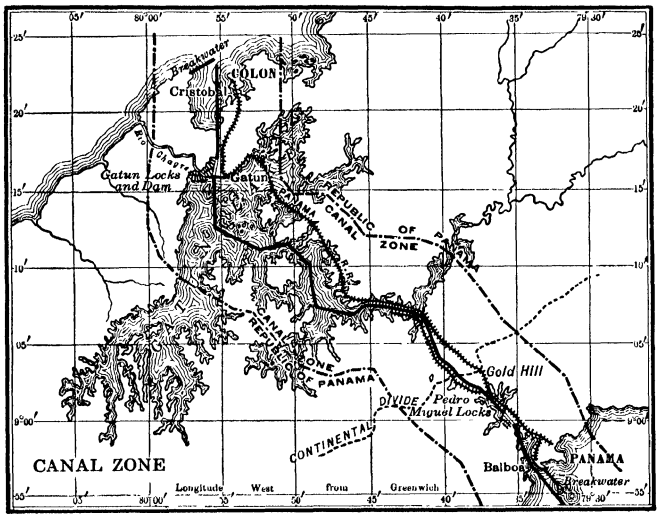
In 1901 the *Hay-Pauncefote Treaty* between the United States and Great Britain was ratified, superseding the Clayton-Bulwer Treaty. This gave to the United States the right to construct a canal and the exclusive power in its regulation and management. The canal was to be free and open to vessels of commerce and war of all nations and on equal terms. The United States bought the rights of the French Panama Company for forty million dollars (1902) and opened negotiations with the Republic of Colombia for territorial rights on the isthmus. Colombia demanded constantly more money for the privilege and while the matter was pending the State of Panama seceded from Colombia. Panama's independence was recognized by the United States and a treaty entered into with her in 1904 which gave the right to build the canal and sovereignty over a territory ten miles wide across the isthmus.



COLONEL (GENERAL) GEORGE W. GOETHALS

In 1904 the United States entered on the stupendous task of building the canal, a task which was completed in 1914. Two engineers were engaged on the work, but the man chiefly entitled to credit for completing the undertaking is Colonel (General)

George W. Goethals of the United States Army. As an engineering feat the building of the canal is a notable triumph. As a means of overcoming the limitations of a tropical environment and of carrying on work in the tropics, it is likely the most striking feat which the world has yet known. The canal stands as an example to the world of the achievements of American enterprise and American capital.[1]



The *effects* of the Panama Canal must be far reaching. The water communication between New York and San Francisco has been reduced by eight thousand miles. Honolulu is sixty-six hundred and twelve miles nearer to New York than by Cape Horn. Yokohama is thirty-seven hundred miles nearer New York than formerly, and that city is made nearer to New York than Liverpool by over eighteen hundred miles. Shanghai is

[1] The canal is fifty miles in length and has a width at the bottom varying from three hundred to one thousand feet, with a channel of water through its center varying in depth from forty-five to eighty-seven feet. Repeated "slides" of earth interfered with the use of the canal in the early years following its completion.

sixteen hundred miles nearer to New York than to Liverpool. The greatest gain, however, is to the ports in the southern part of the United States and on the west coast of South America. The latter will be brought into a sphere of commercial development heretofore not possible.

335. Trade Relations. — Latin America is essentially a producer of raw materials and has shown *limited commercial enterprise*. The people have been conservative both in the goods they demand and in their trade methods. The countries, however, are fabulously rich in mineral resources, timber products, and agricultural possibilities. Few of the countries have entered into an active trade period. For example, in 1911 Argentina had a foreign commerce of approximately $670,000,000. Brazil had trade approaching this total, while Cuba, Mexico, and Chile each had foreign trade of more than $200,000,000, and the other countries followed with less than $100,000,000 each per year.[1]

In 1911 Argentina had become the world's greatest exporter of maize and of chilled and frozen meat. In wheat exports she was surpassed only by Russia and in wool exports only by Australia. The United States has been largely represented in the industrial development of Argentina. American harvesting machines have supplied her great farms. Her industrial needs for lubricating and illuminating oils have been met by Americans. The American packing interests have been active both in the meat industry and trade from Argentina and are thought to control probably fifty per cent of the export of meat products.[2] *Buenos Aires* has become a great metropolis, which in population and wealth ranks among the leading cities of the world. In 1810 Buenos Aires had but forty-six thousand people; in the same year Lima had eighty-seven thousand people. One hundred years later Lima's population was but one hundred and sixty thousand, while the population of Buenos Aires was one million two hundred thousand.

South America has bought most largely from Great Britain.

[1] Shepherd, *Latin America*, 176.
[2] Whelpley, *Trade of the World*, 342, 343, 357.

The United States has served as the principal market for raw materials which South America has to sell and there has grown up a sort of triangular trade which is best illustrated in the commercial relations with Brazil. The United States has bought Brazil's coffee. Brazil has bought British manufactures and the United States has made good the balance through her exports to Great

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DOCKS AT BUENOS AIRES

Britain. German success in South America evidences the gains which come from studying a market and supplying people exactly the goods they demand and by methods of trade, credits, and exchanges which are familiar. For many years reports have been common of the misunderstandings by American merchants and their inability or unwillingness to adapt themselves to the wares and ways of Latin America. If the United States is to realize large trade advantages from relations with South

America it will probably be necessary to invest capital in the development of the rich natural resources of that continent. Particularly does this statement apply to the exploitation of mineral wealth.

In 1910 the total commerce of the Latin-American republics amounted approximately to two billion one hundred million dollars. The average commerce twelve to fourteen years earlier had been about nine hundred and twenty-four millions of dollars. There was an increase of over a billion dollars in little more than a decade. The trade of the United States with the republics in 1909–1910 was six hundred and thirty-one million dollars, of which nearly four hundred millions were in exports to the United States. This trade showed an increase of one hundred and fifty per cent in a period of twelve years.[1]

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Suggested Questions and Topics

1. What reasons can you give for identity of interest of the United States and the Latin-American Republics?

2. What was there in the origin and what in natural inclination that would tend to direct the trade of Latin America to Europe rather than to the United States?

3. What in the foreign policy of the United States tends to draw the Latin-American Republics toward this country?

4. Mention one incident in our foreign policy which would make the Latin-American Republics suspicious of the United States.

5. What was the moral effect of the Mobile declaration of President Wilson in 1913 that the United States would not again seek to secure one additional foot of territory by conquest?

6. From ancient times trace the numerous efforts to reach the Far East. (See earlier accounts of Babylon, Rome, Spanish and English exploration.)

7. Do the prodigal supplies of natural resources in the countries of Latin America tend to the development of initiative and a progressive spirit among the native peoples? Why?

8. What was the effect of the government of Diaz in Mexico? What conclusion do you form from the results of his administration of the government as compared with the condition which followed his exile?

9. Show from the experience of the United States in Latin America the possibilities of white men living in the tropics. From these experiences what is your opinion as to the future of tropical America?

10. Which of the Latin-American countries is likely to be the greatest future competitor of the United States? Why?

11. Do recent events point to a decreasing or an increasing commercial interest of the United States in Latin America? Why?

12. What arguments can you see for the policy of the United States in supporting Panama in her revolt against Colombia?

13. What arguments could be urged against the United States recognizing Panama?

14. Suggest policies which if followed would contribute to an increased trade and a larger influence of the United States with Latin America.

CHAPTER XXXI

INTERNAL DEVELOPMENT OF THE UNITED STATES (1833-1880)

336. Financial Conditions. — As Jackson withdrew deposits from the United States Bank (sec. 203), new deposits were placed in state institutions termed "pet banks." This brought the money nearer to the people and gave the stimulus for speculation which was directed largely to the purchase of western lands and to developments in the west. The growing prosperity which succeeded the War of 1812 made money plentiful, and heavy obligations were incurred to be met at some future time. In the four years of Jackson's second term the seeds were sown which came to harvest in the "Panic of 1837."

337. Panic of 1837. — The panic may be traced to a series of causes. On July 11, 1836, the federal government issued the *Specie Circular*, stating that only gold and silver, and notes redeemable in gold and silver, would be accepted in payment for public lands. This precipitated difficulties in the newer states of the west, in which there were many "wild-cat" banks which had issued irredeemable paper currency, and, as the sections which they served were largely indebted for public lands, debtors were soon unable to meet their obligations. In 1835 the last of the *National Debt* had been paid and a policy of distributing the surplus of the federal government among the several states was entered upon. The first of four payments was called for January 1, 1837, and the National Treasury withdrew a total of twenty-eight million dollars from the state banks. This added to the embarrassment of the banks and before the second call was made on April 1 of the same year, banks had begun to fail and the complications were such that one half

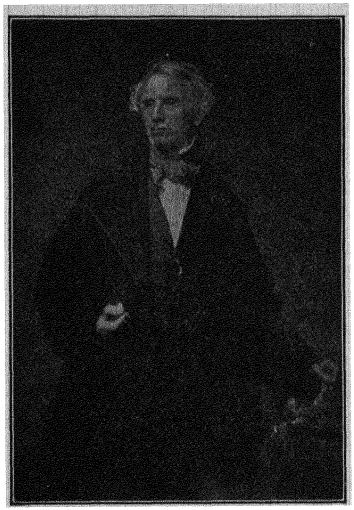
of the third installment, and the entire fourth installment, were never paid. Many *other influences* added to the difficulties. Crop failures in 1835 and 1837 lessened ability to pay old obligations and lowered purchasing power; bank failures in England in 1836 affected America unfavorably. Large importations of European goods necessitated the sending out of specie; and in 1835 a great fire in New York destroyed six hundred stores and more than twenty million dollars' worth of property. Institutions of all sorts were unable to meet their obligations; even states could not pay their debts. Although the general government was free from debt there was no money for current expenses and Congress was called in extra session and voted ten million dollars in Treasury notes to meet the emergency.

338. The Independent Treasury System. — A plan to have the federal government keep control of its own funds, later known as the *Independent Treasury System*, grew out of the Panic of 1837. In brief, this plan was that the surplus should be kept in the Treasury at Washington, in various sub-treasuries at the financial centers, and in other places such as mints and postoffices. After repeated attempts the bill approving this arrangement was passed in 1840 and provided that sub-treasuries be established at Boston, New York, Philadelphia, and New Orleans. The Whig party opposed this bill, and when the Whigs came into power in 1841 they promptly repealed it. They failed, however, in their efforts to restore the United States Bank, and the provision for an Independent Treasury was reënacted by the Democrats.[1] Since 1846 the Independent Treasury has continued as the agent for handling the surplus of the general government, though banks were later accepted as depositories in which were placed limited amounts of this surplus.

339. American Inventions. — In no particular has the resourcefulness of America been better illustrated than in the ingenuity of her people in devising labor-saving machinery and increasing the productive power of the country. Cyrus H. McCormick's first reaper was produced in 1834. This went

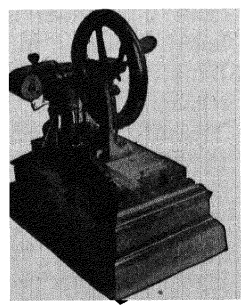
[1] Kinley, *Independent Treasury*, 26–52.

through many changes and ultimately appeared as the wonderful self-binder. Many other forms of *agricultural machinery* were invented, which made possible the development of the great west, and which have been contributed by America to the progress of the world-at-large.



SAMUEL F. B. MORSE AND HIS INVENTION

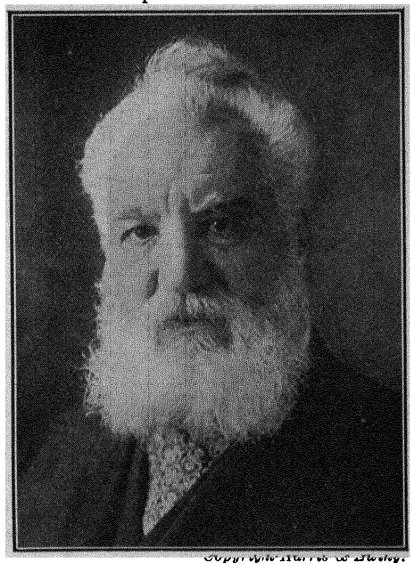
Samuel F. B. Morse, building on the work of others, perfected the *electric telegraph* in 1835. In 1844 Congress appropriated funds for a line from Baltimore to Washington. The next year a private company erected a line from New York to Philadelphia, which line was promptly extended to Baltimore. During 1846 and 1847 extensions were made from New York to Boston, Albany, and Buffalo. In 1848 a telegraph line was built from New York west, reaching Cleveland, Toledo, Detroit, Chicago, and Milwaukee. In the same year telegraphic communication was extended from Washington to New Orleans, linking various other cities of the South. Thus within four years the settled portions of the country were in telegraphic communication.



HOWE'S SEWING MACHINE

Goodyear's process of *vulcanizing rubber* was patented in 1844 and India rubber became an article of great economic possibility. Elias Howe brought out his invention of the *sewing machine* in 1846. This machine was much improved within the next few years and had marked success from the start. In

1856 the rival producers entered into an agreement for pooling their interests and for dividing the royalties. Singer adopted the installment method of sale, thus making it easier for people of all stations in life to buy his machine. The sewing machine has been applied to many forms of manufacture and has changed both domestic life and the industrial operations of the world. As with harvesting machinery, the American sewing machine has gone around the world.



ALEXANDER GRAHAM BELL

Many other inventions followed. From 1840 to 1850 patents were granted at the rate of six hundred and forty-six annually and in the decade succeeding 1850 the annual grants by the patent office were two thousand, two hundred and twenty-five. The *telephone*, one of the most important of American inventions, was patented in 1876 by Alexander Graham Bell and was exhibited at the Centennial in Philadelphia. As Franklin had led in the early experiments by which the identity of lightning and electricity was established, so C. F. Brush, another American, perfected the *electric arc light* (1878). Thomas A. Edison also contributed from America the world's first practical incandescent light.

340. Tariffs. — The period from 1833 to 1860 was of uncertainty in the tariff policy. There were frequent changes in the tariff and a wide difference in the duties levied. In 1842 the average on all dutiable articles was slightly over twenty-three per cent. In 1843 the average was made nearly thirty-

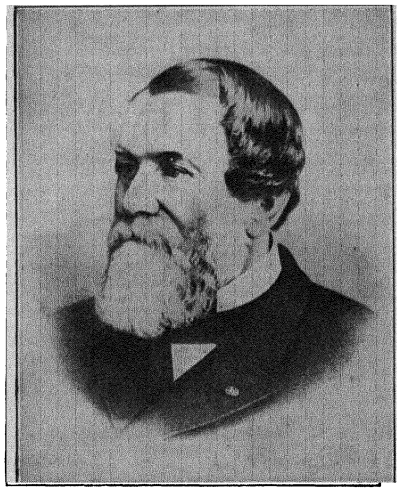
six per cent. The purpose of this tariff was to give more revenue. Specific duties were laid as far as possible and changes made in the method of collecting the tariff. By 1844 good times had again returned and the tariff was made a party issue. In 1846 the *Walker Tariff* was drafted, with a general lowering of duties and the change from a specific to an *ad valorem* basis of making the levy. Government warehouses were established into which goods might be brought under "bond," to be unpacked, sorted, repacked, and reëxported without the payment of duties, thus reducing the outlay of commercial capital. Under the Walker Tariff, articles on which tariff was levied were divided into various groups termed schedules and designated by letters of the alphabet. The Tariff of 1846 yielded more revenue than the country needed, and in 1857 a new act was passed lowering many of the duties and enlarging the free list. In the three years following the Tariff of 1857 deficits accumulated to the amount of fifty million dollars, and in 1861 the *Morrill Tariff* bill was enacted. This bill increased duties moderately and called for a return to specific duties on many commodities.

The Civil War made necessary a largely increased revenue, and high duties termed *war tariffs* were levied to give the government as much income as possible. A revision of the tariff was also suggested by greatly increased internal revenue duties which had been placed on domestic manufactures and industries. The first war tariff was passed in 1862, and the second in 1864 further extended the principle of protection. By the tariff of 1862 the average rate on dutiable commodities was thirty-seven per cent; by that of 1864 it was made forty-seven per cent. The duties on wool were increased by an act of 1867, and copper was the sole commodity affected by a further act of 1869.

A new tariff bill was passed in 1870 lowering duties on articles not produced in the United States and reducing the rate on pig iron. In 1872 another tariff was passed, making a horizontal reduction of ten per cent on all articles. The legislation of 1872 was charged with being one of the causes of the Panic

of 1873. The revenue from customs fell from $216,000,000 in 1872 to $163,000,000 in 1873, and this decrease seriously embarrassed the government. The act of 1872 was repealed in 1875, and with slight changes in 1883 the former tariff arrangement continued to 1890.

341. Agricultural Production. — Every phase of the agricultural process was affected by some form of machine. In 1850 the total value of agricultural implements and machinery manufactured was less than seven millions of dollars. Ten years later the value of the output was over twenty and one half million dollars.[1] The use of *commercial fertilizer* increased steadily. One thousand tons of guano were imported in 1848; in 1856 importation of this product had increased to sixty thousand tons. The supply of guano soon proved insufficient and commercial fertilizers made of fish and animal refuse mixed with phosphate rock and potash, were used.

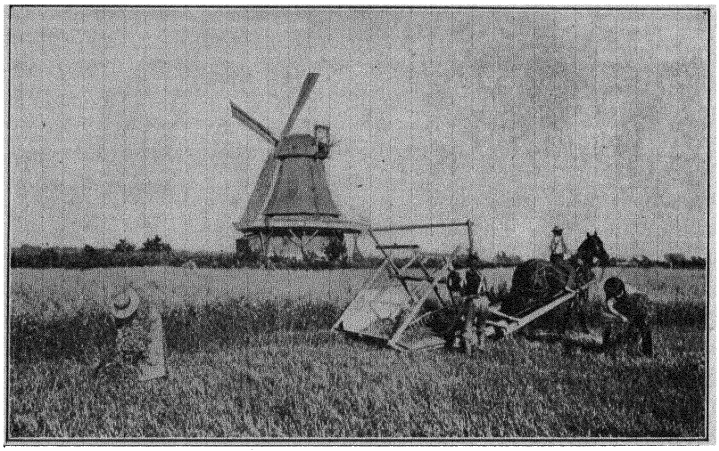


CYRUS H. MCCORMICK

The North and the West developed in the direction of *diversified agriculture* while the South kept mainly to a single crop. Level fields and the more fertile soil of the Middle West favored that region, and as machines were brought into use land there could be tilled so as to put the older sections of the East at a disadvantage and in some cases abandoned farms became waste, growing up to underbrush. In the South, agriculture was chiefly of the staple crop *cotton*, with corn, rice, sugar, and

[1] Quaintance, *Influence of Farm Machinery*, 11.

tobacco as secondary crops. All of these were produced profitably by slave labor which could be employed in the fields in gangs. The great wealth of the South was in its cotton, which was grown most extensively in Alabama, Mississippi, and Louisiana. Cotton constituted a disproportionate share of exports, in some years making one half of the total. In consequence the South had a distorted notion of the dependence



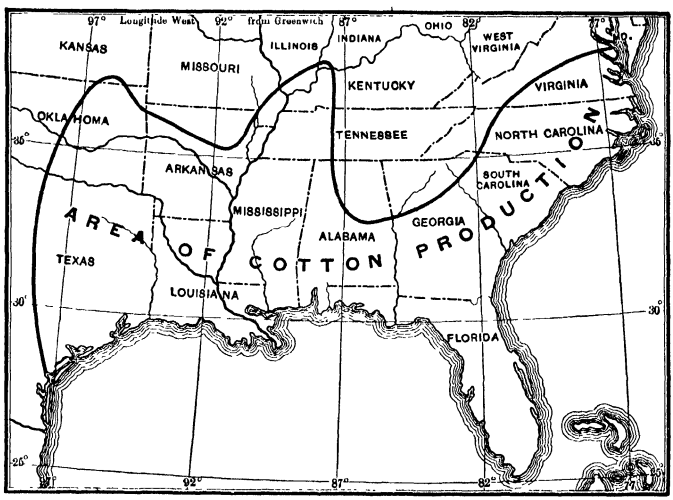
McCORMICK'S FIRST REAPER

Photograph by International Harvester Company.

of England and the foreign trade of the United States on its staple. Gradually there grew up a triangular trade in the relations between Europe, the northern states, and the South. Cotton was shipped directly from the southern ports to the European markets; finer forms of manufacture were sent from Europe to the states of the North; and the articles of domestic manufacture and imported manufactures were sent from the northern states to the South. The South depended almost entirely on the factories of the North and Europe for clothing, implements, tools, and other manufactures.

The greater productive power of the North during the Civil

War was an important element in the contest. The South was economically exhausted and not able to equip her armies and keep them in the field. Indeed it has been said that the issue of the Civil War was decided by the invention of the reaper. The North, and particularly the West, could produce crops, supply armies, and sustain economic life, while the South, without resources and cut off by the blockade, was prostrated. In the period of the Civil War crops continued good and prices were high, so that the farmers of the North and West had a decided advantage. As the price of commodities rose out of proportion to the scale of wages the laborers were at a disadvantage in comparison with the producers.



During the middle of the century the American farmers saw the advantage of improving breeds of horses, cattle, hogs, and sheep. Heavy draft horses, as Clydesdales and Percheron-Normans, were introduced, as were also improved breeds of cattle, as Jerseys, Guernseys, and Holsteins, and new strains of hogs, as Berkshires and Poland Chinas. Merino sheep had been im-

ported from Spain and crossed with the native breed, thus producing a much finer quality of wool.

The cotton crop of 1840 was slightly over two million bales (500 pounds each), which was the largest for any year up to that time, and considerably larger than in the years immediately succeeding. In 1860 there were produced over four and one half million bales of cotton. The production fell during the Civil War, but in 1870 it exceeded three million bales. In 1880 the total was above five and one half million bales.

The production of *cereal grains* increased enormously in the period from 1840 to 1880. In the first named year three hundred and seventy-seven million bushels of Indian corn were grown, and in the year last named one billion seven hundred and fifty-four million bushels. The increase in wheat in the same forty years was from eighty-four million bushels to four hundred and fifty-nine millions, and oats from one hundred and twenty-three million to four hundred and seven million bushels.

342. Mineral Resources. — Before 1848 the United States was at a disadvantage because of her limited supplies of *gold* and *silver*. It was necessary to import both these commodities for use in the currency and the arts. In the year named, gold was discovered in California, and the production of the country jumped at once from less than a million dollars to over fifty million dollars annually. California's maximum output was in 1852, when the value of gold produced was eighty-one million dollars. Gold to the value of over six hundred millions was mined in the first twelve years following the discovery in California. Discoveries of gold were made in Colorado in 1858 and in Montana in 1861. In 1859 rich stores of silver were found in Nevada, and this same commodity was later discovered farther east in the Rocky Mountain region.

About 1860 even greater wealth than gold and silver was discovered in the *copper* and *iron* deposits on the upper peninsula of Michigan. The introduction of electricity made a large demand for copper, — a demand which the United States was well prepared to supply, and she became the great copper-producing country of the world. The supplies of iron on the

Atlantic seaboard were not rich. In the period under review deposits of iron were also found in northern Alabama, and in 1871 a new manufacturing center was established in the heart of that region at *Birmingham.* As stated by Jevons, "Iron is the fulcrum through which the power of steam is applied," and on the iron industry was built the superstructure of America's industrial development.

But even iron is dependent on *coal,* and though the United States was tardy in the use of coal and coke in the iron industries, she did ultimately utilize her great natural endowment. Western Pennsylvania and West Virginia held rich stores of a freely coking coal, well adapted to the smelting of iron and the manufacture of steel. The Great Lakes offered cheap transportation for the iron ores of the Lake Superior region, and it proved more economical to bring the ore to the fuel and the limestone flux, also found in Pennyslvania, than to take these commodities to the ore. Hence western Pennsylvania became a great iron manufacturing center. Coal was found in the same region with the iron ore in the Birmingham district, which gave that region great advantages. From the foundation of the government to 1860 America exported little iron, and moreover it was necessary for her to import both iron and steel in a crude form for use in connection with her other industries. But gradually the industry had grown until in 1860 the country was fairly in a position to be industrially independent.

Petroleum or, as it long was known, "rock oil," was brought into use just before the Civil War. The presence of this oil had been known in various parts of the country, but the first oil well was not driven until 1858. The production of petroleum increased rapidly and mineral oil has been one of the large items of foreign export. Not only is there the oil itself, but an extensive group of by-products has been developed, and these have found their way into trade both at home and abroad. Extensive oil fields have been exploited in Pennsylvania, Ohio, West Virginia, Texas, Oklahoma, and California. The industry has been consolidated and large economies practiced in refining and handling oil. Pipe lines are laid from the oil fields

to seaboard and Lake cities through which crude oil is pumped by machinery. At the seaboard it is refined and conveyed to great tank steamers which carry it to all parts of the world.[1]

The success of many prospectors for gold and oil, the ease with which fabulous fortunes were made in the development of mining industries, and the large profits from manufactures in iron and copper, stimulated a love for gain and established in America the idea that riches could be secured quickly and easily. Around these activities and interests unfortunately grew a feverish artificiality in American life.

343. **Manufactures.** — Before the middle of the nineteenth century the manufactures of the United States were unimportant. In the main she produced foodstuffs and raw materials and the coarser forms of manufacture, and she depended on the Old World for finer wares. Not until 1850 was there anything like an accurate census of manufactures in America, and even then establishments producing goods valued at less than five hundred dollars yearly were not included. In 1850 one hundred twenty-three thousand establishments were enumerated with nearly a million employees and producing to the value of over a billion dollars. Six sevenths of this product was reported from fifteen states, the greatest centers being New England and the Middle States.

In 1860 cotton manufactures had become an important industry, with woolens, boots and shoes, hardware, rubber goods, and machinery all claiming a large place. The cotton manufactures increased rapidly in New England, where there was plentiful water power and the climate was favorable to spinning. By 1850 cotton manufactures had so grown in New England that the ratio of spindles to the population was slightly higher than was the ratio in Great Britain. In 1860 this industry had reached such a development that six sevenths of all the cotton goods used in the country were home manufactured, and America was already exporting cotton goods to the Far East.

The greatest change in the period under review was in the

[1] Day, *History of Commerce*, 561, 562.

iron and *steel* industries, resulting from the use of coal and coke for smelting. In 1840 there were only six anthracite furnaces in the United States; in 1856 there were one hundred and twenty-one. Before 1880 coke from bituminous coal was substituted for anthracite and iron was being converted directly into steel. In 1867 the Bessemer process was invented, which gave a great impetus to the making of steel in large quantities. The English economist Jevons, writing in 1866, said that the abundance of both fuel and ore in the United States had set at rest the question of the future seat of the iron industry. Pig iron production advanced from nine hundred thousand tons in 1860 to more than four million tons in 1880, and in the last named year western Pennsylvania had become the foremost iron manufacturing region in the world.

The Civil War stimulated the growth of domestic manufactures through the loss of American ships and the temporary interference with foreign intercourse. The high tariffs largely excluded foreign manufactures, and industries of all sorts were built up. Between 1860 and 1880 there was a gain of one hundred and eighty-four per cent in the value of manufactured products and of one hundred and seventy-six per cent in the capital invested in manufactures. The population for the same period increased fifty-nine per cent. The articles imported were largely luxuries and the finer forms of manufactures.[1]

344. Organized Labor. — Changes in the organization of business, the need of large investments in plants and machines, the long periods in which investments were locked up from the purchase of the raw materials to the sale of the finished products, the necessary aggregation of numbers of laborers, all made necessary the services of an *organizer* or *manager*. Laborers ceased to be managers as they had been under the domestic system, and there grew up a class that had no prospect other than life as wage-earners. When large numbers of laborers were thrown together they joined for the protection of their interests and national unions of labor organizations were formed. The first railroad strike in the

[1] Bogart, *Economic History of the United States*, 409.

country was on the Erie Railroad in 1857. The Civil War delayed the contests between labor and capital, but it did not prevent the organization of labor on a national scale. The Brotherhood of Locomotive Engineers was formed in 1863, the Cigar Makers' Union and the International Union of Bricklayers and Masons in 1864, and before the end of 1866 more than thirty national trade organizations were in existence. These demanded shorter hours and better conditions of labor. A national labor convention was called at Baltimore in 1866, and was largely attended. Similar conventions were held in 1867 and 1868 and there was organized a Workingmen's party with an estimated membership of more than six hundred thousand. In 1869 Congress enacted a law for an eight hour day for all laborers employed by the United States. National Labor Conventions were held in 1871 and 1872 and in the latter year the Labor Party nominated a candidate for the presidency.[1]

The greatest uprising of labor which occurred before 1880 was the railroad strike in Pittsburgh in 1877. One hundred thousand laborers are believed to have been involved in this strike and scenes of violence continued for days. The railroads were not able to move trains through the city, and in Pittsburgh alone property was destroyed to the value of over ten million dollars.

Books for Consultation

[**]Bogart, *Economic History of the United States*, Ch. XIII, "The Growth of the Factory System (1840–1860)," Ch. XVII, "Currency and Banking"; Ch. XVIII, "Population and Labor"; Ch. XX, "The Application of Machinery to Agriculture (1840–1860)." Revised Edition.

[**]Dewey, *Financial History of the United States*, Ch. IX, "Attack upon the Bank; the Surplus, 1829–1837"; Ch. X, "Panic of 1837 and Restoration of Credit"; Ch. XI, "Tariff, Independent Treasury and State Banks." Revised Edition.

[*]Coman, *The Industrial History of the United States*, Ch. VII, "The Epoch of Expansion and the Crisis of 1837"; Ch. VIII, "Territorial Expansion and the Revenue Tariffs." Revised Edition.

[*]Day, *History of Commerce*, Ch. XLVIII, "National Expansion, 1815–1860"; Ch. XLIX, "Exports, 1815–1860"; Ch. L, "Imports, Policy, Direction of Commerce, 1815–1860."

[1] Coman, *Industrial History of the United States*, 304, 305.

Andrews, J. D., *Colonial and Lake Trade*, Report in 1854, 32d Congress, 1st Session, Senate Executive Documents, No. 112.

*Dunning, Wm. A., *Reconstruction, Political and Economic*, The American Nation Series.

*Taussig, F. W., *Tariff History of the United States*, Pt. I, Ch. III, "The Tariff" (1830–1860); Pt. II, Chs. I, II, and III (1860–1883).

McMaster, J. B., *History of the United States*, Vol. VII, Ch. LXXI, "The Currency Famine and the Bankrupt States."

Suggested Questions and Topics

1. As the causes of panics are better understood does it seem probable that they can be avoided?

2. What have been the advantages and disadvantages of the Independent Treasury System as a means of storing and distributing the circulating medium of the United States?

3. What provision of the Federal Constitution has contributed to American invention?

4. What does John Morley mean in his statement that "Liberty and Union" have been the "twin ideals of America"? (*Educational Review*, January, 1905.)

5. What are the advantages and disadvantages of levying a tariff by the *ad valorem* and *specific* methods?

6. What was the effect of the very common advice in the period from 1850 to 1890, "Go west, young man"?

7. Explain the origin of the phrase "striking oil" as applied to a run of good luck.

8. Why did organizations of labor in the United States follow as a result of methods of manufacture?

CHAPTER XXXII

INTERNAL DEVELOPMENT OF THE UNITED STATES (1833–1880) (*Continued*)

345. Slave Labor. — Labor was considered degrading in the South because it was largely performed by those in a servile status. Slaves were used chiefly for field tasks or house service and in logging and lumbering activities. The plantation was a sort of patriarchal organization having among the slaves artisans and tradesmen, such as blacksmiths, carpenters, and bricklayers. When these skilled slaves could not be employed by their master they were often hired out. Certain iron furnaces which were located south of the Mason and Dixon line hired slaves of other masters, the usual rate being about two hundred dollars per year.[1] Economically the system of slave labor was not profitable and the testimony was frequent that slaves would work only to escape punishment and that they were not careful to avoid breakage of tools or injury to the cattle, horses, or mules. While slavery had a bad influence on the negroes it has been generally felt that it had a worse effect on the slave aristocracy of the South. Population increased more rapidly in the industrial North, and the South was desirous of securing additional territory and extending slavery to keep pace with the increase in the North. Thus negro slavery was a basis of sectional differences, which led at last to the Civil War.

346. The Civil War. — At the outbreak of the Civil War the advantages were with the North in population and resources. By the census enumeration of 1860 two thirds of the population was in the states which remained in the Union, and the larger

[1] *Social and Economic Forces in American History*, 334 (Am. Nation Series).

proportion of real and personal property was in the same section. In going to war the South exposed slave property to the value of two billions of dollars, all of which was lost. The *cost* of the war was stupendous, but its results were decisive in freeing the nation from the evils of negro slavery and in settling for all time the question of the dissolution of the Union.[1]

The first eleven years following the Civil War was a time of *readjustment* both in the North and in the South. New lands were occupied in the West, mineral resources exploited, manufactures built up, and railroads projected. The South grappled with the problems of reconstruction resulting finally in the restoration of the seceding states to their position in the Union with all the rights before enjoyed.

When Congress met in December, 1861, there was in the federal treasury a *deficit* of one hundred and forty-three million dollars. Specie had been drawn out of the country and United States bonds were little in demand. Banks suspended specie payment, which forced the government to the same policy. Then followed the Legal Tender Act of February 25, 1862, providing for the issue of one hundred million dollars in Treasury notes which were to be legal tender as were to be the fifty million dollars authorized in the preceding July. All dues to the United States government except the payment for duties could be made in these "greenbacks."

In order to secure revenue and distribute the burden of the war Congress in 1862 levied a tax of three per cent on all *incomes* exceeding eight hundred dollars a year. In 1864 this tax was raised to four per cent and was graduated to five and ten per cent for those having larger incomes. *Internal revenue* taxes were levied on a wide variety of articles of domestic manufacture and consumption, and increased tariffs were also put into effect. Though the revenue of the federal government was largely increased, expenses increased more rapidly and the

[1] An estimate of the cost of the war in 1879 showed that down to that time there was a total of over 6 billion dollars. (Dewey, *Financial History of the United States*, 329, 330.) Compare with this 50 billion dollars expended in the first two years of the World War beginning in 1914.

United States was under the necessity of borrowing money by the sale of bonds. When the bonds did not yield sufficient funds, the further issue of bills of credit in the form of greenbacks was approved by Congress. This paper ("fiat") money so decreased in value that in 1864 it was worth in gold only one third of its face value.

National banks were established in part at least to market United States bonds. By act of 1863, amended in 1864, Congress provided for national bank notes which should be secured by United States bonds. National banks when organized were entitled to have furnished them by the Treasury department notes to the amount of ninety per cent of the bonds which they deposited. Four hundred million dollars worth of bonds were sold in 1863 and six hundred million additional during the next two years. State banks attempted to continue as rivals of the national banks, but under an act which became operative January 1, 1866, their circulating medium was retired by a tax of ten per cent on all state bank currency.

In April, 1866, Congress authorized the retirement of the legal tender notes, but there was so much dissatisfaction with the contraction of the currency that the same body in 1868 prohibited further retirement. The demand for more abundant currency and cheap money found its expression in the so-called "greenback movement" in the late sixties and the seventies. Matters so continued until the close of 1878, when the approaching resumption of specie payment by the United States Treasury placed greenbacks on a par with gold.

A plentiful circulating medium with the reaction from the period of the Civil War and a spirit of speculation in business, due to the exploitation of petroleum and other mineral products, led to a disastrous panic. In 1871 money began to be scarce and interest rates high, and in 1873 there were wholesale failures of commercial and banking houses, finally extending to all branches of business. Railroad building was temporarily stopped, manufactures curtailed, laborers were out of employment, and a general condition of hard times resulted.

347. Blockades and Ravaged Commerce. — With the outbreak of the Civil War, President Lincoln declared a *blockade* of the southern ports and by degrees the South was sealed up, so that she was prevented from disposing of her cotton or securing the arms, equipment, and other manufactures necessary for the conduct of the war, and the maintenance of her economic life. "Blockade runners" sometimes escaped the vigilance of the squadrons which patrolled entrances into the southern harbors, but these were not in sufficient numbers to relieve the South from the great disability under which she lay. As a counter proposition the Confederacy commissioned ships which put to sea to prey upon northern commerce. Some of these were built and manned in England, and England's responsibility was recognized in the award of the "Alabama claims" by the Geneva Board of Arbitration (Sec. 223). Merchant ships of the United States were widely scattered, and of necessity they could not be protected, with the result that large damage was done to American shipping.

348. Ships and Shipping. — In 1830 ninety-four per cent of America's imports came in her own ships. American tonnage increased fifty-two per cent in the five years ending in 1846, but in the next five years, *i.e.*, to 1851, the registered tonnage increased only six per cent. The greatest change occurred during the Civil War and the period immediately following. Iron steamships had proved successful, and England was better equipped for building these. America had acquired rich possessions on the Pacific coast, and the projection of railroads and the development of natural resources gave new outlets for American capital. Homestead acts opened western lands to settlement. The introduction of petroleum and the decrease in the number of whales gave a serious setback to the whaling industry.[1]

Just before the the Civil War the United States occupied an enviable place among the maritime nations, having one third of the world's tonnage, and carrying approximately one third of the world's commerce. The American clipper ship was famed for speed, safety, and carrying capacity.

[1] *The Future of American Shipping*, "World's Work," June, 1902.

Since 1820 the tonnage of American shipping in the *coasting trade* had been equal to that engaged in foreign commerce, and from 1860 onward it greatly exceeded the tonnage in foreign trade and became far more important in the life of the nation. The tonnage in the coasting and inland trade in 1831 was a little over five hundred thousand; in 1840 it had reached a million, and this figure increased two times over during the succeeding twenty years.

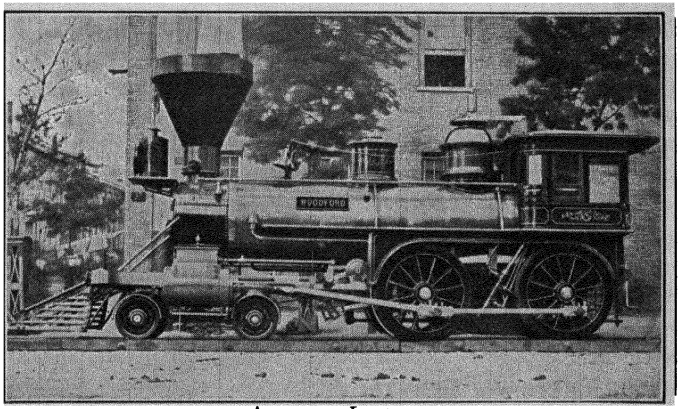
In 1856 the steam tonnage of the Mississippi and its tributaries equaled the total steam tonnage of Great Britain. At first the boats built for river and Lake trade were not more than three hundred to four hundred tons burden, but they were gradually increased until many compared in size with ocean-going ships. In 1876 there were over two thousand vessels in the Atlantic and Gulf coasting trade with an aggregate tonnage of 665,879 tons. The Great Lakes had 921 vessels aggregating 201,742 tons, and the western rivers 1048 steam vessels aggregating 226,312 tons.

As this inland commerce was developed, *freight rates* were reduced; thus in 1859 the average freight cost of a bushel of corn from Chicago to Buffalo was fifteen and three quarters cents; in 1871 the rate had fallen to seven and one half cents. In 1857 the average Lake and canal freight on a bushel of wheat from Chicago to New York was twenty-five and twenty-nine hundredths cents; in 1870 for the same service a charge of seventeen and one hundredth cents was made, and in 1880 the rate had fallen to twelve and twenty-seven hundredths cents. In 1867 the average rate for carrying ore from Lake Superior to Lake Erie was $4.25 per ton; in 1870 the rate for this service was $2.50 per ton, and in 1891 it had fallen to eighty-two cents per ton.[1]

349. Railway Development. — Shorter curves and steeper grades in America made necessary an adaptation of Stephenson's locomotive. In 1830 the West Point Foundry Company of New York began locomotive building, and in 1832 Matthias Baldwin of Philadelphia turned out a locomotive and later

[1] Depew, *One Hundred Years of Commerce*, I, 27–29.

established the great works which bear his name. Short lines were built in various parts of the country in the early thirties. By 1840 these were extended and connected; in 1842 it was possible to travel by rail from Boston to Buffalo. The total mileage in 1840 was a little over twenty-eight hundred; in 1850 this had increased to more than nine thousand, in 1860 to thirty thousand, in 1870 to nearly fifty-three thousand, and in 1880 to slightly more than ninety-three thousand miles.



AMERICAN LOCOMOTIVE

Type largely used 1840–1890. Photo by Baldwin Locomotive Works.

The phenomenal increase mentioned above would not have been possible except for the aid from the public treasury in the way of direct bonuses and special favors. The states did more than the federal government, though the support was not limited to state aid. The discovery of gold in California and the development of the Great West created a demand for a railroad to the *Pacific*, and in 1862 came the first grant looking to the establishment of a transcontinental line. Work was begun on this line in 1864. It was called the Union Pacific west from Omaha and the Central Pacific east from Sacramento. These two enterprises were joined at Ogden, Utah, in 1869, with elaborate ceremony in which the last spike driven

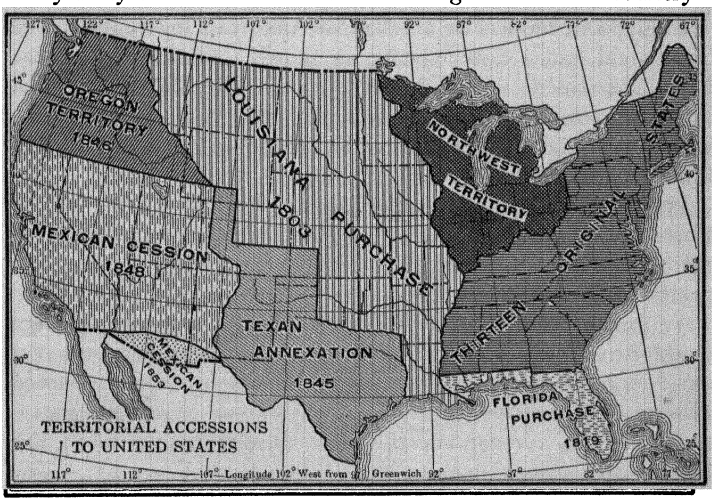
was of gold. To secure the Pacific systems Congress gave rights of way through the public lands, grants of land, and direct loans. Branches were built from this first Pacific road and settlement began in various sections which had heretofore been inaccessible. Parallel lines reaching the Pacific were constructed both north and south of the original line and the great West was populated and the frontier removed.

Immediately following the Civil War there began a *consolidation* of what had earlier been short lines. In 1868 the Hudson River line was joined with the New York Central, thus making continuous service from New York City to the Great Lake navigation. Other systems such as the Pennsylvania, and the Baltimore and Ohio, consolidated many shorter lines and extended their holdings until they reached Chicago and St. Louis. These consolidations made through service possible and obviated the rehandling of freight and passenger traffic at junction points.

A form of *express* service in America began in advance of the establishment of railroads. The first railroad express contract was secured from the Boston and Providence road in 1839. This service reached New York, was extended farther south, and later to England. In 1840 Alvin Adams organized a rival company which was later developed into the Adams Express Company. In 1850 the American Express Company was formed, operating on the New York Central Railroad and on steamboat and wagon routes. The Wells-Fargo Company followed in 1852 and other companies developed as railroads were extended.

350. Acquisition of Territory. — To the Louisiana Purchase of 1803 was added seventy thousand square miles in the Florida Purchase of 1819. Texas with nearly four hundred thousand square miles was annexed in 1845 and the Oregon Territory of nearly three hundred thousand square miles in the year following. As a result of the Mexican War in 1848 upwards of five hundred thousand square miles were ceded to the United States. In 1853 the Gadsden Purchase of thirty-six thousand square miles was secured from Mexico to remove any possible dispute

as to boundaries. In 1867 the United States by purchase acquired Alaska with an area of approximately six hundred thousand square miles. Thus was added to the United States, in the first century of her existence, a total of over two million seven hundred thousand square miles for which there were paid nearly sixty-seven million dollars. The growth of the country



is strikingly illustrated when a comparison is made between the area of added territory above mentioned and the original United States.

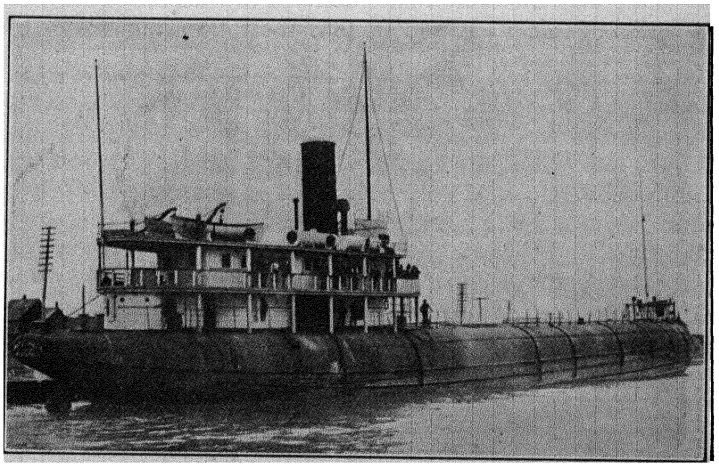
351. **Centennial Exhibition.** — National exhibitions held at London in 1851, Paris, 1867, and Vienna, 1873, suggested a similar project in Philadelphia to celebrate the one hundredth anniversary of the Declaration of Independence. A congressional enactment in 1871 provided for an exhibition that should include the arts, industries, and products of the United States and of foreign countries. Thirty-one foreign nations accepted the invitation to join in this exhibition, and the results were notable. In the first place a new stimulus was given to travel. The Lehigh Valley Railroad to Buffalo and the Bound Brook

line to New York were brought into existence for the Exposition business. It is believed that at least three million people visited Philadelphia. The Centennial represented in epitome the industries of the world. Fine woodwork, the application of art to industry, rare and curious products, the results of education — these and much else were presented in striking form. The American Patent Office exhibited sixty thousand drawings and five thousand models as a result of American ingenuity. The Centennial had a double value in showing to the world what America could do and in bringing to the attention of America the achievements of foreign peoples. In systems of education, and in art and manufactures the Exhibition marked an era in national progress.

352. Population and Immigration. — The population of the United States in 1830 was twelve million eight hundred thousand; in 1850 it had risen to twenty-three million, and in 1880 to fifty million. About the middle of the century there was a large immigration from European countries, particularly from Great Britain and Germany. Crop failures, the increased cost of living, and the desire for a more liberal government served to send out large numbers. During the year 1849 America received on an average one thousand immigrants a day. The Irish settled chiefly in the cities of the Eastern section. The Germans, Scandinavians, and English moved to the states farther west and contributed an important factor in the development northwest of the Ohio River. Immigration fell off during the Civil War, but it began with renewed activity in the years immediately following, contributing to the growth of cities and the building up of the West and Northwest.

353. Domestic Commerce. — The internal development of the United States gave a basis for *domestic commerce.* Instead of increasing the production of raw materials and food supplies, as had been the case before 1830, the production of the different sections was specialized and the needs were more largely supplied at home. The interior of the country furnished food products and raw materials in abundance. Manufactures developed in the eastern sections and there was a domestic com-

merce of large proportions. This depended principally on the railroads, though coastwise, Lake, and river trade played a large part. In the period following 1860 there was a steady decline in the use of canals, and by 1880 one half of the total canal service had been abandoned, and some of the canals that were in use were operated at a loss. The canals had been dug so shallow that they could not be used by the larger boats which were necessary for bulky freight or for a continuous passage in



WHALEBACK FREIGHTER FOR GREAT LAKES

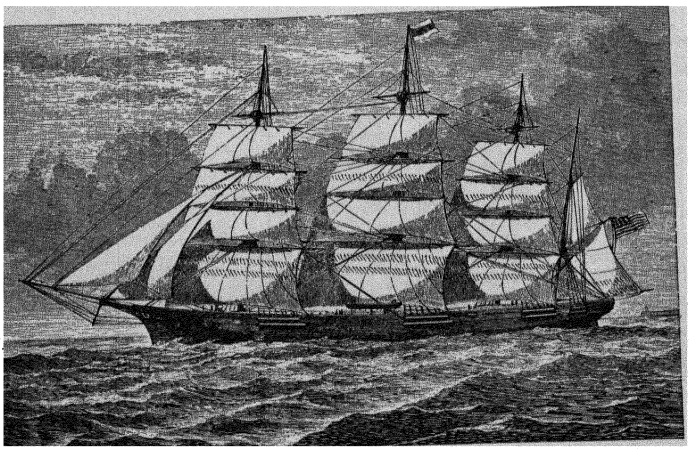
Popular 1890–1900, but later abandoned. Collection of Philadelphia Commercial Museum.

connection with the coastwise or Lake trade. Many of the canals were purchased by the railroad companies and some were closed to do away with canal competition. The St. Mary's Canal ("Soo"), which connects the Lower Lakes with Lake Superior, was opened to navigation in 1855 and played a large part in the grain and ore trade from Lake Superior.

354. Foreign Commerce. — In 1830 the United States imported goods to the value of sixty-two millions of dollars and exported seventy million dollars' worth. In 1850 the chief

imports were textiles, including wool, silk, cotton, and linen, these making one third of the total. Iron and steel were the only other manufactures which approached these, while such products as coffee, tea, molasses, and tobacco made up one fifth of the imports. Cotton was a large item in foreign export. In 1834 a million bales of this product were sent abroad; in 1843, two million bales, and in 1858, three million bales of cotton were exported.

Trade with the West Indies declined in comparison with the progress of commerce, and in 1860 the total commerce of the



AMERICAN CLIPPER SHIP
Collection of Philadelphia Commercial Museum.

United States with the French and Dutch Islands was less than it had been in 1790. After the abolition of slavery in the British Islands, Cuba encouraged slavery and produced sugar extensively, and she continued to supply this commodity to the United States.[1]

The North was prosperous even during the Civil War and, despite the ravages on her shipping and the existence of a high

[1] Day, *History of Commerce*, 537.

tariff, export and import trade was kept up. Following the war the United States increased her exports rapidly, especially in foodstuffs, including grains, meats, dairy products, and fruits. It has been remarked as a coincidence that the centennial year indicated a change from the permanent condition when the balance of trade was against the country to a condition when the balance was in her favor. In but three years before 1876, namely, 1857, 1862, and 1874, did the United States sell goods to a larger value than she bought. In the next quarter century there were but three years in which the exports exceeded the imports in value.[1]

New York early came into prominence as a center for the export trade. In 1860 she was sending out fully one third of our exports. Before the Civil War, however, New Orleans, Mobile, Charleston, and Savannah enjoyed advantages from the quantities of cotton for which they were the natural places of shipment. New York gained in the aggregate through her shipments of gold and silver. The latter city enjoyed a distinctive place in the import trade and became a great center and distributing point for the country. The value of New York's imports was nearly or quite double those of all the rest of the country combined and here were established the great warehouses and wholesale establishments from which the country was supplied. Boston, New Orleans, Philadelphia, and Baltimore continued as foreign trading centers.

Books for Consultation

**Bogart, *Economic History of the United States*, Ch. XVI, "Shipping and Inland Commerce" (1840–1860); Ch. XXI, "Slavery and the South"; Ch. XXII, "The Production and Export of Food and Raw Materials" (1860–1880); Ch. XXIV, "Transportation and Communication" (1860–1880).

*Coman, *The Industrial History of the United States*, Ch. IX, "The Civil War; Economic Causes and Results."

**Dewey, *Financial History of the United States*, Ch. XII, "Civil War; Legal Tenders"; Ch. XIII, "Loans, Taxation, and Banking of the Civil War"; Ch. XIII, "Loans, Taxation, and Banking of the Civil

[1] *Social and Economic Forces in American History*, 460.

War (continued)"; Ch. XIV, "Funding of the Indebtedness"; Ch. XV, "Greenbacks and Resumption"; Ch. XVI, "Banking and Taxation, 1866–1879."

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*Johnson, Emory R., *Elements of Transportation*, Part I, "Steam Railway Transportation," New York: 1909.

*McMaster, J. B., *History of United States*, VII, Ch. LXXXIV, "Trade Routes to the Pacific."

Suggested Questions and Topics

1. What were the economic effects of slave labor on the South?

2. What would have been the probable effect upon the formation and preservation of the Union if the Rocky Mountains had formed a line of division between free states and slave states? (See Lincoln's first inaugural address.)

3. In what particulars was the North vastly superior to the South at the opening of the Civil War?

4. Salmon P. Chase, who served as Secretary of the Treasury during the Civil War, stated subsequent to the war that the Union was saved by three agencies: "the blue coat," "the blue jacket," and "the 'greenback.'" What did he mean by these terms?

5. What were the conditions within and without the United States which led to the decline of shipping during and following the Civil War?

6. What were the effects of the Pacific railways on the development of the interior of the country and the western seaboard? What new states were admitted into the Union between 1869 and 1883?

7. Summarize the effects of the Centennial Exhibition on the educational and industrial development of the United States.

8. From what parts of Europe did the immigrants come principally during the period from 1833 to 1884? In what parts of the United States did they settle chiefly and what did they contribute?

9. Explain the relative increase in domestic over foreign commerce in the United States in the period covered by the two preceding chapters.

CHAPTER XXXIII

GREATER AMERICA

355. New Period. — The late nineteenth century saw marked changes in the economic life of the United States. Railroads reached to every part of the country; riches of forest, mine, soil, and water were exploited; productive enterprise in new lines exceeded home needs, and American goods sought foreign markets; Americans felt a new interest in and responsibility for what went on in the world at large; once again the eyes of the nation were fixed on the seas and across the seas. In earlier chapters accounts were given of economic beginnings in the English settlements of North America, of the economic independence of the United States, and of her internal development following that independence. There yet remains the tracing of America's later development and the extension of her influence to world affairs.

356. Population and Immigration. — In 1880 the United States had fifty million people; in 1910 her population was almost ninety-two million. During these thirty years, the country received nearly eighteen million immigrants. As manufactures increased the new arrivals congregated in the great industrial centers. The population living in cities of more than twenty-five thousand increased from nineteen million in 1900, to twenty-eight million in 1910, and the number of such cities increased in the same decade from one hundred and sixty to two hundred and twenty-nine. This increase of urban dwellers brought troublesome problems of municipal government, health, housing, transportation, and food supply.

The *center of population* has moved west with each census since 1790. Curiously this center has followed closely along

the thirty-ninth parallel. The total movement between the first census and the thirteenth was five hundred and fifteen miles. The westward movement from 1900 to 1910 was thirty-nine miles, which was three times as much as in the preceding ten years. The center of population in 1910 was at Bloomington, Indiana. The center of land area in the United States is located in northern Kansas. The center of cereal production has extended much farther west than the center of population, while the center of manufactures has moved more slowly.

The *changed character of immigrants* in the last years of the nineteenth and the earlier years of the twentieth centuries has given cause for concern. Under an act growing out of the conditions of the Civil War (passed 1864) agents of American producers could engage laborers abroad, contract for their wages and arrange their passage. This act was repealed in 1868, though the practice of importing laborers under contract continued. A restrictive measure against undesirable immigrants was passed in 1882, known as the " Alien Passenger Act," which excluded convicts, feeble-minded persons, and others not able to provide for themselves. The " Alien Contract Labor Law," passed in 1888, prohibited the prepayment of the passage of laborers or the making of any contract with them as an inducement for their coming to America.

The *exclusion of the Chinese* has presented some troublesome questions of foreign policy. The Chinese were in the country in such numbers and the moral and economic effects of their presence were regarded as so objectionable that various early attempts were made to keep them out, but not until 1882, when changes had been made in the treaty with China, could an exclusion bill be passed. The first act was for a period of ten years, but it was reënacted and Chinese exclusion has continued. Chinese laborers and those likely to become laborers are forbidden entrance into the United States.

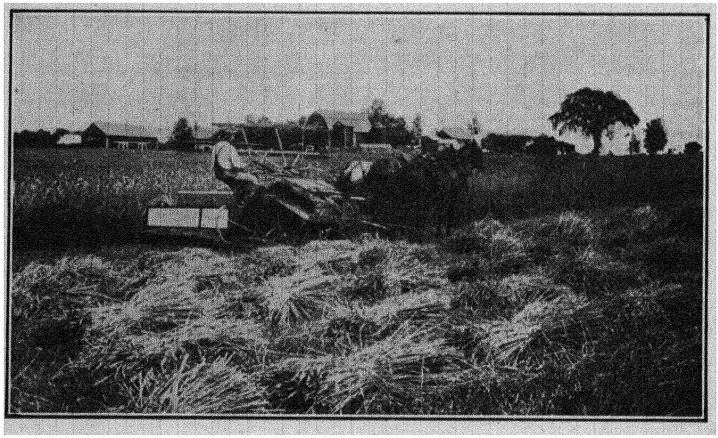
Until about 1900 the foreigners coming to our shores were principally from western and northern Europe; *e.g.*, of a total of ten million foreign born in the United States in 1900, twenty-seven per cent came from Germany, sixteen and

six tenths per cent from Ireland, one and four tenths per cent from Canada, eleven and three tenths per cent from Great Britain, ten and four tenths per cent from Norway, Sweden, and Denmark. These foreigners were of a sturdy class who came to find new homes and become American citizens. In 1910 the percentage of foreign born from Germany had fallen to eighteen and five tenths, while that from Russia and Finland had risen to twelve and eight tenths and from Austria-Hungary to twelve and four tenths. Ireland's percentage had fallen to ten, while Italy's had risen to nine and nine tenths. The immigrants from southern and eastern Europe are of a type less easily assimilated, and they bring a lower economic standard. The political and social future of the country must be affected by these changes.

357. Agriculture. — A new era was opened to American agriculture with the establishment of the *Department of Agriculture* in 1889. A Bureau of Agriculture had been organized in 1862. Agriculture experiment stations were established with support from the Federal Treasury in 1887. Numerous *scientific bureaus* were organized in the Department of Agriculture, each in charge of an expert with a staff of trained men, and these have made an invaluable contribution to agricultural development. Among the activities of the Department, mention should be made of the work of the Weather Bureau in the forecasting of frosts and storms on land and of storms at sea and on the Great Lakes. The Forestry Service has employed trained foresters and sent them out to prevent forest destruction and to assist in forest preservation and in reforesting. The Bureau of Soils has made surveys of the soil in different sections and gives information as to the best methods of tillage, advice regarding the crops suited to the various soils, as well as rotation of crops, and proper fertilizers. In the Bureaus of Plant and Animal Husbandry specialists have made studies of new plants and animals suitable for different sections, the means of protecting them, and of realizing the largest good from them. Not the least of the scientific efforts of the Department has been the protection of public health through the examination of various forms

of food and medicines sold in the country under the food and drug acts. To all these activities should be added such services as those given in the building of roads and the furnishing of statistical information as to production and available markets.

Along with these activities of the general government have been the equal or greater services rendered by the *states* through state universities, agricultural colleges, departments of agriculture, with farmers' institutes, demonstration trains, extension

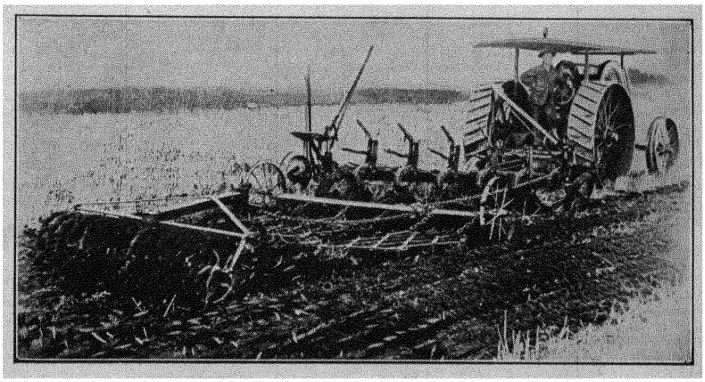


MODERN SELF-BINDER

International Harvester Company.

courses, publications, and the like. Various *voluntary associations* among those engaged in the particular branches of agriculture, such as stock and poultry raisers, and beekeepers, and organizations of farmers in general societies, such as the granges, have also had large influence. Improved machinery has relieved the farmer of much drudgery, while better roads, free rural delivery of mail, improved means of conveyance, and communication by telephone have enlarged the horizon and changed the social conditions of his life. Probably in no particular has the country made greater strides in the past forty years than in agriculture.

Although the value of manufactures now exceeds the value of her agricultural products, the United States is still largely an agricultural country. The largest crops are *grains* and *cotton*. For several years the country has been producing two and a half to three billion bushels of corn (maize) yearly, over a billion bushels of oats, and three quarters of a billion bushels of wheat. The billion bushel mark for wheat was passed in 1915, and the country ranks as a great world producer of the three crops above named. *Cotton* has long continued one of the

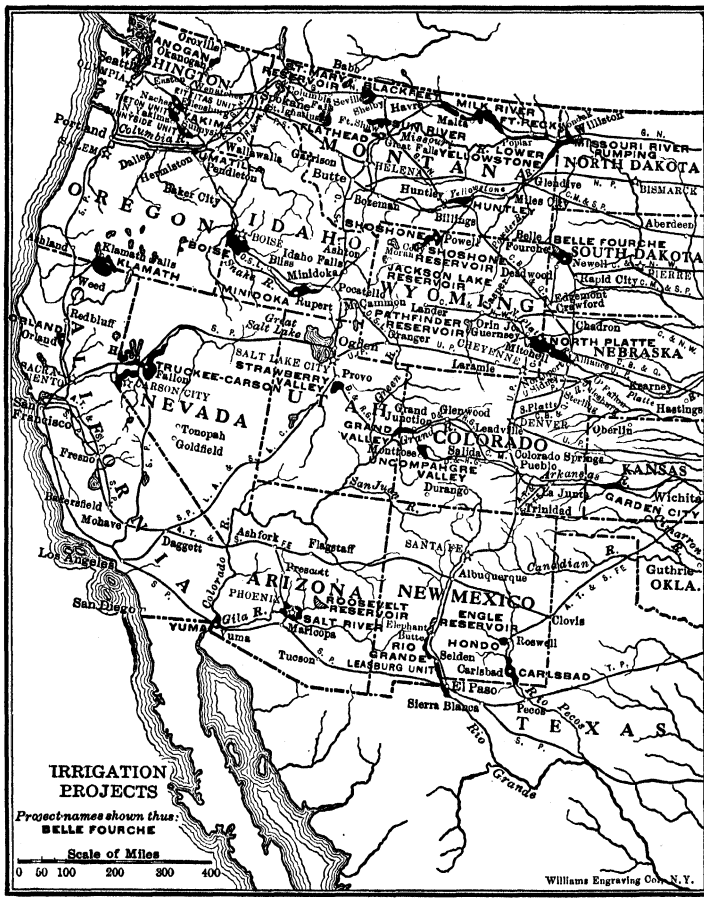


FARM TRACTOR PLOUGHING AND HARROWING

International Harvester Company.

most profitable crops of the United States, and is the export of largest value. Beginning with 1901 over ten million bales of five hundred pounds each have been produced annually, and in 1914 the production exceeded fifteen million bales. So large a part of the world's cotton is raised in the United States that the supply from other sources may be regarded as almost negligible.

358. Irrigation and Reclamation. — Two fifths of the United States has a rainfall so slight that agriculture is possible only under systematic irrigation. This land is found to be highly productive when watered. Beginning about 1880, there was a new interest in irrigation and the extension of irrigation projects, but at first these were under private initiative. In 1902



a *reclamation act* was passed by which the United States was to set aside ninety-five per cent of the proceeds from the sale of all public lands to be used for the building of irrigation works. In an activity which affects not only parts of states but whole states, a policy of the central government seemed necessary

either actually to build the reservoirs and ditches or to supervise their construction and the distribution of water. Government lands in the newly opened districts have been given out in twenty, forty, or eighty-acre homesteads instead of the usual one hundred and sixty acres, and homesteaders have been required to settle on this land for five years and to bring at least one half of it under cultivation. The original cost of the irrigation projects is divided into ten equal parts and the settlers are permitted to come into the full water rights on their land by the payment of these parts in ten installments. Twenty million dollars were advanced by the Federal Treasury for irrigation purposes in 1902, this to be returned from the proceeds from the sale of public lands. Over thirteen millions of acres were under irrigation in 1909. Already the great American desert was being made "to blossom as the rose," and much larger areas were being reached by new extensions. The reservoir sites utilized in connection with these operations are shown on the opposite page.

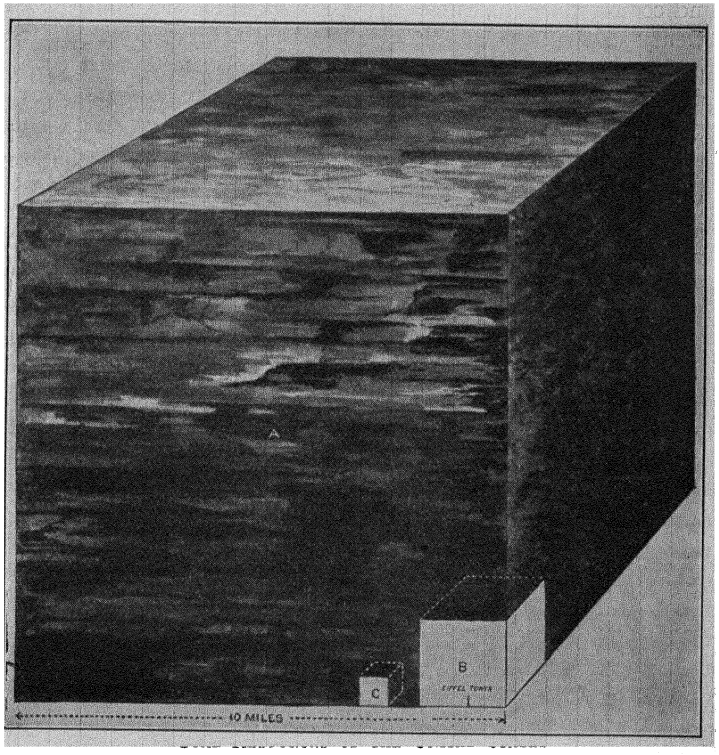
359. Conservation. — For the first hundred years of her national existence, the United States was most prodigal in the use of her natural resources. Forest areas were ruthlessly denuded; methods of agriculture impoverished the soil; petroleum, natural gas, coal and other products of the mines were exploited wastefully; manufacture had little regard for the prevention of waste or the economic utilization of by-products. The first act looking to conservation was passed on March 3, 1891, authorizing the President to withdraw permanently from the public lands such areas as he thought necessary for forest preservation. The National Academy of Science appointed a Committee to report on the forest policy of the United States in 1896. In 1903 President Roosevelt appointed a commission which made a study of and reported on the use and abuse of the national domain. This commission was followed by the Inland Waterways Commission (1907) which in turn suggested "The Conference of Governors," the first session of which was held at the White House in 1908. At this conference, every state and territory was represented. A National Conservation Commission was appointed (1908) as were also forty state commissions.

The national commission completed a three volume report which was submitted to Congress in 1909. In the year last named one hundred and ninety-four million acres of public land were withheld from settlement. President Taft continued the policy of his predecessor. In 1910 a new law provided for the separation of the agricultural from the mineral rights in the distribution of public lands. In the same year Congress made provision for the withdrawal of public lands for water power and irrigation sites and other public purposes. In 1912 there were generous appropriations for the purchase of forest reservations in the White and Appalachian mountains.

360. Mining. — Products from mines in the United States are of significance both from their absolute value and from the influence which these products have on manufactures. The value of mineral products had so grown that in the census year 1909 it reached the total of one and a quarter billion dollars, and mining gave employment to more than a million operatives. Of the total values, coal contributed forty-six and six tenths per cent, natural gas and petroleum fifteen per cent, copper ten and nine tenths per cent, iron eight and six tenths per cent, and the precious metals seven and six tenths per cent. Pennsylvania was far in the lead as a mining state with more than a quarter of the total production. Illinois, West Virginia, and Michigan followed in the order named in the value of minerals produced, though the production of each of them was less than one quarter that of Pennsylvania. Pennsylvania's coal output has contributed largely to her mineral production and has also given the state a first place in the iron and steel industries.

361. Manufactures. — The difference between manufactures in the United States immediately preceding and following 1880 is the difference between manufacturing for home use with a surplus for export, and manufacturing on a large scale for both home use and export. In 1880 the value of domestic manufactures exported was slightly over one hundred and twenty million dollars. For the years from 1912 to 1914 inclusive, the value of domestic manufactures exported annually was over a billion dollars. The increase of these exports in thirty years

had been above eight hundred per cent. The United States of 1900 has been characterized as "the greatest manufacturing country of the world." [1]



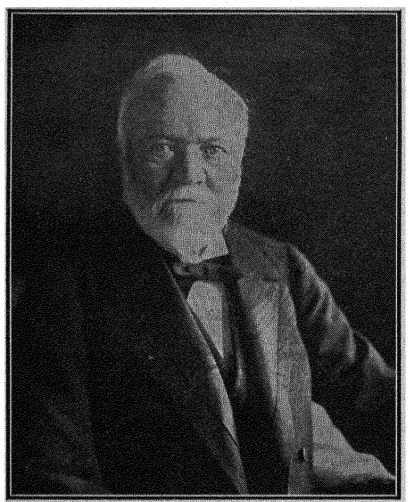
C, represents coal used in one year (recent consumption); B, the total used to end of 1912; A, the total coal supply. Diagram by Edward W. Parker. From "National Geographic Magazine," copyright, 1914.

The United States has become easily the foremost nation of the world in the preparation of food products and the manufacture of iron and leather goods. She is a strong competitor

[1] Day, *History of Commerce*, 547.

in textiles of wool and silk. Following the above are five other great industries, viz., foundry and machine shops, flour and grist mills, iron and steel mills, lumber and timber production, and cotton goods factories. In 1904 six industries contributed twenty-seven per cent of all the manufactured product, the total value of which was slightly over fourteen and a half billion dollars. The same relations continued in 1909, in which year the value of manufactures was above twenty and a half billion of dollars.

In 1900 New York, Pennsylvania, Illinois, and Massachusetts led in manufactures, the first three producing goods to the value of more than a billion dollars each. In 1909 the production in New York had grown to the enormous total of three and one fifth billion dollars, and in Pennsylvania to more than two and a half billion dollars, while Massachusetts and New Jersey were included in the states manufacturing to the value of more than a billion dollars annually. New York City is pre-eminent as a manufacturing center, producing goods in 1909 to the value of more than two billion dollars. The value of manufactures in Chicago the same year was a little more than one half as much as in New York, while Philadelphia, St. Louis, Cleveland, Detroit, Pittsburgh, and Boston, followed in the order named.



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ANDREW CARNEGIE

The *supremacy* of the United States as a manufacturing country results from a *variety of causes*. Of the six great staples in modern manufacture she is the world's greatest producer of

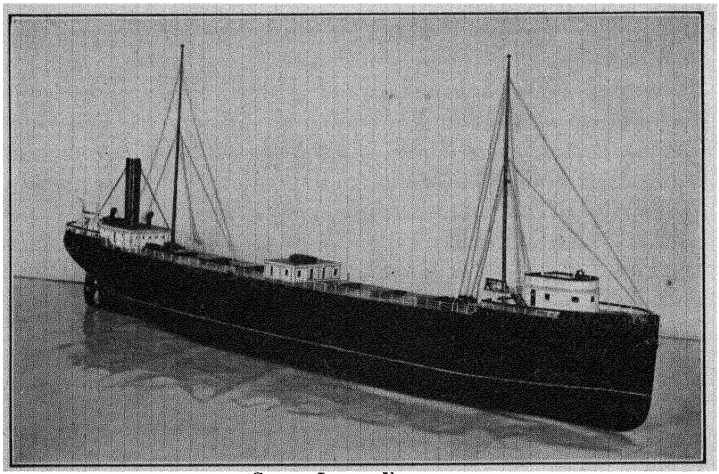
four: viz. coal, iron, copper, and cotton, and of the fifth and sixth, viz. wood and wool, she is also a large producer. To these advantages should be added the ingenuity of the American people. America has led the world in the invention of labor-saving machinery, and Americans have shown marked capacity in the adaptation of means to ends in the doing of work. An American workman commands high wages abroad, as well as in his own country, because of his efficiency in production.

The localization of manufactures is worthy of note in itself, and necessary to the understanding of the domestic commerce of the country. The following *seven reasons* have been pointed out as determining the location of industries; favorable climate, availability of raw materials, presence of power, accessibility of markets, supply of labor, supply of capital, and the momentum of an early start.[1] The manufacture of agricultural implements is centered in New York, Ohio, and Illinois. The meat-packing industries have centered in Chicago, Kansas City, and Omaha. Flour milling industries have naturally centered in the northwest; shoe and leather work in New England; carpets in Philadelphia. Among the most striking examples of the localization of industries is the manufacture of collars and cuffs at Troy, New York, and of gloves at St. Johnsville and Gloversville, New York.

362. Domestic Commerce. — With the possible exception of Brazil, the United States is better endowed with navigable waterways than any other country, and her rivers and lakes are more available for trade than are those of Brazil. But America's natural riches are not used in anything like the way similar features have been in certain foreign countries, — Germany, for example. The Erie Canal was freed from tolls in 1882, but its percentage of the total freight across New York fell from twelve in 1890 to five in 1900. In 1903 New York by popular vote appropriated one hundred and one million dollars to enlarge and improve the Erie Canal, making it available for barges of 1000-ton capacity. Other very useful canals

[1] Hall, *Localization of Industries*, Bulletin of 12th Census: Manufactures.

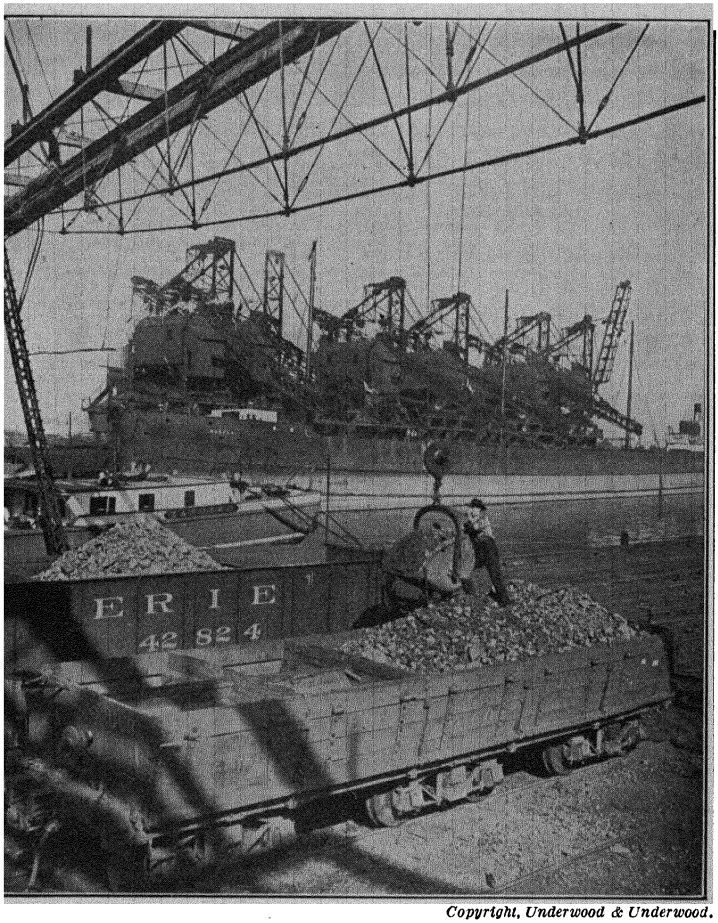
are the one connecting the Chesapeake and Delaware bays, and that at Sault Ste. Marie, which connects Lake Superior with the other Lake navigation. The latter was made into a ship canal in 1877 and deepened to twenty feet in 1896. In 1881 vessels of more than two million tons burden passed through the Soo Canal. In 1900 the total shipping reached to



GREAT LAKES FREIGHTER
From Model in Philadelphia Commercial Museum.

twenty-four million tons and in 1914 to fifty-seven million tons, or nearly three times the total tonnage passing through the Suez Canal.

The United States has been without an established policy in canal development, and although two hundred and fifty million dollars have been spent for this purpose by the federal government, it has been with poor results. In advance of completion, some of the projects have been abandoned as impractical and canals once in use have been discontinued. The value of canals as a means of transportation for bulky freight is well recognized, however, and in response to a popular demand the president appointed an Inland Waterways Commission in 1907 and this



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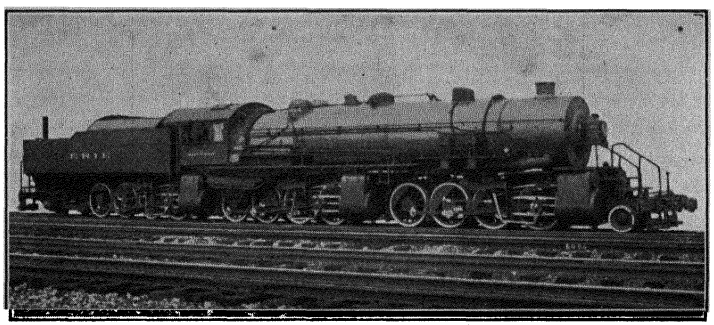
UNLOADING ORE FROM LAKE STEAMERS

Old and New Methods.

commission has made an intelligent study of the whole subject of inland waterways and their relations to the domestic and foreign commerce of the United States.

The trade on the *Great Lakes* has been an important branch of American domestic commerce. Ore, grain, and coal constitute the principal items in this trade. Ships for Lake trade have been built so large that they compare in size with ocean-going craft and the freight cost is further reduced by the use of mechanical appliances for both loading and unloading. In 1880 the shipping on the Great Lakes was six hundred and five thousand tons; in 1900 it was a million and a half tons, and in 1913 it was almost three million tons. The cost of sending a bushel of wheat from Chicago to New York by Lake and canal transportation fell from twelve cents in 1880 to approximately five and a half cents during the earlier years of the twentieth century.

363. Railways. — Ninety-three thousand miles of railways were in operation in 1880. With the opening up of the West and because of the ease with which railroads could be built in



TRIPLEX–COMPOUND LOCOMOTIVE

Built by Baldwin Locomotive Works for the Erie Railroad. This locomotive has power to move on the level a train of cars over a mile long. Compare this with "Old Ironsides," p. 305.

that region the mileage was increased in the next ten years to one hundred sixty-seven thousand, and in 1900 to almost two hundred thousand miles; in 1911 the total mileage in operation had passed the two hundred fifty thousand mark. The employees of the railways increased from nearly seven hundred fifty thousand in 1880 to one million eight hundred thou-

sand in 1913. Compared with Europe the United States is well supplied with railroads. For each hundred square miles of area in 1909 the country had a little less than eight miles of railway. Europe at the same time had five and a half miles for each one hundred square miles of territory. For each ten thousand of her people in 1909 this country had twenty-seven miles of railway, while Europe had less than five miles for the same number.

The tendency to *consolidate* the railroads into a few great systems has grown apace. In 1908 nearly one hundred sixty-four thousand miles, or sixty-eight per cent of the total, were included in seven great railway groups and two systems.[1] In addition to this there have grown various other " working agreements " which bring practically all the railroads of the United States into coöperative relationships.

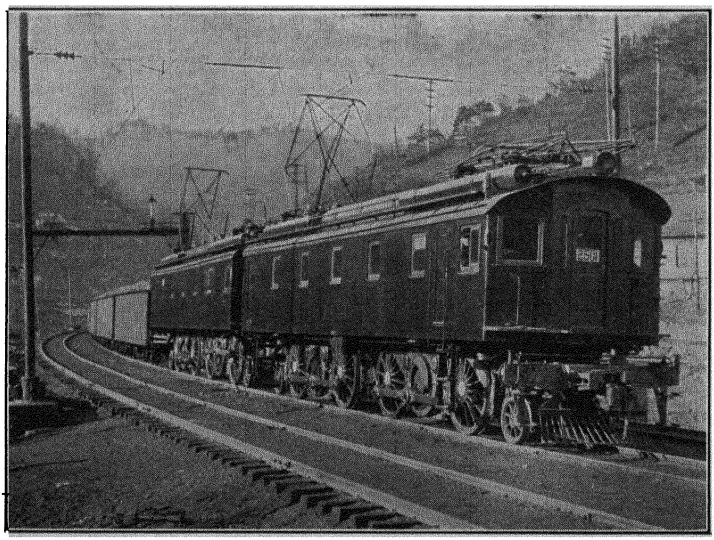
Next to agriculture and manufactures the railways have had the most marked *economic effect* upon the growth of the country, and they have made the development of agriculture and manufactures possible. The railroads have opened up new regions, giving a market on the one hand, and making natural riches and production available to the country at large, on the other. The economic progress of the United States since 1880 might almost be measured in railroad mileage.

364. Electric Transportation. — The *electric railway* for both passenger and freight service, and the application of electricity to the operation of steam roads in whole or in part is a recent phase of domestic commerce. The electric dynamo was not invented until 1864 and some twenty years elapsed before it was perfected and applied to transportation. The first successful electrically propelled car was in Richmond in 1888 and following this the adoption of the electric car was both rapid and widespread; the system has been almost universally adopted for urban passenger transportation and is being widely applied to interurban service. It is also used to a limited extent in the moving of freight through city streets, and the bringing of market and milk supplies from outlying districts. The elec-

[1] Johnson, *Transportation*, 34–36.

tric locomotive has also found an increased use in hauling cars in mines, drawing trains through tunnels, and the like. The suburban service of certain steam railways has been transformed into electric service.

In the five and a half years ending with 1907 the total mileage of electric railways increased fifty-three per cent, and progress in this direction had but fairly begun. For urban and suburban



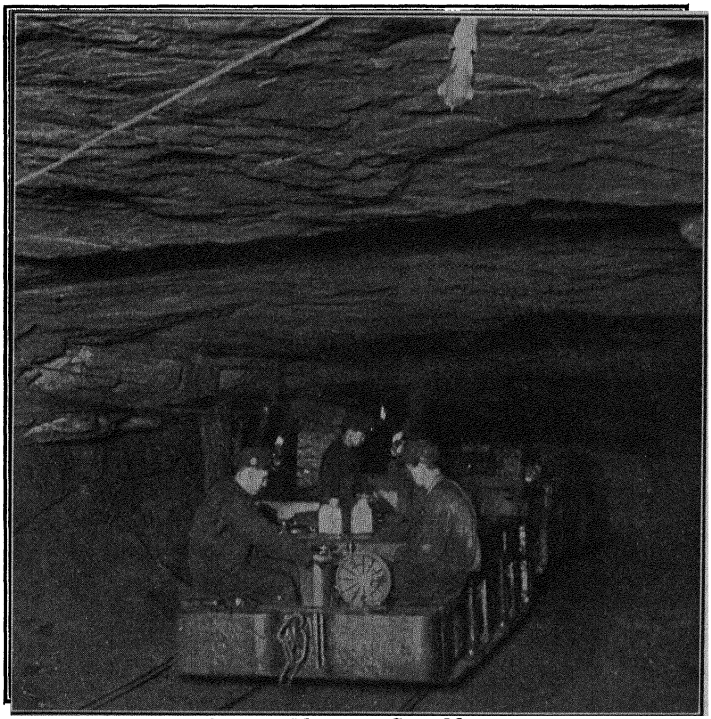
ELECTRIC LOCOMOTIVES

From photo of Baldwin Locomotive Works.

service and short hauls with frequent stops electric power has many advantages, such as greater safety, ease of control, readiness with which cars can be stopped and started, and absence of smoke. The electric railway is also finding a place as a supplement to and feeder of the steam road.

365. Express Service and Parcel Post. — For long the prompt delivery of small parcels in America was by the agency of *private express companies*. At first there were many of these,

but they were gradually consolidated into six great companies, the American, Adams, United States, Wells Fargo, Southern, and Pacific,[1] each serving in the main a different section of the



ELECTRIC MOTOR IN COAL MINE

Photo by Baldwin Locomotive Works.

country and having the monopoly on a given railway system. The express companies developed " working agreements " with the railroads by which they paid forty per cent of their gross

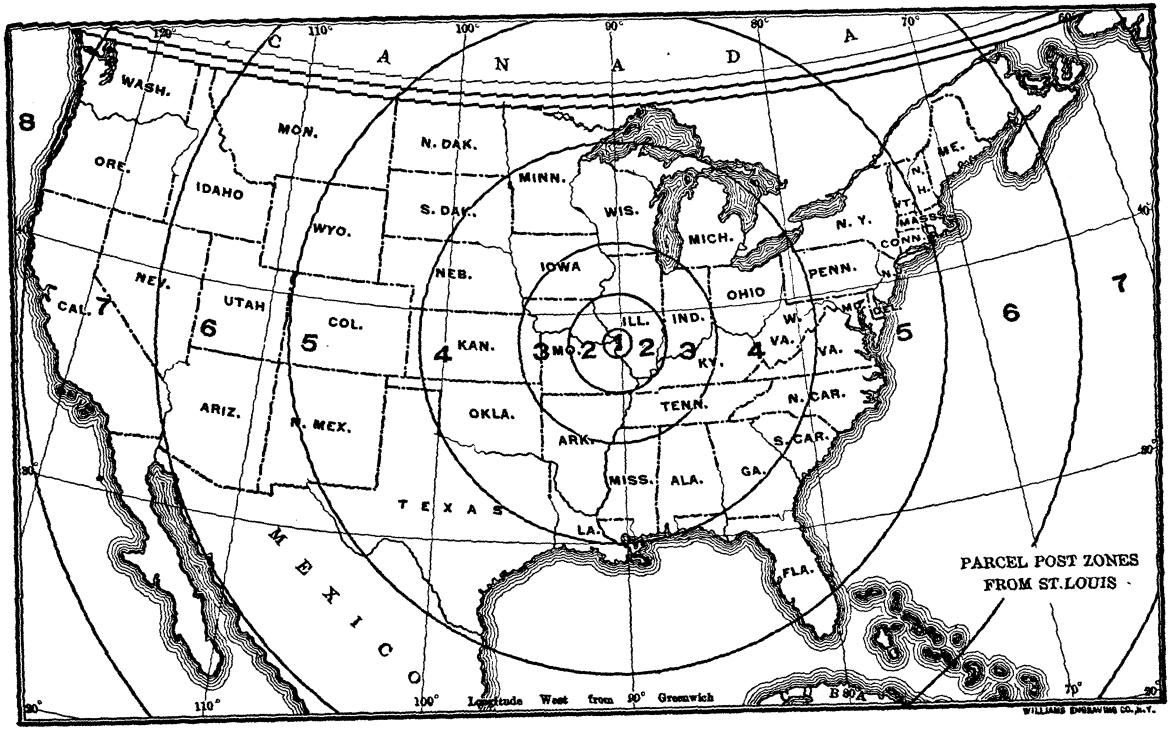
[1] The United States Express was discontinued following the establishment of a parcel post by the government, and its business was taken over by the American Express Company (1914).

receipts for supplying and handling the cars. Express companies have also been required by the railroads to charge from fifty to one hundred and fifty per cent more for the service rendered than would be paid in freight charges. As a matter of practice express rates have been from three to four times the freight rates for the same weight and distance.[1]

It was natural that express companies and country merchants should oppose the *parcel post*, and the United States was late among the great nations to adopt this method of transmitting merchandise. The parcel post became operative in 1913 under an act which extended fourth class matter to include all forms of merchandise under a given weight, not exceeding seventy-two inches in girth and width combined, and not likely to endanger any employee in handling, or to damage other material in transportation. At first the *maximum weight* of packages was eleven pounds, but by action of the Interstate Commerce Commission the postal authorities were permitted to accept packages not exceeding fifty pounds in the first two zones and twenty pounds in the other zones. In September, 1915, the possible size of the package was increased to eighty-four inches in length and girth. The rates for parcel post service are fixed according to distance. From all important centers circumferences are drawn with radii of fifty, one hundred and fifty, three hundred, six hundred, one thousand, fourteen hundred, and eighteen hundred miles respectively, and the territory lying inside of or between each of these circumferences is known as a zone. There is a varying rate for each zone. The zone arrangement from a given center will be seen by reference to the map on the opposite page.

366. Interstate Commerce Commission. — Railroad abuses were so objectionable that in 1887 Congress exercised the right of regulation and established an Interstate Commerce Commission charged with the duty of supervising designated *interstate trade*. As many forms of state activity are related to and find their objective in interstate commerce, the powers of the Commission have been very great, not only for rates,

[1] Johnson, *Transportation*, 91–95.


CANADA
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ARK.
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1
PARCEL POST ZONES
FROM ST. LOUIS
Longitude West from 90° Greenwich
WILLIAMS ENGRAVING CO., N.Y.

rebates, passes, passenger business, and freight traffic, but for the conditions of operation of the agents for these several activities. The powers of the Commission have been made to include such matters as telephone and telegraph service, and to extend even to the operation of the post offices as stated above.

While there were strong protests against the operations of the Interstate Commerce Commission as an unnecessary invasion of the rights of private property and the exercise of powers not contemplated by the founders of the government, the Commission has had its powers increased. In addition to the Interstate Commerce Commission there have been numerous state railway commissions and public service commissions which have exercised supervision over commercial and industrial activities within the several states. Notable progress has been made in the greater safety and more wholesome conditions in almost every branch of business. Great railway systems make the boast that millions of passengers are carried without the loss of a passenger's life; danger to operatives has also been reduced.

367. Currency. — Specie payment was resumed in the United States in 1879, since which time no form of currency has been at a discount. In 1873 there had been the discontinuance of the coinage of silver ("demonetization"). Demands for silver in the coinage led to the passage in 1878 of an act requiring the Secretary of the Treasury to purchase silver bullion at the market price to the value of not less than two million nor more than four million dollars a month and to coin this into silver dollars. The same act provided for the depositing of silver dollars in the Federal Treasury and the issuing of certificates of deposit known as silver certificates. Silver had been demonetized by Germany in 1871 and by the countries of the Latin Monetary Union (France, Belgium, Switzerland, and Italy) in 1874, which, with the discovery of rich mines of silver in the United States, and later in Mexico, made silver plentiful and cheap. In 1877 the ratio of the value of silver compared to the value of gold was as 17.22 to 1; in 1895 the ratio was 31.57 to 1.

The Sherman Act was passed in 1890 providing for the purchase for coinage purposes of four and a half million ounces of silver each month. This measure failed to give the needed relief, which, with disturbed economic conditions both at home and abroad, tended to the disastrous panic of 1893. Congress was called in special session and after some delay repealed the purchase clause of the Sherman Act. The free and unlimited coinage of silver at the ratio of 16 to 1, however, became the political issue in the campaign of 1896. The West and South wished "cheap money," which was promised by the free coinage of silver. The decision of the country was against the proposal, the stability of the currency was maintained and prosperity returned.[1]

The *money in circulation* for each person in the United States was in 1880, $19.41; in 1912 it was $34.34. The *wealth* for each person (excluding real estate exempt from taxation) was in 1880, $830; in 1912 the wealth per capita was $1836.

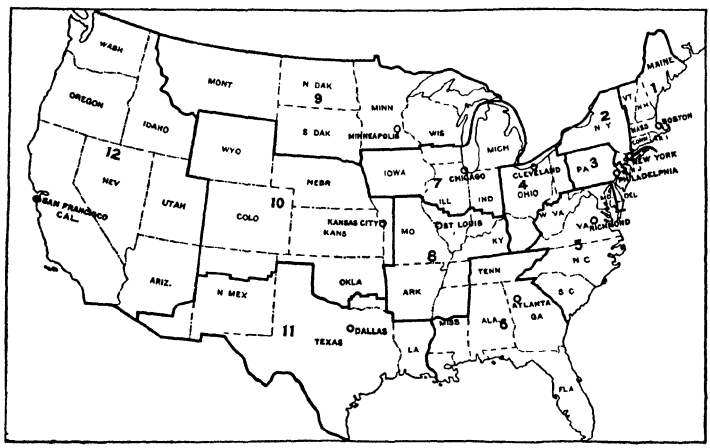
368. Banking Changes. — Currency problems were intimately bound up with *banking changes*. The National Banking Act was amended in 1900 by allowing banks to issue notes to the face value of bonds deposited, so long as these bonds did not fall below par. Under the amended act, National Banks could be established with a capital of $25,000 in towns having a population not above three thousand. Following this amendment National Banks increased from 3595 in 1899, to 7492 in 1913.[2]

As domestic commerce increased and the movements of commodities were accelerated it was found that the methods of handling the funds of the government and the distribution of money throughout the country did not give sufficient flexibility. Thus, when crops were sold and moved from the West in the autumn and early winter there was a great scarcity of money to meet the obligations in that region. Again in the late winter and spring it was found that the agricultural districts which up to that time had a surplus, were buying merchandise of the wholesale cities in the East, and the money did not flow quickly

[1] Dewey, *Financial History*, 403–462. [2] *Ibid.*, 479, 480.

enough to meet the credit needs. As the matter worked out there was danger of a panic, even when the country had plenty of money, simply because it was not where it was needed. New York had such influence in banking operations as to lead to resentment and opposition which gathered around the phrase "domination of Wall Street."

After discussion for several years the "Federal Reserve Act" was passed in 1913, under which there was established at Washington a *Federal Reserve Board*, consisting of the Secretary of the Treasury and the Comptroller of the Currency,



FEDERAL RESERVE BANK DISTRICTS AND CITIES

ex-officio, and five other members appointed by the President. The act provided that the country should be divided into not less than eight, nor more than twelve districts, and that a Federal Reserve Bank should be located in each of these districts. National Banks were required to join the banking system; state banks and trust companies are permitted to join if they meet certain conditions and can do so and at the same time retain their state charters. The Federal Reserve Banks do not engage in a general banking business with individuals; instead

they deal directly with banks and have been termed "banks for banks." The twelve districts which were organized for Reserve Banks and the cities in which these banks are located are shown by the accompanying map.

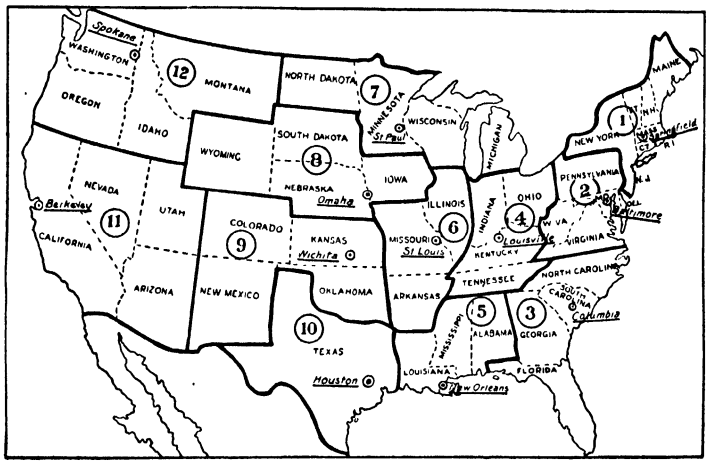
There were difficulties in putting the Federal Reserve Act into operation. Certain cities and sections were much dissatisfied with the selection of the Reserve Bank cities and the divisions of the territory which the banks were to serve. Certain banking institutions have protested against the large powers exercised by the Federal Reserve Board, but it is the intention of the act that the money of the country shall be better distributed, and also that by new methods of note issue the currency will more quickly respond to the commercial needs of the country. Methods of borrowing, it is hoped, will prevent a condition of the money market hitherto known as "tight money," of which banks have sometimes taken advantage.[1]

The *Farm Loan Act* was passed in 1916. This act established a Farm Loan Board consisting of the Secretary of the Treasury, ex officio, and four other members appointed by the President. The country is divided into twelve districts and in each of these is a Federal Land Bank over which the Board has supervision. In connection with each bank is to be organized a farm loan association through which the bank is to make its loans. A Loan Bank must have a paid-in capital of $750,000. In the event of the entire capital not being subscribed by individuals, corporations, or state governments, the Secretary of the Treasury is authorized to subscribe the balance. Only stockholders can be accepted as depositors in the Farm Loan Banks and the banks are prohibited from doing a general banking business.

Farm Loan Banks are empowered to make loans only on first mortgages on farm property, and not to exceed fifty per cent of the value of the land, and twenty per cent of the insured value of the improvements. Loans shall be for not less than one hundred dollars or more than ten thousand dollars. No interest

[1] Dewey, *Financial History*, 491–493.

rate shall be in excess of six per cent and the Farm Loan Banks are prohibited from receiving commissions or fees except those named in the bill creating them, namely, a minimum of one per cent on bonds, the actual cost of appraisal and the legal fees required by state laws. These banks may issue bonds not to exceed twenty times their capital and surplus, which bonds shall not bear interest above five per cent. All mortgages and bonds issued by these banks are exempt from federal, state,



FEDERAL LAND BANK DISTRICTS AND CITIES

or local taxes, but the properties on which mortgages are placed are not so exempt. All the banks are held answerable for the bonds or collateral of each individual bank.

A desirable feature of the Farm Loan measure is an arrangement by which the principal is paid by installments in not less than five or more than forty years. After a mortgage has run for five years, payments of twenty-five dollars or multiples of twenty-five dollars must be accepted on the mortgage. The Farm Loan Board is given wide discretionary powers in establishing this system of credits. The map above shows the districts and the centers of the twelve farm loan banks.

A *Postal Savings Bank System* was created in 1910. This provided that the United States might establish in connection with the Post Office Department a savings system by which money would be received in small amounts on which there would be the payment of two per cent interest per annum. The system was begun experimentally in a few offices, but it proved popular and within two years was extended to twelve thousand post offices, and over twenty-eight millions of dollars had been received in deposits. Before the end of three years the depositors numbered one third of a million and the money deposited amounted to thirty-nine million dollars. Not only is this an easy and safe method of saving for individuals, but it promises a profit to the government through the use of the money thus received.

369. **Government Regulation of Business.** — It was felt that the Interstate Commerce Act did not go far enough in correcting the evils of centralization in business and three years after the Interstate Commerce Commission was created the *Sherman Anti-Trust Act* was passed (1890). In brief, this declared illegal all combinations that were in restraint of competition, and all contracts to this end were made an offense under the law, punishable by fine or imprisonment. At first there was little active prosecution under the anti-trust law and early cases brought by the government did not secure conviction, but as the evil effects of combination became more evident and the public sentiment of the country was aroused, the Department of Justice became more active. Within three years following the inauguration of President Taft, twenty-two "bills in equity" had been issued and forty-five indictments secured. Such important decisions as that declaring the Northern Securities merger of the railroads of the Northwest illegal, and those ordering the dissolution of the Standard Oil and the American Tobacco Trusts were far-reaching as precedents.

370. **Government Changes.** — The economic progress of the United States noted above would not have been possible except for great changes in the government. In 1883 a Civil Service Act was passed authorizing the President, with the permission

of the Senate, to appoint a Civil Service Commission and to extend the merit system to federal offices. At first only about fourteen thousand positions were affected, but the operations of the act were extended until in 1914 there were over four hundred thousand such positions. Civil service reform has contributed to continuity of policy, better administration, and increased efficiency in the federal government. Many of the states have put into effect similar civil service provisions.

Cabinet changes have greatly improved the machinery for realizing a larger economic good. The Secretary of Agriculture was added as an eighth member of the President's official family, in 1889. The ninth came in 1903 with the title, Secretary of Commerce and Labor, and in 1913 this department was subdivided with two secretaryships termed Commerce and Labor respectively. The various departments are organized into bureaus which render highly specialized service.

In addition to the changes mentioned above there have come others affecting the *fundamental law* of the land. An income tax measure was passed in 1894, but was declared unconstitutional by the Supreme Court, despite the fact that such a law had been in effect during the Civil War. A tax on the income of corporations was levied in 1909 and at the same time Congress proposed an amendment to the federal Constitution permitting a tax on incomes of all sorts. This was approved by the required number of states in 1913. The demand for more popular representation in the federal government led to the seventeenth amendment in 1913 providing for the election of senators by the voters of the several states.

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**Johnson, Emory R., *Elements of Transportation* (Steam and Electric Railway, Ocean and Inland Waterway Transportation), New York: 1909.

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Suggested Questions and Topics

1. Do you regard the changed character of immigrants as set forth in Section 356 as serious? If so, what suggestions might be offered to minimize the dangers? What changes were made by the immigration law of 1917?

2. If an American state makes laws that deny to the Japanese rights guaranteed them by treaties of their country with the United States, what recourse has the federal government?

3. Why was it necessary for the federal government to take charge of the irrigation operations?

4. What is the meaning of "conservation" as applied to the forests?

5. Why should mining be termed an "extractive industry"? How permanent is a prosperity which depends on the productions of mines?

6. Trace the industrial development of the South from 1880 to 1910, and explain the progress. (Bogart, *Economic History of the United States*, 434, 435.)

7. Explain the reason for the location of the milling industries at St. Paul, Minnesota; the packing industries in Chicago, Omaha, and Kansas City; and manufactures of agricultural implements in New York and Illinois. (Hall, *Localization of Industries*, Bulletin, 12th Census, on Manufactures.)

8. Do the reasons given for the supremacy of the United States in manufactures (Sec. 361) serve as a foundation for permanent success? What part can and should education play? Compare the policy of Germany with that of the United States.

9. Summarize the argument for water navigation in the domestic commerce of the United States. (Johnson, *Transportation*, 348–354.)

10. Why should consolidation or working agreements grow up in the railroad operations? What are the advantages?

11. For what forms of transportation is electric power best fitted and why?

12. A great Postmaster General when once asked why the United States could not have parcel post, replied that there were "six reasons." When pressed for explanation he named six express companies. What did he mean?

13. Why should the country merchants oppose the parcel post?

14. Why should the debtor class want greenback currency and free silver? Imagine yourself a Western farmer with a mortgage on your farm in the year 1896. What would be the argument for free silver?

15. What European relations affected the price of silver in the 70's and in 1893? (Dewey's *Financial History*, 403–407.)

16. A justice of the Supreme Court of an Eastern state declared after the Federal Reserve Bank Act was passed that it was the most important single piece of legislation which had been enacted since the Civil War. Can you see anything in the provisions of the Act that would be a warrant for such expression?

17. Considered as both causes and effects, show how government changes mentioned in Section 370 are related to economic progress.

CHAPTER XXXIV

AMERICA LOOKING OUTWARD

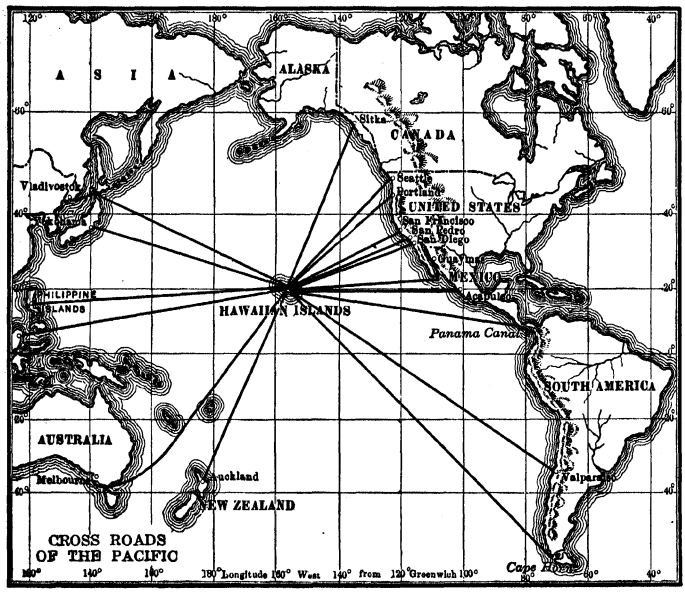
371. The Spanish-American War. — The *Spanish-American War* resulted from America's attempting to aid Cuba in her struggle to secure rights from Spain. Cuba revolted in 1895 and a guerilla warfare of extreme severity was waged for the next three years. Public sentiment in America was strongly in favor of aid to Cuba and after the *Maine*, an American battleship, had been mysteriously blown up in Havana harbor, war was declared (1898). The United States coupled with the declaration a disclaimer of any intention to annex Cuba as a result of the war. The United States had prompt and complete victory in the Spanish War, both in naval and land operations. She freed Cuba and secured by conquest Porto Rico, Guam, and the Philippine Islands, although Spain was paid twenty million dollars for the latter. The United States thus secured territory in widely separated parts of the world, which led to an enlarged naval and military program. But the most important result was the change of feeling in America. The Americans first learned that the United States was a great power able to make her influence felt in the world at large.[1] Had it not been for this war it is hardly conceivable that the United States would have joined in the invasion of China in 1900 or exercised the large influence she did in the settlement of the perplexing questions following the Boxer massacres.

372. Outlying Territory. — The United States first acquired non-contiguous territory in the purchase of *Alaska* from Russia in 1867. Alaska was organized as a federal district of which little was known before the gold discoveries of 1896. Since

[1] Coolidge, *United States as a World Power*, 130.

that time the United States War Department and the Geological Survey have made surveys resulting in greatly increased information and much closer relations. Alaska has largely supplied furs and fish. Metals have also been found in considerable quantities, roads have been built, and domestic animals introduced.

The *Hawaiian Islands* were annexed to the United States in 1898 and received a territorial form of government in 1900.



These islands were in a state of revolution in 1892–93 and the native dynasty was overthrown, after which an appeal was made for annexation to the United States. This was declined until 1898, when the islands were received by joint resolution of both branches of Congress and not by treaty. The Hawaiian Islands are located at what have been termed the "cross roads" of the Pacific. The acquiring of the Philippines and the open-

ing of the Panama Canal make the possession of these islands of great importance to the United States. They lie at the halfway place on the Pacific and are invaluable as a coaling station and naval depot. In addition they have been rich in production, especially of sugar and rice. Honolulu, the capital, has grown to importance as a naval post, a port of call for the Pacific trade, and a station for the American cable to the Philippines.

Guam and Tutuila (the latter one of the Samoan group) have also been regarded as stepping-stones to American power in the Pacific. The former was secured in the Spanish-American War and the latter in an agreement with England and Germany in 1899, after the three countries had exercised a tripartite control over the Samoan Islands for ten years.

The *Philippines*, comprising more than two thousand small islands lying in the tropics, were acquired by the United States as one result of the Spanish-American War. In 1910 the Philippines were inhabited by eight and a half million people, of whom approximately one hundred thousand were Chinese and only twenty-five thousand white, the remainder being of the black and brown races. The islands are rich in natural *resources* and highly productive. Here, as in other tropical regions, the absence of a stable and adequate *labor* supply has been a barrier to progress. The United States has introduced American schools and many American methods, and since Americans took control the Islands have made notable progress. The first *railroad* in the Philippines was not built until 1892 and then it was but one hundred and twenty miles in extent. For twelve years there were no new lines or extensions. Short branches were completed in 1905 and 1906 and later other roads were added. Before American occupation the islands were practically without *roads*, but considerable advance was made in road construction during the earlier years of American control. The Philippines have produced for *export* Manila hemp, copra (dried cocoanut meat), and tobacco. The *imports* are cotton goods, rice, wheat flour, meat, and manufactures. The imports increased from nineteen

million dollars in 1900 to thirty-two million in 1908. Philippine trade has been chiefly with the United States and Great Britain. Since 1900 the trade with the United States has increased

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PHILIPPINE CART LOADED WITH HEMP

steadily. In 1909 free trade with the United States was established with minor and unimportant exceptions.

Porto Rico (literally "rich harbor") is an island of unusual riches and it is, moreover, of great strategic value from its location at the outer edge of the Caribbean. The island has insufficient transportation and its industries are not developed

The United States has introduced American schools and many American improvements, but progress has been slow. The commercial relations are practically all with the United States.

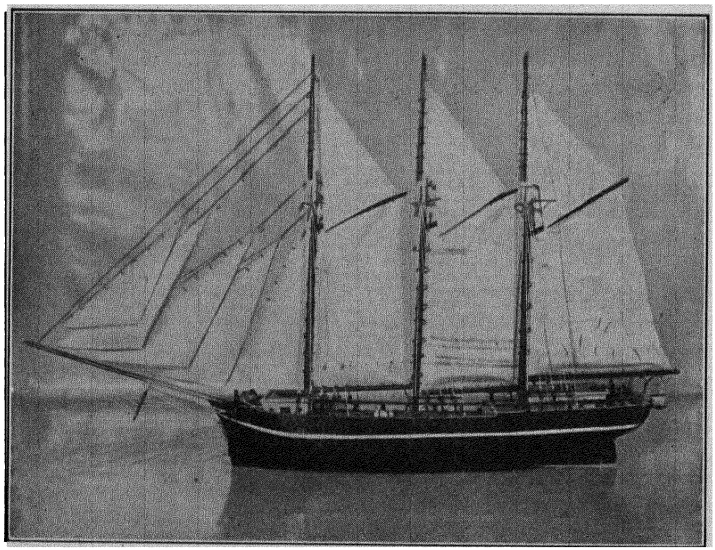
Three islands, St. Thomas, St. John and St. Croix, lie forty-one miles east of Porto Rico on the routes from Panama to Europe and from New York to the east coast of South America. St. Thomas has one of the best harbors in the West Indies and the islands are of great value to the United States. A treaty was formulated in 1916 providing for the payment of twenty-five million dollars for these islands. This was approved by the United States Senate and later by Denmark.

In dealing with her outlying possessions the United States has entered on a new experience. Not only is she governing peoples not familiar with the American system of government, but they are principally of other races and speak foreign tongues. Moreover these outlying possessions lie largely in the tropics and there is the necessity of meeting some of the perplexing problems of colonization. Many Americans were opposed to receiving the Philippines and others favored giving the islands their independence.

373. Merchant Marine. — While the foreign trade of the United States increased enormously from 1880 to 1914 (Sec. 376) American shipping engaged in this trade actually decreased during the same period. One and one quarter million tons were registered for the foreign trade in 1880 while only a little over a million tons were so registered in 1914. This was in part a continuation of the tendency already noted, but the decline of the merchant marine has been more marked in the later period. During the years above named the shipping engaged in coastwise commerce increased two and a half times and that in the Lake trade almost five times.

These facts have called for much consideration and various explanations are offered. The Lake trade and coastwise commerce from one American port to another are reserved to American ships, thus removing the foreign competition, and it has been more profitable for American shipowners to engage

in this trade than to enter into open competition in foreign trade. America's domestic commerce has made large demands on the shipping of the country. To be admitted to the American register, ships were required either to be built in the United States or to be admitted by special act of Congress (an unusual practice). As a consequence the original cost of American



THREE MASTED SCHOONER

Type built in Maine, 1900. Collection of Philadelphia Commercial Museum.

ships for foreign trade is higher than is the cost of ships from foreign yards. The costs of navigation, such as seamen's wages and treatment of crew, are higher for American ships than for the ships with which they are in competition.

To remedy the conditions above mentioned, some have urged *free ships*, *i.e.*, the right to buy or to have built in the open market, ships for American registry, and the right to operate these on substantially the same conditions as are enjoyed by

foreign owners. This is opposed as a departure from the American practice of protection to workmen, both in the production of the ships and in their operation. *Mail subsidies* have been recommended as an aid to merchant shipping. Beginning in 1891 the American Line had a bounty of this sort and that this line continued was probably the result of the bounty. The experience of England, Germany, and other countries which have built up shipping through the use of mail subsidies is cited as an argument in favor of this form of encouragement. Then there are those who hold that *ship subsidies* should be given directly for all foreign trade operations of the merchant marine. This, it is pointed out, is the sort of encouragement offered to manufacturers under a protective tariff and to American shipping engaged in domestic commerce. It is also urged that the experience of other countries, notably France, Italy, and Japan, points to the wisdom of shipping subsidies. Objections were raised to all the remedial measures and in the meantime America's limited merchant marine was further diminished until less than nine per cent of her foreign trade was carried in American bottoms.

374. **Foreign Policy.** — From the foundation of the government American foreign policy has been a studied attempt to keep free from damaging foreign alliances. The counsel of Washington upon this matter was expressed as a political aphorism by Jefferson, — "friendship for all, entangling alliances with none," — and has been generally accepted. Necessarily there have been foreign complications in the preservation of American rights and in the extension of American influence to the world at large. With England the United States has had differences in such matters as fisheries, both in the Atlantic and the Pacific, the Canadian boundaries, and rights of trade, but these have happily been adjusted and it has been possible to celebrate "one hundred years of peace in the English-speaking world."

A new obligation was recognized by the United States when she championed the rights of Cuba, which led to the Spanish-American War and a long train of consequences. This action

resulted in a new national policy which has been characterized by the term "Imperialism." America's international influence has been for peace and good-will, based on justice. In realizing these ideals those who have guided our foreign policy have repeatedly made use of arbitration in the settlement of international questions. Provocation for war has sometimes been strong, for example, against England in the Civil War, and against Mexico in the perplexing times of 1913–1915. The sentiment of the nation, however, has been unmistakably for a policy of patience in the attempt to secure justice and promote right through diplomacy and an appeal to the peaceful means of settling international differences.

375. **Tariffs and Reciprocity.** — A new tariff bill was enacted in 1883 based on favors to special industries. With this tariff there was also a revision of the internal revenue laws. In brief, duties were raised on such manufactured articles as were imported in quantities, and the measure was protective in character. The Democrats came into power in 1885 and undertook a revision of the tariff, but failed, because of a protectionist minority in their own party. The tariff was the only theme of the annual message of President Cleveland in 1887 and was the principal issue in the campaign of 1888. The Republicans were successful, after which a new protection measure was enacted known as the *McKinley Bill*. This repealed the duty on raw sugar, reduced the tariff on steel rails, iron plates, structural iron and steel, and increased the free list. To compensate for the abolition of sugar duties a bounty of two cents per pound for fourteen years was to be paid on all sugars produced in the United States.

Reciprocity was introduced into the McKinley tariff measure by giving the President the power to levy duties on sugar, hides, coffee, tea, and molasses, when he deemed that the countries originating shipments of these had imposed on the products of the United States duties which the President regarded as "reciprocally unjust and unreasonable." The President thus had the power to put a reciprocal trade arrangement into effect

by proclamation, and without submitting the details to the Senate for approval.[1]

The tariff was again the issue in the campaign of 1892 and the Democrats were successful, after which they proceeded to carry out the pledges of their platform and enacted a revenue tariff measure in 1894 known as the *Wilson Bill*. The bounty on sugar was abrogated, despite the protest of those who claimed that they had entered on the production of sugar and made investments with the expectation of a bounty for the full term of fourteen years. A duty of one cent per pound was levied on raw sugar. To make up for the reduced revenue from the tariff an income tax provision was passed levying two per cent on all incomes above four thousand dollars. The income tax measure was promptly brought to the Supreme Court and declared unconstitutional.

The Wilson tariff did not please the country which was going through a panic, and the failure of the income tax provision and a deficit in the Treasury further embarrassed the Democrats. The election of 1896 resulted in the return of the Republicans to power and a new protective measure was passed in 1897, which continued until 1909. The panic of 1907 so disturbed business conditions that a new adjustment was desirable. Congress was called in special session in 1909 and a new tariff bill was enacted, known as the Payne-Aldrich Bill. In this a new principle for America was adopted, known as the "maximum and minimum" rate. It was possible for the President to increase the tariff twenty-five per cent on goods from any country which discriminated against the United States. The President was allowed the services of a Tariff Board which was charged with the duty of collecting information on the cost of production at home and abroad, so that the tariff could be dealt with more intelligently. This Board did useful work and was continued until 1912, when it went out of existence because of a lack of appropriation for its needs.

The Democrats returned to power in 1913, Congress was called in special session and a new revenue measure enacted

[1] Taussig, *Tariff History*, 278, 279.

known as the "Underwood Tariff." This adopted the *ad valorem* method of fixing the tariff, extended the free list to such articles as wool, coal, meat, steel rails, agricultural implements, machinery, lumber, wood pulp, and leather. In addition to the above provisions, duties were reduced on many manufactured articles as woolens, cottons, earthenware, and glassware.[1]

Many students of public affairs have become convinced that frequent and sweeping changes in the tariff are a disturbing factor in business and there has been a growing sentiment for a permanent non-partisan *tariff board*, to study the tariff needs of the country and suggest legislation from time to time. Such a board was authorized in 1916.

Numerous efforts for *reciprocity* treaties have been made, but most of them have failed to become operative because of their rejection either by the Senate, or, as in the case with the treaty with Canada in 1911, by the other party to the agreement. The tariff of 1909 repealed the earlier provisions giving the President power to put into effect reciprocal trade arrangements. Reciprocity, as a method of dealing with trade relations, then practically disappeared.

376. Foreign Trade. — A comparison of the American foreign trade in 1795 with this trade in 1895 has been likened to a comparison of a wheelbarrow with the locomotive or ocean liner.[2] Instead of markets being uncertain and trade attended by great risk, commerce is now regular, credits are transmitted by telegraph and cable, and capital is readily transferred through banking operations. If there has been any limitation in the recent development of America's foreign trade it is in the too prevalent tendency to regard it as an incident to domestic commerce, a means of disposing of surplus production.

The *aggregate foreign trade* of the United States in 1913 was above four billion dollars, which was approximately one tenth of the total foreign commerce of the world. In spite of frequent tariff changes and varying conditions, both within and without

[1] Taussig, *Tariff History*, 409–449.

[2] Ford in Depew's *One Hundred Years of Commerce*, I, 20.

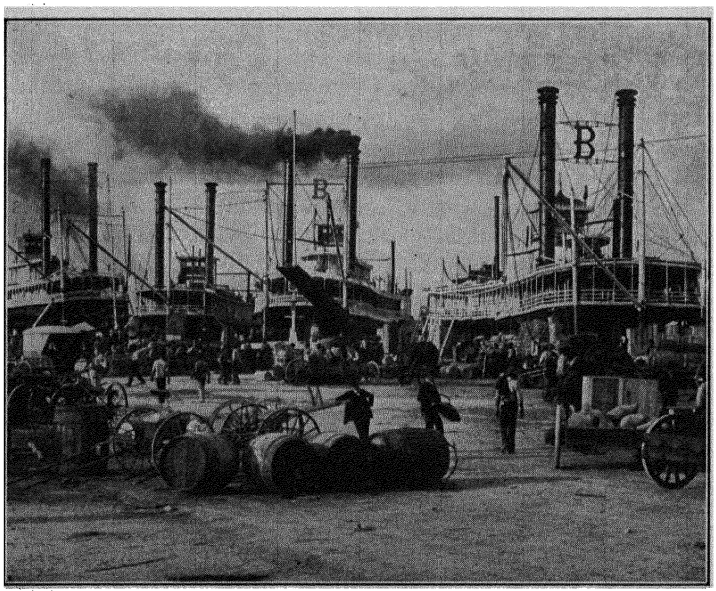
the country, the foreign trade of the country has continued to grow, practically doubling itself every twenty years since 1830.[1] America's per capita foreign trade in 1890 was $26.00, in 1900 it was $29.00, and in 1913 it was approximately $40.00. In the year last named the per capita trade of England was $125.00 and of Germany $70.00. In 1913 the excess of exports over imports was above four hundred millions of dollars. Foodstuffs and raw materials make up a steadily decreasing proportion of exports. In 1895 seventy per cent of the exports were of agricultural products, including breadstuffs, meats, cotton, and tobacco. In 1913 forty-nine per cent of the total value of goods sent out was in domestic manufactures, of which iron and steel, copper, and refined oils were the leading items.

The *imports* were chiefly tropical products, raw materials and manufactures partially worked up which could be used in the industries of the country. Finished manufactures for domestic consumption had fallen to less than one fourth of the total imports. The leading items in the import list in 1913–1914 were hides and skins, coffee, sugar, and unmanufactured silk, each to the value of more than one hundred million dollars. The United States traded largely with Europe, to which more than one half of the exports had gone. The other parts of North America claimed nearly one fourth of the exports, while the balance was sent to South America, Asia, Oceanica, and Africa in the order named. England and her colonies occupied the leading place in America's foreign trade; Germany had an increasing part before the outbreak of war in 1914.

The acquiring of possessions in the Pacific and the building of the Panama Canal have made South America and Asia more accessible. *New Orleans* was favorably situated for this trade and grew to be a great seaport and natural focal point for the trade of the Mississippi Valley and the Gulf of Mexico, and a place of shipment for cotton and grain. *New York* has added to her natural advantages the enterprise of her people, and probably long will remain the foremost commercial city of the

[1] Whelpley, *Trade of the World*, 404.

Western world. In 1895 one half of the exports from the country were shipped from New York, and two thirds of our imports came through her gates. This city has every advantage for commercial greatness, including one of the best harbors in the world and a rich hinterland with which she is connected both by rail and water. Not only is New York the leading



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WHARVES, NEW ORLEANS

commercial city of America, but she is a successful rival of such Old World trading centers as London, Liverpool, Hamburg, Antwerp, and Rotterdam.

Much attention has been given to the *extension* of America's foreign trade, and numerous *agencies* are active to this end. The federal Departments of State and Commerce collect and distribute information about foreign markets and ways in which these may be entered. Chambers of commerce at New York,

Philadelphia, Boston, and other cities have had a large influence. The New York Chamber of Commerce is the oldest in America. The chambers in Philadelphia and Boston have a popular membership and promote commercial interests in a large way. Port

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BUILDING OF NEW YORK CHAMBER OF COMMERCE

improvements, free docks, and facilities for loading and unloading vessels all have contributed to foreign trade.

Branch banks in foreign countries are necessary for the extension of commerce. London has long served as an international clearing house, but as the United States opens up trade directly there is the need of direct banking relations. Extension

and transmission of credits are necessary factors in foreign trade, with which the United States has been poorly equipped. Many American manufacturers have wished to export goods, but when it came to the extension of credits on shipments, and methods of collection, these men have found themselves helpless. Preliminary training and practical experience are requisites for building up foreign commerce.

Banks are also necessary for the *investment of capital* abroad. Experience has shown that the use of capital is indispensable for the development of new regions. If trade is to be won and held, capital must be forthcoming for the exploitation of natural resources. Great Britain, France, and Germany have hitherto supplied extensively the wealth which has been used in the development of new regions. The National City Bank of New York has taken the lead in the training of men for foreign banking business, and in opening branch banks abroad.

377. Conclusion. — No one can take note of the present age, either in his own country or in the world at large, and not see that *economic interests* play a large and an increasing part. These interests are so interwoven into the life of the present that it is not possible to understand the times in which one lives without considering them; on the other hand, economic interests cannot be understood when their study is dissevered from some account of the development of which they are a part. The foregoing pages have attempted to trace the history of commerce and industry in such a way as to make the subject intelligible, and to show also how this study is related to the present age. The past and the present are organically related, and this relation must needs be kept in mind in the study of present commerce and industry, and of the history which shows how this society came to be.

As presented above, the history of commerce and industry records feeble beginnings in ancient times, uncertain and halting development during the Middle Ages, and a wonderful unfolding in the modern era. This study should have the double value of making the past better understood in itself and of indicating *the antecedents of the present commercial and industrial age.*

Books for Consultation

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Suggested Questions and Topics

1. Explain the remark of a Foreign Ambassador who had been in America, just before, during, and following the War with Spain, to the effect that he had seen two Americas. (Coolidge, *United States as a World Power*, 121, 122.)

2. Redway (*Making of the American Nation*, 398) holds that the large production of beet sugar in Europe which was the result of government bounties had decreased the price of cane sugar so that Cuban planters could not pay Spanish taxes and they therefore revolted. This led America to interfere, to the Spanish-American War, and imperialism with its consequences. By this chain of reasoning would it be fair to say that the results of American imperialism have come about from the European sugar bounties?

3. What right has a nation to interfere with the conduct of another nation as the United States did with Spain in 1898?

4. What do you understand by the expression: "The United States had the Philippines 'wished on her' at the close of the Spanish-American War"? In what sense is this statement true?

5. What has been the white man's success in tropical colonization and what relation should the white race sustain to the Tropics? (Coolidge, *United States as a World Power*, 9, and Kidd, *The Control of the Tropics*.)

6. Opponents of Hawaiian annexation made use of the following statement: "It is as easy to plough the seas as to found republican institutions in the tropics." Have the results in Hawaii warranted this generalization?

7. Compare the extension of the power of the United States to outlying possessions with the organization and government of the northwestern territory under the Ordinance of 1787. (Sec. 215, also Coolidge, *United States as a World Power*, 28.)

8. What are some of the arguments for and against Philippine independence?

9. How do you account for the fact that during the first half of the nineteenth century approximately ninety per cent of the foreign trade of the United States was carried under the American flag, while at the last of the century, and during the earlier years of the twentieth century, less than ten per cent was so carried?

10. Does it seem like good business policy for the American nation to pay millions of dollars annually to foreign powers for carrying her goods to market?

11. What are the arguments for a Tariff Board? What objections may be urged against such a Board? (Taussig, *Tariff History*, 231, 405–407, 422–424.)

12. What is the difference between "maximum and minimum" tariff and reciprocity? (Taussig, *Tariff History*, 403–405, 422.)

13. Show why a study of the history of commerce and industry is necessary for an understanding of both the past and the present.

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