Paradigm and praxis: seventeenth-century mercantilism and the age of liberalism

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A Dissertation

Entitled

Paradigm and Praxis: Seventeenth-Century Mercantilism and the Age of Liberalism

By

Jeffery L. Irvin, Jr.

Submitted as partial fulfillment of the requirements for
the Doctor of Philosophy in History

Dr. Glenn J. Ames, Advisor

College of Graduate Studies

The University of Toledo

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An Abstract of

Paradigm and Praxis: Seventeenth-Century Mercantilism and the Age of Liberalism

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At the end of the seventeenth century Western Europe, and perhaps the whole world, had experienced a ‘general crisis’ within the economy. It is the purpose of this dissertation to analyze the responses of England and Portugal with respect to these changes. Within the conceptual framework of the world-capitalist system, which arguably began in the sixteenth century with European expansion, we can see that not all were able to respond effectively to the changes that were taking place. While Portugal had dominated for nearly a century the trade between Asia and Europe that position of dominance was quickly eroded as a result of Spanish domination from 1580 through 1640, the virtual destruction of its navy, and most importantly—as this dissertation will argue—the continued adherence to a socio-political and intellectual perspective that would not meet the challenges of the seventeenth and eighteenth centuries. England, on
the other hand, would develop a thoroughly secular perspective of the world which was made possible by the full acceptance of humanist scholarship, the break with the Roman Catholic Church, the alternative to canon law in the form of common law, and the development of a premier naval force that would allow them to dominate trade around the world. Had Portugal been able to break free from the seigneurial system of land tenure and the stilted intellectual tradition of scholasticism they might have had a chance to participate fully in the capitalist economic development of the world. However, Portugal’s ability to do so was limited not only by their socio-political and intellectual milieu but also by the constraints of geography, culture, and international politics. It is for this reason that this work argues that the structural impediments to change in Portugal were simply too overwhelming for them to seriously contemplate participation in the world-capitalist system; and, that even had they been able to eliminate these domestic impediments they would still have been faced with a whole host of international problems that would have diminished their capacity to respond to the changes brought about by the rise of the world-capitalist system.
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The list of people I have to thank for helping me along in this process is simply too long to list here. So, I will have to limit myself to listing specifically those who have directly contributed to this project, and remain content to acknowledge the general support of family, friends, and my colleagues.

I would first like to thank Dr. Glenn J. Ames. He has gone above and beyond the call of duty by allowing me to invade his house when most visitors should know that they have taken on the odor of three-day old fish. He has been an ever-present source of encouragement and feedback—even when we disagreed. Most importantly, Dr. Ames was able to help me focus my naturally diffuse and eclectic intellectual interests so that I could produce something approximating a monograph. Because of my evening invasions of Dr. Ames’ home, I would also like to thank Beth, Ethan, and Miranda for putting up with these invasions.

Reading the work of another, especially when the subject is not particularly stimulating, is difficult. For this reason I would also like to thank Dr. Richard E. Boyer, Dr. David Black, and Dr. Michael Jakobson. Their willingness to put themselves out on my behalf is greatly appreciated; and, I only hope that I can repay them by “paying it forward” once I have a job. Thank you all.
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I would like to thank my family, friends, and colleagues who all contributed in some respect to the completion of this project and my degree. This may have been done by simply encouraging me to complete my work when I saw no light at the end of the tunnel. For the hundreds of dinners, conversations, games of trivial pursuit, and beers, I thank you all.

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Introduction

This dissertation highlights the differences between England and Portugal at the end of the seventeenth century and why those differences yielded different results when attempts were made by each government to introduce mercantile and manufacturing policies at the national level. The English and the Portuguese shared much in common: a centralized government, a national consciousness, and a history as an ocean-going nation of trade. However, the differences between the two help to explain better why Portugal never had a chance of implementing a full-blown mercantilist program of trade and manufacturing. I will argue that there were too many structural impediments to implementing such a program, and that those who pushed for more manufacturing, or import prohibitions, were not necessarily mercantilists of the English type.

Some have suggested that a lack of capital, the exclusion of New Christians, or the Church’s overbearing operation in Portuguese society explains why they did not break out of their feudal and static socio-economic system. I believe this is true; but, it does not explain everything. In addition to all the impediments listed above we must include the intellectual isolation of Portugal which, because it did not experience the Enlightenment, was left with a scholastic view of its economy. The scholastics, although they fully developed many of the economic concepts that we take for granted today, could not separate their economic theories from their conception of the just society, a
society in which most were protected by the Church from the soul-corrupting influence of materialism. It was not that the scholastics could not support manufacturing, trade, or import/export prohibitions; they simply did not see the need to go beyond the immediate needs of this life. Luxury or power was not something the scholastics would have encouraged; they would have instead preached a message of self-abnegation and obedience to the Church. It is for this reason that I believe the greatest difference between Portugal and England was their religious and intellectual history, although they were different in many other ways as well.

Portugal and England had both fought for independence. Portugal fought against the Spanish monarchy, which had ruled over Portugal for sixty years from 1580 to 1640. England sought to overthrow the arbitrary rule of Charles I. This was one thing the Portuguese and the English had in common: they had both just finished a war that left them more free, independent, and nationalistic. In addition they shared two other similarities at the end of the seventeenth century: they had a long history of centralized government and they had both always been trading nations. Portugal had established a strong centralized monarchy under the house of Aviz in the fourteenth century, a century after the completion of the Reconquista. England had established a strong centralized government under the Norman rule of William III and subsequent kings. As for trade, England began trading early with other countries, for example, they sent raw wool to

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1 In chapter one I quote Pope Gregory the Great who once said that no one should strive to procure anything beyond what they need right now. This parsimonious view of life is related to the notion that each day brings the Christian one day closer to when the Lord returns and that man should endeavor to build riches in heaven rather than upon this earth. As Jesus asked, “For what is a man profited, if he shall gain the whole world, and lose his own soul? or what shall a man give in exchange for his soul?” Matthew 16:26
Flanders as early as the eleventh century. Portugal had also been involved in trade early on, and began trading extensively with England after a ‘perpetual alliance’ between the two nations was signed in 1386. Of course, Portugal would become a premier trading country with its discovery of the Atlantic islands, the west coast of Africa, and the route to Asia.

Yet, by the end of the seventeenth century the fortunes of Portugal and England could not have been more different. What explains this disparity? Could it be that centralized government, a well-developed national consciousness, and a history of ocean-going trade was not enough to make one a mercantilist nation, especially one in which manufactures played a significant role? Rather than focusing on the similarities we must look at the differences between Portugal and England, particularly those that developed in the sixteenth and seventeenth centuries in order to explain why Portugal could not achieve what even the tiny nation of the Dutch was able to achieve.

By the end of the seventeenth century England had an estimated population of 5 million people while Portugal had no more than 1.5 million people. The naval power of the Portuguese which had formerly carried tons of spices from Asia and defended its monopoly of the carrying trade was a shadow of its former self. The English by contrast were establishing themselves as the premier naval power in Europe, and of the world. England had established itself as a manufacturing nation before the Hundred Years’ War; and, necessity had forced them to step up production during the conflict. By the end of the seventeenth century England was exporting finished goods throughout the world.

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Portugal by contrast had very little domestic manufacturing.\(^3\) From the fourteenth through the sixteenth centuries while the Portuguese strengthened their feudal structures the English began to modify their feudal structures to accommodate the growing desire for a society based on a ‘cash nexus’ rather than the nexus of feudal and social obligation.\(^4\)

In addition to all the differences enumerated in the last paragraph there is also the English break with Catholicism in the first half of the sixteenth century. This is important because the Catholic Church was able to enforce its beliefs through the ecclesiastical courts and the confessional when they were stronger.\(^5\) Portugal never broke with the Church. It also allowed the Church to have further control of Portuguese society through the establishment of the Inquisition, the institution of the Padroado Real in the colonies, and Portugal’s continued use of canon and Roman law. England also had a tradition of using common law when it came to many secular offenses. The establishment of the Curia Regis in England was the first step toward the centralization of legal practices based on common rather than canon law. This would be one of the major distinguishing characteristics of English government after its break with the Roman Church.\(^6\)

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\(^3\) One could argue that the sugar industry was a form of manufacturing, but this labor and capital intensive industry did not require a great deal of know-how; and, it was quickly challenged by the English in the sixteenth and seventeenth century.

\(^4\) We will discuss with more detail in chapter two the appearance of what has been called “bastard feudalism”. The displacement of military and work obligations by the ‘cash nexus’ frees up the population to engage in the pursuit of their own economic interests. The introduction of the ‘cash nexus’ also encourages freeing capital from the land in the form of borrowing against it to invest in things that might provide a greater return, or to maintain a lifestyle that cannot be paid for through rents alone.


\(^6\) The alternative to scholastic views of justice was being established in England prior to the Tudor era. Sir John Fortescue was already laying to foundation for an alternative in his argument that the public good was more important that any private interest. *On the Laws and Governance of England*, ed. Shelley Lockwood (Cambridge: Cambridge University Press, 1997), xvii.
How, then, do we explain the disparity between Portugal and England at the end of the seventeenth century, especially when it comes to the implementation of mercantilist policies and manufacturing? There were, of course, obvious differences in climate, geography, and demography; but, these things cannot fully explain the differences between Portugal and England. If this were the case, then Holland also would have been economically inferior to England, which it was not. The distinctions had to be cultural, political, and religious, and on an order of magnitude exceeding that of other largely feudal and Catholic countries like France. In other words, the answer to this question lies within the structural makeup of the Portuguese and English societies, structures created over centuries by the different historical paths that each country took.

In his book *Economy and Society in Baroque Portugal*, Carl Hanson argues that at the end of the seventeenth century a sufficient number of “propertyless wage laborers” or “capitalists” did not exist in Portugal and had they existed it would have been possible to make the “transition from feudal to capitalist modes of production.” However, this seems to me for two reasons to be putting the cart before the horse: one, feudalism, in its purest form, is a political system not an economic system; and, two, great numbers of free-laborers or excess capital could have been created under systems as structurally entrenched as were Portuguese seigneurialism, feudalism, and Catholicism. Hanson is only half right. He gets it right when he says that it was these structural systems that prevented the adoption of the capitalist mode of production; but, he is wrong in believing

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7 Carl Hanson, *Economy and Society in Baroque Portugal* (Minneapolis: University of Minnesota Press, 1981), 276.

8 The difference between seigneurialism and feudalism is that the former does not require military service in return for a gift of land and the gift of land that is given is largely an administrative gift, allowing the donee to have plenipotentiary powers, the right to tax, and the right to distribute the land under administration. I will go into detail about this in chapter five when I discuss Portuguese political and imperial development.
that more capital or a larger pool of free labor could have changed things. It would have required structural political changes at the top to free Portuguese society from its static socio-economic system. However, these changes never had to be made because Portugal was never forced to make them by any external or internal force. Their history allowed them to continue on a trajectory set during the Reconquista of Portugal from the eleventh through the thirteenth century. There was a short span of time in the fourteenth and fifteenth century when it looked like the Portuguese Crown might make common cause with the urban, commercial classes; but, the Portuguese overseas entrepreneurialism of the fifteenth and early sixteenth century was soon calcified by the seigneurial structures of Portuguese society that had been exported to its colonies.

What may have been the most significant structural impediment to Portuguese economic development was the prevailing anti-intellectual mindset of the Portuguese people. It was not that the Portuguese were more religious than the English; but, they were religious in a different way. Some might argue that Catholicism was the chief impediment to greater intellectual growth; but, this cannot be born out when we consider the magnificent contributions to art, literature, and thought being produced by the Italians and the French. It was the type of Catholicism practiced by the Portuguese people that

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9 There is also another problem with Hanson’s argument. The idea that capitalism and free labor are inextricably entwined seems difficult to argue due to the existence of Chinese state capitalism and its politically repressive regime, or the existence of capitalist structures in the slaveholding south during the antebellum years of United States history. Capitalism, defined as the rational investment of surplus wealth to produce more of the same, should be distinguished from the market. As Fernand Braudel has argued, the market is a chaotic system of trade in which we achieve the greatest correlation between demand and supply based on price. Capitalism is the attempt to control that volatility, to make it more rational, more predictable. Braudel writes, “Capitalism does not invent hierarchies, any more than it invented the market, or production, or consumption; it merely uses them. In the long procession of history, capitalism is the latecomer. It arrives when everything is ready (emphasis mine).” *Afterthoughts on Material Civilization and Capitalism* (Baltimore: Johns Hopkins University Press, 1977), 75.
differed so dramatically from other Catholic, and Protestant, countries. The Catholicism practiced in Portugal, for lack of a better word, was *purser*.

It would not have been possible for this *pure* Catholicism to develop were it not for the history of Portugal’s struggle against Islam, their retention of a largely feudal system of government, and the perennial economic subsistence and ignorance in which nearly 90% of the Portuguese people were kept. It was the socio-political structures of Portugal that allowed it to continue along the path of least resistance when it came to the intellectual challenges of the early modern era. While the University of Coimbra was churning out clergymen schooled in the neo-scholasticism of the Salamanca School, the rest of the population was kept ignorant of the changes taking place throughout Europe, or they were kept in fear of what little they had heard about those changes. The Church remained a potent political force in Portugal as the rest of the world shook off, in part or *in toto*, the ethical and intellectual restraints that scholasticism had placed on them through the Church. By the beginning of the sixteenth century scholasticism was losing its intellectual sheen in England, and by the beginning of the seventeenth century there is evidence it had disappeared almost completely. By the end of the seventeenth century in England humanism and the Enlightenment had replaced the philosophical quibbling of the Middle Ages.

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10 My argument is that the Church insulated Portuguese society from the intellectual changes that were occurring in Europe at the time. As I mention below Portugal was at the “intellectual periphery” of Europe, so humanism and the Enlightenment could not serve as a destabilizing influence in Portuguese society. I find it difficult to see how the nobility could not have done this without the complicity of the Church which dominated the educational institutions of Portugal.

11 Since scholasticism was closely associated with the Roman Church it is not surprising that when England broke from the Roman religion that they would break from anything that was associated with it as well. This was made easier by the fact that England had its own Common Law code which did not depend on the canon or Roman law. England could dispense with Roman legal tradition because they had their own. As for intellectual pursuits, England began to adopt very early the humanist curriculum at their universities. Clayton Roberts and David Roberts, *A History of England: Prehistory to 1714* (Englewood Cliffs, NJ: Prentice-Hall, Inc., 233.
Seventeenth-century mercantilist writers in England exemplify how far some in west European society had moved from the social, political and economic thought that had dominated the late medieval period. During the sixteenth century there was a seismic shift in the intellectual life of western Europeans. Intellectuals began to move toward a more secular paradigm.\footnote{Thomas S. Kuhn talks about the “paradigm shift” in scientific thought. \textit{The Structure of Scientific Revolutions} (Chicago: The University of Chicago Press, 1970), 150. This occurs when a sufficient amount of dissonance has been created by anomalies in an existing paradigm. What Kuhn applies to scientific thought can be applied to other intellectual studies as well. The anomaly in scholastic thought was the inability to reconcile their ethical system with the usefulness of lending-at-interest (usury) and with their belief that most of society should live in a state of economic subsistence in order to protect the individual’s soul from materialism.} Prior to this western European society had been dominated by religious myth\footnote{Lucien Febvre’s fantastic book \textit{The Problem of Unbelief in the Sixteenth Century: The Religion of Rabelais} (1942) shows us just how much religious belief and the occult permeated west European life.} and a deductive logic resting on a myriad of \textit{a priori} assumptions. It was not until the seventeenth century, however, that we see the full evidence of this transition. For, it was during this time that some in western European society began to divorce themselves from the ethical, social, and political dominance of the Church; and, by extension freed their selves from scholasticism. Furthermore, it was the breakdown of scholasticism from the fourteenth through sixteenth centuries, under the onslaught of the Renaissance and the Protestant Reformation, which created the intellectual atmosphere in which seventeenth-century empiricism and mercantilism could thrive. The breakdown of scholasticism did not, however, occur in Portugal because the Church maintained control over education.\footnote{A. H. de Oliveira Marques says that the Portuguese “university” of the fifteenth century was little more than a public high school providing basic skills. In order to seek degrees of greater standing the Portuguese had to travel outside the country. Most grammar school education was provided by episcopal and monastic schools. \textit{Daily Life in Portugal in the Late Middle Ages}, trans. S. S. Wyatt (Madison: The University of Wisconsin Press, 1971), 232-33.}
The virtual destruction of English feudalism from the late thirteenth through the fifteenth century, along with the political weakening of the Church and the Holy Roman Empire during their centuries of conflict, created the conditions under which mercantilist thought could grow and under which mercantilist policies could be implemented in England and elsewhere.\(^\text{15}\) Both the Church and the Empire were vestiges of a medieval fusion of Christian eschatology and Roman exceptionalism whose time had passed. Western Europeans were now looking for their identity in the nascent nationalism that was developing within the increasingly solidified borders that were developing around ethnic and language groups. Christendom, once used as a term to distinguish Europeans from the other, was no longer being used with frequency.\(^\text{16}\) Most western Europeans by the seventeenth century would not only see themselves in secular terms as European but would also begin to go a step further and view themselves almost exclusively as English, French, or Portuguese.

Mercantilism, to the extent it was implemented within any specific region of Western Europe, was used as a means of increasing the economic power and prestige of these budding nations. This is why a study of mercantilism naturally entails a study of the relationship between it and the scholarship that sees kingship during this era as evolving into new monarchy or absolutism. Political history goes a long way toward explaining the

\(^{15}\) Raymond de Roover has argued that England is the only country that can truly be designated mercantilist while Germany should use the term “cameralism” and France “Colbertism”. “Scholastic Economics: Survival and Lasting Influence from the Sixteenth Century to Adam Smith,” *The Quarterly Journal of Economics* 69, no. 2 (May 1955): 180-181. De Roover omits the Iberian countries. Whether he did this consciously or not, I think he was correct to do so. Scholastics would most likely not have been able to support the extreme nationalism and monopolistic practices of mercantilism. Alberto Struzzi and Diego Jose Dormer would confirm this animosity toward mercantilism. Robert Sidney Smith, “Spanish Antimercantilism of the Seventeenth Century: Alberto Struzzi and Diego Jose Dormer,” *The Journal of Political Economy* 48, no. 3 (June 1941): 401-11.

varying success of the English and Portuguese Crowns when it came to the growth and implementation of mercantilist policy during the seventeenth century. Yet, if Pedro II been politically stronger, and more willing and able to take on the Church, could he have achieved more? Probably not since Portugal did not appear willing to give up its seigneurial and feudal system even when faced with what should have appeared to them as total economic decline in the late seventeenth century.

English mercantilist writers, even the few with a religious bent, began with a single premise, that the universe can be known through simple observation and contemplation, and without the benefit of divine revelation. In short, the empirical method dominated most mercantile thought. This is what allows us to group all of these men under the rubric of mercantilist. It is the various programs that they proposed that defines them. The myriad of programs with which they are associated can also be drawn together by their desire to achieve the same end, i.e., national economic prosperity. The solutions that the mercantilists proposed may have differed but they were all founded on the same general paradigm: a thoroughly secularized and empirical economic system that sublimated almost all social and ethical considerations to that goal.

The bulk of English mercantilist writers rejected the notion that the laborer should live in a state of mere subsistence. Some like Thomas Manley and Josiah Child even suggested—in anticipation of Adam Smith—that higher wages would lead to greater national prosperity. In these fundamental ways the English mercantilist writer distinguished himself from the average Church scholastic.\textsuperscript{17} English mercantilist thought in the seventeenth century represents the first attempt at establishing, in a relatively

\textsuperscript{17} For example, Alberto Struzzi suggested that children be put to work as apprentices below the prevailing rate and that they could supplement this meager income with begging. Smith, “Spanish Antimerchantilism of the Seventeenth Century,” 406.
systematic fashion, an economic paradigm that could compete against the ethically bound and philosophically closed thinking of the scholastics. It is not reaching too far to say that even if the average Portuguese citizen knew nothing of scholastic philosophy that they still lived and worked by its tenets because it was supported by the Church, and there was little difference between canon law and the laws by which the Portuguese lived.

This purpose of this work is to examine how effective England and Portugal were in implementing the new economic paradigm of mercantilism. England will be the template against which Portugal will be compared. Of these two countries, England was the most successful in its quest to implement mercantilist policies. It was no accident that England was the source of most mercantile literature produced during the seventeenth century. They had, after all, abandoned feudalism early in their history and they had embraced the intellectual revolutions of the sixteenth and seventeenth centuries. This does not mean that England did not experience resistance to these changes in its own society. There were plenty who would like to have gone back to the days when they had more political control and society was not so “turned upside down”; but, these people were too few and did not possess the political structures to keep things the way they were.18 The same could not be said of Portugal. According to David Birmingham, the povo, common people, of Portugal attempted to rebel against their Spanish overlords in 1637 and the Portuguese nobility stood with the Spaniards. The Portuguese nobility

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18 Although there were many changes in English society prior to the English Revolution (1640-1660) it was the struggle between the English Crown and Parliament that defined English history for the next several centuries. Not to sound too Whiggish in my interpretation, the English Revolution really was an axial event. It was the moment at which a decision was made to place the economic interests of the nation ahead of all other interests, except politics, which two became one and the same.
waited until 1640 to start their own rebellion, but they did not make common cause with the *povo*.

Pedro II would like to have implemented the proposals of a Thomas Mun or Josiah Child in Portugal but he could not. Portugal was limited in its ability to implement mercantilism, which by the end of the seventeenth century was synonymous with manufactures, because it lacked the socio-political structures necessary to do so. It also did not possess the intellectual will and would not allow everyone to participate in the economic activity of the country. Portugal limited its access to capital because of its religious persecution of the Jews and New Christians. These folks would have been willing to invest but they were frozen out of the legitimate economy, and out of society itself. There were very few who called for mercantilist policies in this nation of perhaps 1.5 million people. Duarte Ribeiro de Macedo appears to be a lone voice in Portugal’s economic wilderness, crying out for the implementation of mercantilist policies.

This dissertation consists of five chapters. The first three chapters will merely set the stage for the following two chapters. In chapter one I will survey the history of scholasticism, the papacy, and the Investiture Contest. My goal is to establish three facts: first, that scholasticism was a coherent philosophy based on Christian ethics, pagan philosophy, and Roman legal codes; second, that the Church enforced scholasticism’s view of economic justice through ecclesiastical courts and moral suasion on secular

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20 Macedo, whose work I will profile in chapter four, was not the lone voice for mercantilist policies. Antonio Vieira and Luis de Meneses also supported the development of manufacturing in Portugal. However, it is not clear whether Macedo was a full-fledged mercantilist since he believed that import prohibitions should only be used as temporary measures. The best way to reduce imports, he argued, was to make in Portugal what was being imported. Duarte Ribeiro de Macedo *On the Introduction of the Arts* (1675), first part, chapter two.
princes; and, third, that the Church’s ability to enforce its will or to persuade secular princes diminished as a direct result of its conflict with the Holy Roman Empire over investiture.

In chapter two I will provide a brief history of the development of feudalism and explain why this system of socio-political control diminished in some countries and was replaced by a more centralized system of government. Feudalism was not abandoned in its entirety, and it actually reasserted itself in some places. However, in Western Europe events worked toward undermining the feudal and manorial system, namely the rise of the free city, the resumption of trade with the Levant, and the introduction of coinage. These powerful commercial cities began to implement restrictions on trade and laws regarding manufactures. These cities also served as the template for future mercantilist legislation at the national level, which could only be accomplished with a highly centralized and effective monarchy, i.e., *absolutist government*.

In chapter three I will define seventeenth-century mercantilism. In short, I will argue that seventeenth-century mercantilism is less a litany of economic beliefs about bullion, balance of trade, or interest rates, and that it is more of a spirit. The spirit of mercantilism is embodied in several general principles: the primacy of economic activity in human life; the rejection of subsistence living, even for the worker; and, the general acceptance of the conviction that *with man all things are possible*. In these respects seventeenth-century English mercantilists broke completely away from scholasticism, which had a decidedly different view of economic activity and mankind.

In chapters four and five I will compare and contrast England and Portugal with the intention of explaining why England became a mercantilist and manufacturing
country while Portugal tried to maintain its trading empire without manufactures. In chapter four I will show how the English Crown increasingly abandoned feudalism, starting in the thirteenth century, and because of the need to develop a better system of financing its wars on the continent. England also had a long tradition of common law and elective kingship, a leftover from the Germanic invasions of the Anglo-Saxons and the establishment of the Witan. The necessity of financing his wars made the king subject to the growing oversight of Parliament, which became supreme in 1688. Even before 1688, though, the king was hemmed in by both English political traditions and Church views on the limits of secular power. The traditional diffusion of power in England, although it appeared at times centralized and absolute, was the key to creating a socio-political environment in which the market could flourish. The break with the Catholic Church in the early sixteenth century accelerated England’s intellectual divorce from scholasticism and by the seventeenth century humanist influence in education had given birth to the Scientific Revolution of Isaac Newton. Freedom, whether intellectual, economic, political, or social, goes a long way toward explaining why England was different. This explains the work of Sir William Petty whose essays on Political Arithmetic evidence the Enlightenment’s influence.\(^2\)

In chapter five I will conclude with an examination of Portugal’s history from the Reconquest of the peninsula until the end of the seventeenth century. I will show that there is a direct correlation between this history and the development of the Portuguese

\(^2\) How does one explain the economic success of countries like France where freedom appeared to be limited to the few at the top and where the Enlightenment took another century to flourish? Although I will not deal with this topic in-depth I believe that France was able to break away to a large degree from the influence of the Church. The Pragmatic Sanction of Bourges (1438) and the later Concordat of Bologna (1516) gave France a lot of leeway in how it dealt with the Church in France, and more importantly it kept a lot of money in France that would have flowed out via the Church, for example, in the payment of the annates.
system of government, originally a seigneurial and non-feudal system of government based on the administrative distribution of land from the king. I will then show how Manuel I by recalling the feudal *forais* from both city and colony at the beginning of the sixteenth century established a direct feudal link between the Crown and those who owned land, a system that did not cease to exist until the nineteenth century. I will argue that it was these feudal structures in addition to the intellectual isolation of Portugal that prohibited them from establishing the socio-political structures that would have been necessary for the establishment of anything but an economic system based on conquest and the carrying trade. I will also examine *On the Introduction of the Arts* by Duarte Ribeiro de Macedo to determine whether this was indeed a mercantilist tract, and whether it is reasonable to argue that the Portuguese had any way of implementing the policies he suggested.

In short, I will argue against the belief of Carl Hanson and others that capital, or the mere pruning of the existing corrupt and rent-seeking Portuguese Empire, would have been adequate to transform the economic fortunes of Portugal. It would have required the upending of society, from which Portugal was constrained not only by internal political consideration but also by the external danger of Spanish interference.22 In other words, the Portuguese nobility and the Portuguese Church would not have stood idly by while they were robbed of their land by the Crown; and, Spain would have been all too happy for another pretext upon which to re-annex Portugal, especially knowing that most of the nobility and the Church would be on their side.

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22 The Spanish takeover of the Portuguese crown was not the first attempt to merge the two crowns. Prior to the house of Aviz taking over in 1385 the Castilians had invaded Portugal in hopes of merging the two kingdoms. The Portuguese beat them at the Battle of Aljubarrota (August 1385).
The seventeenth-century mercantilist paradigm was conceived in an atmosphere where men began to imagine that anything was possible. Francis Bacon’s *The New Atlantis* (1626) is a perfect example of this. In this work of fiction, Bacon creates a world in which the “new science” has free reign, a world in which empiricism allows men to cooperatively conquer nature for the benefit of everyone. Although the mercantilists were more provincial in their views about who would benefit from their policies, they were still a product of that more universal and benign hope of the secular humanist and empiricist.

Although this dissertation focuses primarily on mercantilism in the seventeenth century, it is about more than that. It is about the tension between religious myth and the secular paradigm that largely defined the seventeenth century in England. The mercantilists stand as important transitional figures in the move from Church scholasticism to the liberal philosophy of Locke, Hume, and Smith. As I will show below, much of what mercantilists proposed fell by the wayside. Mercantilism was the victim in most countries of narrow political interests, social backwardness, or stunted intellectual development. Yet, mercantilism would make way for the economic liberalism that succeeded it. What is more important is that the existence of the seventeenth-century English mercantilist is a forceful argument for a general shift in the moral values of western European society. English mercantilism stood on the foundation of empiricism, a paradigm that bred a hubris which was out of all proportion to man’s ability to control it. It is difficult to imagine how this attitude could have flourished in any other place but England.\(^{23}\)

\(^{23}\) In an article I will reference again later it has been suggested that Portugal existed at the intellectual “periphery” of Europe which was not influenced by either humanism or the Enlightenment. Ana
Chapter one
Scholasticism, the Papacy, and the Investiture Contest

In chapter three we will survey some of the literature pertaining to the history of mercantilist thought. We will conclude that mercantilism, although it can be defined by specific policies like bullionism, is best defined as a general mood, or spirit, roughly corresponding to the secularizing influence of the seventeenth-century Enlightenment.¹ That general mood or spirit was exemplified in the shift from the scholastic view of a just social and economic order to the view that economic decisions should be based solely on the benefits they brought to the state or the individual. This was a major shift in perspective that in some countries revolutionized their social, political, economic, and intellectual views.²

This chapter will show that scholasticism was also a general mood, or spirit, that heavily influenced Western Europe from the ninth century until the end of the sixteenth century. That mood, or spirit, centered on the concept of justice, which was ultimately a

¹ This challenges to some extent the belief that mercantilism had its origins in the sixteenth century. I would maintain that because economics does not dominate the national consciousness until the seventeenth century that the term mercantilism is best applied to this century rather than the sixteenth century. Prior to this all the actions of the Western European countries have political power as their prime motivator and economic considerations are only ancillary. It is only in the seventeenth century when political and economic considerations become increasingly intertwined that we can start to speak of political economy. For some countries political power and social prestige would continue to dominate their decision-making, usually at the expense of their economic health.

² England leads the rest of Western Europe in this respect, as we will explore more fully in chapter four.
legal idea rooted in pagan philosophy and Roman law. The scholastic view of society began to influence the intellectual thinking of the late Middle Ages when the Church still had some political influence throughout Europe; and, this influence on the intellectual milieu of Europe translated into economic policies created by the Church and carried out, when convenient, by local secular princes. This chapter will also touch on some of the reasons why scholasticism diminished in importance as Europe approached the end of the sixteenth century.

The scholastics, of course, had no direct control over the political or economic mechanism; this was left to the kings, princes, and cities of Western Europe. However, through the Church, scholasticism was able to exert an inordinate amount of influence when it came to economics, primarily through moral suasion. However, for those kings and princes unwilling to adhere to the economic program of the Church simply due to their faith there was always excommunication, possibly a political death sentence for those who stood up to the Church during the Middle Ages. For example, in the bull *Unam Sanctam* (1302)—which was almost a dead letter by that time, Boniface VIII writes,

> Therefore, if the earthly power errs, it shall be judged by the spiritual power, if a lesser spiritual power errs it shall be judged by its superior, but if a supreme spiritual power errs it can be judged only by God not by man, as the apostle witnesses, “The spiritual man judgeth all things and he himself is judged of no man. (I Corinthians 2:15)³

It is for this reason that our examination of the role of the Investiture Contest (1075-1122) at the end of this chapter will help to explain the political rise and fall of the Church, and scholasticism. One simple comparison will illustrate my point. In 1076 when Henry IV, king of Germany, stood up to Pope Gregory VII at the beginning of the

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Investiture Contest he was excommunicated. This caused Henry many problems because it meant that his subjects were given the *moral* freedom to rebel, of which freedom many ambitious Saxon nobles took advantage. This meant that Henry had to travel in the middle of winter to the castle at Canossa, where the pope was then residing, in order to make amends for his impertinence. Now, contrast this with the excommunication of Elizabeth I by Pope Pius V in 1570. This did little to affect what was going on in England after the implementation of Elizabeth’s Act of Supremacy (1559);¹ and, once the threat of Catholic conniving in Scotland was eliminated and the Spanish Armada of 1588 was destroyed England was relatively safe from outside interference in its political and economic life. For, had Spain not broken its navy through Philip the Second’s ill-conceived attempt to bring the heretic nation to heel, they might have been able to curtail England and Holland’s rise to dominance on the high seas.⁵

It is plain from the example above that the political, and by extension economic, influence of the Church in England had nearly ceased to exist by the end of the sixteenth century.⁶ It had also been curbed in other countries like Germany, especially northern Germany, because of the Protestant Reformation. One could even argue that France had

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¹ When William the Conqueror invaded England (1066) the pope saw an opportunity to re-establish papal dominance over the English Church. Although the pope was successful in replacing Englishmen with “foreign ecclesiastics” William enunciated the division between the power of the Church and the state, which decidedly favored the monarch. Thomas Pitt Taswell-Langmead, *English Constitutional History from the Teutonic Conquest to the Present Time* (London: Sweet and Maxwell, Limited, 1946), 50-51. So, we can see as early as the eleventh century that the English state was challenging the political control of the Church.

⁵ As Geoffrey Parker has pointed out the failed attempts of Philip II to take England cost a tremendous amount of money, 10 million ducats by Philip’s count; but, more importantly it set the stage for the future rebellion of Portugal because of the taxes levied to pay for it. *The Grand Strategy of Philip II* (New Haven: Yale University Press, 1998), 269-70. This one act of imperial stupidity led directly to the reawakening of Portuguese nationalism, the weakening of the Spanish and Portuguese navy, and ultimately the decline of Spain in the seventeenth century.

⁶ Diana Wood writes that these changes could not take place until “the nature of society had changed, and...the control of the Church was weakened.” *Medieval Economic Thought* (New York: Cambridge University Press, 2002), 4.
broken away from Catholic political and economic influence through the Pragmatic
Sanction of Bourges (1438) and the later Concordat of Bologna (1516). This latter
agreement between France and the Church essentially freed the French crown from the
political influence of the papacy, which as we will discuss below was later dominated by
that most Catholic nation of Spain, after the Treaty of Cambrai (1529). Dominance of
the Papal State could have far-reaching international implications. For example, Henry
VIII sought a divorce from the aunt of Charles I of Spain, who at that time occupied the
Papal States with his troops. What was the likelihood that Henry was going to get his
divorce under those conditions?

**THE ORIGINS OF SCHOLASTICISM**

Scholasticism began about the same time as feudalism, in the ninth century,
primarily due to Charlemagne’s efforts to restore learning in Europe. He may himself
have been illiterate but not uneducated. Prior to this, from the fourth century through the
eighth century, Christianity had dominated the lives of Europeans, especially in the
country; and, the early church emphasized piety over intellectual pursuits.

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7 H. A. L. Fisher writes, “One thing was plain. Europe was not prepared to accept a theocracy. The
trend of events was towards the making of national states, not towards acceptance of a papal super-state.” *A History of Europe* (London: Collins Clear-Type Press, 1935), 286.

8 Tacitus, during the first century CE, writes in Part I of his *Germania* that the Germans have no
“learning and of any secret intercourse by letters, they are all equally ignorant, men and women.” This is a
situation that continued until the end of the dark ages when the warrior ethos evolved into that of chivalry.
Prior to this reading and writing had been seen as feminine traits reserved for scribes and clerics.

9 Hugh Trevor-Roper writes that the desert monastic movement became a rural monastic
movement in the West. The breakdown of urban areas contributed to this development, in addition to what
Trevor-Roper calls “a puritan movement of the fourth century”. The increasing number of rural monastic
orders would ally themselves with the growing number of “great landlords”. *The Rise of Christian Europe*
(Norwich, England: Jarrold and Sons, Ltd., 1965), 64-67. Jacques Le Goff agrees saying that monasticism
was the means by which Christianity, originally an urban phenomenon, penetrated the countryside.
There is a reversal in this rural monastic influence in the twelfth century with the rebirth of cities and the
rise of the university system.
scholasticism, from the ninth century through the eleventh century, was concerned mainly with recovering the classic works of pagan philosophers, and learning the language of these philosophers. It was not until the twelfth and thirteenth centuries that scholasticism achieved its greatest influence and coherence in the works Peter Abelard, Averroes, Thomas Aquinas, St. Bonaventure, Duns Scotus, and William of Ockham.

Scholasticism was, in short, a fusion of Greek philosophy and Christian theology. It was developed by Thomas Aquinas, the principle architect of so-called high scholasticism, and others to meet the growing external challenge of nascent empiricism, the resurgent interest in pagan literature and philosophical techniques,\(^\text{10}\) and the ever present internal challenge of monastic spiritualism. The latter was of much concern as can be seen in Question 93, Article 2, of Aquinas’ *Summa Theologica*, Of Superstition Consisting in Undue Worship of the True God. Aquinas asks, “Whether There Can Be Any Excess in the Worship of God?” He answers in the affirmative and then recommends that all worship conform to the practice of the Church. He writes,

> Consequently, whatever a man may do conducing to God's glory, and subjecting his mind to God, and his body, too, by a moderate curbing of the concupiscences, is not excessive in the divine worship, provided it be in accordance with the commandments of God and of the Church, and in keeping with the customs of those among whom he lives.\(^\text{11}\)

\(^\text{10}\) Pope Gregory IX in his *Parens scientiarum* (1231) condemned the work of Aristotle, as had the University of Paris. According to Diana Wood Gregory called for the “Christianizing” of Aristotle a week later. *Medieval Economic Thought* (New York: Cambridge University Press, 2002), 11. The primary purpose of Gregory’s bull was to respond to the University of Paris strike of 1229. This strike had been called by the university because city officials were attempting to punish students, who would have been protected by benefit of clergy, for the destruction of a local tavern. With his bull Gregory IX provided direct papal control of the university and the protection of its members.

\(^\text{11}\) Aquinas, *Summa Theologica*, II-II, Q. 93, Art. 2.
That phrase the “customs of those among whom he lives” might have been directed at the excesses practiced in some monasteries, things like excessive flagellation or not eating meat often enough to properly sustain the body.\textsuperscript{12}

Scholasticism was primarily an ethical system whose goal was to maintain order within society until such time as history came to an end and Christ established his kingdom upon the earth.\textsuperscript{13} Thomas Aquinas and John Duns Scotus agreed with Averroes that the grace of God was necessary for a proper understanding of the world.\textsuperscript{14}

Scholastics were decidedly in favor of a subsistence economy because it was the best way of ensuring order within society and protecting a man’s soul from the sin of greed. Great wealth and great poverty were both extremes which society should avoid.\textsuperscript{15} However,

\textsuperscript{12} The food regulation in chapter 40 of the rule of Benedict of Nursia (480-547 CE) required that no meat be given to the monks unless they were sick or weak. The Cistercians were even stricter when it came to denying their bodies any meat.

\textsuperscript{13} D. J. B. Hawkins has argued in his book \textit{A Sketch of Medieval Philosophy} that the medieval scholastics made a sharp distinction between “philosophical truths based on pure reason, and theological truths, based on divine revelation” (Westport, Connecticut: Greenwood Press, Publishers, 1947), 152; however, if one merely glances at the table of contents for the principle work of scholasticism, Thomas Aquinas’ \textit{Summa Theologica}, it is clear that Aquinas attempts to make no distinction of the kind. Aquinas leaves no doubt that his \textit{Summa} will have as its reference point that “sacred science” known as theology. In the prologue to his \textit{Summa} he writes, “…we purpose in this book to treat of whatever belongs to the Christian Religion, in such a way as may tend to the instruction of beginners.” Aquinas is not concerned with proving pagan philosophy true but with using pagan philosophy to bolster the Christian message. As Bertrand Russell writes, “The appeal to reason [by Aquinas] is, in a sense, insincere, since the conclusion to be reached is fixed in advance.” And, “there is little of the true philosophic spirit in Aquinas.” (\textit{A History of Western Philosophy}, New York: Simon and Schuster, 1945), 462, 463.

\textsuperscript{14} Averroes argued that only those who were naturally inclined toward the intellect and who had “religious integrity and moral virtue” could properly study pagan philosophy. \textit{On the Harmony of Religion and Philosophy}, vol. 1, \textit{Europeans in the World}, (Upper Saddle River, New Jersey: Prentice-Hall, 2002), 107. If a person possessed the intellect but not faith then they would be led astray. In this respect both Christian and Muslim were in agreement. John Duns Scotus argues the same point in Book I of the \textit{Ordinatio} when he answers yes to the question of whether divine inspiration is required for a perfect understanding of truth.

\textsuperscript{15} This is a point with which Plato and Aristotle would have agreed. In Part IV, Book IV, of \textit{The Republic} Socrates says that “there are two things that can ruin and corrupt the rest of our workers…‘wealth and poverty’.” Why? It is because “one produces luxury and idleness and a desire for novelty, the other meanness and bad workmanship and the desire for revolution as well.” Aristotle warns against the acquisition of too much wealth to prevent foreign invasions. He writes, “The property of the state should not be so large that more powerful neighbors may be tempted by it, while the owners are unable to repel the invaders; not yet so small that the state is unable to maintain a war even against states of equal power, and
within the high scholastic tradition, during the fourteenth and fifteenth century, one can already see evidence of an attempt to moderate these ethical prohibitions, prohibitions that actively encouraged a subsistence economy and anti-usury policies. So, late scholastics, even though they could not abandon their ethical concerns, were able to intelligently analyze some of the major economic topics which are still of concern today, such as, usury, mediums of exchange, the justice of exchange, and the role of private property.

In order to understand more clearly why scholasticism and the Church, and their relationship to society, matters to our study of the economic history of Western Europe we must delve a few centuries further back into the past. For, only by grasping the role that the Church played in the political and social development of Western Europe from the fourth through the sixteenth century can we appreciate the influence it had on the economic views of Western European society during the late medieval period. It was during the fourth through the eight centuries that the German tribes and then the Frankish kings menaced the old Roman Empire. Eventually the barbarians took over and there was a fusion between the old Roman Empire, barbarian culture, and the Church. So, the

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of the same character.” Aristotle, Politics, Book II, Part VII. These thoughts are similar to the Old Testament prayer to be made neither rich nor poor because the former risks one forgetting God and the latter cursing God. Proverbs 30:8-9 Again, we can see how easy it would be for a Christian of the medieval and early modern period to read Plato and Aristotle, and think them not too far off the mark. Aquinas also writes of the dangers of great wealth and poverty. He writes, “In so far as it removes the anxiety that is occasioned by riches it is useful to some…but it is harmful to some, who being freed from this anxiety, betake themselves to worse occupations…. In so far as poverty removes the good resulting from riches, namely the assistance of others and one’s own support, it is simply an evil.” Aquinas, Summa Contra Gentiles, Book III, Chapter 133.

16 The will be detailed below as we examine a few of the writings of Jean Buridan (1295-1358 CE). This scholastic writer supported the Roman conception of justice which made exchange acceptable in any situation where the parties agreed to the values of what was being traded.
relationship between the Church and these western barbarian kings mattered a great deal during this time.\(^\text{17}\)

The relationship formed between the barbarian kings of Western Europe and the *ecclesia* was not unprecedented.\(^\text{18}\) It had already started in the east during the early fourth century. Constantine’s Edict of Milan (313 CE) established religious toleration throughout the Roman Empire. It also started the Church on its slow ascent toward political and intellectual influence in both the east and the west. During his reign, Constantine the Great made Christianity the *de facto* religion of the state by giving its members and leaders economic and political preference, a pattern that would be followed in the medieval period by the Frankish kings. From the sixth century through the ninth century the Church promoted pietism rather than intellectual endeavors, which included ignoring the study of formal theology. This was in keeping with the view during those dark times that a man’s life on this planet was short and that the most important thing was to prepare the soul for eternity. It was for this reason that Christians were for centuries antagonistic toward the works of pagan scholars,\(^\text{19}\) and it is why they closed down pagan

\(^{17}\) The close relationship between Church and state in Western Europe began with the strategic alliance between Clovis the Frank and the Catholic Church in 496 CE. This alliance was meant to offset the influence of Arian kings who dominated the northern part of Italy. More consideration will be given to this topic in chapter two, where there is more of an emphasis on the political rather than intellectual development of Europe.

\(^{18}\) Christians would always be mindful of the historical priest-king known as Melchizedek. It is only of recent origin that the division of Church and state has become almost universally accepted, at least in the Western World. The fusion of temporal and spiritual power in one priestly king would animate many Christians throughout the medieval world, and even in the early modern era, Marie Tanner, *The Last Descendant of Aeneas: The Hapsburgs and the Mythic Image of the Emperor* (New Haven: Yale University Press, 1993).

\(^{19}\) This was not always true. Augustine was heavily influenced by Plato, and Jerome writes of the struggle against his addiction to Roman writers like Cicero. In a letter to Eustochium Jerome talks about how he was upbraided in a dream for his love of Roman literature. However, in a later letter to Magnus, an Orator of Rome, he justified his use of pagan works with the example of David using Goliath’s own sword to behead his foe. Brian Tierney, ed. *The Middle Ages*, vol. 1, *Sources of Medieval History* (New York: McGraw-Hill, Inc., 1992), 30-32. The last sentiment, I think, expresses what most scholastics would have
temples and schools. For example, the Academy of Plato was closed down by Justinian I in 529 CE during a wave of anti-pagan sentiment.

As long as Christians focused on piety and the building of an ethical society they were on firm ground. However, as theology became more formalized, as the Church began to oppress those they thought unorthodox or heretical, and as Europe clawed its way up from a subsistence economy to one in which luxury became a cause for worry over the soul, the Church had to respond. One section of the Church, those within the monastic movement, responded by calling the believer and the Church back to primitive Christianity;\(^{20}\) while another segment of the Church, those in positions of authority within the Church hierarchy—which included many secular individuals—responded by trying to get people to conform to the tenets of the “universal” faith.\(^{21}\)

The late medieval scholastics represent the nearly complete fusion of Christian theology with the classic pagan philosophies of Plato and Aristotle. It could be argued that in co-opting the works of these philosophers they sowed the seeds of their own political and intellectual destruction since once people had arguments for what they believed in their hearts, that like some kind of intellectual judo the weight of pagan works could be used against themselves.

\(^{20}\) A good example of this sentiment is the work of Joachim of Fiore (1135-1202). His insistence that the Book of Revelation was in the process of being fulfilled created quite a stir. Norman Cohn details much of this stir in his book *The Pursuit of the Millennium* (New York: Harper & Row, 1961). Joachim was also the object of refutation in the work of Thomas Aquinas. In Book 3, Question 90, Article 3 of the *Summa Theologica* Aquinas writes, “For the world will come to an end by no created cause, even as it derived its existence immediately from God. Wherefore the knowledge of the end of the world is fittingly reserved to God.”

\(^{21}\) It is difficult to know how much of the persecution against heterodoxy was motivated merely by the prospect of material gain, but we can be assured by the rampant simony within the Church at the time that it was no small part. In our later discussions on European absolutism we will explore the role that creating “the other” plays in the minds of those over whom political control is sought. Roger Boesche’s *Theories of Tyranny from Plato to Arendt* (University Park, Pa.: Pennsylvania State University Press, 1996) is a solid work on this topic. Boesche traces from classic Greek tyranny to modern-day totalitarianism the common traits used by despots to gain and then maintain power. This includes those governments which historians have designated “absolute monarchies”.
believed that were completely divorced from biblical revelation the question would naturally arise “What need have I of revelation and its associated limitations?” This would be especially true as the Church attempted to maintain its temporal role in European politics at the expense of its historically spiritual mission.\footnote{There were contemporaries who saw the problem of the Church trying to assert temporal control over the world. Dante Alighieri in his De Monarchia (1312-1313), writing in response to the papal bull Unam sanctum (1302), defends the independence of the city of Florence. Dante is essentially arguing for the separation of Church and State. He encourages the papacy to pursue policies that will spiritually benefit those in its charge and to leave secular government to others. Both get their power directly from God but they serve completely different functions. We can see here the early argument for the divine right of kings. John Neville Figgis has a chapter on this in his still very accessible 1896 work The Divine Right of Kings (New York: Harper Torchbooks, 1965), 38-65. De Tribus Impostoribus shows the lengths to which some were willing to go to delegitimize the Church’s role in politics. Its first known publication date was 1598, although it may have existed as early as 1240 CE. It essentially argues that Moses, Jesus, and Mohammed were religious impostors, so any claim to earthly power resting on their words or actions is nullified by this fact.}

The Renaissance represents a period in which people began to ask this question more frequently. The nascent secularization of thought in the Renaissance, although not completely secular, and in many instances an attempt to reassert the primacy of the Christian message,\footnote{Allen G. Debus argues in his book Man and Nature in the Renaissance (New York: Cambridge University Press, 1978) that the Renaissance began as an attempt not only to connect with the classic past but to strengthen Christian belief through an appreciation of the natural world. It is a good example of the law of unintended consequences that once secular humanists had established their intellectual foundation on empiricism that they began to question the necessity, or benefit, of biblical revelation, and even belief in a higher power.} added to the political animosity between Church and the state; eventually, the alternative of Protestantism in the sixteenth century led to the diminution of Catholic influence both spiritually and intellectually.

This transition to a more secular and pagan justification for human thought and action has no better illustration than the work of Pico della Mirandola. His Oration on the Dignity of Man (1486) is a compendium of classic pagan philosophy set against his understanding of Christian scripture. Like many before him he saw in the pagan philosophy of Aristotle and Plato truths which were universal and accorded with the
scriptures. The whole issue of *free will* is a prominent thesis within his work. This is, according to Mirandola, what truly distinguishes man from all other creatures within the animal kingdom, man can change himself even against the influence of his environment.

Mirandola, putting words into the mouth of the creator, writes,

> We have made you a creature neither of heaven nor of earth, neither mortal nor immortal, in order that you may, as the free and proud shaper of your own being, fashion yourself in the form you may prefer. It will be in your power to descend to the lower, brutish forms of life; you will be able, through your own decision, to rise again to the superior orders whose life is divine.\(^{24}\)

This is reminiscent of that passage in Psalms where it says, “You made him a little lower than the heavenly beings and crowned him with glory and honor.” (Psalm 8:5) It is also a surprising notion that contrasts with the nearly universal Christian belief in mankind’s fallen nature, and his inability to redeem himself.\(^{25}\)

Although Mirandola’s work is steeped in biblical understanding it has a completely different feel from the work upon which scholasticism was built. Thomas Aquinas (1225-1274) who wrote the *Summa Theologica* (1265-1274) had a different goal in mind. Aquinas’ aim was to develop a primer for believers using the dialectic method of Socrates while incorporating, where possible, the philosophical works of Aristotle which had come again into vogue through Averroes’ Latin translations of Aristotle in the twelfth century. For his trouble Thomas Aquinas was posthumously excommunicated by

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\(^{24}\) Giovanni Pico della Mirandola, *Oration on the Dignity of Man* (1486).

\(^{25}\) Many have pointed out that the late scholastics were flirting around with the idea of free will. Duns Scotus is attributed with addressing this issue as completely as a scholastic could have. However, we must distinguish the idea of a free will in which men should do as they ought and a free will to do anything outside the constraints of morality. Scotus, Aquinas, and others of their ilk, were concerned primarily with the moral implications of free will, not the ability of man to achieve. Mirandola, although he would have agreed with the scholastics morally, seems to go one step further, suggesting that man can intrinsically change himself. This appears to be a departure from the classic view that men are in bondage to sin; and, it represents a shift to that more positive view that man can make-over both himself and his world.
the Church because of the reaction against his use of reason and pagan philosophy to justify the Christian faith; however, fifty years later he was made a saint. For two centuries after this Aquinas’ work dominated the intellectual life of the Church and anything it touched.26

THE ECONOMIC IDEAS OF THE SCHOLASTICS

We are primarily concerned below with the economic ideas of the scholastics. However, it is not purely economic considerations that informed the opinions of these learned men. Their philosophy was holistic. Economics could not be divorced from questions about morality, social order, theology, or philosophical ruminations about human will and freedom. Below we will explore how this fusion of Christian doctrine and pagan philosophy occurred, and what kind of “legacy”, in the phrasing of Odd Langholm, scholasticism bequeathed to the early modern world.27 What we will find is that the framework and language of the debate were set by the scholastics and the mercantilists of the seventeenth century would conceptualized the economy in much the same as the scholastics. However, the mercantilists of the seventeenth century broke

26 Thomas Aquinas’ excommunication and then canonization is explained by the ongoing debate within the Church as to the role that reason should play in theology. The scholastics would have argued that faith leads to truth, and that right reason also leads to truth. Since truth is universal those who reason and do not arrive at Christian truth are not reasoning properly. Faith is superior to reason, as Aquinas himself admits in Part I of his Summa Theologica, “…man is directed to God, as to an end that surpasses the grasp of his reason….” Part I, Question 1, Article 1

away from the moorings of Christian ethics and faith when it came to the study of economics.\footnote{A great example of this is a comparison of the works of Aquinas, or any of the other scholastics, with the principle work of Thomas Mun, \textit{England's Treasure by Foreign Trade} (1621). The word “God” is mentioned only six times in a work that would run 100 pages in a modern-day publication. These references to God were also innocuous since they were Deistical notions about God’s providence or his creation of the social and political order under which men are to strive.}

The study of economics in Western civilization began largely with the Greeks, particularly Xenophon, Plato, and Aristotle. These ancient philosophers were the forerunners of the scholastics.\footnote{These individuals are all important in our discussion of the development of economic thought in Europe, but we do not have space here to delve too deeply into each of these men’s contributions. Suffice it to say that Hesiod, pre-dating Plato, Aristotle and Xenophon, would have been known to these philosophers. Although they might not have completely agreed with his theogonic approach to history they would have found much with which to agree when it came to the subjects of agriculture and \textit{oeconomikos}. This has been well established in the works of individuals like Lionel Robbins. See \textit{A History of Economic Thought: The LSE Lectures}, eds. Steven G. Medema and Warren J. Samuels (Princeton, New Jersey: Princeton University Press, 1998).}

In the twelfth and thirteenth centuries it became widely known that Muslim scholars had rescued much of this classical learning from the intellectual intolerance of the dark ages. John Scotus Erigena had already lit the fire for more pagan works when he developed a systematic ontological argument for the existence of God in his \textit{De Divisione Naturae}.\footnote{D. J. B. Hawkins, \textit{A Sketch of Medieval Philosophy} (Westport, Connecticut: Greenwood Press, Publishers, 1947), 25-27. Erigena had also created a philological movement with his own mastery of the Greek language. This movement would continue through the Renaissance up until the end of the nineteenth century when textual criticism reached its apex. Recently, however, deconstructionism, associated with postmodernism, has given philological studies a bad name, just as the work of William of Ockham and his nominalist tendencies gave scholasticism a bad name in the fourteenth and fifteenth century, Ibid., 132-142.}

He based much of his own work on his translations of Greek works like those of Pseudo-Dionysius the Areopagite.\footnote{Dionysius the Areopagite was thought to be a contemporary of St. Paul, which is why his works were thought to be theologicially and philosophically important. One of the many things Peter Abelard did to offend his fellow religionists was to cast doubt on this individual who was now an official saint of the Church.}

So, from the ninth century on Church philosophers eagerly sought the works of Greek writers. St. Anselm and Peter Abelard, though, would have to make due with what little access they had to these works through Augustine, and other writers acceptable to
the Church. During the eleventh and twelfth centuries theologians would have more access to Aristotle via the philosophical works of Avicenna (980-1037), Averroes (1125-1198), and Maimonides (1135-1204). However, they would have to wait until the middle of the thirteenth century to get full access to Aristotle’s work. It was only then that it was translated completely into Latin.\footnote{Hawkins, A Sketch of Medieval Philosophy, 63. Thomas Aquinas encouraged William of Moerbeke to translate Aristotle’s works into Latin. This resulted in the “standard medieval Latin version of Aristotle.”}

As mentioned previously, the term \textit{scholasticism} refers to an intellectual period in Western European history that begins in the ninth century. We cannot really put a date on when scholasticism ceased to exist because it still exists within modern-day Catholic scholarship.\footnote{Pope Pius X issued an encyclical called \textit{Doctoris Angelici} on June 29, 1914 in which he claimed that the Christian faith cannot be understood “scientifically” without the aid of St. Thomas. He writes in the encyclical that “…the capital theses in the philosophy of St. Thomas are not to be placed in the category of opinions capable of being debated one way or another, but are to be considered as the foundations upon which the whole science of natural and divine things is based.”} However, we can argue that its influence was greatly diminished by the breakdown of relations between the Empire and the papacy, the rise of national monarchy, the growth of Protestantism, and the sheer force with which the Enlightenment swamped Europe. Bertrand Russell writes that once the “curious interdependence of the pope and the emperor” was destroyed in the thirteenth century the “unity of Christendom”, which that relationship had maintained, was also “destroyed by the power of the French, Spanish, and English monarchies in the secular sphere, and by the Reformation in the sphere of religion.”\footnote{Bertrand Russell, A History of Western Philosophy (New York: Simon and Schuster, 1945), 392-393.} This is part of the first premise of this work: It took the breakdown of relations between Church and state to create an environment in which mercantilism as an economic philosophy could thrive; and, this meant primarily
breaking away from the ethical constraints Christian scholarship had placed on economic policy.

Scholasticism can be divided into four stages: early scholasticism, high scholasticism, late scholasticism, and neo-scholasticism. We are not concerned here with all of scholastic history. We have established above that Aquinas began the high scholastic tradition. For the most part we will ignore the first phase of scholasticism from the ninth through the late twelfth century and focus on the period from the thirteenth through the sixteenth century. This was a time in which scholastics focused on some of the modern economic problems which we still study today. The scholastics concentrated on six general problems in economics: 1) private property, 2) the justice of distribution, 3) mediums of exchange, 4) the justice of exchange, 5) just prices and wages, and 6) usury. All of these observations came back to one central theme: virtue versus vice.\(^{35}\)

We will touch briefly on each of these issues below, but it should be pointed out that not all of these issues were of primary concern to seventeenth-century mercantilists. For example, the question of whether private property was a good or an evil thing would never have been asked by a seventeenth-century mercantilist. There is one simple notion that will help us to understand all of scholastic thought and that is the concept of social justice. This concept is integral to understanding of all the others. This is because the scholastics believed that men were by nature born morally equal to one another, and that

\(^{35}\) As mentioned in a previous note Aquinas was concerned primarily with buttressing the Christian faith through the use of the dialectic, and a synthesis of pagan thought with the works of the Church Fathers and the Scriptures. This is an important point that should not be forgotten in any discussion of scholastic thought. It should also be remembered, as Odd Langholm points out in his book *The Legacy of Scholasticism in Economic Thought: Antecedents of Choice and Power*, that the economic ideas of the scholastics focused on the issue of justice, specifically whether it was just to engage in an exchange where one party was coerced by necessity into trading and/or paying more than they wanted for a product or service. (New York: Cambridge University Press, 1998), 8.
they all had a right to sustain themselves at some minimal level. So, whether we are talking about property, the distribution of wealth, exchange, prices, or interest, it all comes back to the question of justice—which is ultimately about keeping order in society.  

That private property existed at all was a problem for many Christians. There was always, notwithstanding the secular corruption of the Church, a feeling among Christians that the higher road was one of asceticism, a subjection of the personal will to the all-powerful will of God. There seemed no better way to subject one’s will to God than through the mortification of the flesh. For example, St. Paul wrote to the Romans that they should “mortify the deeds of the body” and live according to the Spirit; and, that they should count their physical sufferings as nothing compared with their reward in heaven. (Romans 8) Even the early Church appears to have rejected worldly goods in preparation for the return of Christ. In Acts 2:42-47 we are told of how Christians in Jerusalem sold everything they had and gave to anyone in need. This showed their conviction that the time was near for Christ’s return and the establishment of a kingdom, where no one would go without.

The Church fathers had come down decidedly on the side of private property. In the fifth century St. Augustine made it clear that he opposed the “communistic” Christian

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36 As we will see in chapters three, four, and five, seventeenth-century mercantilists are also concerned about these issues but for different reasons. For example, some seventeenth-century mercantilists like Daniel Defoe supported higher wages not because it was the right thing to do but because he thought it would make the worker more productive.

37 Jesus had told a young rich man to “Sell everything you have and give to the poor, and you will have treasure in heaven. Then come, follow me.” (Mark 10:21; Luke 18:22) It is not hard to believe that these early believers had remembered these words spoken shortly before Jesus’ arrest and crucifixion.

38 This may be the reason that later Paul has to appeal for the Christians at Jerusalem who are in financial straights (Romans 15:25-26).
movements that were attempting to extend monastic life to society as a whole. It is a bit ironic that the Church would become one of the largest holders of land in the medieval and early modern period. Even as late as the 1930s the Catholic Church was estimated to have owned a third of Spain’s land. Spain had never experienced the land grabs seen in other countries by secular princes during the early modern period.

Again and again there were movements to call Christians back to their ascetic roots. Monasticism was one of those movements and it manifested itself in many different ways. In the twelfth century St. Francis of Assisi started a movement whose members were united by a devotion to poverty, brotherhood, and opposition to the worldly ways of the Church. They were mendicants, which meant they begged for their sustenance and owned no personal property. The pope wisely approved the order which became a great help to the papacy in the coming centuries. However, the Dominicans, especially Thomas Aquinas, set themselves against the Franciscan poverty movement with fusion of pagan philosophy and biblical thought.

39 This should not be taken as a blanket endorsement of private property and the modern-day free market. Augustine, and the other Church Fathers, would simply have not seen the need to regulate property for the common good since this would be an attempt to build paradise on earth which was not possible. Their opposition to holding property in common would have come from an antipathy toward utopianism, and a disregard for human suffering. Chapter 10 of Book I in The City of God is titled “That Saints Lose Nothing in Losing Temporal Goods”. This seems to say it all; however, one more quote should suffice, “The divine utterance is clear on this matter; for the Wisdom of God thus speaks: ‘By me kings reign, and tyrants possess the land.’” Book V, Chapter 19. The first part of Augustine’s quote is from Proverbs 8:15.

40 H. Richard Niebuhr in his book The Kingdom of God in America explains how movements become institutionalized. As a movement an idea can breathe new life into an institution as it is absorbed; however, all movements eventually calcify over time and cease to have their reforming effect, (New York: Harper and Brothers, 1937). The same can be said of the monastic movement. It challenged the existing Church structure, but after being absorbed it adopted the same ways of operating in the world as did the thoroughly secularized papacy.

41 The Franciscans were quick to distance themselves, for the most part, from the extreme asceticism and anti-intellectualism of their founder, St. Francis of Assisi. The Franciscans would produce some of the more prominent scholastic figures, such as, John Duns Scotus, John Buridan, and William of Ockham—the last of which gave scholasticism a bad name because of his overemphasis on language, which he thought could represent that which did not really exist; this was called nominalism. This was an
As far as private property was concerned the scholastics were practical, adopting the view of the Philosopher (Aristotle) on the issue of private property. They argued that private property was a strictly human convention, and it was relatively harmless as long as it was offset by the owner’s willingness to use it for the public good. In the *Summa Theologica* Aquinas writes,

> Two things are competent to man in respect of exterior things. One is the power to procure and dispense them, and in this regard it is lawful for man to possess property. Moreover this is necessary to human life for three reasons. First because every man is more careful to procure what is for himself alone than that which is common to many or to all: since each one would shirk the labor and leave to another that which concerns the community, as happens where there is a great number of servants. Secondly, because human affairs are conducted in more orderly fashion if each man is charged with taking care of some particular thing himself, whereas there would be confusion if everyone had to look after any one thing indeterminately. Thirdly, because a more peaceful state is ensured to man if each one is contented with his own. Hence it is to be observed that quarrels arise more frequently where there is no division of the things possessed.

> The second thing that is competent to man with regard to external things is their use. In this respect man ought to possess external things, not as his own, but as common, so that, to wit, he is ready to communicate them to others in their need. Hence the Apostle says (1 Tim. 6:17, 18): "Charge the rich of this world . . . to give easily, to communicate to others," etc.

Men were stewards of the land because everything belonged ultimately to God; men were given the mere usufruct of the land. Jacques Le Goff writes that during the Middle Ages “God had become a feudal lord or dominus.”

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43 Diana Wood shows that the Franciscans dealt with their own discomfort in owning land by simply turning over all their property to the papacy. In this way those within the monastic order of the Franciscans would be seen as only residents, not owners, of the land. *Medieval Economic Thought*, 27-31. This might have solved the problem of the Franciscan’s ownership of property, but it also created a new problem. For, if the papacy owned these lands, then the secular powers of Europe would see the papacy as a direct competitor for the land and its rents. In short, this policy of universal land ownership by the papacy
The scholastics were relatively conventional when it came to most subjects, the exception being their moral aversion to the concentration of wealth, and usury. For example, they believed that in times of great need theft might be justified. Aquinas writes that “when a person is in some imminent danger, and there is no other possible remedy, then it is lawful for a man to succor his own need by means of another’s property.” The scholastics understood that the world was often an unjust place in which a man might have to do things not acceptable in a just society. This is also the reason why the scholastics argued that great wealth required that one be philanthropic. Great wealth was a sign that society was economically unbalanced. Through charity balance could be restored in some measure.

Profit was also acceptable to the scholastics, as long as it did not exceed what became known as the *justum pretium*, or just price. There were several ways of viewing led to things like the confiscation of Church lands in England during the reigns of Henry VII and Henry VIII.


45 Aquinas, *Summa Theologica*, II-II, Q. 66, Art. 7. Of course, this might have been a justification for warfare against a faithless neighbor or the infidel and not a justification for common thievery. One can almost hear the voice of the Church Father Augustine as he argues for a “just war” against the infidel, Augustine, *The City of God*, Book IV, Chapter 15.

46 Aquinas, *Summa Theologica*, II-II, Q. 32, Art. 5. Aquinas states categorically here that not giving to the poor when one is able is a mortal sin and it will lead to eternal damnation. Diana Wood points out that humanism and the growth of the middle class had a lot to do with changing attitudes toward the poor. Prior to the Renaissance the poor were seen as God’s poor, people which a Christian society were obligated to take care of. However, this changed as poverty diminished among a large minority of the population. The poor came to be seen as a burden and dangerous, *Medieval Economic Thought* (New York: Cambridge University Press, 2002), 49.

47 Aquinas writes, “It is an act of justice to give a just price for anything received from another, so also is it an act of justice to make a return for work or toil.” *Summa Theologica*, I-II, Q. 114, Art. 1. The scholastics went even further, arguing that riches were the result of an imbalance and that this excess wealth should be distributed to the poor in the form of charity, Diana Wood, *Medieval Economic Thought* (New York: Cambridge University Press, 2002), 50.
this. Aquinas thought there should be no inequity in the exchange of goods.\footnote{Aquinas, \textit{Summa Theologica}, II-II, Q. 77, Art. 1.} The Franciscan scholastic John Duns Scotus disagreed. Price, he said, was determined not by its intrinsic worth but by the cost of producing and getting that good to market; and, by the worth that each person involved in the transaction placed on the item. However, Scotus was not naïve; he knew that men might be apt to exaggerate the cost of production. So, the best way of ensuring a just price was competition. This meant that he opposed monopolies because they do not keep the producer honest, a decidedly modern view.\footnote{Robbie Mochrie, “Justice in Exchange: The Economic Philosophy of John Duns Scotus,” (paper presented at Heriot-Watt University School of Management and Languages, June 2005), 11-12. This paper can be accessed via the web at http://www.sml.hw.ac.uk/research/discussion/DP2005-E01.pdf.}

The scholastics were also no knee-jerk reactionaries when it came to trade. The trader provided a necessary service to society which also increased the general welfare. The Salamanca School, which established neo-scholasticism in the sixteenth century, went as far as arguing that trade could encourage universal brotherhood and so would benefit mankind beyond the immediate material gain of those involved in trade. In other words, trade was a means by which God’s universal kingdom of justice could be realized. It sounds remarkably utopian, and contrasts starkly with the “beggar thy neighbor” attitude of most seventeenth-century mercantilists, an attitude which was the instigator of much conflict during the early modern period.\footnote{As we will discuss in the conclusion there were those in the eighteenth century who were firmly in the mercantilist camp who did not believe international trade had to be a source of conflict. Many like William Horseley saw the benefits of nations specializing in the production of certain goods and trading with other nations. He thought this created greater “amity” between nations, Richard C. Wiles, “Mercantilism and the Idea of Progress,” \textit{Eighteenth Century Studies} 8, no. 1 (Autumn 1974): 71.}

Discussions about the price of a good or service were vexed by the notion of “intrinsic worth”. It was this idea of intrinsic worth that caused Aristotle to state that
money was itself worthless, a mere human convention, possessing no intrinsic value.

Aristotle wrote,

> The most hated sort, and with the greatest reason, is usury, which makes a gain out of money itself, and not from the natural object of it. For money was intended to be used in exchange, but not to increase at interest….Of all modes of getting wealth this is the most unnatural.\(^\text{51}\)

This whole discussion over mediums of exchange involved the question of whether there could really be justice in exchange. For, justice was what concerned the scholastics most. Put differently, could one thing, especially a medium of exchange, truly represent the intrinsic worth of an object? Do a dollar and the object that dollar will buy both have an intrinsic value that makes them equivalent?\(^\text{52}\)

The Romans had been practical when it came to the issue of setting prices. They believed a just price was whatever the contracting parties agreed to. This included loans and interest rates.\(^\text{53}\) What this boils down to is that the Romans and the scholastics, many of whom were well-versed in Roman law, thought of the just price as the market price.

Diana Wood relates a story told by Aquinas of a man who is selling wheat during a famine. He knows that others are coming and thus drive the price down for his

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\(^{51}\) Aristotle, *Politics*, Book I, Part X.\(^{52}\) This is the concept of *commutative justice*, or whether dealings between two individuals can be equalized. Aquinas deals with this in the *Summa Theologica*, II-II, Q. 61, Art. 1. He also talks about *distributive justice* which deals with how things are distributed overall. It should be remembered that morality and justice are not necessarily the same thing. For example, it might be moral to show mercy to the criminal but it might not be just. Justice is measured by the amount of order that exists in a society. Without justice it is nearly impossible to do anything in a society because there are no common expectations, which is required for things like trade. When thinking of justice one should think in terms of equity, not fairness or morality.\(^{53}\) According to Diana Wood the Romans separated loan agreements, written on paper, from the interest that was charged on those loans. The interest rate was a verbal agreement and was known as a *stipulatio*. There was a ceiling on interest rates and it was usually twelve percent. *Medieval Economic Thought* (New York: Cambridge University Press, 2002), 186.
own goods, or simply sell at the market rate? Aquinas says that he has a moral obligation to tell them but justice only demands that he sell at the going rate.\textsuperscript{54} For example, if two people thought a cow equaled two deer then they would be able to trade with justice.

How could the scholastics, though, reconcile these notions of the just price with biblical tradition? They thought at first to measure the intrinsic value of things by their order within creation. This became problematic, however, when it was realized that a rat is higher in the order of creation than wheat and yet wheat is more valuable to man. There was obviously a difference between one product and another. The difference, they concluded, was in the desire of each person to see the trade take place and when the trade took place.\textsuperscript{55} Supply and demand seemed to play a large role in the setting of prices. This seemed to be what justified the difference in prices from time to time and person to person. This was a distinction that Aristotle made and which the scholastics accepted.\textsuperscript{56}

Where the scholastics got into trouble, though, was in the rule they tried to use to establish prices. They argued that the seller should set the price based on what they themselves would be willing to pay for it, not what the buyer was willing to pay for it. This would establish the \textit{justum pretium}, or just price. This seemed a logical extension of the old saw to do unto one’s neighbor as you would have your neighbor do unto you.\textsuperscript{57}

An even more challenging question, presented by the scholastic Gabriel Biel, was whether a just exchange could exist at all. Biel asked the simple question “What if both parties somehow benefited from the exchange beyond the mere utility of each product?”

\textsuperscript{54} Ibid., 136.
\textsuperscript{55} These are still two very important criteria to establish the validity of a contract today.
\textsuperscript{56} Aquinas pointed this out in his commentary on Aristotle’s \textit{Ethics}, Ibid., 137.
\textsuperscript{57} In Luke 6:31 Jesus says, “Do to others as you would have them do to you.” This has been called the “golden rule”.

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This amounted to a full-frontal assault on the whole idea of the just price. Those of the Salamanca School responded that even when a product does not appear to possess usefulness that it must have some usefulness especially if someone is willing to purchase it. Those of the Salamanca School seem to be elucidating here the modern theory of supply and demand—although they leave the motivation for the exchange a mystery.58

Lastly, the scholastics tackled the question of usury. It was pretty plain that lending money at interest was not addressed directly in the New Testament. However, the Old Testament, which Christians used as the basis for many of their doctrines, did prohibit lending at interest to a fellow Israelite. In Deuteronomy 23:20 the Israelites are told “Upon a stranger thou mayest lend upon usury, but unto thy brother thou shalt not lend upon usury.” This was enough to convince the leaders of the New Israel—i.e., the Christian Church—that they too should not lend to one another at interest. This did not prohibit, though, lending at interest to enemies or infidels, as St. Ambrose is alleged to have taught.

There was also a debate among scholastics as to what usury was. Was it all lending at interest or just lending at excessive interest? The injunction in Exodus 22:25 that “if thou lend money to any of my people that is poor by thee, thou shalt not be to him as an usurer, neither shalt thou lay upon him usury” seemed to support the idea that excessive interest was what the Israelites were trying to avoid. However, since most lending in the medieval period was used for the consumption of luxury goods, which the Church opposed anyway, the scholastics came down on the side of condemning all lending at interest.

58 We will revisit the ideas of the Salamanca School in chapter five when we discuss Portugal.
If someone wanted to lend at interest there had to be proof that it would yield some social benefit, in addition to enriching the lender. Otherwise the Church and the authorities were not generally in favor of it. This was because the Church considered consumption decadent and the authorities did not benefit directly from consumption via taxation. What was important in medieval feudal society was keeping things the way they were. Lending for the purpose of consumption, it was thought, would only cause problems because it would allow the lower classes to live in a measure like the upper classes and, thus, upset the whole order of society.59

The ban on lending at interest came late in the medieval period. The clergy had not been allowed to lend at interest since the fourth century. It was not until 1311 at the Council of Vienna that Pope Clement V banned all usury, and condemned it as “heretical” for any secular power to tolerate it with the passage of legislation.60 There were previous attempts to reign in lending at interest. Christians, according the Second Lateran Council of 1139 would be denied the sacraments in reprisal for any lending activities. The Fourth Lateran Council of 1215 prohibited Christians and non-Christians from charging “excessive” interest.

The scholastics were happy to learn that Aristotle had condemned lending at interest in his *Ethics*. Aristotle had done so because money, as discussed above, because he believed it had no intrinsic value—a view with which many scholastics agreed. It is an

59 Odd Langholm argues that the scholastics opposed lending at interest because interest could not be taken from someone voluntarily; there was a certain degree of compulsion involved. In short, since borrowing implied need and need implied that borrowing to meet that need was compulsory, the scholastics argued that lending at interest was unjust. Usury was essentially robbery. *The Legacy of Scholasticism in Economic Thought*, 59-74.

60 A heresy is not necessarily a belief that is wrong. The word for heresy in the New Testament means division. Anything that would cause dissension within the Church or society would be considered heretical because it would divide Christian brother against Christian brother.
interesting argument and one that could not be easily made today. Aristotle and the
scholastics argued that if someone lent out money, which had no intrinsic value, they
would lose nothing should the loan not be repaid. The only acceptable form of earning
wealth without labor was the renting out of land, which itself had intrinsic value.

The scholastics could not leave it there, though. They went on to argue that there
were two situations in which a man could charge interest. The first is if the individual by
lending foregoes another opportunity for investment; the second, if his capital is subject
to substantial risk.61 These two loopholes made it possible to charge interest in nearly all
situations because there was always a risk of losing one’s money when lending it out and
because there was always some other opportunity for investment. Of course, this ignores
all the different ways in which individuals sought to get around the various bans. They
might use fees and other charges as ways to avoid the actual use of the word usury but it
was lending at interest no matter what they called it.

As we will see in later chapters the problem of currency debasement was rife at
times throughout the medieval period. Nicole de Oresme (1323-1382), a student of Jean
Buridan (1295-1358), even wondered whether the governments of Europe were not
engaged in a type of lending at interest, and that without consent, when they reduced the
amount of specie content in the coins they struck. After all, he argued, the coinage in
circulation belonged to the people and when the crown scraped off too much for its self it
went beyond the simple cost of melting and striking the coinage. It was argued by
Oresme that debasing the coinage was a form of usury and therefore immoral and against
the teaching of the Church. Oresme agreed with his teacher Buridan that money had

61 This is the argument made by Aquinas in the Summa Theologica, II-II, Q. 78, Art. 2.
intrinsic value because precious metals had intrinsic value, so he opposed Aristotle’s social utility view of money and embraced what would come to be called bullionism.

Buridan and Oresme show a distinctive shift in the discussion about economic issues. There is less emphasis on esoteric issues like universals; however, justice is still a subject of concern. That the scholastics were concerned with more practical issues like bullionism meant they were being forced to respond to things that were happening in society. Diana Wood has argued that economic practice often precedes economic theory, which is what seemed to be happening here. The growth of the commercial city-state and a myriad of schemes to avoid the usury laws needed a response.

The most ineffective response was the development William of Ockham’s ideas. As mentioned above Ockham (1288-1348) contributed to the internal demise of scholasticism by making all philosophy a question of language. D. J. B. Hawkins called this the “terminist school”. By the end of the fourteenth century scholasticism had become unable to respond to a quickly changing economic landscape. Their arguments were too arcane, too semantic, and most importantly still integrally bound to ethical considerations. The intellectual irrelevancy of scholasticism mixed with the quickly diminishing political pull of the Catholic Church meant that scholasticism’s days were number. Below we will discuss the diminishing influence of the Church that resulted from the Investiture Contest and subsequent conflicts between the Church and the state.

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62 This will be discussed more fully in chapter three.
63 Wood, Medieval Economic Thought, 208.
64 Hawkins, A Sketch of Medieval Philosophy, 136-139.
THE INVESTITURE CONTEST AND THE DECLINE OF THE PAPACY

The Holy Roman Empire began theoretically with the crowning of Charlemagne on Christmas Day 800 CE. However, its real political life began in 962 with the reign of Otto I. He sowed the seeds of future discord by strengthening the power of ecclesiastical authorities against local nobles. He did this to weaken the secular powers that stood against him in Germany. Henry III also contributed to the future confrontation between Church and state with his appointment of spiritually-minded Cluniac monks to the papacy during the early eleventh century.65

As we will discuss in more detail in the following chapter, the history of medieval Europe begins with the conquest of what remained of the late Roman Empire, the fusion of German barbarian culture with what was left of Roman society, and the conversion of the hinterland to Christianity, primarily under the swords of these same German princes. As Jacques Le Goff has written, “the men of the medieval west were indeed the offspring of the barbarians.”66 These events of the fifth and sixth centuries determined for over a millennium how Western European people lived, and how they conceptualized themselves and their world. It was a civilization that was, at a political level, the fusion of Germanic elective kingship67 and Church hierarchy, the latter being the vestigial political remains of the former empire.


66 Le Goff, Medieval Civilization, 3, 5, 17.

67 This is largely the argument of Sidney Painter in his The Rise of the Feudal Monarchies (Ithaca, New York: Cornell University Press, 1951).
It is often difficult to see any progress toward civilization because of the rampant violence and chaos that existed during this time. However Jacques Le Goff assures us that it was there. He writes,

The middle ages, a period of violence, of harsh living conditions, dominated by the natural world, was also a period of exceptional creativity and laid the foundations of the development of western civilization. …even more than others, perhaps, the society of the medieval west can only be understood if one shows how its material, social and political realities were penetrated by symbolism and the imaginary world. Only the study of how people represented themselves alongside the study of the way in which they thought and felt can allow us to understand this world.⁶⁸

England, which will play a later role in illustrating the main point of this work, was conquered by Canute (995-1035 CE), a Danish king, but was himself conquered by the Christian religion, which he then brought to the Scandinavian countries of Denmark and Norway.⁶⁹ In the late eleventh century, as mentioned above, the pope took advantage of the Norman Conquest of England in 1066; and, it should be remembered that just after the Norman Conquest of England the Investiture Contest began in Central Europe. Just as Hildebrand would try to make the most of William’s conquest in England so he saw an opportunity of allying himself with another strong military leader in Europe who professed the Latin faith; no doubt as a means of pressuring Germany into obedience. Like Charlemagne Robert and Roger Guiscard, the Norman overlords of Sicily, served as defenders of the Latin faith and the papal state while they gobbled up as much of Europe

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⁶⁹ Yet, it must be remembered that many were only nominally Christians and still held on to many of their superstitions. Some continued to hold onto a belief in the Norse gods of Europe. However, Christianity was able to achieve the near elimination of human sacrifice, polygamy, and slavery—that is, if you were a Christian. Jacques Le Goff writes, “A non-Christian was not really human; only a Christian could enjoy the rights of a man, among them protection from slavery.” *Medieval Civilization*, 152.
as they could.\textsuperscript{70} In these actions can be seen the still evident desire for a universal monarchy under the banner of Christianity. For, “In spite of these days of confusion the conception of an organized world state co-extensive with the domain of a world religion still floated vaguely in the minds of men.”\textsuperscript{71}

As mentioned previously in this chapter early Christians were initially indifferent to the suffering of this life, and the failings of the world. It was, after all, soon to disappear and be replaced by the perfected beings of Christ’s kingdom. By the Middle Ages Christians saw little difference between heaven and earth, and time was just “a moment in eternity.”\textsuperscript{72} The very conception of time for the rural peasant and the city-dweller made for distinctions in their conceptions of the universe. For example, the rural peasant who measured time in days tended to possess a Manichaean view of the world, for all they knew was light and dark.\textsuperscript{73} So, when the Teutonic races began to take over the governments of Western Europe the Church was only too happy to accommodate their need for an existing bureaucracy in the form of the \textit{ecclesia}. For all the violence and corruption that dominated these dark years the Church, although often corrupt itself, stood as a bulwark against the complete ignorance of society and as an obstacle to the thorough exploitation of the poor.\textsuperscript{74}


\textsuperscript{71} Fisher, \textit{A History of Europe}, 207.

\textsuperscript{72} Le Goff, \textit{Medieval Civilization}, 165.

\textsuperscript{73} Le Goff, \textit{Medieval Civilization}, 178. This had more to do with the dangers the night held for one outside a city rather than the actual contrast between light and dark. Daniel Boorstin devotes part of his book \textit{The Discoverers} (1983) to the development of time-keeping and portable devices to keep time nearly anywhere. Its importance in navigation is well known, but it also has much to do with man’s conception of himself. (New York: Vintage Books, 1983), 26-55.

\textsuperscript{74} Marc Bloch argues that the \textit{societas Christiana} made it difficult to fully exploit labor, and that it was the primary motivation for eliminating slavery within Europe, \textit{Land and Work in Medieval Europe}: 46
However, the monastic movement which called the individual to a higher level of spiritual development also served as a sanctuary against the chaotic and uncertain world around which the monastery was surrounded.\textsuperscript{75} Were it not for these self-sacrificing individuals Europe might have completely lost its Roman and civilized soul to the barbarism of the Goths, Vandals, and Franks. Often monasteries were used as the advanced guard of civilization going into the rural areas before urban Christianity could make its way to the people.\textsuperscript{76}

While England struggled in the tenth and eleventh centuries to remain Christian, and maintain connections with the continent, Henry III (1017-1056 CE), the Holy Roman Emperor, had the dubious distinction of redeeming the Church from its many corruptions while at the same time putting in motion the controversy that would eventually divide Church and State. By appointing Cluniac popes Henry put in charge those who believed the world should be led by the papacy—in short, the creation of a true theocracy.\textsuperscript{77} During the reign of Henry IV (1056-1105 CE), starting with the Synod at Lent (1075) and the assertion of papal power over both the secular and spiritual rulers of the world, the Investiture Contest began. This contest led to a clash between the Holy Roman Emperor and the papacy, a contest won at first by Gregory VII (Hildebrand) but eventually settled in favor of the state at the Concordat of Worms (1122). This concordat essentially


\textsuperscript{75} Originally these communities were established in preparation for the solitary life of the hermit. Few ever left the coenobitic community, however; and the monastic movement proved difficult for the Church to control, Roger Collins, \textit{Early Medieval Europe, 300-1000} (New York: St. Martin’s Press, 1991), 70-74.

\textsuperscript{76} Le Goff, \textit{Medieval Civilization}, 120. In his book \textit{How the Irish Saved Civilization} (1996) Thomas Cahill argues that it was the Irish monasteries of the Roman Church that preserved for centuries many Latin texts that would be used to resuscitate civilization after the dark ages.

\textsuperscript{77} Fisher, \textit{A History of Europe}, 212.
allowed the sovereign to confer land rights while leaving to Church authorities the power to invest appointees with spiritual authority, which was signified by the ring and the staff. Prior to the Investiture Contest the Church had already been shaken by the Schism of 1054. The western and eastern churches had finally parted company. The Greek Orthodox Church dominated the east and the Roman Catholic Church dominated the west. One of the points of division between East and West was that “the Byzantines regarded themselves as the heirs not only of ancient Hellas but of Imperial Rome.” This continued hostility did not allow Rome and Constantinople to work together in the defeat of either the Seljuk or the Ottoman Turks. This division also complicated the call by the western pope, Urban II, in 1095 for Christians to engage in a crusade to take the Holy Land from the infidels. The antipathy between these two Christian regions helps to explain the sack of Constantinople by Latin forces in 1204. It is possible that some of these men still remembered the lack of support offered by the Greek Emperor Manuel Comnenus in the twelfth century when the Latins were attempting to defend their eastern lands.

In yet another example of the law of unintended consequences, the crusades introduced westerners to the culture and material life of the east, a life they began to desire themselves. In short, the crusades served to renew the interest in towns, where

78 In 1054 the patriarch of Constantinople anathematized the Roman Church, dividing to the present-day the Eastern Orthodox from the Roman Catholic Church. It is interesting to note that the Investiture Contest starts just two decades later, indicating how wide the political ambitions of the Roman Church were becoming.


80 Jacques Le Goff agrees, saying that the Crusades rather than uniting Europe served only to increase the existing tensions and widen the divisions. *Medieval Civilization*, 66.

81 This is a material world that the medieval man could not hope to enjoy, however, until the economy again became monetized, men were freed from the land, and cities found themselves resurgent due to the re-opening of trade. Le Goff, *Medieval Civilization*, 195-254.
things could be traded, and in commerce, for which Venice would become famous. Most importantly, the crusades served as an outlet for Europeans frustrated by primogeniture. The inability to acquire land in Europe, the prerequisite for nobility, was not a problem in the lands beyond the sea, for they were held by the infidel, the enemies of Christ.\(^{82}\)

The Investiture Contest had highlighted the rift between the Empire and the papacy, and the conflict continued throughout the twelfth century. Frederick Barbarossa squared off against the Lombard League in the twelfth century setting imperial interests against the up and coming interests of the commercial city-states. This was an example of the growing middle class’ power—in the form of the commercial city-state, and willingness to stand up to established authority, a willfulness that would eventually be utilized by the secular princes of Europe in their own efforts to centralize power.\(^{83}\)

Pope Alexander III encouraged the fight between the Holy Roman Empire and the papacy when he did not attend a synod called by Frederick Barbarossa. The papacy did not want to confirm by their attendance at the synod that the emperor had this power. So, tit-for-tat both the anti-pope, Victor IV, and the emperor were excommunicated. This meant the response of Frederick had to be prompt, and military. Frederick was later defeated at Legnano (1176) and had to do homage before Pope Alexander III in Venice on July 24, 1177. Like the humbling of Henry IV at Canossa this appeared to be to the

\(^{82}\) Le Goff, *Medieval Civilization*, 62. Land-grabs had started with the Reconquest of Spain in the eleventh century. Through a system designated *población* Spanish and foreign conquistadors were given any land in Spain that was taken from the Muslims. People were also encouraged to populate cities and their surrounding districts that had been abandoned by centuries of war. The Spanish king gave a *fuero* to anyone willing to do this. This amounted to a free land grant, in perpetuity, as long as the individual and his family remained faithful to the crown.

advantage of the papacy but it was a pyrrhic victory as subsequent events would soon confirm.\textsuperscript{84}

It appeared that Frederick was going to obtain his revenge when his son married Constance, who brought the Sicilian treasury and fleet, along with Saracen military prowess, with her.\textsuperscript{85} However, the papacy saw the threat and immediately sought a way to counter it. In order to defeat the newly strengthened imperial family the papacy had to make common cause with France.\textsuperscript{86} This eventually led to the Avignon, or “Babylonian”, Captivity of the papacy (1307-1377) and the slow loss of papal political power over the next several centuries. The effective political destruction of the Holy Roman Empire at the hand of France led to the diminution of the papacy which was first dominated by France and then Spain. As Jacques Le Goff writes that

\begin{quote}
In persistently attacking the emperor, who was merely an idol with clay feet, an anachronistic power, the papacy failed to observe, and sometimes even encouraged, the rise of a new power, that of the kings (emphasis mine).\textsuperscript{87}
\end{quote}

CONCLUSIONS

At the beginning of this chapter I suggested that scholasticism was a mood, or spirit, that heavily influenced the thinking of medieval thinkers. It is pretty clear that this \emph{zeitgeist} influenced both thought and action until the seventeenth century. However, the

\begin{footnotes}
\footnotetext[84]{Tierney and Painter, \textit{Western Europe}, 340.}
\footnotetext[85]{Ibid., 341.}
\footnotetext[86]{The war between the Guelfs and Ghibellines played no small part in the Avignon Captivity. The start of the war can be dated from 1158 the year Frederick Barbarossa asked whether he was “lord of all the world”, renewing the question of primacy in the temporal realm, Kenneth Pennington, \textit{The Prince and the Law, 1200-1600} (Berkeley: University of California Press, 1993), 10. The war ended with Guelph victory in 1289. This century and a half of conflict the Empire and the papacy weakened both and, in part, made it possible for France and Spain to emerge on the world stage as major powers. Fisher, \textit{A History of Europe}, 363.}
\footnotetext[87]{Le Goff, \textit{Medieval Civilization}, 97.}
\end{footnotes}
influence of the ethical and communitarian scholastic philosophy did not cease to exist in a single moment in the seventeenth century—no intellectual movement ever does. It took several centuries for Europeans to become comfortable with the idea of a society where the individual meant more than the collective. There had always been a tacit acceptance that some were better than others; however, by the end of the seventeenth century we begin to see the protections of natural law applied to a wider number of people.\textsuperscript{88}

This chapter has given us an introduction to the scholastics who influenced intellectual thought until the end of the Renaissance and the beginning of the Protestant Reformation. The Renaissance and the Reformation, more than anything else, established the foundation upon which all subsequent thought developed, including economic thought. The Renaissance was instrumental in creating an alternative to the \textit{a priori} and completely deductive system pushed by scholastics; and, it contributed directly to the European Age of Enlightenment. Through the work of many geniuses like Galileo, Copernicus, Kepler, Newton, and others, amoral empiricism and the inductive method took the place of the closed ethical system of the scholastics by the seventeenth century.\textsuperscript{89}

The Protestant Reformation served to further weaken the Catholic Church in the sixteenth century, and it curbed the Church’s intellectual and political influence, especially in Northern Europe. I will deal more fully with the developments of the Renaissance and the Reformation in the conclusion to this dissertation.

\textsuperscript{88} We will explore this idea more fully in the next chapter when we discuss the idea of “divine right”, particularly as it is present in the works of John Neville Figgis and Kenneth Pennington.

\textsuperscript{89} This is not to imply that all scientifically minded individuals were themselves amoral or unreligious. In fact, Newton and others were well-known Christians. What distinguished the scientifically minded from others was there ability to divorce scientific endeavors from their cosmological views. This was a source of criticism emanating from those who thought that science should serve the glory of God. We will come back to this theme later which is explored in Allen G. Debus’ book \textit{Man and Nature in the Renaissance} (New York: Cambridge University Press, 1978).
The following chapter will deal with the secular developments that made it impossible for scholasticism to survive. As we have seen in this chapter the Church and the Holy Roman Empire had stood for centuries as the only international political organizations, although their political effectiveness was always limited by whether local princes would comply with their demands. The perpetual hostility of the Papal States to the Empire, and *vice versa*, made them increasingly ineffective against the growing power of the centralized royal courts of Western Europe. There was only one political alternative and that was to look to the feudal structures of Europe for stability.

Feudalism was an alliance system used by the European nobility to keep order in society; and, it fit well within the notions of scholastic Churchmen who preferred that most people live hard-scrabble existences on the manses of Europe so as not to imperil their souls through materialism. This is why feudalism and the Church were intimately associated from the beginning of feudalism’s inception in the ninth century. However, the rise of the commercial city in the late medieval period and the large shift of population to these cities made it nearly impossible to keep the avarice of the human soul in check.

Scholasticism experienced decline for several reasons: it could not compete against the more popular empiricism of a later age, its commitment to social justice made it unable to effectively answer questions associated the burgeoning material wealth made possible by the resumption of international trade, and it was ineffective at stopping the secularizing influence of the commercial city-states that emerged as a result of that international trade. It was this growing secularism that made possible the creation of an environment in which mercantilist ideas could flourish during the seventeenth century. However, as this chapter has shown it took the hobbling of the Church to diminish the
influence of scholasticism, and it was the conflict between the Church and the Empire which contributed most to the demise of the Church’s political influence. The irony is that most of these wounds were self-inflicted.

The next chapter will focus less on the zeitgeist of late medieval Europe and more on the structures of society, structures that determined what everyday life was like for Western Europeans. For this reason, we will focus some on the legal structures of Western Europe, the differences between common and canon law, the dispute over divine right and natural rights, and the continuing controversy over whether the rights of the monarch could be curbed by the Church, or constitutions. There were a wide-variety of views on these subjects and we will not be able to survey all of them; however, we will be able to show how the debate over these issues ultimately contributed to an environment that in some countries proved friendly to mercantilist thought and policy.

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90 We will go into more detail about the legal systems of England and Portugal in chapters four and five. One of the major differences between England and Portugal is England’s emphasis on common law at the expense of canon and Roman law, which dominated the legal structures of Portugal. For example, in the fifteenth century there is evidence that English students were studying law in Bologna. R. J. Mitchell, “English Law Students at Bologna in the Fifteenth Century,” *The English Historical Review* 51, no. 202 (April 1936): 270-287. However, this changed in the sixteenth century, Wilfrid Prest, “Legal Education of the Gentry at the Inns of Court, 1560-1640,” *Past and Present*, no. 38 (December 1967): 20-39.
Chapter Two
Feudalism and the Myth of Absolutism

In this chapter we will examine the decline of feudalism in Western Europe from the fourteenth through the sixteenth century. In the conclusion we will touch on the idea of absolute monarchy. An understanding of both of these developments is vital to our examination of seventeenth-century mercantilism because the weakening of the political and social structures of feudalism made way for a new, stronger, and more centralized system of monarchy which would be imperative for the implementation of any national mercantilist policy.¹

So, in what ways did feudalism decline? First, the traditional feudal oaths that had been given in exchange for land were quickly being replaced by a cash nexus, largely because of the resurfing use of coin and bullion in trade.² Second, the traditional fighting force of the knight was being replaced by mercenary armies and modern cannon.³

¹ This type of monarchy has been termed absolutism by scholars. I will take the view that absolutism is a limited conceptual framework that ignores the many ways in which the monarchs of Europe had to placate and cajole nobles, merchants, cities, peasants, and Churchmen in order to get what they wanted. Absolute monarchy was more often about alliances and compromise than it was about the assertion of divine right. Robert Zaller, “Breaking the Vessels: The Desacralization of Monarchy in Early Modern England,” The Sixteenth Century Journal 29, no. 3 (Autumn 1998): 763-64.

² Below we will examine the scholarship of K. B. MacFarlane and P. R. Cross on the subject of “bastard feudalism”. This likely had its origins in scutage, a fee that a lord or knight paid to his patron in lieu of military service. J. H. Round, “The Introduction of Knight Service into England,” The English Historical Review 6, no. 23 (July 1891): 417-443.

³ Roland H. Bainton writes, “The invention of gunpowder in the fourteenth century did not at once extinguish knighthood, which survived until the seventeenth. The sixteenth was the period of death throes.
However, the decline of feudalism was just one of many changes that were occurring in Western European society during this time. The commercial city-states of Italy, by challenging the papacy and the empire, prepared the way for those great seventeenth-century trading entrepôts of Amsterdam and London.

All the changes above, combined with the increasing inability of the papacy to effectively enforce its ethical and communitarian agenda in most Western European countries, meant that the stage was being set for seventeenth-century mercantilist ideas to become a dominant force in national economic policy. However, these events did not take place overnight. It took centuries for feudalism to develop and then decline, and even then feudalism did not go away completely. It still existed without many changes in

Symbolic is the figure of Ignatius Loyola brandishing his sword for the queen of Spain on the walls of Pamplona until his leg was shattered by a ball from nowhere in particular, fired by an impersonal engine of modern warfare.” “Changing Ideas and Ideals in the Sixteenth Century,” The Journal of Modern History 8, no. 4 (December 1936): 418.

Immanuel Wallerstein argues that there was a transition from a feudal to a capitalist economy between 1450 and 1640. “From Feudalism to Capitalism: Transition or Transitions?,” Social Forces 55, no. 2 (December 1976): 276.

Marvin B. Becker argues that the new “territorial state” of Florence in the mid- to late fourteenth century challenged the power of the church and “nurtured” “early Renaissance humanists” within a “secularized milieu”. The Florentine government, closely associated with the mercantile class, effectively stood against papal demands for preference when it came to loans for support of their war against the Ghibellines. “Church and State in Florence on the Eve of the Renaissance (1343-1382),” Speculum 37, no. 4 (October 1962): 509-510.


Fernand Braudel in his major work Civilization and Capitalism, 15th Century through 18th Century (New York: Harper & Row, 1979) posits the notion of shifting entrepôt from south to north, starting in Italy in the fifteenth century and ending in London by the eighteenth century.

Even before the Reformation in England there was evidence that the Church was having a difficult time enforcing its will on the people. H. G. Richardson has analyzed the difficulties the Church encountered in the thirteenth and fourteenth centuries when trying to enforce anti-heresy laws. “Heresy and the Lay Power under Richard II,” The English Historical Review 51, no. 201 (January 1936): 1-28. J. A. F. Thomson has written about the difficulties the Church encountered in collecting tithes in fifteenth-century London. “Tithe Disputes in Later Medieval London,” The English Historical Review 78, no. 306 (January 1963): 1-17. In both cases the secular authorities ignored the Church’s entreaties for help or worked actively with the people against the interests of the Church.
Eastern Europe; and, according to some, it continued on in the form of “recharged
feudalism”, a system upon which the absolutist state could be built.\(^9\)

**LIFE IN EUROPE BEFORE FEUDALISM**

There were many things that preceded the establishment of feudalism which are pertinent to our discussion because one of the main arguments of this work is that the social structures of Western Europe determined in large part its political and economic development. For example, manorialism was a system of subsistence and mutual dependence developed in the countryside after the fourth century CE as the cities of the Roman Empire began to decay and crumble.\(^10\) Manorialism was not just an economic system; it had social and political ramifications as well. Feudalism was essentially a police system setup to protect the manor against the invasions of Vikings and Huns. In time feudalism and manorialism became so intertwined that those who oversaw production became also those who defended it.\(^11\)

**THE DECLINE OF IMPERIAL ROME**

In the first few centuries of the current era, as it was assaulted from without, Roman society began to decay within. The inability of the government to pay for the defense of its borders meant that Rome would have to turn to barbarian generals and infantrymen to make up for their lack of manpower and military leadership. The danger

\(^10\) Michael Grant, *Constantine the Great: The Man and His Times* (New York: Charles Scribner’s Sons, 1994), 97-98. Serfs during the late Roman Empire were called *coloni*, and they were tied to the land by edict. This had begun under Diocletian but continued under Constantine.
was already apparent at the end of the second century CE when the Marcomanni of Bohemia and the Quadi of Moravia began to menace the borders of the empire. Rome offered these individuals citizenship in return for their service, a recurrent pattern over the next several centuries.\textsuperscript{12}

Unfortunately, the decay within meant that the leadership of the empire continued to be poor. Added to this overall decay was the lack of scientific or technical progress, a lack of artistic expression, the generally poor education of the Roman upper classes, and the pervasive ennui of a materialistic culture which turned the general populace to the mystery cults of the east. These new superstitions fed an already burgeoning intellectual backwardness within the empire because they tended to focus on Dionysian-like religious experience rather than intellectual enlightenment.\textsuperscript{13} The decline of the population and the debasement of the coinage\textsuperscript{14} also led to the continued breakdown of Roman civilization, so closely associated with urban life.\textsuperscript{15} The breakdown of city life made possible the many invasions of the German barbarians in the centuries prior to the dark ages.\textsuperscript{16}


\textsuperscript{13} J. M. Roberts writes that “the intellectual and religious world of the empire was omnivorous, credulous and deeply irrational.” \textit{The Penguin History of the World} (New York: Penguin Books, 1997), 246.

\textsuperscript{14} Marcus Aurelius, Septimius Severus, and Caracalla all debased the coinage during their reigns. A. H. M. Jones, “Inflation under the Roman Empire,” \textit{The Economic History Review}, n.s., 5, no. 3 (1953): 296.


\textsuperscript{16} It is only those who do not appreciate the momentous achievements of Roman civilization who can with a straight face claim that the dark ages were of no consequence. Some have argued that the Carolingian period can be viewed as a brief interruption to the trends of the dark ages, such as political chaos and the dominance of superstition and theology over reason. However, there were no major economic, technological, intellectual or political changes that occurred prior the start of the second
Part of the decay of Roman civilization involved the division of the producer from the consumer. The cultured class began to think of themselves as above those who engaged in arts, manufactures, and any other type of labor. In short, the Roman Empire had succumbed to the same debilitating effects of elitism that had challenged Greek society during its golden age. There was too much reliance on slave labor; and, a lack of economic understanding led to the debasement of the coinage, which only further exacerbated the economic woes of the empire.

There were several attempts to reform the empire in the centuries after the end of the Julio-Claudian dynasty (27 BCE-68 CE). Diocletian (244-311 CE) in the late third century and early fourth century reformed the administration of the provinces by appointing one co-equal ruler (Augusti) and two Caesars to assist, and eventually succeed, the Augusti. However, Diocletian’s desire to create a smooth transition for the next rulers of the empire was upset by the start of a civil war after his own retirement in 308. He also attempted to control prices and restore order to the Empire but failed because Roman society hungered too much for wealth and idleness and could not be sustained.

millennium CE. This meant the period from the fall of Rome in 476 to 1000 CE was a dark period indeed. Brian Tierney and Sidney Painter write that “the original creative work of the ninth century is of relatively little value.” Western Europe in the Middle Ages, 300-1475, 5th ed. (New York: McGraw-Hill, 1992), 145.

Robert J. Antonio writes, “Rome was stratified by wealth, political power and prestige, which usually coincided. Furthermore, Roman social structure was characterized by extreme verticality and low levels of social mobility.” “The Contradiction of Domination and Production in Bureaucracy: The Contribution of Organizational Efficiency to the Decline of the Roman Empire,” American Sociological Review 44, no. 6 (December 1979): 895-912.

Both Plato and Aristotle thought the mechanical arts were soul-destroying. Mercantile activity was also not as honorable as overseeing a rural estate. Plato shows this contempt in the Republic, Book V, Part VI and Book VIII, Part IX. Aristotle writes, “Those occupations are most truly arts in which there is the least element of chance; they are the meanest in which the body is most deteriorated, the most servile in which there is the greatest use of the body, and the most illiberal in which there is the least need of excellence.” Politics, Book I, Part XI.

Erik Christiansen, A History of Rome: From Town to Empire and From Empire to Town (Wauconda, IL: Bolchazy-Carducci Publishing, Inc., 1995), 162-165.
brought to heel.20 The Roman noble’s aversion to manual labor was not based on intellectualism; it was simply an issue of class.21 This was a prelude to how entrenched the division between the warrior and the peasant class was to become as a result of German barbarian influence on European culture, a culture which saw the warrior at the top of any political hierarchy. Those who worked the earth, the majority, were seen as unfit to lead.22

After Constantine took power in 306 CE, he reconstituted the empire, provided religious toleration for all with the Edict of Milan (311), and made Christianity the preferred religion of state. With the choice of Byzantium as the capital of his empire Constantine began the slow, but inevitable, division of east from west. The Latin west would soon be differentiated from the Greek east in every way.23 It was during Constantine’s reign that many of the social and economic conditions associated with medieval Europe were put in place. Taxation on the wealthy was minimal if it existed at

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20 This can be seen in the fourth-century condemnations of the pagan historian Ammianus Marcellinus and St. Jerome. They both condemned Romans for their luxurious living and ostentatious dress. Bertand Lançon, *Rome in Late Antiquity: Everyday Life and Urban Change, AD 312-609* (New York: Routledge, 2000), 121-122.

21 This probably had to do with the “low economic status of labor on the large estates.” Mason Hammond, “Economic Stagnation in the Early Roman Empire,” *The Journal of Economic History* 6, Supplement: The Tasks of Economic History (May 1946): 67. During the late medieval and early modern period, the Portuguese had the same idea when it came to nobility. Those wanting to be members of the nobility were tainted by commercial activity, and land was a prerequisite for most to enter into the nobility. Carl A. Hanson, *Economy and Society in Baroque Portugal, 1668-1703* (Minneapolis: University of Minnesota Press, 1980), 17-19.

22 This is in decided contrast to the Roman story of Cincinnatus who while tilling his field was asked to rescue the Roman Republic from its enemies, which he did and then returned to his farm. One could argue that this division became more pronounced as feudalism became more entrenched during the late middle ages. John Marshall Carter has shown that in the eight and ninth century all able-bodied men were expected to follow their lord into battle, no matter their station in life. “Sport, War, and the Three Orders of Feudal Society: 700-1300,” *Military Affairs* 49, no. 3 (July 1985): 136.

all, the exactions on the middle class were ruinous, and people began to be tied to the land by edict. The coinage continued to be debased. All of these actions contributed to the intellectual, economic and political backwardness of the so-called “dark ages”, which is synonymous with manorialism and serfdom.\textsuperscript{24}

As far as religion goes the initial battle within the empire was not really between Christianity and classic paganism; it was rather a conflict between classic paganism and the mystery cults of the east. In fact, Christianity borrowed many of its own forms from these mystery cults, which is why later the cults of Isis, Serapis, and Mithras became the competitors of Christianity, not Roman paganism. As H. A. L. Fisher writes, “It is in reality with these eastern creeds, rather than with the Olympian gods of Homer, that the eventual battle of Christianity was fought.”\textsuperscript{25} In the fourth century conversion to Christianity was made easier by the similarities between it and these eastern mystery cults. When Constantine provided Christianity with state sanction and largesse it also became easier to make the leap from paganism to Christianity—it was now, after all, to one’s political and economic advantage.\textsuperscript{26} By getting involved in Christian doctrinal disputes, such as that at Nicaea in 325 CE, Constantine also set in motion a series of events that would profoundly influence the idea of the temporal and spiritual life of the European people.

At the end of the fourth century the German barbarians who had protected the Roman Empire from the Huns and others began to grow restive because of their ill-
treatment by the Empire. The victory of the German tribes seems inevitable in hindsight.

In 378 at the Battle of Adrianople the Visigoths defeated the imperial army and killed the emperor, Valens. Their chain mail and cavalry tactics were too much for the Roman forces, and they established a new effective tactic against the Roman sword. Until the introduction of early modern infantry and the longbow the cavalry would be the most effective fighting force in Europe.\(^{27}\) This marked the rise of the warrior class, one of the most important of the three medieval classes: military, priestly, and worker. The Roman historian Tacitus, during the first and second centuries, had already commented on the military prowess and moral virtue of these Germanic people.\(^{28}\) Tacitus’ descriptions of the Germans should be contrasted with the later descriptions of the soft, luxury-addicted Italians made by historians.\(^{29}\)

There were two decidedly important events that occurred during the fifth and sixth centuries: the first was that the tribes of Germany invaded Rome, and over the centuries fused Roman and Germanic culture; the second was that the kings and princes of Western Europe chose to embrace the Roman Catholic faith instead of Arianism. Many like the Iberian Goths had embraced Arianism at first but were converted later when they saw the political advantages.\(^{30}\) These proved pivotal events as can be seen in


\(^{28}\) Tacitus in his *De Origine et situ Germanorum* (98 CE) describes the Germanic tribes as fearless in war, always armed, highly moral, and given to sloth and drinking when not at war. Their general lack of vice and their war-like character would have endeared them to Tacitus since in true Roman fashion he believed that *virtus* was the highest quality of character.

\(^{29}\) See previous note above on the comments of Ammianus Marcellinus and St. Jerome.

\(^{30}\) Le Goff, *Medieval Civilization*, 23; Recared, the Visigothic king of Spain, allegedly converted to Catholicism after he heard competing arguments from Arian and Catholic ministers at the synod held at Toledo in 589. Thomas Bokenkotter, *A Concise History of the Catholic Church* (Garden City, NY: Doubleday and Company, Inc. 1977), 100. However, it is difficult to know how much of this decision had
the subsequent history of Western European political, social, and intellectual
development.

In the fifth century the decline of the western half of the Empire meant the
creation of a political vacuum, one that was conveniently filled by the Church because it
was the only organized group left standing in the midst of the quickly expanding anarchy
created by the German invasions.\(^{31}\) In 410 CE Alaric the Bold (370-410 CE) invaded
Italy for a second time and sacked Rome. It was this event that prompted the writing of
St. Augustine’s *The City of God* (427). This work was primarily an answer to the charge
made by pagans that it was the abandonment of the Roman gods that had led to Rome’s
defeat at the hands of the Germans. Some claimed that the removal of the Altar of
Victory from the forum was the reason for Rome’s defeat.\(^{32}\) St. Augustine, and the
Venerable Bede in the eighth century, believed that the barbarian invasions would be
succeeded by either the restoration of the Roman Empire or the *final conflagration*
followed by the reign of Christ.\(^{33}\) Many Christians would continue to hope for the latter
event, sometimes being sent into a frenzy of revolt and revolution at the prospect.\(^{34}\)

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\(^{32}\) There had been a golden statue in the Senate forum of a woman presenting a laurel wreath to a
victor. This statue had been captured from Pyrrhus of Epirus who attempted to conquer Rome prior to the
First Punic War, 264-241 BCE. The statue had been removed in one of the numerous anti-pagan frenzies
associated with the consolidation of the Christian state. Symmachus entreated Emperor Valentinian to
restore the statue of victory to the Senate forum after it had been removed by zealous Christians. He argued
that its removal, and the general disregard for the old religion of Rome, is why the Romans had been visited
by so much misery. Brian Tierney, ed., *The Middle Ages*, vol. 1, Sources of Medieval History, fifth edition

\(^{33}\) This is why Augustine could write in *The City of God* that it was not important if one lost all
their worldly possessions. However, it is not clear all Christians were motivated by such pure enthusiasm
for the “end of days”. It is possible that some Christians saw these other religions as economic competitors,
as well as competitors for the souls of the Empire.

\(^{34}\) Norman Cohn in his excellent book on millennial belief *The Pursuit of the Millennium:
Revolutionary Messianism in Medieval and Reformation Europe and its Bearing on Modern Totalitarian*
By the sixth century the Franks and the Goths dominated Western Europe, the Franks to the north, the Visigoths to the west and the Ostrogoths central and Eastern Europe. The Vandals were left with Northern Africa, Corsica, Sardinia and the Balearic Islands. Odoacer, c. 435-493 CE, became the ruler of Italy but did not make himself emperor, preferring to remain a client state of the eastern emperor at Constantinople. Charlemagne’s crowning on Christmas Day in 800 CE would end this clientage. When Theodoric, (454-526 CE) displaced Odoacer at the behest of the eastern emperor Zeno (425-491 CE) he became the most powerful ruler in Western Europe. However, it was Clovis the Frank (466-511 CE), who had allied himself with the Catholic Church, who started one of the most renowned dynastic families in Europe, the Merovingians. In 507 CE Clovis beat the Visigothic army at the Battle of Vouillé, inaugurating a new era in European history. Western European religious history would be dominated by the Roman faith, not Arianism, and Western European political history would be dominated by the question of who would hold supremacy the Church or the state.

Meanwhile, the British Isles had been abandoned by the Romans in the middle of the fifth century. The island saw conquest by the Saxons and a return to paganism. For over a hundred and fifty years it did not know Christianity, or Roman civilization. It would take the mission of St. Augustine, the Bishop of Canterbury, at the end of the sixth century to begin the return of Albion to the Catholic fold. By the end of the eighth

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*Movements* (New York: Harper and Row, 1961) provides us with detailed insight into how the poor and disfranchised used eschatology as a means of relieving the frustrations associated with living in a highly static society.

35 Gregory of Tours suggests that Clovis’ battle against Visigothic forces at Vouillé was religiously motivated. Edward James, *The Franks* (New York: Basil Blackwell, 1988), 86. Be that as it may, the import of this battle and victory for Clovis would have significant consequences, as the previously mentioned conversion of Recared indicates.

century this would be accomplished for the most part. Many view the seventh-century Synod of Whitby (664) as a turning point in Anglo-Papal relations.  

THE REIGN OF JUSTINIAN

While the Frankish kings in the sixth century were supporting the effort to convert German pagans to Christianity in the north, a single-minded man with little tolerance for religious heterodoxy came to power in Constantinople. Justinian I came to power in 527 CE, and his first hope was to restore the empire to its former glory and to establish the orthodox faith among those he ruled. In 532 CE he sent his general Belisarius to North Africa, Rome’s breadbasket, hoping to evict the Vandals. Belisarius was successful in North Africa, and was then sent to Italy in order to excise the demon of Arianism from the court at Ravenna. Narses completed Belisarius’ task when he defeated the newly elected king of the Goths, Totila, in 551 CE. This was, however, one of those illusions of history, a perfect example of the law of unintended consequences. For, the defeat of the Goths in Italy led to the Lombard invasion, the creation of the Papal States, the revival of the western empire, and the continued disunity of the Italian Peninsula.

Justinian may have contributed more to the ruin of the empire than any previous emperor by bankrupting the treasury through war and trying to root out religious heresy within the empire. He only balanced the scales historically in his favor with the building

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37 Ibid., 168-174.
38 The Romans were successful in getting rid of the Vandals but they left a depopulated land and a disaffect people who would turn to their Islamic rescuers in the seventh century. P. N. Ure, Justinian and His Age (Wesport, CT: Greenwood Press, Publishers, 1979), 32.
39 Ibid., 51-51, 57.
40 This was an accusation made by Justinian’s contemporaries; however, Thomas Brown writes that this assessment may be overdrawn. Justinian had put pressure on the treasury but it was continued
of St. Sophia, and the development of the Codex, the Digest, the Institutes and the Novellae, a series of legal references that codified Roman law. Justinian reigned for 38 years from 527 to 565 CE. During his tenure as emperor he closed the school at Athens, he persecuted heresy, and he wrangled over a variety of esoteric theological points. At the Second Council of Constantinople (553), which Justinian called, there was a continuing effort to stamp out Origenism. Origen was a neo-Platonic Church Father who had been excommunicated because of an administrative technicality. His heresy was that truth was universal and could be found in all writings whether pagan or Christian. At this same council Justinian showed his unwillingness to allow any deviation from the accepted doctrine of the Church. This council targeted the persistent heresy that Christ was not fully human, that he was, in fact, only divine. This was called Monophysitism and had its logical roots in Manichaeism, the belief that all flesh was inherently evil and created by Satan.

The sixth century is important because it marks the first briefly successful attempt to reconstitute the empire. Justinian succeeded, if only for a time, in taking back

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41 These legal works would be subsequently used by academics at Bologna at the end of the eleventh century. They would become the basis for Canon Law, a legal system organized within the Church for the prosecution of cases against its own members. This was one of the sources for tension between the Church and secular princes. For, the Church did not allow clergymen to be tried in secular courts of justice. Karl F. Morrison, “The Church, Reform, and Renaissance in the Early Middle Ages,” in Life and Thought in the Early Middle Ages, ed. Robert S. Hoyt (Minneapolis: The University of Minnesota Press, 1967), 157-158; Tierney and Painter, Western Europe in the Middle Ages, 88.

42 Justinian may not have been as religiously bigoted as H. A. L. Fisher maintains. According to Tierney and Painter, Justinian attempted to compromise with the monophysites but Vigilius, the Byzantine pope, would not hear of it, Tierney and Painter, Western Europe in the Middle Ages, 106.

43 This was a persistent desire on the part of those who came to power in Europe, even into the modern era. It is said that Napoleon asked to be crowned by the pope in 1804 but when it came time he grabbed the crown with one hand, with his other on his sword, and crowned himself. Robert B. Asprey gives a slightly different account, not mentioning the hand on the sword. The Rise of Napoleon Bonaparte (New York: Basic Books, 2000), 498.
Northern Africa, the breadbasket of the empire. Unfortunately, the cost of this conquest led to the further weakening of the empire in the long-run. It also created an opportunity for the rising power of Islam in North Africa, which they would take advantage of in the late seventh and early eighth century. The Mediterranean became an Islamic lake rather than a Roman lake. As Fisher writes, “From one end of Europe to the other the Christian states found themselves confronted with the challenge of a new oriental civilization founded on a new oriental faith.”

The Lombards were the last of the Teutonic invaders in Western Europe. Under King Alboin they invaded Italy in 568 CE. They stayed until Charlemagne took the Lombard crown in the late eighth century. The Gothic rulers, although Arian in religion, could have been good allies for the eastern empire; but, Justinian was too bigoted to let them rule within his domains. This proved a mistake because it contributed to the continued breakdown of relations between east and west, and diminished Europe’s ability to deal with its greatest external threat, Islam.

THE ISLAMIC INVASION

There was no apparent motivation for the early Arab conquests other than the plunders of war. This was exemplified in the conquerors early toleration of other

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44 Norman H. Baynes argues that the pirate fleet operating out of Carthage is what denied Western Europe access to the Mediterranean. “M. Pirenne and the Unity of the Mediterranean World” in The Pirenne Thesis: Analysis, Criticism, and Revision, ed. Alfred F. Havighurst (Lexington, Massachusetts: D. C. Heath and Company, 1966), 52. Hodges and Whitehouse also confirm Pirenne’s thesis with regard to the Mediterranean and Western European political confusion resulting from the barbarian incursions; however, these things did not occur simultaneously in both the east and the west. Mohammed, Charlemagne and the Origins of Europe, 20-53, 54-76.


46 Prior to the Eastern Church’s anathematizing of Rome in 1054, relations between east and west had been at best frosty. When the Lombard invasion cut the western Church off from Constantinople this gulf grew even wider. The destruction that Justinian wrought on the population in his attempt to destroy the Arian ruler at Ravenna did not endear the East to the Italian people.
religions, especially Christianity and Judaism. Islam may, however, have served as a stabilizing force in a society that was being inchoately built by an ever-widening circle of military raids.  

Muhammad lived from around c. 570 to 632 CE. He was illiterate and likely a diabetic, according to some modern-day analyses of descriptions given of the “fits” he used to have. He married a widow named Khadija who was fifteen years his senior in 595. It was about fifteen years after this that Muhammad claimed the angel Gabriel began to talk to him, providing him with the last revelation of the one true God, Allah. At first Muhammad thought the Jewish people, with whom he was very familiar because he lived in a popular trading city, would accept his message. When they did not he turned against them, although he allowed them to live a second-class existence along with Christians in any Muslim kingdom because they were people of the Book.

After Muhammad’s death there were various factions that sought to take up his mantle. There were two main factions: the Shiites who followed Ali, the son-in-law of the prophet, and the Sunnites who supported the caliphs. The latter group was setup by various strongmen over the centuries, and they were not in the genealogical line of Muhammad. The Ummayyads were the first to setup a secular caliph in 656. Their capital was at Damascus and their empire lasted until 1031, although the capital of the caliphate

Tierney and Painter have written that “historians have found it difficult to explain such a dramatic expansion.” Perhaps, they continue, it was primarily the weakness of the Byzantine and Persian empires, which could not withstand the well-organized, and highly motivated, invasions of the Muslims. Tierney and Painter, Western Europe in the Middle Ages, 126, 123-129.

Karen Armstrong has written some well-received books on Islam over the last decade. Her books Holy War: The Crusades and Their Impact on Today’s World (1991), Mohammad: A Biography of the Prophet (1991), A History of God: The 4000-year quest of Judaism, Christianity, and Islam (1994), The Battle for God (2000), and Islam: A Short History (2000) have all been instrumental in developing my views on the conflict between the Muslim East and secular West. It is intellectual dangerous to see continuity everywhere but it is also dangerous to think that others possess the West’s same lack of memory for that which has happened in the past.
moved from Damascus to Cordova in 929. This was because a new caliphate had been established, that of the Abbasids. Their capital was at Babylon, now Baghdad, and it lasted from 750 to 1258, when it was defeated by the Mongol chief Hulagu Khan. From 909 to 1171 there was also the caliphate of the Fatimites, this was the final completely Arab caliphate and it controlled much of present day, Syria, Israel, Palestine, Egypt, and Northern Africa.49

So at one point, during the tenth through the eleventh centuries, there were three caliphates, one in Persia, one in the Middle East and North Africa, and one in the Iberian Peninsula. As with any group of people jockeying for political and economic power there was much division and only temporary cooperation against their primary antagonists, the Christians of Europe. However, Islam was unified enough to effectively deny the Europeans use of the Mediterranean for several centuries, which greatly increased their economic dominance of that once “Roman lake”.50

THE CAROLINGIANS

The Merovingian line, established with Clovis, continued from 481 to 716 CE. Then, power passed completely to the mayors of the palace during the Carolingian age.

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49 Patricia Crone has written that most of what we know about the first few centuries of Islamic expansion are taken from the chronicles of the invaders themselves. “The Early Islamic World,” in War and Society in the Ancient and Medieval Worlds: Asia, the Mediterranean, Europe, and Mesoamerica, Kurt Raaflaub and Nathan Rosenstein, eds. (Washington, D. C.: Center for Hellenic Studies Trustees for Harvard University, 1999), 309. She also points out that one of the distinctions between early muslim conquest and the later Muslim empires was the decreasing number of men put in the field for fighting. This is explained by the growing bureaucratization of Islamic society as they settled down to rule their empires, Ibid., 326.

50 This is called “the Pirenne Thesis” and it has been heavily studied, critiqued, and revised; but, the thesis is still essentially sound. Richard Hodges and David Whitehouse’s Mohammed, Charlemagne and the Origins of Europe: Archaeology and the Pirenne Thesis (Ithaca, New York: Cornell University Press, 1983), and Alfred F. Havighurst’s The Pirenne Thesis: Analysis, Criticism, and Revision (Lexington, Massachusetts: D. C. Heath and Company, 1966), both largely bolster the case that Pirenne made in his book Mohammed and Charlemagne (1939).
Jacques Le Goff writes that the decision of Clovis I to ally himself with Rome was a “master-stroke”. Converting from Arianism to Catholicism allowed him to take advantage of the organization of the Church. For, even if the papacy proved ineffective at helping him in local matters their local hierarchy and many monasteries would prove adequate to the task of political consolidation. Under the Frankish kings it was possible for missionaries to convert Germany to Roman Catholicism; and, Boniface, an English cleric, was sent to Germany with great effect by Pope Gregory II in 719 CE. However, this would not have been possible without the sword of the Merovingian kings as protection. In gratitude for what the Franks had done for Christian evangelism Boniface anointed Pippin the Short as the king of the Franks in 751 CE. Pope Stephen II, in 753 CE, made a bargain with Pippin, recognizing his patrimony and legacy in return for the conquest of Lombardy. As in a lot of Church history, a document called the Donation of Constantine appeared just in time to address the need for this treaty’s political legitimation. However, the conquest of the Lombards would have to wait for the reign of Charlemagne, who raised the carolings to prominence in the late eighth and early ninth centuries.

The Carolingian dynasty had been created through the wise marriage alliances of the mayors of the palace in Austrasia, now part of present day France, Germany, Belgium, Luxembourg, and the Netherlands. The marriage between the offspring of Arnulf, Bishop of Metz, and Pepin I of Landen yielded the first in the Carolingian line, Charles Martel, or the Hammer. Pepin II was married to Plectrude, of the Arnulf line.

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51 Le Goff, Medieval Civilization, 21.
Although Plectrude bore Pepin a legitimate son named Childerbrand it would be Charles, born of Pepin’s concubine Alpaida, who would bring the Carolingians to renown.

The Carolingians drove the Saracens back into Spain, destroyed the Avars, and defeated the Lombards, which assisted in creating the Papal States. Charles Martel had repulsed the Saracens at Poitiers in 732 CE while Leo the Isaurian did the same at Constantinople in 717 and 718 CE. Some have claimed that had it not been for Leo Russia might have become a Muslim state. However, these rearguard actions would not reverse Islamic expansion; it would only keep them at bay. By the eleventh century the northern kingdoms of Europe became the sworn enemies of Islam. In the middle lay both the western and eastern churches, and the imperial capitals. The war waged between these forces determined the social, political and economic future of Europe. It also had profound effects on the stance the Church would take toward those who did not share their faith in whole or in part.

In 773 CE Charlemagne came again to the aid of the papacy against the Lombard king, as his father had promised they would. This time Charles not only defeated the king, Didier, but he took the Lombard crown for himself. The accomplishments of Charlemagne are easily summarized: he defended Christianity from the pagan and the infidel, and he brought central Europe to the Catholic Christian fold through the power of his sword. One of his few defeats at the Battle of Ronceveaux Pass (778) was the inspiration for the Song of Roland, a highly stylized poem about fealty and chivalry. Probably most important for European history in general was the establishment of the Holy Roman Empire through Charlemagne’s coronation by the pope on Christmas Day.

53 Fisher, A History of Europe, 157; Tierney and Painter, Western Europe in the Middle Ages, 127-128.
800 CE. Although Charlemagne had the military ability to back up his claims to the throne very few afterwards would be able to do the same. Subsequent popes would take advantage of this weakness, in the long run to their own detriment.

After Charlemagne’s death, during the ninth and tenth centuries, the Latin Church gained many converts, although it is less sure whether many of the peasants turned completely away from their former religious practices and superstitions.\(^5\) The rise of the Frankish kingdoms, especially the Holy Roman Empire instituted with the crowning of Charlemagne in 800 CE created a political power vacuum upon Charlemagne’s death, a vacuum that the Church would be able to take advantage of in the late Middle Ages. When Charlemagne died his empire was divided in an agreement reached at Verdun (843). This treaty gave Charles the Bald, Lewis the German and Lothair a proportionate share of their father’s kingdom. After Verdun, because of the continued division of land to heirs, the petty nobles of Europe accrued an increasing amount of power paving the way for feudalism in the following century.

From the death of Theodosius in 395 CE to the coronation of Charlemagne, writes Le Goff, “a new world had been born in the west, which had slowly grown out of the fusion of both the Roman and the barbarian worlds. The western middle ages had taken shape.”\(^5\) According to Pirenne, “From the ninth to the eleventh century the whole business of government was, in fact, in the hands of the Church, which was supreme here, as in the arts.” This was primarily the result of the Church being the last bastion of

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\(^5\) Mayke de Jong says that it is very difficult to put numbers on the amount of people who held to pagan views in the late medieval. If you use a wide definition for “paganism” then there were still many who were pagans, although probably not practicing pagans, at the end of the tenth century. “Religion,” in The Early Middle Ages, 146-148. Jong also points out that these definitions tended to come from missionaries who sometimes saw the most innocent superstitions as a type of “paganism in the mind”, Ibid., 146.

\(^5\) Le Goff, Medieval Civilization, 23.
learning. In short, these were the only ones who could still read and write in a society where civilization had nearly ceased to exist. Also during this period the Church dominated the economy, encouraging lay and cleric alike to adopt a subsistence lifestyle rather than trying to grow rich, which would only corrupt their souls.\textsuperscript{56} Pope Gregory the Great is supposed to have said, “Let each consider the course of his life and then he will understand that the little that he has suffices.”\textsuperscript{57} Industry and innovation was actually discouraged as a sin. To engage in work beyond what was necessary for one’s survival, or to try to make one’s lot in life easier was an attempt to escape the just punishment of man’s fall from grace.\textsuperscript{58}

\textbf{FEUDALISM AND THE REBIRTH OF THE COMMERCIAL CITY-STATE}

From the end of the eighth century through the beginning of the eleventh century Vikings invaded Europe in search of treasure, expanding east and west to acquire land for farming. The Vikings used quick raiding parties so that the local countrymen could not respond effectively. Although the immediate effects of the Danish incursions were negative\textsuperscript{59} they produced some positive by-products like the establishment of Dublin and other cities, and the unintended promotion of Scottish identity. In the ninth century Alfred beat the Danes in Wessex, saving Anglo-Saxon civilization and establishing the state that would become England. This conflict contributes to our story in that the danegeld “promoted the development of feudalism and predial servitude [in England]. It


\textsuperscript{57} Quote attributed to Pope Gregory the Great in Le Goff, \textit{Medieval Civilization}, 36

\textsuperscript{58} Ibid., 200.

\textsuperscript{59} These ninth and tenth-century invasions nearly wiped out all the political and social gains of the eight and ninth centuries. Tierney and Painter, \textit{Western Europe in the Middle Ages}, 154.
was retained by Canute and William the Conqueror, and was the chief financial buttress of the Norman monarchy.60

In the midst this fresh chaos feudalism developed, and dominated the political and social structures of Europe from the ninth through the fourteenth century. During this time the Church served the very important function of providing the only international unity in Western Europe from the ninth through the eleventh century, a time of highly decentralized control; but, its influence began to wane as it challenged the secular powers in the eleventh century, first over its appointments to Church offices, and then over the issue of the Church’s power to make or break a secular ruler.61

Feudalism is an intellectual construct developed in the seventeenth century to describe a quasi-political system that existed nearly everywhere in Europe during the Middle Ages.62 It was buttressed by two general principles: the rights associated with land ownership, and the exchange of some of those land rights for the fealty of others during times of war.63 By the seventeenth century this system had diminished in

60 Fisher, A History of Europe, 198.

61 This is dealt with extensively in the previous chapter in our discussion of the Investiture Contest.

62 In an article entitled “The Tyranny of a Construct: Feudalism and Historians of Medieval Europe,” The American Historical Review 79, no. 4 (October 1974): 1063-1088, Elizabeth A. R. Brown argues that the use of the term feudalism is subject to all the limitations of any -ism. The use of the term often simplifies things to the point where nuance and differentiation are made difficult. A good example of this might be the homage of the viscount Carcassonne to the abbot of St. Mary of Grasse. The Viscount promises to defend the abbey and its inhabitants, and even to hold the stirrup of the abbot while he mounts his horse. The Medieval Reader, ed. Norman F. Cantor (New York: Harper Collins Publishers, 1994), 21-22. In light of the fact that this chapter discusses the Investiture Contest as a major source of contention between the Church and the state, it is interesting that a secular noble is taking an oath of fealty to an abbot of the Church. This goes to show how intrinsically bound the Church and the state were when it came to landholding.

63 In Kingdoms and Communities in Western Europe, 900-1300 Susan Reynolds argues that many of the relationships between feudal lords and suzerain were “amorphous”. However, these relationships created a bond within society that went beyond simply defining economic and legal rights. There was in her words a “sense of collective responsibility.” (New York: Oxford University Press, 1984), 219-249, 248. T. N. Bisson argues that knights and oaths with which most people associate the feudal system was a
importance, especially in Western Europe, because of three things: the rebirth of a monetized economy, the centralization of government within the various ethno-regional groupings of Europe, and the increasing use of mercenary forces during wartime. This last development is closely associated with the phrase “bastard feudalism”, used by Charles Plummer at the end of the nineteenth century to describe the replacement of military service with money payments in exchange for fiefs given by those with a direct claim on land.64

The emergence of the cash nexus in the late medieval period is very important to understanding why feudalism declined in Western Europe. To understand how this cash nexus developed we need to know the story of the crusades, how this related to the rebirth of the urban commercial center, and how increased trade and the reintroduction of precious metals into the European economy made the nascent nation-states of Europe almost manic about maintaining an adequate supply of specie in the country.

According to Henri Pirenne, “The economic equilibrium of antiquity, which had survived the Germanic invasions, collapsed under the invasion of Islam.”65 The Christians of Europe abandoned the Mediterranean to the Moslems. As Jacques Le Goff

64 This could get very complicated since an original land grant from someone like the king might be parceled out to others in exchange for fealty or money payments. We can still see this system of land grants and sub-grants in the United States real estate market and law. For example, a fee simple estate in the United States would be analogous to a direct land grant from the king. This is why an owner of land in the U. S. must pay property taxes. It is the equivalent of the institution of scutage in twelfth-century England. Scutage was a knight’s fee in lieu of military service. Eventually this form of payment would be extended to most land holders in the late medieval period. The phrase “bastard feudalism” was coined by Charles Plummer but this concept became part of the historical lexicon with an essay by K. B. MacFarlane in The Bulletin of Institutional Historical Research (1945): 161-180.

writes, "The mare nostrum was not only the center of the Roman world, but remained the essential artery of its trade and food supply." This was true no more in the eighth century. Of the ninth through the eleventh century Mediterranean world Pirenne writes, Europeans were "too weak to think of taking the offensive, they shrank back upon themselves and abandoned the sea, upon which they dared no longer venture, to their adversaries." Because of this Roman civilization declined further and Western Europe became poorer and more self-reliant. This is how feudalism got its start, via the increased economic exploitation associated with manorialism. As Tierney and Painter point out, feudalism was about the relationship between nobles, kings, and the Church while manorialism was about the relationship of those who owned land and those who worked it.

According to Pirenne commerce almost ceased to exist from the end of the eighth century, and land became the only source of income. He writes, Movable wealth no longer played a large part in economic life. All social existence was founded on property, on the possession of land. Hence it was impossible for the State to keep up a military system and an administration which were not based on it.

A major shift was occurring here. As people became more tied to the land through necessity it was difficult for them to imagine any other life for themselves. Jacques Le Goff writes,

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66 Le Goff, Medieval Civilization, 20.
68 Tierney and Painter, Western Europe in the Middle Ages, 185.
69 Henri Pirenne, Economic and Social History of Medieval Europe (New York: Harcourt, Brace and Company, 1936), 7-8; and, Le Goff, Medieval Civilization, 50.
When, in the middle ages, land became the basis of wealth, the peasant remained attached to his cow, pig, and goat by ties which went beyond economic utility and manifested a residual way of thinking.\(^70\)

That “residual way of thinking” was a world in which all economic activity was achieved through barter. In confirmation of this Pirenne writes, “Commerce had so completely ceased to be one of the branches of social activity that each estate aimed at supplying all its own needs.”\(^71\) This resulted in the disappearance of towns, a lack of commerce, and the development of feudalism. However, once towns again began to experience a rebirth in the eleventh century Europe would see a revival in commerce—more specifically international commerce—and the subsequent decline of feudalism. These same forces also contributed to the diminution of the Church and the rise of the nation-state.\(^72\) International commerce would begin again with trade conducted between Italian city-states and Muslims, which would also prove a source of tension among those of the Christian faith in Europe.

That “residual way of thinking” was not the only thing that heavily influenced the minds of Europeans. The medieval mind was “obsessed” with salvation and a fear of hell; and, it was “this mental trait which operated against the accumulation of fortunes” and “helped to distance medieval men from the material and psychological conditions in which capitalism might flourish.”\(^73\) The abandonment of this melancholy conception of

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\(^70\) Goff, *Medieval Civilization, 400-1500*, 27.

\(^71\) Pirenne, *Economic and Social History of Medieval*, 10.

\(^72\) The rise of the city was ironically a direct result of the Crusades, which renewed interest in international trade Tierney and Painter, *Western Europe in the Middle Ages*, 273. This is ironic because what started as a religious crusade ultimately contributes to the re-creation of many centers of secularism that have as their focus commercial trade. These cities, in turn, prove ultimately destructive to the feudal system and they create the template by which the nation-state will develop in the seventeenth century. Tierney and Painter, 285-287.

the universe, and of man, would make possible the environment in which the mercantilist writers of the sixteenth and seventeenth century could develop their distinct economic ideas.\textsuperscript{74}

This would all change with the rebirth of city life from the tenth through the fourteenth century. “Free from all fear of expulsion,” Pirenne writes, “since his land was hereditary, the villain enjoyed the advantage of security, but on the other hand the agrarian system gave him neither the opportunity nor the desire for individual exploitation.”\textsuperscript{75} So, peasants could only seek this expression of individualism in the city; and, once the city again claimed a place in society it became the refuge of the manorial serf, who by residing in the city for a year and a day was freed from his servile status and was given the opportunity to prosper as an independent artisan or merchant. So, from tenth through the fourteenth century as the city re-gained ascendancy and as free labor began to replace serfdom, “the aim of the most prudent owners [of land] from now onwards was to increase their cash revenues as much as possible. This naturally led them to abolish, or modify serfdom.”\textsuperscript{76} Jacques Le Goff writes about the resurgence of the city in terms of emigration,

Emigration from the countryside to the town between the tenth and fourteenth centuries was one of the most important events which took place in Christian Europe.\textsuperscript{77}

\textsuperscript{74} This is exemplified in the quote we presented in chapter one from the work of Picco della Mirandola. This work shows that men were beginning to think themselves something more than just pawns in the grand battle between good and evil.

\textsuperscript{75} Henri Pirenne, \textit{Economic and Social History of Medieval Europe} (New York: Harcourt, Brace and Company, 1936), 65. There was another, more sinister, side to life in the city. Workers were often at the mercy of masters and guilds. They were forbidden to work on their own, and they could not form workmen organizations to protect their interests. Tierney and Painter, \textit{Western Europe in the Middle Ages}, 558.

\textsuperscript{76} Henri Pirenne, \textit{Economic and Social History of Medieval Europe} (New York: Harcourt, Brace and Company, 1936), 51-52, 83.

\textsuperscript{77} Le Goff, \textit{Medieval Civilization}, 74.
This might beg the question of whether the elimination of serfdom was granted or simply acquiesced in. Le Goff also says that the “reawakening of trade” would not have been possible without the “growth of agriculture in the west, which was beginning to supply urban centres [sic] with a better supply of food and manpower.”

As for trade, which was so intimately associated with town life in the fourteenth century, “everywhere export could be depended on, the soil was formed for what it was suited to supply best and most cheaply.” This shows that the economy of Europe was becoming more specialized, that various areas of Europe produced that which they found themselves best at making, selling it for that which others had grown or manufactured elsewhere. However, “it was not until the fifteenth century that the first symptoms of protection began to reveal themselves. Before that, there is no evidence of the slightest desire to favour [sic] national trade by protecting it from foreign competition.”

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78 Pierre Dockès argues that “the slave system was done in by clandestine struggle and social conflict.” Medieval Slavery and Liberation, trans. Arthur Goldhammer (Chicago: University of Chicago Press, 1982), 246. It was necessary to get rid of serfdom so that the urban commercial powers would have labor all to its self. Dockès argues that the same forces were at work to rid Western Europe of serfdom as were present in getting rid of Roman slavery: namely the struggle of the worker against the system and the struggle between those competing for the labor, Ibid., 205. Marc Bloch argues that the French Church in the thirteenth century began to use the euphemism hommes de corps in place of the word serf because it was a moral embarrassment for them to own what were essentially slaves. Slavery and Serfdom in the Middle Ages: Selected Essays by Marc Bloch, trans. William R. Beer (Berkeley, California: University of California Press, 1975), 184.

79 Le Goff, Medieval Civilization, 73.


81 Prior to this Northern Europeans had made due with wheat and barley. Oats were grown in poorer climates. The adoption of heavy plows in northern Europe helped agriculture to expand and feed a larger population. Jean-Pierre Devroey, “The Economy” in The Early Middle Ages: Europe 400-1000, ed. Rosamond McKitterick (New York: Oxford University Press, 2001), 115-117.

Urban protectionism would eventually lead to national attempts to protect markets thought dear to national economic prosperity. As Pirenne writes, “In general, urban politics were determined by the same sacred egoism which was later to inspire State politics”; but, “the princes of the Middle Ages were still without the slightest tinge of mercantilism.”

Not possessing a fully monetized economy, an idea like bullionism would not be a subject of great concern before the thirteenth century. In fact, “in ordinary commercial dealings gold does not seem to have been used at this time, although Italian seamen must early have discovered its advantages from their transactions with the Levant and must have desired to see it introduced into their own countries.” At the time silver dominated the coinage used in Europe, but much trading was still done through barter.

By the end of the ninth century feudalism was on the rise and the rule of law was little known—at least it was not consistent from one place to the next. In addition “Christendom” was under assault by the Saracen, the Slav, and the Northmen. “After the year 1000,” writes Le Goff, “medieval Christendom made its real entrance on the scene.” The Roman Church took a leading role in the political development of Europe because, as Fisher writes, “In the dark and troubled age of the barbaric invasions, in the days of Leo I and Gregory the Great, the see of St. Peter stood out in western Europe like a lighthouse in a storm.”

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83 Ibid., 57, 92.
84 Ibid., 116.
85 Towns in which a money economy existed along with trade were very few prior to 1000 CE. William Chester Jordan, *Europe in the High Middle Ages* (New York: Viking, 2001), 17.
Not only that, but the Church was in a particularly reactionary mode. Their fight against heresy did not extend to just Christian doctrine. It also meant a fight against the moral degeneration represented by courtly love, the wrong-headed use of reason in discussing theological questions, and opposition to empiricism.\(^8^9\)

Christian society in the middle ages was hierarchical and static. Anything that threatened this hierarchy was seen as dangerous to society as a whole. This is why feudal lords detested the cities; it made it difficult for them to maintain serfdom and forced them to pay in cash what they had formerly paid in barter. The city represented too much economic activity; it represented too much change.\(^9^0\) By the end of the thirteenth century Western European society was at odds at every level.\(^9^1\)


\(^9^0\) The free town had been developing for centuries everywhere in Europe, often at the instigation of landowners seeking to attract more labor to their estate. The complaints of some landowners were likely those of people who had not participated in this development and were paying the price, especially after the Plague ravaged the labor pool in the Europe. Robert Bartlett, *The Making of Europe: Conquest, Colonization and Cultural Change, 950-1350* (Princeton, NJ: Princeton University Press, 1993), 106-166.

THE DECLINE OF FEUDALISM

It would take more than the re-establishment of the commercial city-state to challenge the fundamental principles underlying feudalism, which was protection from outside invasion and internal anarchy. It is ironic that even more chaos, resulting from war, famine and plague during the late medieval and early modern period, would be the catalyst to promote sweeping changes in society and politics. In short, the same forces that contributed to the demise of feudalism provided the environment in which absolute monarchy could develop. It is also not surprising that the West European countries would each experience these changes for different reasons and with varying degrees. England and France would be heavily influenced by the Hundred Years’ War in their political and social development. Where they differed was in the extent to which France was able to hold onto feudal structures of government while establishing a modern absolutist monarchy; England during the same period experienced sweeping changes in no small part because of its abandonment of the papacy in the sixteenth century. The Iberian Peninsula would be forever changed by their struggle with the Moor; and, this struggle would create a bind between the Iberian monarch and the papacy that would be impossible to break until the modern era.

THE HUNDRED YEARS’ WAR

The Rivalry between England and France had existed for generations. This could be traced back to the conquest of Angevin lands which had been held by the English for centuries after the Norman Conquest of England in 1066 CE. These lands were, in fact, French lands; and, by 1224, with the exception of Aquitaine, all the Angevin lands, which
included Normandy, Maine, Anjou, Touraine, and Poitou, had been lost to the Capetians. This state of affairs had been sealed with the Treaty of Paris (1259), which made the English king the vassal of the French king in return for English control of Gascony. However, it was not only fealty and the right to rule these lands that mattered. These areas of France were lucrative sources of royal revenue. Gascony, or Guyenne, in the south of France was a great source of revenue as well as wine. For, Bordeaux was one of its principle cities. So, when Charles IV died in 1328 there was an attempt by the English crown to make claim to the throne through Isabel, the daughter of Philip IV (1285-1314). This became particularly immediate with the official end of the Capetian dynasty in the early fourteenth century, and the claims made by the French Valois and the English Plantagenet. This was in essence a feudal conflict played out on a larger stage. Although there was as yet no objection based on Salic Law, the fact that a woman had never reigned over France carried much weight against the argument of Bishop Adam Orleton of Worcester. In the end the French argued that their domains were too much to handle for a woman.

One of the most important developments in the war between England and France was the growing use of infantry and the longbow instead of cavalry. The French did use

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92 Anne Curry, *The Hundred Years’ War, 1337-1453* (New York: Routledge, Taylor and Francis Group, 2003), 11.

93 Desmond Seward, *The Hundred Years War: The English in France, 1337-1453* (London: Ebenezer Baylis and Son, Limited, 1978), 23. Gascony also served as a principle source of salt for the English people. Salt was very important because it was used to preserve food, especially meat. Anne Curry, *The Hundred Years’ War, 1337-1453* (New York: Routledge, Taylor and Francis Group, 2003), 80-81.


95 There is mention of the use of cannon as early as the Battle of Crécy. Brigadier O. F. G. Hogg, *Artillery: Its Origin, Heyday and Decline* (Hamden, CT: Archon Books, 1970), 40-41. However, cannon were not effectively used in battle until the sixteenth century. Siege warfare would become popular in the
the longbow but preferred the crossbow because it required less strength, was better in short-range conflict, and did not require as much training to use.\textsuperscript{96} The longbow was a far superior weapon when assaulting the enemy from a distance. The crossbow in the early fourteenth century was lucky to hit a target 200 yards away. By the beginning of the fifteenth century crossbows could reach targets 400 yards away but were more complicated and harder to load.\textsuperscript{97} So, the longbow continued to be the best long-range weapon until the effective introduction of cannon in the sixteenth century.

The popularity of the infantry and the longbow was seen as early as the Battle of Crécy (1346), a battle that many historians consider the beginning of the end for chivalry and where the longbow was decisive. This battle was followed by the Battle of Poitiers (1356) and the Battle of Agincourt (1415). They were all English victories made possible because of the infantry\textsuperscript{98} and the longbow;\textsuperscript{99} but, they were pyrrhic victories and ultimately proved the undoing of the Lancastrian dynasty in England.\textsuperscript{100}

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\textsuperscript{96} Anne Curry, \textit{The Hundred Years' War, 1337-1453} (New York: Routledge, Taylor and Francis Group, 2003), 24-25.
\textsuperscript{99} According to John A. Wagner the longbow was a revolution because it allowed the bowmen to weaken a cavalry charge which allowed the infantry the advantage of fighting men who had been unhorsed. \textit{Encyclopedia of the Hundred Years War} (Westport, CT: Greenwood Press, 2006), 18.
\textsuperscript{100} There is a direct relationship between the Wars of the Roses and the Hundred Years War. The initial victories of the Lancastrian house were not enough to ensure their political future when France exacted its revenge after Agincourt (1415). Clayton Roberts and David Roberts, \textit{A History of England}, vol. I (Englewood Cliffs, NJ: Prentice-Hall, 1980), 197.
\end{flushright}
Another development was the increasing use of paid mercenaries rather than calling on the nobility and peasants\textsuperscript{101} to fill the ranks of military service.\textsuperscript{102} This was a two-fold development: first, there is evidence that many nobles and knights were willing to make cash payments so they did not have to serve in foreign fields; and, second, the English king preferred to use mercenary troops since he would have more control over them and would not have to sacrifice his own people.\textsuperscript{103} This was all part of the cash nexus mentioned earlier. It preceded the creation of standing armies in the fifteenth and sixteenth centuries to back the king in the face of both internal and external threats.\textsuperscript{104}

The conflict between France and England meant that there was a need for greater centralized control in order to wage war effectively. In England, during the reign of Edward III, this centralization was effectively established during victory; but, during defeat “a bankrupt crown” became “dependent on Parliament.”\textsuperscript{105} In France there was

\begin{enumerate}
\item Desmond Seward, \textit{The Hundred Years War: The English in France, 1337-1453} (London: Ebenezer Baylis and Son, Limited, 1978), 263-264; Anne Curry, \textit{The Hundred Years’ War, 1337-1453} (New York: Routledge, Taylor and Francis Group, 2003), 91.
\item Anne Curry argues that these “non-garrison” troops were usually activated when the English had need of special operations in which they did not want to risk their English garrisoning force or when they needed to supplemented their garrisoned forces. “English Armies in the Fifteenth Century,” in \textit{Arms, Armies and Fortifications in the Hundred Years War}, eds. Anne Curry and Michael Hughes (Rochester, NY: The Boydell Press, 1994), 39-68. According to V. G. Kiernan the French king Charles VII was the first to attempt the building of a standing army at the end of the Hundred Years War. “Foreign Mercenaries and Absolute Monarchy,” \textit{Past and Present}, no. 11 (April 1957): 67.
\item It is possible that France’s reliance on the feudal system and chivalry is evidenced in their continued losses during the Hundred Years’ War. John Bell Henneman argues that it was the \textit{taille} instituted after 1435 that allowed the French to establish some regularity of pay for the troops that they maintained, and to create an effective fighting force. One of the problems was that ex-soldiers would engage in brigandage once they were mustered out of the armed forces. This was a recurrent problem throughout the fourteenth and fifteenth centuries. “The Military Class and the French Monarchy in the Late Middle Ages,” \textit{The American Historical Review} 83, no. 4 (October 1978): 946-965.
\end{enumerate}
also a continued centralization of power made possible by the war; but, it would be challenged throughout the sixteenth century with the religious wars, and in the early seventeenth century by a lack of bureaucratization existing in the provinces. It is generally accepted that without the Hundred Years’ War the reason for the centralization of government in England and France would simply not have existed; and, because of this absolutism would not have been given its impetus.\textsuperscript{106}

There were two other immediate European experiences that also had an impact on the decline of feudalism. Below we will touch quickly on the plagues of the fourteenth century and the ongoing conflict between Christians and Muslims from the eleventh through the fifteenth century. The latter issue will loom large in our discussion of Portuguese economic development during the seventeenth century because of the distinct land policies inaugurated by the \textit{Reconquista}, a policy that would have socio-political implications.

\textbf{THE PLAGUE}

The continuous war of the fourteenth and fifteenth century along with the opening up of large-scale trade with the orient meant that three things would happen: European’s would have a hard time feeding themselves because of the war, malnutrition would lead to the weakening of their immune systems, and low resistance to disease and infection would contribute to how easily they succumbed to the new diseases being introduced into

Europe—especially those carried by the fleas riding on the backs of black rats making the journey from east to west.\textsuperscript{107}

The wide-scale death that war and plague left in its wake led to an increasing demand for labor. As the demand for labor rose the price did too, and we begin to see as early as the beginning of the fifteenth century what has become known as the “price revolution”.\textsuperscript{108} The one bright spot, if we that is a term acceptable in speaking about one-third of the population dying, is that the opportunities to climb the hierarchy were increased with decimation of the ranks of lord and peasant alike.\textsuperscript{109}

THE RECONQUISTA

Prior to the eleventh century the native Iberians and the Moors lived side-by-side with only limited skirmishes, similar to the feudal skirmishes of northern Europe.\textsuperscript{110} With the call to Crusade in 1095 by Pope Urban II, and the weakening of the Cordoban

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\textsuperscript{107} John Aberth, \textit{From the Brink of the Apocalypse: Confronting Famine, War, Plague, and Death in the Later Middle Ages} (New York: Routledge, 2001), 15-17, 111-121.


\textsuperscript{109} In “Regional Fairs, Institutional Innovation, and Economic Growth in Late Medieval Europe” S. R. Epstein argues that regional fairs represent post-plague social changes, probably related to depopulation. It shows that seigneurial privileges which kept trade connected to towns had loosened. \textit{The Economic History Review}, n.s., 47, no. 3 (August 1994): 459-482. This would also imply that cities were losing control of trade by the end of the fourteenth century, which would anticipate greater state control in the future, i.e., mercantilism.

\textsuperscript{110} In fact, they had established a “system of tribute and production known as the parias.” Lynn H. Nelson, “Christian-Muslim Relations in Eleventh-Century Spain,” \textit{Military Affairs} 43, no. 4 (December 1979): 195. One of the interesting developments during this time is that the Spanish were able to create order without dominance because the paria system was essentially protection money paid by the Moslems. This meant the Spanish did not need to raise, or keep an army; the money went directly to them from taxes laid on the Moslem people. However, some of this money got back to Moslem-controlled areas through trade. Ibid., 196.
Caliphate because of civil war, things changed dramatically.\textsuperscript{111} For four centuries the Iberians would struggle against Muslim forces in the south.\textsuperscript{112} The Portuguese would retake all of their land from the Muslims by 1249 CE. The Spanish would take most of their land back by 1248 CE. Only the Granada remained under Muslim control; but, it was a tributary state until 1492 when the recently combined houses of Aragon and Castile ousted the Muslim government.

After this the persecution of the Jews and New Christians takes on much more importance, especially in relation to our topic of seventeenth century mercantilism.\textsuperscript{113} For, it was the relationship between the Iberian governments and the papacy that determined much of their economic history. As will be argued in subsequent chapters the influence of the papacy, and by extension scholastic doctrine, on the government Portugal retarded their ability to adopt fully a mercantilist economic policy.\textsuperscript{114} This would in turn diminish their ability to make the next transition, as England did in the late seventeenth and early eighteenth century.

\begin{itemize}
\item \textsuperscript{111} Rollin Armour, Sr., \textit{Islam, Christianity, and the West: A Troubled History} (Maryknoll, New York: Orbis Books, 2002), 61.
\item \textsuperscript{112} Although the emphasis on religion is somewhat justified when talking about the \textit{Reconquista} there were other considerations. For example, Susan Rose points out that there were also strategic naval issues, especially with regard to recapturing a southern port near the Straits of Gibraltar. This was tried as early as the thirteenth century by the Spanish and finally succeeded in 1415 with the Portuguese. This had military and trade implications for both Muslims and Christians. “Islam Versus Christendom: The Naval Dimension, 1000-1600,” \textit{The Journal of Military History} 63, no. 3 (July 1999): 561-578.
\item \textsuperscript{113} There is a long history of Muslim and New Christian persecution. As Rollin Armour points out when the attempt to convert Muslims failed they became second class citizens under Christian domination. This started as early as the ninth century but became more expressive in the eleventh century and beyond. \textit{Islam, Christianity, and the West: A Troubled History} (Maryknoll, New York: Orbis Books, 2002), 93-94.
\item \textsuperscript{114} Carl A. Hanson has addressed this topic in detail in his \textit{Economy and Society in Baroque Portugal, 1668-1703} (Minneapolis: University of Minnesota Press, 1981). More important for our discussion of seventeenth-century mercantilism will be the social and political structures put in place in the Iberian Peninsula during the Reconquista. As Elena Lourie argues land was distributed differently in the peninsula than in other areas of Europe because there was so much of it. This led to the creation of many non-noble landowners with little or no liege relationship with the crown. “A Society Organized for War: Medieval Spain,” \textit{Past and Present}, no. 35 (December 1966) 54-76. We will come back to this topic in chapter four when discussing Portuguese economic development.
\end{itemize}
ABSOLUTISM AND THE DECLINE OF FEUDALISM: A CONCLUSION

There was no direct correlation between the decline of feudalism and the development of absolute monarchy in Western Europe. By this I mean that feudalism was in a state of degeneration before the royal courts of Europe began to centralize their power. In fact, some have argued that it was the attempt to use the feudal structures of government to support the “renaissance courts” of Europe that ultimately undermined feudalism itself. Feudalism simply collapsed under the weight of the nation-state and its tax needs. In concluding this chapter I would like to look briefly at some of the scholarship that has come out on the subject of absolutism, primarily for the purpose of showing that this whole conceptualization of power was more myth than reality.

Kingship has existed for millennia but not always in the same form. There has also always been a strong association between kingship and religion. After all, one cannot rely on their sword forever. What better system of government than that in which the people are convinced you represent their god on earth, or are yourself that god incarnate. This type of thinking made its way to the early modern period. Not that

115 Cracks in the feudal system were developing as early as the twelfth century when fiefs started to become commodities and the lords of these lands could do little to veto their sale and transfer. Marc Bloch, Feudal Society, trans. L. A. Manyon (Chicago: University of Chicago Press, 1961), 210.


117 This view is supported by a wide number of respected scholars. Pierre Goubert, Orest Ranum, William Beik, and Andrew Lossky all agree that absolutism was more illusion than reality.

118 This theme has been explored in some measure by Marie Tanner in her book The Last Descendant of Aeneas: The Hapsburgs and the Mythic Image of the Emperor (New Haven: Yale University Press, 1993). Tanner argues that the myth of the Holy Roman Empire is one seamless narrative from antiquity through the time of the Habsburgs. Western Christianity appropriated the story of Aeneas and applied it to her rulers. Troy, Rome, and Spain were all seen as continuations of one another. History, prophecy, and legend merged to become the myth of the Holy Roman Empire. The Argonautic journey became a metaphor for taking back Jerusalem and the rest of the Holy Land. Furthermore, Imperial rhetoric encouraged the belief that Roman revitalization would lead to a new world of Edenic peace. Christian prophetic tradition was supported by the Aeneas link. Columbus believed with others that the temple of Jerusalem would be built by a Spanish king. Charles was transfigured by the paintings of Titian into a
anyone in the early modern period actually believed the king, or queen, was a god incarnate; but, they did believe there was some connection between the royal house and the divinity. This made it more difficult to criticize the crown, which is why in many instances the advisors to the crown usually took the brunt of criticism.

When a monarch is able, through personality or the right kind of alliances, to build a nearly impregnable wall around their authority we call this absolutism. Absolutism in its extreme form implies a certain degree of arbitrary power held by the sovereign. In order to establish this type of power the sovereign must have both an independent means of supporting himself and an ideology that bolsters his claim to power. There are two ways in which this claim can be effectively asserted. The first is to claim that the king’s power comes directly from God. The second is to claim that all land belongs ultimately to God and that the king, because he is the representative of God on earth, owns all the land. The kings of the late medieval and early modern period made both of these arguments and had varying success depending on the country in which they made these arguments. John Wycliffe argued in De Civili Dominio (c. 1376 CE) that all authority can only be properly held when virtue is maintained. This was an argument for placing law and order above absolute and arbitrary government.

shepherd over one flock. He was symbolized as God’s chosen, a message that even the illiterate could read in the pictures.

119 Leonard Krieger argues that there is a historical relationship between greater power and the need to provide safety and security to the populace. Absolutism and despotism will be accepted by the people as long as they believe that a real threat exists. An Essay on the Theory of Enlightened Despotism (Chicago: University of Chicago Press, 1975). Roger Boesche echoes the work of Krieger but in a larger context. He says that tyranny follows a form of which a major step is for the tyrant to claim he is the opponent of some irrational fear held by the people. Theories of Tyranny from Plato to Arendt (University Park, PA: Pennsylvania State University Press, 1996).

120 The claim that one’s power comes directly from God does not necessarily mean one can act arbitrarily. Philip Hunton, writing in 1643, said that although the power of the monarch comes directly from God this does not mean he is free from obeying the law. A Treatise of Monarchy, ed. Ian Gardner (Sterling, VA: Thoemmes Press, 2000).
The argument that any European sovereign ever achieved an *absolute* monarchy is at best a weak argument. Even in the most centralized and most organized of the monarchies, England and France, there was never a level of arbitrary power possessed by king or parliament that could be termed *absolute*.\(^{121}\) There was a dreadful fear of oriental despotism among the nobility of Europe which kept the king’s power in check. We must also not mistake the absence of rebellion as evidence of absolutism.\(^{122}\) One could resist the attempt of one person to gain too much power either actively or passively.\(^{123}\) At best we can describe the rise of the “new monarchy” as the rise of men who could effectively build an oligarchic coalition of nobles which was financed by a coalition of cities, merchants, and kings.

In Sidney Painter’s *The Rise of the Feudal Monarchies* we are given to understand that the “German” monarchy of the seventh through the tenth centuries was different from the feudal monarchies of the late medieval period because the latter was completely dependent on the feudal relationships established between king and noble, the basis of which was all the rights associated with land. The ownership of land essentially meant nobility and freedom from taxation.

There were three distinguishing characteristics of the “Germanic” monarchies of the seventh through the tenth centuries. The first was that the king, who was elected and

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\(^{121}\) John Neville Figgis argues in his still trenchant book *The Divine Right of Kings* (1896) that absolutism was rooted in the Church’s defense of monarchical power. Some defended this right no matter what the state did; others thought the state had an obligation to defend the Church. Figgis concludes that the theory of divine right monarchy morphs later into the theory of natural rights, which served to protect the people against arbitrary power in the absence of ideas about popular sovereignty.

\(^{122}\) There was plenty of rebellion in the seventeenth century as is proven by the English Revolution (1640-1660), the Fronde in France (1648-1653), and the Catalonian Revolt (1640-1659).

\(^{123}\) Figgis mentions the concept of “passive obedience” which basically describes someone who, although not standing in active resistance to the monarch, does not support them actively. Figgis, *The Divine Right of Kings*, 208-210.
usually from a particular family, surrounded himself with faithful retainers who could do his bidding and serve as a bodyguard. The second was that he could call these people to war in time of national emergency. The third was that he supported himself and his government primarily with the income he received from his own lands.\textsuperscript{124} That last point is very important in order to understand what would happen during the late medieval and early modern periods. The centralization of the court would mean that the expenses of government would rise and that the crown would have to look elsewhere for revenue. Taxation and the conquest of new lands was the most direct route to filling the coffers of government.

However, as these German monarchies morphed into feudal monarchies the kings became less independent. As Painter points out, “The rulers of these kingdoms had no power or resources that were not derived from their position in the feudal monarchy.”\textsuperscript{125} This may be a bit of an exaggeration but it was true in light of the growing costs of public administration and the nearly perpetual war that existed between the European powers by the start of the sixteenth century.

We will return to the subject of absolutism in chapters four and five as we discuss the economic policies discussed and implemented by the monarchs of England and Portugal. As I said at the beginning of this chapter we will pay particular attention to the legal systems of Europe at the time, how these systems influenced the society, and how society influenced the legal system. It is an axiom that without law and order you cannot have the orderly transfer of power and property. Since property was central to the lives of


\textsuperscript{125} Painter, \textit{The Rise of the Feudal Monarchies}, 4.
Europeans during all of European history, an understanding of the legal system must precede any explanation for why one country would choose to do X rather than Y.

So, let us close by saying that feudalism, although it was diminishing in force during the fifteenth and sixteenth centuries, it did not disappear entirely; and, many of the social structures it had created lasted long after feudalism ceased to be a viable political system. This was more true in Portugal than it was in England, as Carl Hanson and others have shown. However, Hanson’s explanation for the Portuguese crown’s failure to implement a mercantile agenda cannot be explained alone by the animosity of the Church and the nobility toward New Christians. The English had expelled the Jews in 1290 and this did not stop them from becoming a mercantile country. They did not allow the Jews to return until long after England had established itself as a mercantile country.

Carl Hanson’s evidence that it was the Church and the nobility that destroyed the mercantile agenda because of their opposition to New Christian merchants does, though, tell us something about absolutism in Portugal at the end of the seventeenth century. It tells us, as Hanson himself admits, that the absolutism of Portugal was a tenuous alliance between the crown, the nobles, and the Church. Had Portugal maintained course and broken free from the overbearing influence of the Church they might have achieved enough independence of mind to act as they should rather than in a way thought to be beneficial to the existing order.

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127 The Jews were allowed back into the country in 1655. Ibid., 387.
128 Hanson, Economy and Society in Baroque Portugal, 1668-1703, 70-107.
129 Ibid., 10.
130 In 1361 Pedro I forbade the publication of any papal letters without his authorization. Ibid., 110. This reminds one of William the Conqueror’s requirements regarding papal actions in England during the eleventh century. This was mentioned in an earlier footnote.
I have made it clear that I do not agree with Carl Hanson that the alliance between the Portuguese crown and the nobility was the greatest impediment to the establishment of a mercantile policy. It was rather as the Portuguese minister Duarte Ribeiro de Macedo said the result of a nation which did not prize manufactures enough to make the investments necessary to become a truly mercantile nation. Macedo wrote in his *On the Introduction to the Arts*,

> Everyone says that the law should prohibit money from leaving the kingdom on ships. They say that capitalists should be punished for this crime, but this is useless. Experience has shown this, and the reason is very simple, farms do not pay enough (as I will show) and to totally prohibit the movement of capital is to punish diligence. So, I do not agree that this is the final remedy.

Macedo was writing this pamphlet in Paris in 1675, and it shows that the Portuguese were trying to react to a momentary bullion problem rather than create a long-term economic policy that would help the nation. Further proof of this comes when the Portuguese discover gold in the backwoods of São Paulo in Brazil.\(^{131}\) After this they abandoned any mercantile schemes, and their sumptuary legislation.

In chapter one we talked about the mood, spirit, or *zeitgeist* of late medieval Europe. We showed that a general commitment to the notion of justice, best understood as derived from a combination of Roman law, pagan philosophy, and Christian ethics, heavily influenced the establishment of ecclesiastical laws that were meant to be enforced throughout Christendom. In this chapter we have touched on feudalism as a political system that was made necessary by the chaos brought about by the invasions of the European continent and England during the ninth and tenth centuries. This system was

slowly transformed into a Byzantine number of alliances based on land claims, but was soon subsumed under a system of rent payments which gave the modern nation-state room to grow into an omnivorous taxing entity. In the next chapter I will provide an overview of mercantilism. The purpose of this next chapter will be to provide us with a working definition of mercantilism before we move on to chapters four and five, and our discussion of why England and Portugal differed so much in their ability to establish national economic policies.
Chapter Three

Mercantilism: An Overview

In this chapter we will deal with the development of mercantilist thought and policy in the seventeenth century. If this, in the end, becomes a discussion centering on English economic thought and policy it is because England could be called “ground zero” for the development of these ideas and policies. However, there have been others who have written about so-called mercantilist legislation and thought in other countries like Germany,¹ and we will explore those too.

One of the greatest challenges in defining this movement is that it was relatively diverse, and the academic need to categorize everything often leads to useful but often oversimplified, and sometimes anachronistic, generalizations.² For example, the emphasis on bullion policy is said to be an important distinction between scholastics, mercantilists,

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¹ Raymond De Roover and others talk about the cameralism of Germany, which is a more localized version of national mercantilism that had its roots in the power of the late medieval commercial city. We will discuss this in more detail below and in chapter three.

² In The Great Chain of Being: A Study of the History of an Idea Arthur O. Lovejoy explains the difficulty associated with the study of ideas. One of the main problems is that those who study ideas and their history tend to lump thinkers into categories for which they might be ill-suited. Lovejoy thought that – isms were “trouble-breeding and usually thought obscuring terms, which one sometimes wishes to see expunged from the vocabulary of the philosopher and the historian altogether.” The reason is that an –ism, or an –ity, usually constitutes complex rather than a simple thoughts. In other words, people grouped into a category like mercantilists often think very differently than their fellow travelers about the world and the subjects which they address in their writings and conversations. Yet, it is acceptable to group them into these categories because they share an overarching sentiment about the world. The best illustration of this is the term Christian. This term designates a number of people with very diverse views but they share several common traits, such as veneration for the personhood and possible deity of Jesus Christ. (New York: Harper and Row, Publishers, 1965, originally published in 1936), 6.
and *laissez faire* economists. However, this is to imply that the bullion issue meant nothing to scholastics and *laissez faire* economists, which is simply not true.³

So, for the purpose of this work I have chosen a definition of mercantilism based on the dichotomy between *means* and *ends*. This is not new. Eli Heckscher and others also proposed that mercantilist legislation and enforcement were the means by which national power was strengthened. However, I believe the definition below will help us to distinguish the truly mercantilist proposition from simple rent-seeking activity.⁴

There appear to be three methodologies associated with mercantilism that will help us to define it: the first is the implementation of an internal economic policy in hopes that it will achieve some domestic goal which will make the nation economically stronger;⁵ the second is the implementation of a policy directly affecting trade—either the

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³ Nicole de Oresme (1323-1382) believed that gold and silver had intrinsic value like any other commodity. This is proven by Oresme’s concern over the devaluation of the currency which he viewed as unjust because it amounted to an involuntary tax on the people who gave specie to the government to be made into coins. When the government devalued that coinage they were in essence stealing from the people. Diana Wood, *Medieval Economic Thought* (New York: Cambridge University Press, 2002), 81, 103. Adam Smith addresses this issue also in *The Wealth of Nations* Book I, Chapter V. He saw coinage as just another commodity that would naturally fluctuate in relation to all other commodities. However, this did not mean money was not important. It was also Adam Smith’s, probably unfair, identification of the mercantilists with bullion mania that ensconced the notion that this was their main concern, *The Wealth of Nations*, Book IV, Chapter I. As we will see below, and in chapter four, these concerns changed over time, depending on the economic situations in which each country found itself.

⁴ What I mean by this is that a mercantilist might propose the use of a monopoly to enhance national economic power, but suggesting the use of a monopoly does not make one a mercantilist. In fact, monopolies might prove to be more injurious to the nation if they cease to be profitable, or begin to require the allocation of resources that might be better used elsewhere. As Earl J. Hamilton pointed out, monopolies that were used to start overseas expansion efforts were initially useful but outlived that usefulness when the cost of maintaining them exceeded the cost to support them. “The Role of Monopoly in the Overseas Expansion and Colonial Trade of Europe Before 1800,” *The American Economic Review* 38, no. 2, Papers and Proceedings of the Sixtieth Annual Meeting of the American Economic Association (May 1948): 52-53.

⁵ As will be discussed below Eli Heckscher saw mercantilism as defined by five things: the desire for unification, the pursuit of power, protectionism, monetary theories linked to the international balance of payments, and a theory of society. For this reason he included the 1563 Statute of Laborers in England as a watershed in mercantile legislation. However, Donald Woodward has shown that this is not correct. Based on the scholarship of F. J. Fisher in the 1940s and the work of S. T. Bindoff in the 1960s, Woodward argues that the English were interested in addressing the immediate threat of unemployment not in
limitation of imports or exports; and, the third is the establishment of monopolies meant to protect existing trade or infant industries against interlopers, whether foreign or domestic. These methodologies all have the same end, which is the most important part of our definition: strengthening national economic power in relation to others, and usually at the expense of others. The implementation of any one of these types of policy does not mean a country is pursuing mercantilist goals. For example, the institution of import or export restrictions might simply be an attempt to correct a perceived problem of short-term liquidity. It could be easily eliminated once the crisis has passed.

The above distinction between means and ends is very important. It is like the distinction made by Fernand Braudel between “the market” and “capitalism”. The market, according to Braudel, is a chaotic venue in which individuals pursue a myriad of economic goals. Capitalism, on the other hand, is the attempt to impose order on that market, or at least segments of that market. In short, the market proper is unregulated, chaotic, moves quickly, and decreases the likelihood of one’s economic success. Capitalism is an organized attempt to reduce the risks inherent in the market, usually through combinations meant to spread the risk among multiple investors; but, it can also


6 Many have suggested definitions for mercantilism that rely on ideological positions, such as, the primacy of bullion as a measure of wealth; but, this is to confuse the means with the ends. It is the end of mercantilist policy that should define it not the means. The end of all mercantilist policy was the enhancement of national power; the means varied with time and with the prejudices of those who advocated any particular position, but the end never changed for the mercantilist.

7 This was likely the reason for the sumptuary laws (pragmatica) promulgated by the Portuguese Crown, and encouraged by the Jesuits, in the 1670s and 80s. Carl Hanson, Economy and Society in Baroque Portugal (Minneapolis: University of Minnesota Press, 1981), 131, 183. This, however, would not solve the systemic problem that Portugal faced, which was the lack of a textile industry. As we will discuss in chapter five, Duarte Ribeiro de Macedo, a well-respected minister of the Portuguese Crown, criticized sumptuary legislation as only a half-measure. Without manufactures he thought Portugal doomed.
involve a partnership with government that make markets inaccessible or more difficult for others to penetrate, i.e., monopoly.\textsuperscript{8} Just as people should not always conflate the term \textit{free market} with \textit{capitalism}, so we should not conflate \textit{mercantilism} with \textit{monopoly}, \textit{bullionism}, or \textit{balance of trade}.

That which appears on first observation as an act of mercantilist policy might in fact be directed at a localized problem with no international political or economic ramifications. Control over the economy in the form of sumptuary laws, usury laws, labor law, etc., although they may have international implications, are usually implemented to correct a perceived problem within the country.\textsuperscript{9} So, we must make a distinction here between government intervention in the economy to solve a provincial problem and government intervention in the economy to enhance the power and prestige of a nation. Without this distinction we would have to extend the term \textit{mercantilism} back to the Roman Empire of Diocletian and Constantine, who were both integrally involved in the economy.\textsuperscript{10}

As we discuss below the varying perspectives of scholars on mercantilism over the last century we should keep in mind the following: first, mercantilism is a term with

\textsuperscript{8} Fernand Braudel wrote that “capitalism only triumphs when it becomes identified with the state, when it is the state.” \textit{Afterthoughts on Material Civilization and Capitalism} (Baltimore: Johns Hopkins University Press, 1977), 64.

\textsuperscript{9} As mentioned in a note above, the Statute of Artificers (1563) is a case in point. It can be easily shown that other countries also passed similar laws with little thought as to how it would affect international trade. In the late fifteenth century, under João II, the trades began to be monitored and controlled in order to maintain greater uniformity in the products that were made and to protect workers, producers, and the consumer. A. H. de Oliveira Marques, \textit{Daily Life in Portugal in the Late Middle Ages} translated by S. S. Wyatt (Madison: The University of Wisconsin Press, 1971), 196-197.

\textsuperscript{10} As we discussed in chapter two the Roman Emperor did not hesitate to get involved in the economy. Diocletian (244-305 CE) went as far as implementing price controls even on wages. However, he did this to stabilize the economy and make it easier to defend the borders of the Empire and keep internal chaos to a minimum. Constantine (272-337 CE) also tried some of the same policies with just as little success.
very serious limitations because it was more of a *movement* like the Enlightenment than it was a philosophical or ideological position.\footnote{In fact, I will argue in a subsequent chapter that the Enlightenment was a direct contributor to the development of mercantilism, especially the form that it took at the end of the seventeenth century in the works of individuals like Sir William Petty or Nehemiah Grew. By the end of the seventeenth century the study of political economy had become associated with the scientific spirit of the age. There was now a need to catalogue, measure, and analyze economic information rather than ruminate over philosophical questions of being and essence. This was a major distinction between the mercantilists and the scholastics of the seventeenth century.} Second, the term *mercantilism* cannot be applied to every government intervention in the economy because there were some who might use mercantilist-like policies to correct localized and temporary problems, not as a means to permanently change the nation or increase political power.\footnote{Sumptuary laws are a perfect example of this since they existed long before mercantilism became a reality, and they were usually inspired by fear that the social order was going to be upset. A good example of this is the *Sumptuariae Leges* of the Romans. This dictated the type of clothes one could wear depending on age and class. It also tried to limit excessive displays of wealth. This was the reason for the censor of Rome.} Third, *mercantilism* as a form of socio-political economy could not be uniformly applied everywhere in northwestern Europe because these countries possessed a distinct history along with distinctive legal, social, political, intellectual, and religious traditions—although they overlapped at times.\footnote{One of the major themes in this dissertation is the need for a certain environment in which mercantilism can thrive as a national economic policy. Opposition to mercantilist policies by entrenched interests was not enough to derail royal policies favorable to its establishment when the bulk of the citizenry, or a large, vocal and well-financed minority, was in favor of it. England is a prime example of this prior to the English Revolution (1640-1660). The issue of royal monopolies was a big bone of contention between royalists and parliamentarians. Many saw it as a hidden tax, one that buttressed an already too popish king in his ambitions. Clayton Roberts and David Roberts, *A History of England* I (Englewood Cliffs, NJ: Prentice-Hall, Inc., 1980), 353.}

**BULLIONISM AND MERCANTILISM**

In order to understand what mercantilism was, at least in the minds of those who have written about it, we must discuss for a moment the subject of bullionism. This is an important question because it is one that Adam Smith raised himself in arguing against...
the mercantile system. Smith argued that Thomas Mun had effectively shifted the argument for foreign trade away from the bullion argument of previous generations. However, this is not where Smith’s chief criticism of the mercantile system lay. Smith opposed most attempts by the government to manipulate economic activity by edict; the only exception would be during times of national emergency. The irony here is that Mun argued for the same freedom of trade. In chapter four of *England’s Treasure* Mun writes,

> This Position is so contrary to the common opinion, that it will require many and strong arguments to prove it before it can be accepted of the Multitude, who bitterly exclaim when they see any monies carried out of the Realm; affirming thereupon that wee have absolutely lost so much Treasure, and that this is an act directly against the long continued laws made and confirmed by the wisdom of this Kingdom in the High Court of Parliament, and that many places, nay Spain it self which is the Fountain of Mony, forbids the exportation thereof, some cases only excepted. To all which I might answer, that Venice, Florence, Genoa, the Low Countreys and divers other places permit it, their people applaud it, and find great benefit by it; but all this makes a noise and proves nothing, we must therefore come to those reasons which concern the business in question.

This chapter was entitled “The Exportation of our Moneys in Trade of Merchandize [sic] is a means to encrease [sic] our Treasure”. Mun goes on to argue that although temporary

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14 This is in Smith’s *Wealth of Nations* Book IV, Chapter I. Here he mentions Thomas Mun and *England’s Treasure by Foreign Trade*.

15 Smith said that Mun had shifted attention from “one fruitless care” [bullionism] to one that was “equally fruitless” [the balance of trade]. Adam Smith, *The Wealth of Nations* (New York: Bantam Dell, 2003), 546.

16 Smith writes in Book IV, Chapter II. “As defence [sic], however, is of much more importance than opulence, the act of navigation is, perhaps, the wisest of all the commercial regulations of England.” Adam Smith, *The Wealth of Nations* (New York: Bantam Dell, 2003), 583. National defense is the only time when Smith considers it appropriate for the government to get involved in the economy.

17 It is important to distinguish here between *England’s Treasure* and Mun’s earlier *Discourse on Trade*. The former is a letter written to his son, whom he addresses throughout the work; while the latter is a tract in support of the East India Company. Since *England’s Treasure* was published forty years after it was written (1664) and Mun probably did not expect it to see publication we should not consider this a propaganda tract like Mun’s *Discourse*. In other words, there is evidence here that Mun really believed what he was saying, much like Charles E. Wilson, the head of General Motors in the 1950s, believed that “What’s good for the country is good for General Motors, and vice versa.”
shortages may occur in the stock of bullion in the country that it does not matter in the long run because the exportation of bullion will eventually yield more trade for things only England has to offer and the bullion will eventually return to England, likely in greater quantity.  

However, Lynn Muchmore is probably right when referring to Mun as a shill for the East India Trading company whose goal was to divert attention from short-term bullion crisis then gripping England. At issue in the 1620s was the amount of silver that the East India Company was exporting to the Orient. Muchmore calculates this at 70% of all the exports of the East India Company. The problem with this is that the company was driving up the price of silver as it bid against others for the bullion. R. W. K. Hinton has written, “Mercantilism belongs more to the counting-house and council-chamber that to the study, and cannot be understood, let alone justified or condemned, in ignorance of the mercantilists’ troubles.” So, by 1623, amid the hue and cry of those affected by the decrease in silver within the country, Mun began to argue that the only solution was to improve the balance of trade through more foreign trade. What Mun attempted to do, in order to halt Parliamentary action against the East India Company, was argue that bullion exports were less important that the overall trading patterns of the nation. Bullion was just another commodity, according to Mun; and, in the long-run trade with the east would

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18 This oversimplifies Mun’s argument because he spends a lot of time in chapter four developing a trade scenario in which bullion going out of the country buys something that can then be sold to other countries at a profit, which can then be brought home in the form of bullion or reinvested to make even more money.


ameliorate the short-term downturn, which was not directly related to the specie drain anyway.  

Another strain of thought is that the emphasis on bullion encouraged the development of a strong navy. So, R. W. K. Hinton suggested in 1955 that one of the central tenets of mercantilism was the development of naval supremacy. This was why shipping and navigation bulked so large in the policies the mercantilists tried to push upon the government.  

Take, for example, what one early seventeenth century mercantilist writer, Lewes Roberts, who wrote,

> What hath brought the Portugal nation to be famoused in Africa and Asia, or the Spanish name to be notable in America, but her traffic and commerce?

> It is not our conquests, but our commerce; it is not our swords, but our sails, that first spread the English name in Barbary, and then came into Turkey, Armenia, Muscovia, Arabia, Persia, India, China, and indeed over and about the world; it is the traffic of their merchants, and the boundless desires of that nation to eternize honour and name, that hath induced them to sail, and seek into all corners of the earth.

Hinton goes on to write,

> The main feature of the mercantile system is the trading company. Not only did the company regulate the trade of its members, but the crown regulated the company. It compelled the companies to employ English ships, and the companies were willing to accept this limitation because they could only enforce their discipline by rules affecting shipmasters—rules which foreign shipmasters would not have been bound by.

As mentioned above the navigation acts were the one regulation of commerce that Adam Smith applauded because he thought it benefited the nation’s defense.


However, it is possible that the scholarship of John Day and J. H. Dale give us better structural explanations for the “bullion mania” of the sixteenth century. John Day argued that a “bullion famine” in the fifteenth century preceded the development of mercantilist thought while J. H. Dales argued that increased trade and the demand for bullion in order to trade made bullion a priority. The stance of this dissertation is that structural changes were more important than any one person or group’s efforts to manipulate the economy, so we will spend the next few pages laying out the arguments of Day and Dales in some detail.

In Day’s article “The Great Bullion Famine of the Fifteenth Century”, he describes how the pervasive debasement of the coinage, and the resulting high inflation, led to a liquidity crisis which ran from 1395 to 1415.\footnote{Pirenne points out that gold had become enough of a commodity during the thirteenth century that it could again be struck into coins. Gold coinage begins again in 1252 with the striking of the florin. Florin means lily, which was the symbol struck on the coin. It was in the thirteenth century that commerce again took off in Europe, and lending at interest became more common. The re-export of spices from Venetian ports appears to be what started this stage of economic development, and it ultimately led to a commercial revolution during the late medieval period. Henri Pirenne, 	extit{Economic and Social History of Medieval Europe} (New York: Harcourt, Brace and Company, 1936), 116, 118-141, 142-144.} It was this liquidity crisis that inspired the mercantilist policies of the sixteenth century, policies which emphasized the accumulation of bullion over all other considerations.\footnote{The same problem was occurring at the beginning of the seventeenth century in Germany and Poland. Charles P. Kindleberger, “The Economic Crisis of 1619 to 1623,” 	extit{The Journal of Economic History} 51, no. 1 (March 1991): 149-175. This was due to policies of corruption among those in charge of the currency from 1600 through 1620, and it exacerbated the general crisis of the seventeenth century.} The pervasive policy of debasing the coinage, used by most monarchs to skim a little off the top for themselves, and the large quantities of gold and silver that were leaving Europe in the Levant trade predated this liquidity crisis;\footnote{One of the ironies of this exportation of precious metals was the fact that the Crusades had opened up a tourist trade in which pilgrims showered the Holy Land and places along the way with gold. John Day, “The Great Bullion Famine of the Fifteenth Century,” 	extit{Past and Present}, no. 79 (May 1978): 8.} so, Europeans had to turn increasingly to barter, pepper being one
of the chief *ersatz* currencies. This was particularly important because most international trade was conducted using hard currency since the bill of exchange would not become popular until the middle of the seventeenth century.\(^{28}\)

Day writes,

> Europe’s indispensable but inadequate stock of bullion and coin, besides being subject to irretrievable loss in the process of coinage and recoinage and through ‘fair wear and tear’, fire, shipwreck and forgotten hoards was constantly being eroded by the large-scale export of gold and silver in all forms to the Levant.\(^{29}\)

Because English coinage had not been debased like others throughout Europe bullionist legislation began to be passed by Parliament in 1380 in order to prohibit the export of gold and silver. In the early fifteenth century Parliament began to pass protectionist legislation for the woolen industry due to the rise in price of things like wine and spices. This was blamed on foreign traders.\(^{30}\) As pointed out above, mercantilist legislation should be distinguished from temporary legislation meant to correct some perceived short-term problem. The English legislation of the early fourteenth century, although setting a precedent for future action by the state with respect to the national economy does not live up to the standard of mercantilist legislation, which is namely a policy meant to enhance the long-term political and economic strength of the nation at the expense of others.

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\(^{29}\) To give us some perspective Day says that in the fifteenth century Venice alone exported nearly one metric ton of gold to the Levant every year! The problem was that these precious metals were not making the circuit back to Europe but were traveling even further east. This contributed, along with the demographic devastation of the Black Plague, to a general decline in prices at the end of the fourteenth and beginning of the fifteenth century. Ibid., 5, 12, 11.

\(^{30}\) Ibid., 19.
In the fourteenth century there had been a general decline in silver mining within Europe. This was not because the silver did not exist but because the technology had not yet been developed to dig deeper. As for gold it entered a period of “rapid if not total decline” in the latter part of the fifteenth century. Europeans would now have to look for gold elsewhere. Western Sudan was one of those countries that supplied Europe with needed bullion. However, it was the Portuguese at the beginning of the sixteenth century that began to rival the Sudanese imports with their imports from Mina on the gulf of Guinea. Prior to this a prolonged bullion crisis had gripped Europe in the 1450s and 1460s making the price of gold rise dramatically.\(^{31}\)

It is at the end of the 1460s with the resumption of silver mining that prices begin to rise again throughout Europe starting what will become known as the “price revolution.”\(^{32}\) However, the experience of two prolonged bullion famines in the fifteenth century had by the end of that century forced Western European countries to begin toying with policies that would strike economists in the future as protectionist. Day writes,

“Finally, the intensified ‘struggle for bullion’ manifested itself in the economic policies and perceptions of the times. It was during the course of the fifteenth-century bullion famine that a pattern of bullionist and protectionist thinking began to take shape in Western Europe; that mercantilist forms of economic nationalism (combined with a pronounced hostility to Italian techniques of credit and clearing) received their baptism in practice, if not yet in theory.”\(^{33}\)

If we combine Day’s suggestion that there was a bullion famine in the fifteenth century with J. H. Dales work on increasing world trade in the sixteenth century, we have the perfect storm developing for the push of a bullionist agenda. It is easy to see how this

\(^{31}\) Ibid., 35-40, 40-46.

\(^{32}\) This can only be explained by the export of the silver. If it had remained in the countries, and made its way bank into the currency through recoinage, prices should have gone down.

\(^{33}\) Ibid., 49.
issue would dominate the mind of the European trader and the minister of state, especially in an environment where war was practically perpetual between the quickly hardening battle lines of the nation-state. Dales points out that trade becomes difficult when you have nothing the other person wants. Even Jean Buridan and other scholastics realized that there must be “mutual advantage” in order for trade to take place.\textsuperscript{34}

Dales asks,

\begin{quote}
In particular, can we find in Mercantilist times certain underlying conditions that made ‘free trade’ unworkable and that led to a policy of controlling trade from the point of view of a country’s trade balance with each of its trading partners?\textsuperscript{35}
\end{quote}

The real issue for these early mercantilists, and the scholastics, was how value is stored within a particular currency. During the sixteenth century it was nearly impossible to determine the value of a given currency when engaged in international commerce. Subsequently, there were only two ways to restore the equilibrium in a multi-lateral system that had become dominated by one form of international exchange device, whether gold, dollars, etc., that was to allow it to naturally balance itself or to implement protectionist legislation, i.e., mercantilist policies.

Dales writes,

\begin{quote}
During this period of experimentation, while the market is searching for a long-run equilibrium, the international values of national currencies will be deranged and uncertain, and consequently these currencies will no longer be acceptable as a store of international value. “Spain” will therefore begin to demand payment for her exports either in bullion or dollars: let us say that she demands dollars. The dollar is now
\end{quote}

\textsuperscript{34} We will discuss this subject in detail in chapter two when we talk about scholasticism and the concept of economic justice.

\textsuperscript{35} J. H. Dales, “The Discoveries and Mercantilism: An Essay in History and Theory,” \textit{The Canadian Journal of Economics and Political Science} 21, no. 2 (May 1955): 142. The question of countries controlling trade with \textit{each} of their trading partners will be addressed again below. This concerns the question of whether sixteenth-century mercantilism was a bi-lateral or multi-lateral policy of trade.
seen to be superior to all other forms of money as a medium of international payment.\textsuperscript{36}

The situation is succinctly summed up by Dales when he writes,

\begin{quote}
Suppose, now, that the trading possibilities open to our multilateral trading group are suddenly widened by the explorations of a few daring navigators who discover “Mexico” and a new sea route to “India.” The possibilities of trade with these areas are canvassed and the following situations are disclosed. First, the only thing that “Europe” wants from “Mexico” is bullion. Second, every country in “Europe” has a strong desire for a wide range of “Indian” goods. Third, “India” wants nothing from “Europe” except silver and gold, none of which is produced in any “European” country.\textsuperscript{37}
\end{quote}

Dales goes on to point out that Spain had a monopoly on the bullion coming from Mexico and therefore any other nation wishing to trade with India for its goods would have to either trade with Spain or somehow acquire the bullion directly from Mexico themselves. This inevitably led to the development of protectionist policies meant to increase the amount of bullion in each Western European country so that they could trade with India using their own bullion reserves.\textsuperscript{38} In the case of England the lack of bullion also led to piracy in the late sixteenth century.

Dales concludes,

\begin{quote}
In summary, although the “injustice” of the multilateral solution of the “dollars and spices” problem does not, in and of itself, necessarily result in bilateralism, it weakens the case for multilateralism and thus opens the door for an increase in national trading regulations. We reach the conclusion, therefore, that “Mexican” silver and “Indian” spices combine in a strange way to impose the “dollar standard” (or the “silver standard”) on international trade, and, more seriously, to replace multilateralism with bilateralism throughout “Europe.”\textsuperscript{39}
\end{quote}

\begin{footnotes}
\footnotetext{36} Ibid., 146.
\footnotetext{37} Ibid., 144.
\footnotetext{38} Ibid., 144, 146.
\footnotetext{39} Ibid., 150.
\end{footnotes}
Dales come firmly down on that side of the argument which states that protectionist legislation was inevitable in the environment the developed in the sixteenth-century trading situation. It is clear that the reason any particular country would pursue mercantilist policies would depend on its existing economic situation. Dales writes, “In practice the decision between multilateralism and bilateralism (wherever we agree to draw the line between them) is bound to be a matter of relative pressures on the political authorities.”

For this reason the discoveries of Europe, especially the route to the Asian spice market, plays a pivotal role in the development of national mercantilist policy. As Dales writes, “The three important economic attributes of spices were, first, that one country had a monopoly in them, second, that that country wanted only bullion in exchange for them, and third, that there was a large and insistent demand for them in other countries.”

This echoes an article written by Charles Wilson, who argued against Eli Heckscher’s views on trade in the Baltic nations. Wilson and Dales agreed that it was bullion leaving Europe and making its way to the orient that was causing the problem. Dales emphasized the movement of bullion to the east through direct trade while Wilson pointed out that these precious metals made their way east through trade between Western Europe and the Baltic states. Both of these trading activities constituted a real drain on bullion in Europe and were the source of “bilateral controls,” i.e., mercantilism, which was meant to stop the hemorrhaging of bullion from Europe to the orient.

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40 Ibid., 149.
41 Ibid., 153.
42 Ibid., 142-143; Charles Wilson argues that trade in the Baltic, because it could not take advantage of the exchange bill system of Western Europe, was completely reliant on specie for its trading activity. “Treasure and Trade Balances: Further Evidence,” The Economic History Review, n.s., 4, no. 2 (1951): 231-242. We will discuss this further later in this chapter.
Let us pause for a moment and consider the argument that mercantilism was all about bullionism. It seems pretty clear from what has been said above that Thomas Mun was not a doctrinaire bullionist, although he did not ignore its importance. It is also clear that even if traders did not argue for increased foreign trade or protectionist legislation that similar legislation would still have been considered simply due to the structural system of world trade that was developing in Western Europe, and the demand for a reliable international currency. From this perspective, it seems logical to conclude that mercantilism was not the *sine qua non* of bullionism but the opposite; it was the general concern over the use of bullion in foreign trade that forced the foreign trader to address the bullion concern. However, as Jacob Viner has shown the mercantilists writers went beyond the issue of bullion.

In two articles published back-to-back in *The Journal of Political Economy* in 1930, Jacob Viner argues that the ideas of Adam Smith had their roots in mercantilist thought.43 In the first article he says that before Adam Smith there was a wide-variety of discussion over the issue of foreign trade, especially the question of the balance of trade. Mercantilists touched on many other issues that were thought related to foreign trade, such as, bullion, how trade should be measured, what constituted wealth, the difference between currency and reserves, monetary policy, consumption versus production, the relationship between the money supply and interest rates, the elasticity of demand, and finally full employment. This article runs a full fifty pages and goes into laborious detail about each of these subjects.

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43 These articles were published a year before Eli Heckscher’s work on mercantilism came out in Swedish and five years before that work was translated into English.
As to the balance of trade argument Viner says that it is understandable that those without mines of their own would look for ways to increase their stock of bullion. Since trade was the most direct way to achieve this end there was an emphasis among mercantilists to encourage a favorable balance of trade, a trade in which exports exceeded imports. Viner also rejects the notion that there was much subtlety in this argument. Most mercantilists looked to the balance of trade as a whole and not to trade in particular goods or with certain nations. Everything was measured against the aggregate trade of the nation.  

Mercantilists, although differing in their views as to how much intervention the government should take on economic issues, did agree about the role that bullion played in building wealth. In short, they all believed to some degree that it was the best way of storing wealth. They all believed that it was the best means of maintaining a reserve in times of national crisis. They all believed bullion was essential to maintain trade because trading partners needed the assurance that payment could and would be made in the form of an equally tradable commodity. They all believed that bullion served as the best source of investment capital. More bullion would also mean higher prices and more trade since there was an integral relationship between bullion, money, interest rates, and prices.  

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44 Jacob Viner, “English Theories of Foreign Trade Before Adam Smith,” *The Journal of Political Economy* 38, no. 3 (June 1930): 255-61. It is also interesting to note that the debate over trade surpluses and deficits is still a cause of political dissension in industrialized countries. There still seems to be no agreement as to the whether so-called “free trade” or protectionism is better for the nation. There seems to be little benefit for the laborer except in the form of cheaper goods paid for with increasingly stagnant wages.

45 In other words, “easy money” made investment and trade more attractive to those with capital. This last point is related to the “quantity theory of money” in which coinage or paper money is based on the amount of reserves upon which the currency is based. As bullion rose the value of money would decrease which would mean that prices would rise and trade would increase. This caused quite a stir within the mercantilist community over whether folks should be allowed to hoard or plate their precious metals. All recognized it as a store of wealth but some argued that through an “easy money” policy wealth could be put
In the second article Viner focuses on the different legislative measures proposed by the mercantilists. Most of them, he concludes, are directed at particular special interest groups rather than being measures that would benefit the nation as a whole, the criticism Muchmore echoed decades later at Mun. However, these political measures do not do justice to the depth of thought that existed in mercantilist literature, which by the eighteenth century had given way to the self-regulating mechanism proposed by many before Adam Smith. The legislative proposals of the mercantilists were meant to increase the national stock of bullion, thus economically and militarily strengthening the nation. Some of the measures by which they hoped to achieve this end were, prohibitions and duties, the suppression of domestic competition in certain areas of manufacture, fostering of the carrying trade through policies that encouraged re-exports or “entrepôt trade”, export bounties which encouraged certain industries over others, and the protection of certain infant industries through “patents of monopoly”. The difference between mercantile protectionism and modern protectionism is in the aim of the policy. The latter is usually only concerned, at least ostensibly, with maintaining employment within the nation.

The collapse of the mercantilist doctrine had much to do with an alternative theory of specie distribution, the so-called “self-regulating mechanism”. In a nutshell it was argued that specie would go in and out of a country with the rise and fall of exports, to work rather than lie fallow in safes, lockboxes, or ornaments. Viner, “English Theories of Foreign Trade Before Adam Smith,” 264-298.

46 Ibid., 249-301; and, Jacob Viner, “English Theories of Foreign Trade Before Adam Smith (Concluded),” The Journal of Political Economy 38, no. 3 (August 1930): 404-457.

47 Viner, “English Theories of Foreign Trade Before Adam Smith (Concluded)”, 404-419.

48 We will talk more about this below as we discuss the debate over interest rates. It was also be a topic on which the scholastics touched in their discussions of the “just price”. We discussed this in chapter two.
and that this was a function of price which was in turn related to the amount of bullion in the country. This would ultimately lead to the conclusion that nothing should be done to balance trade or interfere with the transfer of bullion since anything that is done would be destructive to the natural equilibrium; no one would be able to figure out the by-products of a particular economic policy. The difference between the mercantilists and the *laissez faire* economists was that the former believed that self-interest must be rigorously controlled for the public good while the latter believed that self-interest itself through a natural process led to the public good. Although a few writers almost reached Adam Smith’s conclusions as to free trade, they could not get past their natural inclination to include government in making large economic decisions.49

It is clear that the role of bullionism and the balance of trade in mercantilist literature is a more complicated than the one given to us by Smith and others. As Viner shows these were important issues to the mercantilist writers but they also dealt with a myriad of other issues they felt were just as important. They did not allow themselves at the time to be completely defined by these two issues and there is no reason for us to define them in this way. However, we can say that as the events of the seventeenth century played out we begin to see an even more complex and systematic presentation of economic theory put forth by the mercantilist. The growing precision of science made possible by Newton and others began to spill over into the study of economics until by the end of the seventeenth century, at least in England, many had accepted the

49 Viner, “English Theories of Foreign Trade Before Adam Smith (Concluded),” 419-448. This is not hard to understand considering the primary role that the crowns of Europe had played in economic development over the centuries.
fundamental proposition that there were natural laws in the universe with which it was
unnecessary, and sometimes downright undesirable, to interfere.\textsuperscript{50}

\textbf{ECONOMIC POWER, THE STATE, AND MERCANTILISM}

It is no surprise that a German scholar would produce the first revival of interest
in mercantilism at the end of the nineteenth century. In the late nineteenth century the
Germans seemed to excel in all areas of scholarship. It was Germany that so profoundly
influenced historical research and the development of the graduate school in the United
States.\textsuperscript{51} Gustav Schmoller was one of those scholars who, although forgotten today,
dramatically influenced the academic approach to economic history in the West. His
emphasis on quantitative research was meant to add a new level of understanding to
European economic history. In his major work \textit{Studien ueber die wirthschaftliche politik}
\textit{Friedrichs des Grossen} (1884) he argued that the state was slowly replacing the city as
the prime mover of economic activity. Schmoller writes,

\begin{quote}
What to each in its time, gave riches and superiority first to Milan,
Venice, Florence, and Genoa; then later, to Spain and Portugal; and now
to Holland, France, and England, and, to some extent, to Denmark and
Sweden, was a \textit{state} policy in economic matters, as superior to the
territorial as that had been to the municipal. Those states began to weave
the great economic improvements of the time into their political
\end{quote}

\textsuperscript{50} Henri Pirenne writes that the economic growth of pre-plague Europe was all the result of private
"initiative and the ingenuity of the merchants themselves." At this time governments were not too involved
in the economy, except when it came to protecting merchants in the international trade. It is even possible
that this is the point in time when capitalism is getting its early start. Pirenne writes, "Scant as they are,
medieval sources place the existence of capitalism in the twelfth century beyond a doubt." Henri Pirenne,
\textit{Economic and Social History of Medieval Europe} (New York: Harcourt, Brace and Company, 1936), 160,
163. If this is true it was probably a localized phenomenon.

\textsuperscript{51} Pete Novick's \textit{That Noble Dream: The "Objectivity Question" and the American Historical
Profession} (Cambridge: Cambridge University Press, 1988) is a great book detailing the influence of the
well-known historical scholar Leopold von Ranke.
institutions and policy, and to bring about an intimate relation between the one and the other.\textsuperscript{52}

According to Schmoller the state during the late medieval and early modern period replaced the city as the primary arbiter of economic activity and “all the rigid local, corporate, class, and district organisations [sic] of an earlier time became intolerable hinderances [sic] to economic progress.” The goal of the state was the “combining and organising [sic] of resources at home.” This meant that there was opposition within centralized monarchies to the economic policies of “the town, the district, and the several Estates.” In short, the mercantilism of the seventeenth and eighteenth centuries was “in its innermost kernel…nothing but state making.”\textsuperscript{53}

Schmoller also argues that mercantilism would not have been possible without the existence of absolutism. These nearly despotic, sometimes relatively benevolent, monarchs had set themselves in economic opposition to both town and province, which were both just two sides of the same coin.\textsuperscript{54} Schmoller writes,

\begin{quote}
It is now to be noticed that it was the “enlightened,” more or less despotic, monarchy of the seventeenth and eighteenth centuries by which this movement [mercantilism] was initiated and pushed forward. Its whole activity centred [sic] in economic measures; its great administrative reforms were anti-municipal and anti-provincial, and aimed chiefly at the creation of larger economic organisms. With these princes mercantilist
\end{quote}

\textsuperscript{52} Gustav Schmoller, \textit{The Mercantile System and Its Historical Significance} (New York: Augustus M. Kelley, 1967), 48. This seems to foreshadow the work of Fernand Braudel and his entrepôt thesis. Schmoller again anticipates the work of Braudel when he writes that “all economic and political life rests upon psychical mass-movements, mass-sentiments, and mass-conceptions, gravitating around certain centres [sic].” Ibid., 61.

\textsuperscript{53} Ibid., 50. This is an argument that Schmoller makes for the Prussian economy under Frederick the Great (1712-1786); but, it is an argument that others have made with regard to the relationship between absolutism, nationalism, and mercantilism. We discussed this in chapter two in regard to the decline of feudalism. It is there that Perry Anderson’s thesis about the absolutist state will was briefly examined.

\textsuperscript{54} Ibid., 51-52.
policy was not something subsidiary; all that they planned and performed necessarily too this direction.\textsuperscript{55}

As the competition for international trade came to dominate the economies of Europe there developed an uneasy alliance between the state and the trader, who was represented by the monarch. The goal was to use the power of the state to achieve trade dominance, which would ultimately benefit both king and trader. However, to achieve this goal the state and the trader would have to set themselves up against the interests of cities, provinces, and often some within the nobility. The demise of the papacy and the Empire destroyed what little comity that had existed among Europeans. This lack of amity made it possible for larger, more powerful countries to make war on weaker trading countries. During the seventeenth and eighteenth centuries the European monarchies were “more or less concerned, on the one side, with the conquest of colonies by force of arms, on the other, with the destruction of the neutral trade, \textit{i.e.}, the trade of smaller states.”\textsuperscript{56}

Many have disagreed with Schmoller that state-building was the sole purpose of mercantilism; but, they all agree that it played a significant role. Jacob Viner weighed in on this issue in 1948 after Eli Heckscher had renewed everyone’s interest in mercantilism during the 1930s. Viner was a professor of economics and as shown above had already shown himself a very keen student of mercantilism. He agreed with Schmoller to the extent that he thought that wealth and power during the period in which mercantilism

\textsuperscript{55} Ibid., 52. I will take issue with this thesis in chapter two because it seems apparent that “absolutism” was not arbitrary government by the few but rather a tenuous alliance between the centralized royal courts of Western Europe, cities, nobles, and the Church. These alliances were in continual flux depending on the situations in which each of these groups found themselves. To the extent that absolutism existed at all it was greatly assisted by the ability to directly tax the population and by the acquisition of colonial territories, which would by right of conquest belong directly to the crown.

\textsuperscript{56} Ibid., 69-72.
dominated economic discourse were seen as two sides of the same coin, and that both were acceptable pursuits “for their own sakes.” There was a fundamental connection between wealth and power. It was impossible to have one without the other. Viner also points out that mercantilists were not doctrinaire about their economic principles, so practice would often trump dogma when it came to national security.\(^{57}\)

Eli Heckscher is attributed with single-handedly restoring the study of mercantilism with his two volume work titled simply *Mercantilism* (1931). It was originally written in Swedish and translated into English in 1935. It sparked extensive controversy for twenty years until it was reissued in 1955. Not much has been done since then since most of the points of controversy were ironed out during the two decades previously.\(^{58}\)

In a review of Heckscher’s work B. F. Haley wrote that the work was a synthesis of everything that had been written previously with the addition of one thing. The four main ideas that had been emphasized by others: economic policy as a means of political unification (Gustav Schmoller); mercantilism as a system of power (William Cunningham); mercantilists as protectionists (Adam Smith); and, mercantilists as monetarists, emphasizing the balance of trade (Adam Smith), were all included in Heckscher’s work.\(^{59}\) However, Heckscher added a fifth component: a mercantilist conception of society.

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\(^{58}\) Walter E. Minchinton, *Mercantilism: System or Expediency?* (Lexington, MA: D. C. Heath and Company, 1969), xii. There is still not much being done on mercantilism unless it intersects other interests, such as, the historical study of liberalism.

According to Heckscher, the mercantilists were decidedly amoral, only caring about the “the welfare of the state” which “came before the welfare of the individual.”\textsuperscript{60} Heckscher argued, like Schmoller and William Cunningham\textsuperscript{61}, that mercantilism was ultimately a means for the state to acquire greater power. He also maintained, as did Raymond De Roover later, that mercantilism represented a break with the moral economy of the medieval canonists, or scholastics. Heckscher describes mercantilism as a rational, amoral, and non-humanitarian system, which stands on its ear the concept of an integrated society governed by moral laws.\textsuperscript{62}

Heckscher writes,

\begin{quote}
\textit{The contempt of the mercantilists for religion and ethics, their desire to subject individuals to the state, their belief in a somewhat mechanical social causation without a belief in a preestablished harmony, made them even more ruthless in their insistence upon setting aside all sorts of time honored customs and human needs and presented a strong contrast to the fundamentally humanitarian attitudes which followed.}\textsuperscript{63}
\end{quote}

According to Heckscher, French mercantilism had a certain animus toward consumerism. The regulations issued under the influence of French mercantilists like Colbert preserved the old system of production, which was decidedly unfriendly to the consumer. The French mercantile system “perpetuated the medieval treatment of industry.”\textsuperscript{64}

\begin{flushright}
\textsuperscript{60} Ibid., 349. When we looked at the philosophy of scholasticism in chapter two we learned that they too believed the individual should subordinate themselves to the community; however, the difference was that the mercantilist conception of subordination was completely secular while the scholastics believed it had a divine component to it.

\textsuperscript{61} William Cunningham’s work was heavily influenced by the German school of economic history which is evident in his work \textit{The Growth of English Industry and Commerce} (1882). This was a paean to what he had learned while being educated in Germany.


\textsuperscript{63} Ibid., 339.

\textsuperscript{64} Ibid., 335.
\end{flushright}

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population increases, child labor, and subsistence wages as the best ways to stimulate production and gain an edge over one’s economic competitors. A noted Spanish writer, and anti-mercantilist, made the same point, adding that children could supplement their earnings by begging.65

“Under feudalism,” wrote Heckscher, “independent petty rulers and even quite ordinary private landowners had usurped the power of the state, harassing and impeding trade and industry and laying both under contribution for their own benefit.”66 As each country created a centralized bureaucracy focused around the royal court it was necessary to get rid of these impositions, or to at least to moderate them. It was easier in some countries than it was in others. England had the easiest time while France experienced a little more difficulty. Colbert attempted to remove some of the impediments to intra-national trade with his tariff of 1664. It had the effect of removing many of the barriers to trade between the provinces but did little to change the local river and road tolls still imposed throughout France. The English achieved similar results with their Statute of Artificers in 1563, making it more difficult for the craft guilds to exert undue influence on the economy of England. This was legislation ultimately meant to weaken the towns and strengthen the national government when it came to economic policy.67

65 This comment is attributed to Alberto Struzzi, a nationalized Spaniard of Italian descent, in an article by Robert Sidney Smith. “Spanish Antimercantilism of the Seventeenth Century: Alberto Struzzi and Jose Diego Dormer,” The Journal of Political Economy 48, no. 3 (June 1940): 401-411.

66 Heckscher, Encyclopaedia of the Social Sciences, 334. This sounds remarkably like the language used by Schmoller.

67 As I mentioned previously, this may not have been the primary purpose of this legislation. Here Heckscher may have been reading into the legislation something that was not there. It is a much more convincing argument that high unemployment was the source of the legislation, and that this was related to some degree with the enclosure movement. As we will discuss below, the unemployment rate in England during the latter half of the sixteenth century may have been as high as a third of the population.
What the state began to do above all other things is ensure that private companies would retain exclusive privileges to certain areas of trade. This is one of the distinctive qualities of mercantilism, state protection of private or semi-private monopolies. What mercantilists argued, whether they were in a position to deliver or not, was that certain trading rights would strengthen the nation against other competing nations. Economic gain would become political gain. Heckscher writes, “The mercantilists conception of what was to a country’s advantage centered on two closely allied aspects of economic life—the supply of commodities and of money.”

One of the main ideas pushed by men like John Hales and Thomas Mun was that exports should be freed up from the medieval restrictions that had been imposed on them. They tried to make the argument that exports would eventually lead to prosperity. Later mercantilists like Sir William Petty and Sir Josiah Child would argue that not only must exports be increased but imports should be restricted. Of course, this latter policy could lead to tit-for-tat protective tariffs, which it did.

Heckscher argues in a later article, responding to some of the criticisms of his two volume work, that mercantilists had core principles over which they differed among themselves on finer points. However, these differences do not mean there was not coherence in their ideas. They discussed all the major issues of economic theory, such as, money, freedom of trade, the role of labor and wages, etc. All of this preceded the

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68 Heckscher, *Encyclopaedia of the Social Sciences*, 336.

69 These ideas will be discussed in detail in chapter four.
classical work of Adam Smith; and, in fact, served as a transition period from the medieval view of the economy to the modern view.  

According to Heckscher, previous writing on mercantilism had placed too much stress on nationalism, and this created the notion that there was more dissimilarity in mercantilist thinking than actually existed. There were, according to Heckscher, similarities within mercantilist thought that transcended national perspectives. This is because “economic developments have followed similar lines all over the western world”. In short, writes Hecker, “Mercantilism is simply a convenient term for summarizing a phase of economic policy and economic ideas.” Mercantilist writers differed from their laissez faire counterparts in the eighteenth and nineteenth century in that they chose different means to achieve the same ends. Of course, scholars have disagreed as to which ends the mercantilists sought. Was it economic unity or power? It is difficult to imagine one without the other. Was it social control? Was it the ability to make war? Was it an attempt to strengthen the crown at the expense of the city and the province?

When one examines the history of Western Europe it is clear that competing interests within a decaying feudal system were fighting for survival against an increasingly nationalistic and centralized system of government, which pursued economic policies meant to strengthen their position against the antiquated political and social system of feudalism. What is most interesting is that the nation-states of Western Europe used the same techniques that had been used by the cities to subjugate their surrounding


71 Ibid., 44.

72 Ibid., 54.
lands against the cities. In other words, the history of national mercantilism is the history of the urban commercial center writ large.

According to Heckscher, the common thread that draws all mercantilist thought together is their conception of society. Their ideas were rooted in an increasingly secular and amoral worldview. Heckscher writes

Mercantilists came more and more to recommend amoral means to amoral ends; their most typical exponent in that respect was the Dutch-English physician Mandeville, but Sir William Petty belonged to the same category; both, it should be noted, were entirely unconnected with the merchant class.

The fundamental difference between mercantilists and their successors, the liberals, was that mercantilists did not believe in a pre-established harmony within nature; they were more Hobbesian in their views. So, what were the means by which mercantilists hoped to achieve this national unity or power? Protectionism was one method of building up the national stock. It was used to great effect by the city-states of Italy and other countries, and was now put into effect at a national level. One of the problems with this policy was that it usually meant the protection of one industry over another, which could lead to political and social friction within society. The two most

74 N. S. B. Gras says much the same thing in his article “The Development of the Metropolitan Economy in Europe and America.” The American Historical Review 27, no. 4 (July 1922): 695-708. During the thirteenth century commercial activity began to increase at Bruges. It helped to replace the fairs of Europe by becoming an international entrepôt for southern European trade with the north. This made trade a daily occurrence rather than a semi-annual affair. However, it was not predominantly manufactured goods that were traded at this time. The trade was still dominated by agriculture. This was due primarily to the fact that manufactured goods were produced in the cities, supplying only the local economies. Manufacturing was also stringently regulated by the city and the guilds. Henri Pirenne, Economic and Social History of Medieval Europe (New York: Harcourt, Brace and Company, 1936), 147-148, 159.
75 Heckscher, “Revisions in Economic History: V. Mercantilism,” 53. Bernard Mandeville’s Fable of the Bees; or, Private Vices, Publick Benefits (1714) was quite popular among the crowd which argued that personal self interest would lead to public good. This is an idea with which the work of Adam Smith would later be associated, and it seems to be part of the developing liberal tradition in Western Europe.
prominent social groups set against each other in this debate were the producer and the laborer. Since mercantilists tended to believe that economic growth could not come unless it was at the expense of one’s neighbor they were required to adopt an “economy of low wages”. This, they believed, would make them more competitive in the international market. It would also keep the monetary system in-check since the value of money was integrally associated with the “mechanism of exchange.”

Towns were the most important part of this development but they “were important in proportion to the radius of their economic influence.” Beyond a few miles the towns could not influence much. For example, Ghent in 1314 prohibited the manufacture of cloth within a three mile radius of its walls. Urban protectionism presages the mercantilist policies of the nation-state. Large cities attempted to control production and trade within, and even outside, their city walls. By the fifteenth century the towns made sure that no one achieved an unfair advantage in the market by hoarding during times of plenty and selling during times of scarcity. “The burgess was protected against fraud, as well as against the abuses of speculation and monopoly.” However, the towns could only regulate town trade. They had a more difficult time controlling the trade of foreigners, who often supplied things the city could not live without like food. The towns’ concern

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76 Ibid., 49-50.
77 Ibid., 51. There is an eerie similarity between the arguments of modern-day supply-side economics and the arguments of the mercantilists. Both believe that economic strength had its source in low wages and the strengthening of the producer. It is interesting to note that Adam Smith did not support the interests of the producer over those of the consumer. By implication he also would not have supported a tax policy that favored the producer over the consumer.
78 Pirenne, *Economic and Social History of Medieval Europe*, 169, 211.
79 This observation precedes the work of Braudel who argued also for urban spheres of trading influence which grew ever wider as Western European society developed. Fernand Braudel argues for this migration of the dominant commercial entrepôt from south to north in his wide-ranging work *Capitalism and Material Life, 1400-1800* (1967 and 1979). As the locus of trade moved north it also widened. This is exemplified in London and then England’s dominance of the world economy in the late eighteenth century.
was mainly with controlling the retail trade, not the wholesale trade.\footnote{Henri Pirenne, \textit{Economic and Social History of Medieval Europe} (New York: Harcourt, Brace and Company, 1936), 175, 176-178.} In short, towns were the forerunners of mercantilist state.\footnote{In Charles W. Cole’s \textit{French Mercantilist Doctrines Before Colbert} (New York: R. R. Smith, Inc., 1931) we learn that the French had the same problem controlling manufactures and trade outside of the large urban areas. Ekelund and Tollison in their book \textit{Mercantilism as a Rent-Seeking Society} (College Station, Texas: Texas A&M University Press, 1981) argue much the same thing. We will come back to this topic later when we discuss English and Portuguese mercantilist efforts.}

The establishment of gilds throughout Western Europe was meant to free the artisan from competition, often at the expense of the consumer. As Pirenne writes, “Henceforth the consumer was completely sacrificed to the producer.”\footnote{Pirenne, \textit{Economic and Social History of Medieval Europe}, 178-191, 210. Adam Smith believed much the same thing. This was the source of one of his chief complaints about the mercantilist system. This was because by the time Adam Smith wrote liberal economic philosophy had a decidedly consumerist orientation. It is also interesting to note that the scholastics railed against monopolies of both production and labor—the latter of which they called monopsony. The scholastics would have opposed the mercantile system on the principle that it favored one section of society over another. This was anathema to the egalitarian vision of the Church.} It was the medieval economy that gave birth to mercantilism. Much of Europe returned to barter during the prolonged downturn in the European economy that followed the end of the Carolingian period. The political confusion of this period made it almost impossible to maintain trading relationships any great distance from the manses of Europe. The closest Europe came to international trade between the ninth and twelfth centuries was the famous fairs like the one at Champagne. These fairs served as a venue for wholesalers to trade in bulk and in goods not readily available to the manse or the town. The crusades, the growth of commercial cities, the demographic recovery of Europe, and the reintroduction of gold into the Western European economy would all play a role in the coming mercantilist revolution; but, this is a topic best left for our discussion of feudalism.
CRITIQUE OF HECKSCHER AND THE CONCEPT OF MERCANTILISM

Heckscher’s work was held in high esteem but it did not come out unscathed by criticism. Herbert Heaton thought that a sixth aspect, the desire for financing a new centralized bureaucracy that was chronically engaged in warfare, should be added to Eli Heckscher’s five components of mercantilism. The problem was that the monarchies of Europe were trying to run increasingly modern states with the revenue they received from an antiquated feudal tax system. The problem for countries like France is that there was no way to reform the system without upsetting the existing revenue from taxes. In the end, Heaton argues, fiscal concerns outweigh any interest in political unification or international relative superiority.83

Heaton also believed that Heckscher had taken the pamphleteers of this era too seriously, that his ideas did not model the reality of history.84 Like Viner, Heaton believed that many of these pamphleteers were out for themselves or their friends.85 In a nutshell, thought Heaton, Heckscher’s thesis was centered on the question of national growth. For, “the mercantilist state found itself confronted with two legacies of medieval particularism, in the form of more or less independent feudal lords on the one hand, and more or less autonomous towns on the other.”86 The ways in which the state began to...

83 Herbert Heaton, “Heckscher on Mercantilism,” *Journal of Political Economy*, XLV (June 1937): 370-93. Jack A. Goldstone suggests similarities between the seventeenth century general crisis in Europe and the crises occurring in Asia at the same time. Fiscal deterioration is one of the factors that Goldstone explores. We will give more space to this issue when we discuss the role of the general crisis in the breakdown of mercantilism. “East and West in the Seventeenth Century: Political Crises in Stuart England, Ottoman Turkey, and Ming China,” *Comparative Studies in Society and History* 30, no. 1 (January 1988): 103-142. Trevor-Roper has also weighed in on this issue saying that it was the “bloating renaissance courts” of Europe that contributed directly to the crisis. H. R. Trevor-Roper. “The General Crisis of the 17th Century,” *Past and Present*, no. 16 (November 1959): 31-64.

84 Heaton, “Heckscher on Mercantilism,” 388, 391.
85 Ibid., 370-393.
86 Ibid., 372.
displace these two entities was in the monopolizing of minting, regulating the joint-stock companies, and monopolizing trade. All of this was done in the name of strengthening the nation.\textsuperscript{87}

Using the English as an example, Heaton showed the ineffectiveness of this feudal tax system being imposed on a post-feudal government. Their attempt to corral the feudal state was unsuccessful because of “the inefficiency or corruptibility of underpaid customs officers and anti-smuggling squads was notorious.” Only Colbert with the “absolutist” regime behind him could bring these interests partially to heel.\textsuperscript{88} What happened was that the feudal state and its tax system was melded to the new centralized administration of the “absolutist” state, and it proved inadequate to support the structure of government. “The obligations were heavier because of the greater luxury of the courts, the higher price-level, and the growing cost of wars fought with the new equipment by larger mercenary armies.” For example, Great Britain was at war for 84 out of the 165 years between 1650 and 1815!\textsuperscript{89} England did not find a way out of this mess until they stopped selling monopolies to provide revenue for the government. By the eighteenth century they had found other forms of revenue that were less expensive to maintain. It is for this reason that Heaton believed that “mercantilism as a system of public finance should not be regarded as being vastly more important than considerations of unification.”\textsuperscript{90}

\textsuperscript{87} Ibid., 373.
\textsuperscript{88} Ibid., 375. Robert Ekelund and Robert Tollison in their book \textit{Mercantilism as a Rent-Seeking Society} (College Station, Texas: Texas A&M University Press, 1981) argue much the same thing.
\textsuperscript{89} Heaton, “Heckscher on Mercantilism,” 376.
\textsuperscript{90} Ibid., 378.
C. R. Fay in his *Imperial Economy* (1932) writes that England sought access to the New World against its rivals in the sixteenth century, dominance in the carrying trade during the seventeenth century, and a monopoly of raw materials through the creation of an overseas empire in the eighteenth century. This is why, writes Heaton, “mercantilism was not a gospel of states that were satisfied merely to defend themselves and keep what they had already; it was a weapon for aggression, for acquisition, for securing more political power and economic benefits.”

For, “If kings wished to make economic means serve political ends, individuals, groups, regions, and classes were equally willing to use political means to secure profitable economic ends.” So, mercantilists began to prize precious metals for what they could accomplish rather than as mere stores of wealth. In addition to this new attitude toward wealth both the mercantilist and the laissez faire thinker were “cut loose from medieval religious standards of conduct, secularizing and amoralizing all considerations of ends and means.”

In asking whether mercantilism actually existed or not Heaton writes, “I was once informed that in the London School of Economics ordinary pass students are told there was an Industrial Revolution, but honors students are told there was not.” In this quote is summed up the difficulty of trying to condense a historical period, an idea, or a people into a few thousand words. We are always in danger of making our observations too general, and not allowing for the many qualifications that must take place when we start to drill down into the facts.

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93 Ibid., 392.
Continuing on this theme of nailing down just what mercantilism was, Arthur Valentine Judges presented one of the most devastating attacks on the very idea of mercantilism as a system. He believed that mercantilism was manufactured by Smith as a foil against which his own ideas about how the economy does, or should, operate would appear more feasible. Judges believed that mercantilism as a formal system consisted of the “canons of an imaginary system conceived by economists for purposes of theoretical exposition and mishandled by historians in the service of their political ideals.”

In short, mercantilism was just an elaborate straw man concocted as juxtaposition against the liberal economic thought of the nineteenth century.

D. C. Coleman echoes this criticism several decades later when he writes that Smith’s thesis on mercantilism had a methodological flaw. Smith presented a philosophy that “‘worked from the system to the facts not from the facts to the system.’” Smith wanted another model of the economy against which he could measure the worth of his own. However, the system that Smith chose, mercantilism, was not a determinist model like the one that Smith created. In fact, mercantilism was no model at all. Coleman writes,

In English history the forms which mercantilism took were the product not so much of an over-developed monarchy ruling over an under-developed economy (though it was sometimes that) as of a central executive which believed itself to be strong but in reality was often weak.

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96 Coleman, “Mercantilism Revisited,” 791.

97 Ibid., 790.
Might it have been better for Smith to have chosen scholasticism as his foil since their philosophy was much more coherent? Would it have been better to focus on later mercantilist writers rather than Thomas Mun? As we will see below the later mercantilist writers were much closer to Smith than he might have been willing to admit, while Smith was not able to confront the scholastics directly because he must have known of their moral opposition to monopolies and price manipulation. In other words, there was little to distinguish scholastics or the later mercantilist writers from what Smith was saying. He needed the caricature of the crazed merchant whose only concerns were foreign trade, bullion, and the balance of trade.\(^98\)

Just prior to the re-release of Heckscher’s seminal work in 1955 there was a debate between the author and Charles Wilson over the issue of multilateral and bi-lateral trade, different trading policies that Wilson noted might have been due to the unavailability of bills of exchange in the Baltic trade.\(^99\) Heckscher’s reply was rather ineffective and Wilson’s response to Heckscher’s reply was pretty devastating.

Heckscher was somewhat convincing in his assertion that mercantilists not only understood the necessity for bills of exchange but that they also actively supported a multilateral trade policy.\(^100\) However, his confusing prose makes it difficult at times to know whether he is staying on message, or possesses some insight into mercantilism that simply cannot be communicated through the English language. Thomas Mun had clearly

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\(^98\) I think it is unfair to judge Smith too harshly. Even he understood that his philosophy of “free trade” was something of a pipe-dream. He writes, “To expect, indeed, that the freedom of trade should ever be entirely restored in Great Britain, is as absurd as to expect that an Oceana or Utopia should ever be established in it.” Adam Smith, *The Wealth of Nations* (New York: Bantam Dell, 2003), 591.


supported a multilateral trading system, as did his contemporaries Edward Misselden and Gerard Malynes—although these individuals did not always agree on every point of economic policy. In fact, the mercantilists were not breaking new ground here, for multilateral trade and arbitrage existed in the medieval period as well.

The issue of international payments was essential to establishing trading relationships. Prior to the appearance of trusted international banks, which could deal with bills of exchange, merchants themselves dealt in arbitrage and were not completely trusted with this task. Heckscher here argues that Wilson makes too much of Baltic trade as a major cause of English trade imbalances. Therefore, according to Heckscher, this undermines Wilson’s argument that Baltic trade had an impact on mercantilist policy. It is at this point that Heckscher’s rebuttal loses steam. He begins to speak about the uncertainty of statistics for the period. He says we cannot know for certain what happened, but then he goes on to claim that his perspective is correct from the few statistics at our disposal.

Wilson’s response was irrefutable. Wilson argued that bullion was extremely important to anyone trading in the Baltic and the East. Bills of exchange were useless in these areas. However, the export of specie in Western European countries affected the ability of European banks to serve as exchangers of bills, especially in Holland where most of the bills were being exchanged. Wilson says that Heckscher does not place enough weight on the use of bullion in trade and overemphasizes the use of the bill of

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101 Ibid., 220.
102 Ibid., 221, 224, 226-228.
exchange. Wilson writes, “By common consent bullion came to represent the maximum obtainable degree of international liquidity.”

Holland and England had a particularly difficult time trading in peripheral areas like India and the Levant. This was because they lacked specie. These areas also were not setup for bills of exchange with European banking centers like Amsterdam. Since specie was needed to conduct much of the trade outside the periphery of European banking the shortage of silver caused a general “anxiety” among merchants and government. War interrupted the flow of silver, the supplies were quickly drying up, and it was being sent faster than it could be replaced to the east and the north. Lacking any other commodities that were wanted by East European countries, West Europeans were forced to look for more bullion. As J. G. van Dillen wrote “In the absence of suitable commodity exports, the Indian trade had to rely on silver, the Levant trade on lion dollars, the Baltic on riksdalder, the Russian trade on golden ducats.” G. N. Clark writes in his Guide to English Commercial Statistics, 1696-1782 that in the East Indies and in Turkey bullion was the only means of trading for the European.

To Heckscher’s objection that we cannot find the bullion sent abroad Wilson responds, “The difficulty of explaining where the Baltic bullion went to is no reason for refusing to admit the facts.” Those facts being that the Baltic region was contributing to the drain on the bullion supply in Western Europe. Thomas Violet who published

103 Charles Wilson, “Treasure and Trade Balances: Further Evidence,” The Economic History Review, n.s., 4, no. 2 (1951): 233. This also finds support in the arguments made by Day and Dales above.
104 Ibid., 234.
107 Ibid.
Advancement of Merchandize in 1656 was privy to the circuit that silver and gold made in the trade. He said that the merchants of Hamburg sold their gold *rix-dollars* to the blacksmiths who then sold it to Eastland merchants who exported it to Norway and Denmark. The merchants in Russia were partial to silver. The partiality of Russians to silver was particularly problematic for Western Europe since silver was more popular than gold in everyday exchanges. The Orient also were partial to silver.

Wilson’s “prime purpose” is to draw our attention to “the practical usefulness of bullion in international trade in the mercantilist period and to suggest that its functions may help to explain the single-mindedness with which its acquisition through favourably balanced trades was urged and pursued.”

It is this exchange which I think exposes the underbelly of all the debates about mercantilism, or any –*ism* for that matter. It is simply not possible for one philosophy to encompass every contingency, everywhere. What was possible to contemplate in England at the beginning of the seventeenth century was simply anachronistic by the end of the century. What would have been possible for the Portuguese or the Spanish at the end of the sixteenth century was simply not an option for them at the end of the seventeenth century. This had little to do with whether mercantilism as a system worked, it had more to do with the economic, social, political, and intellectual decisions these people had made earlier in their history. If anything Wilson shows us that all systems of economic thought must eventually answer to reality.

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THE RATE OF INTEREST DEBATE AND LIBERALISM

In 1936 John Maynard Keynes also came to the defense of mercantilism in his book *The General Theory of Employment, Interest, and Money*. In this book Keynes argues that mercantilists did not support all of the same policies but they all were interested in a similar goal, keeping employment high and interest rates low. Of course, many thought the best way to do this was to limit foreign imports and keep as much bullion on hand as possible. This “beggar thy neighbor” policy was quite common among mercantilists because they believed the economic pie to be relatively static.

Keynes supports the mercantilist contention that foreign trade must be a major consideration in adjusting the domestic interest rate of a country. However, it is not the only way of adjusting this rate. Where the mercantilists made a mistake was in thinking that trade protection and bullion hoarding were policies that should be pursued *at all times*. It made sense in the short-term but not in the long run since it would do more damage to the trading system than it would benefit the domestic economy. Keynes, though, is defending the mercantilists who, he said, had it right that the balance of trade is an important economic consideration for the state. However, their overemphasis on this particular aspect of the economy made it possible for the *laissez-faire* economists to create an equally fallacious argument for the self-adjusting mechanism which needed no government intervention.\(^{111}\)

The debate over the statutory control of interest rates became a hot topic among mercantilists at the end of the seventeenth century. Thomas Manley, writing in the latter half of the seventeenth century, was of the opinion that interest rates should not be

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controlled by statute and that the “market” should be left to correct the price of money. Josiah Child and Thomas Culpeper, Jr. were of the opinion that interests could, and should, be controlled by the nation to ensure prosperity. Manley according to Tim Keirn and Frank Melton, “stressed that the limited stock of money and the large number of borrowers were the true determinants of high interest rates, and he thus advocated that ‘servant nature is to have its course.’” Keirn and Melton warn here, though, about the danger of seeing in Manley’s argument full-blown liberal thinking.\textsuperscript{112} The seeds may have been sown but the plant had not yet sprouted.

Keirn and Melton agree with D. C. Coleman when he writes that “most of the tracts of the day which we choose to call economic were written to a political end. By ignoring their political content and by divorcing them from their political context, economic ideas are made to seem more abstract and more ‘liberal’ than ever they were in historical reality.”\textsuperscript{113} It is clear that Child and Culpeper were advocates of lower statutory interest rates because they and their class would benefit by the lower rates, which were much higher in the market. Manley was no different. He was an advocate as well; but, his advocacy was on the part of letting nature take its course in the setting of interest rates.

The “ultimate aim” of these seventeenth-century pamphleteers was to “persuade rather than to discover”\textsuperscript{114} This is evidenced by Manley’s critique of Child and Culpeper whose argument that land values and interest rates had an inverse relationship was meant to benefit those who had mortgaged their lands at higher interest rates to support their luxurious lifestyles. Manley argued that lowering the interest rates by statute would only


\textsuperscript{113} Ibid., 152, 153-57, 160.

\textsuperscript{114} Ibid., 165.
encourage the continuation of this high-living and it would also provide an incentive for people to invest in things they might not invest in were the cost of money more dear.  

Although in most respects Manley was still within the mercantilist camp his writings suggest that he thought it best for government to stay out of the business of setting interest rates. Keirn and Melton write,

Manley felt that England’s economic woes were a function of both a wanton and capricious gentry consuming too many foreign goods and of a labor force prone to idleness and overly paid. He advocated state intervention to restrict imports, to prohibit exports of raw materials (specifically wool), and laws to ‘retrench wages.’ Clearly manley was long way off from a true liberal viewpoint denying the regulatory role of the state.  

Alfred P. Chalk had earlier touched on this topic of the *natural mechanism* and mercantilist thought.  

Chalk argues that the work of Petty and others culminates in the natural economic philosophy of John Locke whose work is without doubt an argument for economic individualism, or *consumerism*.  

It was during the mid-sixteenth century that writers began to challenge Aquinas’ notion that trade solely for profit was evil; and, a century later William Petty and John Locke would run with this idea of natural law and extend it to the individual as a producer-consumer. This represented a significant departure from medieval ideas of political economy. Chalk even writes that “English mercantilist literature contained much that can be properly regarded as an anticipation of laissez faire theory.” He believes this

115 Ibid., 166, 167, 169.  
116 Ibid., 170.  
117 This article was a precursor to Joyce Appleby’s work on the same topic, this article puts the formation of key ideas about economic individualism back to the mid-sixteenth century. This might also be supported by Christoper Hill’s *Liberty Against the Law* (New York: Penguin Press, 1992). We will come back to this in chapter four when we address the subject of English mercantilism.  
was so because many mercantilists opposed too much government interference in the economy.\footnote{119}

A great quote from R. H. Tawney sums up the shift in perspective occurring in early modern Europe. \textquote{\textquote{A century before he had practiced extortion and been told that it was wrong; for it was contrary to the law of God. A century later he was to practice it and be told that it was right: for it was in accordance with the law of nature.}}} Tawney further writes that \textquote{\textquote{the whole conception of a social theory based ultimately on religion…was being discredited.}}}\footnote{120} Herein lies the break with the medieval past, as Raymond De Roover has also made clear.\footnote{121}

John Locke’s philosophy establishes the foundation for the theory of economic individualism. His system admits to a certain \textquote{utilitarian theory of morals.} However, nature limits this apparent moral relativism. There are simply things that simply cannot be done if one wants to operate within society, yet in Locke’s view the individual has a very wide number of choices. Locke’s philosophy is not revolutionary in many respects. He believes that a man’s labor is his own and that when he joins his labor with property, as in farming or making of finished goods, a man transfers the value of his labor to the land or product. Locke also accepted economic inequality as a natural eventuality.\footnote{122} Chalk writes of Locke’s work and the work of other liberal-minded men that

\begin{quote}
What had begun as opportunistic and sporadic protests against commercial controls thus emerged, almost two centuries later, in the form of a
\end{quote}

\footnote{119}Ibid., 332-33.
\footnote{120}R. H. Tawney, Introduction to Thomas Wilson, \textit{A Discourse upon Usury} (London: B. Bell & Sons, Ltd., 1925), 121; quoted in Chalk, \textquote{Natural Law and the Rise of Economic Individualism in England,} 338.
\footnote{121}Two articles by De Roover will be discussed below.
\footnote{122}Chalk, \textquote{Natural Law and the Rise of Economic Individualism in England,} 345-47.
systematized philosophy of economic individualism which proclaimed the beneficence of the laws of nature.\textsuperscript{123}

This growing belief in the “economic man” led to the conviction among some mercantilists in the late eighteenth century that greater efficiency might be realized through better wages and the encouragement of consumption. E. A. J. Johnson and Richard C. Wiles are proponents of this view. Johnson believed that by the end of the seventeenth century mercantilists realized that the question of personal consumption and wages was important to the economic health of the country and proposed a better wage structure to encourage the demand side of the economy. Wiles believed that a better wage structure was encouraged because it would increase productivity.

Johnson writes that the mercantilists believed that idleness was the greatest evil inflicted on a nation.\textsuperscript{124} The scholastics also believed this but for different reasons. So, “Mercantilists … clamored for more and more regulation in spite of the complex legislative maze which already existed. No ‘invisible hand,’ in their opinion, made men industrious. By countenancing idleness, the state would sustain a double loss: its people would be only potential factors of production, while the cost of maintenance would be a direct national loss.” Furthermore, “idleness meant two unused factors of production, the laborers themselves and the land which they might have improved.”\textsuperscript{125}

However, this “strict Mercantilist position” began to shift its “emphasis from the moral to the economic sphere.” Mercantilists began to believe that “all should be employed, rich or poor.” While “the Churchmen recommended charity as

\textsuperscript{123} Ibid., 347.


\textsuperscript{125} Ibid., 698, 700.
complementary to private property, the Mercantilists saw charity to the poor as a cause of idleness.” Mercantilists agreed with the scholastics that had preceded them that idleness was an evil; but, they differed as to the “remedies” that should be tried to eliminate it. This is why the “poor laws were vigorously condemned by the zealous English apostles of production.” For the mercantilists this meant that “the state must compel some persons to work and provide work for others.” “Proposals for laws against idleness are legion in the Mercantilist literature.” For example, Thomas Mun and Joshua Gee proposed that the state had an obligation to see that the people remained employed.¹²⁶

Medieval thinkers believed that avarice and consumption were evils to be avoided, that given too much leeway people would upset the social order by giving vent to their rapacious appetites. Interestingly enough, the mercantilist thinkers agreed. However, they agreed because of the negative effect that they thought consumption would have on production. “The point of view had become economic rather than ethical.” “Luxury and extravagance were regarded as cancerous social diseases.”¹²⁷ There were some like Charles Davenant who, although a mercantilist thinker himself, began to question whether things were as bad as some suggested. He wrote, “if every age has as much declined in morality and virtue, as is commonly imagined, we must have been by now arrived to a degree of vice, that would be inconsistent with human fellowship.”¹²⁸

Imports were associated with luxury and often condemned because credit was used to acquire them. However, in England “secularization of thought had fostered a

¹²⁶ Ibid., 699, 703, 707, 704, 706.
¹²⁷ Ibid., 708, 709.
revolt of public opinion and challenged the soundness of sumptuary laws.” Differing views of consumption developed within the mercantilist camp. Some continued to believe it an evil while others began to explore the possibility that it could be a “powerful stimulus to a nation’s productive capacity.” Many like Thomas Mun, Edward Coke, Nicholas Barbon, Dudley North, and William Petty pointed out that where one found sumptuary laws one regularly finds poverty. David Hume argued that luxury is acceptable as long as it does not become excessive. Too much luxury would be, in his word, “uneconomic”.129

There was no mercantilist thinker who would have proposed abandoning all frugality for a life of luxury and leisure but there was recognition on the part of mercantilists that men needed the motivation of luxury and leisure to encourage their productivity. Thorstein Veblen would make of consumption something of a religion when he published his *Theory of the Leisure Class* (1899).130 This is a notion that John Kenneth Galbraith would challenge in his classic work *The Affluent Society* (1958).

There was another reason for mercantilists to support higher wages: it would improve the overall economy of the nation. Some believed that increasing wages would yield a higher quality of work.131 Mercantilists who supported higher wages did not subscribe to the medieval view of the subsistence wage. Instead they argued that moderately high wages could be a measure of the health of an economy, and could

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130 This is a very interesting book in which Veblen compares consumption with the human need for dominance. Francis Fukuyama called this phenomenon *thymos* in his book *The End of History and the Last Man* (New York: Free Press, 1992).

contribute to consumption thus keeping trade at a brisk pace. They also did not think that higher wages necessarily meant higher prices. Prominent mercantilist writers like Thomas Manley, Josiah Child, Daniel Defoe, and John Cary supported higher wages because they saw them as an indicator of national wealth. Some supported higher wages for what appeared to be humanitarian reasons, men like Sir Matthew Hale. However, it was Hale and others, such as Nicholas Barbon, Samuel Johnston, Charles Povey, Lawrence Braddon, and Daniel Defoe who connected high wages with higher consumption which would in turn lead to greater trade. In this way one could argue that what was good for the worker was good for everyone.

John Cary was one of the main proponents of the idea that poor wages led to low quality work. Henry Martyn argues much the same thing in his Considerations on the East-India Trade (1701). Defoe even argued that lower wages would lower competitiveness in the market because quality would trumps price in the long-run. The argument being that price drops made possible by low wages would eventually lead to a drop in quality which would in turn lead to less demand for that product.

It is clear that by the end of the seventeenth century mercantilists were challenging at every point the economic preconceptions of society, especially in England. However, there were those in the scholastic camp who were also challenging the prevailing orthodoxy. This is true of Alberto Struzzi and Jose Diego Dormer in Spain.

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132 Ibid., 115, 116-17. We will find in chapter four that Duarte Ribeiro de Macedo argues much the same thing in his On the Introduction of the Arts (1675).


134 Ibid., 122-23, 124.

BEYOND MERCANTILISM

Some have tried to take the discussion of mercantilism beyond its basic economic interests. This can be seen in some of the work of the scholars above. However, some have gone further than others. For example, Lawrence A. Harper analyzes mercantilism with respect to the British colonies. He argues that the colonies were first exploited and then regulated—the latter being the means by which to continue exploitation once the colonies had become self-aware.

There were four ways in which the colonists were exploited by mercantile legislation in England: the first was restricting trade to English merchants; the second was the restriction of manufacturing in the colonies; the third was sundry rules regarding American trade; and, the fourth were the acts passed shortly after the French and Indian War.136

The first legislation passed was geared toward making London an *entrepôt* that favored Englishmen rather than colonists in the carrying trade. Harper points out that before the revolution eighty percent of all trade was conducted in English owned ships. This situation was reversed after the war. The second legislative drive was directed at manufactures in the colonies, which was mostly unnecessary because the industries usually did not exist; and, if they did exist, the legislation was simply ignored. Where the laws were ignored the industries were too much in their infancy to draw attention. It was also not the mercantilists as much as it was the government of England that pushed this legislation. Harper says that mercantilists actually encouraged colonial industry. This

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seems logical since any goods imported from the colonies would not be seen as foreign imports. The third legislative attempt at continued exploitation were the restrictions placed on inter-American trade in goods like sugar, molasses, and rum. Since most of this legislation was ignored it did not really have any effect. Of course, this would change once the British attempted to put smugglers on trial in Britain rather than the colonies, where they would have sympathetic juries. Finally, the English attempted to regulate the internal life of the colonies with regard to paper money and land settlement in the west, this began a series of agitations which eventually led to revolution. As Harper points out, the United States adopted the same policies once they have gotten their independence, which he says is a vindication of these British policies.\textsuperscript{137}

Harper fails to see where excessive exploitation of the colonies actually existed. The amount of revenue collected with all the alleged mercantilist legislation appears to have been less than what the colonists enjoyed in sole access to English markets. It was so minimal that it is difficult to establish a relationship between the tax on rum and the rebellion with which it was supposedly closely associated. Harper writes that “the only measures which afforded a sufficient economic grievance were the \textit{entrepôt} provisions of the Navigation Acts, which governed the trans-Atlantic trade.”\textsuperscript{138}

Where the English went wrong, according to Harper, was in their attempt to regulate too much of colonial life at a time when the French, and Native Americans, were no longer a threat to the colonists, and alienating American colonists by supporting a popish Canadian province. As long as the colonists were being nominally exploited by

\textsuperscript{137} Ibid, 66, 69.
\textsuperscript{138} Ibid., 68.
mercantile policies the colonists could suppress their rebellious tendencies; they could not abide, however, the micromanagement of their lives and economy.\footnote{Ibid., 70.}

It seems to me that Harper has confessed to an important point here. When he says that the mercantilists of England really did not support the anti-colonial manufacturing legislation of Parliament it seems clear that much of this legislation was about generating revenue. We know that England had taken on a tremendous amount of debt in order to win their war against the French, and now they needed to pay for it. If one equates mercantilism with revenue generation then the point is not important; however, if you believe that mercantilist legislation existed to strengthen the overall economy of a nation, then it is difficult to call what the English were doing pure mercantilism. Of course, this is ignores the possibility that mercantilism could have been seen as both a system of finance and of strengthening industry and trade.

William Grampp takes another tact, arguing that mercantilists were really concerned with full-employment. Grampp argues that the mercantilists “anticipated” many of the arguments that would be made later by \textit{laissez faire} economists on topics like the theory of self-interest, the price mechanism, and the role of the state in the economy.\footnote{William Grampp, “The Liberal Elements in English Mercantilism,” \textit{The Quarterly Journal of Economics}, LXVI (1952): 466.} “What separated the mercantilists from the liberal economists,” Grampp says, “was their different means of advancing the national interest.”\footnote{Ibid., 468.} Full employment was the goal of mercantilists and from that everything else emanated, including the belief that this would benefit their nation over others. The favorable balance of trade was a means to an end: full employment. This was a question of keeping labor occupied
because “it was sloth which alarmed the mercantilists.” As one mercantilist is quoted as saying, “The greatest industry has ever been the effect of the greatest necessity.” If necessity was the stick, consumerism was the carrot by which national industry could be increased among the general labor force.\textsuperscript{142}

There were two primary distinctions between the mercantilists and the liberal economists. The first believed in full employment through control of certain aspects of the market. The latter proposed an efficient market through the reduction of government interference in the economy. However, this distinction was always a matter of degrees, for the mercantilist did not believe in complete control of the economy and the classical economist was never an economic libertine.\textsuperscript{143} Grampp argues that the mercantilists are misunderstood as supporters of monetarism. However, when we see that the mercantilist’s argument for increasing the money supply was meant to establish full employment it changes one’s perspective. In light of this mercantilists can now be seen as more closely akin to the liberal economists than previously thought; they simply differed on how important they thought it was to achieve full employment, or, in the case of liberals, efficient employment.\textsuperscript{144}

Charles Wilson writes that an estimated third to one half of the population in England was underemployed or unemployed between the Restoration and the Seven

\textsuperscript{142} Ibid., 484, 485, 485-86. There seems to be a historical aversion to the idle within society and it is not limited to English society. This goes to explaining the mercantilist view that society should be tough on the working class. This is well chronicled in Christopher Hill’s \textit{Liberty Against the Law}.

\textsuperscript{143} Ibid., 486-492.

\textsuperscript{144} Ibid., 492-496.
Years War. This was a social problem of astounding proportions and the mercantilists showed an interest in stabilizing society through the implementation of their policies. In particular one individual, John Cary, argued that mercantilist policies could lead to the solution of this chronic economic problem and all its associated social problems. This combination of mercantilist ideas and social concern could be called “social mercantilism,” according to Wilson. This seems a bit of a stretch and strikes one as similar to the argument that free markets will ultimately eliminate poverty, even though foreign labor competition appears to be a race to the bottom as far as wages are concerned.

Grampp ultimately agrees with Schmoller and Heckscher that mercantilist thought is a bridge between medieval views of the economy and classic liberalism. That there was a direct correlation between the two is a little difficult to believe, though, especially in light of what Raymond de Roover, and others, have said about the amoral and secularizing views of the mercantilists.

Raymond de Roover is decidedly in that camp of writers who believe that mercantilists acted and wrote largely in their own private interest. Mercantilism, in his opinion, was “never more than a conglomerate of uncoordinated prescriptions by which the authors of the mercantilist tracts sought to influence economic policy, usually in a


146 Ibid., 91.

sense favorable to their private interests.”

Self-interest or nationalism always colored the way mercantilists viewed their economic world.

“In contrast to scholastic economics, mercantilism was amoral” because “trade has no soul and the individual did not count: why should the mercantilists be disturbed by moral issues?” While “scholastic economics was universalism” mercantilism did not have “uniformity in doctrine and method” “Mercantilism was not a logical system. It may even plausibly be argued that, unlike scholasticism, the much vaunted mercantile system was not a system at all.”

Another proof that all mercantilists were not the same is the example of Nehemiah Grew. There is no one who better represents the transition from the canonist to the liberal philosophy than Nehemiah Grew. This man is an interesting character because he embraced the secular spirit of the Enlightenment while holding on to his religious faith. He was a member of the Royal Society, and was almost fanatical about the issue of efficiency which he addressed in a proposal he presented to Queen Anne in 1707.

His proposal was concerned with increasing the efficiency of land use, implementing technology and training skilled workers, building up the naval power of the nation, and encouraging demographic growth. Grew was led by his argument of efficiency to support the enclosure movement. He also argued against patents since they would lead to the private gain of individuals at the expense of the commonwealth. He

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149 Ibid., 85, 86.

150 Grew’s last published work was Cosmologia Sacra, or a Discourse of the Universe (1701), Edgar A. J. Johnson, “Nehemiah Grew: A Forgotten Mercantilist,” The American Economic Review 21, no. 3 (September 1931): 464.
further argued that all beggars be put to work lest they breed further beggars and ruin the country.\textsuperscript{151}

Nehemiah Grew is a good example of the changes that were taking place in mercantilist thought. His emphasis on efficiency would be echoed in the literature of laissez faire proponents of the nineteenth century.

\textbf{Some Conclusions}

Seventeenth-century Mercantilism was not monolithic; there were diverging opinions about what role the state should play in the economy; however, this changed during the seventeenth century. Bullion concerns among mercantilists in the early seventeenth century were replaced by concerns about interest rates, prices, and wages, and their relationship to the economy; and, this likely had everything to do with the establishment of the English banking system at the end of the seventeenth century, and the growth of bills of exchange in the latter half of the seventeenth century. There was a divergence of opinion as to how much the natural mechanism of prices should be allowed to play itself out and how much the government should do to establish both a floor and a ceiling to those prices.

Seventeenth-century mercantilism served as a guiding force in the establishment of policies like enclosure, which proved so disruptive to English working life and the secular attack on idleness.\textsuperscript{152} Seventeenth-century mercantilists represent the overall secular spirit of the age, nationalism and the scientific method; they were a true product

\textsuperscript{151} Johnson, “Nehemiah Grew: A Forgotten Mercantilist,” 463-480, 467, 471, 476.

\textsuperscript{152} This topic can be further explored in E. P. Thompson’s \textit{Customs in Common} (1991) and Christopher Hill’s \textit{Liberty Against the Law} (1996). The question of idleness and the common good is a perennial one. We can see it as far back as 700 BCE in Hesiod’s \textit{Works and Days}. 
of the Enlightenment in that they could discuss economics with little interest in the moral ramifications of their policies. Because of the secular nature of the seventeenth-century mercantilist movement, these ideas would have more potency in a society that had effectively divorced its religious and intellectual life from questions regarding political-economy. Those countries that had not done this, and that also possessed socio-political structures that could not be overcome by economic interests were fated to fall behind others who had, and were unable to adopt an effective mercantilist policy in full, sometimes not even in part.

The history of sixteenth-century Europe cannot be ignored in making conclusions about seventeenth-century mercantilist thought and policy. Would the Dutch have played as great a role on the world economic stage without its struggle against the Spanish Empire in the sixteenth and seventeenth century? Had Spain been less intransigent, making a deal with the leaders of the United Provinces early on, could they have kept this important commercial area and bolstered their position against the Germans, the French, and the English? Was religion the primary impediment to negotiation? What role did the Schmalkaldic Wars have in continuing the downward political spiral of Spain and the Empire, and what role did religion play? Would English and Dutch naval supremacy have been achieved without the religiously-motivated blundering of Philip II in sending two Armada’s against England during the late sixteenth century? Would France have achieved more economically had they not been embroiled in religious conflict for most of the sixteenth century? Is English economic dominance and naval supremacy in the seventeenth century explained more by a lack of competitors than it is by a better way of doing business, especially after the Dutch were beaten or stalemated by the English prior
to William of Orange’s taking of the English Crown in 1688? Again, does religion play a role here because of the fear that James II was going to reinstitute Catholicism and because William of Orange, a Protestant, had stood up to the Catholic king of France?

Perpetual conflict over issues of religion, politics, and economics dominates the seventeenth century, and yet mercantilist writers, for the most part, ignore the religious aspects of this confrontation. Why?

It would seem that I close this chapter asking more questions than I have answered; but, one thing we can say with some certainty. Seventeenth century mercantilists were not all simple-minded, self-interested propagandists. They were, in fact, a diverse and thoughtful group with an unswerving commitment to their nation and to the belief that government intervention in the economy was not only necessary but often very desirable. They were distinguished from the scholastics, or canonists, who had preceded them by their lack of interest in moral questions; and, they were distinguished from liberals by their devotion to corporate action. When we go beyond these two general concepts we discover a panoply of thought not easily organized into simple categories. That these individuals varyingly shared a common belief in the importance of bullion, the balance of trade, or a subsistence economy can be explained more by the socio-economic conditions of the time and the intellectual milieu in which they lived. It would have been as impossible for a seventeenth-century mercantilist to understand the consumer-driven world we live in today as it would be impossible for the sixteenth-century mind to imagine a world in which real atheists exist.\(^{153}\)

\(^{153}\) Lucien Febvre argued that atheism was quite impossible in sixteenth-century Europe because there was a pervasive belief in the spirit world. It was not really a matter of whether you could or could not believe in God; it was simply a question of what kind of God one believed in. *The Problem of Unbelief in the Sixteenth Century: The Religion of Rabelais* (Cambridge, MA: Harvard University Press, 1982), 225-
In the previous two chapters we explored this idea more fully with a discussion of scholasticism and feudalism. In chapter one we discussed the role that scholastics played in creating economically-related policies that could be implemented through the influence of the Church. The Church and the state prior to the early modern period had a close political relationship since the state served as the protector of the Papal States, the principal lands of the Roman Church, and the Church served as a legitimating force in European politics. This is why the Investiture Contest of the eleventh and twelfth centuries is so important. It sparked a controversy between the Church and the state that would not end until the state had achieved nearly universal dominance.

In chapter two we examined how feudalism developed and then declined in Europe during the fifteenth century. As Perry Anderson has pointed out, feudalism did not really go away completely but was rather transformed by the growing centralization of the absolutist royal court.\textsuperscript{154} An understanding of how this socio-political system developed and then waned is important to understanding what came after because it was largely the need for protection of localized areas of trade that had been the impetus for feudal development; and, it would require an even stronger and more centralized administration to protect the trade of large commercial cities and the trade of the burgeoning nation-state of the seventeenth century.

\footnote{36, 353. The same can be said of the issue that defined economic discourse throughout the seventeenth century.}

Chapter Four

England and the Secularization of Political Economy

By the end of the seventeenth century England had become sufficiently secularized to begin contemplating a host of political, economic, and social ideas completely divorced from theology. It is not that England was less religious than the rest of Europe; however, English religion was becoming after the Restoration, and in the words of John Morrill, “depoliticized” and “demystified.” Titles like *The Reasonableness of Christianity* and *Christianity not Mysterious* began to appear. For most, God was becoming the “creator God,” the one who had set it all in motion and kept it going. He was no longer the vengeful God of the Old Testament but one who patiently prodded the individual to deal morally with both neighbor and kin. Religion had become a private matter; the state was no longer concerned with what adults did in their private religious meetings.¹

Contrast this with the *autos-da-fé* of Portugal. In 1699 eighty-one individuals were convicted of judaizing or other trespasses. For example, three priests were convicted of blasphemy for “teaching quietism, a form of Iberian mysticism that challenged the Church’s role as spiritual intermediary.”² This persecution was not restricted to Portugal.

² This story is related by Carl Hanson in his book *Economy and Society in Baroque Portugal* (Minneapolis: University of Minnesota Press, 1981), 81-85. These were very festive occasions which often
As I will show below, the work of the Inquisition extended to the colonies as well. The Goa Inquisition was established in 1560 and tried tens of thousands of cases before it was finally abolished in 1812. It is not hard to fathom the reason why English religious tolerance in Bombay would be readily sought by Hindus and New Christians.  

Was it possible for this religious tolerance and secularization not to yield some dramatic difference in one’s everyday life? According to Morrill, the building of churches now took a backseat to the visual arts. Restoration England was heavily influenced by the materialism and the self-indulgence of Louis XIV’s France, which came to England in a renewed form of the Masque. However, more important was the Scientific Revolution begun by Isaac Newton in 1665 when he figured out the mathematical relationship between gravity and the speed at which something falls towards the earth. The English government had suppressed the study of canon law in 1535 while encouraging the study of Greek, classical Latin, Hebrew, mathematics, and cost the crown money when the confiscation of the heretics’ property did not compensate for all the expenses laid out for “salaries, materials, and refreshments.”

Glenn J. Ames has written about this in articles and in his book Renascent Empire? The House of Braganza and the Quest for Stability in Portuguese Monsoon Asia, ca. 1640-1683 (Amsterdam: Amsterdam University Press, 2000). We will come back to this subject when we discuss the transfer of Bombay to the English in 1668. The proof that English religious tolerance was beneficial to English economic interests is shown by the fact the population went from 10,000 in 1661 to 60,000 in 1675. The British East India Company also transferred its headquarters from Surat to Bombay in 1687, showing the importance that it now possessed. Glenn J. Ames, “The Role of Religion in the Transfer and Rise of Bombay, c. 1661-1687,” The Historical Journal 46, no. 2 (2003): 340. Some Jews were allowed to return to England in 1655 and to worship freely under the Protectorate of Oliver Cromwell. Clayton Roberts and David Roberts, A History of England: Prehistory to 1714 (Englewood Cliffs, NJ: Prentice-Hall, Inc., 1980), 379. The Jewish people still had a hard time in England. They were not allowed to hold public office until 1858.

The extravagant Masques of Inigo Jones and Ben Johnson were sought after by Charles I. These plays in which the audience participated and a Christian message of virtue was mixed with classical themes made Charles I believe that “his piety and virtue would soon infect his subjects and that order and uniformity could be as easily achieved in the state as on the stage.” Morrill, “The Stuarts,” 396.

Newton went on to publish his Principia Mathematica (1687) which showed that planets revolve in elliptical orbits because the force of gravity counteracts the force of inertia. Roberts and Roberts, A History of England, 384-86. This is why planets do not go flying out into space, they are pulled back in by the gravitational force of the Sun and other planets.
medicine. So, it is understandable that math and science would be popular subjects at university once theology and canon law were pushed aside.

A BRIEF HISTORY OF ENGLAND

I will focus on five things in the next few pages: geography, invasion, government, religion, and intellectual development. The area known as England is part of an island, and the sea has always been a natural barrier to invasion. However, invasions have come. The Romans began conquering the southern half of the island starting in 55 BCE when the Britons were unfortunate enough to encounter one of Rome’s greatest generals, Julius Caesar, on a beachhead near present-day Dover. Caesar did not stay, but returned the following year with 25,000 men on 800 ships. He defeated Cassivelaunus after passing over the Thames; but, a revolt in Gaul forced him to abandon any further campaigning. A later general, Aulus Plautius, was ordered by Claudius in 43 CE to complete the conquest of the Britons, which he did so by 61 CE.

Roman rule in Britain eventually gave way to Anglo-Saxon dominance at the beginning of the fifth century when the Emperor Honorius told the Roman cities of Britain that they were on their own. From the end of the second century until the official abandonment of the island by Honorius, Roman generals were constantly leaving Britain with their troops in order to make a claim on the imperial throne. This not only meant that the locals would rise up against the Romans in the absence of an effective police force but that external enemies would also try to fill the void left by the legions. By the end of

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6 Ibid., 233.

the fourth century it was simply no longer practical to continue paying the 30,000 troops necessary to defend the area. There were more pressing needs throughout the Empire.

The Anglo-Saxons had originally been just pirates plundering the east coast of Britain; but, with the official Roman abandonment of the island in 410 CE the way was opened up for the incursion of the Anglo-Saxons into the interior. These folks came not just to plunder the land; they wanted to colonize and cultivate it. Their westward movement in southern England began in 429 CE, was halted for a short while around 500 CE at the Battle of Mount Badon; but, continued from 550 through 650 CE. The Anglo-Saxon people also brought with them the paganism that still dominated much of central and eastern Europe. Not until the end of the sixth century with the conversion of Ethelbert by Augustine, the future Archbishop of Canterbury, would Christianity again begin to make inroads into Britain. There were differences between Roman and Celtic Church practices, but these issues were be resolved at the Synod of Whitby in 663 CE.

During the next several centuries the ten kingdoms that were established under Anglo-Saxon rule would begin the process of amalgamation. Wessex, during the reign of Egbert (802-839), achieved supremacy over many of them, but the invasion of the Danes curbed Anglo-Saxon control. The Danes had like the Anglo-Saxons started out as pirates but soon exhausted the plunder that was available on the coasts of eastern Britain. So, they made Britain their home. They took East Anglia, Northumbria and Mercia by 870. They were then bribed in 871 by Alfred the Great to spare Wessex. The peace was broken often by the Danes, and Alfred spent the entirety of his reign establishing defenses against invasion. For the next century and a half while the Anglo-Saxon government of
Wessex solidified its defenses and continued to consolidate its power the Danes continued to menace the island but left no lasting cultural impression.

Through the efforts of Alfred and his son Edward, Wessex became the dominant political force in England by the early tenth century; but, it was threatened at the end of the century during the reign of the inefficacious Ethelred. This man “of no counsel” presided over the loss of Anglo-Saxon England to the Danes. Ethelred fled the country but was recalled only to die shortly thereafter. Upon his death English leaders offered the crown to a Dane by the name of Cnut. This man proved to be a strong leader. He married the widow of Ethelred, a marriage that merged the interests of England and Normandy. Cnut became king of Denmark in 1019 and king of Norway in 1028. He ruled over a vast area of land and was shown great respect when he visited Rome in 1027. Cnut’s death in 1035 and the subsequent deaths of his sons ended the Danish line, so the leaders of England called on Edward, the son of Ethelred and Emma, to take the crown. This began the Anglo-Norman line of kings; and, with the exception of William the Conqueror’s invasion of England in 1066 this would end any major European incursions into England.

As we will show in the next chapter, the Portuguese at this same time were barely making their way out of their northern strongholds to challenge the Almoravids. It would be another two centuries after that before they restored their border in the Algarve. It would take still another century to establish a lasting dynasty under the house of Aviz. By this same time England had achieved significant gains in centralized authority, they were already engaged in manufactures, and subsequent to a civil war they were about to establish a dynasty that would shake English society from top to bottom.
The reign of William I in England changed things dramatically. “It imposed on England an alien aristocracy, introduced into the kingdom feudal institutions, and linked England—commercially, ecclesiastically, and culturally—with Europe, not Scandinavia.”\(^8\) Because he was arguing with the Archbishop of Canterbury, the pope supported William’s invasion. The French regents overseeing the minority of Philip I also supported William’s ambitions. So, William was able to gather knights from all over Europe to begin his conquest. In return William promised these knights land, and he did not disappoint once he was in power. William got lucky in that the brave and competent Harold Godwinson first had to defeat a Danish incursion in the north before rushing to the south and meeting William’s threat. Harold was not properly prepared and was beaten at the Battle of Hastings. A few rebellions in 1068 and 1069 were mercilessly put down, and William established his reign on firm military ground.\(^9\)

In relation to the Church William made it clear that he was in charge.\(^10\) However, he also brought a more Romanized version of the ecclesiae to England. Lanfranc was

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\(^9\) These rebellions also helped William destroy four to five thousand Anglo-Saxon thegns. These were feudal-like relationships between landholders and the king, or relationships between landholders and sub-landholders. They were not completely feudal because military service was not the only thing required of the thegn. William replaced these rebellious thegns with knights, whose purpose was primarily that of a national police force—although, it was expected that financial aid might also be asked for at certain times. For example, when the eldest son was knight, the eldest daughter was married, or the king needed to be ransomed these people might be called on to contribute. This was called an *aid*. In order to maintain the peace William encouraged his newly appointed men to build castles, which they did in abundance. Thegns still existed when the Domesday Book was published but they had been largely wiped out by the continental form of feudalism that William had brought with him to the island. From this point on English society would develop similarly to the continent as new towns would develop around the lands of the Norman barons, and English slavery—about ten percent of the population—would be replaced by serfdom.

\(^10\) William laid down what Theodore Plucknett called “his three famous canons of the royal supremacy.” These were that no pope or papal letter should be recognized without the king’s consent, that the decrees of the national synods were unbinding until approved by the king, and that the king’s barons and officers should not be excommunicated without first receiving his permission. *English Constitutional History from the Teutonic Conquest to the Present Time*, 10th ed. (Boston: Houghton Mifflin Company, 1946), 50-51.
appointed Archbishop of Canterbury in 1070 CE and began replacing those in the hierarchy of the Church with continental ecclesiastics. Lanfranc agreed with Gregory VII that Rome should be preeminent over the operation of the Church, although he supported a large role for the king in this operation. William held many Church lands in vassalage, which was not unusual. His son William Rufus (1087-1100) appropriated many of these Church lands while in power by not reappointing bishops to vacant seats. Henry I (1100-1137) reversed this policy and compromised with the papacy. The Investiture Contest which was settled on the continent in 1122 at the Concordat of Worms was settled in England with the Concordat of London (1107). It allowed the king to appoint the bishop who did homage for the land while the pope invested the bishop with the signs of his office, the ring and the crozier. It was also during the reign of Henry I that England saw a large increase in monastic activity. In 1086 there had been 48 religious houses and 850 monks and nuns. By 1154 there were 805 houses and 5,000 monks and nuns.\textsuperscript{11} It is possible that all these changes resulted in Fisher’s comment that “ever since the Norman Conquest a stubborn vein of anticlericalism had been manifest in the English people.”\textsuperscript{12}

William wisely kept most of the governmental structures in place. The chancery, chamber, geld, sheriff, fyrd, shire, and hundred courts all still existed. However, William created the \textit{Curia Regis}, or King’s Court, and began to centralize power. The \textit{Curia Regis} essentially ran the government and heard important cases and appeals. Important cases were usually those of a criminal nature like murder, robbery, rape, etc. Pleas for appeal from the lower courts could also be requested at a price. The \textit{Curia Regis} was amorphous at first but it set England on a course of greater consolidation and uniformity, especially

\textsuperscript{11} Roberts and Roberts, 85.

\textsuperscript{12} Fisher, \textit{A History of Europe}, 368.
with regard to the codification of the common law. Under Henry I more power was yielded to the London exchequer who audited the accounts of the royal house. English government was effective until Stephen I (1135-1154), whose ineffectual reign brought the Angevins to power in 1154.13

Henry of Anjou proved to be an able and tireless king, often challenged by his own sons for power. It was under Henry II that common law began its slow ascent to dominance at the national level. First it had to be made uniform, which it was with the establishment of standard juridical procedures and the appointment of royal agents who saw that the interests of the king and his realm were properly administered. Henry also tried to reign in the power of the Church with the Constitutions of Clarendon (1164). This attempt to control the Church led eventually to the martyrdom of Thomas Becket and Henry’s penance in order to avoid an interdict by the pope.14

However, what was more important in England, beginning in the twelfth century, was two centuries of agricultural improvements, technological advances (adoptions), the growth of towns and self-government, the rise of universities, and the development of the wool trade with Flanders and Florence. Although nothing compared to today’s standards, the adoption of the three-field system increased agricultural yield by a third. This meant that the English had a better diet than their forebears and that the likelihood of total crop failure was reduced. The use of the horseshoe and the horsecollar also helped to increase efficiency, especially in the recovery of wasteland. Finally, the introduction of the

13 Roberts and Roberts, 87-94. What Stephen I showed was that as long as there was a weak king at the helm English government did not work so well. The English were always in search of a strong king who would not take too much advantage of his authority.

14 Roberts and Roberts, 112. This shows how strong the influence of the Church still was since Henry feared that placed under interdict he would be exposed to the threat of military action on the part of the French and others. In 1213 King John gives in to the pope’s choice for the Archbishop of Canterbury, Stephen Langton, in order to avoid the same fate.
watermill and windmill helped the English to process these agricultural products more efficiently.

It should be pointed out that foreign trade until the early modern era paled in comparison to internal and coastal trade. There were thousands of annual fairs and weekly markets where the medieval English could shop. From 1066 through 1334 CE 137 new towns were brought into existence. By the thirteenth century there was also an increase in guilds to protect both trade and the crafts in the cities. In addition to exporting wool to others England was also creating its own wool cloth. It was not very good but it was purchased by other countries and made into finished products, which was then sold to others. There was no uproar over this because it constituted only a small part of English trade and the export of wool had a three hundred percent markup.

Still, during the twelfth and thirteenth century the manor remained the primary unit of economic activity. Life on the manor was demanding but not without its occasional joys. The only way to escape this life was to go to the city. Like on the continent, if one remained in the city for a year and a day they would be free from their feudal bonds. Many sacrificed the security of serfdom for the freedom and unpredictability of town life. In addition to the eroding effects of the town on feudalism, by the reign of Richard I there was an attempt to abandon the feudal system establish by William I in order to retain the Angevin holdings in France. The crown needed money to pay for its war in France. It would take much longer for this system to fade away, but the seeds of its destruction would be sown in war, devastating disease, and town life.

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15 Roberts and Roberts, 102.
Intellectually the English took great strides in the late medieval period. They were initially influenced by the scholastics who dominated Oxford. In 1209 there were an estimated 2,000 scholars residing in Oxford, but,

No student could make a career in civil law, since the English courts used the Common law. What influence Roman law had on England came largely through cannon law, the law of the Church. The twelfth century witnessed the growth, systematization, and study of canon law. Because that law touched on matters of marriage, wills, contracts, heresy, perjury, and sexual offenses, it touched on all the lives of the English people.

Education was controlled exclusively by the Church in the thirteenth century; and, by 1272 they had ready-made instructors in the form of Dominican and Franciscan monks. These men had come to England in the first quarter of the thirteenth century and by 1272 the Dominicans had forty-nine houses and the Franciscans forty-seven. The ongoing debate between the Thomists and those who followed John Duns Scotus was whether faith and reason could be reconciled. Thomas Aquinas had said it could, while Duns Scotus said they were incompatible—or, that one could not come to God through reason. Scholasticism dominated English education until the end of the fifteenth century when Renaissance humanism began to take its place. It was also at the end of the fifteenth century that the ideas of John Fortescue regarding the use of common law as opposed to Roman or canon law began to take hold. More importantly educational

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16 Roberts and Roberts, 106.
17 Roberts and Roberts, 106.
18 The humanist movement was not a secular, atheistic movement. It was an attempt to return to primitive Christian ideals and the purity of the classic texts of philosophy and literature. It was a movement to create a society based on reason and virtue, Roberts and Roberts, 232. See also Allen G. Debus, *Man and Nature in the Renaissance* (New York: Cambridge University Press, 1978).
19 Sir John Fortescue’s *On the Laws and Governance of England* was written sometime between 1463 and 1471.
institutions were being formed by secular authorities like the civic corporations or the guilds.

The secularization of education started as early as the fifteenth century with the establishment of Winchester and Eton. In 1517 Corpus Christi College, Oxford, was established exclusively for those wishing to study a humanist curriculum. While medieval education had been primarily vocational, the new humanist studies were meant to prepare the gentleman and the rising class of bureaucrats in the government. Another component of this secularization was the wide-scale use of the printing press. This made it much easier to spread ideas. Thanks to the growing number of grammar schools establish in the fourteenth century there was also a market for this literature. One example of the ruin into which scholasticism had fallen in England was the adoption of the term “dunce” to describe ideas that were judged intellectually inadequate.

The secularization of society continued with the English Reformation which made faith a private matter when it did not intersect politics. However, it could be a source of conflict in English society since Parliamentary power had grown over the centuries, and its representatives could not help but be influenced by their personal religious views when voting on policy. The story of Magna Carta is well-known, so I will not repeat it. However, I will point out that it was the attempt to keep the Angevin legacy intact that led to the growth and power of the English Parliament. Edward I was brought to task by it

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20 As I will point out in the following chapter, Portuguese higher education was much like what we would term “high school” today. They were essentially advanced grammar schools. By the end of the fifteenth century they were far behind England, and heavily influence by the Spanish and scholasticism.

21 Roberts and Roberts, 232-234.

22 In a letter written by Richard Layton to Thomas Cromwell in 1535, Layton talks about how they have “banished him [Duns Scotus]” from “Oxford for ever with all his blind glosses.” Quoted in D. J. B. Hawkins, A Sketch of Medieval Philosophy (Westport, CT: Greenwood Press, Publishers, 1947), 150.
when he laid taxes without consent in 1297. The Hundred Years’ War made Parliament even more important to the success of keeping English control over French lands. At the height of the conflict

Of course, this would lead to increasing aristocratic control of England which could only be effectively challenged by strong and effective kings. As the Hundred Years’ War came to a close and it was clear that England had lost. The people turned against the Lancastrians whom they thought responsible. Unfortunately, the factionalism within the aristocracy would not be tempered by strong Yorkist kings; and, it would take the House of Tudor to restore order. Strong kings like Henry I, Edward I, and Henry VII could effectively use the system of government to their own advantage and keep the peace, which is what most people desired from government. They also had something else in common: they avoided foreign wars that would have drained the treasury. Henry VIII would find this out; but, he was fortunate to have the Protestant Reformation as an international backdrop against which to pursue his interests. Henry’s Reformation would unite the nation as he sought a male heir to the English throne.

What I have attempted show in the short narrative above is that English history was distinct. At the beginning of the sixteenth century, as Portugal began to conquer Asia and the Americas, the political, social, and intellectual differences between Portugal and England were already numerous. These differences would only grow more dramatic over the next two centuries. In England scholasticism would die a slow death at university.

23 Roberts and Roberts, 159.

24 Since I was originally trained in American history I cannot help but see a parallel between the differences between Portugal and England and the differences between the North and the South during the antebellum period in United States history. The true origins of the conflict between the Union and the Confederacy were rooted in the fact that the North had changed dramatically while the South had remained static. In the same way England and Portugal were on different trajectories because of their early histories.
The power of the Roman Church and canon law would be completely eliminated by the state takeover of the Anglican faith. The secularizing influence of humanism, commerce, and a religious faith that encouraged a personal relationship with God rather than a corporate relationship, would dominate English society. The utopian scheme of Thomas More at the beginning of the sixteenth century, and still reflecting a Christian ethical universalism, would give way a century later to the Francis Bacon’s equally utopian vision of a scientifically oriented society. This explains why the writings of William Petty, discussed below, differed so much from the writings of Duarte Ribeiro de Macedo. Macedo’s work will be analyzed in the following chapter. It shows that England had “progressed” to a stage in its economic development that was far more attuned to the coming world-system talked about by Immanuel Wallerstein and others.

**William Petty and Political Arithmetic**

William Petty was born in 1623. Educated at the Romsey Grammar School he went on to Caen in Normandy in order to complete his education. He also studied in Utrecht, Leyden, Amsterdam, and Paris, after serving a stint in the Navy. While in Paris he assisted Thomas Hobbes as a secretary; but, there is not evidence he agreed with Hobbes about politics. He seems to have been a supporter of Parliament. Petty then went on to teach anatomy and chemistry at Oxford, where he received a Doctor of Medicine degree in 1649. What is most interesting about Petty is that his obvious intellectual power did not go completely wasted in the ivory tower. In 1652 he made £10,000 doing a survey for the government in Ireland. It took him thirteen months. Rather than retiring to leisure he took the money and invested it in land. He bought 50,000 acres in Ireland and set
about digging mines, quarrying for rock, logging, and he even set up a fishery. He wrote quite a bit prior to the popularization of his *Essays*, considered below; however, it was these essays which made a name for Petty in the area of statistical analysis. He may also have been the inspiration for Gregory King and his much better survey of the population in England and Wales.

The thing that strikes one first when comparing the essays of Petty with those of Macedo is Petty’s immediate attempt to quantify everything. His short treatise on how London is the best city in the world has the marked imprint of a booster and a statistician. In another pamphlet, written with the same spirit of statistical analysis, the author shows that the aim of the mercantilist in England differed little from that of the Portuguese mercantilist, as represented in the writings of Duare Ribeiro de Macedo. The author writes,

> And so we have in this matter endeavoured to show that to preserve and increase the people, and to make their numbers useful, are methods conducing to make us gainers in the balance of trade.

Compare this with what Macedo writes at the end of his own treatise,

> A kingdom is like a big family: it depends on the matron of the house, and it follows that wealth will come to the kingdom as we seek it among many diverse and dangerous climates. A large population makes the king happy. For, these people cultivate the fertile lands and yield abundant fruit. These people provide populations for the colonies, and this

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25 This biographical information was provided in the introduction to *Essays on Mankind and Political Arithmetic* (New York: Cassell & Company, Limited, 1888), 5-8. The writer of the introduction is known only as H. M.

26 Perhaps Petty understood this since he wrote that he would write about the last resurrection because friends and others had shown an interest in the topic. He says that his is like “sauce to a dry discourse.” Petty, 53. In a postscript he calculates the amount of surface area the earth would have to have on the day of resurrection in order for all the quick and the dead to stand on it. He says that 114 billion people could be easily resurrected. Ibid., 53-55. This question had apparently been raised by some skeptics trying to disprove the resurrection.

allows us to provide occupations for the people to keep them from idleness, an enemy to the Republic.  

Both Petty and Macedo are concerned with the populations of their countries and how this affects the economic health of the country. Petty’s primary concern is the peopling of the earth for the benefit of his own nation. He writes, “The scope of this essay is concerning people and colonies, and to make way for ‘Another Essay’ concerning the growth of the city of London.” So, both Petty and Macedo, whose work will be explored in the next chapter, believe that the secret to economic success, i.e., a favorable balance of trade, will come with a large population.

Petty begins his “Essay on Mankind” with his own count of the London population, and England and Wales. The former he says is “about 670,000” while the latter is “about 7,400,000.” However he is not quite sure since he suggests that an exact count of the people needs to be taken by the government. Other interesting topics include a “table helping to understand the Scriptures, concerning the number of people mentioned in them” and “that the world will be fully peopled within the next two thousand years.” He also intends to show that the population of London will cease to grow after 1800 because it will have reached its limit. He believed that London’s population, according to his doubling method, would be 10,718,889 by 1842 and that the population of England would be 10,917,389. He seems to think that a certain portion of the population

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28 Duarte Ribeiro de Macedo, Second Part, Chapter Ten.
29 Petty, Essays, 21.
should live outside the city in order to provide the cities with “tillage, pasturage, and other rural works necessary to be done.”

The balance between the city and the rural areas appears to be maintained by a division of labor that Petty believes possesses a mathematical relationship. A city can only defend itself against so many who live in the rural districts. He seems to think it is two city dwellers to each rural dweller. Petty even treats us to a Smithian paragraph about the division of labor. He writes,

In the making of a watch, if one man shall make the wheels, another the spring, another shall engrave the dial-plate, and another shall make the cases, then the watch will be better and cheaper than if the whole work be put upon any one man.

Petty also has an answer to the problem of beggars and thieves in the city, he says that they are few and should not be worried about. Those who are truly needy should be taken care of by the community; those who are not employable because they were not raised properly should be supported by their kin as “punishment upon them”; and, those who are temporarily employed through no fault of their own should be employed by the state until they can find work. The city makes up for its supposed dangers by the

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31 Petty, Essays, 35. Petty also says that if the present population of the world doubles every 360 years that in 2000 years there will be one head for every two acres of land, and that this will lead to Armageddon. Ibid., 34. Two acres Petty says are necessary to provide each individual with their daily bread. Ibid., 44.

32 Petty, 45-46.

33 Petty, 48.

34 He mentions here Thomas More’s Utopia, in which More argues that no one turns to crime unless compelled to do so. Petty, 50.

increased number of “arts of delight and ornament”, and because of its better educational opportunities available to all.\textsuperscript{36}

The whole question of keeping yearly bills of births and deaths in order to extract population statistics seems a bit “preposterous” to Petty. He shows through an analysis of bills for London that the numbers they are arriving at for Dublin cannot possibly be correct. For example, he mentions those who for religious reasons do not announce the births of their children or baptize them skew the numbers. He calls them “dissenters”, and he says they are not represented in the count. He would prefer that the government simply take a direct count of the Dublin population by going door to door. It would be easier than trying to arrive at it mathematically, especially since the numbers do not correlate with known quantities.\textsuperscript{37}

The methodology of Petty was revealed in his observation on the Dublin bills and his \textit{Essays on Mankind}. What he is arguing, in a nutshell, is that there should be a mathematical relationship between births and deaths in non-plague eras and the number of chimneys in the town. A count must be done of both. The formula used for establishing populations by births and deaths is done through multiplying 30 by the number of burials since it had been shown statistically that 1 in 30 die annually during non-plague years. The second formula was to count the number of chimneys in the city and multiply that number by 8, which was the average number of people usually dwelling in a chimney.

\textsuperscript{36} Ibid., 50-52. Petty mentions the concern over plague in the city. Some seem to think the chances of plague increase with increases in population. He points out that the natural growth in the city’s population will, from a purely economic standpoint—at £70 a head, be worth the risk of several hundred thousand dying of the plague. Especially since populations seem to have remarkable recuperative powers. Macedo says the same thing, as we will discuss in the next chapter.

\textsuperscript{37} Petty, 61-81.
in a house with one chimney. Through these two formulas Petty arrived at generally the same numbers, 670,000 for London and 7.4 million for England and Wales. He further confirms these numbers by referencing the statistics derived from “poll-money, hearth-money, and the bishop’s late numbering of communicants.”

In words that appear contrary to his purpose, Petty shows decided “flattery” when introducing his *Two Essays in Political Arithmetic*. He says to King James II that the purpose of these two essays is to show that London is more populous and better than Paris, or any other city in the “universe.” In the first essay Petty establishes the population of London using the methodology we observed in his *Essay on Mankind*: birth and death records, and the number of hearths in the city. The greatness of England also lies in its far wider legal control of England and Wales. According to Petty, London controls the legal life of England and Wales. Paris, by contrast, only controls the legal life of people within a few miles circumference of the city. Petty goes on to explain that

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38 This led to a miscount of the population as the more accurate numbers of Gregory King showed. The population of England was 5.5 million at the end of the seventeenth century not 7 million as Petty had shown. This means Petty’s count was off by 21.5%. The count of Gregory King was reprinted in an essay entitled *Of the People of England* (1699). The unknown author had many other interesting things to say, things we will discuss below.

39 Hearth-money was a tax implemented in 1662 by Charles II on every English fireplace. Petty had access to these numbers and was able to compare them to his own formulas. This information can be found in the introduction to *Essays on Mankind and Political Arithmetic* (New York: Cassell & Company, Limited, 1888), 16. The writer of the introduction is known only as H. M.

40 These essays were probably written no later than 1686 since the latest statistics referred to by Petty are for the year 1685.


42 Ibid., 89. Petty also uses statistics derived from the plague of 1665. He argues that because it is said that one-fifth of the population died at a rate of 1,500 per day that this makes London more populace than eastern cities which claimed that 1,200 people were dieing every day and that they lost a third or a half of their population. Petty does not go into anymore detail than this, so we do not know whether he considered other options like people fleeing the cities, which we know to have been common during plagues, and not coming back.

43 Ibid. Although Petty’s numbers were off by over a fifth, London control over a population of 5.5 million probably did exceed Paris’ direct control. As I pointed out in chapter two French control of the country was less *absolute* than many have suggested.
Londoners live better than those in Paris because they have more spacious living accommodations and London hospitals are better.\textsuperscript{44} As mentioned above one of the means by which Petty seeks to prove that London is superior to Paris is the mortality rates at the hospitals in those cities. He compares La Charité in Paris with the two worst hospitals in London, St. Bartholomew and St. Thomas, and finds that the mortality rates are twice as high Paris. However, Petty also shows with these statistics that less people go to hospital in London than in Paris, from which he infers that London is a healthier place to live.\textsuperscript{45}

\textit{Five Essays on Political Arithmetic}

In a series of five essays Petty attempts to refute some of the assertions others have made with regard to his previous essays. In the first he answers an anonymous critic who says that the population of Rey Persia is far greater based on a count of the number of mosques that exist in the city. Petty says that this cannot possibly be true since the individual says that this mosque count was taken in the sixth century of the Christian calendar before Islam had even gotten its start.\textsuperscript{46} He then comments on the work of one Monsieur Auzot, whose \textit{Letters from Rome} seems to confirm his own numbers about the population of London. Petty calculates that London has 2,663 more people living there.

\textsuperscript{44} Ibid., 90. Petty is not sure whether it is the cleanliness of the hospitals or the staff that makes the difference; but, as he shows in his next essay, there is a definite difference in the mortality rate between the hospitals of London and Paris.

\textsuperscript{45} Petty, \textit{Essays}, 93-95.

\textsuperscript{46} Petty gives this criticism short-shrift. It seems odd that someone would claim something so outlandish. Is it possible Petty misinterpreted the time given? Could it have been the six century of the Islamic calendar, making it the thirteenth century of the Christian calendar? According to Sandra Mackey the population of Persia was about 2.5 million at the beginning of the thirteenth century but was decimated by war and famine between 1220 and 1260. \textit{The Iranians: Persia, Islam and the Soul of a Nation} (New York: Dutton, 1996), 69. It is difficult to believe that Rey could have had more people that London when the population in all of Persia was probably 250,000 by 1260.
than does Paris, Rouen, and Rome combined. Petty uses Auzot’s formula of 6 persons per household rather than Petty’s 8 and still arrives at a greater number. Auzot’s criticism is not that Petty is wrong on his general point but that his number are not exact enough.\(^{47}\) Of course, as we have pointed out above, Gregory King would later prove this to be true.

In the second essay Petty simply lists the ways in which London is better than Paris. He does not provide any real support for his opinions, except for his previous essay on hospital mortality. He basically says that London is cleaner and healthier. The population is steadier than Paris. The legal system is more robust as is evidenced by the living conditions of the lawyers. There is a better variety of food and it is cheaper than in Paris. Fuel is cheaper and the rooms in which Londoner’s live are more spacious. London’s churches are grander. He says St. Paul’s is better than any church in France.\(^{48}\)

In the third essay Petty lays out his methodology in clearer terms. He talks about how a count of the houses should be compared against the rate of births and deaths that have been kept in English bills since the time of Elizabeth I. Each of these counts has their own formula, mentioned previously. The number of deaths is multiplied by 30 while the number of houses is multiplied by 8. Petty says that these two numbers should be roughly the same. He also adds that the population for 1665 can be calculated based on the assumption that 20% of the population died. Since the number of deaths \(x\) is known you can simply multiply this number by 5, so \(5x\) gives you the population of London in 1665.\(^{49}\)


\(^{48}\) Petty, *Essays*, 112-115. This essay reads like a pamphlet put out by a modern-day local chamber of commerce.

\(^{49}\) Petty, *Essays*, 116-21. This logic assumes too much in my opinion. One, it assumes that those who say the death rate was 20% actually knew what the population was in 1665. Is there any reason to believe that those in 1665 knew more than those in 1685? Two, it assumes that the body count was
In the fourth essay Petty concludes that “London…is the greatest and most considerable city of the world…manifestly the greatest emporium.”\(^{50}\) He bases this on a comparison of the eight most eminent cities in “Christendom”: London, Paris, Amsterdam, Venice, Rome, Dublin, Bristol, and Rouen.

Essay five is mainly an answer to the assertion of some in Holland that England has only a population of 2 million people, closer to the population of Holland.\(^{51}\) This is the least cogent of the essays and, of course, the numbers that Gregory King provided a decade later showed both Petty and these Hollanders wrong.

*OF THE PEOPLE OF ENGLAND*

This essay is included at the end of the reader in which I found Petty’s *Essays*. The author is unknown, and the full title is *Of the People of England, Founded upon the Calculations of Gregory King, Lancaster Herald, and Forming Part of “An Essay upon the Probable Methods of Making a People Gainers in the Balance of Trade”* (1699).

Since it was written twelve years after Petty’s death he could not have responded to its assertions. Of course, the starting point of the essay, that the population of England and Wales stood at 5.5 million not the 7 million that Petty had claimed, was apparently cause for some concern. Things were not as good as people had thought. What is striking is the sobering tone of the essay. It is a complete contrast to the boosterism of Petty’s essays.

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\(^{50}\) Ibid., 126.

The essayist reveals a certain Whiggish proclivity when he says that the English constitution, limited kingship, and liberty are what encourage population growth, which explains England’s success.\(^{52}\) There is apparently still not enough population in England, though, because the writer feels that the government needs to encourage marriage among the populace.\(^{53}\) Immigration might be one way to increase the population but that has its own dangers if enough immigrants come in and refuse to assimilate.\(^{54}\) The author writes,

> But unless some such cogent reason of state, as is here instanced, intervene, in all appearance the best way for a nation that apprehends the growing power of any neighbor is to fortify itself within; we do not mean by land armies, which rather debilitate than strengthen a country, but by potent navies, by thrift in the public treasure, care of the people’s trade, and all the other honest and useful arts of peace.\(^{55}\)

At the end of the essay we get a clue to what is motivating the author to address the issue of population and navies. There is apparently an excise tax being contemplated to which the author objects because they believe it will hurt economically everyone in society.\(^{56}\) The answer is not a tax on domestic goods but an increase exports which can best be done through an increase in the population. He writes that

> It is the exportation of our own product that must make England rich; to be gainers in the balance of trade, we must carry out of our own product what will purchase the things of foreign growth that are needful for our own


\(^{53}\) Ibid., 157. This includes forcing those who have gotten someone pregnant to marry her. Ibid., 160.

\(^{54}\) Ibid., 151-53.

\(^{55}\) Ibid., 164. Previously the author had said, “We are fenced by nature against foreign enemies.” Ibid., 162.

\(^{56}\) Ibid., 168-69.
consumption, with some overplus either in bullion or goods to be sold in other countries, which overplus is the profit a nation makes by trade.\textsuperscript{57}

How can this be done? The first goal was to be the elimination of idleness, which was believed to be gripping an estimated one third of the English population.\textsuperscript{58} When employed the lower classes would contribute far more to the wealth of the nation than the idle upper classes. Allowed to remain idle they would be “drones” in society.\textsuperscript{59} Therefore, the government should act immediately to eliminate any “voluntary idleness”.\textsuperscript{60} The writer then suggests the creation of a corporation established with a capital of £300,000 and set upon the purpose of employing those who cannot find work. The goal seems to be to relieve the debtor prisons and make the idle more productive. He writes,

It is not at all difficult to contrive such a bill as may relieve and release [emphasis mine] the debtor, and yet preserve to his creditors all their fair, just, and honest rights and interest.

And so we have in this matter endeavoured to show that to preserve and increase the people, and to make their numbers useful, are methods conducing to make us gainers in the balance of trade.\textsuperscript{61}

\textbf{THE NATURE OF ENGLISH MERCANTILISM}

The mercantilists of the seventeenth century have been associated with a variety of economic thought and policy proposals. However, as Richard Wiles pointed out in 1974, we must be careful not to let the critics alone describe what mercantilism is or is

\textsuperscript{57} Ibid., 172. This is an echo of Thomas Mun’s argument of seventy years previously to the present essay, showing that the balance of trade issue was not dead at the end of the century. Of course, it is still not dead today.

\textsuperscript{58} This figure is attributed to Gregory King. Ibid., 176. However, of the 1.33 million people said to be a burden to English society 330,000 were children who could not be made productive with work programs.

\textsuperscript{59} Ibid., 174-75. Plato uses this same word, drone, in his Republic. It is not stretch of the imagination to think the author was familiar with this work.

\textsuperscript{60} Ibid., 176-177.

not. Take, for instance, the question of a static economy and the “beggar-my-neighbor” position that the mercantilists allegedly held. Wiles argues that this is an intellectual position imposed on the mercantilists by their critics, and Eli Heckscher, who was not necessarily a critic.62 One of the reasons Wiles thinks this is an unfair characterization of the mercantilists is because during the era in which mercantilism dominated there was an unbridled optimism that resulted from a secularized millennial belief in perpetual human progress.63 Mercantilist writers like Charles Davenant (1656-1714) and Daniel Defoe (1659-1731) saw the economy as more dynamic than modern historians have been willing to admit. The mercantilists, especially those of the late seventeenth century, understood the mutual advantage that could be derived from international trade and specialization in certain products. So, it should not be assumed that all mercantilists adopted a static view of economic success that led ultimately to armed conflict with competitors.64

Another myth is that all mercantilists continued to push for subsistence wages, as had the scholastics. There appear to be many advocates of mercantilism in the seventeenth and eighteenth centuries that support higher wages, unlike earlier subsistence proponents. This appears to be rooted in the belief that higher wages would yield a higher quality work, which would make it easier to export finished goods or to compete with better-made foreign goods. This policy could also signify a shift to a consumer-oriented economy as opposed to the producer-oriented views of earlier mercantilists. Different mercantilist writers argued that higher wages could serve three functions: they could be

63 Ibid., 58-61.
64 Ibid., 62, 73.
an indicator of the general health of the economy, they could increase consumption through the increase of disposable income, and they could encourage productivity—since the best would command the highest wages.

Jacob Viner argues that there were more proponents of higher wages than people have been willing to admit, and that their motivation was largely humanitarian.\(^\text{65}\) The division between mercantilist writers is between those who support low wages on principle and those who support a competitive wage—in other words, a wage that maintains economic competitiveness but that does not impoverish the worker. Those in opposition to low wages for low wages’ sake, such as, Thomas Manley, Daniel Defoe and John Cary, all recognized that wages had to be placed in the context of the price of goods and trade. In other words, if higher wages were accompanied by a more brisk trade then everyone would prosper. Many argued that higher wages would encourage laborers to seek work and would increase consumption, which would subsequently increase the prosperity of the nation. There is also a certain amount of humanitarianism in these arguments since they maintain that a man should not be forced to labor for less than his work is worth.\(^\text{66}\)

It is clear, as I said in chapter three, that seventeenth-century mercantilists cannot all be lumped into the same categories. However, it is clear that whether they supported the notion of static wealth or not, and whether they supported higher wages or not, that they definitely viewed the world differently. For the seventeenth-century mercantilist the economic world was seen largely as a system controlled by nature upon which the


\(^{66}\) Ibid., 115, 116, 117-22.
government could act with carrying degrees of success. They were no longer primarily concerned with social justice but with economic power and the benefits that accrued to the nation as a result of that power.

Part of this change in attitude could have been related to the changing attitudes toward leisure time. By the end of the seventeenth century, as mentioned above, mercantilist literature seems to indicate a shift toward a classic, consumer-driven view of labor and leisure. Theorists in the nineteenth century concluded that the laborer needed adequate wages and the free time to enjoy those wages in order to make them productive. Prior to this it was believed that the many provided the few with their luxury and this was perfectly acceptable in a stratified society. They also believed that the best way to get the lower classes to work was to coerce them by force or starvation. This started to change at the end of the eighteenth century when it was recognized that that the problem of food scarcity and trade depression was not due to idleness but was rooted in wages that were too low to even subsist. This went counter to the argument made by many in the seventeenth century that poverty made people more industrious and kept order. In other words, when people were worrying about their bellies they were easier to hire and they had less time to give thought to undermining the social order. John Hatcher writes that many who supported low wages in the seventeenth century directly benefited from that policy.

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68 Ibid., 66, 67-71, 72.
Only with the introduction of classical economics in the late eighteenth and early nineteenth century was the “false doctrine of the utility of poverty” abandoned.\(^{69}\)

However, even with the triumph of classical views on labor and leisure there was still debate about how much labor should be done if it only meant the acquisition of more baubles. So, there was a question as to whether leisure might not be superior to labor once one had obtained the necessaries of life.\(^{70}\)

It seems pretty clear that the mercantilists were transitional figures. For, many of the modern characteristics of economic rationalism started to be formed during the late medieval period when some began to question the Church’s conception of the “just price”. Moral qualms, in other words, over the use of capital were replaced by rational (amoral) views about the use of money, the role of the individual in the economy, and the enlargement of the state over the commercial town.\(^{71}\)

The introduction of modern economics correlates with the rise of the medieval towns, slavery, trade between producers, and a questioning of the “just price”. The Church opposed great wealth because it thought that it breed socio-political instability.\(^{72}\) This is the same view that had been held by Aristotle and Plato. N. S. B. Gras writes,

\(^{69}\) Ibid., 96.

\(^{70}\) Ibid., 115. In his classic economic treatise on work and leisure, *The Theory of the Leisure Class* (1899), Thorstein Veblen detailed the other ways in which material wealth could be used to establish status in society. Conspicuous consumption was one way in which the wealthy could establish a belief in the social dominance. This was not new as can be witnessed in the *potlatch* practices of northwestern Native American tribes. This tradition required the best families in the tribe show generosity to others less fortunate. Sometimes this tradition resulted in the penury of those who tried to outdo others in their giving. I think it is interesting that Native American tribes would have developed a system that bears a remarkable similarity to European philosophical views of social justice in which the rich are expected to distribute to the poor out of their excess wealth.

\(^{71}\) N. S. B. Gras, “Economic Rationalism in the Late Middle Ages,” *Speculum* 8, no. 3 (July 1933): 304-312.

\(^{72}\) Ibid., 305-306.
By the time the Church was at its height—in the twelfth and thirteenth centuries—its concepts and ideals were clearly formulated and precisely enacted. But this was the very time when a new economic order was dawning. The old ecclesiasticism of the declining Roman Empire and of the unfolding village era had been adequate for its day, but its adequacy was soon to be put to the test.  

In other words, the commercial city began to gain ascendancy in the realm of economics and challenged the Church’s power; this was followed by the challenge of various princes whose power was closely associated with these commercial centers and the bourgeois merchants that ran them. Traveling merchants were important to the nascent formation of capital. Many of these traders, once they were too old to travel became involved in retail, insurance underwriting, manufacturing, storage, transportation, and banking. These individuals, such as, the Medici of Florence and Dick Whittington of London are the forerunners of the early modern businessman and proto-capitalist. In this development there was a natural animosity between the large producers and the small producers—the latter of which were a remnant of the medieval gild structure and the spirit of community cooperation.  

In time, writes Gras, “the Church did come to change its attitude, not by repeal nor yet by nullification, but by refinement and exception. The chief question concerning this change is whether it was wrung from a reluctant clergy or was made progressively to fit in with the growing needs of business. There are champions of both views.”  

However, what was more important was the force with which the new “economic rationalism” was taking over society. Gras concludes,

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73 Ibid., 306.  
74 Ibid., 307.  
75 Ibid., 308.
Perhaps it will help to place the medieval situation in a better perspective if we note that in the growth of economic rationalism there have been successive opposing or limiting forces and systems. In the ancient world there was a system of slavery that cut deep and dried up the flow of effort. In the Middle Ages there was the stern authority of the Church and the regulation of the gild as the agent of the town and state. Economic rationalism became not only a reform of a system but a protest against an authority, as indeed it was to remain for three centuries in the modern period. In this later period, in turn, it has been the mercantilist state that has persisted in guiding and misunderstanding business endeavor. In the late nineteenth century socialism and communism were developed to curb economic rationalism. At the same time, but in different halls and councils, there was born neo-mercantilism to continue the obstruction of the rationalistic spirit.76

Part of the secularization process with which this chapter is concerned is based on the introduction of ideas about liberty and the individual. This goes to the subject of natural law as discussed by John Neville Figgis in his book The Divine Right of Kings (1896). It also speaks to the growing interest in seventeenth century England of individualism, as understood in the context of John Locke’s work. Before English society could take its next step toward modern economic thought and action it had to reconcile itself to the long held medieval belief that the “desire for gain or profit violated both natural and divine law” and “it was during the latter half of the sixteenth century that the new (‘liberal’) interpretation of natural law began to evolve in England.”77

The works of William Petty and John Locke made this new interpretation more explicit a century and a half later. “The form in which natural-law doctrine began to evolve during the sixteenth century thus constituted a sharp break with the past and presaged the victory of a revolutionary new conception of economic morality.” This is

76 Ibid., 312.

77 Alfred F. Chalk, “Natural Law and the Rise of Economic Individualism in England” The Journal of Political Economy 59, no. 4 (August 1951): 332. This is one hundred years before Appleby suggests it is happening.
why “English mercantilist literature contained much that can be properly regarded as an
anticipation of laissez faire theory.”\textsuperscript{78} Alfred Chalk writes that

One economic historian [H. M. Robertson] has described mercantilism as
an intended “alliance between the state and growing capitalist interests.”
This alliance was unsuccessful partly because it was an effort to extend the
“medieval idea of privilege as the basis of activity.”\textsuperscript{79}

In \textit{A Discourse of the Common Weal of This Realm of England}, probably written
in the mid-sixteenth century, an unknown author argues that self-interest is the only
means by which economic activity can reliably be motivated.\textsuperscript{80} This author also argues
for the automatic adjustment of prices based on the supply or lack of goods. This idea
will become known as the “self-adjusting mechanism” of prices. The author then reverts
back to the standard mercantilist arguments when it comes to international trade and the
balance of trade thesis. He sees an obvious role for the state in maintaining the balance
here.\textsuperscript{81} There were others that agreed with role that nature played in the equilibrium of
prices. John Mason wrote to a friend in 1550 that high prices could not be remedied by
legislation but only by natural forces.\textsuperscript{82}

The switch to an amoral view of the economy is summed up well by R. H.
Tawney who wrote, “A century before he [the common man] had practiced extortion and
had been told that it was wrong: for it was contrary to the law of God. A century later he
was to practice it and be told that it was right: for it was in accordance with the law of

\textsuperscript{78} Ibid., 333.
\textsuperscript{79} Ibid.
\textsuperscript{80} This sounds like \textit{The Fable of the Bees} (1714) written by Bernard Mandeville in support of a
society where fewer restrictions exist on the economic activities of the individual.
\textsuperscript{81} Ibid., 334-37. J. D. Gould argues much the same thing in his article “The Trade Crisis of the
Early 1620s and English Economic Thought,” \textit{The Journal of Economic History} 15, no. 2 (June 1955): 121-133.
\textsuperscript{82} Ibid., 337.
nature.’” “In other words, it was the ‘whole conception of a social theory based on
religion which was being discredited.’”

Others were enamored of this idea of nature’s laws. In 1601 Sir Walter Raleigh
argued against economic controls. Thomas Papillon argued that the same natural forces
were at work in trade. Chalk writes, “The apparently irresistible power of nature’s
processes was becoming almost a fetish among the authors of economic tracts.” So, “for
Mun and many of his contemporaries the forces of the market thus assumed the character
of inexorable laws of nature.” Many even used the natural law argument in favor of the
enclosure movement; but, as th tracts of the mercantilists show theirs was not a consistent
philosophy. William Petty and John Locke are the dominant intellectuals pushing these
ideas of natural law, against which state action is ultimately useless. It is these individuals
and others that lay the groundwork for the classical view of individual economic activity
and consumerism.84

Petty and Locke were not the only ones challenging some of the prevailing
mercantilist ideas about wages and consumption. There was also Nicholas Barbon, Dalby
Thomas, Henry Martyn, Francis Gardner, James Hodges, Henry Layton and John
Houghton, as well as some anonymous pamphleteers. Even though many of these
individuals expounded ideas that would have been in agreement with Adam Smith’s work
they still held to the balance of trade theory and economic regulation as a way of
strengthening the nation.85 Those who criticized the traditional balance of trade argument
were rejected because people believed that the “fragile social order of England” would be

83 Ibid., 338.
84 Ibid., 338, 340, 341, 342–47.
85 Joyce Appleby, “Ideology and Theory: The Tension Between Political and Economic
upset, and that any increase in consumption was seen as a “necessary evil” that should only rise with the population.  

There was no comprehensive analysis of supply and demand (elasticity). “The rich were expected to buy their luxuries, the poor to have enough to subsist.” The national economy was seen as a sort of “national joint-stock trading company” and it was important to utilize this economy to its fullest extent, including the labor market (“full employment”). Many like Slingsby Bethel, William Sheppard and John Scarlett argued that luxury was immoral and injurious to the nation. This prompted the passage of sumptuary laws to curb excesses. In the latter half of the seventeenth century, in England, there was widespread economic growth. There was also an increase in consumption. Mercantilists had to explain the role of consumption in this growth, or explain it away if they preferred the doctrine of subsistence. There were those who argued that domestic manufactures had to be protected from low-priced goods coming from abroad. Henry Martyn in his Considerations of the East-India Trade argued that the savings people realized in the cost of clothing would be spent on domestic manufactures at which the English were good at producing at a proper price.  

In a very succinct summary of seventeenth century English economics Appleby writes, “The actual social atomization which came with the seventeenth-century transition to a market economy had been ameliorated by an imaginative model of economic unity organized around national production and fortified by religion and patriotism.” This “atomization” was made

86 Ibid., 499, 500.
88 Ibid., 504.
possible by the changing view of society as to how the producer and the consumer were related to each other economically. Appleby writes,

The benefits of the English consumers’ having access to cheap East Indian imports depended upon the rejection of the view that society was an interlocking set of producers and distributors and the acceptance of the alternative view that the economy was an aggregation of self-interested individual producer-consumers. The boldest proponents of Indian imports perceived this difference and advanced a theory of economic growth based upon this perception.  

It is at this point that economic writers began to argue that luxury was ultimately good for the economy, that it encouraged men to work harder not just for the necessities of life but also for what their neighbors enjoyed. In light of this shift from the producer argument to the consumer argument went a shift in the debate over the balance of trade. Goods, not bullion, are becoming the metric by which wealth is measured—or, at least, this is what some were arguing. Once the debate had shifted to the role of consumption in creating economic growth economic pamphleteers could then argue for more focus on the domestic economy rather than foreign trade.

The critics of “pure” mercantilism were too numerous to be an aberration. Appleby contends that the reason the analysis of these critics was ignored is because they were thought ideologically dangerous to the English social order. The only reason mercantilism maintained its dominant role in the first half of the seventeenth century is because it allowed the political elites to continue coercing the poor, control the direction of economic growth, and subordinate competition to economic nationalism. This was a problem because “to entertain the idea that ‘the whole World as to Trade, is but as one

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89 Ibid., 504-5.
90 Ibid., 505-9.
91 Ibid., 510-11.
Nation of People’ was to bring into question not only the entire Navigation System but also the wisdom of England’s calculatedly aggressive national posture.”

The problem with mercantilism is that it ran counter to the prevailing political changes taking place in England, what Appleby calls the “ethos of liberalism”. Appleby writes,

While liberal ethics freed property and property owners from traditional social restraints, it also undermined the justification for some people’s being invested with permanent authority over others. Instead, all in society were conceived to be free and individually responsible.

Appleby continues,

At the same time that the spirit of ‘possessive individualism’—to use C. B. MacPherson’s insightful phrase—shattered institutional responsibility for social survival, developments in the economy separated most workers from their tools or their access to land. Without these, they were forced to sell their labor.

With the rise of the consumerist model there had to be a consequent transformation in the behavior of the consumer. The consumer had to be encouraged toward a more rational expenditure of income and toward a proper view of savings. This basically implies that the distinction between classes in a liberal society is based on little more than purchasing power.

SEVENTEENTH-CENTURY MERCANTILISM: CONTINUITY OR REVOLUTION

It is our aim to learn what in English and Portuguese history determined at the end of the seventeenth century the relative success of each of these countries in the field of economics. Above it has been suggested that both the political history of England and its

92 Ibid., 512.
93 Ibid.
94 Ibid., 513-15. This is an idea that I had after reading “Vanity Fair” and “Madame Bovary”. Both novels represent an analysis of the social implications of economic status. I was particularly struck by the role that credit was playing early on in the establishment of a middle class that could not support itself on rents alone.
intellectual history have had far-reaching effects. The weakening of feudal bonds as early as the thirteenth century explains a lot. However, it is not until the sixteenth and seventeenth century that we see a true flowering of economic prowess in England. Can the destruction of feudalism alone explain this?

I would suggest that it was the growing intellectual secularization of English society that allowed it to begin the consideration of economic ideas divorced from the ethically-bound scholasticism of a former age. English society had also a history of common law which could serve as a ready substitute to canon and Roman law. The scholastics, when they considered economic issues at all, had as their primary concern the question of social justice.\(^95\) As I discussed in chapter one, the scholastics divided justice into two types: commutative and distributive justice. The first was concerned with transactions and making sure that no one was taken advantage of in sale. In other word, the trade had to involve two equivalencies. Distributive justice was the notion that everyone had the right to a certain minimum material prosperity; but, this did not mean an equal division of wealth. It usually meant a proportionate share of wealth depending on one’s place in society.\(^96\) These ideas had existed for centuries prior to the Church’s attempt to mix their theology with Roman law and pagan philosophy.\(^97\)

Although scholasticism solved many of the problems which we associate with modern economics, it was their continued adherence to an anti-usury policy that


\(^96\) Ibid., 496.

\(^97\) Ibid., 492-93.
undermined their ability to remain an intellectual force.\textsuperscript{98} It is also no coincidence that their fortunes declined with those of Aristotelianism, and with the decline in the Church’s ability to exert itself politically.\textsuperscript{99} There is no greater example of this truth than when we look at England; and, no greater example of the Church’s ability to hold onto power when we look at Portugal. The latter we will discuss in the final chapter. For now, let us focus on one episode of English history that illustrates for us the difference between English and Portuguese culture: the transfer of Bombay.

In 1661, after the Restoration, Charles II could not resist the lucrative offer of marriage to Catherine of Braganza, the daughter of João IV of Portugal. The deal offered 2 million cruzados in addition to trading rights within the Portuguese empire and the transfer of Bombay. The price for all this was England’s promise to assist in the defense of Portugal and all its interests on both land and sea.\textsuperscript{100} As in any transaction the devil is in the details and the transfer of Bombay proved particularly problematic since the Portuguese Viceroy, Antonio de Mello de Castro proved intransigent when fulfilling the terms of the treaty. Glenn J. Ames has suggested in his work that Mello de Castro has been unfairly criticized because the historiography favors the English interpretation of events.\textsuperscript{101} However, Mello de Castro used technical flaws in the treaty to delay the transfer of Bombay for “geopolitical, economic, and religious reasons.”\textsuperscript{102} Mello de


\textsuperscript{99} Ibid., 187.


\textsuperscript{101} Ames writes that “Traditionally, this conflict has been presented from primarily the English point of view in the historiography, with Antonio de Mello de Castro emerging as something approaching evil incarnate, the chief architect of the Portuguese ‘duplicity’ at Bombay.” Ibid., 319.

\textsuperscript{102} Ibid., 323.
Castro’s fear was that the Portuguese were giving up a strategic area that would make it difficult for them to retain their hold on the northern coast of India. Mello de Castro and others also were concerned about the advantages that would accrue to the English because of the East India Company’s policy of religious toleration. This is why “religious considerations played a crucial role in the transfer and consolidation of Bombay from c. 1661 to 1687.”

One of the problems involved in the transfer of Bombay was the Portuguese fear that they would not be able to enforce their will against New Christians or non-Catholic peoples because of English toleration, or religious conversion. The popularity of religious toleration is evidenced by a petition sent to Charles II that was meant to beg him to refuse an offer to buy back Bombay. This petition was signed by Christians, Hindus, and Muslims living in the Bombay enclave. It listed the many abuses of the Portuguese who were said to rule “absolutely.” However, the chief problem was a policy that had been implemented in 1559 under Dom Sebastião in which Hindu orphans were taken away from their families even when they had a mother or grandparents still alive. These orphans were taken and forcibly converted to Catholicism, and their lands went to the Church.

To give us some perspective Ames has a table in his article on the transfer of Bombay in which we can see that Portuguese property and rent losses in 1667 amount to

103 Ibid., 318.
104 Mello de Castro had made it part of the condition of transfer not to allow individuals to convert in order to shirk their military duty or debts owed to Portuguese creditors outside of Bombay. Ibid., 331.
105 Ibid., 335.
74,300 xerafins. Ames says the Jesuits complained loud and bitterly about these losses.\(^\text{107}\)

As well they should have since of the twelve holdings listed in the table four were owned by the Jesuits. Of the 74,300 xerafins lost 24,850 xerafins were lost to the Jesuits. This represents 33% of all the losses, and it accords with the often quoted belief that the Church owned a third of the land in both Portugal and the colonies. It is easy to see what tremendous opposition would have existed to any religious reform proposed by the Portuguese Crown. For, the Jesuits would have objected not only on economic grounds but on the grounds that it violated the *Padroado Real*, the promise of the Portuguese Crown to support missionary work. The *Padroado Real* was for the Portuguese a Gordian Knot which they were unwilling to cut.

The transfer of Bombay and its associated religious problems illustrates how integral the Church was in setting economic policy both within Portugal and within the Portuguese Empire. Obviously the Inquisition, which will be discussed in more detail in the following chapter, played a significant role in curbing Portugal’s ability to prosper. A nation could not hope to succeed economically in an environment where tens of thousands of people were being hauled in front of ecclesiastical courts for the charge of heresy. As Carl Hanson has pointed out in his book *Economy and Society in Baroque Portugal* the mere accusation of the Inquisition could ruin one’s livelihood. Many of those accused spent years in jail before being released, even if they were found innocent in the end.\(^\text{108}\) It is a small wonder that so many sought English tolerance between 1665 and 1687 in Bombay. As I mentioned previously in a footnote Bombay’s population went


\(^{108}\) Carl Hanson, *Economy and Society in Baroque Portugal* (Minneapolis: University of Minnesota Press, 1981), 84-85.
from 10,000 in 1661 to 60,000 in 1675. I believe this is evidence that the East India Company was successful because of its policy of religious toleration; and, that this policy would not have been possible were it not for the general toleration of British society at the end of the seventeenth century, a toleration in no small part associated with their break from the Roman Catholic Church in the sixteenth century and their increasingly secularized view of human existence.  

As I will argue in the following chapter, both England and Portugal stood by the end of the seventeenth century at the end of an era. The world-system of capitalism, defined as a system in which the *periphery* supports the *core*, had been developing for centuries. This starts in the city-state of the eleventh century with the re-establishment of trade, the re-introduction of coinage, and the slow diminution of the feudal system over centuries. The nation-state begins to take the place of the city-state in the sixteenth century and by the seventeenth century only those who have progressed significantly beyond feudalism and the ethical constraints of Christianity can participate fully in the exploitation of the world-system. In this interpretation leftover religious, intellectual, or political structures that cannot meet the demands of this system serve as an added cost to a society, even those who have historically dominated in using the periphery for their own economic gain. In short, merely dominating raw materials by the end of the seventeenth century is no longer good enough. One must have a manufacturing,

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109 As I said at the beginning of this chapter, the English were not irreligious. Religion by the end of the seventeenth century was becoming a private issue. The “privatizing” of religion took it out of the public forum and put it in the home; and, the public face of religion became the Anglican Church which was less cordial to fanaticism and more inviting to those who saw God as a benevolent father rather than a brooding taskmaster. In the eighteenth century there are at least three historical trends running side-by-side: the Enlightenment in which both deistic and atheistic proponents argued for a mechanistic explanation for observed phenomenon, deistic assertions that science was the handmaiden of religion and was meant to show the glory of God through its design, and a continued attempt to return to what was viewed as primitive religion. This last trend is seen in the Great Awakening, and other pietistic and theological movements like the Methodist movement started by the Wesley brothers.
marketing,\textsuperscript{110} and finance know-how that had been previously unnecessary. In the case of Portugal, as I will show in the next chapter, they not only did not possess the manufacturing, marketing, and financial savvy of other European powers but they had the added cost of a religious system that leched away at least of third of its resources at home and abroad. It was only a matter of time before this system of patronage collapsed under its own weight.

\textsuperscript{110} In an interesting article by Audrey W. Douglas we learn that the English were using fashion as a means of marketing goods from India as early as 1660. “Cotton Textiles in England: The East India Company's Attempt to Exploit Developments in Fashion 1660-1721,” \textit{The Journal of British Studies} 8, no. 2 (May 1969): 28-43. During this same period the Portuguese were passing sumptuary laws in an attempt to curb the import of textiles into Portugal.
Chapter Five
Portugal and the Rent-Seeking Society

When the subject of Portugal comes up in historical conversation it invariably turns into a discussion of the role that the Portuguese played in the “discoveries”. Almost certainly the name of Henry “the Navigator”\(^1\) or Vasco da Gama will be mentioned. This is not surprising since much of European history, from the beginning of the sixteenth century, cannot be explained without reference to overseas expansion. For the Portuguese and the Spanish this expansion began with the *Reconquista*, or reconquest.

The reconquest of Portugal and Spain began at the end of the eleventh century against the Almoravids who had invaded the peninsula in the mid- to late eleventh century. It took Portugal two hundred years to push the last of the Muslims back into North Africa; but, the Portuguese would not stop at the Algarve. Within a century they would be planning an incursion into the strategic city of Ceuta on the southern Strait of Gibraltar. They would finally take the city in 1415; and, it was only a matter of time.

\(^1\) C. Raymond Beazley describes Henry the Navigator as a crusader turned mercantilist. “Prince Henry of Portugal and his Political, Commercial and Colonizing Work,” *The American Historical Review* 17, no. 2 (January 1912): 252-267. Bailey W. Diffie writes, “Henry controlled more wealth than any other man in Portugal, with the possible exception of the king.” Bailey W. Diffie and George D. Winius, *Foundations of the Portuguese Empire, 1415-1580* (Minneapolis, MN: University of Minnesota Press, 1977), 121. Can we attribute Henry’s discoveries, though, to pure damn luck and the by-product of his attempt to outflank Muslim traders for his own personal gain? To a certain extent we can; but we also must admit that were it not for the extension of Henry’s political power over the newly discovered Atlantic islands off the west coast of Africa and the revenue that accrued to the crown that it might not have been possible to finance the later explorations and conquests of Vasco da Gama and others.
before they began to make their way out into the Atlantic and down the West African coast.  

This chapter will tackle the issue of how the Portuguese empire developed, and what repercussions that had on the internal economic development of Portugal. As I have mentioned in a previous chapter mercantilism took many forms over the centuries. For the Portuguese at the beginning of the sixteenth century mercantilism took the form of the carrying trade and the supply of raw materials for manufacturing by other countries in Europe, and it never went much beyond that, even when it was clear that Portugal needed to abandon its antiquated way of doing business. In this respect, the Portuguese were much like the ancient Romans in that they acquired through war everything they had: plunder, trading privileges, and the tribute of those unable to stand up to their momentarily superior military. However, all empires have a lifespan. Portugal’s was

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2 Charles Verlinden suggested in an article several decades ago that the Portuguese, and the Spanish, were eagerly encouraged and heavily financed by the Italians. It is pretty clear that both Spain and Portugal had a long history of cooperation with the Italian city-states. This is proven by King Diniz’ elevation of the Genoese Pessago family to high positions in the navy in 1317, positions which the family dominated for nearly two centuries. Charles Verlinden, “Italian Influence in Iberian Colonization,” *The Hispanic American Historical Review* 33, no. 2 (May 1953): 203. It is also common knowledge that Christopher Columbus was not Spanish but Genoese.

3 Those who argue that the Portuguese empire in Africa and Asia was anything other than a littoral empire should read carefully John K. Thornton’s article “The Art of War in Angola, 1575-1680,” *Comparative Studies in Society and History* 30, no. 2 (April 1988): 360-378. In it Thornton shows that once the Portuguese left their ships they were on a relatively equal footing with those they were fighting against, even with superior weapons technology. One is reminded of British troops marching from Concord and being fired at from behind trees as they made their way back to Boston. In a similar fashion the Ndongo of Angola were able to pick off with their arrows the Portuguese troops who marched in well-formed platoons.

The whole debate over the technological superiority of Europeans in Africa, Asia, and the Americas probably has its genesis in the debate over whether Europe experienced a “military revolution” from the middle of the sixteenth to the middle of the seventeenth century—a topic which Geoffrey Parker has addressed in his article “The ‘Military Revolution,’ 1560-1660 – A Myth?,” The idea of “military revolution” was the brainchild of Michael Roberts who gave an address in 1955 entitled “The Military Revolution, 1560-1660.” In his article Parker questions this thesis in light of the historical work that had been done in the intervening twenty years. According to Roberts there were four components that brought about this military revolution. The first was the training of the professional soldier and the adoption of different battle tactics, consisting mainly of highly disciplined corporate action on the battlefield. This meant that armies were less easily demobilized and thus standing armies became more common. It also
augmented by a lack of competition from its European neighbors for nearly a century, it was made possible in the East because of superior maritime expertise, and at the end of the seventeenth century it was prolonged by the discovery of gold in the backwoods of São Paulo. As C.R. Boxer once wrote,

The old Portuguese colonial empire was essentially a thalassocracy, a maritime and commercial empire, whether mainly concerned with the spices of the East, the slaves of West Africa, or the sugar, tobacco and gold of Brazil. *It was, however, a seaborne empire cast in a military and ecclesiastical mould* (emphasis mine).  

This chapter will speak to both the military history of Portugal and the influence that Roman religion had on the internal socio-political development of Portugal. It is meant that individual valor became much less important. The second was the realization that with highly trained armies one could fight several battles and even different wars at the same time. The third component of this revolution was the need for lots of men to serve in the ranks. This reached its logical conclusion in the French *levee en masse*. The final component was the impact war began to have on society, economics, and the role of the state. This would eventually manifest itself in what some have called “total war.” Parker says that one of the major problems with Roberts’s thesis is that military reorganization, and the subsequent standing armies that resulted, actually had its genesis in the Renaissance. The *trace italienne* made fortresses practically impregnable against the guns of the time. These same guns had been used to great effect against previous fortifications that were made of thin stonework. The *trace italienne* made siege and starvation the only effective way of conquering a fortification. Parker explains the increasing size of armies and their continued existence as something that was made possible by the increased organization of the state itself. “The ‘Military Revolution,’ 1560-1660 – A Myth?,” *The Journal of Modern History* 48, no. 2 (June 1976): 195-214.

Abdul Aziz M. Awad argues that religious division among the Ottomans, Safavid Persians, and others made it easier for the Portuguese to gain control of the Indian Ocean. Abdul Aziz M. Awad, “The Gulf in the Seventeenth Century,” *Bulletin (British Society for Middle Eastern Studies)* 12, no. 2 (1985): 123-134. Juan R. I. Cole makes a similar claim when comparing the Shia and Sunni division in the Arab Peninsula. “Rival Empires of Trade and Imami Shiism in Eastern Arabia, 1300-1800,” *International Journal of Middle East Studies* 19, no. 2 (May 1987): 177-203. However, the Portuguese protection system became so onerous that enough unity was restored to again use the overland trade routes to Iran from Lahore though Qandahar. Ibid., 187.

Charles R. Boxer, *Race Relations in the Portuguese Colonial Empire, 1415-1825* (Oxford: Clarendon Press, 1963), 2. R. S. Whiteway had argued previously in his *The Rise of Portuguese Power in India* (1899) that Portuguese power in Asia must be viewed through the lens of Portuguese culture and society. The Iberians, according to this author, were mainly traders. Their strength lay in their navy and their weakness in their lack of ground troops. Most important in the development of Portuguese power in India was the complete lack of respect that the Portuguese had for the native population. Rape and torture were common. Ultimately, the failure of the Portuguese in India was rooted in their idleness, corruption, and religious superstition. They are characterized by the author as no better than poor sailors, pirates, and thieves. Basil Davidson writes, “The execution of policy made in Lisbon, all too often, was left to tough adventurers who came out to the Coast for the loot it could offer them. Primarily interested in enriching themselves quickly, local Portuguese commanders stole and bullied and threatened both friend and foe.” *A History of East and Central Africa* (New York: Anchor Books, 1967), 119.
difficult to measure how much influence each of these things had on Portuguese history; but, it is not really imperative that we determine whether one was more significant than the other. It is sufficient to show that the combination of its military history and its relationship to Rome placed Portugal on the periphery of Europe’s political, social, intellectual, and economic development. The other countries of Western Europe all participated in the intellectual and political upheavals of the sixteenth and seventeenth century while Portugal appeared hermetically sealed in a bottle, immune to the revolutions convulsing all of Europe, and even at times its sister country, Spain.

This goes a long way toward explaining why the calls of leading seventeenth-century Portuguese mercantilists like Duarte Ribeiro de Macedo, Anontonio Vieira, and Luis de Menenses for more manufacturing went largely ignored by all but the Crown. Carl Hanson has shown that noble and ecclesiastical antipathy toward New Christian merchants played a large role in retarding the resuscitation of the Estado da India, and of implementing an effective manufacturing program within Portugal. However, as I said before, this is only part of the picture. The persecution of New Christians because they were perceived as dangerous to the established order was not an abnormality. It was the continuation of a modus operandi the Portuguese had used for centuries in dealing with those whom they felt threatened the stability of Portuguese society.

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7 The Portuguese were not the only ones singling out New Christians. Irene Silverblatt has shown that the Spanish Inquisition was operating in Peru as early as 1569. “New Christians and New World Fears in Seventeenth-Century Peru” *Comparative Studies in Society and History* 42, no. 3 (July 2000): 524-546. James C. Boyajian argues much the same thing for the whole empire of Portugal in *Portuguese Trade in Asia under the Habsburgs, 1580-1640* (Baltimore: Johns Hopkins University Press, 1993). However, David Grant Smith has suggested that the New Christians did not have as much trouble being assimilated into Bahian culture. *The Mercantile Class of Portugal and Brazil in the Seventeenth Century, A Socio-Economic Study of the Merchants of Lisbon and Bahia, 1620-1690* (Ph.D. diss., The University of Texas at Austin, 1975). This may have been due to the fact that there was no resident office of the Inquisitor in Brazil. It was
In the first part of this chapter we will examine the history of Portuguese conquest. This will show that Portuguese society remained primarily feudal into the early modern era. As I explained in chapter two, feudalism was primarily a system of protection based on the exchange of military service for land. As the Portuguese moved into the early modern era they saw little need to discontinue using this system of homage, a system that had been exported to the colonies via the *senhorio*, the *foral*, and the *sesmaria*. The continuing close alliance of Portugal with the Church is evidenced abroad in the *padroado real*. Charles Boxer gives the Church relatively high marks for converting those in Africa, Asia, and the Americas. However, he says that the prevalent racism of the Portuguese was always a perennial stumbling block in this effort, and in the overall effort of colonization in Africa and Asia. Yet, it is clear that not all the *religiosos* performed their duties with equal spiritual vigor. Glenn J. Ames’ work on the Hindu an itinerant court that only occasionally menaced the New Christians. Ibid., 252-257. Smith also says that most Lisbon merchants were uninterested in either manufactures or banking. A banking scheme approved by the Crown in 1652 went begging for a lack of investors. Ibid., 415.

8 H. B. Johnson talks about the relationship between the medieval *foral* and the *sesmarias* and the donatory captaincy system used to colonize the Americas in his article “The Donatory Captaincy in Perspective: Portuguese Backgrounds to the Settlement of Brazil.” *The Hispanic American Historical Review* 52, no. 2 (May 1972): 203-214. One can see the effects of this system also in Mozambique. Thomas H. Henriksen’s *Mozambique: A History* (Cape Town, South Africa: David Philip, 1978) shows that the prazo-holders of the Zambezi River Valley developed what amounted to an empire within an empire in Mozambique. According to Henriksen, The “free trade” practices of Muslim traders made it impossible for Portugal to enforce the *cartaz* system there. Ibid., 33. Whether the same thing was true in the late seventeenth century when Pedro II suggested opening up the trade is unknown. The viceroy at the time, Mendonça Furtado, suggested that it was not a prudent course of action based on his many years of experience. Glenn J. Ames, *Renascent Empire? The House of Braganza and the Quest for Stability in Portuguese Monsoon Asia, ca. 1640-1683* (Amsterdam: Amsterdam University Press, 2000), 187-88.

9 C. R. Boxer, *The Church Militant and Iberian Expansion, 1440-1770* (Baltimore: Johns Hopkins University, 1978) and *Race Relations in the Portuguese Empire, 1415-1825* (Oxford: Oxford University Press, 1963). The justification for European hegemony over all the other “races” of the earth was often couched in religious terms. Anthony Pagden in his *Lords of All the World: Ideologies of Empire in Spain, Britain, and France, c.1500 – c.1800* (New Haven: Yale University Press, 1995) argues that Europeans felt they had complex moral and intellectual justifications for the expansion of Europe into the Americas. I would argue, by extension, that this justification extended to Asia as well. According to Pagden, Europeans were morally and intellectually convinced that they were responsible for establishing morality and order throughout the world. This idea rests on both Christian theology – the idea of universal monarchy, and the Roman political heritage of Europe.
orphan problem in Goa sheds light on what must have been a prevalent problem throughout the empire when it came to those who sought mammon over service to God. The Inquisition also played no small role in this alienation process. The persecution of New Christians and Jews who had fled from Iberia in the late fifteenth and early sixteenth century was the primary reason the Inquisition extended its operation to the colonies. In Goa there was also the alienation of the Hindu merchants who Christians thought were getting preferential government treatment. Many of the ecclesiastics carped about how the Hindu traders were treated with greater respect than Christian traders. In response to these complaints all “non-Christians” were prohibited in 1595 from trading beyond the western Indian ports; and, in 1611 Portuguese officials were not even allowed to use Hindu agents or assistants.

10 Glenn J. Ames, “Serving God, Mammon, or Both?: Religious Vis-à-vis Economic Priorities in the Portuguese Estado Da India, c. 1600-1700,” The Catholic Historical Review 86, no. 2 (April 2000): 193-216. In this case the Jesuits were taking in orphans whose parents had died but who had other living relatives. This was apparently motivated by the desire for the land which the deceased had left behind and for what amounted to the forced conversion of Hindu children. This led to an exodus of Hindu merchants to Bombay in the late seventeenth century because the British were offering religious tolerance, and freedom from the expropriation of their estates after death. Glenn J. Ames. “The Role of Religion in the Transfer and Rise of Bombay, c. 1661-1687,” The Historical Journal, 46, 2 (2003): 317-340.

11 It is interesting to note that the Inquisitions in Brazil and Goa, and in Peru, all start in the 1560s. The most obvious reason for the increased activity of the Inquisition is the Protestant Reformation and the Catholic Counterreformation. According to in Antonio Jose Saraiva’s The Marrano Factory: The Portuguese Inquisition and Its New Christians, 1536-1765, trans. H. P. Salomon and I. S. D. Sassoon (Boston: Brill, 2001), ix, there were over 40,000 people tried under the Goa Inquisition between its inception and 1765.

12 Charles R. Boxer, Race Relations in the Portuguese Colonial Empire, 1415-1825 (Oxford: Clarendon Press, 1963), see footnotes on pages 125 and 126. This complaint may have been justified on an economic level since Edward Alpers says that under the Muslims the Hindu merchants were allowed to dominate trade; and, that when the Portuguese began to dominate trade in East Africa at the end of the sixteenth century they did so through the mediation of Indian merchants. “Gujarat and the Trade of East Africa, c. 1500-1800,” The International Journal of African Historical Studies 9, no. 1 (1976): 26, 43. Pedro Machado explains in a later article that opposition to these Indian traders develops at the end of the seventeenth century but that nothing can be done since even the captains want to see the Indians remain part of the trading network. These Portuguese officials knew they could not operate with Gujarati help. “‘Without Scales and Balances’: Gujarati Merchants in Mozambique, c. 1680s-1800,” Portuguese Studies Review 9, Issues 1-2 (Winter 2001): 254-288.

13 Machado, 261.
So, an entrenched feudalism—some might argue seigneurialism, forged in the fires of centuries of bloodshed that had gone one between Christian and Muslim, and the even more virulent hatred of unorthodoxy spreading throughout the empire in the wake of the Protestant Reformation, explains for the most part why Portugal turned its back on anything associated with the “new age” of liberalism dawning in England.\textsuperscript{14} It explains why Portugal had few major cities, which are essential to establishing manufactures; and why an estimated 86\% of the population belonged to the third estate and lived primarily in the countryside.\textsuperscript{15} Most importantly, it explains why this largely agrarian, feudal, and extremely religious country, rejected any program of manufacturing. They simply liked things they way they were and they were never forced to change.\textsuperscript{16}


The Portuguese empire had its origins in the \textit{Reconquista}, which lasted for the Portuguese from the eleventh through the end of the thirteenth century. In 711 CE the last

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\textsuperscript{14} I realize this sounds a little over the top, as though I am trying to revive the Whig tradition of history; but, these statements are all relative. When we compare what was going on in England at the end of the seventeenth century with what was going on in Portugal it is difficult not to conclude that England had already achieved a degree of individual freedom and social mobility that the rest of Europe would not begin to see for another century. As I pointed out in the previous chapter this did not mean freedom and social mobility for all. As Christopher Hill has pointed out in his book \textit{Liberty Against the Law: Some Seventeenth Century Controversies} (New York: Penguin Press, 1996) many suffered under the cruel regime of increasing efficiency demanded of the English working class.

\textsuperscript{15} Carl A. Hanson, \textit{Economy and Society in Baroque Portugal} (Minneapolis: University of Minnesota Press, 1981), 39.

\textsuperscript{16} In E. P. Thompson’s \textit{Customs in Common} (New York: New Press, 1993) the author compares the lives of Englishmen during the “enclosure movement” with the lives of Italians. His observation was that the former could achieve great wealth if lucky enough but could also be brought to penury and starvation while the latter because they were so poor already could never hope to be rich, but they would also not likely go hungry or homeless. One might be able to compare the psychology of the Portuguese \textit{povo} to that of the Italians, or to white workers and subsistence farmers in the American antebellum south. It has been noted by many historians that what kept these poor “rebels” on the side of the landed classes was the constant fear that the blacks would be freed and cease to occupy the bottom-rung of society. It makes one wonder whether the persecution of the Jews and New Christians did not offer the \textit{povo} some solace that their lot in life was not as bad as others; and, it might have given them a certain amount of satisfaction to see the dehumanized enemy of their religion suffer at the hand of the Inquisitor.
of the Visigothic kings, Rodrigo, had been killed at the battle of Guadalete. The monarchy was left vacant and the Muslims began their campaigns to capture the Iberian Peninsula. From 711 to 718 CE under the leadership of Tariq ibn-Ziyad, who was of Berber origin, the Muslims took most of the Iberian Peninsula. Because of the divisions among the Peninsula’s native population the Muslims were able to achieve great gains in a short period of time. In 732 CE the Muslims had made it as far north as Tours (actually somewhere between Tours and Poitiers—no one really knows) where they were stopped by Charles Martel. After this defeat they settled into ruling the bulk of the Iberian Peninsula in relative peace with their Iberian Christian neighbors. In the Pyrenees the so-called Spanish Marches had been established in the early eighth century as a buffer zone between the Franks and the Muslims. These were small counties established and supported by the Franks to protect themselves from a southern attack by the Muslims. Most of these counties eventually declared their independence from the Franks and established their own governments, becoming the principalities of Navarre, Aragon, and Catalonia.

The Muslims ruled most of the Iberian Peninsula, except for sections of the north, from 711 to 1492 CE when they were finally driven back to the sea by the Spanish Christians. One of these sections became known as the kingdom of Asturia. In 722 CE a Goth noble named Pelayo became the leader of the Iberian movement against the Muslim conquest. That same year he defeated the Muslims in the valley of Covadonga along with

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17 It is interesting to note that the Muslims did not come uninvited in the eighth century. Due to religious disagreements between Julian, the Count of Ceuta, who wanted to maintain Hispania’s Arian Christian heritage, and the Visigoth elite who wanted to convert to Trinitarian Catholicism, Julian was compelled to invite the Muslims to help him in his fight against the Trinitarian heresy. The following history of reconquest is taken from my encyclopedia article published by Golson Books, The Encyclopedia of World History, eds. Janice J. Terry, et al. (Croton-on-Hudson, NY: Golson Media, 2008).
the assistance of Duke Pedro, whose troops finished off the Muslim force near the present-day town of Gijón. Pelayo then arranged a marriage between his son and the daughter of Duke Pedro, who was in the Visigothic line of succession. Under King Alphonso II (791-842) the kingdom of Asturias was fully recognized by the Pope and Charlemagne. Alphonso had also added Galicia and the Basques to Asturias and Cantabria by this time, and was able to mount campaigns against the now Muslim cities of Lisbon, Zamora, and Coimbra.

During the time of Muslim dominance in the Iberian Peninsula there were three different Muslim power groups that ruled over the area. From 750 to 929 CE this area was known as the Emirate of Al-Andalus, from 929 to 1031 CE it was called the Caliphate of Cordoba, and after that it was controlled by the Taifa successor kingdoms. From 750 to 1031 CE the Umayyad Caliphate, which had in 756 become independent of the newly established Abbasid Caliphate in Baghdad, ruled Al-Andalus. In 1031 the Umayyad Caliphate ended and the Taifas, a mix of Arabs, Berbers, Iberian Muslims, and former east European slaves began to rule the area. During the period in which the Taifas ruled, the Christians to their north had become much stronger and the Taifas were often in need of the assistance of their North African brothers, the zealously Muslim Almoravids.

During the late ninth century the Asturian king, Alphonso III, was able to mount campaigns as far south as the Douro River. His heir, Ordoño II, attacked Toledo and Seville in 910 CE. These attacks invited reprisals by Abd-al-Rahman in 920 CE, which weakened Leon, Navarre, Galicia, and Castile for nearly 80 years. In the eleventh century the Christian kings of Iberia began to slowly erode the power of the Muslims through
conquest and the institution of tribute payments known as *parias*. The Taifas, who now ruled the weakened Al-Andalus, called for help on their African allies, the Almoravids. The Almoravids were religious fanatics, primarily of Berber origin. They invaded the peninsula in 1086, 1088, and 1093. Even though they defeated Alphonso VI, “the brave,” the Almoravids were not interested in new conquests. They were more interested in establishing an Almoravid Caliphate in the areas still controlled by the Taifas.

As northern Iberian Christian kings began to retake the peninsula there was an urgent need to repopulate it with Christians. The various kings of Iberia provided incentives for Christians to move to areas that had been previously abandoned, places that could serve as defensive borders against the Muslims. One system called the *presura* was used early on by the kingdom of Asturias and others to encourage peasants to settle land in the Douro basin, the Ebro valley, and central Catalonia. This arrangement allowed a peasant to claim as much land as he was able to work and defend. This policy changed in the tenth century with the introduction of the *fueros*, or charters. This policy focused on the establishment of towns, which were becoming more important to the growing populations in these areas, and because of the growing importance of commerce. The *feueros* specified the privileges and usages given to people who agreed to repopulate a town. Since this charter was given directly by the king it was a convenient way to escape the feudal relationships that had developed under the *presura* system. These policies were abandoned over time because other methods were devised to increase populations in certain areas, but both policies were used as late as the eighteenth and nineteenth century throughout northern Iberia.
It was not until the late thirteenth century that the Portuguese were able to expel the last of the Muslims from the Algarve in southern Portugal. King Alphonso III of Portugal would do this in 1272 when he conquered Faro, a district in the Algarve. It would take the Spanish an additional two hundred years to achieve the same in Granada. In 1492 Granada was taken by Ferdinand. The marriage of Ferdinand of Aragon and Isabella of Castile in 1469, combined with the surrender of the last remaining Muslim city in Granada, gave birth to a united Spain. It also inaugurated the attempt to purify the Spanish kingdom by expelling all the Jews, many of which then fled to Portugal. Unfortunately, they did not get much respite from the Portuguese who also ordered their expulsion in 1496.

The end of these Christian campaigns against the Muslims who had dominated the Iberian Peninsula for centuries just marks the beginning of the vitriolic and violent campaign that the Europeans would wage against the infidel religion of Judaism and Islam. It is this centuries-long campaign of the Iberian Christians to free themselves from Muslim control and influence that helps us to understand the Portuguese and Spanish animus toward the Muslims as Europeans began their voyages of discovery and their expansion into Africa, Asia, and the Americas at the end of the fifteenth and beginning of the sixteenth centuries.18

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18 Support for expanding outside the borders of Portugal was not supported by everyone at the Lisbon court. Many factions stood opposed to expansion, primarily because they would not participate in the obvious benefits that would be distributed by the crown. Much of the opposition to expansion had to do with fear that the king’s power would increase and the crown government would become more centralized. However, there was also a degree of xenophobia. Boxer writes, “The merchants and shipowners of Lisbon and Oporto, who had shown little interest in the voyages to the barren shores of the Sahara, now became anxious to participate in those to Senegambia and below.” C. R. Boxer, The Portuguese Seaborne Empire, 1415-1825 (New York: Alfred A. Knopf, Inc., 1969), 25.
While the *presura* and the *fueros* were popular in the early stages of reconquest by the time of the discoveries they had been replaced by a system of *senhorio* land grants. These land grants differed from standard feudal grants of land in that military service was not a primary consideration for the grant of land, private landholdings of the captains were limited within the overall grant of rights, and the bulk of the land was given to the grantee as a trust which was to be distributed to others in order to populate and settle unoccupied lands. The actual parceling out of this land was known as the *sesmaria* system and will be discussed in more detail below. It was used extensively by a cash-strapped monarchy as the Portuguese made their way out into the Atlantic and down the coast of West Africa. The *senhorio* was also used exclusively in the settlement of Brazil until the middle of the sixteenth century. However, this system was not used in the settlement of East Africa or Asia. By the mid-sixteenth century the crown had adopted a monopolistic strategy, establishing trading forts rather than true colonies. The only exception were the *prazo*-holders of the Zambezi River valley; but, this was created primarily on the initiative of Portuguese adventurers who, according to Allen and Barbara Isaacman, were *transfrontiersmen*—a term coined by Philip Curtin.

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19 Alexander Marchant argues that neither the donee under the *donátorio* system nor those given land under the *sesmaria* system were required to give military service in return for the land. This is why Marchant argues that the settlement of Brazil was done in the spirit of capitalism rather than feudalism. “Fedual and Capitalistic Elements in the Portuguese Settlement of Brazil,” *The Hispanic American Historical Review* 22, no. 3 (August 1942): 511-512.

20 Allen and Barbara Isaacman, “The Prazeros as Transfrontiersmen: A Study in Social and Cultural Change,” *The International Journal of African Historical Studies* 8, no. 1 (1975): 2. A similar process had occurred in the interior of Western Africa. Boxer also says that recognition of these individuals by the Portuguese Crown was *ex post facto*. The *prazos* of Bantu Africa were “founded by White, Mulatto, or Goan adventurers,” and were given crown recognition as long as annual payments were made to the crown in gold dust. The fiefdoms became very large, rivaling even the *fazendas* of colonial Brazil. Charles R. Boxer, *Race Relations in the Portuguese Colonial Empire, 1415-1825* (Oxford: Clarendon Press, 1963), 50-51.
FEUDALISM, SEIGNEURIALISM, MONOPOLIES AND EFFICIENCY

In H. B. Johnson’s 1972 article on the donatory-captaincy system we come to understand the distinction between feudal and seigneurial relationships. Technically, the first is primarily the granting of land for the promise of future military service. It does not include plenipotentiary power, although some limited executive and judicial power is implied. The second is a grant of administrative power over a certain area that imparts plenipotentiary power, the power to parcel out royal lands to others, and the right to tax those within the *senhorio*.

The evidence for this system of land grants can be found as early as the end of the fourteenth century; they were used as late as 1534 when Duarte Coelho was given one to settle the northeastern coast of Brazil.

The old saw about the devil and the details definitely applies here. As Johnson points out there is a distinction between the relationship of the donee and the king, and the relationship between the donee and settlers. From the fourteenth century through the mid-sixteenth century the *senhorio* grant was used to establish a foothold in numerous areas that were being discovered. Once those grants were made it was the responsibility

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21 At issue in the scholarship here is whether Brazil was established on the feudal model or whether it was more of a capitalist endeavor. The principal combatants in this intellectual feud over feudal versus capitalist development were Carlos Malheiro Dias, who in the 1920s pushed the feudal argument; Robert Simonsen, who also pushed the feudal argument but failed to give feudalism an economic definition; and, Alexander Marchant, who gave a so narrow a juridical definition of feudalism that he could claim the only other option for Brazilian development was the capitalist spirit. Johnson, following the work of Charles Verlinden, says that it was neither feudal nor capitalist. It was a continuation of the *senhorio* system which had its roots in the reconquest of the Iberian Peninsula. H. B. Johnson, “The Donatory Captaincy in Perspective: Portuguese Backgrounds to the Settlement of Brazil,” *The Hispanic American Historical Review* 52, no. 2 (May 1972): 203-205.

22 In 1386 João I gave Martin Vasquez a gift of lands in Portugal. There are no specific requirements made in return for the land. It is a gift and is heritable. Martin Vasquez rules completely over the areas he is given. In 1507 Dom Manuel gave Fernando Coutinho the island of Graciosa in the Azores under the same conditions that Vasquez had received. Ibid., 206, 207. Another example of this system is the license given to Fernão Gomes in 1469 to trade within the Portuguese monopoly. Gomes went on to discover 2000 miles of the African coastline. C. R. Boxer, *The Portuguese Seaborne Empire, 1415-1825* (New York: Alfred A. Knopf, Inc., 1969), 29.
of the donee to create the *foral*. These were the rules by which the donee and the settlers would deal with one another. This was true up until the end of the fifteenth century when there was a concerted effort by João II and Manuel I to completely reform the *forals* in Portugal and in the colonies.\(^{23}\) Manuel I recalled and rewrote all the *forais* giving the crown more direct control over the lives of those within Portugal and in the empire. This follows a centralizing pattern of the English and French courts which had begun earlier; and, it is one of the primary reasons why many believe this was the time at which a new type of monarchical control was being established in Western Europe, the so-called “new monarchies.”\(^{24}\)

There is an important point here that might go unnoticed by those who see this shift in political masters as uneventful: Portuguese society was a decentralized feudal society prior to 1500 and was becoming, with the reorganization of the *forais*, a more centralized feudal society after 1500. This is what Marc Bloch would have called “liege homage”. However, as I showed in chapter two the feudal relationship, whether *recharged* or not, was not one in which the monarch could do anything they liked. There was always some group of individuals that was standing in the way of absolute, arbitrary power. This group might take the form of the Church, a *cortes*, towns, the nobility, or a combination of any of them. Still, the centralization of feudal relationships via the royal

\(^{23}\) The impetus for this was likely the complaints the crown was getting from towns and those living in the countryside of abuses committed by those who controlled the *senhorio*. Johnson suggests that these complaints may have been manufactured by the crown in order to achieve greater centralization of power. Ibid., 209-210.

\(^{24}\) I dealt extensively with this issue in chapter two, so I will not reiterate everything I said. However, I would like to remind the reader that these terms “absolutism”, “new monarchy”, “feudalism”, etc. are all useful only up to a point. None of them can fully capture the complexity and dynamism of Western European society, especially as we move into the early modern period.
rewriting of the *forais* may explain why the Portuguese Crown could mount an attack on the Dutch in the New World during the first half century of the sixteenth century.\(^{25}\)

Earlier we mentioned the *sesmaria* system. The word *sesmaria* derives from the word *sesmos* which designates a plot of land. This was the system by which the land granted to the *senhorio* was distributed to others. The individual put in direct charge of distributing the land was called the *sesmeiro*. He would have complete control over who got which land based on an assessment of need and the individual’s ability to improve the land. There were several general characteristics of the *sesmaria* system. First, the land had to be “empty or unclaimed.” It was usually located near a town. Those granted the land were expected to work and improve it. The land could be freely sold or transmitted through inheritance. Johnson argues that there is continuity here in the purpose and process involved in granting land to would-be settlers.\(^{26}\) He writes,

> Thus all the grants may—indeed must—be viewed as so many species within the same genus. Depending upon circumstances, certain aspects are emphasized, modified, or eliminated. In the case of Brazil, where new territory is involved, numerous provisions regarding succession, rents granted the donatory, and monopolies were enlarged to attract takers and to meet a new situation. Nevertheless the continuity of type, the unity of the genus is clear. *The seignorial tradition of medieval Portugal runs unbroken throughout* (emphasis mine).\(^{27}\)

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\(^{25}\) Stuart B. Schwartz argues that the Portuguese Crown was able to use its feudal relationship with the nobility to mount an operation against the Dutch who had taken Salvador da Bahia; but, because this benefited the New Christians who made up 78% of the merchant class, the nobility was subsequently alienated by the endeavor. “The Voyage of the Vassals: Royal Power, Noble Obligations, and Merchant Capital before the Portuguese Restoration of Independence, 1624-1640,” *The American Historical Review* 96, no. 3 (June 1991): 735-762.

\(^{26}\) Ibid., 212-213.

Boxer’s *Fidalgos in the Far East, 1550-1770* (1948) confirms that this seigneurial system was indeed being exported everywhere in the Portuguese Empire by the mid-sixteenth century.\(^{28}\)

What this means for the present study is that the Portuguese Crown during the era of discovery was using a highly decentralized and incentivized system of colonization which cost them very little to implement themselves, and which did not initially use a feudal structure in its establishment. However, by the middle of the sixteenth century the Crown had turned to a typical rent-seeking monopoly of trade within its empire, a system that would favor the seigneurial classes over the entrepreneur. Bailey Diffie and George Winius confirm this when they write,

The Portuguese colonial institutions that were created in the century between the conquest of Ceuta and the death of Albuquerque—or a little after—were designed to serve entirely dissimilar circumstances and fall into two distinct patterns. The first of these patterns was royal, authoritarian, and commercial; the second emphasized private capital, delegated authority, and agriculture.\(^{29}\)

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\(^{28}\) This has become the subject of much debate in Portuguese Asia scholarship. Vitorino Godinho and Carl Hanson have maintained that it was the extension of the Portuguese seigneurial system that weakened the Portuguese ability to respond to the challenge of the Dutch and the English. Sanjay Subrahmanyan disagrees, yet he admits that many of the communities in Asia had been “Lusitanised.” Sanjay Subrahmanyan, *The Portuguese Empire in Asia, 1500-1700: A Political and Economic History* (London: Longman, 1993), 248, 249. See also Vitorino Godinho, *Ensaios*, Volume II (Lisbon: Livraria Sá da Costa, 1968), and Carl Hanson, *Economy and Society in Baroque Portugal, 1668-1703* (London: Macmillan Press, 1981). On the subject of the “Lusitanised” community Philip D. Curtin has contributed to the study of this issue in *Cross-Cultural Trade in World History* (New York: Cambridge University Press, 1984) Curtin’s primary idea is that when two countries establish a trading relationship that often “trade diasporas” are created. This phenomenon was especially relevant prior to 1800 but afterwards became superfluous because of the West’s technological prowess, which made it possible to assert hegemony over the rest of the world. Throughout this process of developing trade relationships Curtin maintains that the mixing of cultures had far-reaching effects on science, art, and technology—even more than the effect of conquest. This is confirmed by the *casado* population that developed in the Portuguese Asian Empire; however, a better example might be the *prazo*-holders of Mozambique. Prazo-holders adopted lifestyles of local chiefs. There was very little of Portuguese culture that was integrated into African society. Thomas H. Henriksen, *Mozambique: A History* (Cape Town, South Africa: David Philip, 1978), 59.

We do not have an exact timeline for this; however, we can see the first steps taken toward royal control with the rewriting of the forais at the end of the fifteenth century. We also have evidence that the senhorio system was causing problems that the crown simply could not allow to go on. For example, James Duffy talks about the problems in the Congo resulting from the abuses of Fernão de Melo at São Tomé. Similar problems were erupting in Brazil because of the bad management of relations between the captains and the natives. By the middle of the sixteenth century Portugal was becoming more centralized—some might argue more feudalistic—and the Portuguese Crown was seeking to tighten its control over the commercial activities of the Estado da India and Luso-Atlantic trade. Could this explain the apparent rise and fall of Portuguese fortunes in the sixteenth and seventeenth centuries? Is it possible that having started with an entrepreneurial scheme of colonization, and having reaped the benefits of this highly incentivized system, that the Portuguese Crown was now engaged in the consolidation of monopolies that would prove their economic undoing? Was the attempt at greater enforcement of the cartaz system

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30 The Portuguese Crown did not go looking for trouble. They preferred to trade peacefully. This was made difficult by those they sent out with plenipotentiary powers, and who cared little for the indigenous people. One of the problems in the Congo was the unrestricted trade in slaves. The Congolese king was angry that the Portuguese traders would not distinguish between his own people and other tribes sold to the Portuguese for the slave trade. James Duffy, Portuguese Asia (Cambridge, MA: Harvard University Press, 1959), 13-19.

31 Royal government was established after 1549 after several of the captaincies were destroyed by the natives. Marchant, “Fedual and Capitalistic Elements in the Portuguese Settlement of Brazil,” 506-509.

32 Sanjay Subrahmanyan in his article “Of Imarat and Tijarat: Asian Merchants and State Power in the Western Indian Ocean, 1400-1750” says that Tijarat means trade and Imarat means government; and, that between 1400 and 1750 the relationship between trade and government was one of give and take. This means that Europeans, contrary to common belief, had no greater advantage than their indigenous counterparts in trade when it came to dealing with the government. We have to look elsewhere, he says for an explanation of European dominance in Asia. “Of Imarat and Tijarat: Asian Merchants and State Power in the Western Indian Ocean, 1400-1750,” Comparative Studies in Society and History 37, no. 4 (October 1995): 750-780. Teotonio De Souza has made the same argument in his Medieval Goa: A Socio-Economic History (New Delhi: Concept, 1979), which he says may be one of the reasons that Goa continued to function even after the decline of the Estado.
toward the end of the sixteenth century a sign that Portugal had exhausted its rent-seeking capabilities?\textsuperscript{33} Also, what about efficiency? Many have argued that the Portuguese simply could not compete with their fellow Europeans in the seventeenth century because they had become too corrupt and inefficient.\textsuperscript{34}

One proponent of the efficiency argument is Holden Furber. In his book \textit{Rival Empires of Trade in the Orient, 1600-1800} (1976) Furber goes outside his own specialty of European colonization in India to include information on European encounters in Japan, China, and the Malay-Indonesian region. Furber focuses on the interactions between the traders regardless of their ethnic or religious background, and attributes the East India Company’s success over their rival VOC to the EIC’s willingness to let their servants deal with rural traders. The EIC, according to Furber, was also more tightly run because a company president oversaw each major city in Asia (Bengal, Madras, Bombay, and Canton) and they were more efficient than the centralized bureaucracy of the VOC.\textsuperscript{35}

Of Dutch success in taking away Portuguese holdings, Subrahmanyam writes,

\begin{itemize}
\item Thomas H. Henriksen says that the Portuguese attempted to enforce the \textit{cartaz} system in Mozambique around 1600 but could not because of the number of Muslim free-traders. \textit{Mozambique: A History} (Cape Town, South Africa: David Philip, 1978), 33.
\item Charles Boxers talks about the “loud lamentations” in official correspondence that begs the Crown to make a deal with the Dutch. Yet even while the Portuguese are losing their possessions left and right the Viceroy’s continue to amass large “personal fortunes.” “War and Trade in the Indian Ocean and the South China Sea, 1600-1650,” \textit{The Great Circle}, Journal of the Australian Association of Maritime History ½ Nedlands, Western Australia, 1979, 12. This would seem to support an argument for a highly corrupt administration within the \textit{Estado}.
\item David Hancock’s article “‘A World of Business to Do’: William Freeman and the Foundations of England’s Commercial Empire, 1645-1707” might help explain one aspect of the efficiency debate. He says it was the interactive relationship between England and its colonies in the West Indies that made it possible to build an empire. William Freeman, an absentee land owner who had lived in the West Indies, established a mutually beneficial system of long-distance representation between himself and planters who had remained in the West Indies. In this way he could make sure his interests were taken care of in the West Indies while he could serve as a representative in England of the interests of all planters in West Indies. \textit{The William and Mary Quarterly,} 3rd ser., Volume 57, no. 1 (January 2000): 3-34. The same could have been true of England’s East Indian operations.
\end{itemize}
It soon becomes clear that this success was not one that depended crucially on a more rational organization, or a better harnessing of market forces. Rather, in the Spice Islands, it depended on naked force, for the Dutch forcibly excluded competitors from procuring cloves, nutmeg, and mace to the extent possible.\textsuperscript{36}

Subrahmanyan goes on to point out that the Dutch dominance in Asia had more to do with political connections than it did with business acumen. No matter what the Portuguese did, according to Subrahmanyan, there were simply too many structural forces arrayed against them. From 1570 to 1610 trade was becoming more privatized; and, from 1610 to 1665 Portuguese fortunes declined as the fortunes of Safavid Persia and others in the area rose. In short, native opposition explains the decline of Portuguese power in Asia more than anything else.\textsuperscript{37} Add native resistance to Portuguese dominance of Asian trade to the many appropriations by the Dutch of the Portuguese intra-Asian trade and you have a recipe for financial and colonial disaster.\textsuperscript{38}

There is another school of thought which says that colonies, in and of themselves, were not profitable by their nature. E. A. Benians wrote an article in 1925 in which he explores Adam Smith’s attitude toward colonies. Smith ultimately believed that colonies were a burden to the nation, and that usually only a small group of men were made rich by such institutions. While praising the work of European explorers and conquerors Smith could not help but be critical of the mercantile inclination to drive the faces of the conquered into the ground. Smith, according to Benians, thought the greatness of this

\textsuperscript{36} Sanjay Subrahmanyan, \textit{The Portuguese Empire in Asia, 1500-1700: A Political and Economic History} (London: Longman, 1993), 213.

\textsuperscript{37} Ibid., 144-46, 180.

\textsuperscript{38} Ibid., 213.
work was “marred by the blindness of her policy, her mistaken economics, and her narrow and prejudiced politics.”

Part of the answer to the questions above may lie in two things that Bailey Diffie and George Winius once wrote in their exhaustive treatment of Portuguese imperial development. The first is that when the Portuguese first arrived in Asia they came into an environment in which Asian governments had little control over the Muslim traders of the Indian Ocean. The Portuguese were able to take advantage of this initially because the area lacked political cohesion and naval power. One can see how local Asian governments might also welcome, to a degree, the competition of European traders against the near monopoly of the Muslims. Did this make the Asian governments more

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39 E. A. Benians, “Adam Smith’s Project of an Empire,” *Cambridge Historical Journal* 1, no. 3 (1925): 253. Ann Carlos and her co-authors, Jamie Brown Kruse and Stephen Nicholas, have also questioned the effectiveness of royal monopolies and mercantilism. In their article on the Royal African Company she asks why the Royal African Company ceased to exist after only thirty years of operation. Was it because, as Adam Smith contended, that small firms were most efficient; or was it because the cost of maintaining the monopoly, in the form of fortifications and other infrastructure, made the slave trade too costly under a monopoly condition? Three arguments against the idea that fortifications were a burden on the slave trading monopoly are 1) most slave-trading took place at the mouths of rivers, 2) slave trading represented only forty percent of English trade with Africa, and 3) no fortification was ever built where there was no need to store gold. Carlos and Kruse maintain that interloper trading was the major problem facing the royal chartered company. These illegal traders ate into the market share of the company. Even under these conditions Carlos and Kruse maintain that the royal monopoly was able to realize a profit, even when fringe firms acted beyond their control. Ann M. Carlos and Jamie Brown Kruse, “The Decline of the Royal African Company: Fringe Firms and the Role of the Charter,” *The Economic History Review, New Series* 49, no. 2 (May 1996): 291-313.


41 In East Africa the Portuguese take advantage of the crumbling court of Mwene Mutapa in order to displace the Muslims from their roles as traders. Thomas H. Henriksen, *Mozambique: A History* (Cape Town, South Africa: David Philip, 1978), 12.

42 Andrew C. Hess says that the Ottomans chose not to challenge the Portuguese in the Indian Ocean because they preferred to focus on the Mediterranean where they wanted to maintain the status quo. It was in the Mediterranean that Selim the Grim had conquered Egypt in 1517 which dramatically altered the relationship between the Ottomans and Europeans, “The Evolution of the Ottoman Seaborne Empire in the Age of the Oceanic Discoveries, 1453-1525,” *The American Historical Review* 49, no. 7 (December 1970): 1892-1919; Andrew C. Hess, “The Ottoman Conquest of Egypt (1517) and the Beginning of the Sixteenth-Century World War,” *International Journal of Middle East Studies* 4, no. 1 (January 1973): 55-76.
ready to work with the Portuguese? The second thing that Bailey and Winius say about the establishment of the Portuguese Empire in Asia is that the Portuguese could not effectively protect others from piracy, and that they sometimes encouraged it during times of conflict. This is why, according to Winius, “coordinated military and commercial undertakings were required to exploit overseas discoveries.” This is also why “monarchical capitalism” developed to meet this exigency.

I said at the beginning of this chapter that it is impossible to understand Portuguese society without understanding its history of conquest and colonization. The above examples show that the Portuguese Crown was ready to use any methods available to help them achieve their political and economic goals. They turned after the conquest of Ceuta to a rather decentralized and entrepreneurial system called the senhorio in order to settle the West Africa coast and Brazil; but, the weaknesses of this approach became

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43 Part of the answer to this question might be provided by M. A. P. Meilink-Roelofsz’s Asian Trade and European Influence: In the Indonesian Archipelago between 1500 and about 1630 (The Hague: Nijhoff, 1962). In it Meilink-Roelofsz points to the important role that the indigenous traders and political powers played in the establishment of European power in Asia. Using the Suma Orientale of Tomé Pires, Meilink-Roelofsz reconstructs the story of Malaccan development as a trading center during the pre-Portuguese era. These pre-Portuguese traders used the commenda, a form of partnership, as their chief method of trading, and the trade was quite extensive. The Portuguese conquered Malacca in 1511 and their hold on this area was never strong. It was only the animosity between the local Sultanates of Johore and Achin that allowed the Portuguese to maintain their hold over the area. Meilink-Roelofsz was no doubt heavily influenced by Jacob Cornelius van Leur posthumously published Indonesian Trade and Society: Essays in Asian Social and Economic History (The Hague: W. van Hoeve, 1955).

44 Ibid., 296-97. By the end of the seventeenth century there was enough feeling of mutual interest for the European powers to work together against marauders. Abdul Aziz M. Awad writes “Each country was assigned a particular area to protect with the Red Sea shipping under Dutch protection, the Persian Gulf a French concern, and the English entrusted with the policing of what was termed the Southern Indian Sea.” “The Gulf in the Seventeenth Century,” Bulletin (British Society for Middle Eastern Studies) 12, no. 2 (1985): 129.

45 Ibid., 311.

46 Charles Verlinden argued in the 1950s that Italian influence on the Portuguese explains both their motivations and techniques for colonization. He writes, “Pisans and Genoese appear in Catalonia at the beginning of the twelfth century.” “Everywhere…along the eastern and western coasts of the Iberian peninsula Italians animate during the twelfth century the economic revival and the long-distance sea trade.” “Italian Influence in Iberian Colonization,” The Hispanic American Historical Review 33, no. 2. (May 1953): 200. The Portuguese learned well, even the lesson of promising “feudal concessions to those who intended to discover and take possession of new territory.” Ibid., 204.
readily apparent in the first quarter of the sixteenth century. What sometimes works closer to home does not work so effectively hundreds or thousands of miles away. Although the *senhorio* was initially helpful in making the discoveries and settling the colonies it could not create the sustained rent-seeking opportunities the crown sought. That would only be achieved with the establishment of complete royal control. By the end of the sixteenth century Portugal had reached the apex of its trading life in Asia; meanwhile to the west in Brazil the colonial effort was booming due to the sugar market. This was not a situation that could last, though. Eventually the Portuguese would have to deal with the by-products of their disdain for the indigenous people, the growing competition of other European nations and indigenous traders, their lack socio-political of flexibility, and their persistent persecution of those perceived to be either infidels to the “true faith” or heretics.

Just as Portugal was reaching the top of its game in the world of trade the youthful fervor of a king who had not yet won his spurs in battle would determine Portugal’s fate

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47 In what appears to be a rare moment of honesty an unknown Portuguese official is quoted as saying, “‘Portuguese laws are for me a dead letter after I have passed the Cape of Good Hope.’” Quote from an unknown Portuguese official in T. H. Elkiss, *The Quest for an African Eldorado: Sofala, Southern Zambezia, and the Portuguese, 1500-1865* (Waltham, MA: Crossroads Press, 1981), 66. We can be sure this was true throughout the empire. Another quote sheds light on life in the colonies. Estavao da Gama wrote to the king that his directives would be effective “were only half of them obeyed.” Letter dated November 11, 1540. The quote is taken from Elkiss’ *Quest for an African Eldorado*, 125.


49 Hanson, *Economy and Society in Baroque Portugal*, 5. Barbara Solow has shown the integral role that sugar played in the history of European overseas development and the dominance of capitalism. The sugar industry moved from the South Pacific to Southeast Asia to India and then west to the Atlantic. It was dominated by the Italians before the Portuguese began the cultivation of cane sugar in the Atlantic islands, which they then moved to Brazil. This system also was labor intensive and had always relied on slavery, Barbara Solow, “Capitalism and Slavery in the Exceedingly Long Run,” *Journal of Interdisciplinary History* 17, no. 4, Caribbean Slavery and British Capitalism (Spring 1987): 711-737. H. B. Johnson mentions that much of the land cultivated in Brazil was financed by Flemish and Genoese capital. “The Donatory Captaincy in Perspective: Portuguese Backgrounds to the Settlement of Brazil,” *The Hispanic American Historical Review* 52, no. 2 (May 1972): 213.
for nearly sixty years. King Sebastian I left for Morocco in 1578, against the advice of his uncle, Philip II of Spain. His purpose was to annex the area for Portugal and win himself some glory. Unfortunately, he went missing at the Battle of Alcácer Quibir. Sebastian, it is said, ran headlong into the battle and was never seen again. There was no firm evidence that Sebastian had died in battle and this led to many rumors that he was still alive and would one day return.\footnote{In a painting done by Cristóvão de Moraes we can see the haughtiness in Sebastian’s face. Whether that pride had its source in his youth, his heritage, or in his sense of divine destiny it is difficult to tell. However, this we do know, Sebastian inspired his countrymen. It was unfortunate that he died childless and that Spain would rule Portugal for sixty years. Portugal’s history might have been very different had they not been drained of men and materiel by a fanatically religious king and his attempt to establish a universal Christian kingdom.} In a painting done by Cristóvão de Moraes we can see the haughtiness in Sebastian’s face. Whether that pride had its source in his youth, his heritage, or in his sense of divine destiny it is difficult to tell. However, this we do know, Sebastian inspired his countrymen. It was unfortunate that he died childless and that Spain would rule Portugal for sixty years. Portugal’s history might have been very different had they not been drained of men and materiel by a fanatically religious king and his attempt to establish a universal Christian kingdom.\footnote{A myth developed around him that he was a \textit{sleeping king}. This was a popular myth throughout Europe that had also been grafted onto the biographies of King Arthur, Frederick Barbarossa and many others.}

The subsequent demise of the Portuguese Empire has come to be known as the \textit{decadência}.\footnote{A. H. de Oliveira Marques writes, “Due to its disastrous consequences the Portuguese participation in the ‘Invincible Armada’ against England was less popular. Thirty-one of the most important ships, including some of the biggest which sailed from Lisbon in 1588, were Portuguese. Most of them did not return, thus inflicting a serious blow on the Portuguese Navy.” Quoted in Armando da Silva Saturnino Monteiro, “The Decline and Fall of Portuguese Seapower, 1583-1663,“ \textit{The Journal of Military History} 65, no. 1 (January 2001): 11. This idea of a universal Christian kingdom is laid out well in Marie Tanner’s \textit{The Last Descendant of Aeneas: The Hapsburgs and the Mythic Image of the Emperor} (New Haven: Yale University Press, 1993).} Many have argued that this decline, especially in the East, can best be...
attributed to the competition of the Dutch, the French, and the English who were able to take advantage of Portugal’s allegedly outmoded socio-political and economic organization in Asia.\textsuperscript{53} Sanjay Subrahmanyam wonders whether mere brute force might have been the deciding factor in this competition. He writes,

\begin{quote}
We must hence concede either that the outcomes were mediated by local circumstances and forces—hence the variation, or that the results depended on how much military power each of the contenders was able to bring to bear in each of the arenas. If the latter argument is admitted, the Dutch ‘triumph’ in Asia is reduced to something far more mundane than ‘institutional innovation’, or the peculiar qualities of the chartered trading Company.\textsuperscript{54}
\end{quote}

There is some contemporaneous evidence for the assertion that military power played the deciding factor in economic dominance. A letter from Jan Pietersz Coen to the directors of the Dutch VOC (Vereenigde Oost-Indische Compagnie), and dated December 27, 1614, says,

\begin{quote}
You gentlemen should well know from experience that in Asia trade must be driven and maintained under the protection and favour of your own weapons, and that the weapons must be wielded from the profits gained by the trade; so, that \textit{trade cannot be maintained without war, nor war without trade} (emphasis mine).\textsuperscript{55}
\end{quote}

Fortunately, we do not have to rely solely on the words of Coen to determine whether this view was accepted in general by the Portuguese, and other Europeans. That the Portuguese established \textit{fortalezas} (fortifications) in every place they thought they

\textsuperscript{53} With the exception of the French no one appears to have been interested in East Africa. Basil Davidson, \textit{A History of East and Central Africa} (New York: Anchor Books, 1967), 121.

\textsuperscript{54} Sanjay Subrahmanyam, \textit{The Portuguese Empire in Asia, 1500-1700: A Political and Economic History} (London: Longman, 1993), 273.

might have to awe the locals is telling enough.\footnote{Boxer writes, “On the Gold Coast of Lower Guinea the Portuguese relied not only on peaceful contacts but on a display of power and force, as exemplified by their castles at Mina (1482) and Axim (1503). These were founded with the dual object of defending the gold trade against Spanish and other European interlopers, and of overawing the coastal Negro tribes through whom the gold was acquired.” \textit{The Portuguese Seaborne Empire, 1415-1825} (New York: Alfred A. Knopf, Inc., 1969), 32.} Boxer mentions this early strategy of the Portuguese as they moved down the West African coast in the fifteenth century. He writes that many castles were built to dissuade European competitors from interfering in their gold trade, but that they were also established for the purpose of “overawing the coastal Negro tribes through whom the gold was acquired.”\footnote{C. R. Boxer, \textit{The Portuguese Seaborne Empire, 1415-1825} (New York: Alfred A. Knopf, Inc., 1969), 32.} So, military power buttressed by religious fervor led to one of the most widespread trading empires known to the sixteenth century. The Portuguese dominated because they were “first to market,” as the saying goes. Then, the competition of the Dutch and English in the seventeenth century contributed to the apparent demise of the Portuguese empire.\footnote{This is a topic that would take us a little too much out of our way. I think it is sufficient to say that there is a wide variety of opinion on the subject, and that the truth probably lies somewhere in the middle. There are essentially three arguments: the first is that Portuguese corruption led to the decline of empire, the second is that it was the superiority of English and Dutch organization, and the third is that the Portuguese Empire was really just a façade that faded with time against the truly dominant indigenous trade. I refer here to works like those of Charles Boxer’s \textit{The Dutch Seaborne Empire, 1600-1800} (New York: Knopf, 1965); J.H. Parry’s \textit{Trade and Dominion: The European Oversea Empires in the Eighteenth Century} (Weidenfeld and Nicolson: London, 1971); and, Niel Steensgaard’s \textit{Carracks, Caravans, and Companies: The Structural Crisis in the European-Asian Trade in the Early Seventeenth Century} (Lund, Studentlitteratur, 1973). For the purposes of this work it does not matter which view one ascribes to because we only wish to prove below that Portugal was sufficiently absorbed by the question of empire that it could not make the necessary socio-economic changes that would have yielded a better economy.} Another possibility is that the crown faced increasing competition from private traders within their own ranks, and from indigenous traders. The subject of private versus crown trade is, of course, very relevant to this dissertation. Sanjay Subrahmanyam has suggested that by the latter half of the seventeenth century there were many more private traders entering into Asian trade, and thus supplanting the Portuguese Crown’s
monopoly. So, the perceived decline of Portuguese fortunes had a lot to do with the rising fortunes of the indigenous traders.\textsuperscript{59} I have already mentioned above the animus of Portuguese Christians against the perceived privileges of the Hindu and Muslim traders.

What we would like to know here is why the Portuguese did what they did and what this motivation says about their society. The Portuguese had many push and pull factors that explain their early interest in exploration.\textsuperscript{60} One might be best found in John Hale’s assertion that most Europeans believed that mercantilism was a “universal panacea,” that it would solve all of Europe’s economic ills. Hale goes on to say that the problem in the fifteenth century was that “theory ran ahead of practice.” He contends that

\textsuperscript{59} Sanjay Subrahmanyam, \textit{The Portuguese Empire in Asia, 1500-1700: A Political and Economic History} (London: Longman, 1993), 181, 144-5, 180. Complementing Subrahmanyam’s work James C. Boyajian in \textit{Portuguese Trade in Asia under the Habsburgs, 1580-1640} (Baltimore: Johns Hopkins University Press, 1993) argues that the Portuguese trader went around the publicly established trade of the crown in search of new opportunities. This allowed them to survive while the publicly authorized trade of the Iberian crown diminished. One thing these private traders did was switch from spices to textiles, apparently aware a century earlier than originally thought that this was the product of the future. Much of the reason for the decline in public commercial ventures was the animus toward New Christians. The role of the Inquisition in destroying trade throughout Asia and the Americas was central. Confiscating the property of those who were accused of Christian unorthodoxy meant that the capital of those being persecuted would be smuggled out of the country and put to work in places where this danger did not exist.

\textsuperscript{60} In his 1974 article, “The Expansion of Europe and the Spirit of Capitalism,” Theodore K. Rabb maintains that capitalism was the underlying motivation for the expansion of Europe. There are three assumptions on which his article rests: one, the pre-existence of capitalist structures in the sixteenth and seventeenth centuries; two, the fantastic success of overseas conquest; and, three, the integral role of those who played the role of conquerors. Even though capitalism was a strong motivator the search for glory and fame were also great instigators for taking chances in the economic and political world. This was true of both the individual and the nation. In fact, it is not clear that individuals were making money on their endeavors but they believed they were bringing glory to their nation. Rabb contends that it took both the sober-minded investor and the idealistic adventurer to make European expansion possible. Both contributed in their own way. In the final analysis Rabb thinks we must walk a fine line between hagiography and a complete dismissal of the heroism that was required to conquer the world. \textit{The Historical Journal} 17, no. 4 (December 1974): 675-689. According to G.V. Scammel in \textit{The First Imperial Age: European Overseas Expansion, c. 1400-1715} (Boston: Unwin Hyman, 1989) the reason Europeans left their homes was simply due to the lure of gold, silver, and slaves found in Africa and the Americas. Good old fashioned human greed seems to explain things better than any other theory. In another departure from commonly accepted scholarship, Scammel contends that European incursions into the Americas continued to be littoral and ephemeral, limited by the “barriers of nature and disease.” In sum, European expansion was both limited in its effects on the indigenous population by the end of the eighteenth century and the motivation for leaving home in the first place was simply pecuniary. This first foray into imperialism was more important for what it presaged about the future than for what it had actually achieved up until the eighteenth century.
the crowns of Europe were pushing the merchants to expand their operations but they could not get the cooperation they needed.  

This was not true in Portugal where early ventures into uncharted territory were supported by Lisbon merchants and Genoese capital.

**DUARTE RIBEIRO DE MACEDO AND PORTUGUESE MANUFACTURING**

In chapter three I attempted to show that mercantilism was more of a spirit than it was a litany of beliefs about political-economy. It was never doctrinaire but those who wrote in support of it were driven by general principles, depending on when they wrote and by the national economic problems that seemed to loom the largest. Mercantilists were first and foremost nationalists, or at least most of them claimed to be. From 1500 through the mid-seventeenth century the issue of bullion dominated conversation about the economy. This overemphasis on bullion was a natural result of the large amounts of bullion that had left Europe in the Levantine and Baltic trade, and then the Asiatic trade of the sixteenth century; it was quite natural to be concerned about such an issue. It was also natural that those nations which were able to take control of the carrying trade and

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61 John Hale uses the expression “universal panacea” in his book *Renaissance Europe, 1480-1520*, (Malden, MA: Blackwell, 2000), 117-18. He also contends that the various powers of Europe were “hampered by a lack of trained bureaucrats,” people who could monitor and direct the operations with relatively reliable economic information. In essence, Hale is arguing that the system was too complex for the existing government structures to manage.


63 This probably had more to do with the “General Crisis” in Europe at the time than it did with any one country’s policy or situation. Perpetual war was leading to untenable economic conditions in Western Europe.
banking toward the end of the seventeenth century were the least concerned about bullion as the century ended. For them the balance of trade question had begun to dominate their discussions.

Had it not been for the inflexible socio-political structures of Portugal this nation too might have been more worried about their balance of trade rather than having discussions about the primitive implementation of basic manufactures in order to restore bullion flow back into the country. For this is in the end what Duarte Ribeiro de Macedo was arguing for when he suggested to the king that Portugal introduce the art of manufacturing into the kingdom. However, was it possible to implement such a program when an estimated 25 to 33% of the land was owned by the Portuguese Church and most of it was not used efficiently?\(^{64}\) Was it possible while another third of the population, the nobility, owned an additional third of all the land?\(^{65}\) As if this was not bad enough, they owned the best lands and had no economic incentive to improve them. It was enough that these lands generated an income sufficient to keep them in a style to which they were accustomed and which did not threaten their place in society. Hanson writes,

> A great proportion of Portugal, perhaps three-fourths, lay unused. Noble or clerical owners simply held much more property than they used for agricultural and pastoral production. A good deal of land was of marginal productivity, but fertile properties also lay fallow, being used, for example, as hunting preserves for the nobility.\(^{66}\)

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\(^{64}\) Hanson, 28; Hanson also says that the clergy was more concerned with its privileges and establishing little self-sufficient communities than it was in helping the nation to prosper. The number of clergy, estimated at 55,000, could not have good for society since the poorer ones, which amounted to about 30,000 of the total, used corruption to make ends meet. Ibid., 27-38. Macedo argues in his pamphlet that the number of clergy in his country cannot be the source for Portugal’s economic trouble, Second Part, Chapter Six. His argument is that France has far more clergy and they are wealthy. This, of course, ignores the different ways in which France had taken control of the land owned by the Church. For example, under the Pragmatic Sanction of Bourges (1438) the French Church was not allowed to send annates to Rome. That was money that stayed in France but that would have left any new benefices established in Portugal.

\(^{65}\) Hanson, 18.

\(^{66}\) Hanson, 19.
Knowing the precarious situation into which Portugal had fallen and fearing for the future of his country Duarte Ribeiro de Macedo wrote a pamphlet entitled *On the Introduction of the Arts* (1675), while serving as an ambassador to France. In it he addressed the issue of manufactures in Portugal, or the lack thereof. In the many comparisons he made of Portugal to Castile, Macedo showed that the Portuguese were making a mistake by not investing in the development of basic manufacturing, which he argued would be more effective at staving off the exportation of bullion than would sumptuary laws alone.\(^{67}\) Unfortunately, Macedo’s agenda was only half-heartedly considered, and only partially implemented by Luis de Menenses, the Count of Ericeira.

Carl Hanson writes,

> Despite the attention given to it, the industrial program remained a relatively modest endeavor, employing directly or indirectly a few thousand people at most, while the vast bulk of the population continued to labor in traditional agricultural and pastoral pursuits.\(^{68}\)

Macedo makes a point along this same line when he compares the number of artisans in a country with the numbers of those engaged in agricultural pursuits. He writes,

> Holland is a small province, whose land is abundant only in grasses, defended constantly against flooding by the building of ditches and dikes. However, it is teeming with population and one cannot find an equal amount of land per person anywhere, and it has a 20 to 1 ratio between artisans and farmers.\(^{69}\)

This, according to Macedo, is what makes all the difference when trying to succeed economically. He compares France and Spain, pointing out that both are just as fertile,

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\(^{67}\) Duarte Ribeiro de Macedo, *On the Introduction of the Arts*, First Part, Chapter I. It should be noted here that while Macedo and others were trying to convince the Portuguese Crown to implement a manufacturing policy the conversation in England had moved on to other, more esoteric, subjects like the rate of interest debate, full-employment, and wage rates. We discussed this at length in chapter three and will touch on it again below as it seems relevant.

\(^{68}\) Hanson, *Economy and Society in Baroque Portugal*, 182.

\(^{69}\) Macedo, *On the Introduction of the Arts*, Second Part, Chapter IV.
and that Spain is larger in area; however, France’s population is over two times that of Spain’s, and France has an abundance of artisans and arts.70

Throughout the preceding chapters we have looked at the influence that the Church and feudalism had on economic thought and action in Europe. While we cannot say that the Church or feudalism were outright opponents of manufacturing we can point to evidence that suggests they served as governors on any manufacturing or commercial venture. The Church and feudalism sought to keep both manufacturing and commerce small and localized. In the case of the Church it was a question of protecting the individual’s soul from the corrupting influence of avarice made possible by too much commercial activity; in the case of feudalism it was an attempt to retain that which was slowly slipping away from the landed nobility and to the cities: economic and political power.71

In the following pages we will explore in detail what policies Macedo suggested and why it was nearly impossible for them to be implemented in the seventeenth-century milieu of Portuguese society. There were essentially four historical elements that retarded Portuguese economic development into a full-blown seventeenth-century mercantilist state where manufacturing was emphasized: one, the Portuguese had been on a war footing for centuries and had achieved most of their economic success through military coercion72; two, they had relatively little competition in the African and Asian trade until

70 Ibid.


72 A. J. R. Russell-Wood, The Portuguese Empire, 1415-1808: A World on the Move (Baltimore, MD: Johns Hopkins University Press, 1998), supports this contention. He says the Portuguese initially try to use diplomacy to establish trade in Asia but then turn to coercion as they learn more about Asia and their maritime technology progressed. This was the same argument made by Carlo Cipolla in his Guns, Sails, and Empires: Technological Innovation and the Early Phases of European Expansion 1400-1700 (New
the early seventeenth century by which time their dominance by Spain had consumed their naval power; three, they were unable to implement an effective policy of manufacturing after they gained independence from Spain because of Portuguese antipathy toward New Christians; and, four, the discovery of gold in the backwoods of Brazil meant that the Portuguese could continue to prop up their antiquated feudal structures for nearly another century. Knowing all this it is still interesting to read the work of Duarte Ribeiro de Macedo because it shows a certain amount of confidence that contrasts with the plethora of jeremiads that were being written at the time, most of which supported the notion of the decadência.

Duarte Ribeiro de Macedo opens up his little treatise with the following words,

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73 Sanjay Subrahmanyam makes a compelling case for the Portuguese decadência being merely a case of “relative deprivation”, The Portuguese Empire in Asia, 1500-1700 (New York: Longman, 1993). A. H. de Oliveira Marques writes, “Due to its disastrous consequences the Portuguese participation in the ‘Invincible Armada’ against England was less popular. Thirty-one of the most important ships, including some of the biggest which sailed from Lisbon in 1588, were Portuguese. Most of them did not return, thus inflicting a serious blow on the Portuguese Navy.” Quoted in Armando da Silva Saturnino Monteiro, “The Decline and Fall of Portuguese Seapower, 1583-1663,” The Journal of Military History 65, no. 1 (January 2001): 11.

74 This is a major theme in Carl A. Hanson’s Economy and Society in Baroque Portugal (Minneapolis: University of Minnesota Press, 1981).

75 David Birmingham writes, “In the next thirty years Portugal gained so much from the gold trade that it could temporarily abandon the search for innovations in production.” A Concise History of Portugal (New York: Cambridge University Press, 2003), 62. The Portuguese had also sought gold in Mozambique but never saw any significant production there. They continued to hold on to the colony it seems because of the “Golden Sofala” myth that had been perpetuate by Arab and Persian writers. T. H. Elkiss, The Quest for an African Eldorado: Sofala, Southern Zambezia, and the Portuguese, 1500-1865 (Waltham, MA: Crossroads Press, 1981), 2.

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It seems apparent to me that the pitiful state of commerce in this kingdom is why we lack wealth, and why foreign merchants take away much of our money in trade.\textsuperscript{76}

Macedo leaves no doubt here about his main concern, which is the amount of wealth leaving the country in the purchase of finished goods from foreign nations. He is concerned because “the kingdom is maintained by money, which is the lifeblood of the Republic.”\textsuperscript{77} This is a classic bullionist argument and it shows how dominant agricultural production was in Portugal at the end of the seventeenth century.\textsuperscript{78}

As mentioned above Macedo thought sumptuary laws would by themselves be ineffective at solving Portugal’s economic crisis. He also rejected the idea of eliminating the privileges of the Brazil merchants or creating laws to prohibit the movement of money. “Cutting the logs,” he writes, “will not remove the root of the tree.”\textsuperscript{79} The root problem was the amount of stuff Portugal was importing from abroad. In Part One, Chapter Two of his discourse Macedo lists the things coming into the kingdom: 80,000 pairs of silk stockings come from France, for example, in exchange for Portuguese tobacco, sugar, and Brazil wood. Holland, Sweden, and Hamburg bring “gunpowder, bullets, iron, copper, bronze, artillery, and all manner of wire.” None of which Portugal makes itself, and for which Portugal must trade its textiles from India—or, salt, sugar, tobacco, and precious stones. In the end, Portugal is left with nothing but debt owed to nations like Holland. However, Macedo writes, “To repair this situation is not difficult

\textsuperscript{76} Macedo, \textit{On the Introduction of the Arts}, First Part, Chapter I.

\textsuperscript{77} Ibid.

\textsuperscript{78} Portugal focused on the production of wine, olive oil, and tobacco, which limited them to a less dynamic mode of production possibilities. Hanson, 271.

\textsuperscript{79} Ibid.
and will not be very painful. We have more than enough farms to meet the consumption of the kingdom and the empire.**80

How can this situation be solved? Well, first the Portuguese must look to Castile as an example of what not to do. Macedo mentions a tract written by D. Sancho de Moncada entitled *The Political Restoration of Spain*. In it Moncada says that 120 million escudos in gold were imported into Castile but because of trade with France 80 million left the country. Moncada goes on to say that each Castilian spends about 6 cruzados a year on foreign goods, which means the nation sent 36 million cruzados a year out of the country. Macedo concludes the chapter by suggesting that the king do an accounting of the kingdom’s foreign trade to determine what this number is for Portugal.81

Macedo then goes on to talk about the three ages of Portugal’s history. During the first age, when they were engaged in conquest, the people lived more simply.82 Macedo talks of a time when D. Manuel had forbidden the wearing of velvet by anyone not of noble blood. However, this time of simplicity when weapons used to serve as decorations in the houses of the Portuguese soon gave way to the lavish living which the Portuguese were now trying to hold onto, but could not do so without spending all of the wealth coming in from India. He again points to Castile and says the reason they got into trouble

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80 Macedo, First Part, Chapter II. As mentioned above, most of the land was held by those unwilling or unable to work it. It is hard to see how this land could have been made more productive unless it was taken away from the nobility and the Church. There is no hint that Macedo would ever have suggested such a policy. For this reason alone Macedo’s program was unrealistic from the start because it did not address why the land was not being used efficiently. It is difficult to know whether he knew this and chose to ignore it, or not.

81 Macedo, First Part, Chapter III.

82 The cloth itself and the colors used to dye it were more important statements of class in the fourteenth century. During the fifteenth century there was more emphasis on decorations, and on finer cloth like silk. A. H. de Oliveira Marques writes that as late as 1340 scarlet is a color reserved only to the royal family. *Daily Life in Portugal in the Late Middle Age*, trans. S. S. Wyatt (Madison: The University of Wisconsin Press, 1971), 92.
was because they “started to give out more than they took in. So, Castile in the end exhausted itself.” It is hard to imagine Macedo falling on his knees—it was more likely this was just rhetorical flourish, as he cries out,

Oh, that Divine Providence does not punish us like the Castlians for the dame delinquency in seeking a remedy, and that it would free us from ruin and submission.  

Macedo then speaks of two remedies for resolving this economic crisis that have been presented by others: the first is to go back to a time like the one before Portugal discovered India; the other is to try and restore India. He rejects both, calling the former a “fantasy” and “ridiculous”; and, the latter was “impossible”. The first would require everyone to dress as a peasant; the latter would require the building of a navy to compete with England, Holland, and France. However, Macedo has his own plan. He says it will be “difficult, but not as difficult as the two above.” First, though, he has to swat away another proposed solution, the devaluing of the currency. Then, Macedo finally comes to it. The “only remedy for this decline,” he writes, is “the introduction of the arts into the kingdom.” Besides this there is “no other more dependable, or foolproof, action that can be taken.”

83 Macedo, First Part, Chapter IV.

84 This is the whole point of Glenn J. Ames’ book Renascent Empire?: The House of Braganza and the Quest for Stability in Portuguese Monsoon Asia, ca. 1640-1683 (Amsterdam: Amsterdam University Press, 2000). In Mozambique, for example, the gold and ivory trade did not benefit the crown, and nothing much was done until the French began to make forays into the area. This forced Pedro II to act to protect the Estado. In March 1671 Pedro announced his plan to privatize trade in the Rios and Mozambique, but Viceroy Mendonça Furtado advises against it. So, instead of free trade an estanque, or crown monopoly, was established for the Rios and Mozambique while free trade prevailed everywhere else. This was meant to stabilize prices and eliminate the complaints of the residents there. The residents had complained that the captain was abusing his power and limiting trade to only his self. The Omani Arabs made this reform more difficult; and the attempt to populate the Rios in 1677-78 failed miserably, 184-198. This area would have been ideal for a plantation culture but one did not develop, probably for lack of people willing to go there. Thomas H. Henriksen, Mozambique: A History (Cape Town, South Africa: David Philip, 1978), 64.

85 Macedo, First Part, Chapter V.
In chapter six of the first part, Macedo seems to be arguing that making things in the kingdom will lead to lower prices and that will make foreign goods unappealing to the consumer. He does not, however, specify how this is to be done, except to suggest in the following chapter that Portugal first concentrate on making those things which it is easiest to make, things like cloth, serges, baetas, etc; and, that they institute an export prohibition on all wool. Woolen goods were apparently where he wanted to start, and he says a wool export prohibition in addition to the ten year monopoly available to those who build new factories should be enough to get them going.\(^{86}\) Only once they have mastered these can they move on to making brocades, tapestries and other more complicated things.\(^{87}\)

Macedo now goes on to answer the objections of those who say it cannot be done. His first argument is that continuing on the present course is untenable, so the status quo is unacceptable. He also says that domestic manufactures will not meant that no foreign goods will come into the country; but, he hopes they can cut them in half. As for those who object because they think the market is already saturated with goods Macedo points out that even though the price of spices have gone down the Dutch have shown that they can still make money.\(^{88}\) Finally, those who claim it will reduce the spice trade, he says,

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\(^{86}\) The patent given to those who start factories was apparently already part of the law, so Macedo is not pushing a new policy. Ibid.

\(^{87}\) Macedo, First Part, Chapter VI and VII.

\(^{88}\) The Dutch and the Portuguese both engaged in reducing the amount of spices available in the market by dumping them into the sea, threatening those who grew them, cutting down the spice trees, and even killing those growers who challenged their policy of scarcity. Sanjay Subrahmanyam, *The Portuguese Empire in Asia, 1500-1700: A Political and Economic History* (London: Longman, 1993), 213.
are assuming that the Portuguese cannot provide both spices and other products just as everyone else does.\footnote{Macedo, First Part, Chapter VIII.}

Macedo ends the first part of his treatise by invoking “Divine Providence”, warning the Portuguese that if they do not introduce manufactures it will be to their own peril. He then goes on to give some examples of those who have succeeded in establishing industry without destroying their countries. For example, France did not have a silk industry and had to buy all of these goods from Genoa, which at one time had 2,000 looms in operation. At the time of Macedo’s writing there were only 400 looms in operation in Genoa, and France had a thriving silk industry. Were it not for a decree announced by Henry IV in 1655 this industry might not have ever thrived and the French would still have been buying their silk goods from Genoa.

So, how does one get started? The first thing that must be done is investments need to be made by the crown and then talent must be sought inside and outside the kingdom. In France, Macedo writes, “The wealth…is so great that the king seeks the arts of other nations, using the very money that he gets from the fruits of France. The king sends people to the schools of painting and sculpture in Lombard and Rome where the masters teach them these arts.” The Marquess of Fronteira even offered a murderer a pardon if he would leave France to come and work in Lisbon. The man was a master craftsman in the making of beaver hats.\footnote{Macedo, First Part, Chapter IX.}

In the second part of Macedo’s discourse he gets down to a program meant to restore the kingdom to economic health. This consists in the following: first, there must be a curb on the purchase of foreign luxuries of dress and decorations; second, the crown
must seek to make everyone employed; third, population growth and the growth of towns should be encouraged; fourth, Portugal must excel in making the arts more useful to it than it is to others; and, fifth, they must increase the real income of the kingdom. All of these things have to be done in conjunction if Portugal is to succeed.\(^\text{91}\)

In the next several chapters Macedo goes into detail about how to achieve these five objectives. In chapter two Macedo uses the metaphor of blood in the body. He says that money is like blood flowing through the body. If the blood flows out at too great a pace the body dies. This is why even princes should not be allowed to hoard the money of the kingdom. Money, to be useful, must circulate.\(^\text{92}\) “Divine Providence” says Macedo is what keeps property from being hoarded, for “we know that the stingy man has a prodigal son who covers the sin of his father.”\(^\text{93}\)

In chapter three Macedo claims that the introduction of the arts will help alleviate the idleness that vexes the country. He talks about how the Emperor Valentin took away the liberty of those who would not work. He mentions Cicero and the enforcement of Rome’s laws against idleness. Even the ancient Egyptians, he says, were forced to give an account of what they had done that year to a magistrate. One of the most interesting examples is the Chinese whom he says require that a man work with his feet if he has no hands. There are others. In Paris the poor are rounded up and put in workhouses.\(^\text{94}\) If only

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91 Macedo, Second Part, Chapter I.

92 It has been several decades since I took economics but I remember vividly the class’ discussion on the velocity of the money supply and the multiplier effect, and how important these are to a healthy economy. Macedo seems to have an intuitive understanding of the money supply.

93 This strikes me as a concept very much in line with scholastic thought and the idea of distributive justice. Macedo makes several reference to Aristotle and Plato, so he must have been exposed to a formal education at some point, possibly even at the University of Coimbra.

94 Again this is 1675 when poverty is no longer seen as a sign of spiritual health but as a disease on the body politic. Diana Wood talks about this at great length in Medieval Economic Thought (New York: Cambridge University Press, 2002), 42-68.
all the wool in Portugal were worked in the kingdom then “it would supply an infinite number of people with jobs.” It is not for want of skill that the Portuguese go begging but because there is not enough work. This is proven, he says, by the number of workers that travel to Castile, and the high-regard in which the Portuguese worker is held there.

In chapter four and five Macedo talks about increasing the population. We mentioned at the beginning Macedo’s views about the arts and population. He mentions the ratio of artisans to farm workers in Holland. He also says that most of the people in London are artisans. Here Macedo points out the importance of the cities because every city needs a surrounding territory to support it. Farmers cultivate the land around a city and as the population rises because of the introduction of the arts the farmer has more business, and can put more land to the till. In time, those farmers can even begin to afford the things made by the artisan. So, a revolving trade begins that spirals upward until new towns have to be created to absorb the every increasing population, and the whole process begins again.95

In chapters six and seven Macedo seems to pause and ask why Castile has been so depopulated. He says that it cannot be from war because past experience has shown that populations quickly return to normal levels after a few decades. For the same reason it cannot be those expelled because they were Jews or Moors. Some, he says, have even suggested that religion is the problem. That too many people have entered the service of the Church and are not procreating; but, he points out that France has far more priests and

95 There is something extraordinary in these two chapters and that is the assumption that growth in the economy is not static. The mercantilists have often been accused of believing that the economic pie was fixed in size, which is why they struggled militarily for markets. However, it is more logical to accept that those of the early modern period believed the pie was static in the short-term but would grow over time. If we put Macedo into the mercantilist camp rather than the neo-scholastic camp, it puts into question the whole idea that mercantilists always pushed a “beggar thy neighbor” strategy.
nuns. It would be nice to know, he wonders, why this has happened so that Portugal can
avoid the same fate. Maybe, he suggests, it is because Spain found foreign goods better
and cheaper than their own and so allowed their arts to die. Or, in an apparent
continuation of the “Black Legend” he says that it might be because of the “cruelties that
the Castilians perpetrated on the innocent inhabitants of the world.”

In the final two chapters of the second part Macedo tries to prove that the arts will
be more useful to Portugal than any other kingdom and that it will produce a sizable
amount of wealth. Some of the immediate benefits if Portugal were to establish
manufactures in Brazil would be that it would supply Portugal and the rest of the world
with what it needed. Macedo compares the gold and silver brought in through
manufactures as the equivalent of finding it in the earth as had the Castilians. Macedo
also thinks that Castile will be a good trading partner since it shares a very long border
and the cost of transportation would be greatly reduced compared to other competitors. If
Portugal were to produce both agricultural and manufactured goods it would become the
“commercial lady of the world” because of its location on the Atlantic. He compares
Lisbon’s place in world trade to the place held by Constantinople in the Mediterranean
trade.

It all rests on the success of introducing the arts and of the subsequent growth in
population. There is no reason, he says, that all the wool in the country could not be used
to fulfill the needs of the Portuguese. This would also yield a substantial increase in the
income of the nation and a rise in the tax revenue because of the population growth.

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96 This seems an odd accusation considering the amount of suffering the Portuguese had
perpetrated on those in Africa, Asia, and the Americas. We will discuss this in more detail below.
97 Macedo, Second Part, Chapter IX.
The urgency with which Macedo speaks of the need to introduce the arts is no more poignant than when he says that if the arts were introduced and the Portuguese were once again wealthy that “foreigners would no longer laugh at us as the ‘Indians of Europe’.”\textsuperscript{98} It makes one wonder how Macedo felt in the company of the French nobility in Paris, or in the company of many other foreign dignitaries with whom he was obviously familiar. Did he see himself as the representative of a nation of laughingstocks? How bad was it really?

Macedo’s pamphlet never seems labored. He does not try to bend the facts to suit his views. On the contrary, he seems to view the world very clearly. It begs the question why there was not more urgency on the part of the crown and the people to implement such an industrial policy when Portugal had obviously descended into the economic doldrums. David Birmingham has written that a popular uprising in 1637 preceded the uprising of the nobles in 1640, which was possibly as an attempt to curtail another popular uprising. The cause of the revolt was heavy taxation by Spain. The whole Iberian Peninsula was experiencing the general economic malaise of seventeenth-century Europe and the Portuguese nobles wanted to make sure that the economic discontent did not turn their society upside down as it had done in England.\textsuperscript{99}

So, we are left with the question, why were Macedo’s suggestions not taken more seriously? One might be able to argue that Macedo’s optimism about Portugal’s ability to supply itself with all its agricultural needs was belied by the relatively scant subsistence farming done by the \textit{povo}; but, as Hanson points out this was because the nobles and the

\textsuperscript{98} Macedo, Second Part, Chapter X.

\textsuperscript{99} David Cunningham, \textit{A Concise History of Portugal} (New York: Cambridge University Press, 2003), 35.
Church kept the best lands for themselves and much of it laid wasted. The lands that were used for agriculture produced mainly cash crops like olives and oranges, hardly enough to provide a balanced diet for the Portuguese people. One could also agree with Hanson that it was the opposition to New Christian financing that retarded both the manufacturing program of Macedo and Ericeira, and the attempt to restore the *Estado da India*. However, the monocausal explanation of class conflict, embodied in the antipathy toward New Christian merchants in Portugal, does not explain fully Portugal’s inability to adjust to the changing economic circumstances of the world. There must be more to the story than this. I think Hanson’s analysis provides us with part of the answer, but it leaves unaddressed the intellectual facet of opposition to a mercantile program.

We should not be led astray by Antonio Veiera’s nominal support for a manufacturing program. He was concerned primarily with restoring the traditional mercantile business of Portugal, and was not averse to using the New Christians to do it. Could this have been due to the extensive holdings the Jesuits had acquired in the *Estado da India* and elsewhere? What would the *religiosos* do should the protection of their lands be withdrawn—a protection for which they paid nothing into the royal coffers. It was the Church that stood in the way of Portuguese economic success, and

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100 Hanson, *Economy and Society*, 206.
101 Ibid., 70-107.
102 Ibid., 119.
103 Glenn J. Ames writes that the *religiosos* of the *Estado* had “absorbed vast landed wealth without express permission from the Crown and had additionally misused territories legitimately granted to them by the king.” “Serving God, Mammon, or Both?: Religious Vis-À-Vis Economic Priorities in the Portuguese *Estado Da India*, C. 1600-1700,” *The Catholic Historical Review* 36, no. 2 (April 2000): 201.
104 This was because Church land was exempt from taxation and the income from these lands went to support the local Church, or to Rome. Had Portugal appropriated the lands of the Church as England had they might have realized tremendous economic gains. However, they could not because they were faithful Catholics.
in two important ways. First, it owned far too much land in both in both Portugal and in the colonies, land which went severely underutilized. Second, the clergy continued to feed the populace on a diet of self-abnegating theology, directed primarily at the povo, to keep them compliant with the nobles, but also reinforcing the existing class privileges that already existed in society because of feudalism.

A. H. de Oliveira Marques writes of the average medieval Portuguese man,

> The role that religion played in the life of medieval man was of much more significance than it is in the life of modern man. His whole day-to-day existence, from birth to the tomb, unfolded under its influence. This was no because he had a more intense faith or a more profound belief in God. It was because he felt less revulsion at the thought of subordination to supernatural beings. As a consequence of scientific ignorance, most of the events which governed human existence were attributed to hidden forces, and the world from its beginning until its end, was explained in terms of Christianity. It also had to fill the life of each man, from presiding at his birth, through his growth, until his death. Religion imposed itself because it was more necessary.¹⁰⁵

This was no less true of early modern Portuguese men. The Portuguese were frozen in time when it came to the intellectual winds that were sweeping most of Western Europe, even in Italy.¹⁰⁶

> It was the history of Portugal as a nation constantly girded for war that played a significant role in the absence of the liberalizing spirit of the Enlightenment. The Reconquest, the cheek and jowl encounter with Islam on a daily basis, the influence of an increasingly intolerant papacy which suited the Portuguese need for the vilification of the


¹⁰⁶ In an interesting article by Ana Carneiro, Ana Simoes, Maria Paula Diogo it is suggested that Enlightenment thought came to Portugal only in the eighteenth century via the influence of estrangeirados, individuals who had been educated within the hub of intellectual development of Europe. These intellectuals then brought these ideas back to the intellectual periphery of Europe, places like Portugal and the Balkans, “Enlightenment Science in Portugal: The Estrangeirados and Their Communication Networks,” Social Studies of Science 30, no. 4 (August 2000): 591-619.
enemy, in addition to the continued use of the feudal system to keep the *povo* in check\textsuperscript{107} and the aversion to so-called “secular humanism”, all of these played a role in keeping Portugal separated from the rest of Europe and the changes that were taking place. Had the nobility and the monarchy turned against the Church, or at least corralled it as France had, they might have ceased to be part of the periphery and taken full part in the intellectual and political developments of Europe. I think it is questionable whether they could have done this without Spanish reprisals, not so much because the Spanish were more Catholic than the Portuguese but because the Spanish would have used any pretext for the conquest of its neighbor.

In short, Hanson does not go far enough. The prejudice against the New Christians was not the disease, it was a symptom. The true disease was the intellectual isolation of the Portuguese nation. Fed on a continual diet of self-abnegating theology the clergy was content to keep a majority of the population subsisting, as long as the nobility and the Church could continue to enjoy its privileges made possible by conquest. However, when those conquests began to hang like an albatross around Portugal’s neck the nobility and the Church looked for ways to preserve them rather than reform them. This short-sightedness was made possible by the minimal success brought about by the late seventeenth-century revival of the Luso-Atlantic trade and the blinding influx of gold bullion from Brazil. What truly distinguished England from Portugal was not irreligion, for England was still a very religious country, it was the priority that the average Englishman put on his personal freedom and his demand for economic equity. The

\textsuperscript{107} This does not mean free labor did not exist. Some had begun to escape the serf-like system in Portugal as early as the twelfth and thirteenth century. Just like other areas of Europe the city was the best refuge for those fleeing the *manse*. By the fourteenth century there was a “floating work force” in the countryside as well. A. H. de Oliveira Marques, *Daily Life in Portugal in the Late Middle Ages*, trans. S. S. Wyatt (Madison: The University of Wisconsin Press, 1971), 186.
difference was that in a Protestant country like England religion was quickly becoming a private matter while in the Catholic countries of Europe it was still very much a community experience.\textsuperscript{108}

Mercantilism, which by the seventeenth century had become synonymous with manufactures, was not able to penetrate a society that was content to stand still intellectually. It was not able to gain traction among the lower classes because most of them did not know what they were missing, or were convinced by the Church that economic ambition imperiled their immortal souls. Cities were often viewed by many Europeans as centers of sin and vice.\textsuperscript{109} In sum, the problems facing Portugal were more systemic. They were rooted in outmoded systems of politics, economics, and social organization which were buttressed by past conquest and by natural mineral resources that could not last forever.

The structural socio-political intransigence of the Portuguese explains better than anything what diminished their economic capacity; but, it is the Church that helped to keep them intellectually unchallenged and looking to economic solutions that would not work in the quickly expanding world-system of which Wallerstein and others have spoken. The paradigm of a society still adhering to the scholastic philosophy simply could not contemplate building the kind of society they needed in order to survive and thrive economically in a new world of human possibility.

\textsuperscript{108} I realize the Weberian thesis of Protestant capitalist progress versus Catholic economic backwardness has become somewhat passé; however, I do not think it is possible to ignore the obvious influence that religious ideas have on one’s ambition, the way one views his community and family life, and most importantly how one conceptualizes himself or herself as an individual. Often life is not about what we can achieve but simply what we demand of ourselves and others.

\textsuperscript{109} This might explain why there were so few in Portugal. Antonio Manuel Hespanha, “Cities and the State in Portugal,” \textit{Theory and Society} 18, no. 5, Special Issue on Cities and States in Europe, 1000-1800 (September 1989): 707-720.
Conclusions

Mercantilism, the General Crisis, and the World-System

I alluded at the end of the last two chapters that the differences between Portugal and England were instrumental in determining their success with regard to the implementation of mercantilist and manufacturing policy. I argued that England’s history had created structural political, economic, and intellectual traditions that made it more amenable to the growing world-system of capitalism;¹ and, that Portugal remained mired in seigneurialism and its own brand of Catholicism, which made it impossible to create the inclusive environment needed to prosper in a world where most had to deal with others as relatively economic equals.²

¹ I will talk later in this chapter about the world system, which is defined as a system that has a core which exploits its periphery. This idea has Marxian origins and usually focuses on imperial economic exploitation; however, recently it has come to include social exploitation as well. For example, a recent book on globalization was entitled Michael Jordan and the New Global Capitalism (New York: W. W. Norton & Co., 1999). In it the author tells the story of a trip to China where out in the middle of nowhere Buddhist monks asked him how Michael Jordan was.

² Of course, the great exception to this was the institution of African slavery in the Americas and in the Caribbean. However, when one looks at the whole world-complex of trade this pool of labor represents a small fraction of those involved in trade. It should also be remembered that most Africans traded with Europeans, and even sold them the slaves they took to the Americas. Native Americans were dealt with on an unequal footing because disease so destroyed their populations that they could not resist the aggression of even a couple hundred Spaniards. See Jared Diamond’s Guns, Germs and Steel: The Fates of Human Societies (New York: W. W. Norton, 1997) and Alfred Crosby’s Ecological Imperialism: The Biological Expansion of Europe (New York: Cambridge University Press, 1986). Barbara Solow has argued that slavery was a prelude to capitalism because it allowed those engaged in the trade of slaves and those producing sugar to build up enough capital to enter into the next phase of economic development, capitalism. Barbara L. Solow, “Capitalism and Slavery in the Exceedingly Long Run,” Journal of Interdisciplinary History Vol. 17, no. 4, Caribbean Slavery and British Capitalism (Spring 1987): 711-737. I think the same can be said of mercantilism. As I pointed out in a previous chapter we have to make a distinction between the market and capitalism. The market is larger than capitalism, and capitalism is the attempt to control as much of the market as possible. Mercantilism allowed for the unconscious
There were three things that had to happen in Western European society at the close of the medieval period in order for seventeenth-century national mercantilism to become a reality. The first was that feudalism, and the primarily barter economy under which it operated, had to diminish in importance, or disappear entirely; and, it had to be replaced by a monetized economy that had as its focus large commercial cities. The second thing that had to happen was that the state had to acquire primacy over the Church, especially in the area of economic policy and with regard to key issues like usury which was roundly criticized by the Church’s “think tank”, scholasticism. Finally, it was necessary that an alternative philosophical framework be found to replace the juridical and ethical system that had been developed by the scholastics. This last component was realized in the *empiro-inductive* methodology of modern science which was fully developed during the seventeenth century, and which quickly swept away all other explanatory models of the world. This new secular spirit of the seventeenth century allowed Western Europeans to imagine a world that operated on natural laws, divorced from the moral injunctions of religion and the direct authority of the Church. However, accumulation of capital under the notion that bullion and a favorable balance of trade were of primary importance to a nation.

3 Fernand Braudel in his major work *Civilization and Capitalism, 15th Century through 18th Century* (New York: Harper and Row, Inc., 1982) posits the notion of shifting *entrepôt* from south to north, starting in Italy in the fifteenth century and ending in London by the eighteenth century.

4 Scholastics had even criticized insurance policies used to hedge one’s investments should a ship sink and the cargo be lost. Like usury this was seen as someone getting something for very little; it was a violation of the concept of commutative justice, which was discussed in the previous chapter.

5 The secular spirit gets its start during the Renaissance and reaches its apogee during the seventeenth-century Enlightenment with the works of scientists and philosophers like Isaac Newton and René Descartes. This dominance has lasted for the most part to the present day, even in the face of Romantic criticism during the nineteenth century. G. B. Shaw is to have said at the end of the nineteenth century, “Science is always wrong. It solves problems only to replace them by others.” René Dubos, *The Dreams of Reason: Science and Utopias* (New York: Columbia University Press, 1961), 11.
this did not mean that God would not judge a man for his deeds. Most still believed what the preacher had written long ago in Ecclesiastes 11:9,

Rejoice, O young man, in thy youth; and let thy heart cheer thee in the days of thy youth, and walk in the ways of thine heart, and in the sight of thine eyes: but know thou, that for all these things God will bring thee into judgment.

As I pointed out in chapter four, by the end of the seventeenth century England had become sufficiently secularized that religion had become not only a matter of personal preference but the state-sponsored Anglican Church was a relatively milquetoast organization encouraging pleasantness rather than orthodoxy. However, nothing is free; with the growth of economic and religious freedom there necessary emerged questions about political freedom.

Joyce Appleby argued that the work of mercantilist critics rested on the belief that consumption, unleashed from its moral, social and political constraints, could open up a whole new world of economic growth for the nation. In proposing these things in the 1690s, or earlier, it is shown that these men presaged the economic thought of Adam Smith, who also believed in the central role of consumption. However, what became apparent was that political and economic liberalism were difficult to separate.⁶

The list of antimercantilists is long in England: Dudley North, Nicholas Barbon, Dalby, Thomas, Henry Martyn, Francis Gardner, James Hodges, Henry Layton, John Houghton, and many more. However, because the balance of trade theory was thought so integral to national security most of these individuals were “dismissed because they threatened the fragile social order in England.”⁷ The reason for this was that most

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⁷ Ibid., 499-500.
economic thinkers saw consumption as a necessary evil, something that should not grow except with the increase in populations.\(^8\) This appears to be a leftover idea from the scholastic period but it was actually rooted in the desire to keep society static.

Most mercantilists tended to look at the demand side of the economy as inelastic. The rich bought their luxuries and the poor whatever they needed to subsist. The only way therefore to grow wealthy as a nation would be to grow the population or take over the trade of another. What made it more difficult to break away from this view was the added condemnation of religious figures that saw anything beyond subsistence as a sin. Men like Slingsby Bethel, William Sheppard, and John Scarlett condemned living beyond one’s station, proposing sumptuary laws and punishing those who lived beyond their means. These views were put to the test, however, at the end of the seventeenth century. The English economy grew even though real income, domestic spending, and exports all rose during this period; and “the growth posed questions beyond the explanatory power of mercantilist theory.”\(^9\)

Henry Martyn argued that laborers were benefited by imported clothes because they could buy their clothes cheaper. The money saved from the purchase of clothing could be put into other items sold in the domestic market, possibly those produced in England. This argument represents the spirit of the time. “The dour disapproval of self-indulgence was countered with the happy intimation of a new society of consumer-producers.”\(^10\) Appleby writes that the “collective undertaking” of the nation “was being challenged.” It was being replaced by economic “atomization” which represented the

\(^8\) Ibid., 500.
\(^9\) Ibid., 501, 502.
\(^10\) Ibid., 507.
“transition to a market economy.” However, this economic atomization did not lead to social atomization because of the role that religion and patriotism played in unifying the country.\footnote{11}{Ibid., 504.}

What the antimercantilists were arguing is what Adam Smith would argue a century later, that money is a commodity just like any other, such as, corn or clothe. So, true wealth lies in the amount of trade being conducted not in the medium by which nations choose to settle their accounts.\footnote{12}{Ibid., 507-08.} The number of antimercantilists that existed were simply too numerous to be an aberration and by the 1690s the idea of a consumer society where economic growth was measured in terms of all the goods and services produced, purchased, and consumed every year was beginning to be accepted.\footnote{13}{Ibid., 509-10.}

The clear logic of mercantilist critics was overshadowed by mercantilism’s more satisfying answer to the social questions of the day. Mercantilism did not see the worker as a producer-consumer but as a resource that needed to be coerced into action, the economy was seen as something that needed to be controlled, and economic competitors were seen as dangerous to national survival. This fit within the ideology of the ruling classes who, although they had given the laborer his economic and political freedom still thought he should have some measure of control over the lower orders of society. By abrogating their social responsibility to the worker, which they had under the feudal system, the ruling classes lost that nearly despotic control of the working class. It was economically advantageous in the long run because the lords no longer had to care for
unproductive laborers throughout the year but it was socially destructive to the order that the elites had hoped to maintain.¹⁴

The dark side of liberal economics was that greater efficiency called for greater control. So, in the seventeenth century the state became as antagonistic to idleness as the Church had been. We got some sense of this in chapter four when the author of *On the People of England* suggested that a law be passed to outlaw idleness on the part of any able-bodied working man. Of course, this was not new. The Statute of Artificers (1563) had attempted to do the same thing during the time of Elizabeth I, and there was legislation even earlier in England that attempted keep society stable by forcing workers to stay employed on the farms to which they were attached.

The argument that everyone carries intellectual presuppositions into the creation of their worldview because material culture plays an important role in the development of ideas has been well-argued by some significant historians. These studies are usually collected under the pedestrian, and possibly condescending, category of “history from below.” Fernand Braudel and E. P. Thompson are two of the most significant figures with which historians have to deal when addressing the issue of economic development in the West. Being a leading member of the Annalist School, Braudel naturally looked beyond the ordinary sources upon which history had been previously written, such as memoirs, state correspondence, treaties and legislation. In his principle works, *La Méditerranée et le Monde Méditerranéen a l'époque de Philippe* (1949) and *Civilisation matérielle, économie et capitalisme, XVᵉ-XVIIIᵉ siècle* (1967 and 1979) Braudel put emphasis on economic, political and social structures rooted in the everyday lives of Europeans.

¹⁴ Ibid., 511-15.
Braudel’s work was path-breaking, and the English historian E. P. Thompson continued the tradition of using sources that had been previously ignored.

Thompson’s main work, *The Making of the English Working Class* (1963), has influenced many historians, especially those who consider themselves part of the “new left” movement of the latter twentieth century. The importance of Thompson’s work is in his contribution to understanding how class sentiments change over time and how they are often rooted in the way we work, live, and even play. In this he has contributed, as far as the English nation is concerned, to the earlier work of Braudel. Emphasizing the everyday material culture of the working class we are able to grasp more firmly how ideas might have formed in these discrete moments of time.

Christopher Hill, in his book *Liberty Against the Law: Some Seventeenth-Century Controversies* (1996), has also contributed to the ongoing scholarship in this area. From the time of Richard Brome’s *Jovial Crew* (1636/1641) to John Gay’s *Beggar’s Opera* (1728) Hill analyzes the tensions that existed between the English courtier, middle class entrepreneurs, and the perpetually idle. In the early sixteenth century while the idle, rent-seeking courtier was lambasted by the artist the idle poor in the form of beggars, highwaymen, and pirates were raised nearly to the status of heroes. In other words there was in the early seventeenth century an affinity between the middle class and the poor because of a shared suspicion that the upper classes were still trying to use a feudal court system that was quickly disappearing to exploit the industrious for the sake of the idle aristocracy. One need look no further than the mining and manufacturing patents which

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Charles I was giving to his cronies to find evidence of this perceived corruption.\textsuperscript{16} However, something changed after the Glorious Revolution of 1688. The middle class began to see the beggar as no better than the courtier. With the passage of the Black Act in 1723, a measure to eradicate poaching, we see the culmination of a policy to make “the world safe for English merchants and landlords.”\textsuperscript{17} The passage of this act represents no less than the victory of the merchant middle class over the politicians, courtiers, lawyers, the absolute monarch, and the idle—whether poor or aristocratic. As Hill writes, “Money is now decisive.”\textsuperscript{18}

The primary concern of this work is to use the mercantilist paradigm, however diverse its proponents might have been, to prove that there was a fundamental shift in the late seventeenth century from the ethically-bound economy of the scholastics and the Church to a predominantly amoral and increasingly secular economic ethos that raised material wealth above all other considerations, whether political or social. In short, the mercantilists were a product of their time and place, and they paved the way for the inevitable approach of the consumer-centric economy of the nineteenth century, which had its antecedents in philosophical liberalism, and its socio-political cousin individualism.

Because I have emphasized up to this point structures in society it is necessary to spend a few pages discussing the ‘General Crisis’ and the world-system. The first is important because it gives us some clues as to why the Europeans reacted the way they

\textsuperscript{16} Ibid., 11.
\textsuperscript{17} Ibid., 9.\textsuperscript{18}
\textsuperscript{18} Ibid., 15-18, 13.
did to changing economic conditions in the world during the seventeenth century.\textsuperscript{19} The latter explains why England was able to make the most of the world-system that had originally developed around the city-states of Italy and which had then expanded to the entrepôt of Amsterdam and then London.\textsuperscript{20}

THE GENERAL CRISIS OF THE SEVENTEENTH CENTURY

The classical issues of mercantilism, the stasis of wealth, bullionism, the balance of trade, the role of population in creating self-sufficiency and state power, and the belief that the government (crown or state) should intervene on the behalf of the economy, must all be understood in the context of what E. J. Hobsbawm has called the “general crisis” of the seventeenth century.

E. J. Hobsbawm’s work on the general crisis that afflicted Europe in the seventeenth century is germane to our discussion because it goes a long way toward explaining the motivations for many of the policies, both domestic and foreign, that the powers of Europe chose to pursue. In short, Hobsbawm argues that it was the feudal structures of Europe that limited the development of capitalism in the sixteenth century, even when all the elements existed for the dominance of capitalism. For several centuries the feudalistic system of Europe served as a parasitic entity. It drained the capital markets to maintain its own control of feudal society. In return it maintained government

\textsuperscript{19} Rudolph C. Blitz argues in his article “Mercantilist Policies and the Pattern of World Trade, 1500-1750” that world economic conditions explain why it is understandable that mercantilists rejected the self-adjusting mechanism of specie flows and opted for a balance of trade policy. \textit{The Journal of Economic History} 17, no. 1 (March 1967): 39-55.

approved monopolies for those who did not want to be exposed to the competition of the market.

At the end of the seventeenth century the feudal system was breaking down due to varying political, social, and economic pressures. In its stead were placed capitalism and bourgeois political and social structures.\(^{21}\) Henri Pirenne suggested in *Economic and Social History of Medieval Europe* that capitalism existed as early as the twelfth century,\(^{22}\) but Hobsbawm is arguing here that it does not begin to be integrated into the political structures of the Europe until the end of the seventeenth century. Hobsbawm writes,

There is a taste of ‘bourgeois’ and ‘industrial’ revolution about 14\(^{th}\) - century Tuscany and Flanders or early 16\(^{th}\) – century Germany. Yet it is only from the middle of the 17\(^{th}\) century that this taste becomes more than a seasoning to an essentially medieval or feudal dish.\(^{23}\)

By the seventeenth century the Mediterranean had become an “impoverished backwater,” although Habsburg Austria appeared to be on the ascendant, this had more to do with the decline of others than with the inherent strength of the Iberian empire. Much of the seventeenth-century economic decline, or stagnancy, can be attributed to declining or stagnant population levels. “Mortality was certainly higher than in either the 16\(^{th}\) or

\(^{21}\) This is the same argument that Perry Anderson makes in his *Lineages of the Absolutist State* (New York: Verso Books, 1974). E. J. Hobsbawm wrote something similar: “Only in one respect did the 17\(^{th}\) century as a whole overcome rather than experience difficulties. Outside the maritime powers with their new, and experimental bourgeois regimes most of Europe found an efficient and stable from of government in absolutism on the French model.” “The General Crisis of the European Economy in the 17\(^{th}\) Century,” *Past and Present*, no. 5 (May 1954): 37.


18\textsuperscript{th}. No century since the 14\textsuperscript{th} has a worse record for epidemic disease and recent work has demonstrated that its ravages cannot be dissociated from those of famine."\textsuperscript{24}

However, “The crisis in commerce was more general.” Both of the main trading areas that had dominated the medieval period, the Mediterranean and the Baltic, underwent a temporary decline. So, by the end of the seventeenth century the Levant was getting “its spices from the North, not the East.” French trade in the Levant went “almost to zero” by the middle of the seventeenth century. It recovered some by the 1670s, but that was up from depression levels. During this time is was not surprising that the finance ministers of Western European countries would view the total world trade as fixed in size.\textsuperscript{25}

Hobsbawm argues that the economic recovery of the eighteenth century occurs after 1720, that any recovery, or revival, between 1680 and 1720 is localized. This is due to the general crisis which can be attributed to booms and busts, famines, revolts, epidemics, and “other profound economic trouble.” Only those states that “had undergone ‘bourgeois revolution’” were relatively immune to the general crisis. The argument that war was the primary cause of the general crisis is mitigated by the fact that some areas of Europe were affected by the general crisis that went untouched by the wars of Europe. Hobsbawm also argues that the long-term and permanent devastation of the war has been exaggerated, although the wars probably prolonged and maybe aggravated the general crisis.\textsuperscript{26} He writes,

\begin{flushright}
\textsuperscript{24} Ibid., 34, 35. \\
\textsuperscript{25} Ibid., 35-36. This is the same argument that Rudolph C. Blitz made in an article reference above. \\
\textsuperscript{26} Ibid., 38.
\end{flushright}
In discussing the 17th century crisis we are really asking one of the fundamental questions about the rise of capitalism: why did the expansion of the later 15th and 16th centuries not lead straight into the epoch of the 18th and 19th century Industrial Revolution? What, in other words, were the obstacles in the way of capitalist expansion? The answers, it may be suggested, are both general and particular.\footnote{Ibid., 39.}

He answers that three things must happen before there is a shift to capitalism: feudal and agrarian society must be revolutionized, social divisions of labor must be elaborate—creating consumers, and capital must shift to mass production. This is a self-perpetuating process that begins with the destruction of traditional feudal or agrarian social structures. What prevents capitalism from taking hold is the “immobilization” of capital within feudal social and political structures. This happens under feudalism because the labor force, capital, and consumption are all held captive by the “prevailence of tribalism and petty commodity production.” “Under those conditions, as Marx showed in the case of mercantile enterprise business might adapt itself to operating in a generally feudal framework, accepting its limitations and the peculiar demand for its services, and becoming in a sense parasitic on it.”\footnote{Ibid., 39-40.}

The feudal businessman was unable to adapt to the quickly changing conditions under which money was beginning to be made. This is illustrated by the decline of Italy. Its “old centres of medieval commerce and manufacture” were decaying. The money they had made was “squandered” in building projects that further “immobilized” capital. This furthered the crisis that had been brought on by the feudal structure of society.\footnote{Ibid., 41-42.}
Eastern Europe the feudal system retrenched, institutionalizing serfdom and making the development of capitalism all but impossible.\textsuperscript{30}

The same was true of the Portuguese but they had the advantage of a large empire to keep them going and by the end of the seventeenth century a large supply of bullion from the New World. However, this was not enough when trading with Asia since all they wanted was bullion. One of the major problems was that the “colonial powers… followed a policy of systematic restriction of output and systematic monopoly. Hence there was no reason why exports of home manufactures should benefit.” Unfortunately, this meant that the overhead associated with colonialism rose faster than the profits. Protecting a monopoly did not come cheap. However, the lure of fast profits tempted even the Dutch. In true medieval fashion the worker was sacrificed to the mercantilist and monopolistic state.\textsuperscript{31}

H. R. Trevor-Roper argues that the general crisis of the seventeenth century is best explained by the revolt of societies against the parasitic bureaucracy of renaissance courts which had developed in the sixteenth century. The different outcomes in each of the nation-states of the seventeenth century were due to the differing abilities of the central governments to deal with the burden of these parasitic bureaucracies. England, in the seventeenth century, experienced full-fledged revolution because it did not reform.\textsuperscript{32}

\begin{flushright}
\textsuperscript{30} Ibid., 43-44.
\textsuperscript{31} Ibid., 44-47. This is the same argument made in an article by S. R. H. Jones and Simon P. Ville. They write that “Chartered companies were thus adopted not because they represented a transactionally efficient form for conducting long-distance trade but because they were a contractually efficient form for extracting money rents.” “Efficient Transactors or Rent-Seeking Monopolists? The Rationale for Early Chartered Trading Companies,” \textit{The Journal of Economic History} 56, no. 4 (December 1996): 899.
\end{flushright}
Trevor-Roper argues that the mindset for great change already existed in the literal interpretations of the Bible which foretold of a future temporal kingdom established by God on the earth. Added to this was the softening up of sentiment by the Thirty Years’ War which resulted in the “dislocation of trade” and “unemployment and violence in many manufacturing and commercial countries” and one begins to understand the origins of seventeenth century revolution. This does not go far enough, though, to explain the causes of the revolution. For a better explanation one must look to the “formidable… defects of social structure.”\(^{33}\) In the end the general crisis is best explained as “a crisis in the relations between society and the state.”\(^{34}\)

One of the key problems is that European markets expanded, creating greater opportunity; but, the mode of production remains essentially feudal. The “Renaissance court” in league with princes throughout Europe overtook the cities, displacing them politically. As Trevor-Roper writes, “For between the fifteenth and sixteenth century the princely suitors came, and one after another the cities succumbed.” The princes of Europe had learned first how to subdue the Church and then the cities. They eventually extended their jurisdiction to both town and country, took over the trade of the cities, and began to implement their own vision for art and architecture.\(^{35}\)

What is this Renaissance State of which Trevor-Roper speaks? In simple terms it means the growth of the bureaucratic state. It means the growth of administrative centralization staffed by a burgeoning corps of “courtiers”, or “officers”.\(^{36}\) At first

\(^{33}\) Ibid., 32-34.
\(^{34}\) Ibid., 38.
\(^{35}\) Ibid., 39, 40.
\(^{36}\) Ibid., 42.
effective this bureaucracy grows too large and parasitic to be maintained by the end of the sixteenth century. “It was not only the State,” though, “the whole society was top-heavy.” A downturn in the economy made it impossible to continue supporting this superstructure of bloated bureaucracy. An attack on this parasitic system was eminent as a moral Puritanism swept Europe. No longer would the extravagance of the Renaissance court be supported.

The solution was national “absolutism” and mercantilism. “To cut down the oppressive, costly sinecures of Church and State, and to revert, mutatis mutandis, to the old mercantilist policy of the cities, based on the economic interest of society—such were the two essential methods of avoiding revolution in the seventeenth century.” In Holland the Dutch won their freedom from the Renaissance court of the Spaniards and solidified their political gains by adopting the methodology of the medieval commercial cities, the marriage of naval and commercial power. In France the parasitic bureaucracy was killed off in the sixteenth century civil wars. In England revolution in the 1640s was the preferred method by which the parasitic government of the Tudors and Stewarts was destroyed. That Holland and France had escaped the fires of revolution was due only to the fact that the kindling had all been removed ahead of time.

In 1988 Jack Goldstone published an article entitled “East and West in the Seventeenth Century: Political Crises in Stuart England, Ottoman Turkey, and Ming China”. In it Goldstone explores the thesis of the general crisis made popular by

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37 Ibid., 46, 47.
38 Ibid., 47-51.
39 Ibid., 53-54.
40 Ibid., 51-62.
Hobsbawm and Trevor-Roper. He found some very interesting similarities between each of the countries he profiled. In short, he found that there were four underlying reasons for the general crisis found in all of these countries; these were: fiscal deterioration, elite factionalism, a decline in the general standard of living, and an overturning of popular rights.  

Even though taxes were rising they could not keep up with the expenditures of these increasingly spendthrift governments. Added to this was the increasing number of people looking for government positions which caused factionalism among the elite due to the competition for office. General population growth also led to migration to urban centers where an increasing pool of labor drove down wages at a time when prices were rising. The popular risings that resulted from these conditions led to a crackdown by these “absolutist” governments.

One of the problems experienced by all three of the countries analyzed by Goldstone was that all of them experienced a period of population growth without an accompanying growth in agricultural output. This trend appears to have begun reversing itself after 1650. Do the disparity between population growth and agricultural output prices for agricultural goods rose some 500% between 1500 and 1650 in all three countries. This was a phenomenal increase in the price of goods which people could not live without; and, that mixed with increasingly stagnant or lower wages would have tried the patience of the best of men. The end result, writes Goldstone, is that during “the late

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42 Ibid., 105-6.
43 Ibid., 107.
44 Ibid., 108.
sixteenth and early seventeenth centuries, the joint impact of these population and prices changes undermined government finances, reshaped elite social mobility and competition, and precipitated popular uprisings.⁴⁵

With regard to the fiscal deterioration of each of these countries there seems to be a similar pattern. Land, which was taxed in each of these countries based on its ability to be cultivated, fell increasingly into the hands of nobles who were able to avoid much of the taxes because of their social position. This meant a reduction in the revenue for the government at a time when large armies needed to be paid because of the incessant conflict between states and the internal uprisings of the people.⁴⁶

In addition to fiscal deterioration and the disparity between prices and income there was added the growth of a new segment of society that sought the privileges formerly afforded only to those of a certain birth. A growing bourgeois class within the urban centers of Europe began to demand more access to government positions. This meant an increasing amount of competition and animosity between those of noble birth and the nouveau riches.⁴⁷ This led ultimately a situation in both Turkey and China where “conflicts within the elites, stemming from three generations of exceptional social mobility and the competition it produced, compounded the military and fiscal crisis.”⁴⁸

In all of the countries considered there were uncanny similarities. Goldstone writes,

> Popular involvement in all three cases was highly varied, but in no case did primarily peasant revolts play a leading

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⁴⁵ Ibid., 110.
⁴⁶ Ibid., 110.
⁴⁷ Ibid., 120.
⁴⁸ Ibid., 125.
role. Instead, typical of all three is a combination of urban disorder, popular heterodox religious movements led by products of the overcrowded school systems, and revolts involving leadership or allegiance of disaffected provincial elites, often including former or current state officials.\textsuperscript{49}

In England people turned to Puritanism, in Turkey Sufism, and in China neo-Confucianism. This appears to be one of the elements working within each of these societies. During times of great dislocation people turn to heterodox belief to meet the economic, social and political challenges they face.\textsuperscript{50}

Goldstone effectively synthesized Hobsbawm and Trevor-Roper’s arguments, along with Perry Anderson’s ideas about absolutism as “recharged feudalism.” It is only a short shift in thinking that takes us to the world-system since we can see that the world by the seventeenth century already had a highly interconnected by a system of trade, and that the governments of the world face similar circumstances. They all were facing a rebellion from those below. Those who effectively restored order under the old feudal, or feudal-like, system could not hope to fully participate in the coming economic boom, or the industrialization that made it possible. In the case of Portugal it has been shown that they had very little interest in developing their manufacturing skills; and, I would argue, they had very little capacity to do so even if they had wanted it.

\textbf{THE WORLD ECONOMIC SYSTEM}

Immanuel Wallerstein’s \textit{Modern World System} appeared in three volumes over the period of a decade and a half, from 1974 through 1989. He argues that there is only

\textsuperscript{49} Ibid., 128.

\textsuperscript{50} Ibid., 131.
one world capitalist system today and that it has its origins in the amalgamation that began with the expansion of Europe’s world-system in the middle of the sixteenth century. It is at this point that the rest of the world began to occupy a “peripheral status”.

This is one of Wallerstein’s key concepts, which is based on the entrepôt-model of Fernand Braudel. In short, there is a single world system which is dominated at its core by the most powerful nation-state and all others within the system are peripheral to the core.

Wallerstein believes the world-system is defined “as a unit with a single division of labor and multiple cultural systems.” He says there can be two “varieties” of world-systems: “world-empires” and “world-economies”. The latter are by nature very unstable while the former are relatively stable and emerge from the existence of the world-economy. Wallerstein, however, does not include Great Britain and France in the category of a world-empire. They are, rather, “nation states with colonial appendages operating within the framework of a world-economy.”

Wallerstein also questions whether capitalism can be defined by the system of payment one receives for his labor. He even suggests that under a capitalist system slavery and serfdom cannot be seen as “anomalies” since capitalism is defined as the pursuit of profit, and it matters little how one gets there. This is why terms like “merchant capitalist” are essentially useless.

Wallerstein writes,

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\text{Wallerstein writes,}
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\[\text{52 Ibid., 390-391.}\]

\[\text{53 It is the division of labor from the productive process that really matters here because capitalism is about maximizing production and profit. Ibid., 399-400.}\]
Capital has never allowed its aspirations to be determined by national boundaries in a capitalist world-economy, and that the creation of ‘national’ barriers—generically, mercantilism—has historically been a defensive mechanism of capitalists located in states which are one level below the high point of strength in the system.\(^{54}\)

This complements another statement made by Wallerstein, “Capitalism was from the beginning an affair of the world-economy and not of nation-states.”\(^{55}\)

In looking for a reason why England prospered while Portugal continued to decline once its bullion from the New World ran out in the 1730s, we find that England was fortunate enough to be at the core of the world-economy which the Portuguese had been at the forefront of creating in the fifteenth and sixteenth century. There are three “mechanisms” says Wallerstein that allow world-systems to remain relatively stable at a political level. The first is that “military strength” must be in the hands of the “dominant forces”. The second is that there must be an “ideological commitment to the system as a whole.” The third is that there must be a “three-layered structure” of division among the people: a small class to control the military, a slightly larger class to control the production and movement of goods, and then the bulk of humanity in the position of producers. Wallerstein writes,

The functioning then of a capitalist world-economy requires that groups pursue their economic interests within a single world market while seeking to distort this market for their benefit by organizing to exert influence on states, some of which are far more powerful than others but none of which controls the world-market in its entirety (emphasis mine).\(^{56}\)

Wallerstein finally explains for us why England becomes the core of the world-economy in the eighteenth century. He writes,

\(^{54}\) Ibid., 402.
\(^{55}\) Ibid., 405.
\(^{56}\) Ibid., 406.
It was the system-wide recession of 1650-1730 that consolidated the European world-economy and opened stage two of the modern world-economy. For the recession forced retrenchment, and the decline in relative surplus allowed room for only one core-state to survive. The mode of struggle was mercantilism, which was a device of partial insulation and withdrawal from the world market of large areas themselves hierarchically constructed—that is, empires within the world-economy (which is quite different from world empires) (emphasis mine). 57

England successfully “ousted the Netherlands from its commercial primacy” by the beginning of the eighteenth century. During the first half of the eighteenth century England led in both the export of manufactured goods and agriculture. France challenged this core-position in the latter half of the eighteenth century but failed to move the core of the world economy to themselves. So, Great Britain continued to dominate the core of the world-economy into the late nineteenth century while France, Germany, Belgium, and the U. S. had to be content with occupying the “semi-periphery”. 58

Working on this dissertation has taught me many things. It has taught me how to do research and how not to do research. It has taught me to keep my interests more narrow when writing a “monograph”—something I unfortunately did not achieve here. However, the most important thing working on this dissertation has taught me is that the historian is on dangerous ground when he or she thinks that those they study are the sole agents of their own destiny. We are all the product—for good or bad—of the environment in which we inhabit; and, if it seems that a single individual or a group of people have achieved great things it is probably because we have not observed that these people are like a surfer riding a big wave. The “great” are those who can hang ten the longest; but, the wave takes everyone down eventually.

57 Ibid., 407.
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Appendix A
Duarte Ribeiro de Macedo

*Sôbre a introdução das artes* (1675)

**Primeira parte**

**CAPÍTULO I. DA SACA DO DINHEIRO DO REINO**

Diz-me V.ª M. cê que está lastimoso o comércio do Reino, porque as nossas mercadorias, por falta de valor, não têm saca, e que os estrangeiros, para se pagarem das que metem no Reino, levam o dinheiro.

Mal é êste que pede remédio pronto, porque, se continua, se perderão as Conquistas e o Reino: as Conquistas, porque a sua conservação é dependente do valor do frutos que nelasse cultivam, - e se não têm valor, não gasto, nem se podem comutar pelo infinito número de géneros de que os moradores delas necessitam; o Reino, porque o dinheiro é o sangue das Repúblicas, e sucede no corpo politico com a falta de dinheiro o mesmo que sucede no corpo fisico com a falta de sangue. Sem dinheiro e sem comércio poderão viver os homens, - mas da mesma sorte que vivem os índios no Brasil e os negros em África: dos frutos rústicos e naturais, mas sem sociedade civil, que é o que os distingue das feras.

Duarte Ribeiro de Macedo

*On the Introduction of the Arts* (1675)

**Part One**

**CHAPTER ONE - ON THE WEALTH OF THE KINGDOM**

It seems apparent to me that the pitiful state of commerce in this kingdom is why we lack wealth, and why foreign merchants take away much of our money in trade.

This situation calls for an immediate remedy because, if it continues, we will lose the benefits of our conquests and the kingdom itself. The benefits of the conquests will be maintained by the things we cultivate, not things that wear out but rather the infinite kinds of people which we cultivate in this country. The kingdom is maintained by money, which is the lifeblood of the Republic. The absence of money in a kingdom is like the absence of blood in the body. Without money and without commerce will be unable to live like men. We will be no better than the Indians in Brazil or the blacks in Africa, who although they have food and clothing do not possess a society that distinguishes them from wild animals.
Êstes princípios não necessitam de prova; passemos de examinar a natureza do mal á dos remedios.

Dizem os políticos que o mal procede do luxo e das modas introduzidas no Reino, dos gastos superfluos da nobreza nos vestidos, no adornos das casas, nas carroças, e no excessive número de criados; e que pela pratica das das leis sumptuárias, das proibições e pragmáticas contra os gastos superfluos, não meterão os estrangeiros no Reino mais que o necessário, e não sairá do Reino o muito dinheiro que por aquele cano continuamente sai.

É muito boa razão esta, e foi praticada em todos os Reinos e Repúblicas bem governadas. É doutrina derivada das fonts de Platão e Aristóteles, seguida e aprovada de todos os autores, e sôbre que so fundaram várias leis que achamos no direito civil.

A lei papia regulava em Roma as cores que as damas honestas podiam vestir, e taxava a quantidade de ouro com que se podiam adornar. A lei júlia ordenava que se não fechassem as portas e as janelas das casas em que se davam banquets, por que pudessem ser vistos e examinados dos censores, cujo supreme tribunal foi criado para a execução das leis sumptuárias. É' conveniente e justo que se pratiquem entre nós: mas o nosso mal é de qualidade que não basta êste remédio.

It is unnecessary to test this principle; we must go beyond what we know is bad for us and move toward a remedy.

The politicians say that this evil originates with luxuries and fashions introduced into the kingdom, the excessive and superfluous expenses of noble dress, and the adornment of houses and carriages; and that with sumptuary laws, prohibitions, and agreements we can stop the flow of foreign goods into the country.

This is a good practice which is seen in all well-governed kingdoms and republics. It is a doctrine derived from Plato and Aristotle, and later well-respected authors; and on this account were various civil laws founded.

A the heart of Roman law was the regulation of the way an honest woman could dress; a tax was laid on the amount of gold jewelry a woman could wear. Under Julian law doors and windows had to be open during banquets so the censor could observe the festivities; and, a supreme court was established to enforce these sumptuary laws. These laws might be fair and appropriate for us to observe; but, our excesses are of a quality not curable with this kind of medicine.
Dizem os mercadores que procede o mal dos excessivos direitos que têm nas nossas alfândegas as drogas do Brasil, e ainda as do Reino, que os estrangeiros levam, - e argumentam desta sorte: os estrangeiros não ganham nos géneros que levam de Portugal, senão no que metem; e hão de pagar-se deles, ou em fazendas, ou em dinheiro; e sendo certo que perdem nas fazendas e no dinheiro, é também certo que levam aquilo em que menos perdem, e que levam o dinheiro porque perdem menos nêle; que, se abaixarem os direitos nas alfândegas, pederão menos nas fazendas, e as levarão antes que o dinheiro. Esta razão é muito boa; porque é certo que, se os mercadores perdem, por exemplo, vinte e cinco por cento no dinheiro, e vinte e quatro por cento nas fazendas, hão de levar antes as fazendas que o dinheiro.

Não reprove esta razão, antes me parece digna de atender-se; mas tenho por certo que não procede o mal deste princípio, e estes ambos remedies não servirão mais que de entreter o achaque sem o curar: cortaremos os troncos; mas, como fica a raiz, há de produzir os mesmos efeitos.

Commumente gritam todos que se executem as leis que proíbem a saída do dinheiro; que se visitem as naus que saem do Reino; que se castiguem capitalmente os culpados neste delito: mas este remédio é inútil. A experiência a tem mostrado assim, e também a razão o mostra: porque os mercadores estrangeiros hão de pagar-se, ou em fazendas não em dinheiro, e se as fazendas não bastam (como provarei) hão de levar o dinheiro, a-pesar-de-tôdas as proibições, diligências e castigos. E de aqui nasce que deste último remédio não faço nenhum caso.

Some say the merchants have excessive rights and are addicted to the customary trade of Brazil, and yet foreigners still lead in the trade of this kingdom. The foreigners, they argue, do not allow us to take the lead. So, they argue that to take the lead we must lower the customary rights of landholders which will lower the price of farms and increase the money supply. This is a good argument because if merchants can make, for example, twenty five percent on the interest of money but only twenty percent on the farms, then the money will go from farms into capital investment.

However, this does not seem to me to be an adequate solution to the overall problem but only a cure of one symptom. Cutting the logs will not remove the root of the tree. We must get rid of the root of the problem before we can solve it completely.

Everyone says that the law should prohibit money from leaving the kingdom on ships. They say that capitalists should be punished for this crime, but this is useless. Experience has shown this, and the reason is very simple, farms do not pay enough (as I will show) and to totally prohibit the movement of capital is to punish diligence. So, I do not agree that this is the final remedy.
O primeiro remédio, o das leis sumptuárias, curaria o mal, se o dinheiro que nos levam fôra só o pagamento do que nos metem supérfluo; mas como é certo que não é só do supérfluo, mas do necessário, - não são aquelas leis o remédio do mal; além de que ¿que leis destas vemos observadas? Se a vaidade dos homens se curara, fácil execução, esta é a razão porque Tibério no Senado reprovava a publicação das leis que só serviam para descobrir a impotência das mesmas contra aquele vicio de muitos anos introduzido, como refere Tácito.

O segundo remédio, de baixar os direitos nas alfândegas e o preço das drogas do Brasil, curara o mal se elas fossem bastantes para pagar aos estrangeiros o preço de tôdas as fazendas que recebemos dêles, - como, por exemplo, se recebessemos 4 milhões e tivessèsmo 4 milhões em drogas com que os satisfazer; mas se recebêssemos 8 milhões, e temos só 4 que dar em trôco, necessàriamente havemos de pagar o resto em dinheiro. Não é contudo para ser deprezado êste meio, por duas razões: primeira, porque, se os estrangeiros perderem mais em levar fazendas do que em levar dinheiro (como afirmam os homens de negócio) levarão menos em dinheiro tudo o que levarem de mais em fazendas e drogas; a segunda razão é porque a baixa e falta de saca dos nossos açucares não procede só da carestia dês, mas das fabricas que os Ingleses, Holandeses e Franceses têm nas ilhas da América; e a deminuição do preço dos nossos, junta com a sua bondade, lhes facilita a saca, sendo o seu vil e custoso; e por esta razão ouvi a muitos estangeiros que por facilitarem o gasto dos seus açucares os misturavam com os nossos.

The first remedy, sumptuary laws, would cure the evil were it alone the cause for money leaving the country; but it is not the only one. So the observance of these laws is not the solution to the problem of superfluous living. Tacitus is supposed to have said that if the vanity of men could be cured then it would be easy to observe the laws. This is why Tiberius told the Senate that the mere publication of the laws would only show their impotence.

Of the second remedy, that of lessening the customary rights of the Brazil merchants, it would not be enough to cure the foreign trade problem. For example, if the total money received by farms equalled 4 million and the Brasil trade equalled 4 million, then we received 8 million from both. If we open up the trade to Brasil then we are sacrificing 4 million that we know is regularly converted to cash. However, we are not deprived of this for two reasons: first, because if foreignors focus on agriculture rather than trade (as businessmen affirm) they will have less money and more agricultural products which will lower the price of agricultural goods; and, second, the decreasing of our wealth is not alone associated with the high cost of these things but with the competition of the English, the Dutch, and the French in America. To diminish prices by opening up trade to all would not help us against foreign trade; it would only make it easier for foreign traders to increase their trade at our expense.
CAPITULO II. QUAL É A CAUSA DA SACA DO DINHEIRO DO REINO

O comércio se faz, ou por permutação, ou por compra e venda: trocando fazendas e frutos por frutos e fazendas, ou pagando a dinheiro. Dêste princípio, sabido em direito, se seguem três estados de comércio: primeiro, rico; segundo, mediocre; terceiro, pobre.

O rico, é quando u, Reino tem mais fazendas que dar (de que os outros necessitam) do que tem necessidade de receber: porque, pelo valor em que excedem as fazendas e frutos que dá, às que recebe, necessariamente recebe dinheiro; o mediocre, é quando tem fazendas e frutos que dar em igual valor aos que recebe: porque nem se empobrece dando dinheiro, nem se enriquece recebendo-o; o pobre, é quando tem para dar: porque necessariamente paga e excesso em dinheiro.

Nós estamos neste terceiro estado de comércio, e esta é única causa porque os estrangeiros tiram o dinheiro do Reino: êles o confessam assim. O marquês Durazo, presidente de Génova, em Paris me disse que o seu comércio como Portugal se perdia, porque, metendo em sêdas, papel, e outros géneros, muita fazenda, tiravam açúcares e tabacos em maior quantidade do que podiam gastar; donde se seguia terem os armazêns cheios destes géneros, e se venderem em Génova a mais baixa preço do que em Portugal: o que os obrigava a levar dinheiro, com risco de Ihes ser tomado pelas nossas proibições.

CHAPTER TWO – ON THE STATE OF THE WEALTH OF THE KINGDOM

Commerce is done by purchase, sale, or permutation, exchanging farms for fruits and fruits for farms, or both for money. There are three states of commerce: good, mediocre, and poor.

The good market is when a kingdom has more farms than it needs, and of which others have need, because the excess produce of these farms brings money to the kingdom. A mediocre market is that in which the farms provide all the needs of the kingdom and there is nothing left to export; no money is taken out of the kingdom in this situation. Finally, a poor kingdom is that in which the produce of the country does not meet the needs of the kingdom and it has to import what it needs; this means money will leave the country.

We are in this third state because, it is confessed, foreigners have stripped the kingdom of money. The marquis Durazo, the president of Genoa, said to me in Paris that like Portugal Genoa’s commerce has been lost because others have gotten into the the business of silk and paper. Too many farms began producing too much sugar and tobacco, which led to the warehouses being stuffed full of these products and to large drops in the price, even more than in Portugal. What advantage was there in having money against the risk taken against our prohibitions?
Os Ingleses só em três géneros: baetas, panos, e meias de sêda e lã (deixando outros de menos conta) metem no Reino uma fazenda inestimável. Só em meias de sêda me disse um inglês prático que gastava Portugal oitenta mil pares, que, a quatro cruzados cada par, fazem trezentos e vinte mil cruzados. O que tiram do Reino são azeites (que também levam de Itália) e sal (suposto que do da França se servem para o uso comum das conzinhas e mesas); fruta de espinho; açúcar (ainda que com pouca conta, pelo muito que fabricam nas suas colónias da América); tabacos (com a mesma pouca conta, porque o cultivam nas mesmas colónias); pau-Brasil, e outras cousas de menos consideração. Dizem que tudo o que tiram lhes não paga duas partes do valor do que metem: e de aqui se segue que não sai nau inglesa do porto de Lisboa sem levar grande soma de dinheiro.

The English in three ways alone: trinkets, cloths, and the spinning of silk and wool (not counting other things), brought to their kingdom priceless farms. The English practice of spinning silk costs Portugal eighty thousand pairs at four cruzados a pair, which amounts to 320,000 cruzados. If our kingdom exported oils like Italy, or salt, which France uses for their tables and kitchens; or grapes; or sugar and tobacco, which is little cultivated in the American colonies; or Brazil wood and other things, then, they would have to pay us two dollars for every dollar of goods they export to us; and, English ships would leave the port of Lisbon without so much money.
Os Franceses metem grande número de fazendas, como sejam tafetás, estofos de sêda e lã. Samersão é uma ilha junto à Rochela, onde se fabricam sarjas e estamenhas, vivendo deste trabalho mais de dez mil pessoas (e tôda a saca é para Portugal), e chapéus e fitas de tôda a sorte em quantidade incrível; e chega isto a tanto que até aos nossos alfaiates e sapateiros tiram o sustento, mandando sapatos, vestidos feitos, talins, botas, e até saltos de sapatos. Não falo de um grande número de bagatelas, de que não é o menor as obras de pedras falsas, cabeleiras, relógios, caixas, espelhos, e outras. Tiram de Portugal pau-Brasil, açúcar, tabaco, com a mesma pouca conta que os Ingleses; algum azeite (porque têm muito em Languedoc e Provença); lãs, particularmente depois da guerra com Castela; e outras cousas de menos conta, como são frutas de espinho, cheiros, madeiras do Brasil, doces da ilha da Madeira, marfim, sumagre (que também é boa droga para outra partes). Êles mesmos dizem que tiram algumas destas cousas mais por necessidade que por interêsse, não lhes sendo possível tirar dinheiro por tudo; e me consta que não vem embarcação, nem se retira francês de Lisboa sem trazer a maior parte do seu cabedal em dinheiro. Há poucos meses que desembarcou em na Rochela, e levando á alfândega algumas caixas de açúcar, de uma delas tirou, á vista de todos os oficiais, vinte mil cruzados em dinheiro.

The French have a big number of farms, devoted to taffetas, upholsteries of silk and wool. Samersão is an island next to La Rochelle, a place where serges and estamenhas are manufactured, where more than ten thousand people live and work—all of which is for Portugal. They also have an incredible quantity of hats and adhesives to which they can add the contributions of their tailors and shoemakers who export shoes, dress garments, boots and heeled shoes. I do not even mention the great number of trifles, such as minor works of cheap jewelry, wigs, clocks, boxes, mirrors, and other things. Through trade with Portugal they have Brazil wood, sugar, tobacco, which is as much as the English have; some oil (because they have a lot in Languedoc and Provença); wools, in particular after the war with Castela; and other things beyond counting, such as, healthy grapes, scents, woods of Brazil, candies from the island of the Madeira, ivory, sumagre (which is also a good export). These same things the French have need of and so they cannot take all of their money with them when they unload French exports at the port of Lisbon. There are few months that go by without the customs officials seeing boxes of sugar unloaded at Rochelle worth twenty thousand cruzados.
Holanda, Suécia e Hamburgo metem no Reino tôdas as cousas necessárias para a fabrica das naus, pólvora, balas, ferro, cobre, bronze, artelharia, e tôdas as obras de arame. Holanda mete grande quantidade de sarjas, estamenhas, duquezas (particularmente de côr grã), e – o que é mais lástima – as drogas da Índia; e, tendo nós as melhores madeiras do mundo, nos vem uma grande quantidade de fábricas de madeira, como são almários e contadores; pela sua mão nos vêm as armações de Flandres, e as pinturas e outros comuns adornos das casas. De cousas que servem ao sustento nos metem queijos e manteigas; os Franceses e Ingleses, bacalhau; e nos anos estéreis nos vem de França uma grande soma em trigo e cevada.

A Hamburgo temos de pagar com sal (que é o fruto que Ihe damos de melhor conta), açúcar, tabaco e fruta de espinho; a Holanda pagamos também com sal, drogas do Brasil e sumarges (que também levam Franceses e Ingleses), azeites; e êstes anos levarum algum vinho do Pôrto, e outras cousas de menos conta.

A Flandres pagamos com alguma pedraria, que para Anvers especialmente sai a que temos; mas é certo que não temos com que comutar tudo que recebemos; são contudo os Holandeses tão senhores do comércio do mundo que, ainda que seja com pouca conta, tomam tudo o que Ihe damos, porque Ihe dão saca, navegando todo e gênero de fazenda.

Também entre as cousas que nos metem é grande a despesa que nos fazem os livros de Lião e Holanda, as roupas brancas (que são holandas, cambraias e ruões) e outras muitas cousas de que os nossos mercadores darão conta mais individualmente.

Holland, Sweden and Hamburg import into the Portuguese Kingdom everything that is necessary for the fabrication of ships, such as, gunpowder, bullets, iron, copper, bronze, artillery, and all manner of wire. Holland exports to us a large quantity of serges, estamenhas, duquezas (particularly the color of grain); and, what is more the pity, this drains the trade from India. Because we have the best woods in the world we have a large number of sawmills which comes with good almários and accounts. The hands of those from Flanders come paintings and frames which adorn our houses. Of the things needed to live cheese and butter are exported to us. The French and the English export cod; and in bad years France sends us a large quantity of wheat and barley.

To Hamburg we have to pay with salt (which is what they want the most), sugar, tobacco and grapes. To Holland we also pay with salt, drugs from Brazil and sumarges (in which the French and English also lead), and oils. In some years Porto leads in wine exports in other years these exports fall.

The Flanders we pay with precious stones, which we have left at Antwerp. However, it is correct to say that we get less than we give. The Dutch are very healthy commercially, even though they are small, and they take everything that we give them because they have many types of farms and sail all over the world, bringing back wealth.

Because of all the things exported to us we have much debt owed to Lião and Holland, for the merchants bring to us individually white cloth from Holland, cambraias, ruões, and other things.
Entendo que Castela nos ajuda a pagar uma grande parte do dinheiro que sai, porque é certo que tôda a moeda castelhana, que entra de Castela pelo género que sabemos, sai para as nações referidas, e se busca e troca a tôda a diligência em Lisboa, porque lhe acham melhor conta que no nosso dinheiro.

Finalmente, e melhor prova do muito que metem no Reino, e do grande preço que excede o que metem ao que tiram, será I exame que cada um de nós pode fazer em si mesmo. ¿Qual há de nós que traga sôbre si alguma cousa feita em Portugal? Acharemos (e não ainda todos) que só o o pano de linho e sapatos são obras nossas. Chapéus, já se desprezam os nossos, e não se estima homem limpo o que não traz chapéu de Franca. Não digo já a nobreza e os seculares (a que o luxo e estimação errada que se faz das cousas estrangeiras podia fazer desprezar as naturais) mas os mesmos religiosis se vestem comummente todos de sarjas e panos de fábricas estrangeiras.

Feito êste reparo, veremos fácilmente que não temos drogas, frutos nem fazendas com que comutar esta prodigiosa comsupção que fazemos no Reino e nas Conquistas.

Castile looks to trade with nations who will pay in Castilian dollars since most of our imports are paid for with Castilian dollars, which lowers the value of Castile’s currency. We pay in Castilian dollars because the nations with whom we trade prefer Castilian currency over our own.

Finally, we will examine what each one of us can do to reduce imports into the kingdom, which is expensive for us. What do we import that we cannot make ourselves? What we will find is that we only make linen and shoes. Our hats are not held in high esteem and so our money goes to France for such things. I am not saying like some of the nobility and secular authorities that luxury is wrong and should be condemned among the common man because everybody dresses religiously in the same foreign fashions.

To repair this situation is not difficult and will not be very painful. We have more than enough farms to meet the consumption of the kingdom and the conquest.
CAPÍTULO III. ÉSTE É O MESMO DANO EM QUE TEM CAIDO E COM QUE SE TEM EMPOBRECIDO CASTELA

Fiz particular observação entre a riqueza de França e a pobreza de Castela. França sem minas está riquíssima; os particulares que têm só 2.000 escudos de renda são pobres; os gastos das mesas, os vestidos, os adornos das casas, as carroças, passam a um excesso incrível. El-Rei tem 40 milhões de escudos de renda; paga na guerra presente 160.000 infantes, e 40.000 cavalos. Espanha tem minas, recebe frotas carregadas de prata todos os anos, e está sem gente e sem dinheiro, e necessita de que Europea tôda se arme para a defender de França. Isto não é cousa que as histórias nos deixassem escrita, é um facto que temos diante dos olhos.

A razão desta diferença é a do comércio, e não há outra. França mete em Castela mais de 6 milhões de ouro todos os anos em fazendas, e retira mais de 6 milhões de ouro em dinheiro e barras. Só de roupas brancas de Bretanha e Normandia dizem os Franceses que metem em Castela 8 milhões de libras. Depois desta observação fiz êste argumento: todo o comércio do mundo se faz ou por comutação de umas fazendas por outras, de uns géneros por outros, ou por compra e venda, pagando a dinheiro o que se recebeu em fazendas e drogas: França manda a Castela 6 milhões de ouro em fazendas, e não necessita de drogas nem de fazendas de Castela: logo, faz o contracto por compra e venda, recebendo dinheiro; e de aqui nasce a riqueza de França e a pobreza de Castela.

CHAPTER THREE – THIS IS THE SAME MISCHIEF THAT HAS FALLEN ON CASTILE AND IMPOVERISHED IT

Observe in particular the difference between the wealth of France and the poverty of Castile. France without mines is very rich. Those without 2,000 escudos of income are considered poor. Their eating habits, their way they dress, and the way they decorate their houses takes a considerable expense. The king has 40 millions of escudos of income; and, he pays in the present war for 160,000 infantry and 40,000 cavalry. Spain has mines and receives silver every years with the fleets from abroad; and, yet, it is without people and without money because it like all of Europe needs arm itself against the threat of France. This is not something we have read about in the history books but something we have seen with our own eyes.

The only reason for this difference between France and Spain is commerce. France imports into Castile agricultural goods worth six million in gold and buillion. They also import 8 million pounds of white linen from England and Normandy. Considering this it is easy to argue that the commerce of the world consists in the exchange of one farm product for another, or the sale and purchase in money of those products. France sends products into Castile every year worth 6 million in gold but needs nothing else that Castile makes. This is why France is wealthy and Castile is impoverished.
Achei um tratado castelhano, intulado Restauración política de España, composto por D. Sancho de Moncada, catedrático de Escritura em Toledo, e oferecido no ano de 1619 a Filipe III, o qual me confirmou nesta opinião com provas tão evidentes, com uma tão lastimosa relação das misérias de Castela, que cuidei que, se tivéssemos a indústria de nos prevenir á vista delas, de acudir com remédio aos mesmos danos, que começam a nos maltratar e caminham a nos pôr no mesmo estado, pudéramos justamente exclamar com aquele verso latino:

Felix, quem faciunt aliena pericula cautum.

Referirei algumas das observações dêste tratado, que servem a êste discurso. Diz o autor que no ano de 1619, em que escreve, tinham entrado em Castela 120 milhões de oiro, de que já não havia 80. Somas ambas incríveis: a que entrou, por grande, e a que ficou, por pequena; e examinado a causa, refuta a razão comum dos que dizem “que as guerras de Flandres e Itália”: porque prova que até áquele ano se tinham gasto, conforme as remessas e assentos, 300 milhões; concluindo emfim que valem mais as mercadorias estrangeiras que entram em Castela, que as que saem, 30 milhões, todos os anos. Porei aqui em só exemplo dos muitos que traz o dito autor, que não serve pouco a êste discurso. De vinte lavadeiros de lã, que diz havia naquele tempo em Castela, saíam 500 mil arrobas de lã, que, a 3 cruzados novos, importavam em milhão e meio; e metiam os estrangeiros em diferentes géneros de lã, 7 milhões e meio: de sorte que só neste género de mercadoria excedia 6 milhões o que metiam ao que tiravam.
The final point at which I surrendered myself to his infallible argument was when he showed that each person in Castile spends at least six cruzados a year on foreign goods. This means that with the population of Spain being 6 million that they spent a total of 36 million cruzados a year just on clothing. This does not include Portugal during those years, but I think the Portuguese would have spent the same.

It would help if His Highness sent to do an accounting of all the foreign goods entering the kingdom and the value of them, and of the type of farms that the foreigners maintain for this would uncover the infallible truth of what I say.
CHAPTER FOUR – THIS MISCHIEF IS NOT OLD IN THE KINGDOM

To the first and most obvious objection I answer that in all the years of the recent past we have not added gold or silver to our kingdom but that both have left it in large amounts; this is apparent since we do not import enough gold to even cover our foreign imports; and, we continue to do so until now because our kingdom continues to export these precious metals.

It will not be difficult to replace if the kingdom does what I say:

There were three eras that we need to consider here: the time before we discovered India, the period covering our trade with her, and, finally our loss of Ormuz and the end of our trade in Ceylon.

During this first time there was no mischief because it was a golden age and foreign goods did not enter into the kingdom as now, in particular those that depend on the arts; and the Kingdom had an abundant supply of things the foreigners needed, so we received more than we gave. Even if you were to compare the prices, however high, there was plenty of money for well-appointed factories, for our king to travel to Africa, and for the expense of big armies.
É certo que então não entravam no Reino fazendas estrangeiras, porque nos vestíamos com panos fabricados em Portugal, e as sêdas (que não se fabricavam) tinham tão pouco uso que el-Rei D. Manuel, no primeiro ano do seu reinado, escreveu uma carta a Évora ao conde de Vimioso em que o repreendia de haver consentido que a condessa sus mulher se vestisse de veludo, e dá a razão nestas palavras: “porque o veludo, conde, é para quem é”. Os adornos das casas da nobreza do Reino eram cabides de armas, sempre luzentes e prontas para o exercício da guerra. A maior despesa eram bons cavalos; nem coches nem liteiras conhecia aquela idade. As Rainhas marchavam em mulas. Com êste aparato recebeu a rainha D. Leonor a Princesa de Gales, quando trouxe a Lisboa seu filho para se receber com a infanta D. Brites, que depois foi Rainha de Castela. Todos ouvimos a nossos avós que o uso comum eram botas, as da corte mais polidas que as do campo, e a êste uso atribuíam não se conhecerem naquela idade alguns achaques que hoje se padecem. Dêstes exemplos estão cheias as nossas histórias, e tem copiosa notícia a tradição.

It is correct that foreign clothes did not enter Portugal because we manufactured our own; and the silk which we manufactured had little use in the country because as D. Manuel wrote in the first year of his reign to the Count of Evora, “Velvet is for those who it is for,” which was a reprimand for the countess who was dressing in silk. At this time the adornment of houses consisted of weapons hanging from the walls, clean and ready for the exercise of war. The biggest expense during this time was a good horse, not carriages or litters. Queens used mules. When Queen D. Leonor, the Princess of Wales, was brought to Lisbon this form of transportation was used, as it was with the Queen of Castile. Our grandparents tell us that boots were commonly worn, that the court was as polite as the field; and, this I attribute to ailments we suffer today and not yesterday. This is proven by the numerous examples in our history and in the traditions passed down to us.
No segundo tempo, que é o das conquistas, (glorios sim, mas em que se perdeu a moderação dos primeiros séculos) abrimos as portas às riquezas do Oriente, que fizeram o Reino abundante e rico; e seguiu-se o luxo, companheiro inseparável da riqueza. Passou a ser desprezo a pobreza antiga, e foi necessário que a casa de Vimioso vestisse de veludo as criadas, que de primeiro fôra condenado na senhora; trocaram-se os cabides em panos de rás, e as mulas e cavalos em chocos e liteiras; e abrimos também as portas às fazendas estrangeiras, e meteram os estrangeiros neste Reino tudo o que a arte e luxo tinha descoberto nos outros. Ainda assim nos não levavam dinheiro, porque, como eramos os únicos senhores de tôdas as drogas e riquezas do Oriente, tínhamos muito mais que dar do que recebíamos; e metiam no Reino, por conseqüência, fazendas e grossas somas de dinheiro, e daqui nascia ser Portugal o mais rico Reino, e Lisboa a mais rica praça do mundo, e andarem públicos no comércio dela oitenta milhões no ano em que el-Rei D. Sebastião passou á África.

O terceiro tempo, que é depois da perda do comércio da Índia, foi o em que contraímos a enfermidade mortal que hoje padece o nosso comércio; porque nós necessitamos de tôdas as cousas que introduziram as riquezas da Índia, a não temos as riquezas da Índia, com que as pagaramos: donde se segue que pagamos em dinheiro aos estrangeiros o que excede o que nos dão ao preço das fazendas e drogas que nos levam.

During the second period of our history, during the time of conquest which was glorious because we lost the moderation that we had in previous centuries, we opened the doors of wealth in the East and brought riches and abundance to our kingdom. This period passed from the embarassment of the old poverty to that of the house of Vimioso, which was the first to dress in velvet which had formerly been condemned. During this time cloth was hung low, mules and horses were joined with carriages and litters, and foreigners began to import every form of art and luxury into the kingdom. However, it did not lead to a loss of money because we had much more coming in from the East than went out. So, we imported into the kingdom all manner of riches. Portugal became the richest of kingdoms and the plaza of the world, and the king D. Sebastian spent 80 thousand a year on Africa.

The third period was the time in which we lost the commerce of India and contracted our mortal illness, with which we suffer today. For, we need now the wealth introduced into the kingdom from India in order to pay for the things that we import from foreigners.
D. Sancho de Moncada, autor citado, se admira com razão de que haja dinheiro em Castela: porque, assentando que dela saem todos os anos trinta milhões, e entram só oito ou nove das Índias, não devia já ter com que pagar ás nações; mas a razão que acha a esta dificuldade é o muito que tinha entrado nos primeiros anos daquele descobrimento (e é a mesma que podemos dar, fazendo a contac ao muito que tínhamos recebido); e conclui que Castela se há de esgotar, e perder-se por conseqüência. Oh! Queira a Providência Divina que não seja castigo em nós a dilação do remedio, assim como parece castigo no Castelhanos, e que nos livre da ruina que nos ameaça, assim como nos livrou da sua sujeição!

D. Sancho of Mocada, the author cited above, had good reason to admire the money coming into Castile because it helped for years in their need to pay other nations 30 million a year, of which 8 or 9 million came from the Indies alone. However, the reason they fell into difficulty is the same reason we have also: they started to give out more than they took in. So, Castile in the end exhausted itself. Oh! That Divine Providence does not punish us like the Castlians for the dame delinquency in seeking a remedy, and that it would free us from ruin and submission.
CAPÍTULO V. QUAL PODE SER O REMÉDIO DÊSTE DANO

Segundo a diferença que fiz dos tempos que considerei no Reino, parece que o remédio do mal do terceiro tempo será reduzir o Reino, ou ao primeiro, ou ao segundo: ou passar à moderação com que se viva antes do descobrimento da Índia, ou restaurar a Índia.

Não há dúvida que fôra êste o remédio, e também que fôra quimera propô-lo. Fôra propor aos Romanos, no tempo dos Césares, a que se reduzissem ao tempo dos Cúrcios e dos Fábios; fôra ridículo o remédio que nos havia de obrigar a calçar únicamente botas, e a vestir os panos da serra de Minde e de Estrela.

A mesma impossibilidade parece que tem a restauração da Índia em tempo que não podemos aviar duas naus para aquele Estado, aonde mandam trinta e quarenta as nações belicosas da Europa. Esta grande obra fará Deus quando a merecermos, ou quando fôr servido, se nos tiver escolhido por reastauradores, como nos escolheu por descobridores e conquistadores.

O remédio não é fácil; mas não é tão difícil como aqueles dois.

CHAPTER FIVE – THE BEST REMEDY FOR THIS DECLINE

There are two different remedies that I have considered for the kingdom, both of which will provide a remedy for the decline of the kingdom: the first is to go back to a time before we discovered India, the second is to restore India.

Some people have lobbied for a remedy, or rather fantasy, that is ridiculous. They propose the Romans as an example and want to go back to the time of the Caesars, to the time of the Curicos and Fabians, suggesting that we where only boots and dress like those in the mountains of Minde and Estrela.

Restoring India is also an impossibility since we cannot dispatch two ships to the Estado while the belligerent nations of Europe dispatch thirty or forty ships. This work is too big for us. The restoration must be done by God when we deserve it, just as he previously chose us to be discoverers and conquerors.

The remedy I propose is difficult, but not as difficult as the two above.
A Filipe III se deu por remédio, para não sair a prata e oiro de Espanha, subir a moeda, e aumentar o valor do oiro e da prata, e se apontavam as razões verdadeiramente aparentes: primeira, - porque, sendo levados dos estrangeiros como mercadoria que vale mais na sua pátria que em Espanha, subindo o preço que não valesse mais, não seria mercadoria útil para êles; segunda, porque tôdas as mercadorias, (ainda metais, como cobre, que vem do Norte), valem mais na parte aonde se levam que na parte donde saem, por fazerem ao menos vinte por cento de custo na transportação: e que assim era conveniente que valessem mais na Espanha, aonde se trazem que no Potosi, donde se tiram. Mas é unútil êste meio, porque, como se necessita de fazendas estrangeiros, os estrangeiros são os legisladores dos preços, e sobem as fazendas que metem a preço que iguale o que subiu a moeda, e lhe fica com a mesma conta para a levarem.

A experiência o tem mostrado entre nós: porque, depois que a necessidade da guerra nos obrigou a aumentar a valor da moeda, cresceram os preços de tôdas as fazendas, e pagamos com uma pataca, que vale 30 vinténs, a mesma quantidade que pagávamos quando valia 16, o que obra que o mercador tire dinheiro com a mesma conta que antes, sendo só nossa a perda que vai de 16 a 30.

Philip III suggested inflating the currency as a remedy to stop the flow of silver and gold out of Spain. This would increase the value of gold and silver which was aimed at two things: first, it would make products being exported to us more expensive; and, second, all the merchants who trade with copper coins in the North would have the additional cost of transportation which would add twenty percent to the price of goods sold here. This would make Spanish goods more convenient to buy with that which was brought in from Potosi. However, this was only half a solution because foreign traders are the setters of prices and they were able to equalize the prices with the currency, so that they would continue to lead in trade.

Experience has shown us that because of the war we needed to devalue the currency, and the prices on all farms rose, but now we had to pay 30 pennies for what previously cost us 16 pennies, so the merchants still make their money.
As proibições e as leis que impedem a saca do dinheiro (que já apontei não ser remédio) foram também propostas como remédio no conselho de Castela, com uma razão aparente. Diziam que se praticava assim em todos os Reinos vizinhos donde é certo que os mercadores não tiram dinheiro, e que se não dá maior razão para que estas leis produzam o efeito para que foram estabelecidas nos outros Reinos, e o não produzam em Espanha; mas a razão da diferença é clara: os estrangeiros têm fazendas, com que pagam tôdas as mercadorias de que necessitam, o que obra que as suas leis tenham fácil execução; e as nossas a têm difícil e impossível, porque não temos com que comutar o muito de que necessitamos, e somos obrigados a pagar em dinheiro o exesso.

Dêste remédio usaram inútilmente os Castelhanos, porque proibiam as sacas do dinheiro com infinitas leis e pragmáticas, reiteradas em todos os govêrmos, desde o tempo dos Reis católicos até o presente; e em uma que publicou, Carlos V dá a razão nestas palavras: “porquanto los Franceses ilevan el oro, y con él nos hazen la guerra”.

Finalmente, o único meio que para evitar êste dano, e empedir que o dinheiro saia do Reino, é introduzir nêle as artes. Não há outro que possa produzir êste efeito, nem mais seguro, nem mais infalível.

As I have already said, the prohibitions and laws meant to stop the wealth of the country from leaving the country were not good remedies as the example of Castile has shown. As we discussed previously this policy was practiced in all the neighboring kingdoms and did produced the desired effect when the laws were established in these kingdoms, with one exception. It did not succeed in Spain. However, the reason is clear; foreignors have farms which produce all the goods and it was easy for them to implement these laws; but it is difficult, if not impossible for us because we are forced to pay in cash for what we cannot produce ourselves.

This remedy was useless to the Castilians which can be seen in the infinite laws and pragmatics passed from the time of the Catholic kings until now which prohibited the drain of money from the kingdom. This is why Charles V once said “Those with the gold can bring war.”

There is only one remedy for this decline and that is the introduction of the arts into the kingdom. There is no other more dependable, or more foolproof, action that can be taken than this.
CAPITULO VI. PROVA-SE A INFALIBILIDADE DÊSTE REMÉDIO

A prova é evidente: as fazendas lavradas que os estrangeiros metem no Reino são as que únicamente fazem exceder o preço do que metem ao preço do que tiram do Reino, como temos provado; pela introdução das artes se evita a introdução das fazendas que os estrangeiros metem neste Reino; logo, não excederá o preço das fazendas que entraram no Reino ao preço das que saem, e teremos com que pagar as fazendas e drogas que entrarem, sem que seja necessário pagá-las a dinheiro.

CHAPTER SIX – THE PROOF OF THIS INFALLIBLE REMEDY

The proof is self-evident: as the price of foreign goods coming into the kingdom rise they will exceed the price of goods made in the country; and, through the introduction of the arts we can avoid importing so much from the others and we will not have to pay them in cash for this imbalance of trade.
Da maior e da menor desta conclusão se não pode duvidar; mas façamos mais verosímil a prova da menor. Todos sabemos que a maior despesa e gasto que faz o Reino é de sarjas, baetas, panos e meias de sêda. Sarjas gastam tôdas as religiões de frades e freiras dêste Reino, excepto algumas. Só os mantos das mulheres bastam para a comsumpção de uma grande quantidade de fazendas dêste género; e todos no verão nos vestimos comumente de sarjas. De baetas não só nos vestimos todos, e as usamos nos lutos, mas somos os únicos homens que as gastam em Europa. Meias de sêda, fica dito que só á Inglaterra gastamos 80 mil pares. Panos, é uso comum de grandes e pequenos em todo o Reino no inverno, e não só no Reino mas em tôdas as Conquisitas. Êstes são os géneros mais grossos que os estrangeiros navegam, e que o uso comum faz mais custosos ao Reino, o que na verdade é cousa vergonhosa para as nações de Espanha. Suponhamos que obramos o que baste para o uso comum do Reino e Conquistas nestes cinco ordinários géneros de sarjas, baetas, meias de sêda, panos e papel: e deixo á consideração de todos o que poupáramos de dinheiro, cujo gasto nos empobrece, e enriquece as nações de quem as recebemos.

There is no doubt in the large and small conclusions here; but, we must test the plausibility of the smaller conclusion. Everybody knows that the biggests expense and cost goes to serges, baetas, cloths and silk stockings which, with the exception of some, is spent by the religious friars and nuns of this kingdom. The cloaks of women alone consume the largest quantity of products from these types of farms; and everyone commonly dresses in the summer in serges. We are not alone in using baetas, which we use for funerals, but we are the only one’s in Europe that buy them. We buy 80 thousand pairs of silk stockings from England. Cloth is commonly used by everyone not only in the kingdom but in throughout empire. These are more coarse than the sails of foreign ships, is something shameful for the nations of Spain. Suppose that we made what we commonly use in this kingdom and in the empire, namely serges, baetas, silk stockings, cloth, and paper, we would save money, which a lack of now impoverishes us and enriches the nations that receive it.
CAPITULO VII. SE É FÁCIL NO REINO A INTRODUÇÃO DAS ARTES

Os autores reduzem as mercadorias que dependem da arte a três classes, a saber: umas têm metade de obra e metade de matéria, como são sêdas; outras têm uma parte de matéria e duas de obra, como são linhos, algodões, lãs e obras de ferro; outras têm todo o valor pela fábrica, pelo pouco que vale a matéria, como são algumas obras de medeira, e particularmente papel.

Destas são as mais necessárias para a República as da segunda e terceira classe, por duas razões: primeira, porque são as de uso mais comum; segunda, porque tendo todo o valor na obra, dão mais ganho ao artífice, que o bom governo quere que fique aos naturais e não passe aos estrangeiros.

Outra diferença se considera nestas obras da arte: umas são fáceis e outras difíceis de obrar; as mais fáceis são aquelas que não têm valor, como panos, sarjas, baetas, etc.; as mais difíceis são sêdas lavradas, brocadas, tapeçarias, etc.

As de uso comum são as mais fáceis de obrar e as mais necessárias no Reino, e as que inculco para o fim a que se encaminha êste papel. Não digo que se procure a introdução da fábrica das mais difíceis, e que façamos logo fábricas de brocados, de tapeçarias e outras cousas semelhantes, suposto que fôra utílissima a introdução de tôdas, como mostrá este discurso.

CHAPTER SEVEN – ON WHETHER IT WILL BE EASY TO INTRODUCE THE ARTS INTO THE KINGDOM

Authors reduce trade to three types of arts: one, the production and working of silk; two, the production and working of linen, cotton, wools and metallurgy; and three, the production and use of wood and paper.

Of all these the second and the third are the most important because they are more commonly used and because the value of the work goes to the artisan, which a good government wants to give to its own people rather than to foreignors.

Another difference one should consider in the introduction of these arts is that some are more difficult than others. The easiest ones are those that are least costly like cloths, serges, baetas, etc., while the ones that bring the most value, such as, good silks worked into brocades, tapestries, etc., are the most difficult.

I think it is more necessary for our kingdom to make the easy things, and this is what this paper has been directed at arguing. I am not saying that we start manufacturing these more difficult products like brocades, tapestries, and other things right away. I only use them as examples of what can be introduced into the kingdom.
A introdução das artes que são mais comuns é também mais fácil nas terras onde há as matérias que nas onde faltam; e por conseqüência, mais fácil será entre nós do que entre as estrangeiras. Todos sabemos que no Reino e nas Conquistas há em abundância lãs, linho, algodão, e todos os materiais que servem às tinturas; e não há em abundância sêdas por falta de aplicação, como direi em outro lugar.

Carlos V costumava dizer que os Espanhóis pareciam sisudos e eram doidos, e os Franceses pareciam doidos e eram sisudos. A razão desta diferença é clara: os Espanhóis têm todos os materiais e desprezam as artes; e os Franceses não têm os materiais e estimam as artes. Os Espanhóis têm lã que lhes compram as obras de lã aos Franceses, com mais de dez partes de excesso do valor do que a matéria que venderam. ¿Quem não dirá que esta nação é bárbara, e aquela civil? Esta louca, e aquela sisuda?

Por onde se deve começar para a introdução das artes é com a proibição rigorosa de saírem do Reino as matérias que se podem lavrar nêle. Além de que a saca das lãs perde infalivelmente as poucas fábricas que há de panos, por uma razão evidente. É certo que a abundância das lãs as fará dar a melhor preço, e a falta as faz valer mais caras; se os nossos obreiros as acharem baratas, poderão dar os panos a melhor conta (e pelo contrários, se não as acharem a bom preço): daqui se segue que compramos mais baratos os panos aos estrangeiros, do que aos naturais; e faltando aos naturais o gasto do que obram, deixam de obrar, e se perdem as fábricas, - que é o mesmo que sucedeu aos Castelhanos, como veremos.

The introduction of the arts for more common products will be easier in the lands where we have the raw material but lack the manufacturing capability. This will also make it easier for us because we will not have to compete with foreign goods. Everybody knows that there is an abundance of wool, linen, cotton and all the things used for dyeing within the kingdom and the empire; but, there is not an abundance of silk to which we can manufacture like there is elsewhere.

Charles V used to say that the Spanish looked serious while they were crazy and the French looked crazy while they were really serious. The difference is clear: the Spanish have all the materials they need but despise the arts while the French have little raw material but value the arts. The Spanish have wool but it is bought and worked by the French, which is sold back at ten times its worth. Who would not say that this is a barbarian nation and the other a civil one? This one crazy and that one serious?

We should start the introduction of the arts with the prohibition of exports that can be made in the kingdom now. Beyond the export of wool it is evident that little should be prohibited. It is correct that the abundance of wools lowers the price while a lack of wools increases it. Even our workers will find the cheap price appealing and buy the cloth on that account. It will follow that the cloth of foreignors will be bought by our own people and this will cause a loss to our factories, which is what happened to the Castilians, as we will show below.
Ponhamos o exemplo no pano-de-linho. Éste é o único material que se obra no Reino; não sai dele: e daqui vem que temos pano-de-linho, não só para o comum gasto do Reino, mas para vender a Castela e para mandar às Conquistas. Não sair esta matéria do Reino, gastarem-se as obras que dela se fazem, é a razão porque toda uma província (seja Deus louvado) se aplica às obras de linho. Isto mesmo sucederá com a lã se não sair do Reino. Se houver artífices para obrarem os géneros que aponto (que necessariamente hão de ter gasto) e se se aplicarem a obrá-los, teremos não só o que baste para o Reino, mas para dar a Castela e mandar às Conquistas.

Já por uso a lei do Reino se dá privilégio de dez anos de isenção de direitos a qualquer artífice que intentar alguma fábrica nova. Lei justa e útil; e porque os privilégios e prêmios rudo facilitam, depois de haver artífices será conveniente cuidar em outros prêmios, como gastar a Fazenda Real mil cruzados nos primeiros anos de pensão aos artífices que melhor obrarem êste ou aquele género, e ordenar Sua Alteza que para os dotes da Misericórdia sejam preferidas as moças que fiarem lã e obrarem meias e fitas. Aos obreiros deste género também se facilitará a escolha de lugares abundantes em águas e lãs, deixando à província de Entre-Douro-e-Minho, e comarca de Lamego e algumas terras de Trás-os Montes, o trabalho de linho e sêda, que nela se continua. Deixo para outro lugar outros meios, que vi praticar em França.

We will use the example of linen cloth. This is the only stuff that is manufactured in the kingdom and that does not get exported, except that which gets sent to Castile and the empire. If this good does not leave the kingdom which is manufactured here it is because, God be praised, that it is worked in all the provinces. This would be true of wool as well. If we had artisans that worked this type of cloth, which we now spend money to import, we would have not only enough for the kingdom but we could export it to Castile and the empire.

The law of the kingdom already gives any artisan a ten year privilege for planning a new factory. It is a helpful and fair law because it facilitates the start of a factory which will make wool stockings and adhesives, which is better than the thousands of cruzados that the Royal farms give by order of the king to the doweries of the girls in the Misericórdia. In order to work this type of cloth we will need abundant water and wools which we can find in the area around the province of Entre-Douro-e-Minho, the jurisdiction of Lamego, and some parts of Trás-os Montes, where linen and silk is still worked. I will leave for another time a discussion of the practice I saw in France.
CAPÍTULO VIII. SE TEM INCONFORTENTE ESTA INTRODUÇÃO DAS ARTES

O primeiro inconveniente que se considera, e que é comum entre os nossos ministros, é dizer que se introduzirmos as artes não terão saca as nossas drogas, que os estrangeiros buscam a tróco das suas manufacturas; e perdermos as Conquistas, que só como a saca delas se conservam, e a Fazenda Real o direito das alfândegas. E anda tão respeitada esta razão que se tem por odiosa a prática de introduzir as artes na opinião de alguns, e perigosa na opinião de muitos. Mas deixando para outro lugar as felicidades próprias que com elas se introduzirão no Reino, e supondo que pode ter inconvenientes, respondo a êles:

1.º Que é necessário examinar qual é maior dano: se continuarmos no estado presente, que nos esgota o Reino de dinheiro e nos deixa as drogas; ou deminuir a saca das drogas pela introdução das artes, que é só o remédio que temos para impedir a saca do dinheiro, ouro e prata, do Reino.

2.º Eu não digo que introduzissemos tantas artes que não necessitássemos das artes estrangeiras (suposto que tenho opinião contrária); digo só por agora que têm uso mais comum, e as que ficassem bastaram largamente para se comutarem pelas nossas drogas e fazendas que dar, e temos necessidade de receber oito, introduzimos a artes que valham quatro; que é êste, como fica dito e provado, o único remédio que temos para conservar o dinheiro; e com esta conta, que não será difícil de fazer, cessará a razão do temor dêste inconveniente, e se achará que não só o não é, mas que é muito necessária, para remédio do Reino, a introdução das artes.

CHAPTER EIGHT – ON THE INCONVENIENCES THAT COME WITH THE INTRODUCTION OF THE ARTS

The first inconvenience of introducing the arts, as our ministers have discussed, is that it will have an immediate drag on our national wealth, because foreign nations will seek to protect their manufactures. They say we will lose the empire, which alone brings wealth to the kingdom via the customs of the royal farms. This reasoning is so well-accepted that it is impractical for most to consider the introduction of the arts, and an idea despised by some. However, leaving for another time this discussion, I address the following drawbacks of introducing the arts:

1. We need to examine whether it is a bigger mischief to continue on the present course and exhaust the kingdom of money, and leave us worse off than now; or to diminish our wealth a little by the introduction of the arts and stop the wealth of the nation, gold and silver, from leaving the kingdom.

2. I am not saying the introduction of the arts will lead to no need for foreign goods, my opinion is the opposite. All I am saying is that introducing the arts will cut in half our need for foreign goods, which I said before is the only cure for money leaving the kingdom. By this account it will not be difficult to do and introducing the arts will be found to be very beneficial to the kingdom.
3. É falso o princípio de que depende 
da falta das artes a saca das nossas drogas; 
porque se facilita por outro princípio mais 
natural, que é a necessidade que os 
estrangeiros têm delas. Se necessitam delas, 
a abundância das artes não a há de dificultar. 
O exemplo tem passado por nós: há alguns 
anos o açúcar e tabaco tinham muito saca, 
porque só nós é que tínhamos abundância 
destas drogas, e todos necessitavam delas; 
fizeram as nações do Norte fábricas de 
açúcar e tabaco nas ilhas da América, e 
faltou a saca, porque não tiveram 
necessidade destas drogas; donde se vê que 
nem a falta das artes foi a causa do muito 
gasto delas, nem a introdução das artes, do 
pouco gasto.

Outro princípio há também para 
dificultar a saca das nossas drogas, que é o 
havê-las em outra parte a melhor preço; mas 
isto se remedeia com abaixar o preço, que é 
o meio que usam os Holandeses em tôda a 
parte do mundo e com que se conservam 
senhores do comércio.

Também a muita abundância dêste 
gêneros pode ser a causa, ainda que todos 
necessitem déles; porque, se bastam para a 
Europa 50 mil caixas de açúcar, e nós 
levarmos 100 mil, necessariamente há de 
faltar a saca a 50 mil caixas, sem que a 
introdução das artes seja culpada nesta falta 
de saca. Isto sucede comummente em todos 
os frutos da terra, em que uns anos são mais 
abundantes que outros, como são as nossas 
drogas, que em uns anos se gastam tôdas e 
em outros sobejam, porque há mais do que 
se podem gastar.

3. It is false to begin our argument on introducing the arts with the claim that it will lead to a reduction in our wealth because the foreign nations have a natural need them as well. If they need them then this is an example which complicates that argument. There is an example we have in our own history. For many years we had lots of sugar and tobacco and everyone needed them, even though other nations also had sugar and tobacco factories in the Americas and did not lack a market for them. This shows that the introduction of the arts in these others countries did not reduce their wealth.

Another complication is the lowering of the price of our trade in spices; but, the Dutch have shown all over the world that even with low prices you can maintain markets.

An abundance of this kind can exist as long as everybody has need of it. For example, if Europe needs 50 thousand boxes of sugar and we have 100 thousand that is 50 thousand boxes more than we can sell to Europe, which makes the introduction of the arts more important. This happens commonly because in some years more is produced than in other years, and sometimes less.
4. ° Se não tiverem saca as nossas drogas, porque faltaram os estrangeiros a virem buscá-las: ou pela introdução das artes (o que nunca poderá ser), ou porque as têm entre si, - nós as navegaremos aonde êles as navegam, porque emfim, nós lhe ensinámos a arte de navegação; e assim supriremos a falta de saca para as nossas drogas pelo excesso que levam na bondade às dos estrangeiros.

CAPITULO IX. PROVA-SE QUE NÃO TEM INCONVENIENTE, PELO EXEMPLO DAS MAIS NAÇÕES DA EUROPA

A Providência Divina, cuidadosa da mútua correspondência dos homens e da sociedade civil das nações, não deu a uma só os bens da natureza; repartiu a produção pela diversidade dos climas, para que a necessidade que uns têm de que os outros produzam facilite o comércio e o trato entre os homens, levando uns, e trazendo outros, o de que necessitam todos. De aqui se segue que não há província tão abundante que não tenha necessidade dos frutos alheios, e nenhuma tão pobre e estéril que não tenha que mandar às abundantes.

Mas a indústria e o entendimento repartiu igualmente a tôdas as nações, fazendo a tôdas capazes das operações da arte; e se faltam em algumas, é por falta do uso e da policia, e não da capacidade.

Temos o exemplo em Alemanha, onde hoje mais florescem as artes, e que era no tempo em que escreveu Tácito tão inculta e bárbara como sabemos que é hoje a América e Etiopia.

4. It will not reduce our trade in spices because foreign nations will still seek them; and, by the introduction of arts we will be able to bring to them things they do not now have among themselves. We taught them to navigate, and will continue to supply their need for spices in addition to other products.

CHAPTER NINE – PROOF IN THE EXAMPLE OF OTHER NATIONS THAT IT IS NOT INCONVENIENT

Divine Providence, in its wisdom, has given men and civil societies a mutual need of one another by distributing differently the property of nature. By doling out diverse climates that produce various products we have developed the need to facilitate commerce among men in order to bring to others that which they lack in abundance. However, there is no one so abundant in fruits that they have no need of someone elses fruits, or no one so poor and sterile that they have nothing to give to another.

However, the partitioning of industry and the understanding among all nations, especially with regard to the operation of the arts, exists because they lack use and a national policy, not capacity.

Germany is an example where today the arts blossom but when Tacitus was writing they were uncultured and barbaric, which is the way it is in the Americas and Ethiopia.
De aqui se segue que será castigo, a não disposição, da Providência Divina, a menos aplicação que umas nações têm, mais do que outras, ao exercício das artes mecânicas.

Mas, deixando as moralidades a que dava ocasião êste reparo, digo que aquela repartição da Providência segura entre os homens a saca de todos os frutos de que têm abundância, pela comutação dos de que têm falta; e que as artes, ainda que sejamos comuns a tôdas as nações, não podem impedir, nem ser danosas ao comércio. Esta é a razão porque tôdas as nações bem governadas procuram ter abunância de artes, sem que nenhuma se receie do dano de que as artes Ihe serão contrárias ao seu comércio. Vejamos as nações vizinhas.

Inglaterra e Holanda não têm sêdas, porque a natureza negou esta produção aos seus climas; e assim as recebem das terras que as produzem; mas o que a arte põe em obra destas matérias procuram cuidadosamente ter em abundância: porque se as fôssem buscar lavradas para seu uso, custar-Ihes-iam muito mais do que valem as fazendas e drogas que comutam pelas sêdas.

It follows from here that Divine Providence will punish more severely those nations which do not apply the mechanical arts.

Leaving the moral issue that gave need to this repair, Providence has made men dependent on each other for all the fruits of the world which can only be had through trade. The arts, even if they were common to all nations, will not stop that. This is the reason all well-governed nations should avoid the mischief of not having the arts because it will run contrary to commerce. We will see the nations as a community.

England and Holland do not have silks because nature has denied them the climate for this. However, they receive silk from the lands that produce it and by art turn this raw material into abundance. Because they do this can exchange silk for agricultural goods.
França não tinha sêda, mas era capaz de a produzir; vinham-lhe de Itália as roupas de sêda para seu uso. Henrique IV, não menos glorioso por esta obra que pelas vitórias que conseguiu, fêz plantar amoreiras e criar os bichos, e chamou á França com grossos salários mestres de diferentes partes, introduzindo esta fábrica em França de sorte que hoje o que vale esta arte é a sua maior riqueza. O marquês della Rovére, residente de Génova em Paris, me disse que antes de haver as fábricas de sêda em França tinha Génova dois mil teares, e que hoje tem só quatro-centos. Li em um livro, impresso em Paris no ano de 1655, o decreto de Henrique IV sobre a introdução da fábrica da sêda, e achei nêle tôdas as razões em que se funda êste discurso. As palavras são as seguintes, passadas fielmente à nossa língua:

“El-Rei no seu conselho, reconhecendo que a introdução das sêdas nas terras do seu domínio é o único remédio para evitar a saída de quatro milhões de ouro, que todos os anos passam às nações estrangeiras pelas sêdas; que era necessária esta arte ao decôro público e para a riqueza e ocupação dos seus vassalos: ordena, etc.”

Os Venezianos são tão cuidadosos de que tudo o que a arte acha de novo for a de Veneza se obra na sua república, que no mesmo tempo proíbem e entrada das novas manufacturas e procuram artífices delas, porque têm por felicidade e riqueza que os estrangeiros não levem ao seu Estado cousa alguma que dependa da arte e nêle possa fabricar-se. O único exemplo são as cabeleiras, cujo uso proibiram, excepto as que se obrassem em Veneza.

France did not have silk but was able to work it from silk they got from Italian vineyards. Henry IV, no less glorious for the his work in this respect than for the military victories he gained, planted mulberry trees and obtained silkworms; and, with this coarse start introduced the fabrication of silk into France, so that today that little investment in the arts has generated a great deal of wealth. The Marquis della Rovére, a resident of Genoa who I met in Paris, said to me that before the silk factories of France went into operation Genoa had two thousand looms. Now they have only four hundred. I also read in a book back in 1655 about the decree of Henry IV and found in it all the reasons for the case I have been arguing. The words are the following, faithfully put in our language:

“The king in counsel, recognizes that the introduction of silk into his lands is the only remedy to stop the exit of four million in gold, which in years past the foreign nations have received for silk goods. This art is necessary for the decoration of the public and the wealth of the nation, and for the occupation of his vassals: it is therefore ordered, etc.”

The Venetians are so prudent that they make everything they can in the republic, and at the same time prohibit the export of how to manufacture or work these items. For, it is not the for the wealth of foreigners that the art and manufacturing exists but for their own happiness. The last example being wigs which are prohibited in Venice unless they are made there.
Em França há hoje êste mesmo cuidado. Vieram no meu tempo a Paris umas rendas de Itália a que chamam ponto de Veneza; começaram a ser moda, com grande despesa dela; acudiu o governo com grande remédio, introduzindo a arte a rodo o custo, e prémios a quem melhor obrasse, e proíbindo a entrada com tal rigor que se queimavam em praça pública as que se achavam nas casas dos mercadores, de que resultou grande utilidade e abundância, com que hoje as rendas que entravam por mercancia saem de França por mercancia.

Os Genoveses observaram há pouco tempo que os panos de Inglaterra e Holanda lhe tiravam o dinheiro da república. Que fizeram? Introduziram uma fábrica dêles, emprestando a República aos oficiais e mercadores a quem a encomendaram, 150 mil escudos. Tiveram indústria para tirarem obreiros de Inglaterra, e se acham já com tantos panos, e tão finos, que os navegam, com grande utilidade, á Turquia.

A grande riqueza de França procede únicamente de que, tendo muito frutos necessários a outras nações, procura ter tôdas as artes que há nas outras nações, para que o dinheiro que entra pelos frutos não saia pelas artes; e passa êste cuidado a tanto que el-Rei manda Franceses às escolas de pintura e escultura de Lombardia e Roma, dando aos mestres que as ensinam, por receberem obreiros franceses, grossas pensões.

This is still taken care of in France today. What previously came to Paris from Venice because it was fashionable and was expensive was now prohibited by the government. The government would even burn in the plaza imports that were found in the houses of merchants. Then, the government began to invest heavily into the arts. This has resulted today in those who enter France as merchants leave as French merchants.

The Genoese quickly observed that the cloth of England and Holland removed money from the republic. So, what did they do? They introduced factories with loans they got from the Republic totalling 150,000 escudos. They enticed English workers to Genoa made so many cloths that they were able to sail them with ease to Turkey.

The wealth in France is so great that the king seeks the arts of other nations, using the very money that he gets from the fruits of France. The king sends people to the schools of painting and sculpture in Lombard and Rome where the masters teach them these arts.
Grócio, embaixador de Holanda em França, deu a el-Rei uma memória em que por miudas adições do que metiam os Holandeses, e do que tiravam de França, mostrava que era tal o valor dos frutos que tiravam, que metendo muitos, eram ainda assim obrigados a meter 10 milhões de libras em dinheiro, porque nada, ou pouco, do que depende da arte, metiam; e preguntando-lhe eu como recuperavam aquela soma de 10 milhões de libras, me disse que com o grande interesse que tiravam de navegar os mesmos frutos ao Mar Báltico e ao porto de Archangel em Moscúia.

São infinitos os exemplos com que pudera provar êste capítulo; mas êstes bastam para que preguntemos a nós mesmos como poderá ser danosa a comércio a introdução das artes, que é útil ao comércio de tôdas as nações e é procurada cuidadosamente de tôdas como fundamento de sua riqueza. Cuido que não acharemos razão contrária, e que veremos que o nosso desuído neste particular é o dano único do nosso comércio, que, como febre hética no corpo da república, nos consome e nos perde. Queria Deus que me engane!

Deixo para o fim da primeira parte dêste discurso a advertir que os estrangeiros entendem tão bem a perda que terão da introdução das artes neste Reino, que mantendo eu de Paris um mestre de chapéus de castor a Lisboa, por ordem do marquês de Fronteira, o cônsul de França lhe ofereceu em Lisboa o perdão de um delito que tinha em França, e uma pensão de mais de 200 mil réis, com o que o fez tornar para França. E procurando D. Francisco de Melo em Londres mandar um tear de meias de sêda, não pôde vencer as dificuldades e proibições com que o impediram.

Grotius, the ambassador from Holland to France, reminded the king of the many things that were exported to Holland, which did not hurt either because France received ten million pounds in cash, not imported finished products; and Holland traded this 10 million pounds of stuff with others over the Baltic Sea and in the port of Archangel in Russia. I thought all of this interesting.

There are an infinite number of examples that could be used in this chapter; but this is enough to prove that our trade will not be harmed by the introduction of the arts, and it is found in all the prudent nations as a foundation for wealth. I have taken care to make sure that we will not be an exception to this rule and that the raging fever that now consumes the body of our commerce will not destroy us. If I am wrong, it is only because God has allowed me to be misled!

I end this talk with an example of how foreigners seek to introduce the arts, and how we can do so in our kingdom as well. The Marquess of Fronteira, the consul of France, offered to a master beaver hat craftsman who was from Lisbon a 200 thousand reis pension, and the pardon of a crime committed in France, if he would come and work in France. Also, D. Francisco de Melo in London attempted to send a loom for making silk stockings out of the country but could not get around the prohibition.
CAPÍTULO I. DAS GRANDES UTILIDADES QUE SE SEGUIRÃO AO REINO DA INTRODUÇÃO DAS ARTES

Parece que fica provada a grande e precissa necessidade que há de introduzir, ao menos, as artes necessárias no Reino; que não é difícil esta introdução; e que são errados os inconvenientes que se lhe consideram: mas se os grandes males a que esta falta nos expõe não bastarem a nos persuadir aos remédios, bastem as grandes felicidades que se seguirão ao Reino, que reduzirei a cinco pontos, inestimável cada um dêles ao bem público. São os seguintes:

1.º Que a introdução das artes evitará em comum o dano que fazem ao Reino o luxo e as modas;
2.º Que tirará a ociosidade do Reino;
3.º Que o fará mais povoado e abundante de gente e frutos, e poderá, sem que lhe faça falta, ter gente para as colônias e para a guerra;
4.º Que a Portugal, mais que a outra qualquer nação de Europa, é útil necessária a introdução das artes;
5.º Que as rendas reais se aumentarão.

Cada uma destas cinco proposições, só per si executada, parece que bastará a fazer o Reino feliz; e sendo certo que com á introdução das artes se executarão tôdas, quem não dirá que das artes depende a felicidade do Reino?

Vejamos as provas.

SECOND PART

CHAPTER ONE – ON THE GREAT UTILITY OF INTRODUCTING THE ARTS INTO THE KINGDOM

It is necessary to meet some big challenges before we can introduce the necessary arts into the kingdom. Things that are not that difficult to implement but that appear inconvenient because we lack the manliness to implement the remedies. There are five things that will lead to happiness and to the public good. They are the following:

1. That we avoid the common mischief in this kingdom associated with luxury and fashion;
2. That we remove idleness from the Kingdom;
3. That we do more to encourage the growth of the population and towns, which will allow us to produce more, colonize, and have an ample supply of men for our military;
4. That we make the arts more useful to Portugal than any other nation;
5. That real income be increased.

Each one of these five propositions, if all performed, will make the kingdom happy; and, with the introduction of the arts all of these things are possible, and no one will question the value of the arts.

We will see the proof.
CAPÍTULO II. QUE A INTRODUÇÃO DAS ARTES EVITARÁ O DANO DO LUXO E DAS MODAS NOS VESTIDOS E ADORNOS DAS CASAS

Em primeiro lugar, desejo a moderação no uso do vestir e nos adornos das casas, e que nos regulasse nêles, não a abundância e vaidade, mas o concêrto e a modéstia. A esta moderação dão os filósofos e jurisconsultos preceito, e, o que mais, para nós é, os Padres da Igreja conselho; mas como a ambição e a vaidade são vicios quási naturais da nossa condição, os preceitos e os conselhos obram pouco connosco. Daqui se segue que o Reino terá grande interêsse de que, ainda que haja luxo e gasto supérfluo no vestire adornar as casas, não seja danoso ao Reino.

CHAPTER TWO – THE INTRODUCTION OF THE ARTS WILL AVOID THE MISCHIEF OF LUXURY, FASHIONABLE DRESS, AND HOME DECORATION

In the first place we should desire moderation in dress and in home decoration, not just abundance and vanity but concord and modesty. Philosophers and legal advisors have given to us advice about this, or rather to us the priests of the Church. However, because ambition and vanity are natural vices for us this advice and these precepts mean little to us. So, it follows that even if the kingdom is interested in luxury and superfluous expenses that it will not be harmful to the kingdom as a whole.
O dano do Reino não consiste em que cem particulares mal governados gastem o património em adornos e vestidos, se da fazenda que êstes gastam se sustentaram cem mil famílias do mesmo Reino; o em que consiste o dano é em que a fazenda que o mau governo de uns consome e dissipa, seja alimento e utilidade dos estranhos. As artes obram que aquele dano particular de uns seja utilidade de muitos no mesmo Reino; e a falta delas, que aquele dano passe de particular a ser mal comum de todo o Reino. A razão é fácil de achar. Se tôdas as manufacturas e fazendas que consome o uso mal regulado dos vestidos e adornos das casas são obradas no Reino, nêle fica o custo delas, repartido por tantas mãos quantas são as por onde correm aquelas fazendas até a tenda do mercador; porém; se são obras estrangeiras, lá vai parar o dinheiro, e lá sustenta aquele número de gente, com a riqueza que pudera ficar no Reino.

The decline of the kingdom comes not from the hundred different poor ways in which an estate is spent on adornments and dress, unless what is spent could support a hundred thousand families. In that case a bad estate is one that is eaten away by sustenance and the extraneous expenses of high living. The arts offset this wastage in the kingdom, as long as it is not prevalent throughout the kingdom. The reason is clear. If all the manufacturing stays in the kingdom then when people go to the market the money stays in the kingdom, even if people are using it for lavish dress and home decorations.
Mais me atrevo a dizer. Em um Reino rico e com artes, não só é útil aquele apetite, ainda que seja imoderado, de vestir custosamente e adornar ricamente as casa, mas é necessário e conveniente. Valério Máximo o tem por uma espécie de liberdade: Quid opus libertate si volentibus luxa perire non licet (liv. 2, cap. 9, proverb.).

O dinheiro nos Reinos tem a qualidade que tem o sangue no corpo de alimentar tôdas as partes dêle; e para o alimentar anda em uma perpétua circulação, de sorte que não pára senão com a inteira ruina do corpo. Isto mesmo faz o dinheiro: faz que saia das mãos dos pobres a necessidade--o apetite e vaidade dos ricos. Pelas artes passa aos mercadores; dos mercadores a todo o género de ofícios e mãos por onde correm os materiais que põe em obra a arte; destas mãos às dos lavradores, pelo preço dos frutos da terra para sustento de todos; dos lavradores aos senhores das fazendas; e das mãos de todos, pelos tributos, ao património real. Dêste sai outra vez pelos ordenados, tenças, sustento de soldados, armas, fábrica de naus, de edifícios, de fortificações, etc. Quando esta circulação do dinheiro se faz no Reino, serve de alimentar o Reino; mas, quando sai do Reino, faz nele a mesma falta que o sangue quando sai do corpo humano.

Este exemplo não tem nada de ficção nem de adôrno: é tão natural em uma como em outra parte.

I dare to say more. In a rich kingdom which has the arts, even if the appetites of the people for costly dress and rich home decorations are immoderate, the arts will make up for it. Valério Maximo has a sort of liberty: Quid opus libertate si volentibus luxa perire non licet (liv. 2, cap. 9, proverb).

Money in the kingdom has the quality of blood in the body; it needs to be perpetually fed through circulation or the body dies. This is true even if the money goes from the poor to the rich who use it in vain pursuits. Through the arts this money passes to the merchants. The merchants put this money to work in all types of arts and generate jobs. Those who are employed use their wages to buy food from the farms, and by this contribute to the value of real estate. This same process occurs when soldiers are paid, weapons, ships and fortifications are built, etc. When money circulates in the kingdom like this it is like the blood circulating through the body; but when money leaves the kingdom it is like the body losing its blood.

This example is not fiction or exaggeration; it is a simply observed fact.
Suponhamos que um Príncipe entesoura todo o dinheiro que lhe tributa e rende o seu Estado; é certo que em poucos anos o - esgota, e que faltará aos pobres e ricos com que o tributar e alimentar-se. Esta é a razão porque os políticos aconselham aos Príncipes que, não tendo em que gastar, e não saindo de minas o seu tesouro, fabriquem palácios: porque, para o dinheiro entrar nas mãos do Príncipe, é necessário que saia. A Providência Divina também acudiu a isto, e não quis que se acumulssem todos os bens em uma só mão, porque ordenou que se repartissem por muitas; ordinariamente vemos que o filho do avarento é pródigo, e que divide o vício dos filhos o que ajuntou o crime do pai.

De aqui parece que se segue que não são danosos aos Reinos o luxo e a vaidade dos gastos no vestir e adornar as casas, quando as fábricas que servem a êste uso são obradas no mesmo Reino, - antes é utilidade: porque obra que o dinheiro sirva de alimento a muitos.

Suppose that a prince amasses all the money his state yields in taxes; in a few years it will be exhausted and both poor and rich will will start to lack. This is the reason advisors tend to counsel princes to spend their money on building palaces so the money does not remain in the hands of one person. For, it is necessary that the money leave the hand of the prince once he has it. Divine Providence has also come to the rescue in that property does not naturally collect in the hands of one person but is divided among many. After all, we know that the stingy man has a prodigal son who covers the sin of his father.

So, it has been shown here that luxury and vanity in dress and house decoration are not harmful to the kingdom when there are plenty of factories to keep the kingdom healthy because money works to sustain many.
CAPÍTULO III. AS ARTES EVITAM A OCIOSIDADE

A ociosidade é o inimigo maior e o mais perigoso dos Estados. Em Atenas condenavam os ociosos com pena de morte; Solon os castigou com a nota de infâmia; o imperador Valente, com a perda da liberdade. Salústio aconselhou a César, como primeira necessidade do governo, buscar em que ocupar os homens. Cícero afirma que durou a glória em Roma enquanto se observaram as leis contra a ociosidade. Marco Aurélio mandava que todos os homens trouxessem sôbre si uma marca da profissão que tinham, e quem a não trazia era obrigado a servir nas obras públicas. Nação houve entre a qual se não dava de cear aos moços que não mostrassem o trabalho em que haviam passado aquele dia. Entre os Egípcios houve lei que obrigava cada um dos homens a mostrar aos magistrados o de que vivera e em que ocupara a vida aquele ano.

Passou da antiguidade aos nossos tempos tão aprovado êste modo de governo que Filipe II condenou os ociosos a galés. Os Chinas não consentem um só ocioso, e buscam ocupação até aos homens; a quem as enfermidades podiam isentar legitimamente: porque os que não têm mãos trabalham com os pés, e os que não têm pés; com as mãos; até os cegos trabalham; e de quatro anos de idade buscamb êste ou aquele trabalho aos meninos. A esta imitação há em Paris um hospital em que recolhem os mendigos e a todos dão ocupação. Em Amsterdão são suspeitas [e condenadas à revelia] como desonestas as mulheres ociosas, de qualquer qualidade que sejam.

CHAPTER THREE - THE ARTS ALLEVIATE IDleness

Idleness is the biggest enemy and risk to the kingdom. In Athens Solon condemned the idle to death while Emperor Valentin took away their liberty. Salústio advised César that the first order of government was to occupy the men. Cícero affirms that the glory of Rome lasted as long as the laws against idleness were enforced. Marcus Aurelius mandated that all have some type of profession and that if they did not they were put to work on public projects. These nations did not give food to young men that did not work. The Egyptians by law forced everyone to give an account to the magistrate of the work they had done that year and how they had lived.

So it has passed from antiquity until the present day which is shown by condemnation of the idle to the galley ships by Philip II. The Chinese also do not allow idleness and seek occupations for all men, except for those who are ill and can show it. Those without hands work with their feet, those without feet work with their hands—even the blind work. Also, boys as young as four are employed in work. Imitating this practice is a hospital in Paris that rounds up the beggars and puts them to work. In Amsterdão the suspicious and idle women are both condemned by default as dishonest.
Este é o crime da ociosidade, o qual não tem entre nós pena especial. Também cuido que há entre nós muitos ociosos porque não têm em que trabalhar, particularinente as mulheres na maior parte do Reino, e que a quem lhes condenar a ociosidade podem responder como os obreiros do Evangelho: nemo nos conduxit. Com a introdução das artes não poderão dar esta razão os ociosos; e a República, dando ocupação aos vassalos, tem mais direito para castigar a ociosidade dêles.

Se tôda a lã que há no Reino se lavrar no mesmo Reino, dará sustento e ocupação a infinito número de gente, o que facilmente vê quem lança a consideração às muitas mãos que se ocuparam em cardar, fiar, tecer, tingir, apisoar e emprensar esta matéria (que vendemos crua aos estrangeiros), e, depois de obrada, aos muitos homens que se ocuparam e viveram do contracto dela.

Já disse que só em Samersão se sustentavam e viviam da fábrica das sarjas mais de 10 mil pessoas, cujo gasto passa unicamente a Portugal. Só de fitas há em Paris 1.500 mestres, e alguns que têm a 10 teares, porque os mestres não fazem mais que armar os teares; e contando 5 obreiros por cada mestre, se acha que ocupa esta fábrica 9.000 pessoas, sem contar os muitos tendeiro que as vendem, e os muitos homens de negócio que as compram para as mandar a diferentes partes.

O padre António Vieira me disse que conhecer a um mercador genovês que dava sêda em Génova e pagava a 2.000 mulheres que por sua conta faziam meias de agulha.

This crime is associated with no special penalty in our country. Also, there is a reason for idleness, particularly among women who do not have any work in the kingdom. Those who are condemned for idleness can answer like the Gospel: We hire no one. However, with the introduction of the arts there will be no more reason for idleness; and, the Republic will give more reason for the vassals to punish this idleness.

If all the wool in the kingdom were worked here in the same kingdom it would supply an infinite number of people with jobs. It is easy to see how many hands would be occupied in carding, spinning, weaving, dyeing, apisoar and emprensar this raw material, which we now send to foreigners, and which would then give men occupations and a livelihood.

As it was already said there live in Samersão ten thousand people whose finished goods pass to Portugal. In Paris alone there are 1,500 masters of tape, some of which have 10 looms each. The masters only assemble the looms. If we counted five workers for each master that would occupy 9,000 [sic 7,500] people, not including the people that sell them, and the businesses that buy in order to send abroad.

The priest António Scallop said to me that he knows a Genoan merchant who took silk in Génova and paid 2,000 women that to make stockings by needlepoint.
Os Portugueses é a nação mais hábil para as artes mecânicas que tem Espanha, e os estrangeiros confessam que são os que melhor e mais facilmente os imitam. No Reino não faltam oficiais daquelas artes cujas obras se não recebem dos estrangeiros, como são pedreiros, carpinteiros, e outros; e destes há muitos que passam a trabalhar e ganhar sua vida entre os Castelhanos. Da mesma sorte haverá abundância de oficiais e obreiros em tôdas as artes que de novo se introduzirem, e se ocuparão nelas todos aqueles que a necessidade: ou falta de ocupação faz saír da sua pátria.

The Portuguese have a better skilled workforce than Spain; and foreigners confess that they are better and easier to imitate. In the kingdom we do not lack for officials of these arts, such as bricklayers, carpenters, and others; and, many of these folks make a living in Castile. It would be well to have the same abundance of workers in all the arts that should be introduced. In this way no one will lack an occupation, or need to seek work beyond the kingdom.

CAPÍTULO IV. AS ARTES AUMENTAM O NÚMERO DA GENTE, E SE POVOARÁ O REINO

O número dos vassalos e a numerosa povoação dos Reinos é a maior felicidade dêles e o fundamento mais sólido da sua conservação; como, pelo contrário, tudo falta aos Estados onde falta gente. Esta é a felicidade que prometia Deus ao seu povo pela bôca de um profeta: Dux ego convertat ad vos, et multiplicabo in vobis; e, pelo contrário, quando lhe propõe castigos lhe diz: Remanebitis pauci numero.

Roma e Atenas entenderam que tôda a sua grandeza consistia na cópia numerosa de cidadãos. Assim o lemos nas Políticas de Aristóteles e em Platão, nos decretos dos imperadores e no conselho e na decisão de todos os legisladores de uma e outra cidade.

CHAPTER FOUR - THE ARTS INCREASE THE NUMBER OF THE PEOPLE, AND WILL REPOPULATE THE KINGDOM

A great number of vassals and numerous settlements means greater happiness for the kingdom and is a solid foundation for conserving the kingdom. The opposite is also true that a lack of people weakens the state. This is the happiness that God promised through the mouth of his prophet: Dux ego convertat ad vos, et multiplicabo in vobis; and, by the contrary prophet, when God proposes punishments they say: Remanebitis pauci numero.

Rome and Athens understood that greatness consisted in the number of citizens one had. This is what we read in the Politics of Aristotle and in Plato, in the decrees of the emperors, and in the advice and decisions of all of the legislators of each and every city.
É grande êste último bem dependente das artes; pode bastar por prova a experiência do que vemos nos Reinos vizinhos. Espanha na extensão de terra é maior que França, e igualmente abundante e fértil; mas na povoação é tão desigual que no ano de 1620 contava Espanha 6 milhões de almas e França 14. Dirão que isto procede da fecundidade das mulheres, muito maior nas terras frias. Se isto assim fôra, Polónia, que é maior que França, tivera mais gente, o que não é. A diferença só consiste em que França tem mais artífices e mais artes que Espanha e Polónia.

Holanda é uma pequena província, cuja terra é só abundante em pastos, defendida contra as inundações com um contínuo trabalho de valas e diques, e possuída desta sorte como a precário; mas é tão povoada que se não acha outra em igual distância de terreno com igual número de moradores, e quem comparar nela os artífices com os lavradores, achará 20 artífices para cada lavrador.

O pequeno Estado de Génova é a parte de Itália em que há mais gente, em igual distância de Paris; e comummente se sabe que o seu mar não produz peixes, e os seus montes nem lenha produzem, e são as artes que a têm rica e povoada, de sorte que é esta a terra de lavor, tão celebrada dos autores latinos e tão abundante dos bens da natureza.

Há 64 anos que as fábricas da sêda se introduziram em França, e no decurso dêles cresceram mais de metade em número de casas e moradores as cidades de Lião e Tours, as vilas de S. Estêvão e Chaumont.

Vemos em fim, por experiência, que as terras onde as artes mais florescem são as mais povoadas. Vejamos a razão.

To be big one must depend on the arts, which is shown by the experience of the surrounding kingdoms. Spain is bigger than France in land size and just as fertile; however, the population counts in 1620 showed that Spain had 6 million while the French had 14 million. Some say this is because women are more fertile in cold lands; but, if this were true than Poland should be even more populous than France since it is bigger in land size. The only difference is that France has more artisans and arts than Spain or Poland.

Holland is a small province, whose land is abundant only in grasses, defended constantly against flooding by the building of ditches and dikes. However, it is teeming with population and one cannot find an equal amount of land per person anywhere, and it has a 20 to 1 ratio between artisans and farmers.

The small state of Genoa is part of Italy and there are just as many people equal to area than there are in Paris. It does not produce fish, its hills have no firewood, and yet it has strong arts, is rich, and densely populated. So is this land of the wash so celebrated in abundance and the natural property of Latin authors.

It has been 64 years since the factories of silk were introduced in France, and in the course of this time the houses and inhabitants of of Lyon and Tours have increased by half, as have the towns of Saint Estêvão and Chaumont.

We see the result that the land blossoms where there are more people; and, by experience, we know the reason.
Londres é uma das mais povoadas cidades de Europa; mas a maior parte dos seus moradores são artífices. No tempo das suas guerras civis, quando os obreiros aprendizes tomaram as armas, formaram um corpo a que se não podia opor o resto dos moradores.

João Bótero pregunta qual será a causa porque uma cidade que começou, por exemplo, no ano de 600 com 200 moradores, cresceu a 2.000 até ao ano de 800, e depois de 8 séculos não passou de 2.000 moradores. Parecia, segundo as razões naturais, que havia de crescer em 1.000 anos a 20.000 moradores, ao menos segundo o cálculo de em 2 séculos passarem de 200 moradores a 2.000. Mas a experiência nos tem mostrado em quase tôdas as nações do mundo o contrário. A razão é que as cidades não crescem mais que o número da gente que o seu território pode sustentar; e de aqui vem (diz o mesmo autor) que o mundo, em 1.000 anos depois do dilúvio, teve tanta gente como hoje tem, -falando em geral do mundo, e não desta ou daquela província.

Mas contra esta infalível razão de João Bótero parece que está uma experiência também certa, e é que vemos muitas cidades, como acima fica mostrado, de território estéril, serem mais povoadas que outras, de território fértil; mas êste milagre obram as artes, porque o preço delas corre abundantemente à subsistência dos territórios vizinhos, ou dos Reinos estranhos, se é marítimo o lugar onde se trabalham.

London is one of the more populated cities of Europe; but most of its inhabitants are artisans. During its civil war the working apprentices took up weapons and formed a group but could not stand against the remainder of the inhabitants.

João Bótero says that this is because, for example, in the year 600 a city with 200 inhabitants grew to a city of 2,000 by the year 800, and eight centuries after that did not exceed the same population. Based on this in order for a city population to rise to 20,000 it has to grow by 2,000 every two centuries. However, experience has shown us that this is the contrary experience. The reason is that cities cannot grown beyond the ability of their territory to sustain the population. So, the author he states that the world one thousand years after the flood had no more people in it than today—meaning the whole world population, not just this or that province.

Yet, the impeccable reasoning of João Bótero is again contrary to experience. For, we know that there are many sterile territories where there is a greater population than can be sustained by that territory. This is made possible by the miracle of the arts because the price that finished goods demand in foreign lands bring abundance as long as the kingdom has an edquate navy with which to trade.
CHAPTER FIVE – A CONTINUATION OF THE SAME SUBJECT

We see a less natural reason for this. Most men live by cultivating the land or by working in the arts. So, the basic means of subsistence is either working the land or manufacturing in the arts. Where the land is more cultivated there will be more farmers, where more is manufactured there will be more artisans. However, these two means of subsistence complement each other for as one blossoms so does the other.

Farmers cultivate the land and reap the harvest which they can then spend on things like clothing for the family, equipment for the farm, and a certain portion of the stock for future sowing. By selling these harvests they return the money to the arts by buying the clothes and equipment they need. However, if these finished products come from without the country then the harvest becomes useful to foreign nations rather than our own.

Suppose we introduced arts into the city of a territory where this farming is done, and that the number of artisans increased the population of that territory to more than 2,0000 people. It would then be necessary for them to buy the farmers’ produce; and, the farmer, for example, who did not work more than 10 moios (a moio equals 29.29 bushels) before will now find it prudent to plant more since the population of the city will need more.
Segue-se de aqui que o lavrador que se acha com mais cabedal o restitui mais às artes, porque veste mais limpamente a sua família; e, crescendo na lavoura, compra mais instrumentos para ela; e por conseqüência os artífices crescerão em número, (porque cresceu por êste mesmo caminho o gasto das fábricas) e se aperfeiçoarão no trabalho.

Passemos mais adiante. O lavrador que se vê com cabedal passa naturalmente do necessário ao supérfluo; e, vendo na cidade as artes e obras de que se contenta, servindo-se, por exemplo, de bancos até então, compra cadeiras, e ao mesmo tempo e passo tôdas aquelas cousas que servem mais ao ornato que à necessidade; e de aqui nasce que achando uns e outros utilidade na vida que têm, e segura a sua subsistência no trabalho, se aplicam a êle, e se animam todos a ter famílias, e a casar suas filhas.

Para confirmação dêstes argumentos se não necessita de mais prova. Basta lançar a consideração aos muitos artífices que entre as nações estrangeiras se ocupam em obraras fábricas que delas recebemos. Suponhamos que há um milhão de pessoas que se sustentam cómodamente no Reino; se nêle se obrarem aquelas fábricas, crescerá o gasto aos frutos, sustentar-se há muito maior número de gente, e o Reino logrará a grande felicidade de ser muito mais rico e muito mais povoado.

It follows that the farmer will grow more wealthy and return this wealth to the arts in order to clothe his family and purchase more farm equipment; and, consequently, the artisans will grow in number, because it is becoming more profitable to build factories, and everyone’s work will become optimized.

Furthermore, the farmers who become wealthy begin to eye more superfluous things to buy. Seeing in the city the arts and works, for example, invest in the banks and begin to buy ornamental things which they do not really need. Of this is born work to make for other what they want, and the encouragement for everyone to have families and marry off their daughters.

We need to make no further arguments. It is clear that many artisans are engaged in foreign nations to make what we buy from them. Suppose that there were a million people in this kingdom that made goods for our own country in factories here. It would increase our population and the number of our cities, and we would by this growth be made richer.
CAPÍTULO VI. A FALTA DAS ARTES É CAUSA DA FALTA DE GENTE EM CASTELA

A prova maior dos capítulos antecedentes é examinar o dano que causam os desertos com que se acha Castela. D. Sancho de Moncada refere sôbre esta matéria cousas que causam horror. Diz que os curas de Toledo deram um memorial a el-Rei, advertindo que faltava naquela cidade a térça parte da gente; porei aqui as mesmas palavras do autor:

“En la carniceria se pesa menos de la mitad de la carne que solia. Y es cosa lastimosa que de sesenta casas de Mayorazgos de à tres mil ducados de Tenta, que solia tener Toledo, nó quedan seis; y de toda Castilla, Andalusia, Mancha, reyno de Valencia, y hasta de Sevilla, todo es despueblos. Y el Padre Fray Diego del Escurial refiere que le dixo el Obispo de Avila que de poco acá faltan sessenta y cinco pilas de su Obispado.”

Éste é o lastimoso estado de Espanha, tão fértil em outro tempo e tão abundante de gente que refere Júlio Pacense que no tempo de Augusto mandou numerar os vassalos do Império, e se acharam sómente em Lusitânia 5 milhões, e 68 mil pares de famílias. E’ observada entre os autores a fecundidade das mulheres portuguesas, e os freqüentes partos de três filhos.

CHAPTER SIX - THE ABSENCE OF THE ARTS IS WHY CASTILE HAS FEW PEOPLE

The greatest proof of the preceding chapters is the examination of Castile, which has seen its population decline. D. Sancho de Moncada talks about this horrifying matter. He reminded the king that the remedy for Toledo was to restore its population, which had gone down by a third. The author writes,

“The carrion weigh half of what they did. It is pitiful to see that of the sixty noble houses, and three thousand dukedoms of Tenta, that only six remain in Toledo. Everywhere in Castile, Adalusia, Mancha, Valencia, and even Seville, it is undesirable to live. Father Fray Diego of the Escurial told the Bishop of Avila that 65 parishes have disappeared from his bishopric.”

The pitiful state of Spain, once so abundant with people, is shown in the comments of Júlio Pacense. He said that during the time of Augustus he took a count and found 5 million people in Lusitania, and 68,000 families. The author also said that the fertility of the Portuguese women was high, and that frequently they had three sons.
As causas que comummente dá o mundo a esta falta são as colónias das Índias, a expulsão dos Mouriscos e as guerras de Itália e Flandres; porém, tôdas estas causas, na opinião do autor citado, são sem fundamento. Na expulsão dos Mouriscos saíram de Espanha 600.000 pessoas, número fácil de restaurar em poucos anos. Há 25 anos que em Nápolis morreram de peste 200.000 pessoas, e hoje se acha êste número restituido. Maior número de gente se perdeu em Espanha algumas vezes com peste, e se restaurou brevemente.

Depois da conquista de Granada até ao reinado de Filipe III não houve guerras em Espanha, e no ano de 1600 se começou a sentir a falta de gente. Em França houve 40 anos contínuos de guerras civis, e não se conheceu no último diminuição nos povos; donde se segue que a guerra não pode ser a causa da falta de gente em Castela, assim como o não foi em França.

Também as colónias e os descobrimentos não são a causa; porque, comummente falando, não sai da sua pátria para viver nas alheias quem tem subsistência certa própria. As inundações de gente, de que temos tantos exemplos na história, sucederam como as inundações dos rios, que saem dos canais a alagar os campos quando as águas não cabem no caminho natural por onde corriam Quando os Godos, Vândalos, Suevos, e mais nações setentrionais, passaram o Rheno e o Danúbio, não deixaram desertas suas pátrias, antes tão povoadas como hoje as vemos. A Nova França, à Virgínia, e as muitas ilhas que têm colónias inglesas e francesas, não diminuem a povoação de França e Inglaterra.

The cause for this is commonly attributed to the lack of Indian colonies, the expulsion of the Moors, and the wars in Italy and Flandres; however all these causes, in the opinion of the author cited above, have no foundation. In expelling the Moors from Spain they lost 600,000 people, which was easy to restore in a few years. Twenty-five years ago 200,000 people died of the plague in Naples but today their population has been restored. A bigger number of people were lost in Spain to the plague and was restored in short order.

After the conquest of Granada Spain had no civil wars until the reign of Philip III, and yet by 1600 they began to experience depopulation. While in France they had 40 continuous years of civil war and had no downturn in their population. So, civil war is not the reason for the absence of people in Castile since it did not contribute to it in France.

The colonists and discoverers cannot be the cause because, generally speaking, no one leaves their homeland unless they cannot find subsistence there. The flood of people who left this country was like a river that overflows its banks, or seeks new channels in which to flow, which is what the Goths, Vandals, Suevos, and other northern nations did when they passed over the Rhine and the Danube. For they did not leave deserted lands, which were as populous as we see today. France and England have seen no diminishment in their population even thought they send colonists to New France and Virginia.
Outra causa comumente se aponta, que são as muitas religiões que há em Espanha; porque Navarrete afirma que havia no seu tempo 70.000 frades. Mas esta não pode ser a causa, porque em França há muito maior número de religiosos e conventos, sem diminuir a povoação daquele Reino.

Tôdas estas causas podem concorrer para a falta de gente; mas não são as eficazes. D. Sancho de Moncada refuta tôdas estas causas, com a razão de que são mais antigas que a falta de gente; e conclui que a falta das artes é a única causa dos desertos de Castela: porque, depois de se perderem as artes, faltou a gente.

Esta é a razão, e não pode ser outra. Mas demos a conhecer a causa natural dêste efeito. Tôdas as causas que ficam apontadas não podiam despovoar Espanha, porque ficaram os muitos meios para se restaurar aquela falta, como é a fecundidade das mulheres e o ter com que alimentar a gente. Logo a falta das artes tirou êste segundo meio, e é a causa de se achar Espanha falta de gente. A menor desta conclusão fica provada por todo êste discurso.

Another common cause attributed to this lack of population is the number devoted to religion in Spain; Navarre is said to have 70,000 friars. However, this cannot be the cause because France has many more of these religious people and convents, and their population remains high.

All of these arguments compete to explain the lack of people but none of them are adequate. D. Sancho de Moncada refutes them all with the reasons that existed before the population declined. I conclude that the absence of the arts is the only cause for Castile’s lack of population because as the arts go so goes the population.

This has to be the reason; there can be no other. It is a natural cause and effect. All the causes for Spain’s depopulation can be reversed by increasing female fertility and having an adequate food supply. The introduction of the arts would soon alleviate this second problem, and then solve the problem of Spain’s population. To this single conclusion I have remained true throughout this discourse.
CAPÍTULO VII. QUAL É A CAUSA DE SE PERDEREM AS ARTES EM ESPANHA

Dirão que Espanha sempre foi falta de artes: o que é falso, porque sempre teve as que lhe eram necessárias. Ainda hoje em todos os Reinos da Europa, quando querem encarecer uma boa sêda, dizem que é Granada; e quando um bom pano, dizem que é Segóvia. Sabemos que os Catalães tiveram 30 naus com que navegavam ao Levante manufacturas espanholas; e hoje, que não têm que navegar, não possuem uma barca. Em Messina há uma casa de consulado que conserva o nome de Catalunha, como em Anvers outra, que conserva o nome de Portugal.

Mas resta saber porque se perderam as artes em Espanha: o que ao menos servirá para conservar as poucas que há no Reino, quando não cuidemos em introduzi-las de novo.

Os descobrimentos das Índias, as grandes colónias que naquela parte se fundaram, a muita gente que naquele vasto mundo se sujeitou e a que foi necessário açudir, foram causa de que se necessitasse de mais roupas e de mais manufacturas do que os artífices de Espanha podiam fabricar, e, por conseqüência, que os moradores pedissem umas e outras às nações vizinhas; as quais, com a ambição do ouro e prata por que as comutavam, acudiram a Espanha com mais cópia do que se lhes pedia.

CHAPTER SEVEN – WHAT CAUSED THE LOSS OF THE ARTS IN SPAIN

They say that Spain has always had no arts; but, this is false because they have always had need of them. At the end of the day those who produce the best silk among the kingdoms of Europe are in Granada, and the best cloth is from Segovia. We know that the Catalonians use to have 30 ships that sailed east with Spanish manufactures. Today they do not because they have not one barge. In Messina there is a consulate house that preserves the name of Catalonia, as in Antwerp there is one that preserves the name of Portugal.

Yet, it remains to discover how Spain lost its arts, which may serve to conserve the few that we have left in this kingdom, should we not introduce new ones.

The discovery of the Indies, the big colonies that were founded, subjected a lot of people in the world to the rule of Spain, which needed to be rescued because of its inability to manufacture what it needed; and, because foreign nations had made inroads into Spain’s market. However, these colonies that came to the rescue manufactured more than Spain needed.
The foreign goods were more eye-catching and better priced, although not as good, and the Spanish artisan could not compete against the Indian products, which were heavily demanded in Spain. This helped to convince people that everything that came from abroad was better. Low prices misled people and so Spanish artisans began to lose business because they could not compete on price. Everyone looked to India for its way of life.

This problem was not solved because there was no easy medicine; and, so, Spain began to go without the arts and its own manufacturing to supply its own needs, and gave to foreign nations their gold and silver, most of which went to India, for the clothes on their backs.

Who will not say that the depopulation of its old regions for the new ones was the punishment for the cruelties that the Castilians perpetrated on the innocent inhabitants of the world, which is why they still remain few in number?
CAPÍTULO VIII. QUE A PORTUGAL, MAIS QUE A OUTRA ALGUMA NAÇÃO DE EUROPA, É ÚTIL E NECESSÁRIA A INTRODUÇÃO DAS ARTES

A introdução das artes é útil e necessária a tôdas as nações do mundo; mas especificamente a Portugal, mais que a nenhuma outra nação: 1.º, porque a falta das artes lhe será mais danosa que a nenhuma outra nação; 2.º, porque a abundância das artes lhe será muito mais útil que a nenhuma outra pela sua situação, e pela incomparável qualidade do pôrto de Lisboa.

Quanto ao primeiro ponto, se prova facilmente. A nação portuguesa, naturalmente belicosa e ambiciosa, não intentou estender-se e acrescentar o domínio em Europa: ou por guardar a boa-fé com os vizinhos, ou porque a destinou Deus, como parece, para outros fins; e, não cabendo nos limites dêste Reino, saiu a conquistar e descobrir o mundo, primeiro em África, e depois na Ásia e na América. Nesta última parte possui 800 léguas de costa, que achámos inculta e bárbara, mas sem dúvida a mais fértil e rica parte do mundo. Nela temos várias colónias, onde em poucos anos de paz cresceram em número os habita dores, e ao mesmo passo que cresceram necessitaram de todo o gênero de roupas e manufacturas de Europa, dando a trôco tudo o que a cultura tem até agora descoberto, e tôdas as riquezas que o tempo e a indústria podem descobrir. Se as obras de que necessitarem forem estrangeiras, será dos estrangeiros a utilidade que a nossa indústria descobrir nelas e o nosso trabalho cultivar, e viremos a ser no Brasil uns feitores das nações de Europa, como são os Castelhanos, que para elas tiram das entranhas da terra o ouro e a prata.

CHAPTER EIGHT – THAT THE INTRODUCTION OF THE ARTS WOULD BE MORE USEFUL TO PORTUGAL THAN ANY OTHER NATION

The introduction of the arts is more useful for Portugal to all the nations of the world, but specifically it is more useful to Portugal because: 1. the absence of the arts is harming Portugal more than others; 2. the creation of more abundant arts will be more beneficial for Portugal because of her great port at Lisbon.

The first point is easily tested. The ambitious and naturally warlike nation of Portugal did not plan to extend itself or increase its domains in Europe, but rather to guard the faith of its neighbors as God intended. For this reason we went beyond the limits of our kingdom to discover and conquer the Africa, Asia, and then America. In this last section we found 800 leagues of coast which although barbaric and uncultured was very fertile. There we planted many colonies at great expense and began to manufacture clothes and other things made in Europe, providing wealth to Portugal from all this time and industry. If foreigners needed the goods we made then our industry in Brazil would be just as good as the gold and silver which the Castilians dug from the earth.
A experiência nos tem mostrado isto mesmo em Moçambique, ou nos rios de Sena. Aquela vasta e riquíssima região, que possuímos sem a conhecer, necessita de roupas, pelas quais nos comuta ouro e marfim, que por elas recebemos; e porque as roupas são da Índia, para a Índia vai todo o ouro e marfim que por elas se recebe.

E por última conclusão, a introdução das artes há de obrar que sejamos senhores úteis do Brasil; e a falta delas, que seja das nações de Europa o domínio útil daquele Estado.

Êste Reino tem para a introdução das artes duas qualidades específicas, que não convêm a nenhum outro. A Primeira é que correrá a êle por caminho mais natural todo ou maior parte do dinheiro que corre de Castela para as mais nações de Europa, porque cem léguas de continente, com que estamos unidos a ela, serão outras tantas portas para entrarem as fazendas lavradas a tanto melhor preço quanto se poupará de fretes, câmbios, seguros, piratas, e riscos do mar: e os Castelhanos têm um grande interesse nesta parte, porque é certo que os estrangeiros Ihe fazem guerra com o seu ouro, e que nós, sendo invadida Espanha, acudíramos a defendê-la com o nosso. Tão cega é a sua paixão, e tão mal entendida neste particular, que defende de nós com maior cuidado o seu comércio que das mais nações de Europa.

We have experienced this ourselves in Mozambique at the river city of Sena. For these areas exchange gold and ivory for the clothes they need, and because the clothes are from India that is where the gold and ivory return.

So in the end the introduction of the arts will be helpful to Brazil; and, the absence of them will be helpful to the other nations of Europe.

There are two specifically contrary qualities associated with introducing the arts into this kingdom. The first is that most of the money that goes from Castile to other countries will come to us because we are united to her by a hundred league border, and we will get a better price because of a reduction in the cost of because we will not have to worry about freight, exchange rates, a market, pirates, or the risk of the sea. The Castilians have a big interest here because their gold will not go to foreign nations by which Spain can be invaded. So, we are rescuing Spain with our arts; and, Spain will protect us from others because we are so important to them.
A segunda utilidade específica é o pôrto de Lisboa, que corre como causa sem questão entre os autores que tratam esta matéria ser um dos dois melhores portos do mundo, que são Lisboa e Constantinopla; e por conseguinte estas duas cidades unicamente capazes de serem os maiores dois empórios do mundo. Ambos são igualmente grandes e seguros. Constantinopla está entre dois mares, situada em Europa, vizinha de Ásia, e não distante de África; porém, a situação de Lisboa é incomparavelmente melhor, porque está no Oceano, e 60 léguas às portas do Mediterrâneo. Antes que dobrássemos o cabo da Boa Esperança, e antes que se descobrisse a América, se poderia considerar Constantinopla em melhor situação à respeito do mundo conhecido; mas, depois que pelos mares se comunicou o Ocidente com o Oriente; depois que se descobriu um novo mundo, - Constantinopla é o melhor pôrto do Mediterrâneo, mas Lisboa melhor pôrto do mundo.

Isto suposto, o comércio se faz, ou pelas produções da natureza, ou pelas obras da arte. O Reino é abundante de produções da natureza; mas porque a Providência as dividiu pelos climas, Lisboa as pode receber de todos, e mandar de uns a outros mais fácil e comodamente que nenhum outro lugar do mundo. O que Ihe falta são as artes. Se tiver obras de arte em igual abundância às produções da natureza, será senhora do comércio do mundo.

Secondly, the utility of the port of Lisbon is one of the two best ports in the world, the other being Constantinople. So these two ports are the biggest port cities in the world. Both are dependable and good ports. Constantinople is between two seas, located in Europe, a neighbor of Asia, and not too far from Africa. However, the port of Lisbon is a much better location because it is located on the Atlantic and just 60 leagues from the door of the Mediterranean. Before we rounded the Cape of Good Hope and discovered the Americas it could be argued that Constantinople was the better port; but, now that the sea allows east and west to communicate directly, Constantinople is a better port for the Mediterranean and Lisbon is a better port for the world.

Suppose this kingdom produced both manufactured goods and agricultural products. The kingdom has abundant produce; but because of the difference in climates throughout the world Providence has made it easier and convenient for us to bring these products to others. What is lacking is only manufactures. If we had an equal abundance of manufacturing and agricultural goods, Portugal would be the commercial lady of the world.
Amsterdão é uma cidade que está 8 meses no ano coberta de neve, e que tem 4 canais e portos gelados. As entradas necessitam de que se alimpem todos os anos, e se abram. Todos os ventos rios lhe são contrários, e poucos brandos lhe são favoráveis; mas todos estes defeitos naturais supriu a indústria e o trabalho dos homens, de sorte que Amsterdão, com as, artes e comércio que tem, se fêz pôrto célebre e riquíssimo.

Londres tem uma ribeira capacíssima, e é côrte e cabeça de um grande Reino; mas o que a faz grande e populosa são as artes, de sorte que sem elas seria uma aldeia em que assiste um Rei e sua côrte.

Muitos entendem que a causa da grandeza de Paris procede de ser cabeça de um grande Reino, e assistir nela a côrte; mas vemos que Madrid é cabeça de um grande Reino, e assiste nela um grande Rei, e é contudo uma aldeia, comparada com Amstardão, Londres e Paris.

A riqueza e grandeza de Paris procedem de ser Universidade de toda Europa. As ciências, as artes liberais e mecânicas, se ensinam e obram em Paris com tanta perfeição que nos colégios e academias estudam e aprendem 2.000 cavalheiros das nações vizinhas, entre os quais há comumente Príncipes de casas soberanas. As obras da arte são tão estimadas que eu vi fazerem-se carroças, paramentos de camas e adornos de casas para o Imperador, quando casou, para el-Rei de Dinamarca, para o duque de Brunswick, e pedirem-se sêdas a Paris para gala em casamentos dos grandes de Roma e dos nobres de Gênova. Estes são os grandes efeitos que procedem do uso e da abundância das artes mecânicas. Se ajuntarmos em Lisboa as singulares prerogativas da arte às da natureza, que bastavam a fazer dela uma das maiores cidades de Europa, será sem dúvida maior do mundo.

Amsterdam is a city covered in snow eight months out of the year and that has four channels and ports frozen. Even though their ports are not open all year round and the winds are not always favorable, these defects have not stopped it from becoming a famous and rich port. This is because these natural defects are offset by industry and the work of men.

London has a very capable bank and the king’s court is large; but, this is because they have many arts, which without the king and his court would be no bigger than a village.

Many know how great Paris is which originates from a big kingdom and royal court. However, Madrid heads a large kingdom as well but it is like a village compared with Amsterdam, London, or Paris.

The wealth and greatness of Paris originates in the universities of Europe. The sciences, the mechanical and liberal arts are taught with so much perfection in Paris that 2,000 gentlemen from all over the world come to learn, some are even princes of their sovereign countries. Works of arts are so esteemed there that I saw carts, beaded vestments and adornments made there for the emperor. When the king of Denmark got married the Duke of Brunswick ordered silks from Paris for the marriage gala, as do the nobles of Rome and Genoa. This is the effect of the mechanical arts on a country. If we were to implement this as our singular goal we could have one of the biggest cities in Europe, and doubtless even the world.
CAPÍTULO IX. QUE A INTRODUÇÃO DAS ARTES FARÁ CRESCER AS RENDAS REAIS

E’ possível a prova e a consequência infalível de tudo o que temos dito. Tudo o que crescer, com a introdução das artes, o número de gente, aumentará a renda real nos anuais de que se tiram tributos; porque os tributos crescem no mesmo tempo e passo que se aumenta o número das pessoas que tributam. O peso que levam poucos, dividido por muitos é mais fácil de levar, e pode ser maior. As casas de fruta, carnes, pescado, vinho, etc., que renderem, por exemplo, 300.000 réis com 100.000 moradores, hão de render por consequência certa 600.000 com 200.000 moradores.

Dirão que há de diminuir a renda na alfândega, por falta das entradas das fazendas estrangeiras; esta diminuição não pode comparar-se com as utilidades que ficam apontadas, além de que se dobra e multiplica por outros caminhos. Suponhamos que tôda a lã que há no Reino se fabrica nêle; quando da mão do lavrador até à do alfaiate não pague mais de cinco por cento, dobra o que a falta das entradas pode diminuir. Êste mesmo argumento serve para todas as outras matérias, além de que a fábrica é fácil e necessária, e de que se pode fazer estanque com grande utilidade do patrimônio real.

CHAPTER NINE - INTRODUCING THE ARTS WILL INCREASE OUR WEALTH

The infallible consequences of what I have said have been proven. Everything will grow with the introduction of the arts, the population will go up, royal income will grow because the population will grow because royal revenue increases when there are more people to tax. The burden is light for many, and can be bigger. The houses of fruits, meats, catch, wine, etc. now yield 300,000 reis with 100,000 inhabitants, so they should yeild 600,000 reis with 200,000 inhabitants.

Some will argue that royal customs will go down because foreign farms are not importing as much; but this cannot compare with the usefulness of creating other economic opportunities. For example, we can assume that all the wool in the country will be used by our own manufacturers, and will reduce by five percent what the farmer gives the tailor now in the absence of imports. This same argument can be used for other raw materials as well, and shows that the factory is easy, necessary, and will help land owners.
CAPITULO X. CONCLUSÃO DÊSTE DISCURSO

Seja conclusão dêste discurso um lugar da Escritura nos Provérbios, a favor das artes. Faz o Sábio um retrato da mulher forte, e diz que buscou lã e linho, e fêz fábrica de uma a outra matéria; fêz a sua casa uma nau de mercadorias, que traz o sustento e riquezas de partes remotas; achou gösot e proveito no seu trabalho; fêz roupas que vendeu, depois de ter dado a todos os seus domésticos dois vestidos.

Um Reino é uma grande família: se nêle se obrar o que fêz a matrona na sua casa, se seguirá infalivelmente que as riquezas que imos buscar por tantos perigos a tão diversos climas serão partimónio do mesmo Reino. Seremos muitos em número, única felicidade das monarquias. Cultivaremos uma terra fertilíssima, que há de pagar os benefícios que lhe fizermos com abundantes frutos. Teremos gente para as colónias, para as armadas, daremos ocupaçáo aos sujeitos e desterraremos da República a ociosidade, moral inimiga da sociedade civil. Faremos Lisboa a mais rico empório do mundo, desposito e escala de todo o comércio dêle. Crescerá o património real com o maior número e maior riqueza dos vassalos. Não se rirão de nós os estrangeiros, que comumente nos estimam por índios de Europa, e conseguiremos a felicidade que logrou no fim do seu trabalho a nulher forte.

Paris, ultimo de Abril de 1675.

CHAPTER TEN - THE CONCLUSION OF THIS DISCOURSE

In concluding this discourse on the arts I refer to the Proverb in the Scriptures. It speaks of the wise man that takes a strong woman as his bride and is benefited when she takes wool and linen to manufacture cloth, which can then be sold abroad and bring wealth to his house. Not only does she make it possible to cloth him and his servants, but others also.

A Kingdom is like a big family: it depends on the matron of the house, and it follows that wealth will come to the kingdom as we seek it among many diverse and dangerous climates. A large population makes the king happy. For, these people cultivate the fertile lands and yield abundant fruit. These people provide populations for the colonies, and this allows us to provide occupations for the people to keep them from idleness, an enemy to the Republic. What we do in Lisbon will be for the benefit of the whole world. The greater the populace of the country, the greater will be the wealth of the nobles; and foreigners will no longer laugh at us as the “Indians of Europe”. Consequently, the end of all this work will be our greater happiness.

Paris, the end of April 1675