Economic Thought of the British Mercantile Empire in the 18th Century

Jiro Kumagai

Abstract:
Contemporary British historians are almost unanimous in positing a close relation between the growth of the British economy and the colonial empire after the Glorious Revolution.¹ The formation of the British colonial empire concurrently led to a new turn in mercantile economic thought. During the late 17th and early 18th centuries, the rationale for the concept and significance of the advantages of foreign trade shifted from the “balance of trade” theory to the “balance of labor” or “foreign-paid incomes” one. L. Magnusson, a leading contemporary scholar on mercantilism, attributes the emergence of the latter theory partly to the advent of a new science of trade,² but he hardly mentions the relation between the theory and the remarkable development of colonial empire trade. Most mercantilists employing this theory, however, assiduously regarded British colonies and dependencies as growing and promising markets for the development of various industries as well as the increase in labor employment in Britain. This paper attempts to illustrate the importance of the theory in the context of both an emerging transatlantic colonial empire and an awareness of the economic crisis of Britain in relation to European competitors.

This paper mainly deals with the arguments of Daniel Defoe, Malachi Postlethwayt, Mathew Decker, and Josiah Tucker. By examining their discourses, it shows conclusively that in the mid- and late 18th century, there was a typical mercantile imperialist (Postlethwayt) at one extreme and a so-called free trade imperialist (Tucker) on the other.

¹ Regarding this topic, refer to the articles of the contributors to the Oxford History of the British Empire (5 vols., 1998–99): N. Zahedich, “Overseas Expansion and Trade in the Seventeenth Century” (vol. I); J. Israel, ‘The Emerging Empire: The Continental Perspective, 1650–1713’ (op. cit.); P. K. O’Brien, ‘Inseparable Connections: Trade, Economy, Fiscal State, and the Expansion of Empire, 1668–1815’ (vol. II); P. J. Marshall ‘Introduction’ and ‘Britain Without America—A Second Empire?’ (op. cit.); J. M. Price, ‘The Imperial Economy, 1700–1776’ (op. cit.); H. V. Bowen, ‘British India, 1765–1813: The Metropolitan Context’ (op. cit.); Andrew Porter, ‘Economics and Empire: The Metropolitan Context’ (vol. III). See also D. Armitage 2000; K. Morgan 2002; D. Ormrod 2003.
² Magnusson 1994 (esp., see ch. 5).

The History of Economic Thought, Vol. 61, No. 2, 2019. © The Japanese Society for the History of Economic Thought.
However, the extreme-position holders shared the view that the colonies and dependencies were indispensable for the development of the British economy and the more extensive circulation of its trade.

JEL classification numbers: B 11, B 12, N 63.

I Mercantilist Scheme for the Colonial Empire

Various important controversies on trade and economy raged in the decades following the Glorious Revolution. These controversies included the calico controversy of the East India trade, the debate on free trade vs. protection, the dispute over interest rates and re-coinage, the argument on banking and credit, and the discussion on taxes and public bonds that accompanied the war against France. Thus, the 1690s were a remarkable decade for the development of economic thought and policy.³

The calico controversy played the most striking role because it marked the transition from Thomas Mun’s “balance of trade” theory to the so-called “balance of labor” (or “foreign-paid incomes”) theory. The latter theory indicated that the export of high value-added goods, composed of domestic and/or imported raw materials, would lead to the further development of manufacturing, trade, and shipping and navigation; further, it would invariably give rise to an increase in labor employment in Britain. Therefore, the role of foreign trade in this theory was to increase the revenue paid on British goods by foreigners, and a consequent increase in the number of laborers employed at home.

The theory was not novel per se, as is clear from E. A. J. Johnson’s observation that the doctrine had already appeared in writings in the mid-16th century. However, as Johnson himself clarified, it was in the last decade of the 17th century that the main exponents of the theory gained prominence (Johnson [1937] 1965, 305–11). This suggests that the calico controversy provides highly significant clues to the change in the mercantilist theory about the balance of trade.⁴ Notable pamphleteers involved in the calico controversy, such as Josiah Child, Charles Davenant, Nicholas Barbon, John Pollexfen,

³ Beer [1938] 1967, 196–99; Hutchinson 1988, 6; Appleby described this change as follows: “The economic reasoning that came to head with the rash of publications in the 1690s was totally incompatible with the balance-of-trade theory of economic growth” (Appleby 1978, 175). She further stated that “Between 1696 and 1713 a new economic policy took shape which subordinated the interests of English merchants to those of English manufacturers...a series of laws [were] designed to restrict continental imports, protect English industry and bind the economy of English colonies to the mother country.” (Ibid., 248)

⁴ See, Thomas [1926] 1963, 6, 7–21; Magnusson 1994, 14–17.
and John Cary—irrespective of their Tory or Whig affiliation—generally stressed the role of manufacturing in the context of colonies, and maintained that the monopoly of colonial trade would increase the employment of productive labor in Britain. Contrary to Adam Smith’s view that the monopoly on the colonial trade would diminish the quantity of productive labor employed in Britain, mercantilists contended that monopolistic colonial trade would increase the employment of productive labor at home.

Charles Davenant, for example, a representative Tory economist at that time and an advocate of the East India trade, argued in 1696 that:

The Plantation Trade gives Employment to many Thousand Artificers here at home, and takes off a great quantity of our Inferior Manufactures. The Returns of all which are made in Tobacco, Cotton, Ginger, Sugars, Indigo, &c. by which we were not only supplied for Our Own Consumption, but we had formerly wherewithal to send to France, Flanders, Hamborough, the East Countrey and Holland.

(Davenant [1696] 1995, 212)

John Pollexfen, a Whig commissioner for the Board of Trade and a formidable adversary of Davenant in the calico controversy, also emphasized colonial trade, while simultaneously condemning the East India trade to protect domestic manufacturing: “No Trades can be more secure, to be for the Interest of this Nation, then [sic] what are carried on by the Exportation of our Products and Manufactories, or by such Goods as come here from our Plantations, because of the Advantages we have by the exportation, in the Consumption of our Product, and Imploymen[1] of the Poor” (Pollexfen 1697, 5).

Along with this new development in mercantilist thought, there emerged

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5 The Whiggish organ, The British Merchant (1721), was, and continued to be, considered a typical instance of Whig protectionism; this is because it argued for the protection of the British domestic market from overseas competitors. This estimation might be right in general, but its case for prosperity based on foreign trade deserves greater attention. In fact, the preface written by Charles King applauded the British merchants who were involved in the worldwide trade linked to the growth of domestic industries: “there is no Nation so well qualified to carry on a glorious and advantageous Commerce as we are, by our Situation, by our Seamen, by our Manufactures, by the Product of our Land and Plantations, and by the Number, Opulence, and Ingenuity of our Merchants.” (King [1721] 1968, vol. I, xxxiii)

6 Smith [1776] 1979, vol. II, 610–11. See Ricardo’s critical and remarkable comment on Smith’s opinion in his Principles: “It may, I think, be doubted whether a mother country may not sometimes be benefited by the restraints to which she subjects her colonial possessions.” (Ricardo [1817] 1951, vol. I, 339)
a notable idea during and after the calico controversy. It was a comprehensive
discussion to describe an all-inclusive trade circulation between Britain, the
North American colonies, the West Indies, and West Africa by applying the
physiological metaphor of the circulation of blood to trade. Thus, mercantilist
writers in this period placed England at the center of the trade circulation,
and the colonies in a subordinate or dependent position. Davenant applied
this physiological view of trade to the relation between the colonies and the
metropolis:

That the Knowledge of the Sinews, Muscles, Arteries and Veins, with
the late discovery of the Circulation of the Blood and all the Parts
of Anatomy, conduce very much to render this dark Science more plain
and certain. / In the same manner, such as would understand the Body-
Politick, its true Constitution, its State of Health, its Growth or Decay, its
Strength or Weakness, and how to apply Remedies to the various Distem-
pers to which it is incident, must study and look narrowly into all the
distinct parts of the Common-wealth, its Trade, the Current Money (which
is its flowing Blood), the Arts, Labour and Manufactures, and the number
of its People. (Davenant [1699] 1995, 210)\(^7\)

II Defoe’s Economic “Optimism”
and his Vision of Colonial Empire

In the wake of the Treaties of Utrecht (1713) ending the War of the Spanish
Succession, Great Britain annexed French colonial territories, such as New-
foundland, Nova Scotia (Acadia), and the massive Hudson Bay territories. It

\(^7\) Davenant’s contemporaries, N. Barbon (physician/entrepreneur) and J. Cary (sugar
trader from West India in Bristol), provided similar descriptions of the composition of
the political body.

Barbon contended that “Therefore, whoever will make a true Representation of
TRADE, must Draw a rough Sketch of the Body and Parts together,” and that the relation
of the body and the parts in trade lead, in the end, to an empire. “The last Benefit is, That
Trade may be Assistant to the Inlarging of Empire; and if an Universal Empire, or Do-
minion of very Large Extent, can again be raised in the World, It seems more probable
to be done by the Help of Trade; By the Increase of Ships at Sea, than by Arms at
Land.” (Barbon [1690] 1977, 5, 18)

Cary said that “England and all its Plantations to be one great Body, those being
so many Limbs or Countries belonging to it” and “England would become the Centre
of Trade, and, standing like the Sun in the midst of its Plantations would not only re-
fresh them, but also draw Profit from them; and indeed it’s a matter of exact Justice it
should be so.” (Cary 1695, 66–67, 70)
further captured from Spain two invaluable bases—Gibraltar and Minorca. Britain also won the Asiento contract, which awarded it the exclusive right to supply “Negroes” from West Africa to the Spanish colonies. Thus the Treatise of Utrecht marked a turning point in Great Britain’s attempt to become a leading imperial power by the 1730s and early 1740. After Walpole’s long tenure as leader of the cabinet, people were talking about “the British Empire, taking together as one body, viz. Great Britain, Ireland, the Plantations and Fishery in America, besides its Possessions in the East Indies and Africa” (Ferguson 2004, 35).

Even in the midst of this watershed event in the history of the British empire, its economy faced difficulties in continental European markets. Continental Europe’s share in total British exports fell from 82 percent in 1700–1701 to 40 percent in 1772–73, whereas exports to American colonies, especially to the North American ones, increased from 10 percent to 37 percent in the same period. Meanwhile, between 1700 and 1750, imports from North America increased as much as four times in value, and re-exports of colonial products of Britain increased by three times (Wilson 1995, 56). British exports to the colonies of North America and the West Indies increased by 23 times during the 18th century. The progressive “Americanization” of British trade, amid stagnant markets in the Continent, was indisputable (Floud and McCloskey, eds. 1981, 91).

Therefore, the economic discourses during the decades following the Treaties of Utrecht revealed a serious awareness of the decline in the British economy under protectionism and the low wages in European countries. On the other hand, this sense of decline naturally gave further impetus to the expansion of colonial markets, with the aim of alleviating the economic predicament. Among many pamphleteers discussing an economic decline and the desirability of an expansion of the colonial market, Joshua Gee8 and Daniel Defoe are the most pertinent for our analysis.

Gee was an opponent of the Anglo-French Treaty of Navigation and Commerce (signed April 1713, but its ratification was rejected by a narrow margin in the House of Commons in June 1713) and one of cardinal contributors to the Whigs’ organ, the British Merchant or Commerce Preserved. By

8 There is no space here to discuss Gee’s view, but his opinion was clearly and concisely expressed in the following: “the Trade, and consequently the Wealth and Power of the Nation hath been for several Years past, and yet is in a declining State; but that if we will exert ourselves, we have still Resources in our Power to retrieve it” (Gee [1738] 1995, 136). And then he affirmed that plantations would retrieve it since they are “one Great Cause of Enriching this Nation.” (Ibid., 93)
contrast, Defoe was a supporter of the Treaty of Navigation and Commerce as editor of the Tory’s organ, the Mercator: or Commerce Retrieved. These two writers were, and have been, generally regarded as two diametrically opposed observers of the contemporary British economy; Gee was a pessimist, and Defoe an optimist. However, their writings demonstrate that although both seemed quite pessimistic about the future of British economy in relation to European markets, they actually shared an optimistic view of British colonial markets, which were expected to ameliorate the lamentable state of Britain’s foreign trade.

Defoe denied complaints about the decay of English manufacturing, particularly woolen products, and busied himself in proving that English manufacturing was still flourishing. He declared that “England outdoes the whole Trading World, and that there is no Nation, except Great Britain, that can carry on such a Trade” (Defoe [1730a] 1967, 228). On the other hand, Defoe worried about the rise of European manufacturing, and the consequent loss of English products in European markets. He observed that “The English Woollen Manufactures are prohibited in many parts of Europe, and those Prohibitions encrease every Day. France, Holland, Prussia, Brandenburg, Sweden, Saxony, Swisserland, Austria, Bohemia, Piedmont, and all have set up Manufactures of their own; and France and Swisserland, not only export large quantities for the use of other Nations, and already boldly supplant us at the best Markets Abroad” (Defoe [1727] 1969, vol. II, part 2, 170). With this anxiety in mind, he wrote the preface to A Plan of the English Commerce with the aim of instructing his readers on ways to find new markets for English goods in less civilized areas. Defoe sanguinely suggested to the readers:

By improving and encreasing our Trade in other Places where those Prohibitions and Imitations cannot reach, and where, if half Europe, should drop our Manufacture, which yet ’tis [it is] apparent can never happen, we shall raise an equivalent Vent for our Goods, and make Markets of our own; ... we have Room enough: The World is wide: There are new Countries, and new Nations, who may be to so planted, so improve’d and the People so manag’d, as to create a new Commerce; and Millions of People shall call for our Manufacture, who never call’d for it before. ... / Here then is an undiscover’d Ocean of Commerce laid open to us.

(Defoe [1730a] 1967, preface: ix–x)

He concluded A Plan on an optimistic note: “More Colonies then is, without Question, extending the Commerce; it is enlarging the Field of Action; it calls in more Hands to assist in the Publick Prosperity” (Defoe [1730a] 1967,
366). As these passages unfolded, there was no doubt that one of the significant themes of A Plan was the need to pursue new markets in colonies. Defoe’s expectations from the colonial markets mentioned above were connected closely with his notion of British trade in general:

The different Climates and Soil in the World, have, by the Wisdom and Direction of Nature Natureing, which I Call GOD, produc’d such different Species of things, all of them in their kind equally Necessary, or at least Useful and Desirable; as insensibly preserves the Dependence, of the most Remote Parts of the World upon one another; and at least makes them useful to each other, and Contributing to one another’s Convenience, Necessity, or Delight. . . . / . . . every Nation something to spare, which another Country wants, and finds something wanting, another Country can spare; and this occasions Exchanging with those Countries, to the Advantage of both; and that we call TRADE.

(Defoe [1704–13] 1965, vol. III [1706], no. 2, 5–6)

This passage might give an impression that Defoe was, in the last resort, a predecessor of free traders in the mold of Adam Smith; however, the premise upon which Defoe constructed his alleged free trade doctrine differed from that of Smith. The concept of different natural endowments in various areas of the world led him to the belief that people of advanced countries were entitled to establish colonies to cultivate the natural resources left unexploited in underdeveloped areas. Defoe believed that Providence had entrusted industrious nations with a duty to embark upon adventurous enquiries for discovery and cultivation in remote and underdeveloped parts of the earth. In an article in 1713, he asserted that:

The Encrease of this Commerce, therefore, receives its Rise from the daily Discoveries more and more, of what lies treasur’d up in the Bowels of the Earth, or in the Remote Parts of Uninhabited Climates, and Unnavigated Seas, Bays, Channels, and Retreats of the Waters. The Search after these Things has met with wonderful Success, and the Finger of Providence had been more than usually visible in the bringing Things to Light. . . . Providence has yet an inexhausted Store of undiscovered Advantages in Trade, both to Encourage the Industry, and Reward the Hazards of enquiring Posterity.

(Defoe [1704–13] 1965, vol. IX [1713], no. 54, 108)

The various goods of underdeveloped countries produced by the diligence of
immigrants were considered an integral part of the circulation of British trade, and expected to flow in and out England, especially “the great Center of the Nations Commerce, the City of London” (Defoe 1730b, 21).

Among the imperial circulations of trade, the Atlantic triangular trade undoubtedly occupied the supreme position in further advancing English commerce. The Navigation Acts played a pivotal role in this imperial circulation between Britain, North America, the West Indies, and West Africa. Naturally, the slave trade underlying this circulation was highly appraised. Without it, sugar, tobacco, and other colonial products would not generate an enormous profit for Britain, and the whole of the Atlantic trade ultimately depended on an adequate supply of slaves from West Africa. Defoe highlighted the significance of this chain of trade: “No African Trade, no Negroes; no Negroes, no Sugars, Gingers, Indicos, etc.; no Sugars, etc., no Islands; no Islands, no Continent; no Continent, no Trade; that is to say, farewell all your American Trade, your West-India Trade” (Defoe [1704–13] 1965, vol. IX [1713], no. 44, 89).

Defoe’s desire for colonies was hardly satisfied with those in the West Indies and North America. In pursuit of his aim, he advanced a plan to cultivate Africa, where “the most barbarous people in the world” lived and valuable vast resources were left unexploited (Defoe [1730a] 1967, 325). Africa would incontrovertibly open many new markets for the sale of English goods. Thus, the benefits of colonization were summarized in Defoe’s scheme as follows: “An Encrease of Colonies encrease People, People encrease the Consumption of Manufactures, Manufactures Trade, Trade Navigation, Navigation Seamen, and altogether encrease the Wealth, Strength, and Prosperity of England” (ibid., 367).

Compared to works of later generations of writers, Defoe’s showed no apprehension about the North American colonies’ advance toward industrial independence. He considered the possibility of American independence to be totally unrealistic; this is because he thought that if they were independent, they would lose the privileged access to the markets of the British West Indies, which absorbed provisions, lumbers, and other products from the North American colonies. He asserted that “the very Being and Subsistence of New-England in Matters of Trade, consists in, and depends wholly upon their

9 The abbreviated form of the quotation may make it difficult to grasp the context at a glance. However, it is apparent that the sentence illustrates the consequence of the African slave trade for the Atlantic trade chain. In a recent informative study, A. L. Swingen (2015, esp. ch. 7) highlights how the continuous supply of African slaves accelerated the pace of British Empire building across the Atlantic.
Union with, and Subjection to Great Britain, as the Growth of their Country, which is the only Article that supports their Commerce, is taken off by the British Colonies only: Nor can any other Nation in Europe take it off but the English” (Defoe [1730a] 1967, 355). Further, Defoe maintained that if the American people cut the bond of trade with Britain, they would face a shortage of the necessities of life previously obtained from Great Britain. The necessities of life he referred to included various types of clothes, hardware, and other manufactured products such as guns, pots, clocks and watches, and toys. In short, Defoe had confidence that the North American colonies wanted to maintain “that immortal, indissoluble Bond of Trade, their Interest” (ibid., 361).

III Postlethwayt—High Tide for the Mercantile Idea of Empire

Britain’s colonial territories saw a further expansion following the Peace of Paris (1763) that came after the Seven Years’ War. In North America, Britain acquired East and West Florida from Spain, as well as Quebec in Canada and the Mississippi–Ohio valleys from France. In the West Indies, it added the French colonies of Dominica, St. Vincent, ad Grenada and Tobago to its territories. In addition, during the war, it conquered Bombay, the Madras Presidency, as well as the Northern Circars of the Eastern seaboard and Calcutta. Such territorial expansion by means of successive mercantile wars necessarily brought about an accumulation of public bonds and the associated rise in prices. Therefore, in the middle of the 18th century, some economic writers, notably David Hume, denounced the burden of taxes caused by the public debt. They argued that the accumulation of public debt to finance mercantile wars increased paper credit, and consequently rendered all provisions and labor dearer; this caused a decline in the competitiveness of commodities in overseas markets.

Malachy Postlethwayt,10 who published his works just before and during

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10 The details of the life of Postlethwayt (1707?–1767), a fellow of the Society of Antiquaries (founded in 1734), are not well-known. After an unsuccessful attempt at manufacturing lead in the north of England, he wrote voluminous economic tracts. Although some of his works were written on the basis of extracts from Cantillon, Decker, Davenant and others, he never explicitly acknowledged any of them. So, he was often branded a plagiarist. However, his Great Britain’s True System (1757a) and Great Britain’s Commercial Interest Explained and Improved (2 vols., 1757b) should not dismissed merely as borrowed ideas. The latter work, in particular, should receive due appreciation, as Johnson pointed out: “[Great] Britain’s Commercial Interest is by all odds Postlethwayt’s most important contribution to economic literature.” (Johnson [1937] 1965, 196)
the Seven Years’ War, had almost the same view as those who were appre-
hensive about the disadvantageous effects of the accumulated public debt.
However, in contrast to those who feared the state bankruptcy caused by the
fiscal-military state, Postlethwaite proposed a scheme of building more ex-
tensive colonies tied closely to Britain by means of the public bond. He aspired
to explore the fertile markets in the colonies and dependencies created by the
fiscal-military state, instead of European ones. He thought that the profits
from this exploration would more than just compensate for the disadvantageous
effects of the financial burden.11 Confronted with the emerging European powers,
Postlethwaite drew up a comprehensive picture of trade circulation between
Britain and its closely interrelated colonies and dependencies, including Ire-
land and Scotland, British West India, the North American colonies, West Africa,
and East India. His goal was a type of self-sufficient empire, within which
each component was supposed to play its role most effectively by producing
and supplying agricultural produce and manufactured goods, respectively, in
accordance with the economic resources with which it was endowed.

According to Postlethwaite, “the heavy Burthen of our Taxes on Trade
has been the great Cause that our Rivals have supplanted us at foreign Mar-
kets in most of the essential Branches of our Commerce” (Postlethwaite
1757a) 1967, 183). The burden of taxes, Postlethwaite argued, gave France a
great opportunity to compete with Britain in woolen manufacturing, and,
moreover, helped to raise the manufacturing ambitions of Germany, Switzerland,
Poland, Prussia, Denmark, Sweden, Russia, Italy, and even Spain. So, “if
we do not give up the System of encreasing our Taxes on Trade, as we shall
encrease the public Debt, our Ruin must not only be inevitable, but near at
Hand” (ibid., 271).

Then, what should Britain do? Discontinuing the system of public debt
and heavy taxes must unquestionably come first. However, he thought that

11 The opinion of contemporary historians on the so-called “fiscal-military state” seems
to be close to Postlethwaite’s view. P. K. O’Brien, for example, observes that “nearly all
the money taxed and borrowed by the Orange and Hanoverian state was used to de-
fend the realm, to subsidize allied armies, and when necessary, to wage war in Europe,
to protect British trade, to acquire territory, bases, and populations overseas, and to secure
access to markets and resources in Africa, Asia, and the Americas.” (O’Brien 1998,
64)

M. J. Daunton also alludes to the success of the fiscal-military state: “British he-
ghemony in trade and the liberal economy of the nineteenth century were political creations
as a result of investment in war and empire in the eighteenth and early nineteenth cen-
turies. Free trade was, at least in part, the result of the success of the ‘fiscal-military
state.” (Daunton 1995, 557)
this would be almost impossible because the conventional interests who benefited from the old system would not let go their benefits so easily. "We have no hope, according to our old system, to see our taxes sufficiently diminished. The false interest of particulars will never suffer the second to be effected, till it effects itself; before which our commerce will be lost. We have, therefore, nothing else to do, than to turn our commerce upon foreign product; that is, the product of countries where things are cheaper than they are with us" (Postlethwayt 1757b, 1968, vol. I, 395).

Then, where would Britain be able to find cheaper products in foreign countries? According to Postlethwayt, there were two branches of foreign commerce. One depended on "the Humour and Caprice of other Nations, and accordingly liable to such sudden Changes and Alterations, as have proved not only ruinous to private Adventurers, but diminutive to the National Revenue." The other option for foreign commerce was to trade with the British colonies. Thus, he contended that "it is certainly the best Policy to cherish and support, to the utmost of our Power, the African and Plantation Trades, which may be properly called Our Own Foreign Trades, as being absolutely under our own Steerage and Control; as much under the Government and Direction of Great Britain, as the Trades of Ireland and Scotland are; and consequently their Prosperity depends upon Ourselves" (Postlethwayt 1745, 43).

Postlethwayt was convinced that cheaper agricultural and material products could be obtained from a self-sufficient British colonial empire. Seeing that the prices of these products ought to regulate wages and goods, the abundance of food and materials from British colonies would certainly reduce the cost of exports, which, in turn, would contribute to the competitiveness of British manufacturing. According to this viewpoint, England, Ireland, Scotland, and the British colonies had to be integrated into one cooperative entity, and trade relations between the component parts of this economic unit had to be complementary—not competitive—to enable them to act in concert against all foreign rivals.

However, the actual relation between England and her colonies was not working as smoothly as he envisaged. In fact, he himself observed that the trade circulation between England and her colonies was not satisfactory. The Irish, for example, had a cost advantage over England in both material and labor. So, "if the Irish were permitted to manufacture the whole of their present quantity of wool, they would establish themselves, in opposition to the interest of England in particular." Similarly, Scotland had recently made many improvements in its domestic manufactures and trade, as reflected in the production of linen and woolen, and exports, respectively. Their cheap woolen was exported even to the British American plantations (Postlethwayt 1757b, 1968, 59–63).
Further, he regarded the northern colonies of America as a formidable competitor, and concluded that “these colonies will, in length of time, become detrimental instead of beneficial to their mother country” (ibid., 68).

Recognizing the serious threat posed by the colonies to the mother country, Postlethwayt proposed planting more and manufacturing less in the colonies. Further, he believed that this challenging scheme could be carried through competently by means of the “steerage and control” of the mercantile government. Under this scheme, every part of the British empire should, and would, produce its own set of indigenous goods, depending on the natural resources with which it was endowed.

Under this pattern of trade, Britain would be able to continue providing manufacturing goods, mainly woolen items. Scotland and Ireland would supply mainly linen and fisheries, and the transatlantic colonies would supply their produce and other materials.

Thus, the component parts of the British empire would trade their naturally blessed goods for the benefit of all British subjects. England was positioned at the center of this grand circular design, as he clearly proclaimed:

Bodies politic [whole British empire], like natural ones, are so far strong and potent, as all their limbs are firmly knit and well united, and equally fed and nourished. . . / It [Britain] is an island placed as a center to the circular globe, towards which, commerce may draw a line from the whole circumference. (Postlethwayt [1757b] 1968, 182, 287)

In this worldwide economic circulation, African trade was especially valued for procuring Negroes, whose labor was conducive to increasing produce and growth in British plantations. He argued in the same vein as Defoe:

If we have no Negroes, we can have no Sugars, Tobaccoes, Rice, Rum, &c. nor further Improvements in Plantation Commodities; consequently, the Publick Revenue, arising from the Importation of Plantation-Produce, must be annihilated: And will not this turn many hundred Thousands of British manufactures a Begging, as well as Numbers of our Public Creditors, whose Securities depend upon the Appropriation of those very Revenues, if our African and American Trades are undone?

(Postlethwayt 1745, 34)

Postlethwayt also proposed marching deep into the African continent to extract its abundant natural resources. “Have we not all reason to believe, that Africa will admit of a very extensive and lucrative commerce, if we can prop-
agate the same into the very heart and center of these extensive territories? We know little of the infinite variety of vegetable, minerals, and animal production” (Postlethwayt [1757b] 1968, vol. II, 215). Moreover, Africa occupied a strategic geopolitical location: “It stands, as it were, in the center between the other three [Europe, Asia and America], and has thereby a much nearer communication with Europe, Asia, and America, than any other quarter has with the rest.” Further, “as the natives in general stand in great need of European commodities, so they have the most valuable returns to make for them” (ibid., 261, 263). Having thus described the continent, he concluded that “in short, Africa, though a full quarter of the globe, stored with an inexhaustible treasure” (ibid., 267).

The above-mentioned arguments lead us to C. R. Fay’s evaluation that Postlethwayt was one of the representative “mercantilists hardening into manufacturers’ imperialism” (Fay 1934, 3). This review certainly hits the mark on Postlethwayt’s work in the sense of his stress on manufacturing.

IV The Colonial Empire and “Free Trade” — Decker and Tucker

Postlethwayt sometimes borrowed entire sentences from An Essay on the Causes of the Decline of the Foreign Trade, which was most probably written by Sir Matthew Decker,12 a governor of the East India Company; Postlethwayt also approved of Decker’s calculation that about 31 percent of the entire expense of the English people was spent on taxes.13 This dependence on Decker indicated that Postlethwayt shared his opinion on the British economic decline with Decker. However, they raised a contrasting solution to extricate Britain from this plight.

Decker diagnosed the prevailing economic situation as a distress in which “We are going headlong to Destruction” (Decker [1750] 1966, 143) and attributed this decline to four causes: unequal and oppressive taxes, monopolies, ill-judged laws, and significant national debt (ibid., 16). All these causes combined to raise prices and drove the British economy into difficulties. Of all the possible causes, Decker criticized, in particular, the Navigation Acts, offering monopolies in trade, as an obstacle to the development of the British colonies and the revitalization of the British economy. Decker focused

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12 The last three paragraphs (p. 185) of “Letter XII” of Postlethwayt’s Great Britain’s True System ([1757a] 1967) were copied entire from the first paragraph in the preface of Decker’s An Essay on the Causes of the Decline of the Foreign Trade ([1750] 1966).

13 Postlethwayt [1757a] 1967, 310–12; Decker [1750] 1966, 3–4.
his arguments on not only establishing a “free trade port” and making Britain “the chief carriers of Europe” with the abolition of the Navigation Acts (ibid., 94–95), but also restraining North American colonies from setting up their own manufacturing. He seemed intent to confine the colonial industry to the production of agricultural produce by abolishing the Navigation Acts.

Decker proposed a way “to encourage our Plantations in raising Growths, by permitting their Exportation directly to any part of Europe”; if colonists in America implemented this proposal, “they might be made ten times more advantageous to us than they now are, by consuming most of our Manufactures, and turning the general Balance of Trade with Europe greatly in favour of their Mother Country, and be fixed on a Basis that will prevent their manufacturing or rebelling for Ages to come” (ibid., 176).

Although both Postlethwayt and Decker recognized Britain’s economic predicament, their views differed considerably over how to utilize the American colonies to prevent the British economy from withering. Whereas Postlethwayt argued for sustaining the relations between the mother country and colonies under strict regulations, Decker contended that the abolition of the Navigation Acts would provide the colonies with the purchasing power to import British goods; this was because it would allow them to sell their produce freely to the extended European market, and thereby preserve the colonial market as an outlet for British goods. Therefore, Decker’s proposal to abolish the Navigation Acts aimed at maintaining close ties between the North American colonies and the British empire without admitting the fact of their separation from the mother country. This idea differed distinctly from Josiah Tucker’s proposition of “a total separation” of the American colonies. Now that the abovementioned proposal of Decker was written before the Seven Years’ War, he could still retain an optimistic view of the movement toward American independence.

Tucker, the Dean of Gloucester as well as a writer on sociopolitical and economic topics, observed that Britain would not be able to maintain a friendly relationship with the colonies of North America unless the separation between them was accepted. He believed that the acceptance of North America’s independence would induce favorable feelings toward Britain among the colonists; consequently, they would not attempt to set up their own manufacturing, thereby jeopardizing the benefits they received from the British.

Tucker was convinced of the dominant position of British manufacturing. England was outstanding in “the principal Manufactures,” such as wool, metal, silk, linen, and cotton. According to him, “Few Countries are equal, perhaps none excel the English in the Numbers and Contrivance of their Machines to
abridge Labour” (Tucker [1758] 1993, 29, 31). Nevertheless, even Tucker could not deny the fact that “every Country in Europe now . . . [is] actually raising all Sorts of Manufactures of their own, and have laid new Duties upon ours” (Tucker [1753] 1993, vol. I, 147). So, he was obliged to admit that “All the Powers in Europe are now endeavouring to extend their Commerce; And if Great Britain cannot, or will not extend hers in Proportion, she will be no longer able to preserve that Rank and Figure she has hitherto maintained”; thus, he concluded that “it is become more expedient than ever, to seek out as many new Markets as we can” (Tucker [1755a] 1993, vol. I, 3).

Tucker’s main concern was based on his apprehension that the North American colonies had already taken steps to set up their own manufacturing that would obviate the need for British goods. In 1753, he wrote that “in many of these Colonies several Manufactures are set up, and more intended to be erected, which will greatly interfere with the Trade of England. And we must expect that this Evil will not decrease, but increase by Time, unless an effectual Method can speedily be put in Practice, to divert the Thoughts of our American Colonies from these Pursuits, to some others, equally serviceable to them, and less detrimental to us “(Tucker [1753] 1993, vol. I, 45–46). From these discussions, he drew the conclusion that “due Encouragement should be given to our Colonies, to apply their Thoughts towards the raising of such Commodities, as do not interfere with those of the Mother Country” (ibid., 97).

The problem was how Great Britain could persuade its colonies to abandon their own scheme to establish manufacturing industry. For this persuasion to work, Tucker used the concept of mutual benefits, which was designed to reflect his observation that it would be highly injurious for the British colonies to begin their own manufacturing because of an inadequate possession of natural endowments. Tucker contended that:

A mutual Benefit is a MUTUAL DEPENDENCE. And this Principle alone will contribute more to the preserving of the Dependency of our Colonies upon their Mother Country. . . . Let us not drive them to a Necessity to feel themselves independent of us: / . . . That the Trade to our Colonies and Plantations must appear to be of the utmost Consequence to the Power, Strength, and Prosperity of Great Britain. But to effectuate this good End, an important Question comes next to be decided; viz. What Produce should our Colonies be most encouraged to raise and cultivate? And what Sort of Manufactures shall they be allowed to barter in Return for ours? (Tucker [1753] 1993, 95–96)
Assuming that this was the case, what sort of products did Tucker expect the American colonies to specialize in? Keeping American nature in mind, he insisted, in a tract published in 1763 (included in his Four Tracts, 1774), that "In the natural World, our bountiful Creator hath formed different Soils, and appointed different Climates; whereby the Inhabitants of different Countries may supply each other with their respective Fruits and Products; so that by exciting a reciprocal Industry, they may carry on an Intercourse mutually beneficial, and universal benevolent" (Tucker [1774] 1993, vol. II, 67).

Tucker retained his idea of encouraging agricultural products and restraining the emergence of manufacturing in America, even after his declaration of a total separation of the colonies from Britain. In 1776, he expressed optimism for Britain's prospects due to the difficulties preventing the rise of American manufacturing: "In regard to the Capability of America to rival Great-Britain in the Cheapness and Goodness of Manufactures (which are the main Points to be attended to) be it observed, that America naturally labours under many capital Defects respecting Manufactures" (Tucker [1776] 1993, vol. V, 42).

As can be inferred from this sentence, the financial relation of capital and credit between Britain and the colonies was apparently a serious issue. In fact, when B. Semmel portrayed Tucker as a predecessor of "free trade imperialism" (Semmel 1970, 19–24), he was clearly highlighting the financial ties between Britain and the colonies. Though Semmel's characterization is appropriate, what Tucker actually emphasized seems to be the fact that the colonies could not cut off ties with Britain when it came to the real economy, and that trade relations were more important in this regard than financial relations. He seemed to pay more attention to the real import and export relations in his so-called free trade system, wherein the colonies were expected to be subordinate to Britain's manufacturing interest. So, the structure of Tucker's free trade imperialism depended on the international division of labor between agricultural and manufacturing countries, led by the latter group. In fact, Tucker raised the following question:

Can the Colonists, in a general Way, trade with any other European State to greater Advantage than they can with Great-Britain? If they can, they certainly will; but if they cannot, we shall still retain their Custom, notwithstanding we have parted with every Claim of Authority and Jurisdiction over them. Now, the native Commodities and Merchandize of North-America, which are most saleable at a European Markets, are chiefly Lumber, Ships, Iron, Train-Oil, Flax-Seed, Skins, Furs, Pitch, Tar, Turpentine, Pearl-Ashes, Indigo, Tobacco, and Rice. And I do aver, that,
excepting Rice and Tobacco, there is hardly one of these Articles, for which an American could get so good a Price anywhere else, as he can in Great-Britain and Ireland.  (Tucker [1774] 1993, vol. II, 196–97)

As for imports, Tucker asserted that “the Colonies could not purchase such Goods [any goods and manufactures British merchants can deal with in European merkets] at a cheaper Rate at any other European Market. Now, let anyone cast his Eye over the Bills of Exports from London, Bristol, Liverpool, Hull, Glasgow, &c. &c. and then he will soon discover that excepting Gold and Silver Lace, Wines and Brandies, some Sorts of Silks and Linens, and perhaps a little Paper and Gun-powder; I say, excepting these few Articles, Great-Britain is become a Kind of a general Mart for most other Commodities” (Tucker [1774] 1993, vol. II, 198–99). Thus, according to Tucker, the colonies would not be able to separate themselves economically from Britain.

Opponents of the separation argued that such an event would deal a serious blow to British trade. In contrast, Tucker found it much more probable that North American trade would increase drastically—rather than diminish—if all parties in the colonies were left at full liberty to do as they please. “Because it is Freedom, and not Confinement, or Monopoly, which encreases Trade” (Tucker [1755b] 1993, vol. V, 61). Tucker, a staunch separatist regarding America but a firm unionist with respect to Ireland, believed that even if America became independent, it would never leave the British circulation of trade; this is because its natural resources would necessarily drive the new nation to specialize in agriculture or similar materials, without any external enforcement, for its own benefit. The separation would, instead, lead to a more appropriate allocation of economic resources in accordance with Providence, and Britain, as long as it retained a policy of free trade, would undoubtedly retain its industrial supremacy in its American trade, as well as that with the rest of the world.

V Concluding Remarks

Most of the 18th century mercantilists contended that Britain ought to expand her trade to the colonies and dependencies. They focused their thoughts on the construction and development of the British colonial empire, particularly the Atlantic colonies, through mercantile regulatory measures (represented in Defoe and Postlethwayt) or premature free trade ones (Decker and Tucker); the aim was to expand British markets and increase the level of employment of British subjects.

In the liberal stage of capitalism, this expansion to colonies and depend-
encies was referred to rather negatively as the “old colonial system.” However, the pioneering study of Gallagher and Robinson (1953)\textsuperscript{14} marked a turning point, and the concept of “imperialism of free trade” has come to be widely accepted. In the history of economic thought, D. Winch (1965) “attempts to trace the development of the classical attitude to colonies in its shift from scepticism to enthusiasm and to explain the apparent volte-face.”\textsuperscript{15} He elucidated the influence of the idea of colonial reform (“systematic colonization”) of E. G. Wakefield on Benthamite economists (most of them belonged to the classical school of political economy) after the 1830s. Wakefield claimed to expand the “field of employment” for abundant capital and labor in Britain to colonies against the background of economic and social difficulties (Wakefield [1834] 1967, 242, 253).

Hereafter, mercantilist economic thought regarding the markets of colonies and dependencies seemed to come to a focal point intermittently; however, persistently once Britain faced with economic hardship. J. F. Hutton, the president (1884–85) of the Manchester Chamber of Commerce, in the midst of the controversy over the imperial preferential tariff, addressed the Annual General Meeting of the Members of the Chamber, held on Feb. 2nd 1885 as follows: “Our old markets might be shut against us, but there were yet immense tracts of country to which our productions might be sent, and certainly there were many naked people in the world who would be all the better for being clothed” (Manchester Chamber of Commerce 1885, 37).

Greater correspondence with the mercantilist view of empire could be found in Chamberlain’s tariff reform campaign in the early 20th century. Chamberlain’s empire was constructed fundamentally upon the idea of a division of industries between agricultural colonies and the industrial mother country.\textsuperscript{16} His academic supporters, the so-called neo-mercantilists—W. A. Cunningham, W. A. S. Hewins, W. J. Ashley and others——, also advocated an intra-imperial self-sufficiency based on the division of manufacturing and agriculture between the mother country and her colonies.\textsuperscript{17}

\textsuperscript{14} They clarified that “The mid-Victorian period now appears as an era of large-scale expansion, the late-Victorian age does not seem to introduce any significant novelty in the process of Expansion.” (Gallagher and Robinson 1953, 15)
\textsuperscript{15} Winch 1965, 1.
\textsuperscript{16} In an address to an audience of thousands in October 1903 at Glasgow, Chamberlain said that “the Colonies, while protecting those industries which already existed, should not set up others which compete with British industries. . . . They will arrange for tariffs in the future in order not to start industries in competition with those which are already in existence in the Mother Country.” (Annual Register 1904, 207)
\textsuperscript{17} See Semmel (1960, 27–29), Koot (1987, esp. ch. 7).
As generally accepted now, mercantilism was an era marked by “nebulosity” of economic thought. One of the core elements of this nebulosity was an insatiable drive for expansion that created modern capitalism. Thus, mercantile ideas about capital accumulation, markets, employment, and economic circulation have exhibited tenacity and longevity.

(Jiro Kumagai: Professor Emeritus, Momoyama Gakuin University)

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