

THE CONSTITUTION AND FINANCE
OF ENGLISH, SCOTTISH AND IRISH
JOINT-STOCK COMPANIES TO 1720

BY

WILLIAM ROBERT SCOTT, M.A., D.PHIL., LITT.D.

LECTURER IN POLITICAL ECONOMY IN THE UNIVERSITY OF ST ANDREWS

VOLUME II

COMPANIES FOR FOREIGN TRADE, COLONIZATION,
FISHING AND MINING

PREFACE.

THROUGH technical reasons, connected with the printing of this book, the second volume, with which Part II. begins, is the first to be issued. The first volume, containing Part I., will record the general development of the joint-stock system in Great Britain and Ireland up to 1720, at the same time bringing it into relation with the chief social, political, industrial and commercial tendencies which influenced it. In this way, it is to be hoped that an account of many uses of capital after the close of the Middle Ages will be provided; and in addition the process will be shown, not merely from the purely commercial standpoint, but in close connection with the methods of finance and the conditions governing accumulation at this period. But, in order to base enquiries such as these on a firm foundation, it is necessary to ascertain the mode of internal organization and financial administration of the companies. This is a fruitful field of enquiry which has been strangely neglected. Though much has been written on the history of early British companies, the subject has, as a rule, been treated rather from the point of view of ulterior results than in relation to the system itself, which made those results possible. Foreign trade led to foreign possessions and the foundation of colonies, and what might be termed the external aspect of this movement has already been ably described by many competent writers. But, in almost all these works, the mechanism, by which the resources required were provided and controlled, is dealt with only incidentally; and yet a very little consideration will show that a knowledge of this side of the movement is essential to a complete understanding of it. Besides, there were many companies, which for various reasons have as yet been little noticed and whose influence in several ways has been of great importance.

Therefore to obtain data for the comparative treatment of the system in Part I., it has been necessary to make an attempt to secure exact particulars of the constitution and finance of the joint-stock companies in existence before 1720, and so many points of difficulty must be treated critically that it seemed best in Part II. to record the progress of each company from these points of view. The discovery of a number of minute-books and official documents has made it possible in a considerable number of cases to reach conclusions as precise as those obtainable about a modern company in the *Official Intelligence* or the *Stock Exchange Year-Book*. The lapse of time has precluded the securing of such valuable information concerning some undertakings, but as a rule facts can be ascertained which at least suggest certain

inferences as to the origin and development of these undertakings. Data of this kind, whether complete or partially so, are only of real value when placed in their true perspective. The conditions, affecting the growth of companies in the sixteenth and seventeenth centuries, were very different from those influencing bodies of a similar kind at the present time, and it appeared desirable to elucidate quantitative statements by a reference to the causes to which they were due. And those causes were mainly of two kinds. Some were peculiar to special trades or industries, and it was most convenient to deal with these in Part II., where the companies are treated one by one: others again had a general influence, affecting most of the bodies in existence at any given time, and hence events of this character have been investigated in Part I. By this method much repetition has been avoided and the whole work will be found to be a unity.

The present volume treats of several groups of companies, all of which were related, comprising those formed for foreign trade, colonizing and kindred objects, fishing and the extractive industries. In the next volume the water supply, postal, street-lighting, manufacturing, banking, finance and insurance companies will be similarly described.

While the work has been in progress, I have discussed points of difficulty with those who have made investigations in some special direction which was connected with my own enquiries, and it gives me much pleasure to acknowledge the help I have received, either in the alacrity with which information was given me or in the reading of the proofs. Necessarily, however, I am altogether responsible for the result as printed. I have endeavoured to indicate at various points the nature of my indebtedness to Mr J. S. Barbour, Mr W. Foster, Sir W. S. Prideaux and Mr W. Ware, but there is one to whom I owe much of a more general character, namely, Dr Cunningham of Trinity College, Cambridge, in the form of conversations upon matters of principle and the meaning of wide tendencies. I also beg to thank the Secretary of State for India in Council, the Syndics of the University Press, Cambridge, the University Court of the University of St Andrews and the Carnegie Trust for the Universities of Scotland for providing for the publication of the whole book. I have also to acknowledge the courtesy of the proprietors of the *American Historical Review* and the *Vierteljahrschrift für Social- und Wirtschaftsgeschichte* in permitting me to reprint articles which appeared in these publications. These portions have been revised and extended.

W. R. S.

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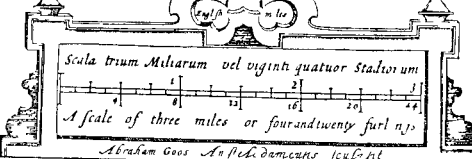
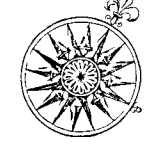
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MAP.

“A Mapp of the Sommer Islands,” engraved by Abraham Goos [? 1622-6], showing the land-dividends made to the Shareholders *between* x-1



Mappa AESTIVARI SOMMER
 A Map of the
 Insularum aëstivæ Sæculi
 dictarum ad quæ Sæculi
 nunc aëstivæ vocantur, emulas
 habent ad quæ in
 latitudine Graduum 52. the bay of 24 leagues
 longum 15. Ab Antipodibus
 Londonæ Sæculi 2300 miles
 notum 2300 Miles distant
 ab Antipodibus Londonæ
 ab Antipodibus Londonæ
 ab Antipodibus Londonæ
 ab Antipodibus Londonæ



Are to be sold by the Baller
 on Fleet Street, and the City
 in St Pauls Churchyard

Com. quinquæ annis 1616 solvere
 et quinquæ annis 1616 solvere
 et quinquæ annis 1616 solvere
 et quinquæ annis 1616 solvere
 et quinquæ annis 1616 solvere

Nomina fortuna bona submittentium in questus Virginiani alca Anno 1622 quam fieri potuit accipi

Hannilton	1000	Richard	1000
...

The names of the now Adventurer on this year 1622 to be as we could gather

...
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A Map of the Somers Islands, showing the land divisions to the Shareholders.

PART II.

DIVISION I.

COMPANIES FORMED FOR FOREIGN TRADE.

SECTION I. THE TRADE TO AFRICA.

A. THE COMPANY OF MERCHANTS ADVENTURERS FOR GUINIE, OR THE MERCHANT ADVENTURERS TO THE COASTS OF AFRICA AND ETHIOPIA (1553—1567).

THE ADVENTURERS IN HAWKINS' VOYAGES (1562—1567).

IN a communication of the Sieur de Guerchy to the Duc de Praslin, dated February 24th, 1767, the origin of the African company is traced back to 1536¹. The allusion seems to be to three voyages undertaken by William Hawkins, father of Sir John Hawkins, to Africa and Brazil. William Hawkins armed and fitted out a ship of his own of 250 tons, traded with the natives on the coast of Guinea and sailed thence to Brazil. Ivory and other commodities were obtained and it is expressly recorded that the adventurers were fortunate in obtaining the good-will of the natives. There is no information to show whether these expeditions were at the sole charge of William Hawkins or whether, although he owned the ship, others entered into partnership with him (according to a system to be explained below) for the freight and other expenses². In 1540 divers wealthy merchants of Southampton were engaged in the African trade and this expedition may be taken as the first syndicate or company for this venture³.

It was not until 1553—the year of the expedition which led to the foundation of the Russia company—that fresh expeditions were made to Africa. There is no doubt that the outlay in this case was borne by a number of adventurers of the city of London acting in partnership. It is interesting to notice that what might be described as the official account of the expedition describes it in almost identical terms to those chosen for the first title of the Russia company, and that, although the

¹ *Les Grandes Compagnies de Commerce*, par Pierre Bonassieux, Paris, 1892, p. 96.

² Anderson states that the voyage of 1536 returned 100 lbs. weight of gold, besides ivory and other commodities, *Annals of Commerce*, II. p. 82.

³ *The Hawkins' Voyages* (Hakluyt Society, 1878), pp. 3, 4.

founders considered they had a right to certain privileges on the ground of discovery, they did not claim a monopoly either of trade or territory. The voyages are recorded as "worthie attempts, so much the greatlier to bee esteemed, as before never enterprised by Englishmen, or at the least so frequented, as at this present they are, and may bee, to the great commoditie of our merchants, if the same be not hindered by the ambition of such, as for the conquering of fortie or fiftie miles here and there, and erecting of certain fortresses, think to be Lordes of halfe the world, envying that other should enjoy the commodities, which they themselves cannot wholly possess. And although such as have been at charges in the discovering and conquering of such landes ought by goode reason to have certain privileges, preheminences, and tributes for the same, yet (to speake under correction) it may seeme somewhat rigorous, and agaynst good reason and conscience, or rather agaynst the charitie that ought to be among Christian men, that such as invade the dominions of other should not permit other friendly to use the trade of merchandise in places nearer, or seldome frequented of them, whereby their trade is not hindered in such places, where they themselves have at their owne election appointed the martes of their traffike¹."

The expedition consisted of two ships (one of which was the *Primrose*) and a pinnace. Even although there was much difference of opinion amongst the captains as to what commodities should be purchased in addition to gold, it is recorded that the vessels secured 150 lbs. weight of gold and some pepper comparatively early in the voyage² and the whole cargoes amounted to more than 400 lbs. of gold, 36 butts of "graines" (*i.e.* chillis) and about 250 elephants' tusks³. Obviously such a return, even after payment of wages, left a profit which would be remarkable, especially when it is remembered that the capital would be expressed in a debased currency, whereas the gold obtained was fine. There are no data to make any exact calculation but it may well have been that the profit was some ten times the capital risked. It is almost certain that, judging by analogy, the dividend consisted of a return both of capital and interest, so that, on the completion of the accounts, the stock was wound up and a fresh capital raised for the second voyage which started in 1554.

The expedition of 1554 was equipped by five chief partners whose names are mentioned⁴. It is most note-worthy through the sailors bringing back five natives. Although these are called "slaves," the expeditions of this period did not engage in the slave-trade, being direct

¹ *The Principal Navigations, Voyages, Traffiques and Discoveries of the English Nation*, by Richard Hakluyt. Glasgow, 1904, vi. p. 141.

² *Ibid.*, pp. 148, 151.

³ *Ibid.*, p. 163.

⁴ *Ibid.*, p. 154.

voyages from and to England. In fact it was the policy of the captains to "use the people gently," partly to induce them to trade and partly to secure early information of the movements of Portuguese ships, since the latter were generally in great strength and the presence of the English was resented by their commanders¹.

In 1555, 1556, 1557 there were three expeditions sent to the African coast. There are no complete details of the cargoes brought home, but since there is frequent mention of large quantities of gold dust being obtained and since the basis of exchange was most favourable to the adventurers—a copper or brass basin was valued at gold worth £30—it may be concluded that these voyages continued to be highly lucrative².

It is not certain, although probable, that it was the same group of adventurers which was responsible for the whole series of expeditions. Through the large profits made the original adventurers would have ample funds at their disposal to continue in the trade and naturally would have desired to do so. At the same time they had no monopoly, and the great gains made could scarcely be concealed. It is probably for this reason that in 1561, if not earlier, Queen Elizabeth was taken into partnership. There are exceptionally full details of the voyage of that year. Several of the original adventurers were again interested and the venture was financed in the following manner. Elizabeth provided four ships (one of which was the *Primrose*) and undertook to spend £500 in provisioning them. The other persons interested supplied trade-goods to the value of £5,000 and the profit was divisible into three parts, one of which was to be paid to the Queen and the other two to the merchants³. The simplest method of stating the capitalisation of this venture is to regard the £5,000 invested in commodities as the whole capital. Out of the gross profit the adventurers were to pay the sailors' wages and all other expenses, and also, from the balance, the proportion due to the Queen for the hire of the ships. The remainder would then constitute the sum available to repay the capital and to afford profit thereon.

This voyage was not so fortunate as some of the former ones. Soon after leaving England the ships were scattered, some do not appear to have reached Africa, and the Portuguese had notice of the arrival of the others, so that trade was carried on under very great difficulties⁴. Still there was a considerable sum available to divide. The exact amount depends upon the determination of how the Queen's share was dealt with. The agreement between the parties is recorded with more detail

¹ Hakluyt, *Voyages, ut supra*, vi. pp. 173, 176.

² *Ibid.*, pp. 177-252.

³ State Papers, Dom., Eliz. xxvi. 45.

⁴ Hakluyt, *Voyages, ut supra*, vi. pp. 255-7.

in the case of the next expedition, when the amount paid by Elizabeth for provisioning is to be taken into account "by defalcation out of her third part" of the profits¹. Therefore, if the same arrangement was made in 1561, the actual payment made to Elizabeth would be less by £500 than one-third of the profits. She received £1,000², so that the share of the adventurers was £3,000 on this basis or 60 per cent., and the whole nett returns would be £9,500 as may be seen from the following statement.

	£	£
Return of moneys advanced by Adventurers		5,000
One-third profit (a) including victualling	500	
(b) paid in cash	<u>1,000</u>	1,500
Two-thirds profit for adventurers		3,000
Total returns after paying wages		<u>9,500</u>

If on the other hand Elizabeth's share was not "defalced" the whole returns (nett) would have been £8,000 and the portion of the adventurers 40 per cent. on their outlay. On the former basis there would have been a clear return of £1,000 for the charter of the ships, on the latter, one of £500.

Towards the close of the year 1562 similar arrangements were made for a fresh expedition. The bargain between Elizabeth and the adventurers took the form of an indenture and charter-party under the great seal. In this document it is stated that, her Majesty minding the increase of the wealth and profits of her merchants and subjects and the conservation of the navy and marines of the realm, chartered the *Primrose* and *Minion* to the adventurers to trade to Africa and Ethiopia in any part where the King of Portugal "hath not presentlie dominion, obedience and tribute." The Queen undertook to spend £250 in fitting out the ships and to send gunners, pilots and sailors³. The adventurers agreed to find suitable goods to the value of £5,000 as before, and the profits were divisible in the same ratio. The adventurers were bound under security of £1,000 each to furnish the goods and also to pay for any further provisions needed as well as the services of the sailors. Thus, had the expedition proved a failure, there would have been a considerable liability. Further, an audit on behalf of the Queen was provided for, and she forbad any private trade by the members of the expedition⁴. When Elizabeth herself was interested in the venture,

¹ State Papers, Dom., Eliz. xxvi. 44; *Cal.* 1547-80.

² *Ibid.*

³ In the indenture this sum is stated at £500, but in State Papers, Dom., Eliz. xxvi. 45 the amount is reduced to £250, on the ground that there are on this occasion only two ships instead of four.

⁴ *Ibid.*, xxvi. 43.

it is not surprising that the Portuguese ambassador did not succeed in obtaining the prohibition of the trading by Englishmen on the Guinea coast for which he asked in June 1562¹.

The ships started in February 1563, but the Portuguese had notice of their arrival on the African coast and the voyage resolved itself into a running fight between the English vessels and some galleys sent to prevent them from trading. In spite of the *Minion* being damaged by a cannon-shot the ships reached home safely on August 6th, bringing with them 166 tusks weighing 1,758 lbs. and 22 butts of "graines." No mention is made of gold, and it would appear that while the native merchants were bringing it to the coast, the Portuguese galleys drove off the English boats².

In 1564 some very interesting particulars of a meeting of the adventurers are extant. The expedition was to consist of three ships—the *Minion* belonging to the Queen, the *John Baptist* of London and the *Merlin* of Bristol. At a meeting held on July 11th, 1564, it was agreed to call up 50 per cent. of the sums adventured on account of trade-goods and £29. 10s. 6d. per cent. for the rigging and victualling of the *John Baptist*. The owners of the other vessels would supply this part of the equipment at their own expense. It was also resolved that each of "the chief adventurers" should communicate this call to his partners³—a statement showing that, although five members made the arrangements, each had shareholders, as it was later described, "under him." The reason of this method of working was partly legal and partly financial. The adventurers were not a corporation and therefore all contracts were made in their names personally. Besides, each was liable under a penalty of £1,000 for the due performance of the agreement with the Queen and this liability could not have been easily transferred with a sale of shares. To avoid these difficulties, each of the chief adventurers remained nominally responsible for one-fifth of the adventure and was entitled to a two-fifteenth share of the profit, but in reality part of the capital to be provided was supplied by others who again shared rateably.

It is unlikely that this voyage yielded any considerable profit since the *Merlin* had been sunk through an accidental powder explosion⁴; and, when Hawkins last heard of the remaining ships, they had been prevented from trading by the Portuguese, and there were grave doubts whether they could make the voyage home through want of supplies⁵. Fortunately there seems reason to believe that the outcome was less

¹ *A Collection of State Papers, 1571-96*, edited by William Murdin, London, 1759, p. 753.

² Hakluyt, *Voyages, ut supra*, vi. pp. 260, 261.

³ *Ibid.*, p. 262.

⁴ *Ibid.*, p. 264.

⁵ *Ibid.*, p. 265.

unsatisfactory, since there is reference to ships named the *John Baptist* and *Minion* at subsequent dates¹.

Whether this expedition was a comparative or total failure there were other reasons which made it necessary for the English adventurers to withdraw for a time from the trade. The Portuguese had been first on the African coast and they had already established forts and kept armed ships to warn off intruders. Therefore the English traders were forced to fight their way or to avoid the enemy if he was in great force. In such circumstances trade could only be carried on with the good-will of the natives. For a number of years the English and French had treated the people with more consideration than that shown them by the Portuguese. The London Adventurers had not engaged in the slave-trade and it was to this that much of the financial success of the earlier expeditions was due. All this was changed when in 1562 John Hawkins seized 300 negroes and sold them in the West Indies. The effect of these slave-raiding voyages soon became marked. The ships of the London Adventurers were less favourably received, trade was more difficult and information of the movements of the Portuguese galleys was not so easily obtained. All these disadvantageous elements may be clearly noted in the account of the expedition of 1566, which is the last mentioned for a considerable period².

The expeditions of Hawkins, though usually described by his name were in reality joint-stock ventures managed in the manner already detailed. Hakluyt mentions five persons, who with others not named, provided the capital for the voyage which started in 1562. The only one of these who can be connected with the co-existent Adventurers to Africa was Sir Thomas Lodge, a governor of the Russia company in 1561, and Lord Mayor the following year. The commencement of the English slave-trade was no after-thought but the original foundation of the venture, since Hawkins formulated his scheme on the basis of negroes being "very good merchandise in Hispaniola." During the cruise off the coast of Africa 300 natives were obtained "partly by the sword, partly by other means." Sales were made in the West Indies on such a profitable scale that Hawkins was able not only to fully load his three ships with hides, ginger and sugar, besides some pearls, but in addition he had to procure two other ships to carry the overplus. The auxiliary vessels were despatched to Spain and were detained there. Some idea of the profits may be gathered from the statement that

¹ State Papers, Dom., Eliz. XLIX. 40; cxx. 46; *Cal.* 1547-80, pp. 329, 577. Froude states that, while the *Minion* was sailing with Hawkins, the captain of the former was prepared to join in the "nigger hunt"—*History of England, Reign of Elizabeth*, II. p. 474. The evidence for this statement is not convincing.

² Hakluyt, *Voyages*, ut supra, VI. pp. 266-84.

the value of these boats with their cargoes was estimated at 40,000 ducats¹.

The success of the first voyage encouraged many noblemen to adventure in a second which started in 1564 and was described as being profitable to the adventurers besides bringing back "golde, silver, pearles and other jewels greate store²." A third expedition left England in 1567. Between 400 and 500 slaves were captured in Africa of which 200 were sold soon after the expedition arrived in the Spanish West Indies. Hawkins found the Spaniards unwilling to trade, and he was eventually attacked by a superior force and with difficulty succeeded in saving a remnant of his ships³. It is doubtful if this voyage paid its expenses.

The Hawkins' adventure is interesting from several points of view. It was the first recorded contact of Englishmen with a traffic which became of enormous social importance later. Politically its consequences were momentous. The Spaniards guarded jealously the trade to their Western possessions⁴ and more especially the Royal monopoly of importing slaves. Therefore Hawkins' forcing the market open by seizing towns and destroying ships was another cause of complaint against England. Lastly in an indirect manner much light is thrown on the difficult question of the advantages and disadvantages of exclusive grants for foreign trade. At this time there was no monopoly of the African trade and, once Hawkins raided the coast, two sets of Englishmen were working by inconsistent methods. The original adventurers were traders simply, while Hawkins was mainly engaged in capturing slaves. Therefore the presence of the latter, by alarming the natives and destroying the confidence they had previously reposed in Englishmen, destroyed also the chances of the former, while the agents of the adventurers warned the negroes of the coming of Hawkins, and thereby made it more difficult for him to obtain slaves. Therefore from the financial point of view it might fairly have been urged that a monopoly to either kind of traffic would have been more advantageous, while the rival claims of each might have been weighed from the social or political standpoint.

¹ *The Hawkins' Voyages* (Hakluyt Soc., 1878), pp. 5-7.

² *Ibid.*, p. 64.

³ *Ibid.*, pp. 72-81.

⁴ *The Genesis of the United States, A Series of Historical Manuscripts now first printed*, edited by Alexander Brown, London, 1890, I. p. 101. The Conde de Lemos, President of the Council of the Indies, is reported to have said "that the Spaniards looked to their Indies with no less watchful eyes than to the government of their wives."

B. THE SENEGAL ADVENTURERS (CHARTERED 1588).

During a space of about twenty years no voyages to Africa are recorded by Hakluyt¹. In the years 1567 and 1568 both the mercantile and slave-trading enterprises had been either partial or complete failures as compared with the results of earlier enterprises. Prior to 1588 a group of eight merchants of Exeter and London had sent ships to the district between the Senegal and the Gambia, and it was in all probability recognised that, for reasons such as those already suggested, the revived trade should be protected in some manner. Accordingly in 1588 Elizabeth signed a charter in favour of these adventurers, which set forth "that the adventuring and enterprising of a newe trade cannot be a matter of small charge and hazard to the adventurers in the beginning that...for the better encouragement [of the persons named] to proceede in their saide adventure and trade in the saide countreis shal have the sole use and exercise thereof for a certain time." Therefore a grant is made of the sole right to trade on the Senegal and Gambia and along the coast between them for ten years from the 3rd of May, 1588. This right is assigned not only to the eight persons named but to such other subjects as may be received into the company or society. There is no incorporation clause, but the partners were authorised to meet together and to make laws and orders governing the trade. Such ordinances were to be obeyed by all Englishmen provided they were not contrary to the laws of the realm. The ships and cargoes of any, not members of the company, used in trading within the chartered limits, were subject to forfeiture and the proceeds were to be allocated one-third to the Crown, one-third to the company and the remaining third to the relief of certain Portuguese who had given information to the merchants. Finally, all the privileges granted by the patent were subject to revocation on six months notice either by the Queen or any six members of the Privy Council². There are no details as to the results achieved, but the success of the experiment was considered sufficient to justify the continuance of the monopoly which was now granted to the Earl of Nottingham and others with permission to re-export commodities imported into England from Africa³.

It is to be remembered that this grant applied to only a small portion of the African coast and therefore English traders were free to resort to any place outside the specified limits. Thus there were two successful expeditions, organised by some London merchants to Benin in the years 1588 and 1590, and in 1592 the privilege of trading to certain places in Guinea was granted to Thomas Gregory of Taunton and other

¹ In 1582 a voyage by four ships to Africa and thence to St Thomas was proposed. State Papers, Dom., Eliz. CLIV. 24; Cal. 1581-90, p. 59.

² Hakluyt, *Voyages, ut supra*, vi. pp. 443-50.

³ State Papers, Dom., Eliz. CCLXVI. 34; Cal. 1598-1601, p. 16.

merchants associated with him¹. The commodities brought to Africa were linen and woollen goods, iron work, copper bracelets, glass beads and coral. These were exchanged for pepper, ivory, palm oil, and cotton. It is expressly mentioned that the traders saw neither gold nor silver².

Reviewing the African trade at the close of the sixteenth century, it is evident that English merchants suffered from our having no fortified harbours where ships could take refuge and refit in safety. The Portuguese had numerous stations of this kind, and therefore their ships were kept mobile and were able, in many cases, to interrupt the trade of foreigners. As early as 1561 it had been the intention of the Merchants Adventurers to Africa to erect one fort themselves, which could be easily garrisoned, and to induce a native chief to build another³. These instructions had been given to John Lok, one of the factors, but he refused to make the voyage. Owing to the unsettled condition of the trade, on the appearance of Hawkins, it is unlikely that any further steps were taken in this direction, indeed it was shown, later, that the first English fort on the African coast was established about 1615⁴.

After the foundation of the East India company, the existence of an African company became more important than it had hitherto been. If the English had no foothold on the coast there would be obvious dangers to East-Indiamen on the homeward voyage, and it was for this reason that, during the middle of the sixteenth century, while the then existing African company was unable to hold the forts, the East India company re-built and garrisoned them.

C. THE GOVERNOR AND COMPANY OF ADVENTURERS OF LONDON TRADING TO GYNNEY AND BYNNEY, OR THE GYNNEY AND BYNNEY COMPANY, OR SIR WILLIAM ST JOHN AND Co. (INCORPORATED 1618).

The moving spirit in the formation of the next African company was Sir William St John, who was said to have erected a fort on the coast in 1615. Application was made to James I., and on November 16th, 1618, a charter was signed. The preamble of this instrument sets forth that "divers of our loving subjects have by their long travel and industry and at their great charges and expenses discovered and found out a trade into certain places in Africa." Accordingly some thirty persons named and any others they might assume into partnership, who "joined together and resolved to run one uniform course in the setting up and prosecuting a trade of merchandise" to Guinea and Benin were incorporated as the

¹ *Murdin's State Papers*, 1571-96, p. 799.

² Hakluyt, *Voyages, ut supra*, vi. p. 457.

³ *Ibid.*, pp. 253, 254.

⁴ State Papers, Colonial, xi. 15; Cal. Col. 1574-1660, p. 339.

Governor and Company of Adventurers of London trading to Gynney and Bynney with perpetual succession and a common seal. The Court was to consist of a governor, a deputy-governor and twelve directors, and the company was granted the exclusive right of trading to Guinea and Benin¹. It may be noted that this charter differs from the Elizabethan one not only in the more explicit character of the incorporation, but in granting a monopoly of the whole then explored African coast which was south of the limits assigned to the Barbary company. As will be shown below this point was strongly urged in Parliament during the debates of 1624. Even though few voyages had been made by independent merchants to places outside the Senegal grant, much indignation was felt by many who had a more or less definite intention of sailing towards Benin, and it appears that some interlopers did actually trade to Africa with the result of attempted seizures by the company and consequent friction.

The company is reported to have started its career by establishing a factory on the River Gambia². The ship sent to Africa in 1618, in which £1,856. 19s. 2d. was adventured, was lost. In the two following years expeditions were despatched at an outlay of close on £2,000 in each case. The voyage of 1619 only returned £80 from the hides brought back, but that of 1620 was less unfortunate, the returns amounting to £1,386. 12s. 3d., which only sufficed to pay the wages of the sailors. As yet the trade in negroes had not been regularly started and the chief imports of the company consisted of ivory, dyes, spices and hides. No gold had been obtained, and the pepper trade was less lucrative than it had been owing to the competition of the East India company. The following statement will exhibit the disastrous start made by this undertaking :

	£	s.	d.		£	s.	d.
1618 For carrying charges and the setting to sea of the ship <i>Katharine</i>	1,856	19	2	1619 The whole adventure lost, the ship being taken and the men slain	0	0	0
1619 For carrying charges and setting out another ship, the <i>St John</i>	1,988	6	0	1620 The return was hides which realised	80	0	0
1620 For another voyage in the <i>Lyon</i> and the <i>St John</i>	1,920	16	8	1621 The returns were hides, teeth, wax, etc.	1,386	12	3
„ Wages and freight at the return of the <i>Lyon</i> and <i>St John</i> ...	1,300	18	9				
	£7,067	0	7	Balance loss to 1621	5,600	8	4
					£7,067	0	7 ³

¹ State Papers, Patent Roll, 16 Jas. I., Pt 6, No. 10.

² State Papers, Colonial, xi. 15.

³ State Papers, Domestic, Jas. I., cxxiv. 115, *Cal.* 1619-23, p. 330.

After 1621, owing partly to the crisis of that year, partly to the losses sustained, great difficulties were experienced in raising fresh capital, and, for the remainder of its existence, this company confined its energies to privateering, and to exacting licences from those traders who were prepared to risk a voyage to the African coast.

During the inquiry into the abuses of patents at this time, a petition to the House of Commons was drawn up by Nicholas Ferrar, whose brother, curiously enough, had been recently elected deputy-director of the tobacco monopoly which was in process of formation in 1622. Ferrar complains that the Guiny patent had been obtained on “untrue suggestions,” that the persons interested were the first discoverers of the trade and that its continuance tended to raise the price of materials used by dyers to “a most extreme rate.” This petition was referred to the Committee of Grievances, which decided that the patent had been “surreptitiously gotten by false information” laid before the King by the promoters and that the trade had been open previously. This finding was partly true, partly erroneous, since, as shown above, the Senegal grant was in existence up to the date of this patent. The committee further reported that the company had seized and held the ships of interlopers until its agents had received compositions from them and that these operations had enhanced the prices of African commodities. It was resolved by the House that this patent was a grievance³.

It would appear that in 1626 some steps were taken to revive the company, since there is mention in that year of the King holding shares⁴. In 1627 an African patent was deemed “inconvenient⁵,” and in the same year a group of adventurers described as “Sir Thos. Bulton and Co.” were engaged in the trade either in spite of the charter or under licence from the company⁶. In the following year Sir Nicholas Crisp, who was the founder of the succeeding company, was an interloper and defied the privileges of the existing undertaking⁶. About 1629, after the strife between the company and independent groups of adventurers had

¹ “Petition from the Commons to the King, May 1624, by Nicholas Ferrar”—Ferrar Papers, Magdalene Coll., Cambridge; “Severall Grievances concerning Trade presented to King James I., by Sir R. Heath, May 28, 1624.” Harl. MS. No. 2, 244, f. 11; *Journals of the House of Commons*, i. p. 771. For an account of Ferrar's connection with the proposed tobacco-monopoly, *vide infra*, Pt II. Div. II. § 2 c.

² *Journals of the House of Commons*, i. p. 793.

³ State Papers, Dom., Charles I., xxxvi. 79; Charles I., Appendix, Oct. 17, 1626, *Cal.* 1625-6, pp. 439, 576.

⁴ *Ibid.*, Charles I., lxx. 45; *Cal.* 1627-8, p. 245.

⁵ *Ibid.*, Charles I., lxx. 45; *Cal.* 1627-8, p. 297.

⁶ *Ibid.*, cliv. 42; *Cal.* 1629-31, p. 136.

continued for a number of years—the one endeavouring to enforce their privileges under the charter and the other relying on their “natural rights” as Englishmen and the support of the Commons—both parties found they had made serious losses and each withdrew from the trade what remained of the capital originally adventured¹.

D. THE COMPANY OF MERCHANTS TRADING TO GUINEA, OR SIR NICHOLAS CRISP AND COMPANY (FOUNDED 1630).

Sir Nicholas Crisp, who had broken down the monopoly of the previous company and had himself for a short time withdrawn from the African trade, decided to make a fresh venture in 1629. Accordingly he and several partners sent a ship of 300 tons to the Senegal which was surprised by a French man-of-war and captured in June of the same year. About April 1630 the partners presented a petition in which they alleged that this seizure had been made while they were exercising their accustomed trade and that their loss was £20,000. They asked either for indemnity from certain sequestered French goods or for letters of reprisals². In view of these losses the merchants with certain other persons received a patent, dated June 25th, 1630, and a proclamation was issued in their favour on November 22nd of the following year³. These documents prescribe a trading monopoly over even wider limits than those assigned to St John's company. In this case no Englishmen might trade between Cape Blanco in 20° N. and the Cape of Good Hope about 34° S., nor in the adjacent islands. This privilege was granted for 31 years. Moreover none but the patentees might import into England any merchandise which had been produced in Africa. The object of this provision was to protect the company against the indirect importation of such commodities through European countries. In addition to these wide franchises, this undertaking obtained also the right to possess in fee-simple any territory it acquired, and a bombastic clause prohibited the subjects of any other country from entering the limits granted under this patent. The company was bound to bring into England at least £10,000 worth of gold.

By 1631—the year after the charter—the company was in debt and three decrees had been obtained against it in the Court of Wards⁴. It was alleged that this was due to many of the adventurers not having

¹ *Churchill's Voyages*, v. p. 665.

² State Papers, Domestic Correspondence, Charles I., clv. 59.

³ *Fœdera*, xix. p. 379; State Papers, Proclamations, Charles I., No. 144; *Cal. Domestic*, 1631–3, p. 186; Proclamations Soc. Antiq., Charles I., No. 155.

⁴ State Papers, Dom., Charles I., dxl. 82.

paid the calls on their shares, and when a meeting was called, the greatest number and those most concerned failed to appear. The whole debt was returned at £945. 17s. 3d., against which there were outstanding calls or assessments of £78. 16s. 8d. per cent. due by fifteen persons on shares of £1,200, amounting to £946. The shares were of the denomination of £50 each, and ten defaulters only owned one share, three were liable for two each and two for four. It would appear that these calls could not be collected, since in 1635, by order of the Privy Council, a levy of £3 per ton on red-wood, and 4s. per cwt. on ivory was to be made in favour of the creditors; and, when this order was confirmed in 1636, it was estimated that the liabilities would be cleared off in three years¹. If the company was sufficiently honest to pay its debts, these should have been discharged before the end of the year when a ship returned with gold valued at £30,000 on board².

This episode affords a striking instance of the great fluctuations in this trade and accounts for the fascination it possessed for capitalists. From 1631 to 1636 the company was practically bankrupt, yet, in the latter year, one fortunate voyage, as far as can be judged, cleared off the debt and left a surplus. But such results had one disadvantage, for the competition of interlopers began again. In 1637, John Crispe and his partners had fitted out a ship “to take nigers and carry them to foreign parts” which was arrested by order of the Privy Council on the petition of the company³. Again in the following year a similar arrest of interlopers was made⁴.

For the next ten years there is little information as to the affairs of the company. The trade in negroes was now beginning with the development of the sugar-plantations in the English West Indies. During the Civil War the courtiers who had been included as patentees in the grant were replaced by other adventurers and the trade was carried on; but, owing to the impossibility of enforcing any legal penalty on interlopers, invasions of the patent became increasingly frequent and the Dutch and Danes preyed on the ships of the company and those of the independent traders off the African coast⁵. At the end of the year 1649 the company was called before the Council of State, and at the same time “Samuel Vassell and company”—a group of independent traders—were also summoned⁶. It was alleged that the patent had

¹ State Papers, Colonial, ix. 29; *Cal. Col.* 1574–1660, p. 241.

² *Ibid.*, Dom. cccxxvi., 26; *Cal. Dom.* 1636–7, p. 204.

³ Colonial Papers, ix. 75; *Cal.* 1574–1660, pp. 259, 260.

⁴ State Papers, Note Book, 1638, May; *Cal. Col.* 1574–1660, p. 273.

⁵ *Certain Considerations relating to the Royal African Company of England* (1680), p. 3. State Papers, Domestic, Charles II., ccccxiv. 80.

⁶ State Papers, Interregnum Entry Book, xci. 373, 401; *Cal. Col.* 1574–1660, p. 331.

been obtained "by procurement of courtiers," but, on behalf of the company, it was urged that they were the first who had established factories, with the exception of one founded by St John's company. The outlay in discovery and trade was returned at £70,000, and the company asked consideration for the losses and disappointments it had sustained through loss of ships¹. In August 1650 the matter was remitted by the Council of State to the Committee of Trade, with the recommendation that due regard should be paid to the settling of the trade to the best advantage of the Commonwealth, and the due and just encouragement of the company². By April 9th, 1651, the report was approved by the Council and a monopoly of trade was recommended for the next fourteen years within an area extending twenty leagues to the north of the northern factory at Cormantin and twenty leagues to the south of the fort at Sierra Leone. The company was bound to fortify this district and hold it. All the remainder of the coast was to be free to all English traders³.

After this settlement the company met with several misfortunes. In 1652 a ship and two pinnaces were seized by Prince Rupert and the loss was estimated at £10,000⁴. The following year complaint was made against the Swedes, who had expelled factors of the company from places within the limits assigned to it⁵, and in addition to this many captures had been made by the Dutch, so that the aggregate losses of the company and independent traders were estimated at £300,000⁶. It is not clear whether the confiscation of a ship belonging to the Guinea Company of Scotland by the Governor of St Thomas in 1637 was at the instance of the English organisation or not. In any case by 1657 the shareholders in the former undertaking presented a claim for £33,000 for the vessel and cargo, made up as follows :

	£
For 200 lbs. weight of gold	10,000
For the ship and goods	5,000
For interest at 6 % _o , 1637-1657	18,000
	£33,000 ⁷

¹ Colonial Papers, xi. 15; *Cal.* 1574-1660, pp. 339, 340, 389.

² State Papers, Interregnum Entry Book, xxxvii. 5; *Cal. Col.* 1574-1660, p. 342.

³ *Ibid.*, xciii. 244; *Cal. Col.* 1574-1660, p. 355.

⁴ Colonial Papers, xi. No. 56; *Cal. Col.* 1574-1660, p. 383.

⁵ State Papers, Interregnum Entry Book, xcvi. 372; *Cal. Col.* 1574-1660, p. 409.

⁶ *The Early Chartered Companies*, by George Cawston and A. H. Keane, London, 1896, p. 231.

⁷ State Papers, Interregnum Entry Book, cvi. 419; *Cal. Col.* 1574-1660, p. 462.

By this time it was no longer possible to recover anything from the company which had lost its forts and factories, and the East India company pressed for an arrangement that would afford protection to its ships when passing the African coast. It was eventually agreed that, since the Guinea company was unable to recover the forts, the East India company might do so and garrison them for five years. Accordingly the positions obtained were used as stopping-places on the way to the East. Some English commodities were exchanged there and the gold received in exchange was traded with in India.

There was a double advantage to the India company from this lease of the African forts. It obtained secure anchorages, available if required, and secondly, which was more important, it was able to acquire a supply of precious metals to barter in India, without drawing to a material extent on the stock in England¹. Thus the company was able to escape unfavourable comment on the exportation of bullion at a critical period in its history. For these reasons, as well as the short term of the lease, the company did not develop the African trade further. The capital it employed there did not exceed £17,400, and, for the Guinea trade proper, other independent traders were licensed by the company.

E. THE GOVERNOR AND COMPANY OF THE ROYAL ADVENTURERS OF ENGLAND TRADING INTO AFRICA (1662-72).

After the Restoration a new company was formed, which was the direct predecessor of the Royal African company. On Jan. 10th, 1662, Charles II. incorporated a number of persons under the title of the "Governor and Company of the Royal Adventurers of England trading into Africa." The charter, besides granting the usual rights of a corporation, conveyed in addition the privilege of exclusive trade from Sallee to the Cape of Good Hope². This company started under distinguished patronage. Prince Rupert was the first governor, and amongst the thirty-six assistants there were several noblemen and merchants of good standing. At first the operations of the company promised to be very successful, but its officials involved it with the Dutch by attacking their forts in Africa. This led to reprisals, and the English forts, ships and goods on the coast of Guinea were seized by the Dutch in 1665. The remainder of the short history of this company is one of

¹ Cf. Thomas Violet, *Mysteries and Secrets of Trade*, 1653, *passim*; *A True Discoverie to the Commons of England how they have been cheated of almost all the Gold and Silver Coin of the Realm*, 1651, p. 46.

² Charter of the Royal African Co., Treasury Records (Public Record Office), Royal African Co., No. 1390, f. 3.

financial distress. As in the case of the previous Guinea company attempts were made to farm its privileges to persons who were not members. In 1668 an offer was made of £1,000 a year for seven years for the right to trade to the north coast of Africa¹. The rents obtainable for the lease of the company's privileges were insufficient to liquidate the debt already contracted; and, in 1672, the charter was surrendered to carry out a scheme of arrangement with the creditors.

The method of satisfying the claims against the company was both drastic and original. To ascertain how the situation was faced it is necessary to examine in some detail the finance of the adventurers. The capital subscribed at the formation of the company amounted to £122,000 in 305 shares of £400 each, divisible into half shares of £200 each. The qualification of the governor was one share, or £400². Out of the £122,000 subscribed, it was agreed that £20,000 should be paid to the representatives of Sir Nicholas Crisp (who had been a prominent member of the previous company) for the forts and factories in Africa. This debt was never discharged by the company of Royal Adventurers and was still owing in 1709³.

As early as 1664 fresh capital was required and "2 per cent. above the ordinary interest" was offered for loans from the shareholders at par. Subscriptions were invited for £25,000; but, outside the assistants, very little was raised⁴. Later in the same year a fresh endeavour was made to raise capital, and, on this occasion, the bonds were to be issued at a discount. On Nov. 4th, 1665, the King wrote that considering "the greatness of the company's debt and the heavy interest under which the company's stock now labours," all money realized by home-coming ships should be used in paying debts, not in new ventures⁵. At this date loans could only be effected on the personal security of the assistants⁶. In 1667 another attempt was made to float a loan but with small success, though in some cases creditors were induced to accept bonds under the company's seal in satisfaction of their claims⁷.

From 1667 to 1671 the position of the company had gone from bad to worse, and at the latter date the undertaking was insolvent. The debts were estimated to amount to £57,000, and beyond the privileges of the charter the assets were of little if any value. The company and

¹ Treasury Records, Royal African Co.—Court Book of the Assistants of the Company, 1663-70, f. 82.

² *Ibid.*, f. 101.

³ *Journals of the House of Commons*, xvi. p. 180.

⁴ Court Book, 1663-70, f. 6.

⁵ *Ibid.*, f. 37.

⁶ *Ibid.*, f. 38.

⁷ *Ibid.*, f. 59.

its creditors were therefore in the dilemma that there were few if any assets except the charter, and if the charter were to be of any value working capital was required. In the existing state of the company's finances, there being no credit, capital could not be obtained until the creditors had been satisfied. It was therefore to the interest of both shareholders and creditors that the company should be reconstructed even at considerable sacrifice, and in 1671 a scheme was drawn up and accepted which provided for winding up the company and for the formation of a new one while giving some compensation to members and bond-holders. The following was the reconstruction scheme adopted, which provided for the formation of a new company with a capital of £100,000.

TABLE A. *Reconstruction Scheme.*

	£
The existing capital of £122,000 to be written down by 90%	12,200
Creditors for debt of £57,000 to receive two-thirds, or £38,000 in stock of the old company. This £38,000 stock was to be likewise written down by 90% and exchanged for stock of new company	3,800
Creditors were to receive the remaining third of debt <i>in cash</i> out of subscription below.	
Balance of subscription	84,000
Total capital, new company	£100,000

TABLE B. *Allocation of Capital of New Company between Shareholders and Creditors of the Old.*

	£
Stock of new company to shareholders and creditors of the old company	16,000
Cash to creditors of old company	19,000
Cash available as working capital	65,000
	£100,000

TABLE C. *Position of the Creditors on Reconstruction.*

	£	s.	d.
For each debt of £100, there was paid in cash one-third	33	6	8
The remaining two-thirds of the debt converted into stock of old company for the same amount. This was transferred to stock of the new company at 10% of its nominal value, giving as the equivalent of the remaining £66. 13s. 4d. of the debt £6. 13s. 4d. stock of the new company worth at par	6	13	4
	£40	0	0*

* Conditional on stock selling at par.

In order to carry out this scheme of re-arrangement of capital the charter was surrendered, as otherwise it was held that the new capital to be raised might have been claimed by the creditors of the old company¹. On the cancellation of the charter, Charles II. incorporated the creditors

¹ Treasury Records, Royal African Co., No. 1390, f. 2.

and shareholders, who assented to the reconstruction scheme, as the "Royal African Company of England" in 1672. As it will be found that two distinct series of events, namely the state of the finances of the company and opposition to the monopoly, were frequently interacting and influencing its fortunes, it will be conducive to a clearer understanding of the transactions of an eventful fifty years to trace the history of each separately.

F. THE ROYAL AFRICAN COMPANY OF ENGLAND (1672).— ITS PRIVILEGES.

Under the charter of 1672 the usual privileges of incorporation are granted as well as "the whole entire and only trade" from Sallee to the Cape of Good Hope and the adjacent islands¹. The company had the right of acquiring lands within these limits (provided such lands were not owned by any Christian prince) "to have and to hold for 1,000 years, subject to the payment of two elephants' teeth," when any member of the royal family landed in Africa². Powers were also given to the company to make peace and war with any non-Christian nation³. Amongst other miscellaneous privileges the right of Mine Royal was conveyed to the company on condition that the Crown might claim two-thirds of the gold won, on paying two-thirds of the expenses, the company retaining the remaining third⁴.

A considerable portion of the charter is occupied with provisions as to the internal government of the company. The stock-holders were to elect annually one governor, one sub-governor, one deputy-governor and twenty-four assistants⁵. This part of the constitution is similar to that of the East India company at this date, except that the twenty-four officials are here called assistants instead of committees, and that a new office—that of sub-governor—is created. The latter difference is accounted for by the fact that the governorship of the African company was an honorary appointment filled by members of the royal family. The quorum at the court meeting was seven, of whom either the governor, sub-governor or deputy-governor must be one⁶. In 1714 the qualification for an assistant was £2,000. Each £500 of stock commanded one vote up to a maximum of five votes⁷. In 1680 the stock-holders numbered 198⁸.

¹ Treasury Records, Royal African Co., No. 1390, f. 15.

² *Ibid.*, f. 4.

⁴ *Ibid.*, f. 20.

⁶ *Ibid.*, f. 8.

⁷ *Proceedings at a General Court Meeting of the Royal African Company*, Feb. 18, 1714. Lond. 1714 (British Museum 8223, e. 4).

⁸ Treasury Records, Royal African Co., No. 1741. (Assts. Minute Book under June 17, 1680.)

³ *Ibid.*, f. 19.

⁵ *Ibid.*, f. 8.

In addition to the privileges conferred by the charter, the company endeavoured in 1672 to obtain Parliamentary sanction by promoting a bill. This was read a first time in the House of Lords but was "not proceeded with¹."

For seven years, from its foundation up to 1678, the company was highly successful. In the three years 1676-8, 50 guineas per cent. were paid or nearly 55 per cent.² These favourable results engendered hostility in two ways—as with the India company, persons who had suffered for infringement of the monopoly of the company were opposed to it, and secondly those who had lost money from 1662 to 1670 and had failed to take up stock in the new undertaking were jealous of others who had been more fortunate. Writing in June 1679 a member of the company says: "Mr Edward Seymour is very bitter, because in the former stock he lost near £400 and is unconcerned in this. He was a subscriber but never paid his money so he envies us, and I believe we fare never the better at this time by having the Duke of York as our Governor³." Later in the year the same writer says that if the King wants money the company was not in a position to lend it, "for that's as poor as a Courtier...we go on paying off our debts that if the company be broke nobody may be sufferers but those that be in it⁴." The pessimistic prognostication of the last sentence was not borne out by events; for in the thirteen years from 1680 to 1692 eight dividends were paid and apparently a substantial reserve fund was formed. In 1691 the amount of each proprietor's stock was quadrupled without payment. This operation, like the doubling of the East India company's shares in 1681, seems to have brought bad luck; for from 1691 to 1697 a series of disasters were encountered partly through the war and partly by disorganisation of trade by persons who infringed the exclusive privileges of the company.

After the India company had passed through the ordeal of an organized attack on its monopoly from 1692 to 1694, the opponents of exclusive grants turned their attention to the Royal African company. The position of the latter both financially and legally was comparatively weak and the assistants with some strategic ability petitioned Parliament in 1694 for leave to bring in a bill to establish the company rather than wait for the expected request for the formation of a regulated company. They alleged that the African trade was impossible unless carried on by a joint-stock company with exclusive privileges. The cost

¹ *Report of Royal Commission on Hist. MSS.* ix. Pt II. p. 9.

² *Vide infra*, p. 33.

³ *Report of Royal Commission on Hist. MSS.* vii. p. 472.

⁴ *Ibid.*, p. 476.

of the up-keep of the forts was £20,000 a year¹, and a regulated company could not find so large a sum. They also claimed consideration on the ground of the large losses of the company during the war, which were estimated at £400,000². Davenant, who wrote in favour of the company, urged that it was the policy of its opponents to depreciate the value of the forts and factories, so that they should be transferred to the proposed regulated company at a nominal price³. Precedent was in favour of a joint-stock company for the African trade, for all other countries managed it on that basis⁴ and in no case by a regulated company—the reason being that in dealing with savages, forts and an armed force were necessary and the consequent charges could only be raised equitably from a joint stock. Further in dealing with natives unity of councils and a uniformity of rules were indispensable⁵. A single independent trader, who, for the sake of a quick profit, was prepared to ill-treat the natives had it in his power to injure the trade of other Englishmen by exciting the hostility of the chiefs⁶.

As against these arguments some very damaging evidence was adduced against the company at the Parliamentary enquiry which began on March 2nd, 1694. One trader, Richard Holder, swore that he had a capital of £40,000 employed in the Guinea trade under license from the company. On his first expedition he made a profit of 50 per cent., in seven months, after paying 26 per cent. to the company on the value of his cargo. The next year the cost of his license was increased to 40 per cent. and in addition he was compelled to buy his trade-goods from the company, which cost him an extra 3 or 4 per cent. above the market price. He also suffered from being limited to trade only at certain specified places⁷. Besides these and other complaints of the excessive cost of licenses, it was alleged that the company had not complied with the provision in its charter, under which all goods imported were to be sold by "inch of candle," *i.e.*, by public auction. In the case of red-wood, sales had been made privately to some three or four favoured persons, with the result that this commodity was engrossed and the price of it was three times what it had been formerly⁸.

The first result of the enquiry was that the Parliamentary committee recommended that the trade should be conducted on a joint-stock basis and the company received leave to bring in a bill⁹. This decision

¹ *An Historical Account of the Rise and Growth of the West India Colonies and of the Great Advantages they are to England in respect to Trade*, 1690, in *Hart. Misc.* II. p. 362.

² Davenant, *Works*, v. p. 157.

³ *Ibid.*, p. 126.

⁴ *Ibid.*, p. 131.

⁵ *Journals of the House of Commons*, xi. p. 114.

⁶ *Ibid.*, xi. pp. 287–90.

⁷ *Ibid.*, p. 127.

⁸ *Ibid.*, p. 137.

⁹ *Ibid.*, pp. 542, 592, 622.

gave rise to further opposition and fresh petitions against the company. Finally in 1697 by the Act 9 and 10 Will. III. c. 26 a compromise was effected. The company was continued, but its monopoly was modified so far as to legalize the position of the separate traders, who were to pay the following charges to the company to aid in the maintenance of the forts:

On Outward Voyages.

All goods 10%.

Homeward Voyages.

Gold, silver, negroes nil
Red-wood 5%
Other goods 10%¹

This settlement was to last for thirteen years at least, and the separate traders had the right of establishing factories if they wished to do so. The effect of this arrangement was to render the African trade open to all who would pay the specified charges. The company discharged the duties of a regulated company without the privileges that accompanied them.

Though the separate traders had represented at the enquiry that, failing the formation of a regulated company, they were prepared to pay 5 to 10 per cent. for licenses, they now proceeded to undermine the position of the existing company. After the passing of the act, while the company was raising nearly half a million of nominal capital to equip expeditions, the first ships of the separate traders to reach Africa spread reports that the company was bankrupt and that the assistants were threatened with imprisonment for attempting to sell the forts to the Dutch. They seized several chiefs to ensure larger consignments of slaves for shipment to the plantations. The factors employed by the company were in many instances induced to enter the service of separate traders, and others who did not change masters engaged in private trade².

Under such circumstances the trade could not be profitable to the company, and an even greater disadvantage than the hostility of the separate traders arose from the erroneous financial methods of the company which will be explained below³. Having issued stock at as low a price as 12 per £100 (nominal) in 1697, further capital was obtained subsequently by the issue of bonds—at first from the public and later by an assessment on stock-holders for which scrip was given. Not only so but out of this money borrowed on bond dividends were paid as an

¹ *Statutes*, VIII. p. 393.

² Davenant, *Works*, v. pp. 91, 93.

³ *Vide infra*, pp. 28–31.

“encouragement” to induce members to make further payments. The result was that the amount borrowed on bond, while only one-fourth of the *nominal* capital, actually exceeded the sums paid for that capital at the average of the various prices of issue¹. Taking into account the unsatisfactory condition of the trade, the inevitable result of such vicious finance followed in 1708, when interest on the bonds could no longer be paid.

As a last resort application was made to Parliament at first in 1707 and again in 1709. In the latter year, in view of the nearness of the expiration of the thirteen years mentioned in the Act of 9 and 10 William III., the company petitioned for a fresh settlement on the ground that an open trade had depressed the price of English goods in Africa and raised the price of negroes in America². This argument (which was similar to that advanced by the East India company in 1656-7) was supported by the planters, who gave as reasons for the enhancement of the price of negroes, first that there was excessive competition amongst the shippers in Africa and that therefore the cost price at the port was higher and secondly that owing to the want of skill of the new traders the mortality on the voyage was greater, with the result that the price of slaves in the West Indies was double what it had been before the trade was open³. The company, with the optimism of a suitor before a Parliamentary committee, stated that the stockholders “were willing to advance more sums on their joint-stock⁴.” The other side endeavoured to show that the company, owing to its financial embarrassment, was in no position to maintain the present forts or to raise capital to build new ones⁵. During the season 1709-10 the company’s trade was only about one-thirteenth of that of the separate traders, as is shown by the following table.

*Comparison of Trade of the Company and Separate Traders*⁶.

	Number of Ships	Value Cargoes	10% thereon
Company	3	£3,944. 2s. 6d.	£394. 8s. 3d.
Separate Traders	44	£50,005. 12s. 6d.	£5,000. 11s. 3d.

Altogether the company’s case did not appear to advantage, and on March 31st, 1712, it was resolved by a committee of the House of Commons that: (1) The African trade should be open to all British subjects under the management of a regulated company. (2) The forts were to be maintained and enlarged. (3) The cost of such maintenance should be defrayed by a charge on the trade. (4) The plantations

¹ *Vide infra*, p. 28.

² *Journals of the House of Commons*, xvi. p. 64.

³ *Ibid.*, xvii. p. 636.

⁴ *Ibid.*, xvi. p. 235.

⁵ *Ibid.*, xvi. p. 64.

⁶ *Ibid.*, xvi. p. 552.

should be supplied with negroes at a cheap rate. (5) A considerable stock was needed for carrying on the trade to the best advantage. (6) At least £100,000 value of English goods should be exported annually to Africa¹.

Naturally the company petitioned against these resolutions, which were intended to form the basis of a fresh bill. The assistants urged that the company had a legal right to its forts, and if this right were denied they claimed the same trial at law as any other corporation to defend their freehold². After considerable debate the matter dropped; and, as far as the legal position of the company was concerned, no change was made. An act, however, was passed, December 20th, 1712, to enable the company to make a settlement with its creditors³, which legalized the arrangement explained below⁴. On April 13th, 1713, the House of Commons again resolved that the trade should be open, subject to charges for the maintenance of forts, and a bill was brought in to give effect to this resolution, which, after passing the Commons, was rejected by the House of Lords⁵.

Thus the respective rights of the company and the separate traders remained undetermined. On several occasions Parliament endeavoured to effect some improvement, but without success. In 1750 the joint-stock company was dissolved after many further changes of capital, and in 1752 the forts were transferred from the recently created regulated company to the Crown.

THE ROYAL AFRICAN COMPANY OF ENGLAND (*cont.*).—
ITS FINANCE FROM 1672 TO 1720.

In the foregoing account of the contest against the exclusive privileges of the company it has been necessary to postpone the consideration of the financial operations of the assistants owing to the complicated nature of the capital account. Going back to the formation of the company in 1672, the preamble or prospectus for subscriptions had mentioned £100,000 as the amount of the proposed capital, books for the subscription of which were kept open for nine months so as to give the planters in the West Indies an opportunity of acquiring an interest in the enterprise⁶. By 1676 the total stock issued was £111,100 at

¹ *Journals of the House of Commons*, xvii. p. 164.

² *Ibid.*, p. 319.

³ 10 Anne, c. 24.

⁴ *Vide infra*, p. 31.

⁵ MacPherson, *Annals of Commerce*, iii. p. 34.

⁶ *Certain Considerations relating to the Royal African Company of England, in which the Original, Growth and Natural Advantages of the Guinea Trade are demonstrated, as also that the Trade cannot be carried on but by a Company and Joint Stock*, 1680, p. 4. State Papers, Domestic, Charles II., ccccxiv. 80.

which figure it remained, during the successful years of the company's history, till 1691, when by order of a General Court held on July 30th it was resolved to give a bonus in stock of 300 per cent. to each stockholder. There is reason to believe that the company had accumulated a considerable reserve out of profits over and above the 10 or 20 guineas per cent. paid annually as dividend¹. The assistants in speaking of these early years mention "the great and extraordinary success with which the trade had been carried on²." Houghton, too, stated in 1683 that "the Guinea company was as safe as the East India company³." The wording of the resolution for the bonus addition of capital confirms this view of the company's finances at the time. It is expressed in the following terms: "voted, by reason of the great improvements that have been made on the company's stock of £111,100 that every £100 adventured be made £400 and that the members have credit given them accordingly⁴."

After the date of this resolution the capital stood at £444,400, of which only about £80,000 had been paid in cash—a part of the stock having been reserved for members and creditors of the old company.

The time for quadrupling the stock was ill-chosen, for on the outbreak of the war immediately afterwards the company sustained great losses. In 1693, capital was required to carry on the trade; and, on March 27th, an issue of £180,850 of stock was made at £40 for the share of £100, bringing in £72,340. The issue came at a time when the price of the stock had been falling. In 1692 the quotation had varied from 52 to 44. In the next year, 1693—that of the issue—during the month of January it stood between 47 and 46; in February and March, previous to the new issue, the quotation was 44; afterwards it fell (March 28–30) to 41, so that the issue-price gave a very small bonus to applicants. The price remained at 41 during the months of April and May. With a few temporary recoveries it fell to 36 at the end of September, reaching 32 early in October, the lowest point of the year. Shortly afterwards there was a recovery to 34, which was maintained in November and December.

The evidence of the Parliamentary enquiry of 1694, in combination with other unfavourable circumstances, still further reduced the market value of the stock—the lowest prices of years 1694, 1695, 1696 and 1697 being 20, 18, 17 and 13 respectively. During these years the company had become considerably indebted and, instead of sending ships to

¹ Treasury Records, Royal African Co., No. 1455, ff. 12, 34, No. 1456, f. 1.

² *Memorial on Behalf of the Royal African Co.* (British Museum, 816, m. 11).

³ *A Collection of Letters for the Improvement of Husbandry and Trade*, II. p. 47.

⁴ Treasury Records, as above, f. 14.

Africa, it had licensed merchants not free of the company at a high royalty. After the compromise of the act of 1697, which, while not providing a satisfactory settlement of the company's legal position, at least settled matters for some years, an attempt was made to raise funds to discharge the most pressing liabilities and to despatch ships. The governor and assistants decided to make a fresh issue of capital. In 1697 the price of the stock had fallen as low as 13 for cash and 16 for payment in bank-notes. It was resolved on October 7th to double the existing capital of £625,250, the new issue being offered at 12 per £100 stock payable by instalments of £7 "presently," £3 on April 7th, 1698, and £2 on October 7th, 1698. Although the issue-price gave a bonus of nearly 10 per cent. only £475,800 stock was taken up which realized £57,096. Thus the total capital after October 7, 1697, stood at £1,101,050¹.

In 1698, according to a report of the Board of Trade, the balance in favour of the company, including ships, stock and debts due (some of the latter being admittedly not good) after deducting liabilities amounted to £189,913. 5s.² It is a somewhat curious coincidence that the middle market price of the year, 16, gave a valuation of £176,168 for the £1,101,050 nominal capital, and the highest price, 17, a valuation of £187,178. 10s.

It will thus be seen that the history of the capitalization of the company is slightly complicated, and from the fact that stock was issued as low as 12 it might be concluded that the shareholders had suffered severely by the reduction of the value of their holdings. It is to be remembered, however, that the total capital of £1,101,050 represented cash payments of £240,536 only (ranking the amount of stock handed over to creditors and shareholders of the old company as cash)³. Now taking the four years 1698–1701—being the period intervening between the last issue of share capital and the first floatation of bonds which latter event affected quotations—the mean price was 16 $\frac{2}{3}$ and, therefore, the valuation of the £1,101,050 stock was £180,297. Therefore, at this price, the total investment of £240,536 was valued at £180,297, the loss being £60,239 or only about 25 per cent., while at the highest price for the four years, 24, the market price showed a profit of nearly 10 per cent. The same facts may be expressed in another form. The original £100 stock was converted into £400 stock, without fresh capital being brought in—in other words by the re-arrangement of 1691 £25 of the original subscription commanded £100 of stock—the issues of 1693

¹ Treasury Records, No. 1459, ff. 1, 134. Also an inset leaf in No. 1458, giving particulars of the various issues of stock.

² British Museum, Add. MSS., No. 14,034, f. 104.

³ Vide "Summary of Capital" *infra*, pp. 32, 33.

and 1697 were made at 40 and 12 respectively, so that taking into account the different amounts subscribed the average issue-price of each £100 stock was about 21.85. The following table shows the position of the stock-holder at this average with some representative quotations :

	Average of the High and Low Prices of 4 years	Highest Price, 1698-1701	Lowest Price, 1698-1701	Average of the Highest and the Lowest Price
Stock exchange quotations	16 $\frac{3}{4}$	24	12	18
Average amount paid per £100 stock	21 $\frac{3}{4}$	21 $\frac{3}{4}$	21 $\frac{3}{4}$	21 $\frac{3}{4}$
Gain or loss per £100 stock.....	-5 $\frac{3}{4}$	+2 $\frac{1}{4}$	-9 $\frac{3}{4}$	-3 $\frac{3}{4}$

In 1702, the company being still in want of money, a new method of finance was adopted. At a General Court held on December 15th it was resolved that a call should be made of £6 per cent. on all stock-holders, and bonds were to be given for the amounts paid in response to this assessment. This call represented nearly 50 per cent. of the price paid by persons who had recently purchased stock. Following the same method £7 was called in 1704, £4 in 1707 and £4 in 1708. These calls should have brought in about £230,000, but only £207,098 was paid. By one of the many coincidences in the finance of this company, the total amount of calls (21 per cent.) almost exactly equalled the average issue-price of the stock. Besides these bonds accepted by stock-holders under compulsion, there was due to outsiders, also on bond, over £92,000, making the total debt about £300,000. Thus in 1706 the capital of the company was as follows :

Due on bond, about	...	...	...	...	£300,000
Stock	...	...	...	...	£1,056,350 ¹

Some of the bonds had been issued at a discount of 20 per cent., so that it is probable the actual amount received in cash for the bonds was but little in excess of the amount of capital actually subscribed, the amounts being approximately as below :

Amount realized by issues of bonds, say	...	£280,000
" " " capital stock	...	£240,536

So far the history of the company had been on the whole unfortunate; it now became little short of dishonest. As an "encouragement" for

¹ Treasury Records, Royal African Co., No. 1,488, f. 23. The amount of stock is reduced, owing to forfeitures for non-payment of calls.

shareholders to pay these assessments, dividends were declared, and made out of capital. In this way seven distributions were paid from 1702 to 1707 amounting to 4 $\frac{1}{2}$ per cent. or about £47,500¹, so that the assessed stock-holders, while receiving back nearly one-quarter of the principal lent (in the form of dividend on their ordinary stock), were being paid interest on the whole of it. Probably the interest on these bonds was also paid out of capital, so that the stock-holders who advanced money were able to rank as preferred creditors for the whole amount of their bonds after, in some cases, half of the amount had been repaid in the form of interest and dividends !

This mode of finance as well as the pressure of loans generally on the company at a critical period of its history was a more serious hindrance to its prosperity than the losses of the war or the competition of the separate traders. If the increment of capital from undivided profits in 1691 was *bona fide* it had confessedly been lost; thus the real capital of the company was actually less than the loans for which it was pledged. In 1710 the company presented a valuation of their assets to Parliament in which its quick stock (including debts due, apparently both good and bad) negroes and stock only amounted to £279,555. It is true that the total was swelled to £517,749 by an exaggerated estimate of the dead stock (forts, etc.) at £238,194²; but whatever may have been the value of the latter, it is obvious that the bonds were ill-secured both as to principal and interest. Early in 1708 bonds were sold at 84³, and later in the year when interest could no longer be paid, according to one account, the price was as low as 30⁴. The embarrassment of the company was reflected in the price of the stock which touched 4 $\frac{7}{8}$ in 1708 and fell as low as 2 $\frac{5}{8}$, 2 $\frac{1}{2}$, 2 $\frac{1}{5}$, 2 $\frac{1}{4}$ in the years 1709, 1710, 1711, 1712 respectively—thus at the lowest price the million of capital was valued at no more than £21,500.

Obviously the time for reconstruction had come, indeed the re-arrangement of the capital account had been too long delayed. In January 1709 the governor and assistants had petitioned Parliament for the restoration of the privilege of exclusive trade, and for the next two years this question was under the consideration of the House⁵. At first

¹ This is calculated on the amount of stock existing in 1706 which was less than that outstanding in 1697, owing to forfeitures for non-payment of calls (see below, "Summary of Capital," p. 35).

² *Journals of the House of Commons*, xvi. pp. 317-19; a description of the situation and condition of the forts about this time is given in *A New and Accurate Description of the Coast of Guinea*, by William Bosman, London, 1721, pp. 12, 13, 16, 17, 23, 27, 42, 45, 46, 49, 51, 56, 59.

³ British Museum, Add. MSS., No. 14,034, f. 105.

⁴ State Papers, Domestic, Petition Entry Book, xii., ff. 109, 110, 132. *Journals of the House of Commons*, xvi. p. 326.

⁵ *Ibid.*, p. 64.

there was some difficulty in arranging a reconstruction owing to the necessity of providing fresh capital in a way that would be acceptable to the creditors, who were not willing to take new stock for their debts. The company professed itself ready to raise £500,000 as an additional stock and undertook to write down the existing capital to its present estimated value¹.

According to an estimate made by the company, the capital required was £1,238,194, of which £238,194 represented the previous value of the dead stock, and the remaining £1,000,000 the existing quick stock augmented by the proposed new subscription². Under this scheme the valuation of the existing capital would have been much beyond its market price and therefore both the creditors and new subscribers would have been under a distinct disadvantage. Another scheme, about 1710, proposed the formation of a new or reorganized company, consisting of the members of the old, its creditors and new subscribers. The dead stock was to be valued at £150,000 (little more than half the former estimate), and the other assets were to be taken at the price which they might be expected to fetch in the open market. The total estimated value of all assets on this basis was to be divided equally between the present stock-holders and the creditors³. Under this proposal it is probable that the creditors would not have been paid in full even in new stock to the amount of their debts and for this and other reasons no more is heard of this scheme. A further obstacle to an equitable reconstruction arose from the speculation that had grown up in the bonds of the company since the suspension of interest in 1708⁴. There were thus three classes of bond-holders to be considered: (a) those who in the successful years of the trade had purchased bonds as an investment; (b) members of the company who by right of such membership had received bonds either at a discount or who having subscribed at par had received back a part of the sums lent in the form of dividends on their stock; (c) speculators who had bought bonds as low as 30 on the chance of payment being made at par or only a slight discount on reconstruction⁵. Obviously the latter class deserved little sympathy but

¹ *A Short and True Account of the Importance and Necessity of Settling the African Trade* (? 1712, British Museum, 816, m. 11 (12)).

² *The Royal African Company and the Separate Traders agreed, etc.* (British Museum, 8223, e. 11.)

³ *A Proposal agreed unto for the more Effectual Support and carrying on the Trade to Africa.* (British Museum, 816, m. 11.)

⁴ *Some Queries relating to the Present Dispute about the Trade to Africa.* (British Museum, 816, m. 11.)

⁵ A case is recorded when Thomas Albert, Receiver-General for Worcester speculated in these bonds with public funds. State Papers, Domestic, Petition Entry Book, XII. f. 132.

their position was strengthened by the fact that a large proportion of the bonded debt was still held by members of the company, who by their voting rights would exert a large influence on the terms of reconstruction.

Meanwhile the condition of the company's finances had gone from bad to worse. The assistants in 1712 spoke of its difficulties "as being without precedent or parallel¹." It had in fact come to the end of its resources, having "mortgaged both its stock and credit²" and there was no way out of the "labarynth of debt" in which it was involved³. Finally in September 1712 a reconstruction scheme was at last agreed to which was sanctioned by Act of Parliament⁴. According to this scheme the capital was to be written down by 90 per cent., thereby reducing it to practically the same amount at which it stood at the formation of the company in 1672. The stock-holders, before receiving stock in the reorganized company, were to pay a call to provide working capital and the money due on bond was to be paid by an issue of new stock to the bond-holders at par⁵. There is some uncertainty as to the amount of new stock distributed amongst the members and the rate of the assessment. In the ten years since 1702 there had been a reduction in the capital from £1,101,050 to £1,009,000 through forfeitures for non-payment of calls. This capital of £1,009,000 was exchangeable for new stock at 10 per cent. of its face value. An assessment of 5 per cent. on the old capital or of 50 per cent. on the new was made and in this way £50,450 working capital was provided. Thus the total amount of new capital available for the old stock-holders was £151,350⁶. The following are the details in tabular form showing the total capital after reorganization:

Capital Reorganization of 1712.

Old capital of £1,009,000 written down by 90% . . .	£100,900
Assessment of 50% thereon	50,450
New stock allotted to proprietors	£151,350
Stock given in exchange for bonds (about)	300,000
Total capital after reorganization	£451,350

Previous to the reconstruction the sum of £240,536 actually subscribed for the nominal capital was, at the middle price of January in 1713,

¹ *A Short and True Account of the Necessity of Settling the African Trade.* (British Museum, 816, m. 11.)

² *Ibid.*

³ *The Case of the Royal African Company.* (British Museum, 8223, e. 18.)

⁴ 10 Anne, c. 34.

⁵ *A Brief Narrative of the Royal African Company's Proceedings with their Creditors,* pp. 1-3. (British Museum, 8223, e. 30.)

⁶ Treasury Records, Royal African Co., No. 1489, f. 66.

i.e., $4\frac{1}{8}$, valued at no more than £40,990 or less than 20 per cent. of the total original subscriptions—in other words the £100 of stock, which cost at average issue-prices $21\frac{1}{4}$, could now be purchased at from $4\frac{1}{4}$ to $3\frac{7}{8}$. To compare these quotations with those prevailing after the reconstruction it is necessary to take account of the estimated amount of the assessment, and, making this allowance, the following comparative results are obtained :

Market value of stock prior to reconstruction as above	£40,990		
Assessment paid in cash	50,450	Converted into new stock amounting to	£151,350
	<u>£91,440</u>	which was worth at 60% ...	90,810

It therefore follows that the first price quoted after the reconstruction, *viz.*, 60, was practically equivalent to the previous one, taking account of the assessment. The middle price of the year 1713, *i.e.*, $52\frac{3}{4}$, showed a decline and the lowest ($45\frac{1}{4}$) a further decrease. In the next year, 1714, the quotation continued to recede, owing to a further call of 25 per cent., for which neither stock nor bonds was given¹. At this date the capital had been reduced to £402,950, probably through forfeitures for non-payment of the call at the reorganization. According to a statement made at the court meeting when this call was sanctioned, the assets then stood at £405,519.

From 1715 to 1718 the company continued to be unfortunate. The lowest price of each of the four years was only 15 or 16 for the reduced capital, thus repeating those from 1697 to 1700 for the old. A further instance of the ill-luck of the company came in 1720 when an issue of capital, known as the “engrafted stock,” was made at a low price, and within a few months the quotation had risen from $23\frac{1}{2}$ to 185².

Summary of the Capital of the Royal African Co., 1672–1712.

	Stock	Cash
1672. In the reconstruction of the old company its members received stock credited as fully paid ...	£12,200	
New members paid for remaining stock at par	£98,900	
	£ 111,100 0 0	£ 111,100 0 0
1691, July 30. Bonus addition of 300% without payment	333,300 0 0	
Totals, 1691 ...	£444,400 0 0	£111,100 0 0

¹ *Proceedings at a General Court Meeting of the Royal African Company, Feb. 18, 1714.* Lond. 1714, British Museum (8223, e. 4).

² Treasury Records, Royal African Co., No. 1743, f. 2.

Summary of the Capital of the Royal African Co., 1672–1712 (cont.).

	Stock	Cash
	£ s. d.	£ s. d.
<i>Brought forward</i>	444,400 0 0	111,100 0 0
1693, Mar. 27. Issue of £180,850 stock at 40	180,850 0 0	72,340 0 0
Totals, 1693 ...	625,250 0 0	183,440 0 0
1697, Oct. 7. Issue of £475,800 stock at 12 ...	475,800 0 0	57,096 0 0
Totals, 1697 ...	1,101,050 0 0	240,536 0 0
1706, Apr. 9. Owing to forfeitures for non-	1,052,550 0 0	
„ July 11. payment of calls total stock	1,055,650 0 0	
„ „ 15. was	1,056,350 0 0	
1712, Sept. 25. At this date total stock was	1,009,000 0 0	
Old stock written down by 90% and exchanged for new stock under reorganization ...	£100,900	
Assessment of 50% for which stock was given ...	50,450	50,450 0 0
New stock assigned to creditors (say)	300,000	280,000 0 0
Total stock after reconstruction	£451,350	£451,350 0 0
	£451,350 0 0	£570,986 0 0

Dividends and Prices of Stock.

Year	Prices ¹			Dividends ²
	Date of Highest Price	Highest and Lowest Prices	Date of Lowest Price	
1672 to 1675 1676				I 10 guineas % at 22/- equal 11% sterling
1677				
1678				III 10 do. at 21/6 equal 10½% sterling
1679				IV 10 do. do.
1680				V 10 do. at do. equal do.
1681				VI 10 do. equal do.
				VII 10 „

¹ The prices up to 1703 are taken from Houghton's *Collection for Improvement of Husbandry and Trade*, after that date from the *Postman and Historical Account*, the *Daily Courant* and other newspapers.

² Treasury Records, Royal African Co., No. 1455 (Stock Journal), No. 1678 (Minute Book of Assistants).

Dividends and Prices of Stock (cont.).

Year	Prices			Dividends
	Date of Highest Price	Highest and Lowest Prices	Date of Lowest Price	
1682				From 1682 to 1691 inclusive five dividends were paid ¹
1683				
1684				
1685				
1686				
1687				
1688				
1689				
1690				
1691				
1692	Jan.	52—44	May 9, 16	XIII 3% on the new capital equal 12% on the old capital
1693	Jan.	47—32	Oct. 6	
1694	Jan. 12, 19	34—20	Apr. 27, May 3	
1695	Jan. 9, 16, Aug. 21, Nov. 13, Dec. 11	23—18	Dec. 20—31	
1696	Feb. 5	21—17	Apr. 23, May 20, June 24, Dec. 30	
1697	Jan. 6	17 } 16 13 ²	Aug. 25—Dec.	
1698	Aug. 24	17—15	Oct. 5	
1699	Jan. 4, 11, Mar. 23, Apr. 16 to May 10	16—14	Sept. 6	

¹ There are no Stock or Court Books in existence for these years, but the Exchequer accounts to a certain extent supply the gap (*vide infra*, III., "Financial Statements," M, and N). Up to the Revolution the Crown held £3,000 original stock and thereafter £1,000 original stock. The following dividends are recorded as received:

1685—6.	£322. 10s. = 10 guineas per cent. = 10½ per cent. at 21s. 6d.
1686—7.	£322. 10s. = 10 " " = 10½ " "
1687—8.	£322. 10s. = 10 " " = 10½ " "
1691—2.	£53. 15s. = 5 " " = 5½ " "

It may be that one of the payments from 1685 to 1688 includes two separate dividends of 5 guineas per cent. each, or what is more probable that one distribution has not been recorded. In an account of the receipts of the Exchequer for the Calendar year 1687 (State Papers, Domestic, James II., III., 148) the dividend of the Royal African Company is stated as having been £650. This entry may apply to the second and third distributions recorded above or it may relate to one of these and another not included in the Exchequer accounts. Again it may have happened that, if a dividend was made during the confusion of the Revolution, it was not entered in the accounts.

² 13 for cash, 16 in "Bank Money."

Dividends and Prices of Stock (cont.).

Year	Prices			Dividends
	Date of Highest Price	Highest and Lowest Prices	Date of Lowest Price	
1700	Aug. 7	24—15	Jan. 17	I ^a ½ %
1701	Apr. 16—30	18—12	Dec. 17—24	
1702	Aug. 5, 12	15—11	Feb. 4, 11, Apr. 29 to June 17	
1703	Aug. 25	22½—12	Feb. 24 to Mar. 17	II ^a ½ "
1704	Dec. 15	23½—18	Oct. 30	III ^a ½ "
1705	Jan. 8, 17	21½—14¼	Dec. 5	IV ^a ¾ " V ^a ¾ " VI ^a ¾ " VII ^a ¾ "
1706	June 14	17¾—14	Apr. 24	
1707	Jan. 8—20	15¼—7¾	Aug. 15—25	
1708	June 7	8¾—4¾	Apr. 14	
1709	June 7	6—2½	Oct. 7	
1710	Jan. 4	4¼—2½	Feb. 20	
1711	Oct. 5	4½—2½	May 23, July 9—23	
1712	Jan. 11, Feb. 15, 22, March 7	4¼—2¼	May 7	
1713	Jan. 2, 16	4¼—3¾	Jan. 9	

New Stock after Reorganization.

1714	Feb. 2	60—45½	Dec. 18	
1715	Jan. 8	46—22	Dec. 10—28	
	April 8—27	27—15	July 27—Aug. 22, Sept. 23—Dec. 2	
1716	Oct. 4	30—15	June 18—Aug. 5	
1717	Dec. 6	22¾—16	July 5	
1718	Jan. 3—11	22½—16	June 3—Aug. 29	
1719	Oct. 23	26—23	Oct. 14	
1720	June 3	185—23½	Jan. 1—8	

SECTION II. THE TRADE TO RUSSIA.

THE FELLOWSHIP OF ENGLISH MERCHANTS FOR DISCOVERY
OF NEW TRADES.

(The Muscovia or Muscovy or Russia Company) including the subsidiary undertaking for whale-fishing at Greenland.

A. FROM 1553 TO 1586.

At the beginning of the second half of the sixteenth century the spirit of maritime adventure had already begun to show itself in England. It had been noticed that the Spaniards and Portuguese had obtained great wealth by opening up a trade with new countries, and in London about 1552 there was a desire to share in the gains obtainable in this way. It seemed that the most hopeful prospect lay in discovering a north-east passage to China, and accordingly a number of London merchants, in consultation with Sebastian Cabot, determined in 1553 to equip a trading expedition. This was the foundation of the first of the great English joint-stock companies for foreign trade. Previously the Regulated companies had been organized so as to enable certain individual traders to prosecute their business, either personally or through their factors, within certain specified limits. Since this expedition was being fitted out to penetrate into countries, either altogether savage or of a low degree of civilization, it was probably felt that the type of company which was adapted to trade with a neighbouring and developed region would be unsuitable in this case; and therefore, while the form of government, in its essentials, was copied from the regulated company it was decided that, instead of each person participating by trading on his own capital, a joint-stock should be established. A contemporary account explains how the stock was raised in the following terms—“whereas many things seemed necessary to be regarded in this so hard and difficult a matter, they first made choise of certaine grave and wise persons in maner of a Senate or companie, which should lay their heads

together, and give their judgements and provide things requisite and profitable for all occasions: by this companie it was thought expedient that a certaine summe of money should publicly bee collected to serve for the furnishing of so many shippes. And lest any private man should bee too much oppressed or charged a course was taken, that every man willing to bee of the societie, should disburse the portion of twentie and five pounds a piece: so that in a short time by this means the sume of six thousand pounds being gathered, the three shippes were bought¹.” With this modest capital of £6,000 the enterprise was started in May 1553², and soon afterwards a sum of £10,000 had been expended on “this first discovery.” The Society at this period was described as “*The mysterie and companie of the Merchants adventurers for the discoverie of regions, dominions, islands and places unknown*”³. Already a governor had been elected and express instructions were given that no member of the expedition should endeavour to sell or buy to his own advantage in prejudice “of the common stocke of the company”⁴. Two of the three ships were frozen in the ice with the loss of all hands, but the third, under the command of Richard Chancellor, succeeded in making land near Archangel. Chancellor, mindful of the object of the expedition, sought an interview with the ruler of the new country he had “discovered.” Ivan Vasilowich was disposed to be favourable to the merchant strangers, for Russia, at this period, had no outlet to the Baltic and its goods found their way with difficulty to Europe through Livonia. Accordingly in 1554 the Czar formally authorized the free passage of English ships to Russia “with good assurance on our part to see them harmlesse”⁵. It was also promised that a further concession of a free mart in Russia should be drawn up.

On the return of Chancellor, the company believed that there were very good prospects of a profitable trade with Russia, and steps were taken to secure the sole right of the concession for the persons who had undertaken the risk. A charter was sought which was signed on February 6th, 1555. This document is of considerable interest as an early example of the creation of a trading corporation. It incorporates certain persons named “as one bodie and perpetuall fellowship and comunaltie” under the lengthy title of “*Marchants adventurers of England for the discovery of lands, territories, isles, dominions and seignories unknown and not before that late adventure or enterprise by sea or navigation commonly frequented.*”

¹ *The Principal Navigations, Voyages, Traffiques and Discoveries of the English Nation*, by Richard Hakluyt (Glasgow, 1903), II. p. 240.

² State Papers, Domestic, James I., VIII. 59.

³ Hakluyt, *ut supra*, II. p. 195.

⁴ *Ibid.*, p. 201.

⁵ *Ibid.*, p. 272.

Sebastian Cabot was nominated governor for life, and after his death "the fellowship or communitie" might assemble "in places convenient and honest¹" to elect one or two governors and twenty-eight of "the most sad discrete and honest persons" of the fellowship of whom four were known as "Consuls" and the remaining twenty-four as "Assistants of the governor." These officials remained in office for one year. In the case of a death occurring during the year, the fellowship might elect a person to the vacant office. The quorum consisted of fifteen of whom the governor and at least two consuls must be present; but, should the governor be unable to attend, a quorum might be constituted by three consuls and twelve assistants.

The "fellow-ship and communalty" was endued with perpetual succession and a common seal. It was made "able and capax in law" of holding lands and of suing and being sued under the name previously mentioned. The governor, consuls and assistants were entitled to make ordinances and to inflict penalties provided such were not contrary to existing laws of the land or to treaties with foreign states or to the privileges of the City of London or to the prejudice of any persons either corporate or incorporate who had already received grants from the Crown.

The officials of the fellowship were given power to arrest debtors in every place not franchised, and in places franchised the Mayor was directed, on the receipt of a demand from the governor to render up the insolvent person. Further, the governor, consuls and assistants were authorized to taken possession on behalf of the sovereign of any territory discovered by them or their agents.

The charter concludes with a recapitulation of the privileges already granted by the Czar and confers the sole right of entry into Russia upon the company as well as into any other countries that would be discovered by it in the future and which had not been "commonly frequented" by Englishmen. The company might license persons not free of its privileges to trade within the specified limits, but any persons entering such limits, when not so licensed, were subject to the loss of their ships and cargoes, one half of the forfeiture being payable to the Crown, the other half to the company².

About the same date the Czar formally executed a document embodying the concessions conferred upon the company. "The governour, consuls, assistants and communalty of the fellowship" were granted the free right of entry and of buying and selling throughout the dominions of the Czar for ever. The chief factor was authorized to exercise jurisdiction over the

¹ Cf. "loco competenti et honesto" in a charter of 1391, *Foedera*, vii. p. 694.

² "The Charter of the Russia Company," in Hakluyt, *Voyages, ut supra*, ii. pp. 304-16.

agents of the company in Russia. Should any of the subordinates "rebell" against the chief factor, the Russian officials were commanded to assist in capturing the delinquent, and the Czar undertook to lend the chief factor "prisons and instruments of punishment from time to time¹."

With the grant of the formal Russian concession and the English charter it may be considered that the career of the company really began. At first there were between 200 and 240 members². There is some doubt as to how the capital was provided. Judging from the analogy of the early history of the East India company and other trading expeditions of the period, it might be inferred that the fellowship was financed in a similar manner. In such cases members of the undertaking were at liberty to subscribe capital either for a single voyage or for a group of voyages. Thus under the name of a single company there was in reality a succession of independent but related undertakings. There are apparent indications that this method was followed by the fellowship—as for instance the care with which different expeditions were described as the first, second or third voyage respectively. Then in 1557, the company, writing to its agents in Russia, instructs them "to make in a readinesse about the beginning of June every yeare our whole accompt of the voyage in that yere passed, in such sort that wee may receive the same by our schippes; and that we may plainly perceive what sales are made and what remaineth of the first, second, third and fourth voyage and what charges have been layde out the sayd voyages and what wares bee bought and laden and what they cost and for what voyage every parcell thereof is³." Similarly the agent was "in any wise to keepe accompt of every voyage by it self and not mingle one voyage with another at no hand⁴." Further, it is recorded that it was "the usual custom and form" of the company to distinguish the adventures in the different voyages by denominating each by a letter of the alphabet, as for instance Voyage A, Voyage B, and so on⁵.

There is however evidence on the other side which is conclusive. It appears that in 1564 the nominal amount of the share had been increased

¹ Hakluyt, *Voyages, ut supra*, ii. pp. 297-303.

² The figures given by Hakluyt (*i.e.* £6,000 in shares of £25 from each member) would make the number 240. In State Papers, Dom., Mary, Addenda vii. 39, it is stated that in 1555 there were 207 members.

³ Hakluyt, *Voyages* (ed. 1903), ii. p. 386.

⁴ *Ibid.*, p. 385.

⁵ Record Office—K, R, Exchequer Depositions, 22 James I., Hil. No. 19, "Interrogatories to be administered unto such witnesses as shall be produced on the part and behalf of Hugh Hammersly, Governor of the Company of Muscovia Merchants and the Assistants of the said company defendants against Sir Richard Smith and others complainants." "Depositions of witnesses taken at the Guildhall in the City of London 3rd Dec. 22 James I. by virtue of His Majesty's Commission out of the Court of Exchequer." Though the voyages were arranged alphabetically it is to be noted that the letters did not follow each other in "a precise order."

from £25 to £200, an additional amount of £60 per share having been called in at that time¹. Thus the following data are obtainable. The original capital in 1553 was £6,000. To equip the voyage of 1555 and the subsequent ones until 1563 additional calls of £115 per share were made, bringing the total capital (subject to forfeitures for non-payment of calls) in 1563 to £33,600².

The position may be illustrated by the following tabular statement:

	£
In 1553 call of £25 per share on 240 shares ...	6,000
From 1553 to 1563 calls of £115 per share on 240 shares should have realized ...	27,600
Total capital 1563 ...	33,600
1564 call of £60 per share on 240 shares should have realized ...	14,400
Total capital 1564 (subject to deduction for calls not paid) ...	£48,000

The company exported from Russia train-oil, tallow, furs and felt, and in addition the especially profitable commodities, cordage, masts and wax³. At first the hemp was sent to England in a rough state, but the company soon established rope-works in Russia so that ropes could be finished there. Wax, in particular, was esteemed a most profitable item in the trade, since it was anticipated that the making of Archangel the sole outlet from Russia would give the company the monopoly not only of supplying England but also for the whole of Europe⁴. In view of this proposed diversion of Russian trade the company instructed its agents, "seeing the Emperour doth minde that such commodities as bee in his dominions shall not pass to Rie and Revel and Poland as they have done, but bee reserved for us: therefore we must so lay for it, that it may not ly upon their hands that have it to sell⁵."

At this period it certainly was the expectation of the company (which may have been shared by the Czar) that it should be sole exporter of Russian commodities to Europe, and conversely that European commodities could only enter Russia by its agency. At the same time it was not intended that the Russians would be mulcted by excessively high prices since in 1557 the company ordered that "we must procure

¹ State Papers, Domestic, Eliz. xxxv. 20: *Cal. S. P. Colonial East Indies*, 1513 to 1516, p. 4.

² Owing to the scanty material available this estimate is based on the assumption that the number of shares was unchanged between 1553 and 1564. The results so arrived at will be found to be confirmed by independent data noticed below.

³ Hakluyt, *Voyages* (ed. 1903), II. p. 351.

⁴ *Ibid.*, p. 386.

⁵ *Ibid.*, p. 386.

to utter good quantitie of wares, especially the commodities of our realme, although we afford a good penyworth, to the intent to make other that have traded thither wearie and so to bring our selves and our commodities in estimation¹." The company believed that it would be recouped by obtaining an European monopoly for the wax trade and in part for that in cordage also. Whether it would have been possible to realize this ambitious scheme is doubtful, and in 1558 an event occurred which forced the company to face serious competition from Englishmen. This was the taking of Narva by the Russians in this year. Thus Russia obtained an outlet on the Baltic and a new route was opened which was certainly shorter than that hitherto used by the company. English traders, who were not members, were eager to take advantage of this opening, and it was contended that, since the charter of 1555 gave the company the monopoly of the trade to the dominions of the Czar as they then existed, Narva, being outside those limits, might be used as a depôt by any English merchant. Accordingly expeditions were despatched to Narva by Alderman Bond of London and by certain merchants at Newcastle-on-Tyne, Hull and Boston. From this time complaints of the damage done to the trade by such invasions of the charter become frequent, and finally in 1566 the company was forced to make application to Parliament. It obtained an act expressly designed to confirm the privileges of the charter. This document is of considerable importance as one of the few cases in which a trading corporation during the Tudor and Stuart periods was able to obtain parliamentary confirmation of the royal charter. The act generally recapitulates and confirms the previous grant, stating that after the fellowship had, "at exceeding great charges," succeeded in bringing to England "divers wares of good estimation," certain persons "utterly to decay the trade of the sayde fellowship, have contrary to the tenor of the same letters patents, in great disorder traded into the dominions of the said mightie prince of Russia²." Wherefore it was enacted that no Englishman might legally trade to any country lying Northwards, North-westwards or North-eastwards from the City of London which had not been commonly frequented prior to the first expedition in 1553. In more precise terms the monopoly was described as including all territory then or at any future date under the dominion of the Czar, also "Armenia major and minor, Media, Hyrcania, Persia or the Caspian Sea" or any other country reached from any of these or from the Northern seas and that might be discovered in the future. This grant was subject to the provisos that the company should observe the Navigation Act, and that if, during the time of peace, the society did not trade at St Nicholas Bay or elsewhere on the north of Russia for three years then, for as long as the trade was intermitted, persons not free of the company might trade

¹ Hakluyt, *Voyages* (ed. 1903), II. p. 389.

² *Ibid.*, III. pp. 83-91.

to Narva. It was also enacted that any of the merchants residing at Newcastle, Hull or Boston who had "traded the course of merchandize by the space of ten years" might become members if before December 25th, 1567, they "contribute, joine and put in stocke to, with and amongst the said company, such summe and summes of money as any of the said company, which hath throughly continued and contributed to the saide newe trade from the yeare 1552, hath done¹, and before the saide 25th of December 1567 shall do for the furniture of one ordinary, full and intire portion or share." Finally as affecting the internal management of the company it was ordained that, since the title by which it was incorporated in the charter was "long and consisted of very many words," in future "the fellowship, company, society and corporation shall be entitled *The Fellowship of English Merchants for Discovery of New Trades*²."

Though this act may have temporarily strengthened the company it failed to stifle dissatisfaction in England and to prevent the trading to Russia by merchants not free of the company. In 1568 there were great complaints of the "greedy covetousness" of the company in England and of the "evil behaviour" of its factors in Russia. It was "brought into the briars and there tied fast as sheep amongst the brambles being of its own country men slandered and belied." In Russia the company was looked upon as a "greedy cormorant" owing to the high prices charged for English commodities there; and other merchants, who offered to supply the Czar at prices one-third less, were able to obtain privileges from him³. It was alleged that the factors were badly paid and that some of them embezzled the company's funds, others engaged in private trade, and a few even intrigued with the Dutch or interloping English merchants against the body that employed them⁴. Evidently the unauthorized trade from England had grown, for in 1570 there is mention of a fight at sea near Narva between a fleet of the company's ships and a number of interlopers⁵.

It will thus be seen that the attempted European monopoly of imports to, and exports from Russia was subject to various vicissitudes. Losses of ships had been experienced, the Dutch were attempting to enter the country, and by 1570 the trade of English interlopers had become considerable. In Russia the company suffered from the malpractices of its agents and from debts it found difficult to collect from the nobles.

¹ The use of the word "throughly" in this clause has reference to the various calls made. It is probable some of the shareholders may have been in arrear. The meaning then is that the merchants should pay £200 for each share, not less.

² Hakluyt, *Voyages* (ed. 1903), III. p. 87.

³ *Calendar State Papers, Foreign*, 1566-8, p. 463.

⁴ *Early Voyages and Travels to Russia and Persia* (Hakluyt Society, 1887), p. cix.

⁵ *Reports of Royal Commission on Historical MSS.*, VII. p. 338.

These disadvantages were partly off-set by a successful voyage when the high prices still obtainable in all probability left an important profit. But a more serious element in the prospects of the company at this time was the political situation. The "ambassadors" of the company to the Czar before 1570 were said to have promised him an alliance with Elizabeth. When these expectations remained unfulfilled he held the company responsible, and, in 1570, its privileges in Russia were suspended¹. In 1571-2 the right of free entry was restored and the grants given to other English merchants revoked². For a number of years, except for the growing competition of foreigners and interloping English merchants, the trade with Russia seems to have been fairly satisfactory until 1583 when the Dutch merchants had obtained a permanent footing in the country. By 1585-6, when the question of the English monopoly was raised, the Czar definitely refused to exclude foreigners, and with this decree the Russian trade proper began finally to fall upon evil days³.

It thus appears probable that the trade first opened up—that to Russia proper—was one of considerable vicissitudes. Sometimes no doubt when the European-monopoly price could be exacted the returns were large, but there were many adverse factors which in all probability rendered certain voyages altogether profitless. Meanwhile an addition to the company's resources had been discovered with the entry of factors to Persia, whereby a new route had been opened for the conveyance of Oriental commodities to Europe. Although the journey was longer than by the Mediterranean it was in some respects safer, and it would appear that a very profitable trade was established in this way from 1566 to 1581⁴. For instance the "first voyage" obtained goods valued at no less than £40,000, and though some of this was lost by the attacks of Cossacks, the fact that similar losses were not recorded in the case of later expeditions is evidence tending to show that these were successful. To this is to be added contemporary accounts of this trade as the most profitable one carried on by the company⁵.

In view of these considerations it is possible to obtain a general idea of the financial results of the trade. It may have been that it was the original intention to wind up the joint stock at the first favourable opportunity and take subscriptions for a new series of expeditions as was done by most other companies of a similar character until a much later

¹ Hakluyt, *Voyages* (ed. 1903), III. p. 176.

² *Ibid.*, p. 189; *Russia at the Close of the Sixteenth Century* (Hakluyt Society), p. xxxiv.

³ *Russia at the Close of the Sixteenth Century*, pp. liii, lx.

⁴ *Historical Account of the British Trade over the Caspian Sea*, by Jonas Hanway, p. 8.

⁵ Anderson, *Historical and Chronological Deduction of the Origin of Commerce* (ed. 1790), II. p. 171.

period. Several indications tend to show that the early voyages failed to realize expectations and it was probable that some losses had been incurred. These were made good by a call on the shareholders, and by the same means capital was found for the fitting out of a fresh attempt. The company itself stated in 1560 that "of a hard beginning we trust God will send us a good ending¹." As the fourth voyage started in 1557 this would apply to the first five or six expeditions. According to a statement laid before Parliament at a subsequent period it was stated that, before the trade "could be brought to any good course," the Adventurers had lost much of their principal, all profit allowed, to the extent of £30,000 at the least². In 1564 it was urged in a petition to the Privy Council that such great losses had been sustained it was necessary to call up £60 per share partly to make these good, partly to equip an expedition to Persia. The shareholders were then so discouraged that there was great difficulty in inducing them to pay the amounts due³. This was no doubt a powerful argument in favour of the passing of the bill introduced by the company and passed in 1566. Had the previous calls as well as this one been paid in full the capital at this time would have been £48,000, but it is highly improbable that more than £40,000 had been actually received. Indeed in 1568 the company was paying interest on a loan of £4,000 at rates of 12 per cent. and 13 per cent.⁴ It may have been that at intervals during the sixteen years the company had been in existence isolated payments on account of profits earned had been made, and so it is possible that a part of the calls might have been provided in this way. However this may have been, the position from 1568 to 1570 appears to have required that, to recoup the losses made in the Russian trade proper, the Persian expedition of 1568-73 should have made a nett profit equal to the whole capital of about £40,000. It shows the great element of chance in ventures of the time that, although two-thirds of the goods were lost, it just succeeded in doing this. The caravans were returning to Russia with goods of great value when on the crossing of the Caspian they were attacked by pirates with a loss of a considerable portion of the freight⁵. An official of the company, writing about 1586, says that except for this mischance this expedition "would have altogether salvaged and recovered the companies (called the olde companies) great losse, charges and damage⁶." This account of the circumstances appears to be unduly pessimistic. Even on the last so-called "unsuccessful voyage" of

¹ Hakluyt, *Voyages* (ed. 1903), II. p. 405.

² State Papers, Domestic, James I., VIII. 59.

³ *Ibid.*, Eliz. xxxv. 20.

⁴ *Calendar State Papers, Foreign*, 1566-8, p. 462.

⁵ Anderson, *Annals of Commerce*, II. p. 171.

⁶ Hakluyt, *Voyages* (ed. 1903), III. p. 335.

1578-81 the shareholders received a division of 106 per cent.¹ It is to be concluded that the previous Persian expeditions yielded large profits, so that the company must have flourished during the period ending in 1581. Thus, even if the loss of the first company had been £30,000 (which is doubtful), it would have been more than recovered by the second joint-stock. The apparent discrepancy between this view of the situation and the account of the official quoted above arises from the latter throwing the burden of the earlier losses on the last Persian voyage, irrespective of the large profits which had to all appearance been made in the four or five previous years.

This represents the fate of the original capital as is shown by the allusion to it in 1586 as that of "the olde company." In order to ascertain the nature of the financial methods adopted subsequently it is necessary to investigate such data as can be recovered relating to the method of procedure in dealing with the monetary resources of the company. As already shown it was the custom to distinguish successive financial statements by different letters of the alphabet. In 1585 the letter used was N. After a dividend had been declared and the remaining property had been transferred to another account, it became necessary, through many debts proving bad, for this latter account to recover these. But that liability was not discharged by N but was carried back to the adventurers in H² or I³. This shows that, though the voyages were kept separate, there was a continuity of capital from I to N, since if different groups of adventurers had been concerned it would have been unjust to charge those of I with losses on debts guaranteed by different persons interested in N. The question next arises of the date at which H or I began; which, on this supposition, would be that of the subscription of the new stock. It is expressly stated that it was the custom of the company to make out a balance, valuing all the assets, of the account denominated by a single letter, "yearly or in every one or two or three years⁴." The letters ran continuously to H and probably thence to N. Thus there were fourteen separate accounts in over thirty years. These fall naturally into two groups, the one belonging to the first joint-stock which was still in existence in 1564 and may have continued for another eight or nine years. After that time, when the company began to make a fresh start on obtaining a renewal of its concessions, would be the period at which

¹ Report of Baron Jaspas Schomberg, incorporated in a despatch of Bernardino Mendoza to Philip II., 15 May, 1582, Simancas MSS.; *vide Calendar of State Papers (Spanish)*, III. (1580-6) pp. 365-9.

² K, R, Exchequer Depositions, 22 Jas. I., Hil. No. 19, *Hammersley v. Smith*, Interrogatories, Item 5.

³ *Ibid.*, Deposition of Richard Swift, Item 4.

⁴ *Ibid.*, Interrogatories, Item 11; Deposition of Richard Swift, Item 11.

a fresh subscription was taken, which, if the foregoing reasoning be sound, would be the beginning of the account denominated H or I. Apart from the date of the commencement of this stock, the amount of nominal capital in existence in 1585 was £28,895¹. If then from the beginning of the company to 1586 there were two joint-stocks, the capital of the first being close on £50,000 and of the second upwards of £30,000, this interpretation of the information extant is confirmed by the statement made about 1583 that the whole amount of stock employed from the first to that date was £80,000².

There is not sufficient evidence to show precisely what profits were made by this company. But it may be concluded from several sources that the Persian trade, on the whole, yielded considerable gains up to 1581³ when it was given up. A contemporary writer, in 1579, sums up the situation in a rather enigmatical manner as follows—"by unities small things grow great and great things become small. This may be understood best by the company. The frowardnesse of some few and the evil doings of some unjust factors was the cause of much of the evil successe⁴." The gist of this proverbial philosophy is that the "great thing" (*i.e.* the original Russian trade) had "become small" through the ill-practices of factors, &c., while conversely "the small thing" (*i.e.* the Persian trade) had "become great" through the loyalty of those engaged in it. In 1583, two years after the last Persian expedition of this period, it is recorded that, after long patience and so great a burden of expense, the trade "began to come to some commoditie," but it had again "fallen to very ticklish termes and to as slender likelihood of any further goodnesse as any other trade that may be named⁵."

There can be little doubt that there was a period during the first seventy years of the company's history when large gains were made. In a report to Parliament in 1628 it was stated that for some time "the trade flourished exceedingly⁶," and at a later date an official of the company records that at an early period the profits were "immense⁷."

¹ For the means by which this figure is reached, *vide infra*, p. 47.

² Hakluyt, *Voyages*, VIII. p. 135.

³ The division of 106 per cent. on 'this so-called unsuccessful Persian Voyage was made in October, 1581.

⁴ Hakluyt, *Voyages* (ed. 1903), III. p. 335.

⁵ *Ibid.*, VIII. p. 135.

⁶ *Reports Historical MSS. Commission*, IV. p. 16: *Journals House of Lords*, III. p. 18.

⁷ *Historical Account of British Trade over the Caspian Sea*, by Jonas Hanway, p. 9. Hanway gives "De Thou" as his reference. From a subsequent quotation it is evident that the allusion is to a passage in Thuanus, *Hist. sui Temporis* (1732), II. p. 587, which though entered under the year 1572 relates to the results of the trade generally which is described as *eo quæstuosior quod sub Elisabetha per amplissimum illud imperium merces exoticas distrahere solis Anglis concessum fuit*.

If there were ever such a golden age in the company's history it cannot have been before 1564, nor, although early in the seventeenth century considerable profits were made, these were not sufficient to warrant the glowing descriptions quoted. Therefore, if such statements are to be accepted they can only apply to the period of the Persian expeditions from 1566 to 1581¹. Certainly after the last of these there is an abrupt and significant change in the company's fortunes. On the cessation of the voyages to Persia the company was dependent on its Russian trade, and this had for some years been unprofitable. Probably while attention had been chiefly given to the eastern expeditions the factors in Russia had been even less controlled than formerly, and in 1582-3 they were engaging in private trade and jeopardizing the interests of the company². Soon losses had become so great that ships were sent rarely to Russia and "divers strangers (*i.e.* persons not members)—waiting opportunity of the company's dissolving—sought to thrust themselves in³." Many of the contemporary accounts describe the trade at this time as having been decayed, and the valuation of the stock and debts made in December 1585 showed that at that date the whole property after providing for liabilities was estimated, according to the report of the auditors, to be worth £31,461. 19s., showing a profit of £8. 17s. 8d. per cent. on the capital of £28,895. Subsequently as much as £11,508. 13s. of the assets was found to be irrecoverable and the adventurers were compelled to make good the loss, thus the apparent profit of £8. 17s. 8d. per cent. was converted into a loss of as much as 30 per cent.⁴

This part of the history of the Russia Company, comprising the fate of two distinct undertakings, working at different times under the same charter, affords some instructive side-lights on the position of capitalistic associations of the period. Even when the company was undisturbed in the exercise of its monopoly it suffered from a serious element of weakness—not so much in exacting large prices in England and Russia, for the former could have been remedied and the latter is not fully proved—but in the corruption of its agents. In the Regulated Company, the factor was generally more adequately controlled and it required time to enable the joint-stock type of organization to learn how such control should be exercised. The Russia company, at this period, totally failed in this respect and the laxity of the administration abroad in time affected the conduct of affairs at home.

¹ Hakluyt, *Voyages* (ed. 1903), II. pp. 15-246.

² *Russia at the Close of the Sixteenth Century* (Hakluyt Soc.), p. 315.

³ *Calendar of Cecil MSS.*, Part v. p. 463.

⁴ K, R, Exchequer Depositions, 22 Jas. I., Hil. No. 19, Interrogatories, Item 5.

B. FROM 1586 TO 1606.

About this time the trade was spoken of as "decayed"¹ and the number of members had fallen to about 80². "By reason of many burdens, crosses, ill-factors and interruptions borne by so many small adventurers" the stock employed was greatly wasted³. Accordingly, a Court Meeting of the company was held at Muscovia House on April 8th, 1586, to consider an agreement made for the disposing of the interest of the existing members in the trade. The offer before the meeting was from a new group of adventurers and there was considerable opposition to the acceptance of it. Finally the court determined that the resolution submitted by the governor and assistants was "good and profitable to be followed by the company"⁴. Thus the third company came into existence which consisted originally of only twelve persons.

At first this body, being confined to the Russian trade, experienced the fate of its predecessor from 1583 to 1586. In 1588-9 the trade was characterized as being "decayed" and as being in "a desperate state ready to be overthrown"⁵. In spite of the negotiations of Fletcher in 1589 and of Horsley in 1590-1⁶, the Dutch continued to obtain an increased hold upon the industry. The trade being so depressed it would appear that the new adventurers formed a distinct stock, known as O, which was audited in January 1588. The accounts showed a profit of 11 per cent., and it is noted that the stock and gains were divided and "the remains" transferred to the undertaking P. The matter was far from being ended, for in July 1590 the adventurers were assessed to the extent of 14½ per cent., but conversely they obtained credit for £2,288. 10s. 5d., so that they gained some profit on their investment⁷. P was another distinct stock in which "the principal and gains were divided" in December 1588 at a valuation of 28½ per cent. profit. The adventurers in Q who bought the debts of P obtained a rebate which meant an assessment of £19. 7s. 10d. per cent. on those in P, reducing the profit of the latter to £9. 2s. 2d. per cent. Q may have been the beginning of a new joint-stock, since its whole property was transported to the account R in January 1589 at a valuation of 30 per cent. profit, almost all of which disappeared through losses not known when the accounts

¹ *Russia at the Close of the Sixteenth Century*, p. lxxv.

² *Calendar of Cecil MSS.*, Part v. p. 463.

³ *Ibid.*

⁴ "Copy of an Act of Court of the Muscovia Company"—Lands MSS. (Brit. Mus.), 48, f. 80.

⁵ *Russia at the Close of the Sixteenth Century* (Hakluyt Society), pp. lxxvii, 327.

⁶ *Ibid.*, pp. lxxvii, xcvi.

⁷ K, R, Exchequer Depositions, 22 Jas. I., Hil. No. 19, Interrogatories, Item¹³ 6, 9.

were audited, leaving a nett gain of only 7s. 8d. per cent.¹ By 1593-4 it was recognized that unless some new outlet were found there was little hope for the future of the company, and in that year a new subscription was made, under the management of Sir John Hart. This was known as A of a new series and appears to have been the beginning of a joint-stock which continued for some time, perhaps to 1607². In the past attempts had been made to extend the sphere of operations by (in the language of the title) "discovering new trades." Such discoveries were sought either to the south-east or the north. The former had resulted in the Persian trade. This having been given up for some years, there remained only the north as a new field. Already the company in existence before 1585 had licensed Frobisher's expeditions from 1577 and that of Gilbert in 1583. Either this group of adventurers or that succeeding them had fitted out the voyages of John Davis to discover a north-west passage from 1585 to 1587³. When Sir Francis Cherry was governor of the company further discoveries were attempted and the expeditions to Cherry Island began. The first of these was in 1603, when there were expectations of finding lead mines. Though these hopes were not fulfilled, the next voyage in 1604 brought hopes of making profit from the walrus that resorted there, and, in 1605, 11 tuns of train-oil were obtained, a quantity which was doubled in 1606⁴. It was thought that a considerable revenue might in the future be obtained from this source. Since it was a "new trade," discovered within the limits assigned to the company, it was claimed with considerable show of reason as being included within the original monopoly, but it was alleged subsequently that as early as 1598 some Hull merchants had already entered on the industry⁵. This competition, at first of a temporary character, was destined to become very serious later. As yet however the cultivation of this branch of the business was tentative. Further, in 1601, the East India company pressed the older society either to license it or join with it in an attempt to discover a north-west passage, and on representations being made by the Privy Council the Russia company consented to equip an united expedition, some or all of the capital for which was raised by a

¹ K, R, Exchequer Depositions, 22 Jas. I., Hil. No. 19, Depositions, Richard Swift, Items 7, 8.

² *Ibid.*, Item 11.

³ A Brief Narration of the Discoverie of the Northern Seas and Countries of those Parts as it was first begun and continued by the singular Industrie and Charge of the Companie of Muscovy Merchants of London. Add. MSS. Brit. Mus. Nos. 33, 837, ff. 72-7.

⁴ *Hakluytus Posthumus or Purchas His Pilgrims*, by Samuel Purchas (1906), xiii. pp. 260, 270, 276, 293.

⁵ "Statistics Relative to the Northern Whale Fisheries," by Henry Munro in *Reports of the British Association*, 1853, p. 109.

further subscription of 5 per cent. of the amount subscribed to the first "Voyage" by the East India Adventurers¹.

Meanwhile the company was still engaged in carrying on the trade to and from Russia, principally in cordage. Although for several reasons this branch of its operations was less promising than it had been, there was a steady market in England arising out of the great activity in shipping at this period. In this connection an unexpected difficulty was encountered. The Crown was a large purchaser and it only paid long after the goods had been supplied. In 1595 a considerable sum had been due for some time², and in the following year the debt was £9,912. 19s. 8d.³ This sum represented the greater part of the working capital of the company, since Cherry, in petitioning for an early payment stated that the use of this stock could not be forborne and that "they had been forced to strain themselves to the uttermost of their credits to pay freights." A year later the amount due was returned at £13,922. 15s. 2d.⁴ In 1602 the trade had fallen off so much that in that year only two ships were sent to Russia (although the number of Dutch vessels had increased) whereas in 1586-7 "a store of goodly ships" had made the voyage⁵. While this comparison shows the decline of enterprise in Cherry's company, the falling off was more apparent than real, since twenty years before (*i.e.* in 1582) the difficulties of the former company had reduced their fleet to the smallest dimensions.

The strain of financial difficulties almost forced the company to exact high prices in England. It had not now the capital to follow the principles established early in its history of endeavouring "to give a good penniworth." Thus it was ill-prepared to resist the wave of indignation against exclusive grants which found expression in the parliamentary agitation of 1604. It was charged with being "a monopoly within a monopoly" because the directors, who then numbered fifteen of the 80 shareholders, "had made one purse and stock of all" and thus "become as one man." This was only a charge against the joint-stock system as such, but it was further alleged that the company had raised the price of cordage in recent years by using their monopoly to create an artificial scarcity⁶. With reference to the monopoly itself, as apart from the manner it was exercised, the report continues—"The Muscovie company, by reason of the chargeable invention of the trade fifty-two years since and their often great losses, was established by Act of Parlia-

¹ *Vide infra*, Div. I. § 5 A.

² *Calendar Cecil MSS.*, Part v. p. 463.

³ *Ibid.*, Part vi. p. 511.

⁴ *Ibid.*, Part vii. p. 484.

⁵ "Observations touching Trade and Commerce with the Hollands, 1601," in McCullough, *Tracts on Commerce* (1859), pp. 15-17.

⁶ *Journals of the House of Commons*, I. p. 220.

ment in the reign of Queen Elizabeth. The chargeable invention had been a reason thirty or forty years ago, when the inventors were still living and their charge not recompensed by countervailing gain; which sithence it hath been their loss hath been their own fault in employing one factor who hath abused them all¹." Considering the social and political reasons that had aroused a bitter feeling against monopolies, this is a well-judged statement of the position. In principle there were two main grounds for exclusive grants to trading companies, first a large capital outlay in establishing a new trade, through payments for the concession or losses of ships and goods in preliminary expeditions, and secondly a similar expenditure on forts and the maintenance of an armed force. The second reason does not apply in the case of this company, and the first is admittedly subject to the proviso. that the founders of the undertaking should recoup themselves within a reasonable time. Further, if, as with this company, the privileges were given without a limit being fixed, and it could be shown that profits might have been made save for bad management, then some period should be set for the revocation of the monopoly. This also was not an unfair contention, but the report is silent as to the offer of any compensation to the company. Had Parliament been able to agree on the matter and to induce the sovereign to revoke the charter, the adventurers who subscribed capital in 1593² had an equitable claim to compensation, for the authorization of the undertaking which they purchased was one conveying a perpetual monopoly. Finally, the charge that the company was itself to blame for the series of years in which profits were rare is largely true. Up to this date the "fellowship" had had two valuable monopolies, namely, the trades to Russia and Persia. The former had yielded poor results through the abuses of the factors and internal dissensions; the latter apparently succeeded, but only for a time, owing to causes in a large measure outside the control of the company. But, underlying the embezzlements of the factors, there was an even more serious weakness, namely, the dissensions and even dishonesties of the members amongst themselves. This, as will be shown below, led to the loss of the third great monopoly the company possessed.

An instance of want of harmony amongst the members happened at the time the position of the company was under the consideration of Parliament. Since Cherry had been one of the founders of the present company much of the business passed through his hands. In 1605 the other adventurers seem to have been of opinion that there would be difficulty in obtaining the sums belonging to the company, and a reckoning was demanded. It was found that there was a considerable

¹ *Journals of the House of Commons*, I. p. 221.

² That is on the assumption that the stock of 1593 was still in existence in 1604.

difference between what Cherry admitted he owed and what the company claimed. The first account was made up to 1604, and it starts with a balance against Cherry of £1,268. 10s. 11d., which he owed on November 30th, 1603; other items are now added, some of which dated back for four years, amounting to £1,767. 14s., making a total of £3,036. 4s. 11d. This was subject to certain allowances made, and payments on account of the company, which came to £697. 13s. 9d., leaving a balance due of £2,338. 11s. 2d. A further investigation in November 1605 brought the total debt to £7,242. 16s. 6d., from which there was deducted £1,149. 10s. 9d., making the nett balance at this date, on account of sums received in Russia and England, £6,093. 5s. 9d. In addition the company claimed £15,600 as payment for the private trade of Cherry, or a total of upwards of £22,000. Cherry, in his reply to "the demands of the right worthy company," only admitted a liability of £7,565. 11s. 11d. There was thus a sum of over £14,000 in dispute, most of which arose out of the bill for "private trade".

There is no information as to the final settlement, but it is reasonable to suppose that this enquiry resulted in a change of governor, an office which was filled by Sir Thomas Smythe from 1607. This was not the only alteration since at the same time a new joint-stock was formed.

C. FROM 1607-8 TO 1620.

It is recorded that in 1607 a contract or bargain of sale was made between the former adventurers and a new group². This venture was denominated A of the third series³. It was followed by B, C, D, E, F, G, the latter being in existence in 1617, at which date the stock or shares of the adventurers amounted to £64,687⁴. It appears further, that, since during the currency of G a penalty was exacted from the shareholders which was levied on the adventurers in A, that there was a continuous capital from 1607-8 to 1617, certainly it was described as a joint-stock, this term no doubt being used, as in the East India company, to describe the resources used in a series of years⁵.

¹ Add. MSS. Brit. Mus., No. 12,503, ff. 318-31.

² K, R, Exchequer Depositions, 22 Jas. I., Hil. No. 19; Deposition of Richard Swift, Item 11. Since most of the accounts were audited in January it is possible the true date of the beginning of this stock was January 1608.

³ Court Book of the East India company, iv., March 26, 1618.

⁴ K, R, Exchequer Depositions, 22 Jas. I., Hil. No. 19; Interrogatories, Items 13, 15.

⁵ *Ibid.*, Deposition of Richard Swift, Items 4, 13. Swift refers to "the two last joint-stocks, wherein he was an adventurer."

Owing to the disturbances in Russia the trade there was contracted and Smythe with his fellow-adventurers were anxious to press on with the ventures in the Northern Seas¹. A further expedition was sent to Cherry Island in 1608, but, though 31 tuns of oil were obtained, this voyage resulted in a loss of £1,000, owing, it was alleged, to a ship sent by Duppa, a brewer of London, and another from Hull "having glutted the place²." The dividend for 1608 had been 40 per cent. profit, and that for 1609 was 30 per cent.³ The voyage to Cherry Island in 1609 resulted in a loss of £500. That in the following year is remarkable through "the great store of whales" observed from the ships. Those in charge of this expedition were censured by the company for having brought home blubber instead of oil, and the dividend paid for 1610 was 20 per cent. Train-oil being used for the manufacture of soap was in constant demand and the company at once decided to enter on the whaling industry for which an expedition was sent out in 1611. It was only in the following year that the venture was successful and for both periods two dividends of 90 per cent. profit each were declared. The Dutch had also entered on the trade⁴ and there were isolated English ships sent to hunt walrus from time to time. Accordingly, the company determined to apply to James I. for a monopoly of "this new trade of whale-fishing." It was urged that the industry would be highly beneficial to the country since every £100 adventured brought trade estimated at £500. Therefore in view of the right of first discovery and the advantageous character of the occupation it was asked that English subjects, not free of the company, should be forbidden to capture whales within certain limits⁵. This petition was accepted and a grant embodying the views of the company was made on March 13th, 1613⁶. Further, by a proclamation of September 11th, 1614, the importation of whale-fins by any persons, save those employed on behalf of the existing joint-stock of the company, was prohibited under severe penalties⁷. This grant was expected to warn off other English vessels, and foreigners were provided against by sending out heavily armed ships to protect the whalers.

¹ "The Humble Petition and Remonstrance of the English Merchants for New Trades," Lands MSS. No. 142, f. 301.

² "A Commission for Thomas Edge our...factor in the Ship called the Mary Margaret" in Purchas, *Pilgrims*, xiv. p. 30; cf. xiii. pp. 275-6.

³ Court Book, East India company, March 28, 1618. These dividends relate to the year of account, they were not actually declared until some time afterwards.

⁴ For the proceedings of the Dutch *vide Early Dutch and English Voyages to Spitsbergen*, edited by Sir W. Martin Conway (Hakluyt Society, 1904).

⁵ "The Humble Petition and Remonstrance of the English Merchants for the Discovery of New Trades," Lands MSS. No. 142, f. 301.

⁶ State Papers, Sign Manual, xiii. 10.

⁷ Procl. Coll. Soc. Antiq., James I., No. 40.

The success of the voyage for whaling of 1612 together with the grant of the monopoly of this industry encouraged the company to endeavour to develop its various enterprises. It provided an increased whaling equipment in 1613 and efforts were made to re-organize the business in Russia. It was now over thirty years since the last expedition to Persia, and some attempt was now made to re-open this route. With special reference to the position of affairs in Russia an embassy was sent to represent that, owing to the recent tumults there "the privileges of the company had sustained great prejudice and impeachment" and to ask for redress¹.

The Dutch were far from acquiescing in the claims of the Russia company to the monopoly of the whaling grounds, for in 1614 they sent fourteen vessels protected by four war-ships. These were met by the company's fleet of thirteen armed whalers, and, owing to the strength of the Dutch, the latter made good their position for this year². Without the assistance of royalties from foreigners licensed to enter the whaling ground, the dividend was reduced to only 11 per cent.³ The management had become inefficient and, in spite of the profits still being made, it was necessary to borrow money. A loan was provided by the East India company in 1614, and another of £5,000 in the following year⁴. At this period the position of the joint-stock appeared exceedingly favourable. On January 18th, 1617, the account known as G was audited, and it gave total assets of £82,800, yielding a profit of 28 per cent. on the capital of £64,687⁵. Thus in eight years' trading on this stock, in addition to the sums provided by the adventurers, there were profits of 339 per cent. or over 42 per cent. per annum. The chief element of weakness was the need of further resources, and on April 26th, 1616, it had been ordered that all those who were shareholders during the first year of G should double their holdings under a penalty of 20 per cent. At the Court meeting on January 18th, 1617, it was resolved that books should be sent abroad amongst the freemen for the subscription of a new stock, which was to be paid up during the ensuing four years, and those who failed to take up stock were to be excluded during that time.

This financial weakness was accentuated by continued bickerings with

¹ Rymer, *Fœdera*, xvi. p. 747.

² Purchas, *His Pilgrims* (1906), xiii. p. 16; Anderson, *Annals, ut supra*, ii. p. 346.

³ The dividend had been 30 per cent. in 1613.—East India company's Court Book, iv., under March 26, 1618.

⁴ *Ibid.*, iii., under Sept. 13, 1614, Nov. 3, 1615.

⁵ K, R, Exchequer Depositions, 22 Jas. I., Hil. No. 19, Interrogatories, Items 13, 15. The dividend of 28 per cent. declared on January 18, 1617, was reduced to 24 per cent. on January 21, but at a further meeting in February it was restored to the original amount "for the better procuring of adventures."

the Dutch whalers and it left the company ill-prepared to face the most serious attack yet made on its privileges. This came directly from James I., who, by letters patent under the great seal of Scotland, incorporated Sir James Cunningham and a number of other adventurers as a Scottish East India and Greenland company with privileges similar to those of the existing English companies. Thus both the Russia and East India undertakings would suffer from the foundation of a Scottish rival. It was the former which was first attacked, but the other recognized that it, too, was menaced indirectly, since it would be possible (though not within the strict letter of the Scottish charter) for English interlopers to trade to India under a license from Cunningham and his partners. Thus the situation was serious for the two companies affected, and the matter became urgent when Cunningham commenced to fit out a whaling expedition.

It began to appear that the affair was one in which a compromise might be effected. Though the Scottish charter was signed, it was questionable whether James had been strictly fair to his English subjects¹, so that he was not unwilling it should be recalled, provided Cunningham was compensated and the trade prosecuted vigorously. The Russia company's finances were not sufficiently flourishing to make any very large outlay, and therefore the East India company came to its rescue. In addition to previous loans it now undertook to lend the Russia company 100,000 roubles required by the Czar on condition that the Greenland trade should be a separate joint-undertaking for eight years². Accordingly on March 20th, 1618, it was proposed that a committee of management should be appointed, and that a capital of £30,000 should be raised each year³. The joint-undertaking was to be liable for the compensation to Cunningham which was fixed at £924. 10s.⁴ It was not easy for the Russia company in its present position to raise its share of the capital required. Some was found by loans made by persons not free of the company—as for instance those about this time from Mrs Mary Brocas and Mrs Overton—and the rest by means of an additional subscription from the members. The loans occasioned no little litigation within a few years and the members were very dilatory in paying in their contributions. Even in 1619 there were many of the calls still in arrear, and on April 27th of that year it was necessary for the East India company "to name a peremptory day" for payment to be made⁵.

¹ *Vide* under the East India company, *infra*, Div. I. § 5 A.

² State Papers, Domestic, James I., xcvi. 2, 9; *Calendar*, 1611-18, pp. 532, 533.

³ Court Book, East India company, iv., March 20, 1618.

⁴ *Reports Royal Com. on Hist. MSS.*, iii. p. 24.

⁵ Court Book, East India company, iv., March 19, 23, April 27, 1619.

It thus appears that the whole amount of the capital proposed had not been paid in 1618, when the first joint-expedition sailed. This consisted of thirteen ships. They were attacked and dispersed by the Zealanders and most of them returned home empty¹, and, in order to assist the company, a proclamation was issued in its favour, confirming the grant of 1613, and, in addition, prohibiting any save adventurers in this body from purchasing whale-fins forfeited through invasion of the monopoly². In 1619 nine ships and two pinnaces were equipped—again on the joint-account—and this expedition was a complete failure³, and all the capital employed during two years of the joint-stock begun in 1617 (which was known as H) was lost⁴. The united undertaking now ceased and steps were at once taken to wind it up by disposing of such stores as remained on hand.

One of the conditions of the union for whaling was that the abuses in the Russia company at home and abroad should be amended⁵. Although there were Court Books it was alleged that about this time no Courts were kept. An apologist for the administration could not make out a better case than to contend that the affairs were “usually governed by the generality and major part of the company⁶.” The East India company complained that it had not been fairly treated in the joint-adventure since the Russia company had drawn it into a more extensive undertaking than had been proposed, and that there had been a failure in paying up the proportion of the capital promised⁷. Thus by 1619 the condition of the Russia company was deplorable. It had lost the greater part of the capital invested in the joint-undertaking, and after taking credit for the sale of stores remaining on this account the deficiency appears to have been about £11,000. Then it was stated the Dutch had burned some of the warehouses in Russia, whereby goods valued at £22,000 had been destroyed, and this amount was made a claim against the Dutch⁸. In 1620 it was resolved that the company

¹ State Papers, Domestic, James I., xcviij., docket 44, xcix. 40, printed in *Early Dutch and English Voyages to Spitsbergen*, by Sir W. M. Conway, pp. 42–65; *Anderson, Annals*, II. p. 360.

² Coll. Proclamations Soc. Antiq., James I. 122, dated May 18th, 1619.

³ *Ibid.*, p. 367.

⁴ K, R, Exchequer Depositions, 22 Jas. I., Hil. No. 19, Interrogatories, Item 21.

⁵ Court Book, East India company, iv., March 31, 1618.

⁶ Special Commissions and Depositions (Record Office), Exch. Q. B., London, 2 Charles I. C. 5 Feb., 22 Jas. I., D. 16 Feb., Jas. I., East. 4. Sir Richard Smith and others v. Hugh Hammersley and others.

⁷ East India Court Book, iv., under Jan. 24, 1620.

⁸ *Ibid.*, under Dec. 29, 1619.

should cease to adventure in the Russian trade which is now spoken of as being “totally deserted¹.”

Unless the company was to be finally wound up it had become necessary that there should be fresh capital brought in, and, accordingly in 1620 a new undertaking was formed which took over the assets and liabilities of the old on paying the members a sum of £12,000². This payment secured the transfer of the various privileges and the claim against the Dutch for damage which had been returned at £22,000 in 1619 and at £20,000 in 1622. Against this there were many debts on bond and outstanding claims, so that the essence of the financial situation depended upon whether any part of the sum due by the Dutch could be recovered. If this were so Smythe's company in spite of its difficulties in 1619 was solvent. It was decided—wisely as it turned out—to leave the prosecution of this matter to the new company, so that the position in 1620 was that the undertaking, that was now being wound up, had received back its capital with very substantial additions to it by 1614, and the amount payable by the new company of £12,000 exceeded the loss on the joint-adventure with the East India company. This, however, was not the final conclusion of the matter, for when the legacy of debt left by Smythe's company came to be investigated by the Privy Council and the House of Lords, it was found that there were many bad debts due to the company, and it was ordered that these should be made good to the new undertaking by those who had incurred them³, while the second moiety of the £12,000 (*i.e.* £6,000) was arrested and diverted to the payment of certain liabilities which, it was contended, had not been disclosed at the time of the transfer⁴. Even allowing for these reductions Smythe's company, as an investment, had proved satisfactory to those interested in it, but the real element of importance was how the new company succeeded in realizing the very speculative property it had purchased.

D. ARRANGEMENTS FOR PAYING THE DEBTS OF THE COMPANY FROM 1620 TO 1628.

The new company began its career by a serious error in finance. It started with assets which were of doubtful value, since if the claim against the Dutch could be collected it would be able to pay nearly

¹ State Papers, Domestic, Correspondence, Jas. I., Addenda (Calendar S. P. East Indies, 1617–21, p. 448).

² House of Lords MSS., June 19, 1628. Accounts of the Muscovie Co.—Ralph Freeman's Account; K, R, Exchequer Depositions, 22 Jas. I., Hil. No. 19. Hammersley v. Smith, Deposition of Richard Swift, Item 11.

³ State Papers, Domestic, James I., cxxxiv. p. 50; *Calendar*, 1619–23, p. 322.

⁴ *Vide* Ralph Freeman's account, *ut supra*.

or altogether 20s. in the £ without a new subscription. But even on the most favourable possibility, time would be required, and meanwhile there were certain obligations incurred many of which bore interest at 8 per cent. Therefore it would only have been common prudence to have raised enough capital to fit out expeditions and to pay off at least a part of the debt. It is likely that many of the new adventurers had been members of Smythe's company and the unfavourable result of the joint-undertaking of 1618-19 made them disinclined to risk more than the minimum amount. Therefore only enough capital was subscribed to equip ships for a voyage to Russia. When these vessels returned, interest on the loans had fallen into arrear and other creditors became clamorous. Threats were made of seizure of the goods, and the company obtained an Order of Council on October 19th, 1621, which guaranteed them immunity from arrest for debt in order to prevent the "decay of the trade¹." On December 17th of the same year it was ascertained that the debts amounted to £24,000 and it was ordained that a portion of this amount should be paid by the former company. It was decreed that all the adventurers who had continued in the joint-stock since the second year of G (1616) up to 1620 should provide this sum, which was raised by an assessment fixed at £35. 9s. 11d. per cent. on the capital of G². On the other hand the charges of the embassy sent to Russia in 1620, as well as the remainder of the debt, was to be discharged partly by a levy on the stock of the members, partly by an *ad valorem* charge on the commodities imported from Russia³. This order took no account of the claim against the Dutch and since this, if paid, would have more than balanced the whole indebtedness, the company took no steps pending the result of attempts to collect a part of it.

In 1622 an arrangement was made in connection with the whaling part of the trade which was severely commented upon two years later. At a thinly attended Court meeting the Greenland trade was put up to auction ("sold by inch of candle") subject to the payment of £520 a year towards the debt of the company⁴. The purchasers formed a separate undertaking from this date known as the "Greenland Adventurers⁵." This sale, though not strictly in accordance with the orders of

¹ State Papers, Domestic, James I., cxxiii. 41, *Calendar*, 1619-23, p. 300.

² K, R, Exchequer Depositions, 22 Jas. I., Hil. No. 19, Interrogatories, Item 19. Those adventurers in G who refused to pay the call of 1616 were exempt from this assessment.

³ State Papers, Domestic, James I., cxxiv. p. 50, *Calendar*, 1619-23, p. 322.

⁴ *Report Royal Com. Hist. MSS.*, iv. p. 18; *Journals of the House of Lords*, iii. p. 18.

⁵ In 1620 Ralph Freeman had offered £1,100 for the "implements and merchandize" of the Greenland adventure which was accepted (*Cal. State Papers East Indies*, 1618-21, p. 346). In his account in 1628 he acknowledges having received from the Greenland company £526. 11s. 2d. "for ye parte of ye Implements."

1621, was not unfair as regards the creditors. What appears to have been done was to attempt to provide for the interest by dividing the whole undertaking into two moieties and charging half of the interest upon each. The total debt was returned in 1621 at £24,000, of which the former undertaking was held liable for about £11,000. Averaging the interest on the remaining £13,000 at 8 per cent., the amount due annually on the whole outstanding debt, for which the present company was responsible, would come to £1,040. Half of which was £520 or exactly the sum charged against the separate undertaking for Greenland.

Further, an assessment on the stock was made in 1623, but it would appear that the money so raised, together with other amounts collected, instead of going to the creditors was diverted to the Russian trade to make good the deficiency of working capital¹. There were disputes as to how much of the debt should be assigned to the old company and how much to the new. A suit was instituted by Sir Richard Smythe (a brother of the former governor) on behalf of himself and other members of the former undertaking against Hammersly, who was now governor. This case began in 1624 and continued for several years. Smythe contended that the former adventurers had been assessed with more than their due proportion of the debt and claimed release².

In view of these varied difficulties, financial and legal, it is not surprising that by 1624 interest on the company's bonds was in arrear, and steps were taken by some of the bondholders to obtain redress. On April 29th Mary Overton stated in a petition that she had lent the company £1,300 and had as yet only been repaid £500³. The case of Mary Brocas was worse. She held the company's bond for £1,000 at 8 per cent. from January 3rd, 1617. "For a time" the interest had been paid, but afterwards neither principal nor interest. The Committee for Petitions summoned the governor, and the debt was admitted, but attention was drawn to the difficulty of deciding whether this particular claim was payable by the old or the new company—it being one of those in dispute in the case at present in progress in the courts. The Committee then ordered that the last assessment (or "leviation") should at once be paid in by the members of the present company, and from the proceeds Mrs Brocas should be paid her capital with interest since the last payment at 5 per cent. before the other creditors. Smythe and others in the same position were to pay in their assessments to the Court of the Exchequer, and if they won their cause they should receive

¹ House of Lords MSS., under 19th June, 1623, Accounts of the Muscovie Co.—Freeman's Account.

² Special Commissions and Depositions, Exch. Q. B., *ut supra*.

³ *Journals of the House of Lords*, iii. p. 31.

back their deposits without payment of fees, but if the assessment were sustained the deposits were to go to the creditors¹.

This order was carried out in part. Mary Brocas received £700 for interest and on account of the principal, but the creditors experienced great difficulty in obtaining the money, and all the assessments did not find their way to the object for which they had been designed. The Greenland Adventurers had not yet paid their annual contribution under the agreement for purchase, and they endeavoured to evade the obligation by contending that they had "no common stock²." The creditors found it necessary to again present a petition on March 9th, 1625, and a further investigation was made in April 1626. It was then found that the accounts presented to the House "showed gross juggling to defraud the creditors," and an order was made that 5 per cent. interest was to be paid on outstanding debts, that "all that have the common seal" (*i.e.* creditors on bond) should be paid out of the leviation, that all arrears of the assessment must be paid in by May 1st, and that a legacy of Sir Thomas Smythe of £500 was to be added to the funds available for the creditors³.

Again in 1628 this protracted liquidation was before the House of Lords. Mary Brocas was still "unsatisfied." A group of creditors alleged that no part of the order of 1626 had been performed, and two of them complained that some of the directions in that order "had been slighted and some of them neglected by neglecting all manner of prosecutions which should have been for gathering in of monies, by denying to bring forth their books of accompts, afterwards by not meeting to agree to those accompts, sometimes wilfully hindering, other times diverting the petitioners' proceedings so that no one penny of about £5,000 due to the petitioners by these undue courses has ever been paid⁴."

The Lords called the governor and other leading adventurers before them and "told them they deserved to be punished for their contempts," whereupon it was asked that, since the accounts were complained of, they should be audited. The audit showed that some of the charges were frivolous but that there were grounds for others. The Smythe case was still undecided and therefore it was impossible to present a final account. It would appear also that there was no foundation for the suggestion that this action was a blind to delay the liquidation, for there is every reason to believe that there was much

¹ House of Lords MSS., 27th May, 1624. *Journals of the House of Lords*, III. p. 412.

² *Reports Com. on Hist. MSS.*, IV. p. 18; State Papers, Domestic, James I., CLXXXI. pp. 33, 34, *Calendar*, 1623-5, p. 442.

³ *Journals of the House of Lords*, III. p. 569.

⁴ *Ibid.*, III. p. 866.

bad feeling between the prominent members of the old company and the administration of the new one. It is recorded that some of the former adventurers were "violently opposed" to the latter, and induced the Czar not to allow the goods of the new undertakers to enter his dominions customs free¹. As to Mary Brocas it was quite clear that she herself was to blame for her condition of want of satisfaction. The company had ear-marked certain funds for the payment of her debt, and on the money being tendered—there was still £461. 8s. 6d. due to her—she demanded a larger sum. Since there was a greater amount to the credit of this account than was required for this particular debt, the balance remained locked up². The Lords ordered that the £461. 8s. 6d. should be paid her "and that she cease to trouble the Lords Committees or the Court of Chancery or any other person³."

The charges relating to the falsification of accounts present some difficulty. It was impossible for the company to frame a final account pending a verdict in the action. Besides some of the creditors (*e.g.* Mary Brocas) were in fault in delaying the settlement. But when full allowance has been made for these and other considerations in favour of the company there is no doubt that there were some serious malpractices. It is possible to trace these through the accounts filed in 1628 having been preserved. They are not complete since a previous series had evidently been audited in 1624 and passed. Thus the figures of 1628 represent balances of leviations due before 1624 but not then paid, the sums collected since 1624 and some accounts of an earlier date that had not been completed previously. There were six different persons or bodies involved—such as the representatives of the old company, of the Greenland company, two successive treasurers, the treasurer of the leviations, and the governor. The account relating to the old company shows that many of the debts had been cleared off in 1620 and others up to 1624. Some of the accounts were passed without alteration, others were subjected to severe criticism, through money collected for the creditors being diverted to pay the private charges of some members of the company. The whole amount with which all the persons who were acting as trustees were charged was £12,776. 18s. Out of this payments had been made (including the sum held for Mrs Brocas) of £9,192. 18s. 8d., so that there should have been a balance available for the creditors of £3,583. 19s. 4d. But several of the persons responsible presented very heavy contra-accounts, which absorbed over two-thirds of this sum. These claims were some of them frivolous and others dishonest. Expenses in private

¹ *Journals of the House of Lords*, IV. p. 19.

² House of Lords MSS., June 19, 1623, Account of Rowland Healyne "Treasurer of the Leviations."

³ *Journals of the House of Lords*, III. p. 866.

trade in Russia were entered as due on the company's account¹. The total was swelled by an imaginary fee of £150 to an imaginary governor². In one case interest on a supposed advance was asked at £10 per cent., when, if interest for the use of the company's money had been charged, it would have come to four times as much. Even "a standing cup" presented to "a particular friend" went in to swell the bill³. As a detailed illustration of the methods adopted the account of Clement Harbye (printed on the next page) is remarkable. His books showed him indebted to the creditors to the extent of £268. 19s. 9d. He counter-claimed £828. 5s. 8d., which would have left him a creditor of the creditors. When his counter-claim was investigated only £38. 2s. of it was allowed! The other contra-accounts were dealt with similarly though the reductions made were not so great, and of the £2,445. 3s. 10d. demanded only £212. 5s. 9d. was allowed, consisting chiefly of legal and personal expenses⁴.

Thus the account was presented to the Lords and then modified as follows:

	£	s.	d.
Sums to be accounted for by the various treasurers	12,776	18	0
Payments made by them and not challenged	9,192	18	8
Balance	3,583	19	4
Claims made by various treasurers	2,445	3	10
Leaving as balance offered to creditors	1,138	15	6
Out of £2,445. 3s. 10d. claimed there was dis-allowed	2,232	18	1
Making cash immediately available for creditors	3,371	13	7

In addition to this sum there was the amount dependent on the result of the action, and this, the Lords ordered, was to be prosecuted vigorously; there were still some levations to be collected, and for any deficiency remaining the company was directed "to continue the impositions and consulages on the Muscovy and Greenland trades" until a complete settlement had been effected⁵.

¹ House of Lords MSS., June 19, 1628, Account of Joab Harbye.

² Account of Clement Harbye, *infra*, p. 63.

³ Account of Freeman.

⁴ A fee paid to the Attorney General was £3; to the Solicitor General for two consultations, £3 for one and £2 for the other. Three days' coach-hire and personal expenses came to £7. 1s. 6d.

⁵ *Journals of the House of Lords*, III. p. 866. As late as 1631 Sir Wm. Russell, Treasurer of the Navy, stated in a petition that being dissatisfied with the management of the company he sold his stock at great loss and that, being sued for a proportion of the debt, he draws attention to the order for payment of "a great part of it by the former adventurers," State Papers, Domestic, Charles I., CLXXXII. 32.

THE ACCOUNT OF CLEMENT HARBYE (MSS. House of Lords, 19th June, 1628).

Remarks of the Committee of the House of Lords.

The Original Account.

Mr. Clement Harby is Charged with these somes fig. viz^t—

	£	s.	d.
For divers Imposiçions laid upon him 1625 and 1626	112	0	11
For Imposiçions Rece ^d by him of divers persones 1625, 1626	538	12	9
	670	13	8
Out of w ^{ch} is to be deducted w ^{ch} he paid out when he was Treasurer, w ^{ch} is to be Awdited by the Comp.	401	13	11
There resteth owing by him by this Account somes	268	19	9

He demandeth allowance for these fig. viz^t—

	£	s.	d.
060 0 0	060	0	0
022 16 4	022	16	4

He was Tre^r as his brother before him and is to have noe allowance for ye reasons above¹.

If any such error be, Swift & Merrick are to make satisfaccion and not the moneyes due to the Creditors whom their recovringe doe not concerne.

This allowed him by the second account upon y^r Lo^{ps} opinions. This was his overhastie sending before the trade settled and was the same with his brother whoe trusted to their private factor and soe evrie man ran his own adventure.

This not paid the Lord Maior², nor consented unto by the company and Sr John Merrick the nowe Governor hath noe fee.

This messenger is the same in his brothers account and was sent for [t]her & ther partners private & not for the Companies Service nor is there any order in ther owne Court for any such messenger or his allowance.

Soe that 30th for the Greekes charge & 8th 2^s for an error in his impositious beinge deducted [from £268. 19s. 9d.] ther is due from him the some of 230th. 17. 9.

¹ From the remarks on a previous account it appears no allowance was payable to the treasurer.

² Hammersly was Lord Mayor in 1628.

150 0 0 which he maketh paid to Mr. Alderman Hamersly For his govners fee Anno 1626 in w^{ch} yeare Sr Jno. Merrick and not Mr. Alderman Hamersly was govener.

109 9 4 w^{ch} he maketh paid for the charges of Peter Boysell a messenger sent into muscovia: but it is objected that the said messenger was sent for the said Mr. Harbyes private buissness and not for the Companies. Which demands of his we humbly leave to y^r honours grand judgements.

W. DEVONSHIRE.

This arrangement is of exceptional interest, partly as showing how such an operation was effected at an early period, partly in its relation to the general commercial outlook of the time. The liquidation of the debts of the Russia company was carried on contemporaneously with the beginning of the second joint-stock of the East India company. The severe handling of the older undertaking constituted a warning which was taken to heart by the other corporation in the sense that the former paid dividends instead of providing for the payment of its debts and "had smarted for it!" Indeed the same cause had produced the comparative failure of the second joint-stock of the East India company and the financial troubles of the Russia company, namely, the active competition of the Dutch and their successful attacks by force of arms on the English merchants. Two circumstances differentiate the cases. The Russia company had been in possession of the whaling grounds (in so far as possession was possible) and were attacked by the Dutch, whereas the East India company was striving to establish itself in India. In the second place, the Russia company met its monetary difficulties by dishonest devices, whereas the other body escaped the temptation of similar tricks. Underlying the troubles of both was a fundamental weakness of the joint-stock company of the period, namely, the constant payment of the profits earned in dividends without providing a reserve fund. This weakness again was inherent in the popular idea that, even though an undertaking had perpetual powers, the finance must consist of comparatively short-lived independent undertakings. Thus there was no incentive to set aside profits to meet unforeseen contingencies, even though trade to remote places, having certain elements of privateering, was subject to sudden vicissitudes. It may indeed be said that members of the Russia company of 1608 to 1620 had little to complain of since, though they were reprimanded by the Lords and assessed, they had, after allowing for deductions, received back their capital and handsome profits for the risk they ran. But while the individual members may not have suffered the trade as a whole did. The profits were withdrawn as they were made, and when the original capital was lost no prudent person would subscribe more until the foreign situation improved. Yet a trading corporation with perpetual powers had obligations in equity to discharge in relation to the trade as a continuous one, and the idea of terminable capitals rendered it impossible to fulfil such functions satis-

¹ Court Book, East India company, vi., April 30, 1624. The assessments of the Russia company occasioned a very heated debate at a meeting of the Virginia company where various opinions were advanced as to whether private men's estates were liable for the debts contracted by the joint-stock in its corporate capacity. *The Records of the Virginia Company of London*, edited by S. M. Kingsbury, Washington, 1906, II. pp. 165, 205.

factorily, since, as has been shown, there was no reason for the establishing of a strong permanent reserve fund. Therefore the early history of joint-stock companies consisted of the painful learning of a fact that appears now to be almost axiomatic—namely, that just as a corporation *legally* has "perpetual succession," so *financially* it should endeavour to safeguard its capital to be capable of continuous existence.

E. THE RUSSIAN TRADE FROM 1620 TO THE END OF THE LAST JOINT-STOCK UNDERTAKING.

The intricate nature of the rehabilitation of the finances of the company has necessitated the temporary postponement of the tracing of the other sides of the history of the undertaking formed about 1620. As already shown, the right to adventure in expeditions to Greenland was now assigned to a distinct body, the career of which will be dealt with separately. There remained then, as the assets of the new company formed to continue the trade with Russia, the privileges relating to that country and the property connected with it, as well as a claim against the Dutch, which had eventually grown to £50,000, but which turned out to be a bad debt¹.

Owing to the unsettled condition of Russia at this time, and the partial cessation of trade, owing to the difficulties of the old company and other causes, the first step was to re-establish the privileges of the adventurers in Russia. Accordingly commissions were prepared in 1620 for two ambassadors, Sir John Merrick and Sir Dudley Digges², and in 1623 a treaty was made which had several clauses relating to the company. The previous grants to English merchants by the Czar were confirmed, always provided that such privileges were confined to members of the company³. The claim for exemption from customs in Russia was allowed, but at the same time the Czar bargained that he should have the right of pre-emption of any goods needed for his own use at the price at which such goods were commonly sold in England, without allowing any profit to the company⁴. In 1630 a further embassy was sent to Russia, Fabian Smith being the Ambassador⁵.

In spite of the disturbance of business occasioned by the investigations into the company's affairs by the House of Lords, the trade appears to have been prosperous until about 1635. The complaints of the company during this period relate exclusively to the claim against the Dutch,

¹ State Papers, Domestic, Charles I., XLIV. 32; *Calendar*, 1625-6, p. 523.

² *Fædera*, XVII. p. 256; Anderson, *Annals*, II. p. 379.

³ *Fædera*, XVII. p. 498.

⁴ *A Collection of the State Papers of John Thurloe*, London, 1742, III. p. 375.

⁵ *Fædera*, XIX. p. 168.

and there is no mention of the trade to Russia being either "decayed" or "deserted." It was explicitly asserted by the Russian chancellor that the members of this company carried out the provisions of the treaty of 1623, and that they "grew very rich and got great estates¹." As time went on it appears that this undertaking was wound up, or that most of the shares changed hands. Thus a new company, or, at least, a new administration, came into being, which brought fewer commodities into Russia. These were higher in price than those offered by the Dutch, and the clause in the treaty establishing the Czar's right of pre-emption at cost price was no longer observed². By 1638 it was again necessary for a leviation to be made to pay the debts of the undertaking then in existence³, and the late governor had been assessed with the other members, and, on his refusal to pay, he was imprisoned⁴. Once more this undertaking became the stock example of bad finance; and in 1639 the East India Adventurers were warned that if they did not reduce the debt, it would consume the company and bring them to a "Muscovia reckoning⁵." Again in 1644 the then governor, Sir H. Garraway, was discharged from this office and was ordered to be imprisoned during the pleasure of the House of Commons⁶. Probably the state of home politics was beginning to be felt in the internal affairs of the company, for in 1646 Luke Nightingale was prohibited from going to Russia "on the petition of the Muscovy Merchants⁷." In the same year the concessions of the company in Russia were altogether annulled, and the members and their factors expelled from the country.

There are several explanations of this act of the Czar. His representative alleged that, since the company that had followed the one in existence when the treaty was made had broken the provisions of this instrument, "the taking away of the privileges came from themselves⁸." When Cromwell was in power the company stated that the edict of banishment had been obtained at the instance of Lord Culpepper, who was the Royalist agent at the Russian court⁹. Yet another version was that after the death of Charles I., the Dutch represented to the Czar the iniquities of a nation that "had murdered its king," and that it was at their instigation that the edict was issued. The Dutch merchants

¹ Thurloe, *State Papers*, *ut supra*, III. p. 375.

² *Ibid.*

³ *State Papers*, Domestic, Charles I., ccccvii. 94; *Calendar*, 1638-9, p. 245.

⁴ *Ibid.*, dxxxviii. 65; *Calendar*, 1625-49, p. 600.

⁵ *Court Book of the East India Company*, xvii., July 12, 1639.

⁶ *Journals of the House of Commons*, III. p. 514.

⁷ *Journals of the House of Lords*, viii. p. 493. Nightingale was a Royalist agent.

He is said to have arrived in Russia and to have conveyed a request from Charles I. to the Czar to abolish the privileges of the company. Anderson, *Annals*, II. p. 542.

⁸ Thurloe, *State Papers*, *ut supra*, III. p. 575.

⁹ *Ibid.*, III. p. 50.

appealed not only to the idea of "the right divine" of kings, but also to the more mundane considerations of profit, offering to pay 15 per cent. customs duty from Archangel on the banishment of the English factors¹.

When Cromwell was firmly established, as a part of his vigorous foreign policy, he endeavoured to obtain a re-instatement of the trade. An expedition was fitted out in 1654, and with it went William Prideaux, as ambassador. On arriving at Archangel, permission was asked to trade, and a license was granted that the ships might dispose of their goods at Archangel, Prideaux might travel to Moscow to confer with the Czar, but no factors were to accompany him. All goods landed in the country were subjected to the same customs paid by foreign nations².

In this condition the trade remained until the Restoration, when another attempt was made to obtain the renewal of the former preference given to English merchants of the company. Lord Carlisle was the ambassador, but his mission was foredoomed to failure, for, according to the account of the Russians, they had been much less favourably treated by the company during the ten or fifteen years before the expulsion than by the Dutch. Not only were the Dutch firmly established in the trade, but they had agreed to pay 15 per cent. customs on all cargoes landed at Archangel. Thus, to restore the former preference to the company, would involve a loss of revenue and the probability of higher prices of commodities in Russia³. For these and other reasons the best answer that Carlisle could obtain was that English merchants might trade to Russia on the same terms as the Dutch. After the return of the embassy in 1669 the last joint-stock was wound up, and the trade continued by a regulated company. For a number of years afterwards this body complained to the Council of Trade of the new customs it had to pay (1676), and that, though (in November 1679) its privileges were described as "broken," it did not consider the present a fit time to move in prosecuting the trade more vigorously⁴.

It is an interesting inversion, this change from a joint-stock company back to the regulated type, for the latter was the earlier form of organization. The explanation of the change, both in this case and in that of

¹ Harris, *Collection of Voyages*, II. p. 223.

² Thurloe, *State Papers*, *ut supra*, II. p. 562. Some idea of the importance of the previous exemption from Russian customs may be gathered from the epigram of Sir Thomas Roe who, speaking of high foreign taxes in 1641, said that for this reason "the Eastland company could not exist and without them the Muscovy company," i.e. that the success of the latter depended on the exemption--"Cause of Decay of Coin and Trade" in *Harl. Misc.* IV. p. 412.

³ Anderson, *Annals*, *ut supra*, II. pp. 542-3.

⁴ *State Papers*, Board of Trade Commercial Series, II., vol. 691.

the Royal African company, was that all through the seventeenth and the earlier part of the eighteenth centuries, there was a keen rivalry between the two kinds of companies. When a trade had been for some time unsuccessful as a joint-stock company, there was a tendency to give the regulated type a trial. In the special case of the Russian trade there was no longer the same need for a considerable capital, for English merchants ceased to be responsible to the Czar in the same sense as they had been when they had a preference over other foreigners in the country. At that period a joint-stock was almost a necessity, since the private gain of an individual, in defiance of the treaty of 1623, might have led to the revocation of the privileges. That the trade was not thrown altogether open was due to the idea that commerce with distant countries required some kind of governance. Since this was to be no longer by a joint-stock company, there only remained the regulated one.

The history of the Russia company as a regulated company, falls outside the limits of the present work. But there are several events between 1669 and 1699 that should be mentioned from their bearing on the general controversy between the regulated and joint-stock companies. It appears that one reason for the establishing of the trade about 1669 as a regulated company was to make it more of a monopoly rather than, as might have been expected, to have it more open. It was not long before the fine for admission became £50, and such admission was confined to "regular" or "legitimate" merchants, *i.e.* those who had served an apprenticeship in that particular trade¹.

In 1694, on a petition from a number of London merchants, complaining of the administration of the company, a parliamentary enquiry was ordered. It appears that about this time the company, although a regulated one, was again in debt², and a bye-law had been passed not to admit any person to the freedom of the company on any terms whatever³. The number of members, after having been 50 in 1654⁴, had fallen to between 12 and 14, thus almost exactly repeating the membership of the beginning of Cherry's company more than a century before. It was deposed in evidence that a trader had to pay from £50 to £60 a year to land at Narva but that he might not touch at Archangel. The proceeds of licenses to Narva paid the whole charges of the company, while the freemen reserved to themselves the monopoly of the Archangel trade. On the side of the Adventurers it was argued that although there was a

¹ *Journals of the House of Commons*, xi. p. 631.

² *The Case of the Company of Merchant Adventurers for the Discovery of New Trades*.

³ *The Charge of Companies of Merchants more equally born by imposition on Trade than by fines for Admission*.

⁴ *State Papers, Domestic, Inter.*, lxxv. 60; *Calendar*, 1653-4, p. 377.

bye-law confining admission to those who had served an apprenticeship, at the same time anyone might receive the freedom who paid a fine of £60. But it does not appear that actual admissions had been made on the latter basis. It was resolved by the Committee to bring in a bill settling the terms for admission on terms similar to those obtaining in the other two important regulated companies, the Eastland and Hamburg ones¹. This measure was rejected on February 16th, 1694, but a similar bill was introduced in 1698, which became law. It enacted that, since "ease of admission would tend to increase the trade for the public good," any subject of the realm should have the right to become a freeman on his paying a fine of £5². With this event the main history of the company ends. It continued to exist as a trading body till the end of the eighteenth century, and as late as 1865 furnished a return to Parliament of certain dues it collected. In the middle of the nineteenth century its dinners were important social functions; and it has been stated in 1891 that "the company still exists for social purposes³," while the address of its office still appears in the London directory.

F. THE GREENLAND TRADE FROM 1620 TO 1673.

Either about the same time as, or very soon after, the formation of the Russia joint-stock of 1620, the privileges for whaling were separated from the rest of the trade and sold to an independent undertaking, on terms already mentioned, the members of which must be members of the Russia company, but not necessarily conversely. This undertaking took over the remaining stores of the expeditions financed jointly by the Russia and East India companies, which had come to an end in 1619.

It is stated that at first there were only four members of the Russia company engaged in this venture. Their voyage in 1620 consisted of seven ships, which returned half-laden, bringing 700 tuns of oil. In the following year the fleet of whalers consisted of the same number of vessels, in addition to which another was sent for discovery. The proceeds of this expedition were 1,100 tuns, which "gave the adventurers good encouragement." In 1622 the number of ships was the same, and the yield 1,300 tuns⁴. A fourth voyage was sent out in 1623, but the available information points to its having been unsuccessful⁵. Anderson says that 1623 was "the last year of their union⁶," but it does not appear

¹ *Journals of the House of Commons*, xi. p. 631.

² 10 Will. III., c. 6; *Statutes of the Realm*, vii. p. 463.

³ *The Historic Note Book*, 1891.

⁴ Purchas, *His Pilgrims* (1906), xiii. pp. 24-6.

⁵ *Ibid.*, xiv. pp. 103-8.

⁶ Anderson, *Annals*, II. p. 381.

whether this partnership was dissolved or became the basis of the Greenland company that appeared before the Houses of Parliament at frequent intervals for many years. It seems to have been about 1622 or 1623 that the new whale-fishing company was formed which endeavoured to escape payment of its contribution to the debt of the Russia company¹. This undertaking could not free itself from the bad traditions of the parent company. Although the allegations of an unfair sale made in 1628 were exaggerated, there were several disputes amongst the stockholders. For instance, even when the investigation in the House of Lords was proceeding, a new cause of complaint arose, through the Court having credited a share-holder with a smaller amount of stock than that to which he held he was entitled². At the same date (1626) the representatives of Sir James Cunningham were still unpaid the compensation-money for the recalling of the patent, for which this company was liable³.

The great difficulty that this undertaking had to contend with was the invasion of its whaling grounds by other English ships. The ship-owners of Hull had been very early in this trade, and in 1618 they had received a royal license to fish for whales off Trinity Island⁴. In 1626 N. Edwards and his partners received a license from Charles I., as King of Scotland, for whaling. This repeated the Cunningham episode and, as before, the matter was adjusted by the revocation of the permission granted to Edwards on the condition that he should be compensated. He and his partners failed for a time to obtain what was due to them and in 1635 the company was ordered to admit them as members⁵. The controversy with the Hull merchants was more permanent. In 1626 the company complained that, the latter having arrived at Bell Sound, had destroyed all the materials they found there⁶. The following year, at the instance of the Privy Council, the company was forced to assign one-fifth of 3,000 tons of shipping, judged sufficient for that year, to the merchants of York and Hull⁷, and the following year a similar arrangement was made.

In 1628 the company obtained an Order of Council (to encourage them, "since in that year they had made a very hard voyage of it"), prohibiting the importation of whale-oil or whale-fins by any persons

¹ House of Lords MSS., June 19, 1628, a/cs Muscovy Co.

² *Reports Com. Hist. MSS.*, iv. p. 8.

³ *Ibid.*, p. 5.

⁴ Anderson, *Annals*, ii. p. 366.

⁵ State Papers, Domestic, Charles I., xxxii. 52; lxx. 28; cclxxxiv. 67; *Calendars*, 1625-6, p. 386; 1627-8, p. 125; 1634-5, p. 577.

⁶ *Ibid.*, xxxix. 67, printed in *Early Voyages to Spitsbergen*, by Sir W. M. Conway, p. 175.

⁷ *Ibid.*, lviii. 56; *Calendar*, 1627-8, p. 113; *Journals of the House of Commons*, i. p. 905.

except the company¹. While the undertaking had been able to enlist the sympathies of the Privy Council, the other English whalers had appealed to Parliament, and, in the same year, the position of the company was referred to the Committee of Grievances of the House of Commons. The Court, in its answer to the petition of the merchants of Hull, relied on the original charter of Mary and the Act of Elizabeth, reinforced by the patent for whale fishing of 1613. Evidently there was considerable doubt amongst the Committee since Coke records that nothing was resolved, but he "was inclined to think" that the original charter and act "did not extend to this²." In view of that decision the company continued to exercise its former powers over non-licensed whalers, and in 1632 a bond for £1,000, given by a person previously an invader of the Spitzbergen district, was forfeited on a renewal of the offence³. Two years later the ships of the company encounter two vessels sent from Yarmouth at Horn Sound, the one flaunting the commission granted to Edwards, and the other that of the Privy Council; where, during an affray between the rival factions, one man was shot⁴.

The persistence with which outsiders endeavoured to obtain a footing in the trade is indirect evidence that occasionally large profits were made. Not only were licenses difficult to obtain, but obstacles were placed in the way of purchasers of the stock. Edwards had to obtain an order to be admitted, and even members of the Russia company sometimes failed to have their subscriptions accepted. In 1631 N. Wright, who was not only a share-holder in the Russia company, but who had already been an adventurer and a director of a company for whaling, was at first refused permission to subscribe⁵.

Meanwhile the company had become involved in the controversy relating to the soap business. The importance of the contest between the old and new soaps for this undertaking turned on the fact that the latter was intended to substitute other materials for the whale-oil which had hitherto been used in the manufacturing process. Therefore the Greenland monopoly was arrayed against the new-soap monopoly, and in 1634 the former complained that the non-success of the new process was a most serious burden to its trade⁶. On the failure of the "corporation" established to test the supposed improved method, the whaling company obtained compensation in 1636 by a proclamation prohibiting

¹ State Papers, Domestic, 175, Charles I., xci. 53; *Calendar*, 1627-8, p. 529.

² *Journals of the House of Commons*, i. p. 889.

³ State Papers, Domestic, Charles I., ccxiv. 60; *Calendar*, 1631-3, p. 293.

⁴ *Ibid.*, cclxxv. 30, cccxcix. 47, printed in *Early Voyages to Spitsbergen*, by Sir W. M. Conway, pp. 176-9.

⁵ *Ibid.*, cxcv. 19; *Calendar*, 1631-3, p. 92.

⁶ *Ibid.*, cclxix. 72; *Calendar*, 1634-5, p. 392.

all persons from invading the limits assigned the company, which, in its joint-stock capacity, was confirmed in the monopoly of catching whales¹.

The independent traders remained undeterred by this proclamation, and in 1641 they petitioned the House of Lords. The latter ordered the company to appear before them, and rashly undertook "to compose the differences" of the antagonistic interests². Four years later (1645) the company obtained another order confirming its monopoly, on this occasion from the Navy Committee³. As a result of this acknowledgement of its powers, the Court endeavoured to make good its sole right to the fishing grounds, but in 1650 the Attorney-General condemned its proceedings against Thomas Anderson and Richard Gatcombe of Hull as oppressive⁴. In 1652 the dispute was still in progress, and the company and the Fishing Adventurers were directed "to agree" until Parliament could consider the matter⁵.

In 1654 the allegations on both sides were fully investigated. The company in its petition stated that, in spite of the original charter of the Russia company and the act of Parliament (under which new trades discovered were vested in the adventurers, and that whaling had been first practised by them, while these privileges, in so far as they related to whaling, had been transferred to the present Greenland company, which had also been encouraged by proclamations, orders of the Navy Committee and the Council of Trade) the business of the petitioning undertaking had been greatly molested by the independent adventurers, who had invaded the whaling area in defiance of the company's monopoly. It was further urged that through the irregularity of the interlopers, the Greenland company had already lost most of their stock-in-trade. Owing to the necessity for landing to boil down the blubber, if there were different competing bodies, armed conflicts were likely to occur. It was therefore contended that, to prevent disorders of this and other kinds, the only way the trade could be conducted satisfactorily was by a single joint-stock company. The existing body had subscribed £20,000, and this large sum would not have been adventured unless the business were carried on by a joint-stock. The company further drew attention to the evidence given in 1650, when it had been proposed that Bell Sound and Horn Sound should be reserved to its ships, while the independent adventurers might fish off Greenland, managing their voyages on a joint-stock of their own⁶.

¹ *Fædera*, xx. p. 16.

² *Journals of the House of Lords*, iv. p. 258.

³ State Papers, Domestic, Inter., LXV. 33; *Calendar*, 1653-4, p. 362.

⁴ State Papers, Domestic, Order Book Council of State, 123, p. 385; *Calendar*, 1650, p. 237.

⁵ *Ibid.*, 66, p. 553; *Calendar*, 1651-2, p. 178.

⁶ State Papers, Domestic, Inter., LXV. 60-70; *Proceedings at the Council of Trade*

It was contended by the other side that the company now consisted of about 50 members, and that its shipping was only equal to the aggregate sent by the independent adventurers. The company did not import a sufficient quantity of oil, and the price was thus higher than it would otherwise have been. If the trade were open twice as much shipping would be sent for whaling expeditions. Further, with special reference to the proposed division of whaling grounds, it was replied that Bell Sound and Horn Sound were the most advantageous trying grounds (owing to the presence of ice elsewhere), and that both together would accommodate twice as much shipping as had visited these parts in recent years. Therefore the proposal of the company in effect was to reserve the best districts for its own use and leave the less desirable places to its opponents.

It is a little difficult to decide the merits of this controversy. At first sight it would appear that right lay on the side of the independent adventurers, who were opposed by a comparatively wealthy corporation. But a closer investigation of the facts shows that this was not a case of an aggregation of capital against single individuals. The independent adventurers found it advantageous to pose as distinct individuals, but as a matter of fact, they acted in small companies or partnerships—this was so well known that one group was described officially as "Edward Bushnell & Co."¹ The argument that the trade was "monopolised" because there were only some 50 or 55 members of the Greenland company falls to the ground, since altogether the separate adventurers of Hull numbered no more than eighteen persons². Similarly the idea that with an open trade the shipping sent to the north would be doubled, is illusory. There is fair evidence that 3,000 tons was a reasonable provision, and at this date the independent adventurers, on their own showing, provided 1,100 tons or over one-third. They had sent 500 tons out of the same amount in 1627-8, so that in the interval they had increased their proportion from one-sixth to over one-third. Some weight should be given to the company's plea that the whaling grounds should be treated as a single area or else be divided into separate districts. It was necessary to protect English ships against foreign aggression, and therefore a fleet owned by one body acting together would have been much stronger than the same tonnage belonging to different owners, whose ships would

between the Muscovia Company...and other adventurers (Brit. Mus. $\frac{518.1.13}{13}$);

Calendar State Papers, Domestic, 1653-4, pp. 377-8; *English Trade and Finance, chiefly in the Seventeenth Century*, by W. A. S. Hewins, pp. 40-2.

¹ State Papers, Domestic, Order Book Council of State [Jan. 20, 1652, March 12, 1652], 97, p. 70, 66, p. 453; *Calendar*, 1651-2, pp. 111, 178.

² State Papers, Domestic, Inter., LXVI. 68; *Calendar*, 1653-4, p. 421.

tend to separate. Besides, the captains at the whaling grounds were removed from home control, and so fights between the crews were not infrequent. This risk would have been minimised by assigning to each owner a distinct area.

Parliament eventually proposed to effect a compromise by giving the regulation of the trade to a committee chosen from amongst the different owners of whalers. It was at first proposed that the 3,000 tons of shipping should be divided as follows:

The company	...	...	...	...	...	...	1,600 tons
The Adventurers of Hull and York	...	...	...	...	...	...	400 „
Whitwell and partners	...	...	...	...	...	...	300 „
Horth and partners	...	...	...	...	...	...	500 „
Battson and partners	...	...	...	...	...	...	200 „
							3,000 tons ¹

It was finally decided that the company and the Hull adventurers should have two-thirds of the shipping, and the others the remaining third, while the committee was constituted by assigning 10 members to the company as against 14 to the remaining interests².

The company did not acquiesce in this settlement, for in 1657 (or only three years later) it again petitioned for the monopoly of the fishing at Bell Sound and Horn Sound³, and in the following year its request was granted⁴.

It seems that for some years the undertaking had experienced evil fortune, and it is probable that the last joint-stock was wound up not long after the Restoration. During the thirty years from 1620 to 1650 there are various grounds for concluding that, subject to the necessarily speculative nature of the trade, the company had been at least moderately successful. In 1654 it was stated that most of the capital had been lost⁵, owing to the fishing in that year, of both the chartered and the independent companies, having been such a complete failure that the country was threatened with a famine of train-oil⁶. A fresh subscription was made soon afterwards, and by 1657 this had also been lost. Hence the company stated at this time that “two” stocks had been risked up to that date and had disappeared⁷.

For several years before 1672 “the trade had been quite decayed and

¹ State Papers, Domestic, Inter., LXVI. 68; *Calendar*, 1653-4, p. 421.

² *Ibid.*, LXVII. 42, LXX. 98; *Calendar*, 1654, pp. 16, 136.

³ *Ibid.*, CLVII. 57; *Calendar*, 1657-8, p. 141.

⁴ State Papers, Domestic, Council of State [Jan. 7, 1658], 78, pp. 393-5; *Calendar*, 1657-8, p. 257.

⁵ State Papers, Domestic, Inter., LXV. 33; *Calendar*, 1653-4, p. 362.

⁶ *The Diary of Thomas Burton*, London, 1828, I. xlix.

⁷ State Papers, Domestic, Inter., CLVII. 57; *Calendar*, 1657-8, p. 141.

lost,” and in that year a Committee of the House of Commons was appointed to enquire into the matter¹. An act was passed which, after stating that “whale-fishing had been a profitable trade, giving employment to great numbers of sea-men and shipping, and that neighbouring nations do yearly make great advantage thereby, not only supplying themselves with oil and fins, but vending into other parts great quantities thereof, and particularly into this kingdom,” proceeded to enact that in future all English subjects might freely resort to Greenland for whaling, and might import oil and whale-fins that had resulted from the captures taken by British ships².

This act opened the trade, and it is interesting to note that it resulted not from the attacks on the privileged company by the independent whalers, but from the common failure of both. But the period of open trade, which lasted from 1672 to 1692, was no more satisfactory than that from 1650 to 1672. In 1681 a partnership, formed by Sir Thomas Allen and others, was engaged in the trade. Notwithstanding a large duty on foreign oil, this company felt the stress of competition so severely that it was stated that, if such importation continued, the revived industry would be destroyed, which had been recently “set up by this company at its great cost³.” Early in the reign of William III. a new company was formed, which was granted a monopoly⁴. Since this undertaking, which was incorporated as “*the Governor and Company of the Merchants of London trading into Greenland*,” was a new foundation and quite distinct from the Russia company, an account of it will be found under the general heading of the Fishery companies⁵.

¹ *Journals of the House of Commons*, ix. p. 252.

³ State Papers, Domestic, Charles II., ccccxv. 19, 20.

⁴ Will. and Mary, c. 17.

² Statutes, v. 792.

⁵ *Vide Div. III. § 5.*

SECTION III. "THE ADVENTURERS TO THE NORTH-WEST FOR THE DISCOVERY OF A NORTH-WEST PASSAGE," OR "THE COMPANY OF KATHAI."

FROBISHER'S VOYAGES (1576-83).

The First Voyage (1576).

ALTHOUGH the charter and act of the Russia company had granted to that body the exclusive right of trade with all countries discovered by it to the north, north-east or north-west of London, no expedition had been sent by this organization to discover a north-west passage to China during the first twenty years of its existence. The vicissitudes of the trade to Russia had fully occupied the energies and resources of the adventurers, and the only record of any attempted additional discovery, beyond the route to Archangel, was the extension of that route as far as the river Obi, by Stephen Burroughs, in 1556¹. Although the Russia company was content to trust to the eventual finding of a north-east passage, the project of navigating one by the north-west was not forgotten. About 1569 Martin Frobisher "began first with himself to devise and then with his friends to conferre, and layd a plaine platte unto them that that voyage was not only possible by the north-west, but also, as he coulede prove, easie to be performed²." At first he applied to the merchants, but without result, and, being himself without means, the idea remained unrealized until he secured the support of Ambrose Dudley, Earl of Warwick. At this early stage a difficulty arose, for the proposed expedition was contrary to the privileges of the Russia company. In 1574 Frobisher brought a letter from the Privy Council to the company, urging it either to attempt the discovery or to license others to do so. At a court-meeting convened to consider the matter it was held that the supporters of the proposal showed "no good evidence" of its feasibility, and the company "suspected some other matter to be meant by the parties." The Russia company therefore replied that it had at great expense already discovered one-half of the north-eastern passage, and

¹ A Brief Narration of the Discoverie of the Northern Seas...as it was first begun and continued by the singular Industry of the Companie of Muscovy (Brit. Mus. Add. MSS., No. 33837, p. 72).

² "A True Discourse of the late Voyages of Discoverie...of Martin Frobisher," in *The Three Voyages of Martin Frobisher* (Hakluyt Society, 1867), p. 70.

"proposed to do the rest as soon as they might have good advice." The Council interpreted this reply as an excuse for delay, and in a further communication it ordered the company either to attempt the westward voyage immediately or to allow others to do so. "Wherefore for dyvers conyderations then moving the Cumpany" (which may be interpreted as the unsettled outlook in Russia at the time) Frobisher and any partners, who might venture with him, were granted a license in February 1574-5¹.

At first there was still a difficulty in raising capital, and it was only by the assistance of Michael Lok that funds were eventually procured in 1576. It is owing to the methodical habits of Lok, and also to the fact of certain later legal proceedings, that exceptionally full particulars of the financial operations of this venture have been preserved, which are of great value as showing the methods by which capital was dealt with in very early English joint-stock undertakings.

There were altogether 18 adventurers, of whom four (namely Lok himself, Sir Thomas Gresham, William Bond, the "interloper" in the Russian trade, and a William Burde) subscribed £100 each, five for £50 each, and the remainder for £25 each². In this way the modest capital of £875 was collected, which was expended in the equipping of two small vessels and a pinnace. On June 15th, 1576, the expedition sailed. Frobisher succeeded in penetrating as far as Hudson's Straits and touched at Baffin Land, which he named "Meta Incognita." He had given orders that the landing party should "bring him whatsoever thing they could first find, whether it were living or dead, stocke or stone, in token of Christian possession³." Amongst the various things brought to the ship was a piece of stone or mineral, which had a remarkable effect on the future expeditions. It is thus described in a contemporary account:—"One [of the landing party] brought a peece of blacke stone much lyke to a seacole in coloure, whiche by waight seemed to be some kinde of metall or mynerall. This was a thinge of no accompt in the judgement of the captain at the first sight. And yet for novelty it was kept, in respect of the place from whence it came. After his arrival in London, being demanded of sundrie his friends what thing he had brought them home, he had nothing left to present them withall but a peece of this black stone. And it fortun'd a gentlewoman, one of y^e adventurers wives, to have a peece thereof, which by chance she threw and burned in the fire, so long, that at the length being taken forth and quenched in a little vinegre, it glistered with a bright marquesset of golde. Whereupon the matter being called in some question, it was brought to certain gold finders in London to make assaye therof,

¹ *The Three Voyages of Martin Frobisher, ut supra*, p. 89.

² *Ibid.*, pp. 164-5.

³ *Ibid.*, p. 75.

who indeed found it to hold gold, and that very richly for the quantity¹."

Thus it happened that the first expedition, which returned on October 9th, had not discovered any country whose inhabitants would become purchasers of English commodities; but on the other hand, it appeared that a very rich mining district had been found. This made the original adventurers anxious to join in a second voyage, and many who had heard rumours of the rich find were also prepared to contribute. As matters stood at the end of 1576 the adventurers of the first voyage had expended their capital of £875, and there was due for wages, &c., in addition, the sum of £738. 19s. 3d., which was temporarily advanced by Lok². Against this there were the discoverers' rights in what was believed to be an exceptionally valuable mine, and accordingly it was agreed that the liabilities and assets of the first voyage should be transferred to the second expedition on certain conditions, thus making one undertaking of both.

The Second Voyage (1577).

In view of the great results anticipated from the second voyage, it was judged expedient to establish the company in a more formal manner than had been done hitherto, and "articles of grant" from the Queen were drawn up, which provided for the incorporation of the former and the new adventurers as "a companye and corporation for ever" under the title of the "*Companye of Kathai*," with power to assemble together and hold courts. The quorum at a meeting was to consist of 15 persons, who might at the first court, elect one governor, two consuls and twelve assistants, who were to continue in office for three years. At the next meeting, and thereafter every three years, two governors, four consuls and twenty-four assistants were to be elected. As it was intended that each joint-stock should run for three years, the continuance of the officials and of the stock would be concurrent. The company was to obtain the exclusive right to trade north-westwards and southward in so far as such grant would not be contrary to the previous privileges of the Russia company. On all goods exported no higher customs should be paid than those in force at the date of the grant, and on imports half-customs were to be remitted for twenty years; and afterwards in no case should the duties exceed five per cent. Frobisher and Lok were each to receive one per cent. on all goods imported by the company, in consideration of their "industry, good order and great travayll in the first voyage³."

¹ *The Three Voyages of Martin Frobisher, ut supra*, p. 75.

² *Ibid.*, p. 116.

³ *Ibid.*, pp. 111-13.

This grant was supplemented by a number of "Articles consented and fully agreede by the Companye of Kathaye." The sum of £100 was to be accounted "one single parte or share in stok of the company." No one was allowed to own more than "five single partes," except the original adventurers, who might "put in stock doble number of single partes of any other." After the expiration of three years from the beginning of a given stock, accounts of it were to be clearly made up and furnished, and "divyden" made to the venturers according to "the rate of their stok therein put." New venturers for the second voyage were to pay £30 towards the losses on the first expedition of discovery. At the end of three years no one was to be admitted to the freedom except on payment of £200. Fines for admission were subject to the limitations that Frobisher and Lok had the right of nominating five persons each without payment, heirs male of freemen were also admitted without fine and similarly a freeman dying without heirs male might bequeath his freedom by will⁴.

Meanwhile the stores and vessels returned from the first voyage had been sold yielding

£813 19 3
and, as the debt was previously
738 19 3
£75 0 0

there remained a balance of

which represented the amount actually available against the original investment of £875.

New capital began to come in comparatively freely. By March 30th, 1577, £3,225 was subscribed⁵, of which only £2,500 was paid in May⁶. In July stock subscribed was returned at £3,500, of which £3,000 was then paid⁴. Since the equipment of the fleet, which had sailed on May 26th, 1577, came to £4,328. 17s. 6d., further subscriptions were received, and eventually the whole amount, adventured by 41 persons, came to £4,275⁵. The capital of the two voyages was made up as follows:

	£	£
Capital Voyage I not transferred to Voyage II	275	
" " transferred to Voyage II	600	600
Total capital Voyage I	875	
New capital subscribed for Voyage II		4,275
Total capital Voyage II		4,875
Add capital Voyage I not transferred		275
Total capital Voyages I and II		£5,150

When Frobisher returned in September 1577 he brought great quantities of ore with him. The capital subscribed had been employed in

¹ *The Three Voyages of Martin Frobisher, ut supra*, pp. 114-15.

² *Ibid.*, pp. 164-5.

³ MSS. Brit. Mus., Otho VIII., f. 45; *Cal. State Papers, Colonial*, 1513-1616, p. 22.

⁴ State Papers, Domestic, Eliz., cxix. 34; *Cal. State Papers, Colonial*, p. 23.

⁵ Frobisher, *Three Voyages, ut supra*, pp. 114-15.

paying off the debts incurred in fitting out the expedition, and there were no funds available to pay the sailors' wages amounting to about £1,000. Accordingly an order was made for a cesserment or levy of 20 per cent., which was exacted from all the adventurers whether they had transferred their stock to the second voyage or not, and in this way, when the whole amount was paid, £1,030 (*i.e.* 20 per cent. on £5,150) was receivable¹. Further, although the ore was believed to be almost fabulously rich in gold, there were no means of refining it. The only existing appliances, on a large scale, appear to have been owned by the Society of the Mines Royal, whose operations were conducted at places distant from London². It was therefore decided that the Kathai company should erect its own furnaces at Dartford, and for this additional funds were required so that another cesserment of about the same rate was made. This brought in £1,105, so that of £7,285 so far obtained, it had been necessary to find £2,135 by cesserment, or a levy of about 40 per cent. on the capital³. As against this outlay the venturers had certain ships and stores as well as a great quantity of ore, which was reputed to be very rich.

The affairs of the company were in this state when the time came at which a third expedition should be despatched. In February 1678 a trial had been made of the ore, and it was asserted that the yield gave a value to the ton of £67. 1s. 8d. for one assay, and £53. 10s. 3d. for another⁴. Estimating the value of the ore at only £30 a ton, and that 2,000 tons could be obtained, would mean a gross profit of £60,000. The expenses of ships, wages and freight were expected to amount to £20,836. 13s. 4d., leaving a profit of £39,163. 6s. 8d. or £20 nett per ton⁵. In view of such optimistic anticipations this third voyage would have returned not only its capital outlay, but would have made good the expenditure on the two previous expeditions, without taking account of the ore already landed. Thus there was small difficulty in securing a considerable subscription from the venturers, and the third voyage started on May 31st, 1578, returning on September 25th, 1578.

The Third Voyage (1578).

It appears that the total subscription for this expedition was £6,952. 10s., which, added to the £7,285 already called up and carried forward⁶, would make a total of £14,237. 10s. on which dividends would

¹ *The Three Voyages of Martin Frobisher*, pp. 162-4.

² *Vide infra*, Div. IV. § I.

³ State Papers, Domestic, Eliz., cxxvi. 34, "All the stok of the Venturers in all the iii voyages," *vide The Three Voyages of Martin Frobisher*, p. 358.

⁴ State Papers, Domestic, Eliz., cxxii. 52; *Cal. State Papers, Colonial, 1513-1616*, p. 32.

⁵ *Ibid.*, cxxiv. 1; *Cal. State Papers, Colonial, 1513-1616*, p. 33.

⁶ "All the stok of the Venturers," *ut supra*.

be paid; so that, if the estimate already quoted were borne out by events, the return should have been nearly 300 per cent. But even if such hopes were to be realized in the end, it was discovered on the return of the expedition that more capital was required, since Frobisher had brought twice the quantity of ore expected. The venturers (some of whom had not yet paid up their subscriptions to this voyage) were dilatory in providing fresh funds, and authority was given to Michael Lok to collect £6,000 additional by a levy, and, if necessary, to call upon the Lord Mayor "to perswade them¹." Nearly the whole of this sum was collected in two separate assessments, so that the whole ventures and levies thereon in the three voyages amounted at the end of the year to £20,160, this sum being made up as to £12,102. 10s. of original subscriptions, and the remaining £8,057. 10s. of cesserments². In a later revised account, dated May 1581 covering the same period, the total was slightly increased to £20,345³.

It will thus be seen that the whole fate of the company depended on the results yielded by the ore. If these even approached the estimate, the whole capital, so far expended, would be returned with increase. Unfortunately, although Lok believed in the value of the ore, the results of the assay were most disappointing, for the only precious metal recovered was only just large enough to ornament a few drops of sealing-wax on the report embodying this finding.

The Fourth Voyage (1582).

The adventurers were thus in a position that over £20,000 had been paid out or due, and there was nothing as yet to show for it. To give up the whole venture would have been to admit the loss as beyond remedy, and it was not long before a fourth voyage was contemplated. At first this expedition also was to be under the charge of Frobisher, but before sailing Edward Fenton was placed in command. There had been so much dissatisfaction amongst the venturers in the two previous voyages at the cesserments needed to pay charges on the return, that it was arranged that out of the gains of the expedition (after the payment of charges) there should be set aside one-third for wages and allowances to captains, factors, &c. The remaining two-thirds were to go to the adventurers⁴.

The instructions for this voyage contained a clause—that the ships were not to pass to China by the north-eastward, "so will the traffick be better made, and the reason of this charge...is least perhaps he

¹ State Papers, Domestic, Eliz., cxxvi. 20; *The Three Voyages of Martin Frobisher*, pp. 319-20.

² "All the Stok of the Venturers," *ut supra*.

³ State Papers, Domestic, Eliz., cxlix. 42; *Cal. State Papers, Colonial, 1513-1616*, p. 64.

⁴ Brit. Mus. MSS. Otho VIII. f. 223; *Cal. State Papers, Colonial, East Indies, 1513-1616*, p. 72.

[i.e. Frobisher] should have some desire to search out his formerly pretended passage that way, and so hinder this voyage which is only for trade¹." A total capital of about £11,600 was subscribed², and the fleet sailed on May 1st, 1582³.

It was intended that this expedition should follow one of the known routes to the East, either by the Cape of Good Hope or by the Straits of Magellan. The ships touched at the Cape de Verde Islands and afterwards on the African coast near Sierra Leone. After considerable discussion it was decided not to attempt the route by the Cape of Good Hope, and sail was made for South America. In January 1583 the expedition arrived at Brazil, and a brisk trade was opened, when suddenly three strongly armed Spanish ships appeared, and a hot fight ensued. Although the Spanish vice-admiral was sunk, the English ships were forced to put to sea, and they reached England in June of the same year⁴. If any reliance can be placed on the estimate formed by Fenton that, if it had not been for this encounter, he would have brought home "in honest trade about £40,000 or £50,000" worth of goods⁵, it shows how one successful expedition at this period would not only have extinguished the previous losses, but would also have left a considerable margin of profit on the whole series of ventures. As matters actually turned out, each voyage had resulted in loss, and with the return of this expedition, the company ceased to attempt to recoup itself, and was eventually wound up⁶.

Summary of Capital of the Company of Kathai.

	£	s.	d.	£	s.	d.
1576. The first voyage				875	0	0
1577. The second voyage				4,275	0	0
Total capital first and second voyages ...				5,150	0	0
20% cessement thereon to pay wages, &c.	1,030	0	0			
Further cessement to provide smelting plant, &c.	1,105	0	0			
				2,135	0	0
Total capital and cessements first and second voyages				7,285	0	0
1578. The third voyage, capital subscribed ...	6,952	10	0			
First cessement thereon ... £3,347 10 0						
Second ,, ,, ... £2,575 0 0						
	5,922	10	0			
Total capital raised for third voyage and cessements	12,875	0	0	12,875	0	0
Capital and cessements all three voyages ...				20,160	0	0
1582. Fourth voyage, capital subscribed				11,600	0	0

¹ Brit. Mus. MSS. Otho viii., f. 85. ² *Ibid.*, f. 104. ³ *Ibid.*, f. 179

⁴ *Calendar State Papers, Colonial, East Indies, 1513-1616*, pp. 85-9.

⁵ *Ibid.*, p. 89.

⁶ For some account of the Colleagues of the Fellowship for the Discovery of the North-West Passage and the North-West Passage company *vide infra*, p. 100.

SECTION IV. THE LEVANT COMPANY.

THE GOVERNOUR AND COMPANIE OF MARCHANTES OF THE LEVANT.

(From the foundation until the adoption of the regulated type of organization early in the sixteenth century.)

THE Levant company had its origin in the commerce between England and Italy. As far back as 1412 it is recorded that certain citizens of London had ventured a cargo to the Mediterranean¹, and again in 1437 there is mention of the trade there, while in 1486 the merchants trading to Italy received the privilege of electing "a consul and president²." Hakluyt notices a trade extending into the Levant as early as 1511³, which was carried on at intervals until the middle of the sixteenth century. The first mention of a company of Levant merchants occurs in 1567, when "the governors," William Gerrard and Rowland Hayward, issued instructions to their agents in that year⁴. Evidently this undertaking soon came to an end, for in 1575 the trade had been abandoned for a number of years⁵. Accordingly, Sir Edward Osborne sent an agent overland through Poland to procure a trading-concession from the Sultan, which had been obtained by 1578. Steps were taken to procure further franchises and also to obtain a charter in England. At this period Spanish emissaries were endeavouring to check English trade wherever their influence could reach. It was recognized that wealth was strengthening England, or as Mendoza, the Spanish Ambassador in London, expressed it, "profit to them was like nutriment to savage beasts⁶." These intrigues were especially successful in Venice, and the position of the English merchants there was rendered very difficult,

¹ *Fœdera*, viii. pp. 717, 773.

² *Ibid.*, xiii. p. 314.

³ *Voyages*, v. p. 62.

⁴ British Museum MSS., Nero B. xi. In 1566 there is mention of traffic from England to the Levant Seas, *Calendar Salisbury MSS.*, i. p. 341.

⁵ Hakluyt, *Voyages*, v. p. 168.

⁶ *Calendar of State Papers...in the Archives of Simancas, 1580-6*, p. 72.

through increased differential taxes, and also by the monopoly of the exporting of currants from the Mediterranean having been granted by the Syndics to a fellow-countryman of their own¹. Under these circumstances it was felt that it would have been a hardship to exclude the Italian merchants from the Levant trade, and therefore both the survivors of the old company of Italian merchants and the new adventurers to the Levant joined in a petition for incorporation, with exclusive privileges², and on September 11th, 1581, a charter was signed³. This instrument has not express incorporating clauses. It simply sets out that the discoverers, together with those they desired to admit as partners, not exceeding twenty in all, should be a society of which Osborne was to be governor. No other Englishmen were to enter the dominions of the Sultan under the usual penalties. These privileges were granted for seven years. Apparently an experimental voyage was undertaken, and when this proved fortunate, preparations were made to extend the trade. The account of the steps taken is given by Mendoza, as follows: "They are trying here to raise a large capital to sustain this Levant negotiation, and not only have the richest merchants and companies contributed largely, but the Councillors and the Queen herself. £80,000 has already been got together⁴." Elizabeth either invested or lent as much as £40,000 of this amount, and her contribution came out of the treasure taken from the Spaniards by Drake, a portion of which had been given to the Crown⁵.

It is generally assumed that the Levant company all through its history was organized as a "regulated" undertaking, like the Merchant Adventurers. However, the evidence is quite conclusive that, until nearly the end of the sixteenth century, the trade was conducted on a joint-stock basis. For instance, the references to the membership in the charter of 1581, as consisting of partners is sufficiently clear. Then, when prior to 1591, the company petitioned for a new charter, Burghley made a note on the document asking whether the reorganized company was to be conducted by a society or by every merchant independently⁶, and the petitioners replied that the business was to be carried on by one joint-stock as under the former patent⁷. The letters of the company to

¹ State Papers, Domestic, Elizabeth, cXLIX. 58; CLXV. 58; *Calendar*, 1580-90, pp. 21, 148.

² *Ibid.*, cLI. 34; *Calendar*, p. 37.

³ Printed in Hakluyt, *Voyages*, v. pp. 192-202.

⁴ *Calendar of State Papers...in the Archives of Simancas*, 1580-6, p. 432. The use of the word "capital" is interesting but it does not occur in the original—"Tratau aquí de hacer una gran bolsa para entretener esta negociacion de Levante." In a Dictionary in *Spanish and English*, by John Minsheu, London, 1599, the word "capital" does not occur.

⁵ *Vide supra*, Part I., Chapter IV.

⁶ State Papers, Domestic, Elizabeth, ccxxxix. 140; *Calendar*, 1591-4, pp. 88, 89.

⁷ *Ibid.*, ccxli. 12, 13; *Calendar*, 1591-4, pp. 169-70.

the factors in 1599 show that at that time all goods were consigned on account of the company, and the agents in Turkey had express instructions to confiscate anything sent in the company's ships and owned by an individual¹. In 1604 in the debate on the position of the companies in Parliament, it was mentioned that this body had been a joint-stock until recently².

After the formation of the company in 1581 the profits for some time were very large—the goods imported into England sold at about three times as much as those that had been exchanged for them in Turkey³. Both the Venetians and the Spaniards were jealous of the progress made by the English in this trade, which Mendoza described in 1582 as being "extremely profitable⁴." Still there were reverses to be met; the danger from pirates was very great, and the agents of the Spanish government were intriguing against the company in Turkey. By 1586 a scheme had been prepared for closing the Straits of Gibraltar against English shipping⁵, and the Venetians were making as many difficulties as they could⁶.

The charter of 1581 was due to lapse in 1588, and it was possibly the excitement of repelling the Armada that occasioned some delay in the execution of a new grant. Besides there were some points to be adjusted. Under the charter of 1581 there were only twenty members. It is probable that this limitation had already been relaxed, but a claim was made by merchants who had traded in the western part of the Mediterranean, that, since their trade was gone, owing to the war with Spain, they should be admitted into the company on their paying their share of the charges already incurred⁷. Another reason for extending the membership was the continued opposition of the Venetians to the entrance of English merchants into the Adriatic. It seems that many of the company of Venetian merchants had not entered the Levant undertaking in 1581, and it was now considered advisable to provide for these. In a petition from the company it was stated that the cost of establishing the trade had been £40,000, and that there had been spent about £10,000 in the Venetian republic, which area it was now proposed to include within that over which this organization had trading privileges⁸. Therefore the

¹ *The Dawn of British Trade to the East Indies*, edited by Henry Stevens, London, 1886, p. 276.

² *Journals of the House of Commons*, I. p. 220.

³ Anderson, *Annals*, ut supra, II. p. 299.

⁴ *Calendar of State Papers...in the Archives of Simancas*, 1580-6, p. 366.

⁵ *Ibid.*, p. 652.

⁶ *Calendar State Papers, Venetian*, 1581-90, pp. 329, 408.

⁷ State Papers, Domestic, Elizabeth, ccxxxix. 41-3; *Calendar*, 1591-4, p. 58. It was also urged in these petitions that many of the members were not merchants, vide Part I., Chapter VI.

⁸ *Ibid.*, ccxxxix. 44; *Calendar*, p. 59 (printed in *The Early History of the Levant Company*, by M. Epstein [1908], pp. 258-61).

situation resolved itself into the formation of a new joint-stock, which purchased from the previous one the concessions it had obtained. This unproductive outlay was divided into shares of £130 each, and subsequently calls were made to provide working capital¹. When this arrangement was effected, the way was clear for the completion of the charter which was signed on January 2nd, 1592. In this document the undertaking was formally incorporated as the *Governor and Company of Merchants of the Levant*, with powers to choose annually one governor and twelve assistants. The area over which the monopoly extended was now made to include not only Turkey, but, in addition, the State of Venice. This, with the other privileges granted, was to end in twelve years, but Elizabeth reserved to herself and the Privy Council a right of revoking the whole or any part of the charter. In one respect this instrument differs from other similar grants, in so far as it was designed as a retaliatory measure against Venice. For over ten years the government there had paid no attention to Elizabeth's requests for the removal of the restraints on English commerce, and now the Queen decided to prohibit all importation of currants or the "wine of Candia" by Venetians. Since none of her subjects, save the company, might exercise this trade, such a clause in the charter strengthened the monopoly of the Levant merchants². The general argument for extensive privileges in Turkey was formulated by the company at a later date, in the following terms: "The Turkish government being essentially different from any other in Europe, perfectly despotic in its nature, and approached only like that of all Oriental people ancient and modern, through the medium of presents and particular influence, no intercourse can be carried on with the natives with any security unless under certain regulations called capitulations, agreed upon by the respective courts. By the terms of their capitulations, all causes of dispute in which a Frank is concerned, must be determined by the interference of the Ambassador or Consul of the nation by which he is protected, and to support their consequence and to protect their persons, and carry on their correspondence with the authorities of the country, subordinate officers such as dragomen, janisseries, &c., are indispensably requisite. Now as it was the policy of the government of England to throw the whole weight of paying those officers and establishments on the Levant company, it was but reasonable to confer on them the appointment and management of those whom they had to support, and it is clear that this power would be nugatory, unless the British subjects resident in Turkey were made amenable in a certain degree to their authority. It was to this end that the charters and acts

¹ Hakluyt, *Voyages*, vi. p. 88.

² "The charter of the English merchants for the Levant" in Hakluyt, *Voyages*, vi. pp. 73-92.

restricted the trade to controllable numbers of the company, permitted them to make laws for its regulation, enabled them to resist avanias, by which British subjects might be involved in disputes hazardous to their lives and property, authorized them to levy duties to pay the expenses of the protecting establishments and finally empowered them to send refractory persons out of the country to England, and so prevent the mischief that would certainly arise if they refused to obey the *only* authorities, which by the terms of their capitulations, could restrain them from doing evil¹." In the time of Elizabeth there was an additional reason for a more far-reaching monopoly, since, by an Oriental fiction, all the goods sent from England, were supposed to be received in Turkey as the personal venture of the foreign sovereign, and therefore, through thus "colouring" the commodities of her subjects Elizabeth incurred a certain personal responsibility for their conduct².

The currant trade, as might be expected under the absolute nature of the monopoly, was highly profitable. Mention is made in 1592 of the gain from this source alone, being £11,500 a year³; but the whole of this profit did not find its way to the company, since the monopoly was burdened by an exceedingly high customs-duty. Under such circumstances the cost to the consumer was great and attention was drawn to it in Parliament⁴. The company was able to obtain considerable profit after paying the impost, and about 1599 an offer was made of a still larger payment to the Crown on condition that the monopoly should be transferred⁵. The company relied on its charter, which had still a few years to run, whereupon the Privy Council exercised its discretion and suspended it⁶. Under such pressure the undertaking was greatly disturbed and distracted, and the governor was in much doubt as to whether it could continue to trade⁷. Eventually an offer was made and accepted that the company should undertake to pay £4,000 a year as a lump sum in lieu of customs, and the trade was reorganized. This settlement was only of short duration, and the monopoly was again suspended, the company trading in competition with a rival body of adventurers⁸. Under these circumstances the customs-composition of £4,000 was no longer

¹ *Account of the Levant Company with some notices of the Benefits conferred upon Society by its officers, in promoting the cause of humanity and the fine Arts; cf. Observations on the Religion...of the Turks, to which is added the State of the Turkey Trade, from its origin to the present time*, London, 1771, pp. 357-65.

² State Papers, Domestic, Elizabeth, cclvi. 18; *Calendar*, 1595-7, p. 162.

³ *Ibid.*, ccxlii. 36; *Calendar*, 1591-4, p. 227.

⁴ *Vide supra*, Part i., Chapter vi.

⁵ Stevens, *Dawn of British Trade in the East Indies, ut supra*, p. 280.

⁶ State Papers, Domestic, Elizabeth, cclxxv. 27; *Calendar*, 1598-1601, p. 450.

⁷ Stevens, *Dawn of British Trade in the East Indies, ut supra*, p. 280.

⁸ *Journals of the House of Commons*, i. p. 220.

paid, but this brought no gain to the consumers of currants, since in 1603 the Privy Council authorized the Lord Treasurer to impose such duties as would make good the loss of revenue to the Crown¹. It was during these struggles that the original joint-stock company was either transformed into, or replaced by a regulated one. In March 1599 the trade was on a joint-stock basis², but in June 1600 a list was drawn up of the names of the members of the company, which shows that it was then a regulated body. There were 83 "freemen" (one of whom was a woman) who had 189 servants or factors³. The facts that this list records the names of servants who had died abroad, and also that there is mention of there having been *two* companies until recently⁴, make it probable that, while the trade was disorganized, a regulated company had been formed in spite of the charter, which made good its position against the older foundation receiving a new incorporation in 1605.

¹ State Papers, Domestic, James I., iv. 46; *Calendar*, 1603-10, p. 51.

² *Vide supra*, p. 85.

³ *Calendar Salisbury MSS.*, x. pp. 214-17.

⁴ *Ibid.*, p. 249.

SECTION V. THE EAST INDIA TRADE.

THE GOVERNOR AND COMPANY OF MERCHANTS OF LONDON TRADING INTO THE EAST INDIES.

A. THE TERMINABLE STOCKS FROM 1599 TO 1657.

THE development of English joint-stock enterprise in foreign trade during the sixteenth century is dominated by the conditions governing the importation of commodities produced in the tropics—indeed, if the African companies be excepted, it was related, as to each new starting point, to the commerce with the Orient. The original aim of the Russia company had been the discovery of a north-east passage, and this enterprise was most successful during the years that the route it had opened overland remained available. The same idea was the incentive in the first three expeditions of the "Company of Cathay" better known as Frobisher's Voyages, though in this case the passage sought was that by the north-west. In the last quarter of the century a number of causes contributed towards the making of fresh efforts in order to secure a share in a branch of commerce which was believed to be exceedingly profitable. Thomas Stephens is said to have been the first Englishman who lived in India, and the communications he sent home revealed some of the secrets that had been hitherto jealously guarded by the Portuguese. Up to 1580 the project of a direct trade with India had been regarded as a promising scheme, but in that year the absorption of Portugal by Spain made the problem an urgent one, since the Dutch were prohibited by Philip II. from trading with Portugal, and just at this time the advisers of Elizabeth no doubt feared that the state of tension between England and Spain would result in a similar exclusion as against this country. Steps were at once taken towards obtaining spices independently of the market at Lisbon. The Levant company was established, thereby starting a new trading-route to the East. The company of Cathay fitted out its last voyage in 1582 which was intended to penetrate to India by the Cape of Good Hope, while in 1583 Ralph Fitch was sent on a mission to Eastern potentates¹.

¹ Hakluyt, *Voyages*, v. pp. 465-505.

that small subscribers should have no votes in the courts, these having been found by experience to have been "the most turbulent and clamorous." The lists for town were to close on March 25th, 1640, and for the country on May 25th. It was clearly provided that the completion of the new stock was conditional on Charles I. making good his promises of a new charter¹. Unfortunately these engagements were not fulfilled, and the subscription was not continued.

The withdrawal of the proposed new joint-stock left the company in considerable financial embarrassment, especially as arrangements had been made for winding up the Third Joint-Stock, which had been due to terminate in 1636. On January 5th, 1640, it was announced that the liquidation was to be begun as soon as possible. It was believed that there would be a considerable surplus in excess of the liabilities, and a dividend of 25 per cent. was declared with the stipulation that there should be no further distributions till the debt had been discharged². In June adventures on which 50 per cent. had been divided were sold at 90³, and soon afterwards it was computed that there was a balance over and above the debts of 168 per cent.⁴ Then came an event which produced a great change in the financial position of this stock. Owing to the bankruptcy of the personal administration of Charles I., he was exceedingly hard pressed for money, and he compelled the company to sell him its stock of pepper for which payment was to be made over the ensuing two years, on the security of the farmers of the Customs⁵. Charles I. contracted to pay the company £63,283. 11s. 1d., and to obtain ready money he threw the spices on the market, selling them at a loss⁶. As the political situation became more depressed there was great doubt as to whether the money due could be obtained. The difficulties of the Crown were well known in the City, and merchants had become sceptical of the value of the protestations of the King that he would meet his engagements, even though he spoke of selling himself to his very shirt to pay his creditors⁷. The East India company too received ample promises, but the adventurers still waited in vain for the redemption of these in cash⁸.

¹ Court Book, xvii., Dec. 24, 1639.

² *Ibid.*, xvii., Jan. 5, 1640, ff. 63, 64.

³ *Ibid.*, xvii., June 26, 1640, ff. 105-8.

⁴ *Ibid.*, xvii., Aug. 15, 1640, f. 131.

⁵ State Papers, Domestic, Charles I., cccclxv. 64.

⁶ *Ibid.*, cccclxxiii. 83; Bruce, *Annals of the East India Company*, i. p. 371. Mr W. Foster has placed at my disposal the MS. of his introduction to "the Calendar of the Court Minutes of the East India Company" (1640 to 1643), where the amount realized is given as £50,626. 17s. 1d.

⁷ State Papers, Domestic, Charles I., cccclxix. 2.

⁸ *Ibid.*, cccclxxxviii. 86.

The expectation of so great a loss was prejudicial to the existing joint-stock. It was necessary to withhold a dividend of 30 per cent. that had been proposed, and the price of the stock fell heavily¹. On March 19th, 1641, it was resolved to expedite the collection of the remaining assets with a view to the distribution of the property that remained amongst the adventurers. Meanwhile the failure of the Crown to pay the balance due for the pepper delayed the liquidation, and it was decided in the meantime to fit out an expedition with a separate capital of its own which was known as the *First Particular Voyage* or the *First General Voyage*. The proposed stock was £120,000, of which £80,450 was actually subscribed. The adventurers were urged to take this risk by the emergence of Courten's Association from the state of quiescence in which it had remained since it had fitted out the expedition of 1636. At this time a new voyage of that Association was dispatched largely on funds raised by borrowing, by William Courten². On the renewal of opposition an attempt was made to consolidate the interests of the East India adventurers by amalgamating the Third Joint-Stock and the Particular Voyage, but this scheme was rejected³.

When the revival of Courten's Association took place the company determined to appeal to Parliament, and the petition of 1628 was revised and reprinted⁴. At this time there was a considerable body of opinion in favour of the company. It was held "absolutely necessary to maintain the trade⁵." Lewes Roberts draws attention to "the fetters and encroachments of late years on this enterprise," and declares that "the bad point and low passe," in which it was at this time is to be attributed to the action of the Crown. He was of opinion that the best type of organization for commerce with India was by means of a joint-stock company with extensive privileges, since, though some fortunate adventurers, trading independently, might make larger profits than those generally obtained by a company, the probability was that single merchants or even a few in partnership ran exceptional risks, and the result of failure was their total ruin⁶—a conclusion obviously drawn

¹ Court Book, xvii., ff. 143, 157.

² *Lex Talionis*, 1682, p. 19.

³ Court Book, xviii., f. 111.

⁴ *The Petition and Remonstrance of the Governour and Company of the Merchants of London trading to the East Indies, exhibited to the Right Honourable the Lords and Commons in Parliament Assembled, 1641* [Brit. Mus. 1029. c. 31].

⁵ *Sir Thomas Roe's Speech in Parliament, 1641*, in Harl. Misc. iv. p. 413.

⁶ *The Treasure of Traffike or A Discourse of Forraigne Trade*, by Lewes Roberts, 1641, in McCullough's *Early English Tracts on Commerce*, pp. 86, 105, 106. Roberts, it may be noted, was a shareholder in the company—*The Merchants' Mappe of Commerce, 1638*, p. 236.

that by 1660 the majority of these were owned in the islands, yet the minority in London exercised the whole government, making orders and fixing the amount of levy for the defence of the settlement. It follows that a period had been reached when it was desirable that the charter should have been surrendered, but it was decided, after the Restoration, to continue the company, and some efforts were made to infuse vigour into the administration. By 1662 a subsidiary company, in addition to the Magazine, had been formed, known as *the Adventurers in the Whale-fishing Design*. In 1663 forty shareholders in the company had agreed to subscribe £50 each, but by November 1666 only £1,000 had actually been paid. At that time £2,000 had been spent, and the "adventure" was said "of late to have taken good effect¹." By January 1668, liabilities of £2,500 had been incurred; and, through the neglect of the officials and their irregularities, the enterprize had resulted in loss². The adventurers were not prepared to continue to bear calls, and the company offered to license any group of persons (whether members or not) who would pay a royalty for the fishing. A small syndicate, composed of residents in the islands, took up this license on December 20th, 1671, which they transferred a few weeks later to Perient Trott, and in 1675 William White was the undertaker. Though oil was obtained, none of these syndicates made any considerable profit³.

There can be little doubt that there were various sources from which friction might be expected, especially in so far as the court in London had drifted into a false position in being representative of a minority of the shareholders only. This trouble came through P. Trott, who, as early as 1656, wished to ship cedar from his plantation in ships other than those of the company. About 1667 or 1668 he had "indirectly" sent out a ship on his own account, for which the company claimed damages to the extent of £509. 2s., owing to his having forestalled the market in tobacco⁴. Trott refused to pay this fine, forgetting that under an order of August 18th, 1658, the company was entitled to seize the goods or lands of persons in default⁵. This brought up the whole question of the title to the 20 shares which Trott had bought from Warwick in 1659. It appeared on further enquiry that these shares had been entailed, and therefore the court of the company

¹ Lefroy, *Memorials of the Bermudas*, II. pp. 203, 209, 245.

² *Ibid.*, II. p. 256.

³ *Ibid.*, II. pp. 302, 303, 357, 358, 437; *The Case and Grievance of Divers Merchants and Others Members of the Bermuda Company and of the Planters within the said Islands* [Brit. Mus. $\frac{316. m. 18}{34}$].

⁴ Lefroy, *Memorials of the Bermudas*, II. p. 325.

⁵ *Some of the Bye-Laws...of...the Company*.

ordered Trott to surrender them, on his receiving back again the same sum, namely £600, that he had paid in 1659¹. Trott greatly resented this finding, and he published a tract attacking the administration, which the company ordered to be burnt, when found in the Bermudas². The matter was not allowed to rest. Already Trott's friends in the islands had made an attack on the company in the General Assembly at St George's in 1673, accusing it of extracting from the inhabitants four times the amount of the public charges. It was said, too, that such action was due to the shares in England having fallen into the hands "of traders and mechanicks," who enhanced the goods, they sent out to the Bermudas, to an extravagant rate³. It was stated that the company in England only owned a small fraction of the land in the islands, and that the members were not sufficient to constitute a court according to the charter. There should have been a governor, a deputy-governor, and twenty-four assistants. Moreover, six of the latter were to retire annually, so that an attendance of thirty-two members was required, whereas, since only twenty shareholders resided in London, it was impossible to carry out these clauses, indeed it was contended that there had not been thirty-two members at a meeting of the court for the past thirty-two years. Further, the company was charged with taxing the inhabitants of the Bermudas for the benefit of the shareholders. According to one account it was out of debt in 1676, and the annual charge for government and defence was only £400⁴.

To some extent the agitation against the company was a fictitious one. Trott, it is true, had some grounds for complaint, but the most energetic member of the opposition was Francis Burghill, who, as it will appear, was acting in his own interests, under pretence of assisting the colonists. By 1679 various complaints from the plantation were investigated by the Privy Council, which referred the matters in dispute to the Commissioners of Trade and Plantations, before which body the company appeared on July 15th to answer the charges against it. To the allegation that petitions from the islands had been suppressed at the instigation of the executive in London, it was replied that this was not so, but that the local governor had been directed to send such documents with his remarks upon each heading. The company was censured for depriving persons, in the occupation of land, of their holdings without

¹ *A True Relation of the Just and Unjust Proceedings of the Somers Islands Company in relation to Twenty Shares of Land*, 1676, pp. 1-5.

² State Papers, Colonial, XI. 62.

³ *Ibid.*, xxx. 58, in Lefroy, *Memorials of the Bermudas*, II. pp. 382-5.

⁴ *A True Relation of the Illegal Proceedings of the Somers Islands Company in the Courts at London*, 1678 [Brit. Mus. 10,470. c. 12], pp. 1-22. In 1662 1*l.* per lb. on tobacco yielded £850 a year, in 1684 £1,600—State Papers, Colonial, LIII. 146.

