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# A CHAPTER IN ECONOMICS.

## BEGINNINGS OF ENGLAND'S FOREIGN TRADE.

In the fifth lecture of his course on "The economic history of England," at the Prince of Wales Theatre, Adelaide University, on Friday afternoon, Acting Professor Portus dealt in an interesting manner with the beginnings of England's foreign trade and the appearance of capital. There was a good attendance. During the 13th and 14th centuries, England, the lecturer said, was a self-sufficing country, and exported only her one surplus product, wool. In exchange she received mostly luxuries or goods for the upper classes from Europe and the East. This foreign trade was first conducted by foreigners in English markets, and a number of German traders, among others, established themselves in London. There were two important foreign monopolies, that lasted for a considerable period, the more important of them being the German Hanse, the greatest trading confederation in Northern Europe, from the 12th to the 16th century. It was a confederation of towns for the purpose of trade. If a trader wanted to obtain safety in the anarchy prevailing all round him he had to form with others an organisation which would be strong enough to protect his commerce. Therefore the Hanseatic League was formed in North Germany, between Hamburg and Lubeck. It became ultimately very prosperous, and had great political power. In London it got special privileges from Edward III., by paying for them. The organisation stood for good order, and was very strict in the matter of regular religious services. Nobody could join who was not a celibate. As it stood it was a great object lesson to mediæval kings of the organisation and the power of money. Nominally a trading company, it was actually more powerful than many of the feudal kingdoms in the same part of Europe.

### The Traders of Venice.

Another monopoly of the time was in regard to the Mediterranean trade, which was in the hands of Venetians, who brought spices, silks, carpets, jewels, amber, dates, and dried fruits to England, France, Belgium, Holland, and Germany, and in return took wool, wine, wheat, furs, iron, tin, and a great deal of timber from the Baltic. Only in combination by traders was foreign commerce possible, on account of the piracy that was rampant. Soon the English merchants began to question these monopolies, and even in the reign of Edward I. they began to carry their own wool across to sell it on the Continent. As more men took up this trade it became necessary for them to combine into an association, first, to obtain safe transport; and, secondly, to get established in settled places, to which their customers could flock. These English traders were called "merchants of the staple," staple meaning the fixed commodities—wool, hides, and tin—in which they traded. Gradually hides and tin were dropped, and staple came to mean wool. As the association represented national trade Edward III. sought to regulate it, and also considered that as the merchants were making money they should pay taxes in regard to the trade. He fixed the staple at Bruges, but the burghers there formed a local "ring," and it had to be taken away. Edward then fixed ten staple towns in England, but his action had the unfortunate effect of putting all the carrying trade into the hands of foreigners; so finally he transferred the staple to Calais, then an English town, where it remained until nearly the end of the 16th century.

### Old Time Monopolies.

The policy of the time was to get trade into one settled channel so as to protect it from pirates, and also to tax it. The monopoly was given in return for the taxes the merchants paid to the King. The word "monopoly" left a nasty taste in the mouth nowadays, but it was not likely that this particular one was hur-

den-some to anyone. After all a monopoly only became burdensome when there were people outside it who wanted to get in and could not. This organisation of early English traders was not a company in the modern sense at all. Each merchant paid a subscription, and with this money the conveniences for trading were bought; but apart from that the trading was done by the individual. If he was a good trader he made money for himself, and if a bad one he lost. They did not come into great competition with the Hanse traders on account of confining their attention to a particular territory. Soon, with further development in the wool industry, England started to manufacture more cloth than she could comfortably consume, and began a foreign trade in it quite distinct from that in wool, and the formation of the Merchant Adventurers in 1401, under Henry IV., marked an important epoch in English trade. They went to Bruges, but competition from the local cloth makers drove them to Antwerp. The German merchants in London had lent money to the Yorkist Kings to support their cause in the Wars of the Roses, and it was not easy to turn them out; but with the advent of the Tudors came the beginnings of national policy, and in the 16th century the Venetian and German monopolies were abolished. The year 1551 marked the departure of the last foreign monopoly in London that had existed at the expense of English trade.

#### Advent of Capital.

Foreign trade brought into England quite a new factor in economics—that of capital. So far, in speaking of production, they had had to consider production from land and labor. Modern production was much more complex. To land and labor had to be added skill and capital. If they took those four things which went to make up production they found there was rent to be considered in connection with land. Interest was the rent on capital, wages the rent on labor, and profits the rent on skill. Skill so far had not been much of a factor in agricultural production, as everything had been done by custom and there had been a dead level. A small trace of skill could be found in the towns, but until that time there was no trace of capital, which meant wealth that was mobile enough to be used. The merchant adventurers must have had capital, and he thought it came largely from the results of home trade, which enabled them to embark in foreign trade for the purpose of increasing it, and then to embark again. By the middle of the 14th century some of the guilds, or trading concerns, in London had become very prosperous, the chief of them being the mercers, grocers, drapers, fish-mongers, goldsmiths, skippers, merchant tailors, haberdashers, salters, ironmongers, vintners, and clothmakers. There was now sufficient capital for the English to use in foreign trade, and they began to sell wool and cloth on the Continent.

#### Founding the Empire.

From that time onward there existed the great motive for the expansion of England—the desire to invest abroad the capital for which there was not sufficient attraction at home. Great Britain had always seemed able to lay her hands on prodigious quantities of money to be invested at a comparatively low rate of interest. At first the trading proper was done by each merchant independently, but eventually they decided to pool their capital, and that was the beginning of joint stock companies, although they were for a long time tied to the old idea of a single voyage, and disbanding at its conclusion, subscribing fresh capital for each voyage. In time men learned how inconvenient it was to keep the accounts of each voyage separate, and as more trading routes were developed the modern idea of permanent joint stock companies germinated. In 1612 the East India Company took goods to Surat for the first time, and merchants began to put capital in the hands of directors for a term of years. That went on until 1660, and then the capital was not given back, but once subscribed belonged to the directors for ever, and if the individual wanted a return of his money he had to sell his shares. The old form of regulated companies could never have founded the Empire, but the East India Company, which was the first joint stock concern, did so.

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#### LONDON AND THE WAR.

Professor Henderson, of the Adelaide University, was in the north of England when war was declared. His researches were abruptly terminated, but on reaching London he found the city very quiet. This is how he described the situation to a representative of "The Advertiser":—"Business was almost normal. There was, of course, a feeling of apprehension as to what would happen in the early stages of the conflict, but so far as outward appearances were concerned, when driven down on the bus from Kensington to the Bank of England, one could hardly detect anything beyond the normal in the work of city life. There were, of course, some days when anything might have happened just about the time of the outbreak of war. I mean in regard to the financial conditions of the country; but it was extraordinary to notice with what rapidity the Government got to work, and how many questions of supreme interest were settled in two or three days, and settled satisfactorily. There is no doubt in the minds of the British people as to what the result of the war will be. They are relying mainly upon their fleet for the protection of England itself. I do not suppose if you travel from one end of the country to the other that you will find a man who is in favor of a small fleet for Great Britain. Everything that is happening on the sea is watched with intense interest. The raid into Heligoland Bay occurred before we left London. That was, of course, very reassuring, not only because of the raid, but because it proved by the daring and enterprising spirit in which it was undertaken that the traditions of the heroic school of British naval warfare were still being upheld. It was an exploit full of danger, and carried out with complete success. It was the kind of thing that you might expect from the men of the past, like Drake, Blake, Hawke, and Horatio Nelson."

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#### SHAKESPEARE THE MAN

#### PROFESSOR HENDERSON'S THEORIES

#### IRELAND AND HOME RULE.

After an interesting trip abroad, Professor Henderson has returned to Adelaide ready and eager to resume his duties at the University. Nine months ago he left here to do some work at Stratford-on-Avon—Shakespeare's birth-place—and to also enquire into the preservation of archives to guide the University authorities as to the best way to store its documents. He intended to go to Italy, but in consequence of the war he had to forego this visit, returning by the Osterley, which arrived at the Outer Harbor on Saturday.

Interviewed on board the mailboat by a representative of "The Daily Herald," the professor stated that he was at Bambergh, in the North of England, studying with his tutor (Mr. A. L. Smith) when the war broke out. "After that," he said, "I crossed to the North of Ireland to ascertain something about the Home Rule difficulty. Subsequently I returned to London, but as there seemed to be very little hope of continuing my work I decided to return to Adelaide." Referring to his Shakespeare studies he said he had been working on "Shakespeare, the Man," both in Stratford-on-Avon and Southwark, in London.