TEXTO PARA DISCUSSÃO N° 372

MERCHANTS AND COUNCILORS: INTELLECTUAL DIVERGENCES IN EARLY 17TH CENTURY BRITISH ECONOMIC THOUGHT

Carlos Eduardo Suprinyak

Novembro de 2009

Ficha catalográfica

330.942 S959i 2009	Suprinyak, Carlos Eduardo. Merchants and councilors: intellectual divergences in early 17th century British economic thought / Carlos Eduardo Suprinyak. - Belo Horizonte: UFMG/Cedeplar, 2009. 22p. (Texto para discussão ; 372) 1. Mun, Thomas. 2. História econômica – Séc. XVII. 3. Inglaterra – Condições econômicas – Séc. XVII. 4. Mercantilismo – Inglaterra - Séc. XVII. I. Universidade Federal de Minas Gerais. Centro de Desenvolvimento e Planejamento Regional. II. Título. III. Série. CDD

UNIVERSIDADE FEDERAL DE MINAS GERAIS
FACULDADE DE CIÊNCIAS ECONÔMICAS
CENTRO DE DESENVOLVIMENTO E PLANEJAMENTO REGIONAL

MERCHANTS AND COUNCILORS: INTELLECTUAL DIVERGENCES IN EARLY 17TH CENTURY BRITISH ECONOMIC THOUGHT

Carlos Eduardo Suprinyak
Cedeplar/UFMG
suprinyak@cedeplar.ufmg.br

CEDEPLAR/FACE/UFMG
BELO HORIZONTE
2009

ABSTRACT

During the early 1620's, England went through a period of intense economic disorders which sparked the interest of many in economic reasoning. The decade witnessed the emergence of the most relevant pieces of economic literature of the early Stuart era, but the debate was not restricted to the abstract confrontation of economic writers. The fundamental issue at stake in the controversies between Malynes, Misselden, and Mun – the integration of money and international trade in a coherent explanation of economic phenomena – was also the subject of much care in the political arena at large. The 1621 parliamentary session, in particular, put in evidence not only the fundamental relevance of the matter for understanding England's economic maladies, but also the great difficulties involved in its investigation. By bringing all these elements together, the paper seeks to articulate a more dense and meaningful portrait of the prevailing state of economic ideas in early 17th century England.

Key words: pre-classical economics; mercantilism; 17th century; Stuart England; Thomas Mun.

RESUMO

Durante o início da década de 1620, a Inglaterra passava por um período de intensos distúrbios econômicos que despertaram o interesse de muitos em sua investigação. A década testemunhou a emergência das obras econômicas mais relevantes do início do período Stuart, mas o debate não se restringiu às confrontrações abstratas de autores econômicos. A questão fundamental em jogo durante as controvérsias entre Malynes, Misselden e Mun – a integração entre moeda e comércio internacional em uma explicação coerente dos fenômenos econômicos – foi também objeto de muita atenção na esfera política em geral. A sessão parlamentar de 1621, em particular, colocou em evidência não apenas a relevância fundamental do problema para a compreensão das mazelas econômicas da Inglaterra, mas também as grandes dificuldades envolvidas em sua investigação. Ao reaproximar todos estes elementos, este artigo procura articular um retrato mais denso e significativo do estado corrente das idéias econômicas na Inglaterra do início do século XVII.

Key words: economia pré-clássica; mercantilismo; século XVII; Inglaterra Stuart; Thomas Mun.

Economic ideas in early Stuart England are certainly not the most popular of subjects, but they belong, nevertheless, to a rich historiographic tradition. Scholars interested in the history of economic thought have been concerned with it for a long time – actually, since Adam Smith's time, when economics, or political economy, had its first claim at intellectual maturity. At the same time that a new intellectual discipline was born, assessments were being made about its ancestry, about those who had contributed to the development of ideas related to the processes of creating, distributing, and consuming wealth. Smith himself had some words to say about those 17th and 18th century pamphleteers who had developed a few doctrines related to foreign trade and international monetary flows – the "mercantile system", as he termed it, following Mirabeau. Sadly, those were not very complimentary words. To Smith, the mercantile system was little more than a common sense, largely unstated collection of maxims and rules of thumb, based upon faulty assumptions and fallacious reasoning. Moreover, Smith believed that these ideas had been infused in public consciousness through the efforts of self-interested parties, especially merchants who tried to disguise their own favored policies with a garb of concern with the commonwealth[1]. In the decades to come, although efforts were being made (especially by McCulloch) to recover and publicize the original pamphlets and treatises, Smith's harsh judgment prevailed as the standard attitude to early modern economic ideas among the Classical school adherents.

A different approach to the subject would only come up during the late 19th century, when members of the German historical school of economics introduced a new historiographical category – *merkantilismus* – and with it a whole new interpretation of pre-Smithian economic doctrines. Whereas Smith had denounced a "conspiracy of trade" to implement policies which were on the whole damaging to national wealth, a new generation of scholars led by Gustav Schmoller in Germany and, to a lesser extent, William Cunningham in England recovered the theme, and what they saw there was a legitimate strategy to promote economic growth along nationalistic lines[2]. Still, as Charles Wilson has noted more than half a century ago, Smith's and Schmoller's standpoints do not differ as markedly as it would seem at first sight. Actually, their accounts of thought and policy are fairly similar, the main difference being that, to use Wilson's words, one applauds where the other condemns (WILSON, 1969a, p. 68).

The debate over mercantilism carried along these lines for the next few decades, roughly as a contest between liberal and nationalistic interpretations of history, until the subject was given a new breath of life in the 1930's – not coincidentally, at a time when nationalistic policies held a renewed appeal. The decade saw the theme debated by the likes of Jacob Viner[3], John Maynard Keynes[4], E. A. J. Johnson[5], Max Beer[6], and, above all, Eli Heckscher[7]. Maybe even more significantly, it witnessed the incorporation of mercantilist studies into the domain of a new specialized field of enquiry, the

[1] The "mercantile system" is the subject of discussion throughout Book IV of *The Wealth of Nations.*

[2] Schmoller´s most famous appraisal of mercantilism can be found in *The Mercantile System and Its Historical Significance* (1931). As for Cunningham, his thoughts on the subject are spread throughout his *The Growth of British Industry and Commerce* (1903).

[3] *English Theories of Foreign Trade Before Adam Smith* (1930)

[4] In Chapter 23 of *The General Theory of Employment, Interest and Money* (1936)

[5] *Predecessors of Adam Smith* (1937)

[6] *Early British Economics from the XIII to the Middle of the XVIII Century* (1938)

[7] *Mercantilism* (1931, translated into English in 1935)

history of economic thought, which developed swiftly due to the consolidation of economics as an institutionalized academic discipline. Of all these contributions, Heckscher's was certainly the one who attracted more attention and stirred greater controversy. His all-encompassing attempt to come up with a definitive portrait of mercantilist doctrines and policies within their institutional context met with as much praise for its breadth and scholarship as it did with biting criticism to its methodological eclecticism, historiographical idiosyncrasies, and inner hesitations and contradictions.

Still, despite its own achievements and faults, Heckscher's work revived scholarly interest in early modern economic doctrines, and also brought mercantilism to the attention of every historically-minded economist as an integral part of the past of his/her own discipline. Any textbook on the history of economic thought from then on required an introductory chapter discussing mercantilism, and thus some very standardized, common sense notions entered the field's consciousness. Unfortunately, these notions were often grossly misrepresentative. Reducing two centuries of European history into twenty textbook pages had the noxious side effect of blurring any kind of subtle distinctions, or any kind of distinctions for that matter, leaving no room for diverging ideas or detailed contextual approaches. For the average late 20th century economist, mercantilism meant radical nationalism, protectionism, and government interference, all of it resulting from an incomprehensible fixation with precious metals and a favorable balance of trade, which could only be explained as plain ignorance.

But apart from these common sense ideas, serious research on the topic kept being carried on, frequently in direct response to Heckscher's and Viner's seminal works from the 1930s. This is not the place to indulge in a long historiographical review, and it suffice to say that relevant contributions were brought forth by people like Donald Coleman (1969b; 1980), Bob Coats (1973; 1992a; 1992b), Raymond de Roover (1951; 1955; 1974a; 1974b), Barry Supple (1954; 1957; 1964), Herbert Heaton (1937), and the aforementioned Charles Wilson (1949; 1951; 1969a; 1969b). Debates have often centered on the general historiographical validity of the concept of "mercantilism", while at the same time attempting to bring more historical depth to the analysis. More recent scholarship has tried to appropriate methodological ideas originating in other social sciences – the most relevant approaches being Joyce Appleby's mercantilism-as-liberal-ideology (1978), Lars Magnusson's mercantilism-as-economic-language (1994), and Andrea Finkelstein's mercantilism-as-organicist-political-philosophy (2000). Yet, for all the richness and insightfulness achieved after decades of research, one of the remarkable features of specialized enquiry is that it still insists on treating every single economic idea that has been expressed in Europe after Thomas Aquinas and before François Quesnay as a unified, consistent doctrinal corpus. And while some more careful interpreters have restricted their generalizing urge to shorter samples – dealing only with England throughout the whole of the 17th century, for instance – there remains a lingering uneasiness, a sense that this is far too long a period for any idea to hold a complete and undisputed sway over the minds of a whole nation.

My aim is to try and mitigate this uneasiness, by leaving aside for a minute the sweeping ideologies and grand historical transitions and focusing instead on the actual ideas held by actual people in a specific historical context: the severe economic crisis which assaulted England during the last years of James I's reign.

* * *

The idea is obviously not new. Hundreds of pages have been written about the difficulties surrounding the idea of "mercantilism", Donald Coleman being for a long time the most vocal advocate of a complete eradication of the concept[8]. Yet, for all the methodological diatribes, little seems to have been done in the sense of turning such abstract ideas into proper historical examinations. One of the most recent contributions to the field (FINKELSTEIN, 2000), for all its careful and detailed analysis, still treats all economic pamphlets printed in the 17th century as part of some unified and coherent tradition, paying much more attention to their common features than to what tells them apart.

In the scarce instances when attention was given to the particular historical context in which economic ideas came to light, the 1620's always emerged as some sort of watershed in the "mercantilist" era – a moment of critical ideological density, when not only a significant amount of literature was produced, but also some of the most relevant economic issues of the time were debated at some length. From the standpoint of economic history and policy, the period was extensively dealt with by SUPPLE (1964), which remains the standard interpretation of macroeconomic events in the period. Regarding economic ideas, both APPLEBY (1978) and MAGNUSSON (1994) have assigned a very prominent role to the 1620's in their works, portraying the decade as a moment of transition in England, when traditional, quasi-medieval notions were being left behind in favor of new, progressive ideas which recognized the independence of some economic mechanisms from the discretionary interference of statesmen, as well as the pervasiveness of economic motives. Despite the scent of Whig history, the fact remains that economic issues were a hot enough topic during the late years of James' reign to catch the attention of contemporary scholars working in the field. So what is it about the 1620's that made it such a fertile moment for economic enquiry?

To answer this question, one must consider briefly the economic conditions of the time. The political and constitutional struggles that permeated the early Stuart period frequently obfuscate economic difficulties, but these were nonetheless present and exerted their impact. James inherited a kingdom exhausted by a protracted period of demanding foreign conflicts, where frequent fiscal exactions led to growing popular discontent. Moreover, the last years of Elizabeth's reign were characterized by chronic sluggishness in foreign trade, leading to a rather bleak economic landscape. Nevertheless, Stuart accession and peace with Spain brought about a general improvement in trade conditions. James' first decade as king of England was one of undoubted prosperity. White broadcloth exports grew constantly, reaching their highest ever level in 1614. Prices were on the rise, and so were rents. But beneath the glowing surface of economic life, profound changes were taking place within England's main industry. Early 17th century witnessed a dual movement within British woolen cloth industry: the decay of the traditional, luxurious white and undressed woolen cloth – "the jewel of the kingdom" – and the rise of the lighter and coarser mixed fabrics collectively known as new draperies. This process was already in course during the first decade of the century, and was still to go on for

[8] The volume *Revisions in Mercantilism* (1969), edited by Coleman, is a compilation of articles which deal, to a greater or lesser extent, with the inadequacy of "mercantilism" as a historiographical category. Coleman's own views on the matter are expressed in the Introduction and on his paper there reprinted (1969b).

much longer[9]. However, an unhappy attempt at government interference – the infamous Cockayne project[10] – brought about a precipitous decline in the traditional sector. White broadcloth exports peaked in 1614, never to reach the same level again. From 1615 to 1618, when the project was being put into practice, this whole branch of cloth manufacture faced constant and severe distress. Although going through a secular decline, white broadcloths were still the main export item for England, and such a disruption in its trade was bound to have strong economic implications for the country as a whole. Moreover, after the project was finally repealed, and everything was expected to go back to normality, a new series of disturbances hit England's cloth trade badly. Those were related to the beginning of hostilities in Central Europe, and the severe monetary disturbances that ensued[11]. Not having time to fully recover from one major setback, England's cloth trade found itself once again plunged into depression.

Thus, by the dawn of the 1620's England's economic prospects did not look nearly as bright as they had a decade or so before. Economic grievances had been piling up since at least 1615, and the new trade crisis was already unfolding in all its unprecedented harshness. Parliament had not convened since 1614, when in 1621 an indebted king was finally forced to call a meeting in order to deal with religious conflicts on the continent. All the economic distresses accumulated during those seven years were bound to appear in Westminster, and so they did. The 1621 parliament brought a whole array of economic issues into public scrutiny, and forced different groups to reflect about them and voice their opinions. One of the results was a burst of activity in economic pamphleteering.

* * *

The most significant economic tracts conceived during the first half of the 17th century were directly related to the early 1620's economic disturbances and their public investigation in the parliament of 1621. The clearest example of this is undoubtedly the public controversy which took place between Gerard de Malynes and Edward Misselden during the early years of the decade. Malynes was already, by then, an experienced pamphleteer and businessman, having published his first tract in 1601[12], and engaged in a series of projects, both public and private, which at times brought him wealth, at others infamy[13]. By the end of the 1610's, he was in the Fleet due to his involvement in a disastrous project for the coinage of copper tokens. Moral standards aside, Malynes' close contact with the projecting and business worlds certainly gave him much practical knowledge, and he was frequently called forth by the crown to give his opinion on economic matters – in particular those related to monetary mechanisms, about which he liked to style himself as a specialist.

9 For general assessments of economic conditions during the late 16th and early 17th centuries, see WILSON (1965; 1969c; 1976), SUPPLE (1964), COLEMAN (1977), FISHER (1950), HINTON (1959), and UNWIN (1966).

10 The most detailed account of the Cockayne project available is still that of FRIIS (1927). Some of Friis' arguments have been questioned and updated by SUPPLE (1964).

11 Although SUPPLE (1964) offers the most authoritative account of the early 1620's crisis, GOULD (1954) and KINDLERBERGER (1991) are also of great interest.

12 *Saint George for England, Allegorically Described* (1601).

13 Those interested in Malynes' career can find fragmentary biographical accounts in MUCHMORE (1969), JOHNSON (1936), ROOVER (1974b), MAGNUSSON (1994), and FINKELSTEIN (2000), as well as the entry in the *Oxford Dictionary of National Biography* (2004, vol. 36, pp. 380-2).

Edward Misselden was, in all probability, a much younger merchant than Malynes, although his early biography is rather obscure[14]. He was a Merchant Adventurer during the 1610's, and as such was deeply involved in the events surrounding the Cockayne project. Initially a harsh opponent of the new company, he later joined its ranks, only to be accused of trying to sabotage it from the inside. During the early 1620's, he was still a member of the restored old company, and it was with a view to clear his company of blame for the trade crisis that in 1622 he published his first pamphlet, *Free Trade, or, The Meanes to Make Trade Flourish*. This was the piece of literature which triggered the debate between Malynes and him. Malynes replied with *The Maintenance of Free Trade*, published the same year, in which he explicitly contested Misselden's interpretation of the economic depression in England. Misselden struck back with incredible ferocity the following year, in his *The Circle of Commerce, or the Ballance of Trade* – a pamphlet which is often credited as the first appearance in print of the term "balance of trade". His virulent assault on Malynes prompted an immediate – and final – reply by the latter, entitled *The Center of the Circle of Commerce* – in reference to the analogy proposed by Misselden between Gioto's circle and a nation's foreign trade.

Apart from Malynes and Misselden, one other figure also looms large within the universe of early Stuart economic reasoning. This last figure is also the one of greatest fame: Thomas Mun, the Levant and East India merchant whom history turned into the most iconic mouthpiece of mercantilism[15]. Well, history and Adam Smith, who singled Mun as *the* author whose ideas represented the mercantile creed. Yet, for all the attention he received, Mun's part in the 1620's debates was overlooked for quite a long time. Although his first pamphlet, *A Discourse of Trade, from England unto the East Indies*, was published in 1621 with the clear intention of defending the East India Company against accusations made in parliament of draining English bullion stocks, the work through which he became known to posterity – *England's Treasure by Foraign Trade* – was only published posthumously, in 1664. But if the precise moment in which the tract was composed remains unknown, any careful reading of its contents, if informed by some knowledge of the issues at stake during the early 1620's, clearly suggests what specialized research has satisfactorily established: the tract was the product of Mun's reflection upon the economic troubles and debates of those years. He took an active part in the public investigations, and all that must have had a lasting impact on his thinking.

One of the most remarkable features of the 1620's pamphlet controversies is the highly abstract level at which the debate is carried. The tone is in general quite pragmatic, the authors constantly keeping an eye on the objective measures that could be employed in order to improve general economic conditions. However, there are some fundamental principles at stake, and these are framed in such a way as to make it impossible to reach a resolution regarding which standpoint is the correct one. In other words, they work as fundamental axioms which can be neither proved nor disproved by empirical evidence, but upon which the whole reasoning rests. This will become clearer later on.

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[14] Misselden's biographical information is significantly more scarce than Malynes'. The most enlightening sources are JOHNSON (1936), MAGNUSSON (1994), FINKELSTEIN (2000) and the *Oxford DNB* entry (2004, v. 38, pp. 375-6).

[15] Fortunately we know much more about Mun than about Malynes and Misselden. Quite satisfactory accounts can be found, once again, in JOHNSON (1936), MAGNUSSON (1994), and FINKELSTEIN (2000), but also in APPLEBY (1994), ROOVER (1957), SUPPLE (1954), and in the *Oxford DNB* entry (2004, v. 39, pp. 730-2).

Seventeenth century economic writers have been blamed once and again for their excessive concern with precious metals. Smith was the first to accuse them of indulging in Midas' fallacy – confusing wealth with money; Heckscher, albeit more sympathetic, still described it as a "monetary fetish", resulting from the swift spreading of monetary relations throughout European society, and the confusion arising thereof in the minds of those which had to deal with such deep changes. At a certain level, these indictments are accurate as regards the period of concern here: early 17th century pamphleteers were indeed obsessed with money. But this obsession was not due to any sort of cognitive blindness, but rather to much more straightforward reasons: first, they believed that money had an all-important role to play within the sphere of economic activities, and that an adequate supply was therefore required to ensure the nation's well-being; secondly, these authors displayed a remarkable aversion to domestic consumption of goods, and therefore money (that is, precious metals) was regarded as a *preferable* form of wealth due to its durability – a form of wealth which could not be consumed[16].

This latter point, fascinating as it is, will not be explored here at length, simply because it was not one of the controversial issues at stake. Rather, it was an assumption shared by all those involved in the debates, which implicitly or explicitly treated consumption as the destruction of wealth. Mun expresses the idea clearly when he says that "to lose and to consume doth produce one and the same reckoning" (1664, p. 85), but it is also present elsewhere, under several guises. The word "consumption" itself often assumes a negative connotation, being entangled with the ideas of disease, decay, and putrefaction – as in "the consumption of the body politic". The constant exhortations to frugality can also be seen as another manifestation of this deep-rooted suspicion towards consumption, and as such it went on unchallenged during the 1620's.

The former issue, on the contrary, was the focus of much attention. In fact, the economic disturbances of the period are frequently described as a "scarcity of money" crisis, especially during the initial years of depression, when its close connection with the cloth trade was still not fully recognized. The scarcity of money was obviously the most apparent manifestation of a general economic crisis, but the fact remains that economic pamphleteers regarded the inadequate money supply as the single most important issue to be addressed. As will be discussed shortly, the diagnoses they offered differed greatly; but their problem was basically the same. Economic debates in England during the 1620's are essentially about money, and as such they need to be understood.

So, why was money important? First of all, we should note that there is absolutely no confusion between money and wealth in the writings of the period. Early Stuart authors knew very well the distinction between these two concepts and, although they rarely came up with precise definitions, it is clear that money (or treasure) was only one of several forms which wealth could assume[17]. The importance of money lies elsewhere, on a function which, it was believed, money could, and should, perform: that of dynamizing commercial activity.

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[16] These themes were developed at length elsewhere, and therefore will only be dealt with in a somehow cursory manner here. Readers interested in a more detailed exposition of these and other related points are referred to SUPRINYAK (2009).

[17] Once again, this assertion is more lengthily developed and substantiated in SUPRINYAK (2009, pp. 587-91).

It is in this sense that the frequent analogies between the circulation of money and the circulation of blood must be interpreted. Money is the "vital spirit of trade" because wherever it goes through, things are animated in its wake. Merchants can afford to trade, husbandmen can sell their produce, prices and rents rise, and the sovereign's revenue increases. But in order to reach such beneficial outcomes, it is not enough to possess a large stock of money – locked up in the prince's coffers, for instance; money needs to be kept continually in circulation, a point stressed by Mun. Despite their bitter dispute over other matters, Malynes and Misselden are on the same page as regards the proper role of money in the commonwealth. In *The Center of the Circle of Commerce*, Malynes would ask:

> Or will any man think that Trade can be driven conveniently without moneys and exchanges? will not the want of it make a dead Trade within the Realme when this Vitall Spirit of Commerce faileth? surely it is questionles in every mans understanding (MALYNES, 1623, p. vii)

Whereas Misselden, in *Free Trade*, had already declared:

> For Money is the vitall spirit of trade, and if the Spirits faile, needes must the Body faint. And as the Body of Trade seemeth to be Dead without the Life of Money: so do also the Members of the Commonwealth without their Meanes of Trade (MISSELDEN, 1622, p. 28)

The issues discussed so far seem to be the object of common consent among early Stuart economic pamphleteers. It is time now to finally approach the sources of controversy, often translated into mutual hatred. The early 17th century was a period of intense development in international exchange markets, when the bill of exchange was quickly turning into the most prominent commercial instrument within Europe. However, exchange markets were still a domain reserved for specialists. The average man on the streets regarded it as an impenetrable and highly suspicious world – much in the same way as it still happens nowadays. Neither were international financial markets simpler in those days than they are today – even trained scholars normally have a hard time trying to grasp all the nuances involved in a simple 17th century exchange dealing.

Part of the problem is due to the use of a currency system based on precious metals. As such, coins have an intrinsic value determined strictly by their metallic content. Domestically, however, the value of coins is determined by the sovereign, frequently in disagreement with their fineness and weight. Thus, in the exchange market – which is the market for bills of exchange – the rate of exchange between two currencies is determined by an estimate of their equivalence in terms of metallic content, but also by fluctuations in the demand and supply of currencies in a given exchange mart at any moment. If several English merchants in Amsterdam suddenly required *rijksdaalder* for their business, the rate of exchange between the sterling and the Dutch currency would rise, even though their point of metallic equivalence was reached at a lower rate. To complicate matters even further, bills of exchange were payable after fixed time intervals, and therefore normally included interest and risk-bearing prizes[18].

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[18] More comprehensive and detailed account of monetary and financial systems in Early Modern Europe can be found in KINDLEBERGER (1993), EINAUDI (1953), GOULD (1952), ROOVER (1974a), SUPPLE (1957), and UNWIN (1966).

It was precisely in their analysis of this exchange market that Misselden and Malynes adopted inescapably divergent standpoints. Malynes' perspective is certainly the most unusual one for modern standards, but not less sharp for that. In characteristic style, he argues that both monetary and commodity flows are ultimately determined by fluctuations in the exchange market – or to use his own words, "exchange is active, and commodities and money are passive" (1623, p. 84). This proposition was firmly anchored on his particular perception of the functioning of exchange markets. Malynes was a biting critic of the free determination of exchange rates between currencies in the international market. To him, determining the value of money was part of the sovereign's prerogative; thus, allowing it to freely float according to market forces, manipulated by bankers, merchants, and speculators, was a morally reproachable attitude – an usurpation of the royal prerogative. Money is *publica mensura*, the general standard of value, and therefore arbitrary fluctuations on its own value are highly prejudicial to general economic stability. To Malynes, the "abuse" of exchange was the root of England's commercial decadence.

Malynes believed exchanges between currencies should be based exclusively on their metallic content. Rates should be regulated in such a way as to commute equivalent amounts of precious metals – that is, according to his famous concept of *par pro pari*. When that is not the case, all other economic flows are suddenly subordinated to the rulings of this primordial market, the exchange market. If a currency is "undervalued" in the exchange market, there are arbitrage gains to be made through melting and exporting it as bullion; equally, the commodity market suffers due to changes in relative international prices, which adversely affect foreign trade. Moreover, if foreign currency is "overvalued", it is unprofitable altogether to bring it in, be it as bullion or currency, and thus commercial revenues are turned into imports of foreign commodities, as a means of minimizing exchange losses – further contributing to the "overbalancing" of trade (1601a, p. 34).

What distinguishes Malynes' standpoint from those of Misselden and Mun is the direction in which the causality runs according to his interpretation of markets. To him, the exchange market literally dominates those of money and commodities – or as he put it, "the right course of exchange being abused, doth over-rule the course of commodities and monie" (1601a, p. 17). Profit opportunities on exchange markets will always determine overall economic flows, and commodities are the variables used to cover monetary imbalances. The only way to avoid this is by neutralizing the exchange market, forcing all transactions to be carried according to the *par pro pari*. After potential profits in exchange dealings are thus eliminated, both the monetary and commodity markets are free to follow their own courses.

This may sound like a rationalization imposed on Malynes' ramblings. The strongest evidence to the contrary is that the three authors themselves showed great awareness that this was, in fact, the crucial issue. Misselden, although arguing the contrary case, hesitates to put all his emphasis on the commodity market. Despite all his concern with the balance of trade, he believes that some monetary mechanisms do have an important role to play in economic processes. Misselden ridicules Malynes' *par pro pari* project, but recognizes that the "undervaluation" of English currency – meaning its closer correspondence to its own metallic content – is a factor inducing money outflows (1622, p. 7-8). But elsewhere he is concerned with establishing his own ideas regarding the relationships between markets. To him, the exchange market shares the same characteristics of any other market, responding to the demand and supply of international currencies:

> [I]t is not the rate of Exchanges, but the value of monies, here lowe, elsewhere high, which cause their Exportation: nor doe the Exchanges, but the plenty or scarcity cause their values (MISSELDEN, 1622, p. 104)

Likewise, the commodity market also followed its own rules:

> [I]t is not the rate of Exchanges, whether it be higher or lower, that maketh the price of comodities [sic] deare or cheape, as Malynes would here inferre; but it is the plenty or scarcity of Commodities, their use or Non-use, that maketh them rise and fall in prices (MISSELDEN, 1623, p. 21)

Thus, Misselden understood clearly what was at stake and, although half-heartedly, gave his own version of events. Mun, of course, went much further; and in his direct confrontation of Malynes' ideas lies the key to understand the fundamental intellectual divergence raised by this debate. Unlike Misselden, Mun was not willing to make concessions. Chapters XII to XIV of *England's Treasure* are dedicated to an explicit criticism of Malynes' ideas regarding exchange markets. As Misselden before him, Mun begins by stating that exchange markets are governed by the demand and supply of currencies:

> [T]hat which causeth an under or overvaluing of moneys by Exchange, is the plenty or scarcity thereof in those places where the Exchanges are made (MUN, 1664, p. 95)

But his analysis soon turns much more acute and to the point. Far from determining commodity flows, exchange markets merely reflect the movements of commodities between nations. Commercial imbalances need to be covered by monetary transfers, which in their turn exert pressures over exchange markets, thus affecting exchange rates. His own description of the process is as sharp as it is illuminating:

> As plenty or scarcity of mony do make the price of the exchange high or low, so the over or under balance of our trade doth effectually cause the plenty or scarcity of mony. […] the monies which are carried from us within the balance of our trade are not considerable, for they do return to us again: and we lose those monies only which are made of the over-balance of our general trade, that is to say, That which we spend more in value in forraign wares, than we utter of our own commodities. And the contrary of this is the only means by which we get our treasure. In vain therefore hath Gerard Malines laboured so long, and in so many printed books to make the world believe that the undervaluing of our money in the exchange doth exhaust our treasure, which is a mere fallacy of the cause, attributing that to a Secondary means, whose effects are wrought by another Principal Efficient, and would also come to pass although the said Secondary means were not at all (MUN, 1664, pp. 96-104)

Mun turns Malynes' reasoning on its head, and proudly tells everyone he is doing so. If any doubts still remained, he went as far as appropriating himself of Malynes' own phraseology to hammer his point home:

> [T]he profit and loss upon the Exchange is guided and ruled by the over or under balance of the several Trades which are Predominant and Active, making the price of Exchange high or low, which is therefore Passive, the contrary whereof is so often repeated by the said Malynes (MUN, 1664, p. 119)

Here we have in a nutshell what the 1620's dispute was all about. Which is the primary force behind economic processes, money or commodities? Was the economic crisis due to the malfunctioning of international monetary mechanisms, or to a chronic imbalance in foreign trade? Distinct answers were being advanced at the same time, and we can only guess at how deeply each of them appealed to public consciousness. We know that, in the long run, Mun's standpoint prevailed, which certainly helps to explain why Malynes came to be regarded as such an oddity. But it seems that, during the 1620's, his ideas were far from absurd and unconventional, or even outmoded. Quite on the contrary, they may have still carried much weight, as Misselden's own hesitations seem to indirectly show. Probably few people would be willing to go so far as to assert that exchange markets are the ultimate determinants of all economic phenomena. But the idea that there was something about money which could potentially disrupt both foreign trade and domestic activities still held much appeal. The debate had not been won before it started. Instead, it was carried on fiercely because it was concerned with issues which occupied many minds at the time, and to which no easy solution could be offered. The controversy was not a futile quarrel over theoretical points, but part of a larger effort to come to grips with the logic behind economic phenomena.

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Since merchants have received all the attention so far, from now on the presence of economic ideas outside the scope of pamphlets will be explored. Arguably, one of the gravest faults of "mercantilist" scholarship is its excessive reliance on specialized literature, and disregard of economic ideas expressed in wider, less knowledgeable channels. For all the growth in print culture, it is hard to believe that an economic pamphleteer writing during the early Stuart years could hope to reach an audience much larger than his own merchant community. If that is the case in general, what to say of a work such as *England's Treasure by Foraign Trade*, which was not even published until after the Restoration? What sort of impact could the work of Mun have over the minds of his contemporaries, if he did not actively engage in debates carried on in other, more wide-reaching stages?

Of course, when thus extending the analysis to cover wider transmission channels, it is much harder, if not impossible, to determine how influential were particular individuals and their ideas. But that is not the only, nor necessarily the most interesting, question to be asked. Instead, what one can hope to grasp is what kind of relationship, if any, existed between the reasoning of those specialists in economic matters, and the way in which the public at large regarded the same phenomena. Our contemporary experiences would certainly induce a high degree of skepticism regarding the existence of any such relationship; but maybe a closer investigation will reveal early Stuart days to be some kind of mythical lost era when economists and human beings could still live peacefully with each other.

As already mentioned earlier, the parliament of 1621 was in a way a moment of catharsis for economic ideas. Although other subjects such as the Palatinate crisis, non-conformity policies, and patents of monopoly gathered more attention, economic issues undoubtedly occupied a prominent place in the proceedings. James himself touched the subject in his opening address to parliament, saying:

> For the scarcitie of coine, it is strange that my Mint for silver hath not gone this nyne or ten years. Yea, so long it hath stood out of use that I and my council cannot think to see silver coined there againe in our time. How this may be redressed it concerneth you to consider now in Parliament and let your King have your best advice about it (CD, 1621, VI:371-2[19])

Thus, James was not only concerned with monetary disturbances – only natural given that the currency undisputedly belonged to the royal prerogative – but also willing to ask parliament for advice on how to deal with them. King and parliament would be involved with economic issues throughout the whole session, although the immediate practical results of such consultations were less than remarkable. The Commons asked their king to dedicate special care to the redress of economic grievances during the summer adjournment[20], and the Privy Council, already following Sir Lionel Cranfield's lead, accordingly engaged in investigating and reforming the inconveniences raised in the house[21]. Economic topics were on the spotlight during the whole year of 1621. What exactly, then, were the Commons concerned with, economic wise, and how were these concerns approached by different voices in the house?

The depressed state of England's cloth trade, and the king's explicitly stated concern with the scarcity of money, somehow encapsulate the two main economic themes under discussion in the House of Commons during that session. However, interestingly enough, these two lines of enquiry were dealt with for quite some time as roughly distinct issues. Both subjects were eventually brought to the house's attention, and the same pattern emerged: several reasons were advanced as possible explanations for each of the problems, but only very sporadically any direct relationships between the two of them were hypothesized[22]. As the economic grievances continued to be intensely debated, some *rapprochement* was eventually achieved – although an incomplete and often awkward one at that (CD, 1621, III:371).

Thus, in their attempts to examine England's economic maladies, the Commons came across the problem of the relationship between monetary and trade processes. This is also, as argued above, the single most important topic in early Stuart economic literature. These issues, which virtually defined economic reasoning during the period, were brought to light in the 1621 parliament, when attempts were being made to reconcile cloth trade depression and scarcity of money as interconnected economic problems.

The desirability of a more plenteous money supply was normally assumed rather than explicitly argued, and so the inquiry naturally turned upon the appropriate measures to induce

[19] The reference is to the collection *Commons Debates, 1621*, edited by Wallace Notestein, Frances Helen Relf and Hartley Simpson.

[20] Cf. CD, 1621, II:417; III:404; IV:398-9.

[21] Cf. CD, 1621, III:415-6; *Acts of the Privy Council*, V:391-2, 393, 400; VI:40;71.

[22] Cf. CD, 1621, II:29-30, 76-7, 137; IV:19, 97-8, 104-5; V:3-4, 261, 331, 439-40, 456-8, 524-5; VI:16.

monetary inflows. Since the connection between scarce money and the cloth trade crisis was not accepted by everyone, the debates witnessed a slight polarization of opinions. On the one hand, there were those who argued that strictly monetary phenomena – such as international imbalances in the gold/silver ratio and the low rates paid for silver in the English mint – were behind the liquidity crisis; on the other, some of the members believed that the answer to England's economic troubles was to be found on the decayed state of the balance of trade. As a general rule, these opposed lines of reasoning were not clearly and unequivocally presented, being frequently mixed with other arguments of a different nature. Both of them, however, could find their champions – voices who were willing to emphasize the dominance of one or the other of these mechanisms over the economic process.

Among those who favored the "monetary" interpretation, the most vocal ones were members involved to a greater or lesser degree with the East India Company, as well as partisans of other regulated companies such as the French Company and the Merchant Adventurers. Influential people like Sir Thomas Roe and Sir Dudley Digges tried to shift the blame off their own group's shoulders, and focused instead on the adverse effects that international monetary mechanisms could exert over England, independently of any trade processes whatsoever[23]. But, although gathering important supporters, this proposition did not go unchallenged. Those concerned with the balance of trade argued that, quite on the contrary, the disrupted state of the cloth trade was the true responsible for the economic troubles, including the scarcity of money[24]. Among the latter group, the most prominent voice was undoubtedly that of Sir Lionel Cranfield[25].

The concept of a "balance of trade" was widely used in parliament at the time, and the idea that commercial imbalances had to be compensated with monetary flows was certainly not new at the time. However, what is interesting is that certain members – especially Cranfield – were absolutely convinced of the overbearing influence exerted by the balance of trade over the international monetary system. Whenever any of the more monetary-oriented minds would try to argue their case, Cranfield would quickly seize the word and stress the lessons taught by the customs books, stating that "Wee are to assure ourselves that the want of money is because trade is sick, and as longe as trade is sick, wee shalbee in want of money" (CD, 1621, VI:296). More importantly, Cranfield was in a formidable position to do so. When the 1621 parliamentary session started, he was already recognized as the crown's main economic advisor. During the summer adjournment, he would finally be made Lord Treasurer, and thus become arguably the most powerful and influential court officer, apart from Buckingham. Under these circumstances, his opinions, in all likelihood, carried substantial weight.

No solid agreement was ever reached in parliament regarding the merits of each of these opposed standpoints. But despite their failure to reach a consensual interpretation of the crisis, MPs in 1621 brought to the forefront the difficulties surrounding the integration of money and international trade in a coherent explanation of economic processes. In so doing, they provided economic writers with a theme they would insistently pursue throughout the remainder of the decade.

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[23] Cf. CD, 1621, II:138-9; III:45-6, 48-9; IV:149-50, 358; V:314, 491-2, 517, 526-7.

[24] Cf. CD, 1621, IV:230, 394; V:492, 517; VI:296.

[25] Cranfield's life and career, both as merchant and officer, are wonderfully documented in TAWNEY (1958) and PRESTWICH (1966).

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Lionel Cranfield's firm belief in the primordial influence exerted by the balance of trade over economic processes raises some interesting issues. Could it be that, through his position as an influential public figure, Cranfield contributed more to the dissemination of a favorable-balance-of-trade doctrine during the early Stuart period than economic pamphleteers such as Thomas Mun? To what extent could the abstract leanings of an important minister influence the course of public policy? These are intriguing questions, to which no easy answer can be found. But Cranfield's position at the time suggests yet another possibility. As the merchant and financier who rose to occupy an all-important public office, Cranfield must have exerted a powerful stimulus over those merchants who thought they had something relevant to say about economic matters. The mere prospect of being heard by a Lord Treasurer who was not only interested, but could actually understand what they had to say, must have motivated reflection and analytical effort in people who would normally follow political wrangles only at a distance.

Mun and Cranfield had business connections dating back to the latter's days in the City, and it seems reasonable to suppose that Mun would feel much more comfortable approaching Cranfield than Dorset, Suffolk, or Mandeville[26]. Moreover, this was a two-way avenue, for after parliament was over Mun was called to be a member of the Privy Council committee for examining the decay of cloth trade, and later of the standing commission for trade. Cranfield had been involved a few years earlier in an attempt to actually compile England's balance of trade, and that was duly remembered by Misselden when he dedicated *The Circle of Commerce* to the Lord Treasurer:

> When the eye of heaven, in the eye of the king, had looked upon you, and picked you out, and placed you in a higher orb; you were first seene in this circle, of the balance of trade. Other faire pieces you had, but this was your master piece, because all the rest had reference unto this (MISSELDEN, 1623, p. iii)

Shortly thereafter, Misselden clearly expresses these mixed feelings of flattery and fellowship when he says "for as you were of us, and now you are farre above us; so can you judge, as farre beyond us, as you are distant from us" (1623, p. v). Even Malynes tried to reach the balance-of-trade oriented treasurer, going so far as to ask permission in a letter to dedicate his book *Lex Mercatoria* to him[27]. The book was printed in 1622 without the said dedicatory, for reasons that can only be speculated.

This close relationship between economic pamphleteers and the political society at large comes into sharp relief when one compares parliamentary debates in 1621 with the economic literature which came up during the rest of the decade. The issues approached are the same, and it is possible to see how economic writers actually responded to the anxieties and difficulties exhibited by their countrymen. Far from being idle abstract speculators, or even mere pleaders for vested interests, they showed acute awareness about the most pressing economic questions of their time. Outside of this

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[26] All of which had, at different times, occupied the position of Lord Treasurer during James I's reign.

[27] Centre for Kentish Studies: Sackville Manuscripts, U269/1/OE461.

context, their works may seem dull and meaningless; but the blueprint offered by the public debates which surrounded England's economic troubles in early Stuart times give us a glimpse of how vital they must have seemed to those involved.

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