

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

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COMPANIES FOR FOREIGN TRADE, COLONIZATION,
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PREFACE.

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

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

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

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

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

W. R. S.

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MAP.

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

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

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

¹ Court Book, xvii., Dec. 24, 1639.

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

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

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

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

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

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

⁸ *Ibid.*, cccclxxxviii. 86.

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

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

¹ Court Book, xvii., ff. 143, 157.

² *Lex Talionis*, 1682, p. 19.

³ Court Book, xviii., f. 111.

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

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

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

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

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

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

² *Ibid.*, II. p. 256.

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

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

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

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

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

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

² State Papers, Colonial, XI. 62.

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

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

