

## The Capital and the Colonies: London and the Atlantic Economy, 1660-1700

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Nuala Zahedieh's *The Capital and the Colonies* explains the rise of London to preeminence in the Atlantic economy. Between 1660 and 1700, Londoners used their considerable political and economic advantages to shape a commercial system that fostered competition, rewarded personal initiative, and tapped into the vast wealth-generating potential of the English settlements in the western Atlantic that had taken root in the early decades of the 17th century. As Zahedieh, a senior lecturer in economic and social history at the University of Edinburgh, tells us in her introduction: 'This study looks at how late-seventeenth-century Londoners, who heavily dominated England's colonial trade, responded to the opportunities and challenges posed by the infant imperial project and set in place a durable mercantile system which underpinned both extensive and intensive growth and made the Industrial Revolution more likely' (p. 3). Zahedieh argues that this transformation was not – as is sometimes posited – a consequence of the English Acts of Trade and Navigation (1660 and thereafter). The late 17th-century English state, she contends, lacked the means to enforce legislation intended to exclude the Dutch from an intermediary role in England's Atlantic commerce. Instead, credit should go to the participants themselves and the efficiencies they achieved in finance, manufacturing, shipping, and distribution in a highly competitive commercial environment.

Considering the importance of the subject, it is striking that there is so little in print about London as a 17th-century Atlantic port. Among the books that come immediately to mind – each with a different emphasis are Robert Brenner's *Merchants and Revolution: Commercial Change, Political Conflict, and London's Overseas Traders, 1550-1653* (1993); Peter Earle's *The Making of the English Middle Class: Business, Society and Family Life in London, 1660-1730*

(1989); and Jacob M. Price's *Perry of London: A Family and a Firm on the Seaborne Frontier* (1992). Noteworthy as well are relevant comments in Ralph Davis' *Rise of the English Shipping Industry* (1962) and G. V. Scammell, *The First Imperial Age: European Overseas Expansion, c. 1400-1715* (1989). Students interested in the nitty-gritty of London's involvement in the Atlantic economy will do well to consult two volumes of edited mercantile papers: *James Claypoole's Letterbook, London and Philadelphia, 1681-1684*, edited by Marion Balderston (1967) and *The Letters of William Freeman, London Merchant, 1678-1685*, edited by David Hancock (2002). For a sampling of work on 17th-century Atlantic ports elsewhere in the British Isles, see David Harris Sacks, *The Widening Gate: Bristol and the Atlantic Economy, 1450-1700* (1991); Tom Barclay and Eric J. Graham, *The Early Transatlantic Trade of Ayr: 1640-1730* (2005); and David Dickson, *Old World Colony: Cork and South Munster, 1630-1830* (2005).

*The Capital and the Colonies* consists of seven chapters and a bibliography. In her introductory chapter, Zahedieh distinguishes her approach to post-Restoration English Atlantic commerce from earlier scholarship and lays out a roadmap for what is to follow. The heart of the presentation begins with the second chapter: 'London and the Atlantic economy'. Here – and throughout the book – readers will be grateful for the care the author has taken to anchor her argument in archival sources. Chapter two situates late 17th-century London in both a national and Atlantic context, and examines the institutional arrangements within which the city's colonial commerce functioned. The presentation is divided into sections dealing with 'London in the late seventeenth century', 'The extension and consolidation of England's New World colonies', and 'The Institutional framework of England's Atlantic system'. Zahedieh shows that the city's commercial involvements in Newfoundland, the Chesapeake, New England, and the West Indies were only superficially advantaged by the Acts of Navigation. Far more important than restrictive legislation was the emergence of the English capital as a driver of competition. In this regard, the author emphasizes London's role as a commercial hub with a large concentration of people, wealth, political patronage, and mercantile expertise. The London she describes – rebuilt in the aftermath of the Great Fire of 1666 – was a citizen's city, a place of aspiration and opportunity. Zahedieh's London was becoming a center of global commerce. And to a large degree, this process was being pushed forward by the increasing efficiency in finance, manufacturing, and distribution gained through competition with the Dutch.

The third chapter, 'Merchants,' is about London's post-Restoration merchant community and its role in the evolving structure of Atlantic commerce. Zahedieh focuses on the 170 largest participants in a field of the roughly 1,500 merchants whose Atlantic involvements are recorded in the city's 1686 port books. This is followed by an examination of the day-to-day operations of London merchants in colonial trade and the strategies they employed to manage risk and reduce cost in a complex commercial environment. Regarding the training of young merchants, Zahedieh relates literacy, numeracy, and a practical education in the ways of the world, to success in long-distance trade. 'Most of the big colonial traders,' she says, 'were apprenticed to merchants and learnt about the intricacies of charter parties, bills of lading, invoices, contracts, bills of exchange, insurance policies, weights and measures, and other details of business, including a host of unwritten customary practices' (p. 88).

An advantageous marriage was among the wealth-building strategies employed by aspiring merchants. But accumulating capital and credit (by whatever means) could not sustain a late 17th-century trader who lacked a reputation for integrity in his business affairs. Such a reputation, Zahedieh tells us, was 'built on a universally accepted code of conduct, which had evolved alongside an increasingly commercial society, combining rules of reason and religion, interest, and honour' (p. 94). Reputation was enhanced – and tested – in associational relationships, which helps to explain why clubs and societies of all kinds flourished in London's thriving urban environment. 'Examination of the big colonial merchants' lives reveals that all belonged to a handful of such clubs', writes Zahedieh, 'which combined with Church, and companies, to seal reputations, encourage exchange of information, strengthen mutual regard, and promote various business enterprises' (p. 106).

*The Capital and the Colonies* goes on to look at kinship, ethnicity, and other bases of trust relationships. Here, Zahedieh underscores the value of religion: 'The capacity to obtain good economic and social intelligence, and high levels of adherence to a collective code of conduct', she writes, gave the Jews,

Quakers, and other cohesive religious groups, ‘undoubted competitive advantages’ (p. 113). Politics provided another means of gaining a competitive advantage. Readers will not be surprised to learn that London’s Atlantic traders took advantage of their proximity to the levers of power. But negotiating a safe path through the contested political landscape of late 17th-century England was no easy matter. In spite of access to benefits only the Crown could bestow, the most powerful of London’s colonial merchants saw it in their interest to support Parliament and the City, and gave their financial support to the Glorious Revolution.

Chapter four, ‘Shipping’, analyzes the relationship between the expansion of England’s shipping capacity and the Acts of Trade and Navigation. Zahedieh begins by discussing the share of London tonnage taken up by Atlantic trade. By 1686, her benchmark year, ‘colonial trade had become by far the largest consumer of London’s overseas trading tonnage’ (p. 138). By that year, because of the prevalence of bulky cargoes on homeward-bound voyages, the proportion of London tonnage committed to colonial trade took up more than half of the city’s available shipping capacity (although the value of imports from the plantations was roughly 16 per cent of the total value of English imports). The disproportionate demand for shipping space was the consequence of distance, crop cycles, and weather conditions that slowed the movement of ships and tied up capital. In her comments on the city’s investment in shipping, Zahedieh examines the sources, deployment, and return on capital in one of the most resource-intensive sectors of the late 17th-century English economy. She dismisses the significance of the requirement that ships operating in colonial trade must be English-built: ‘English ships were used because they suited Atlantic conditions and, furthermore, they could be built in England at prices which competed with those of their rivals’ (p. 155).

Zahedieh looks next at the impact of Atlantic trade on the London workforce. ‘Colonial commerce not only created a large demand for ships’, she tells us, ‘but also served as a “nursery of [the] seamen” that “great princes” needed to swell the ranks of their small standing navies in time of war’ (p. 159). She estimates that London’s Atlantic merchant fleet employed around 6,300 sailors in 1686, most of whom were recruited from the port’s large pool of unskilled labor. Even greater numbers were employed on the docks and in the crowded streets and alleyways along the Thames. Behind the apparent congestion and disorder in the busy port, there was a well developed – and reasonably efficient – infrastructure employing a dizzying array of tradesmen in support of maritime life. Efficiencies achieved here – along with those realized in counting houses and aboard ships at sea – help to explain London’s rise to preeminence.

Chapter five, ‘Imports,’ underscores the significance of American produce. ‘London’s plantation imports doubled in value between the Restoration and the end of the century,’ Zahedieh tells us, ‘and by 1700 they accounted for not only around a fifth of the capital’s inward trade but also a third of its re-export trade to Europe’ (p. 184). Regarding England’s ‘early expectations and experiments in the New World’, the author argues that 17th-century ideals of improvement and self-sufficiency, together with the aspirational impulses of English Protestantism, manifested themselves in agricultural experiments in Virginia, New England, and the West Indies. There were many failures – viniculture and silk production are just two examples – but there were impressive successes. The best-known are tobacco and sugar, both of which had transformative effects on the port of London, and ‘the growing taste for smoke and sweetness in seventeenth-century Europe secured the success of England’s settlement project’ (p. 189).

London’s colonial imports included goods acquired from the ‘natural bounty’ of North America, notably fish, furs, and forest products. The volume of dried and salted fish from Newfoundland grew to vast proportions – fluctuating between 200,000 and 300,000 quintals in most years – and ‘helped England finance its deficit in bilateral trade in a number of regions’ (p. 192). Furs were important in the early years of colonial settlement. However, the trade suffered from the depletion of fur-bearing animals in the vicinity of settled areas and shifted northward after establishment of the Hudson’s Bay Company in 1670. Timber also held out tantalizing prospects to early projectors of Anglo-American commerce, but transport costs rendered large-scale shipments of American timber unfeasible. Masts were the most valuable output of the North American forests, and a mast trade developed in which London played a significant role. It was not until the next century that a sustainable trade in strategically important naval stores began to emerge, and then only with the support of state subsidies. Tobacco was, without question, the most important North American export. ‘Tobacco sealed the success of early English settlement in both mainland America, and the

Caribbean, and demonstrated that new lands could provide profits for producers, merchants, and manufacturers' (p. 199). Efficiencies gained in the shipment, processing, and distribution of tobacco spilled over into most areas of London commerce.

Sugar was the greatest of the colonial staples, and London situated itself at the center of the trade. Zahedieh reports that by 1686 the value of London's sugar imports exceeded those of tobacco by roughly four times. And she challenges 'the "myth" of heavy Dutch investment' in the early stages of sugar production on Barbados and other English islands, arguing instead that 'the rapid expansion in the early years rested largely on high profits and substantial ploughback of earnings' (p. 212). The dramatic growth in the sugar trade had a broad stimulating effect on English economic life, particularly in the capital. Sugar refining became an important industry and, while not labor-intensive, required substantial capital investment. Although sugar dominated imports from the English islands, it was not the only semi-tropical article to find a market in the city. Cotton, dyestuffs (notably indigo and logwood), 'foodstuffs such as cocoa (combined with sugar and spices to make chocolate), ginger, lime juice, pimento, and array of spices, drugs, gums, spermaceti oil, hardwoods for furniture, and exotic commodities such as tortoiseshell' entered the port of London from the colonies (pp. 229–30). In addition, there were significant imports of gold and silver bullion, obtained 'from America through plunder or peaceful contraband commerce' (p. 230). By the turn of the 18th century, London's colonial import trade far exceeded the aspirations of Hakluyt and other early promoters an English presence in the Atlantic.

Chapter six is about London's involvement in the various export trades to colonial America. The first part centers on human cargoes: indentured white servants and enslaved black Africans. From early in the 17th century, the city had a hand in the carriage of large numbers of servants to Virginia, New England, Barbados, and elsewhere in the American plantations. The volume of this activity cannot be known with precision, but it is enough to say that the persistence of excess carrying capacity on vessels bound for America encouraged shippers to take in servants. Greater still was the city's role in the slave trade – from the 1650s through abolition of the commerce in the early 19th century. In 1660, the Company of Royal Adventurers Trading to Africa – London-based and well connected to the city's political elite – received a charter from the Crown that gave the Adventurers monopoly rights on the west coast of Africa, as well as in the English plantations in America. But war with the Dutch – and the encroachments of private traders – enfeebled the Company of Royal Adventurers which was reconstituted in 1672 as the Royal African Company. Although encumbered with overhead and forced to come to terms with interlopers, the Royal African Company played a critical role in channeling London's vast financial resources into the darkest feature of Atlantic commerce.

Historians have paid considerably less attention to the exportation of food and manufactured goods. London did not have a large role in the preparation and packaging of food and beverage products for carriage to the American colonies. But this does not mean that the city was uninvolved. Following the Restoration, there emerged a huge trade in Irish salted provisions that became a structural feature of Atlantic commerce. London commission houses in the sugar trade figured prominently in this activity, placing orders with provisioners in Cork and elsewhere in Ireland and securing payment. London was also involved in managing a large trade in wine and spirits for markets in colonial America. It was a business that drew its product from a wide variety of sources, some of them (as in the case of Madeira wines) outside the trading system envisioned by the Acts of Navigation.

The largest component of direct exports from London to the colonies fell under the broad heading of manufactured goods. To a striking degree, they fulfilled Hakluyt's promise that the New World would provide markets for English manufactures – notably woolens – facing shrinking demand due to European competition. Of even greater significance to the economy of the Home Islands was the development of entirely new industries that arose in response to commercial expansion in the Atlantic. Historians, dazzled by the flood of sugar and tobacco into the port of London, might miss the fact that exports grew faster than imports, and that by the 18th century growth in the export sector had transformed the English economy into something that would have been unrecognizable to Hakluyt's generation.

In her conclusion, Zahedieh underscores the importance of capital, mercantile skill, and entrepreneurial spirit in the formation of England's Atlantic economy. The Acts of Navigation, she emphasizes, played a supporting role in the post-Restoration decades. At best, they nudged the economy forward and provided structure. But their great significance was as a generator of revenue for the Crown. It would have been impossible for England to displace the Dutch as the dominant trading nation in the Atlantic had it not been for the efficiencies achieved by London merchants. 'England had entered the seventeenth century as a commercial laggard, but the rapid expansion of long-distance, and above all colonial trade, played an important role in encouraging the accumulation of skills, information, and liquid capital (reflected in falling private interest rates) which by 1700 had allowed London to establish itself as a financial centre to rival, and soon overtake, Amsterdam' (p. 287).

*The Capital and the Colonies* is an important book with many strengths. British readers will be reminded of the centrality of London's post-Restoration Atlantic commerce to the story of their nation's rise as an economic power on a global scale. American readers will be reminded that their colonial forebears, though enterprising and resourceful, did not reside at the center of the universe. And readers everywhere will be reminded – if they need reminding – that England's emergence as a wealthy, sophisticated, and highly integrated market-driven economy was made possible by the productive output of millions of enslaved Africans. Zahedieh has performed other services as well. Not the least of these is demonstrating to a rising generation of young scholars the benefits of a solid grounding in archival sources. *The Capital and the Colonies* by Nuala Zahedieh should be required reading for students of Atlantic and global commerce, as well as those interested in the role – as well as limitations – of the early-modern state in the formation of the commercial economy.

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