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Commerce and Experience in the Seventeenth-Century Mediterranean: The Market Dynamics, Commercial Culture and Naval Protection of English Trade to Aleppo

This thesis has been written to illustrate the experience of commerce and some of the conditions under which it was undertaken by merchants in the seventeenth-century Mediterranean. It is intended for economic historians with an interest in market exchange.

In the Introduction, I review the historiography of commerce and, principally, the interaction between centres of international trade in western Europe and other regions of the world. Differences of interpretation turn on the degree to which western European merchants were able to bring to bear the potential advantages they had in capital resources, financial techniques, comparative advantage, economies of scale and commercial information on regional markets as early as the seventeenth century. Drawing on the existing literature, I argue that the interaction between markets was limited by slow communications and market disequilibria caused by inelasticities of supply. Merchants who organized commercial companies sought to overcome the uncertainty and risk that resulted from trading under these conditions. The principal source for the policies of the Levant Company are the Court Books. They provide neither extensive summaries of policy positions nor justifications for them, however, and we must rely on other, supplementary sources to reveal individual motivations and perceptions of commercial requirements. I argue that commercial letters, such as those of Thomas Metcalfe, William Ivatt and another anonymous factor in Aleppo, allow us to investigate the motivations for specific policies and the market conditions under which such policies were undertaken. In the case of Thomas Metcalfe, the qualitative value of the commercial information he provides is reinforced by quantitative information about his holdings. Together these two sets of information allow us to gain an unusually complete insight into the possible range of commercial activity in the market.

The first chapter explains the effective demand for English woollen cloth. This involves a consideration of variations in the price of cloth because of differences in its colour and quality, and of the activities of Armenian and Arab merchants. The effective demand in Aleppo depended on a wealthy elite and the janissary corps; for other Ottoman and Safavid cities, it depended on Arab and Armenian merchants, in proportion to their supply of raw silk and in inverse proportion to their demand for specie.

I establish, to begin with, that competition between European merchants to sell or barter medium to fine quality woollen cloth in Aleppo and Smyrna was not as great as in western markets for three reasons. First, the quality of cloth, dependent on the supply of wool and dyes to producers, mattered more than price. One sort of cloth was not easily substituted for another sort which had an established market share. Second, proceeds from the sale of cloth could not transferred by bill of exchange from one market to another, except from Istanbul to Aleppo or Smyrna, and so the choice to sell or barter cloth depended on the demand in Venice, France, the United Provinces or England for silk, galls, mohair and less important commodities. Third, by comparison with English merchants, Dutch and French merchants had greater access to specie used in the trade, and especially reales, and at a lower price. A greater rate of return on specie enabled them to forego active competition in sales or barters of cloth. I note, in addition, that English merchants exported 'say-dyed' woollen cloth produced mainly in Gloucester, Worcester and Wiltshire. In Aleppo, they largely bartered 'ordinary' cloth with a first cost of £7 to £9 for silk with Arab and Armenian merchants, and sold 'fine' cloth with a first cost of £9 to £13 to consumers in Aleppo.

Principals in London set a rate of return to be achieved by factors like Thomas Metcalfe in terms of the exchange rate between moneys of account used in England (pounds sterling) and the Ottoman Empire (reales before 1666 and leeuwendaalders thereafter). Thus a margin, say for example in the 1670s, might be set at L$6 per £, 17 percent above the usual exchange rate of L$5 per £. Most of the attention of Thomas Metcalfe and other factors rested on the choice of colour for a shipment of cloth, and reflected their need to have an assortment of colours which, in any given year, accorded with the tastes of consumers. Judgements made about these tastes were the chief way, they believed, to secure an advantage over their English competitors in the market. Costs on cloth could be anywhere from 11 to 14 percent in total, and 7 percent in Aleppo. Net profits on the sale of cloth were probably in most years between 4 and 10 percent. Variations in price for a specific colour or for an assortment of colours exceeded that rate, and were, in the cases I consider, between 12.5 and 25 percent.

The evidence is not extensive either for the size of stocks or capital held by English factors or for the Arab and Armenian merchants to whom they sold cloth or with whom they bartered cloth for silk. One-fifth to a quarter of merchants in the Company, in such years as 1663 and 1672, exported half of the cloth to Istanbul, Smyrna and Aleppo. It is possible that a few factors had a disproportionate share of total stocks, but probably not enough to dominate the market. A far greater proportion of silk came from Persia than from Lebanon. Armenian merchants conducted most of the trade, although there was a significant participation of Arab merchants as well. The capital needed by shopkeepers, craftsmen, consumers and others to buy cloth might be as little as L$100, but usually averaged between L$500 and L$1000. In the experience of Thomas Metcalfe, purchases of silk or the barter of cloth for silk usually involved capital of between L$1000 and L$1500. For small-scale English and Armenian merchants that might represent all or most of their total capital; for other merchants of each group, such sums might be only a small proportion, and there is evidence of individual transactions worth upwards of L$40,000 or £10,000.

Cloth sold or bartered with Arab and Armenian merchants did not satisfy the potential demand for it outside Aleppo, Istanbul and Smyrna, in the cities and towns of Ottoman and Safavid Asia. Effective demand was dependent on the quantity and price of silk which Arab and Armenian merchants supplied to Aleppo and Smyrna, and elsewhere on the demand for, and the greater value of, piastres (reales). To establish more firmly that the potential demand for English cloth was not satisfied, I compare the quantity of cloth sold in Aleppo and the number of inhabitants there to the corresponding quantity sold in the towns and cities of Ottoman and Safavid Asia, and their total number of inhabitants. The ratio was 3.5 to 1 for Aleppo and for other towns and cities it was 7 to 1. Most of this demand for cloth was among the Ottoman military and among a wealthy elite, which in Aleppo numbered four percent of the population. Demand in Aleppo was, with a few exceptions, roughly constant. That the effective demand elsewhere depended on monetary conditions and on the production and supply of silk can be seen, moreover, in Thomas Metcalfe's letters which describe the volatile demand of Arab and Armenian merchants.

The second chapter describes the commercial culture of regulated companies as it was implemented by the Levant Company. Those who enforced regulation of the market, like Sir Edward Coke, and who participated in the market, like merchants and factors of the Company, believed that regulation enabled a continuity of commercial expectations to be maintained. One expression of this view, used in common among them, was that 'order and government' in the marketplace should be provided. The Company provided regulation and a segmentation of market periods through the collective organization of exports, on what they called General Ships.

The Company believed that cloth supplied, except at segregated intervals, led the market to be 'forestalled' or 'anticipated'. Factors in Aleppo or Smyrna, in particular, had to judge, on the one hand, the aggregate quantity of supply of cloth or specie, and, on the other hand, the supply of commodities like silk, galls and mohair. Between 1625 and 1638, during the first period when they used General Ships, the Company enacted no specific and recurring procedures for their selection. The market period in each instance was thus of indeterminate length. Members expressed two positions in the General Court about the rate at which cloth should be supplied. One group wanted to delay a new supply of cloth until all of the existing stock in Istanbul, Smyrna and Aleppo had been sold or bartered; the other group wanted to maintain a regular supply, because of their fear of a resurgence in competition from other European merchants, and probably also because of their own personal requirements. To overcome the division among them, the Company enacted in 1638 procedures for the annual selection and departure of General Ships. Thus the rate of supply to the market was to be based on the aggregate of individual decisions each year about the quantity of cloth to export.

The Company sought, as a complementary measure to the segregation of market period, to use price ordinances in order to maintain the reputation, or value, of cloth in the market. They set the value of cloth at the normal competitive price under conditions, within each market period, of an inelastic supply of cloth and silk. That price was also to ensure their earnings from the sale or barter of cloth, and it corresponded to the desire of factors to set a price below which they would not sell. What accounted for the discontinuance of the price ordinances (though not of the conditions and desires which underpinned their implementation) was the inability of inflexible collective measures to accommodate varying schedules of supply and demand within the limits of the market period.

Unlike the regulations enacted by earlier companies, those of the Levant Company never restricted the aggregate quantity of supply to the market. Nevertheless, the quantity of supply was for the factors an important part, if not the sole determinant, of market conditions. Thomas Metcalfe, among others, used it as a self-referential guide to his likely fortunes during the market period. Reliable information was not available for the likely demand for piastres, or for the aggregate supply of silk on which, outside Aleppo, the effective demand for cloth depended. Metcalfe acted within the market on local information about the segmented supply of or demand for these commodities, and according to three schedules, or chronologies, of supply and demand. The first was the chronology of barters or sales of cloth which lasted between four months and the length of the market period. The sale or barter of cloth, for Metcalfe and other factors, provided the capital, and the end of the market period a reference point, for other forms of exchange. Second was the chronology of liquid capital by which factors increased holdings of coin in preparation for the purchases they would make. Third was the chronology of purchases, or returns, which began once factors knew they would be able to secure a specific tonnage aboard returning merchant ships, and made purchases accordingly. Usually such periods lasted two to three months.

Factors in Aleppo in the 1620s and 1630s expressed a belief in collective economic action for the public good, centred on price ordinances. They intermittently applied the reasoning of moral economy when unfavourable economic conditions threatened earnings from the sale or barter of cloth. Application of the ordinances, however, did not last the duration of the market period. After the first few months, factors found them to be inflexible when cloth had been damaged or when colours did not suit the taste of consumers. In effect, the ordinances reinforced the desire to preserve the normal competitive price when stocks were at their highest.

The third chapter gives an economic interpretation of naval violence. When conditions of violence began, in 1649, to result in the loss of merchant ships the Company used, statesmen intervened and provided naval protection. From January 1649 to April 1682 England engaged in continual warfare with breaks of at most eighteen months. During this period, the Company faced, on an average of four out of every five years, the uncertainty of possible attack on merchant ships they used. The intangible effects of warfare, when it caused merchants to alter or suspend commercial expectations, outweighed the tangible loss of wealth by the seizure of merchant ships.

Until 1649, naval violence did not have a significant impact either on merchant ships over 250 tons and 20 guns which merchants used who traded to the Levant, or the commercial activity which depended on them. Over a twenty-month period, between January 1649 and October 1650, however, French naval commanders and privateers took at least sixteen such ships, with commodities aboard them worth £600,000. Merchants lost confidence in the security of merchant ships and appealed to statesmen to provide naval protection. In October 1650, Parliament passed the Convoy Act which resulted in the intervention of naval men-of-war to escort merchant ships. Naval intervention escalated after 1655, in part because of the attack of Robert Blake on Tunis in order to ensure rights of passage for English merchant ships.

The potential threat to merchant ships remained high during wartime, and was greatest when England fought wars against France and the United Provinces. The value of goods exposed to attack in one convoy, to take two examples, amounted in 1652 to £200,000 and, in 1665 to as much as £575,000. Statesmen acted with the intention, first, of protecting national wealth and, second, of enhancing national honour by the use of naval power. As a by-product of these actions, first, English merchant ships enjoyed a reputation for security, which enabled them to continue as carriers of foreign goods and, second, mercantile confidence remained largely unaffected by warfare. After 1650, the value of goods lost to attack did not exceed what was lost to natural disasters.

The ability of statesmen to provide naval protection depended on the fiscal resources that could be made available to naval commanders. Funds for naval operations could be transferred to the Mediterranean by bill of exchange. The amount of naval expenditure was not linked to the income from customs revenues, but for most of the century their values corresponded to one another, except between 1650 and 1675. During that exceptional period naval expenditure greatly exceeded customs revenues when the cost of naval protection was highest. The proportion of expenditure on naval protection during wars against Tripoli and Algiers was greater than the proportion spent during wars with France and the United Provinces.

Warfare had a substantial impact on the commercial activities of merchants trading to the Levant, despite the willingness of statesmen to provide naval protection. The effect on the frequency of supply and length of the market period provides us with one measure of such disturbances. They can be divided into three categories of severity. First, small-scale problems of lading often delayed the General Ships by several weeks. Second, the London plague epidemic of 1665, political disputes in Smyrna, and wars against Tripoli and Algiers caused, or had the potential to cause, moderate delays of a few months. Third, wars against France and the United Provinces could result in substantial, and often indefinite, delays of many months. A continuity of commercial expectations might be maintained during wars with Tripoli and

Algiers, or altered to meet the needs of security. But merchants suspended commercial expectations during wars with France and the United Provinces, when the supply of cloth depended on the priorities of statesmen and the circumstances of war. These intangible effects of war were, I argue, much greater than the tangible loss of wealth from the seizure of merchant ships.

In addition to reviewing the principal arguments of the thesis, outlined above, by way of conclusion, I describe three areas in which further work could be done in much the same methodological vein as has been attempted here. First, we could examine the flow of specie to the Levant and the monetary conditions under which merchants conducted trade in Aleppo. Second, we could investigate the trade in return commodities such as silk and galls, and the demand for these commodities in England and, importantly, on the Continent where they were re-exported. In both cases, further quantitative work would have to be done on the port books and in terms of prices in order to gain a clearer picture than we have at present about the basic conditions of these trades. Both topics could also be discussed in relation to the Company policies. Finally, we would not be amiss in looking further at the attitudes and beliefs of the merchants on whom we rely for information about market conditions. After all, one of the most striking and, at least on the surface, surprising things about the personalities of merchants such as Thomas Metcalfe was the persistence of their belief in the destiny of their vocation even in the face of the struggle and uncertainty of attaining success.

CONTENTS

ABBREVIATIONS

CA -- a quorate meeting of the Court of Assistants
CCB or CGC -- Court of the merchant community at Aleppo at 'Cane Burghall or the 'Great Cane'
CE -- Court of Election
CSP -- Calendar of State Papers
GC -- quorate meeting of the General Court
HMC -- Historical Manuscripts Commission
MCA -- an inquorate meeting of the Court of Assistants
MCom -- a meeting of a committee
MGC -- an inquorate meeting of the General Court
PRO – Public Record Office

MONETARY UNITS, WEIGHTS, MEASURES

asper (@) -- referred to exclusively here as a money of account: 80 aspers equalled one leeuwendaalder or one reale.

ducat -- the principal Venetian silver coin used in international trade, of approximately the same value as a reale

leeuwendaalder (L$) -- the principal Dutch silver coin used in Aleppo and, after 1666, the money of account for English merchants in the Levant. Its rate of exchange was usually around L$5 per pound sterling.

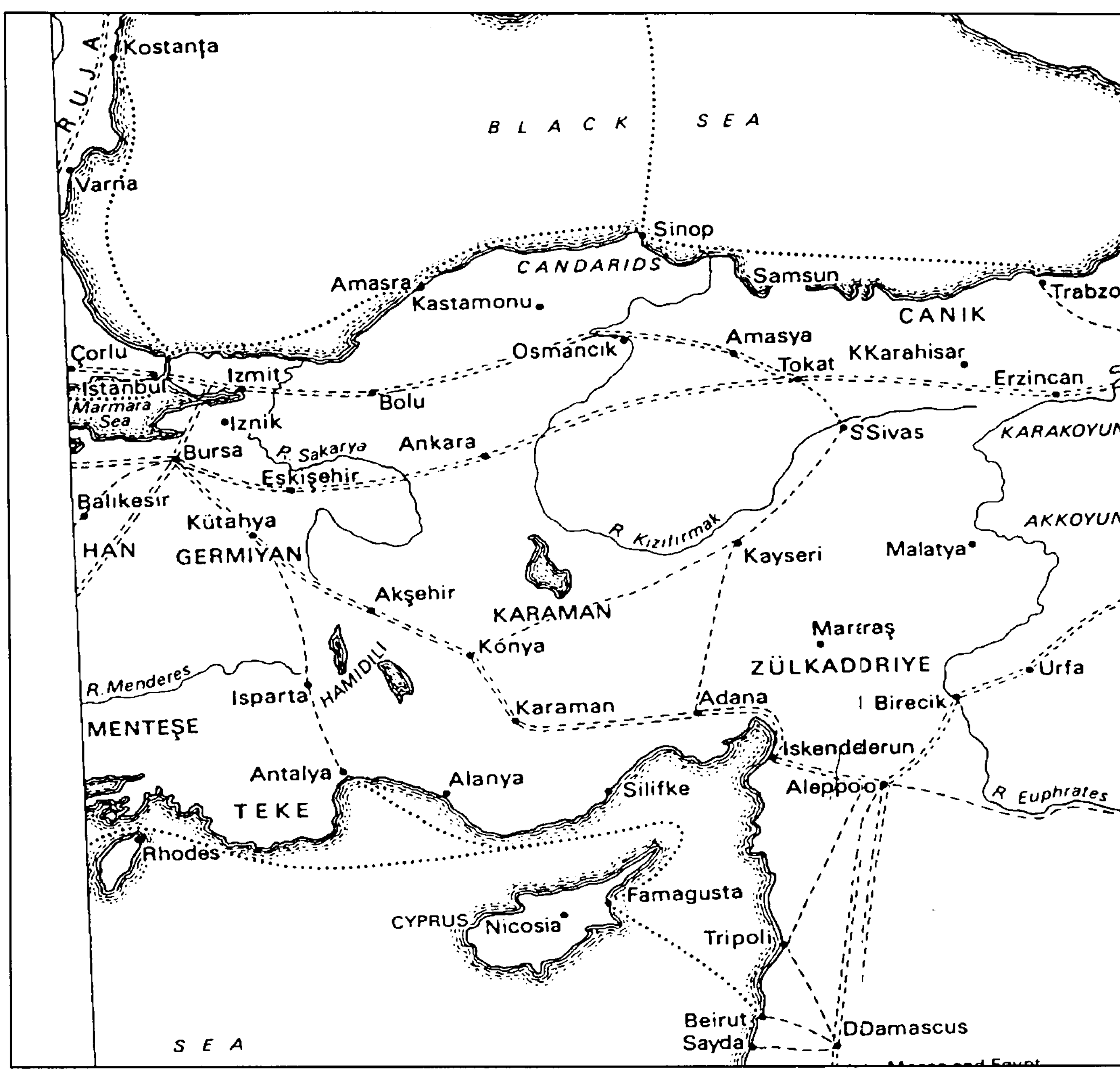
piastre ($) -- the local name in Aleppo for reale.

pike -- used when measuring cloth, and equivalent to 2/3 of a yard.

reale ($) -- the principal Spanish silver coin used in international trade and, before 1666, the money of account among English merchants in the Levant. I shall refer to its use in Aleppo by its local name, piastre. Its rate of exchange was usually around $4@40 per pound sterling.

rottolo -- a unit of weight by which to measure silk: 100 rottolos equalled 1 quintal

TRADE ROUTES IN THE OTTOMAN EMPIRE



Source: Halil Inalcik and Donald Quataert (eds.), *An Economic and Social History of the Ottoman Empire, 1300-1914* (Cambridge, 1994), p. 221.

INTRODUCTION

COMMERCE IN THE SEVENTEENTH CENTURY: THEMES AND SOURCES

Time was money, as every merchant 'with ink-stained fingers'
-- from the endless numbers of letters he wrote -- well knew.

- Fernand Braudel[1]

[1] *The Mediterranean and the Mediterranean World in the Age of Philip II*, trans. Siân Reynolds (New York, 1972), I, p. 377.

This thesis began with a desire to investigate the governing bodies and chief policies of the Levant Company. Although several works existed covering different aspects of the Company and its operations in the seventeenth century, a strong case could made that more research needed to be done. The most important works in the Company's historiography, including the standard history by A.C. Wood, the descriptive institutional history by Mordecai Epstein and the somewhat eclectic, although often highly informative, thesis by G.P. Ambrose, had been done fifty years or more before.[1] They were part of the initial series of investigations by economic historians into the institutions of early modern English commerce, and this series, begun around the turn of the century, had largely, although by no means completely, come to an end by the early 1960s. Taking into account the burgeoning literature in many fields of social and economic history, which reached its apogee in the late 1960s and early 1970s and whose insights might be applied to commerce and commercial institutions, there was room to look again at the unusually rich sources for the Levant Company, unmatched for any other regulated company in early modern England.[2]

My original focus was to be on the records of Company policy-making, the Court Books from London and Aleppo, but the most appropriate areas of concentration and context remained to be decided. The secretary of the Company, while apparently and necessarily meticulous in recording the final result of deliberations by the Court of Assistants and the General Court, did not usually provide extensive summaries of either the positions taken by members in debate or the reasons and justifications for the adoption of or change in a given policy. Given the laconic nature of the evidence, additional sources had to be sought, at the very least to provide circumstantial evidence about the motives and dispositions of the membership.

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[1] A.C. Wood, *A History of the Levant Company* (Oxford, 1935); G.P. Ambrose, 'The Levant Company, mainly from 1640-1753,' unpublished University of Oxford B.Litt thesis (1933); Mordecai Epstein, *The Early History of the Levant Company to 1640* (London, 1908).

[2] Cf. D.C. Coleman, *History and the Economic Past : an Account of the Rise and Decline of Economic History in Britain* (Oxford, 1987).

One area of strength in the holdings of the Public Record Office is the papers from a variety of diplomatic posts in the seventeenth-century Mediterranean, including a considerable collection of the letters of English ambassadors to Venice (featuring most notably those of Francis Doddington in the 1670s) and Istanbul as well as lesser holdings for the representatives to the North African states and to the consular posts in Livorno, France and Spain. These papers offered the potential to build on the strengths of A.C. Wood's earlier account of the Company, but with greater attention to specific disputes and to the commercial negotiations by which diplomats, with the occasional intervention of the Company and the government, resolved them.

Two problems emerged upon further consideration which lessened the attractiveness of pursuing this topic further. First, the Company and merchants in general largely reacted to political events as they unfolded rather than shaping those events themselves, except during the early and, *pace* Carlyle, heroic period of the Company's history admirably covered by S.A. Skilliter.[1] Beyond the comparative observation, which has already been made by Niels Steensgaard, that the English probably had the most effective and stable commercial and diplomatic organization of the Europeans, this study of diplomatic contacts and their effect on commercial exchange could be most fruitfully advanced by studying the attitudes of Ottoman officials and statesmen toward foreign trade, too broad a topic to be done in conjunction with a study of the Company records.[2] Second, diplomatic papers, for reasons that I discuss later in this introduction, are not sufficiently substantial in content and often not reliable enough in accuracy to complement systematically the commercial records of the Company and their debates about policy. Most diplomats did not have the thoroughgoing knowledge or, for that

[1] S. A. Skilliter, *William Harborne and the Trade with Turkey, 1578-1582 : a Documentary Study of the First Anglo-Ottoman Relations* (New York, 1977).
[2] Niels Steensgaard, 'Consuls and Nations in the Levant from 1570 to 1650,' *Scandinavian Economic History Review*, XV (1967), pp. 13-55; cf. Sonia Anderson, *An English Consul in Turkey : Paul Rycaut at Smyrna, 1667-1678* (Oxford, 1989), pp. 55, 60-65. Some of these attitudes have been examined by Suraiya Faroqhi in 'Crisis and Change, 1590-1699,' in Halil Inalcik and Donald Quataert (eds.), *An Economic and Social History of the Ottoman Empire, 1300-1914* (Cambridge, 1994), pp. 480-82.

matter, the interest to comment authoritatively on the underlying causes of commercial developments, except in so far as they pertained to the negotiation of disputes and treaties.

Another approach I considered to understanding commercial policy-making was to examine by means of a prosopographic study, wealth, social connections and political positions. Through a study of 200 members some of the basic divisions in Company ranks might be exposed which might inform at least some of the more important policy debates. After I had collected information on about half of this group and had reflected on my continuing study of the Court Books, however, the limitations of this investigation became increasingly apparent. There was little evidence of a political dimension to the debates over commercial policy. Despite assertions by some historians to the contrary, the evidence also suggested that the policies which were implemented (like that governing the use of General Ships considered in Chapter II) were intended to prevent the exploitation of merchants with lesser amounts of capital by the richer merchants who had greater access to shipping.[1] Thus regulation provided a way of protecting members from abuses of wealth and connections rather than being an instrument of them. The participants in debates, moreover, were in most cases not sufficiently identified by the secretary in the Court Books and not identifiable independently, so that any information I might have gained about wealth, social connections or political positions could not be brought to bear on specific instances of policy-making. My doubts are not intended to gainsay the broader usefulness of this kind of information as a means of informing our understanding of commercial history; I am merely making an evidentiary point. Prosopographic information would be highly important in broadening the discussion of commercial policy and experience, as a way of filling in the economic and social profile of the membership, but as an independent if parallel study that would be of indirect rather than direct applicability.

More pertinent to the question of the motives for commercial regulation, I realized, were the letters of merchants trading in the Levant, and in this case specifically those of

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[1] *Vide infra*, Chapter II, Part One, section ii.

factors in Aleppo. The first instance when these letters showed their full potential as a way of illuminating policy came when I searched for an explanation for the Company's prohibition in 1672 of selling cloth on credit (in contemporary terminology this practice was called 'trusting') and tried the letter books from the same decade of Thomas Metcalfe and William Ivatt. The conditions under which the prohibition was instituted were immediately apparent. For nearly two years, with conditions for the sale of cloth being mediocre, factors had been providing credit well beyond their usual commercial relationships. The practice had become so widespread that some, like Metcalfe, who were under orders not to sell cloth except for cash, normally not a problematic course of action, were completely excluded from the market.[1] For the majority in the General Court, the prospect of a great many factors taking on a heavy debt burden, with the resulting prospect of a substantial increase in bad debts, appeared to involve too much risk; and there was also the outside chance that, in the case of an international dispute, the Ottoman authorities could use outstanding debts as a way of extorting concessions from the English merchant community. As the controversy in the aftermath of the prohibition attested, this decision and the reasoning behind it were not universally supported. Some factors like Ivatt maintained that it was up to the judgement of individual principals to order how they would like to sell their cloth, and the appropriate risk they wanted to incur, not the Company. Here it was clear who favoured what policy and it was clear what reasons they offered for their position, which pertained to their business operations and the specific strategies they preferred. It was through understanding the commercial experience of individuals and market conditions as they appreciated them that motives could be suggested for the principal policy debates and enactments.[2]

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[1] PRO, S.P. 110/12: fo. 10, Metcalfe to Nicholetts, Aleppo, 16 December 1670; fo. 19, Metcalfe to Nicholetts, Aleppo, 14 August 1671.

[2] PRO, S.P. 110/12: fo. 31, Metcalfe to Metcalfe, Aleppo, 8 March 1673; fo. 31^{v}, Metcalfe to Nicholetts, Aleppo, 11 March 1673; PRO, S.P. 110/13: fo. 76^{v}, Ivatt to Whincop, Aleppo, 13 March 1673; fo. 78^{v}, Ivatt to Heath, Aleppo, 22 March 1673; fo. 81^{v}, Ivatt to Heath, Aleppo, 28 April 1673; PRO, S.P. 105/153: fo. 102, CA, 11 November 1672; fo. 102^{v}, CA, 11 November 1672; fo. 104^{v}-105, GC, 20 November 1672; fo. 106^{v}, GC, 23 November 1672; fo. 109^{v}, GC, 29 November 1672; fo. 128, CA, 11 June 1673; fo. 136^{v}, GC, 11 September 1673; PRO, S.P. 105/113: fo. 161^{v}, Levant Company to Rycault, London, 28 November 1672; fo. 190, Levant Company to Finch, London, 23 December 1673; fo. 195, Levant Company to Nightingale, London, 23 December 1673.

Due to limitations of space, I have had to be selective in choosing the types of Company policy to be discussed in this thesis. It seemed most appropriate to concentrate first on the topics that received the greatest attention by the Company and appear most frequently in the Court Books. Thus I have concentrated on the shipping and price policies and on the exportation of cloth which those policies most greatly affected. Many of the Company's policies remain to be studied in more detail, including the policies on money and credit (and the evidence cited in the last paragraph) and on return commodities. To give the same kind of context and explanation to these aspects of Company policy, in terms of commercial experience and the structures of supply and demand, would have required, on my estimate, two to three times more space than I have here. The need to focus more narrowly will, I hope, become somewhat clearer in the following four sections of this introduction, as I discuss the historiographical themes and the sources that I have drawn on to illustrate the economic context of the Company's policies. First, I will describe some of the principal themes in the historiography of commerce and overseas trading companies, then outline briefly a typical commercial career, following that with an explanation for the advantages of using commercial letters, such as those of Thomas Metcalfe and William Ivatt, before finally describing the principal themes of the thesis.

Historiographical Themes

One area of agreement among economic historians who focus on commerce is that the extension of commerce to new regions of the world was a means by which early modern European economies grew. When innovations in technology were slow, and advances in productivity limited, the broadening scope of trade between countries and regions that had hitherto had little direct contact, created new opportunities for increased production. In one more strongly expressed version of this view, the scope of broadened trade did not have ancillary benefits, such as a reduction of production costs or an increased demand for existing commodities of trade. Rather, the growth came in the form solely of an increased range of goods that could be traded. Demand, on this characterization of the markets, had low elasticity, and there was little latency to be tapped.[1]

Most economic historians similarly agree that the more highly differentiated economies of England and the United Provinces were in a better position than others to prosper as a result of the broadening of trade. The reason for this was that there was a greater division of labour, and productivity and costs, for all that progress on these fronts was slow, were more favourable in these two nations than elsewhere. From the modest increases in agricultural productivity, moreover, there was greater capital at the disposal of merchants and among the supporters of commercial projects among the gentry, and this capital could readily be invested in commerce.[2]

The advent of what has been termed 'conspicuous consumption' was particularly important in this regard.[3] In England, the steady growth of commerce from 1550 to 1640 was for the most part, according to Robert Brenner, supported or induced by an increase in the demand for foreign commodities.[4] After the civil wars of the 1640s, demand in the English market and in the markets to which English merchants re-exported commodities was again to be of substantial importance. Figures for the terms of trade between England and Asia show that between 1664 and 1680 and again between 1726 and 1743 demand induced growth in the exchange of goods.[5] Richard Grassby has argued in the case of the trade between England and the Middle East that there were greater margins on imports

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[1] Richard Grassby, *The English Gentleman in Trade: the Life and Works of Sir Dudley North, 1641-1691* (Oxford, 1994), pp. 98-99, 219; K.N. Chaudhuri, *The Trading World of Asia and the East India Company, 1660-1760* (Cambridge, 1978), pp. 2, 19; Kristof Glamann, 'European Trade, 1500-1750,' *The Fontana Economic History of Europe: The Sixteenth and Seventeenth Centuries*, ed. Carlo Cipolla (London, 1973), pp. 427-34.

[2] P.W. Klein, 'The Origins of Trading Companies,' in Leonard Blussé and Femme Gaastra (eds.), *Companies and Trade:: Essays on Overseas Trading Companies during the Ancien Regime*, (Leiden, 1981), p. 28; Niels Steensgaard, *The Asian Trade Revolution of the Seventeenth Century: the East India Companies and the Decline of the Caravan Trade* (Chicago, 1974), p. 10; cf. Theodore K. Rabb, *Enterprise and Empire: Merchant and Gentry Investment in the Expansion of England, 1575-1630* (Cambridge, 1967).

[3] This was first seen as significant by F.J. Fisher, 'The Development of London as a Centre of Conspicuous Consumption in the Sixteenth and Seventeenth Centuries,' *Transactions of the Royal Historical Society*, Fourth Series, XXX (1948), pp. 37-50.

[4] Robert Brenner, *Merchants and Revolution: Commercial Change, Political Conflict and London's Overseas Traders, 1550-1653* (Princeton, 1993), pp. 3-50.

[5] Chaudhuri, *Trading World of Asia*, p. 93.

prior to 1640 but, after 1660 and the growth of re-exports, margins on the exportation of cloth to the Middle East were greater.[1]

Also crucial to the steady growth of international trade to regions outside of western Europe and its multilateral payments system was the more or less ready availability of silver specie. Trade to regions outside western Europe was bilateral and the demand for imports had to be covered directly by demand for a corresponding value of exports.[2] The importance of specie was particularly in evidence in places like India where the bimetallic ratio was much lower than in Europe (and the value of silver therefore correspondingly higher) and where the demand for European manufactured goods was not particularly high. Silver specie was not of such fundamental importance in the trades to the Levant and the Baltic but it was still of crucial significance in covering the small but steady deficit in other commodities that Europe ran with these regions.[3]

The argument about the broadening of the access to international markets rather than the intensification of international trade implies that little integration resulted from trading contacts between western European and other regions. The lack of integration, in turn, indicates that the demand of western European merchants had a marginal effect on the dynamics of other commercial centres and that the impact of western European manufactures on the production of similar manufactures in those other regions was limited. Clearly, the impact varied. In Poland, where the level of integration with the West was much greater than elsewhere, the degree of substitution of commodities was similarly much greater, and not always to the benefit of western producers.[4] The Dutch,

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[1] Grassby, *English Gentleman in Trade*, p. 98 fn. 20: He gives no supporting argument or evidence for this assertion, and while I believe the statement to be plausible, it is somewhat inconsistent with the argument he makes for the lack of latent potential in the Levantine market for cloth.

[2] Chaudhuri, *Trading World of Asia*, pp. 3, 15. This statement is not meant to indicate that commodities imported from Asia, the Middle East or the eastern Baltic were not traded multilaterally in western Europe, between say Hamburg, Amsterdam, Stockholm, Rouen and London. It merely indicates the form of payments mechanism which existed for a variety of reasons, and that between those outside regions and the point of contact in Europe the balance of commodities, including specie, was maintained.

[3] *Vide infra*, Chapter I, section i; Anderson, *English Consul in Turkey*, pp. 58, 64-65.

[4] R.W.K. Hinton, *The Eastland Trade and the Common Weal in the Seventeenth Century* (Cambridge, 1959), p. 8; Fedorowicz, *England's Baltic Trade in the Early Seventeenth Century : a Study in Anglo-Polish Commercial Diplomacy* (Cambridge, 1980), pp. 94-95; R.W. Unger, 'Integration of Baltic and Low Countries Grain Markets, 1400-1800,' in *The Interactions of Amsterdam and Antwerp with the Baltic Region, 1400-1800:*

and to a lesser extent, the English dominated international trade with Poland as the Hanseatic cities and their merchants became passive, if somewhat interfering, intermediaries in the exchange of goods. The position achieved in Poland, as elsewhere in central and eastern Europe, was not immediately achieved in other regions of the world. In India, the perception of factors of the East India Company in Masulipatam was that they were merely one merchant group among many in the market, and that it was far beyond their capital resources to command the market for specific commodities. By the early eighteenth century, the impact of the Company's purchases had increased significantly, at least in certain areas such as Bengal, or in cities like Bombay which had been created as an English enclave. As an extension of their dominance of certain markets, Company factors came to negotiate in advance, and outside the normal market mechanism, the prices and schedules for the production of calicoes, one of the most important of the commodities they imported into Europe.[1]

The extent to which trade produced integration between economies, at least in certain spheres dominated by international trade, has a bearing on the relationship between the markets through which merchants negotiated the exchange of goods. Interpretations have varied about whether to place all centres of international trade on a par, whether they were in Asia, the Middle East, South America or Europe, or whether to argue that the European centres, and especially London and Amsterdam, formed the pinnacle of an international trade hierarchy. Differences of interpretation turn on whether the access of European merchants to an extensive trading network mattered as early as the seventeenth century. In other words, were western European merchants able to bring potential advantages of commercial information, relatively sophisticated financial techniques, and the ability to exploit comparative advantage to bear under the conditions they experienced?

Papers Presented at the Third International Conference of the 'Association internationale d'histoire des mers nordiques de l'Europe' (Leiden: 1983), pp. 1-10.

[1] Chaudhuri, *Trading World of Asia*, p. 16.

Before we turn to look at this question in greater detail, it is worth noting two important aspects of the interaction between markets and of the dynamics of the markets themselves. These features of the market were interrelated and uniquely omnipresent in the early modern economy, namely the slowness of communications and the perpetual disequilibria of the markets.

The greater the distance between centres of international trade, the greater the problem of communications, and as Fernand Braudel has shown, letters in Europe proceeded fastest from the largest and most economically active cities along the main routes of trade.[1] Nonetheless, the slowness of communications introduced an intractable commercial problem even over relatively short distances. Between London and Hamburg, according to Henry Roseveare, a letter took between seven and fifteen days, and thus for advice to be sent and a reply received, a merchant could wait between a fortnight and a month.[2] The markets moved faster than the mail. Last-minute emendations and cancellations were not uncommon, but the degree of control that could be exercised on one market on the basis of knowledge of another market, even between London and Hamburg, was not substantial. What this meant in practice was that the instructions sent by the principal merchants or, in the case of the East India Company, its Board of Directors, were reduced to the fundamentals, to general guidelines and prescriptive advice, as the distances increased; the repeated actions of each year and the experience of past years also was a guide as to what to expect. In the estimation of K.N. Chaudhuri, about half the value of exports and two-thirds of the value of imports can be attributed to decisions taken by the directors of the East India Company.[3]

It follows immediately from the slowness of communications that the problem of disequilibria would be universal in the seventeenth-century world of international trade. Not only were there considerable distances between centres of international exchange, but there were also considerable distances between the centres of production and

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[1] Braudel, *Mediterranean*, I, pp. 358-74.

[2] Henry Roseveare (ed.), *Markets and Merchants of the Late Seventeenth Century : the Marescoe-David letters, 1668-1680* (Oxford, 1987), p. 54.

[3] Chaudhuri, *Trading World of Asia*, p. 57.

consumption. At the point of exchange for most commodities traded outside western Europe, therefore, the supply of commodities was inelastic.[1] In light of an unexpected increase in demand, for instance, within a given trading season, supplies of European commodities to the markets of Asia or the Middle East could not be increased or renewed.

Slowness of communications and a perpetual disequilibrium between supply and demand, therefore, were the basic conditions underlying the relationship between centres of international trade. A consideration of these dynamics is particularly important when we return to the historiographical debate over the degrees of control merchants in various trading centres had over local market conditions.

The first view, that all centres of international trade were on a par, is essentially a functional argument. In other words, the provision of stapling and distribution services was the basic function of Surat as it was of Amsterdam, or more pertinently for this thesis, the basic function equally of London and of Aleppo.[2] What commercial networks western Europeans might have access to, and what networks Armenians or Gujuratis might have access to, were not of sufficient importance to warrant differentiation between the centres in which each group primarily traded.

On a second view, it was precisely the differentiation of commercial networks that defined the relationship between western European merchants and merchants of other regions of the world. Networks emanating from European centres of trade were much broader, had greater capital resources, and provided a great deal more information about market conditions than similar networks in Asia, the Middle East or Eastern Europe; on this basis merchants in Western Europe were able to make largely informed rather than speculative investment decisions, as their counterparts elsewhere could not.

The first way in which this hierarchy was manifest was in the ability of European merchants to exploit emerging international comparative advantages and to purchase commodities where production costs were lowest. Many of the merchants who

[1] Steensgaard, *Asian Trade Revolution*, p. 57: I would, however, cast some doubt on his concomitant emphasis on the volatility of prices to be found in Asian and Middle Eastern centers of international trade but not in European centres.
[2] Chaudhuri, *Trading World of* Asia, p. 139.

corresponded with the Marescoes and Jacob David in the 1660s and 1670s, as Henry Roseveare observes, had a 'cautious, exploratory interest in the changing patterns of world production, as well as an understandable anxiety about relative costs.' As early as the seventeenth century, comparisons were made for important commodities such as cotton, sugar and indigo from the British West Indies, Brazil, Cyprus or Guatemala. These merchants, like their colleagues, were looking for opportunities to substitute a commodity produced in one region with a similar one, of comparable quality but at lesser cost, from another region.[1] Thus Amsterdam and London stood at the top of the hierarchy of international centres of trade, because merchants in those two cities were the final arbiters of cost and value.[2]

The second way in which there was a hierarchy in international trade was by virtue of the greater efficiency, predictability and economies of scale of western European markets. The greater sophistication of these markets proffered an advantage to European merchants in the dynamics of their exchanges with merchants of other regions. One element of this efficiency and predictability was the active exchange of information between European and Asian, Middle Eastern or American markets. Merchants situated in Europe could be informed in advance about the supply of commodities, and were able to match that against any information they might have about possible demand, and thus determine prices with greater knowledge and prescience. Another element was the presence of intermediaries who formed stocks of non-perishable goods which evened out disequilibria for that part of the market, and which also made the market less dependent on periodic variation. Greater integration of European centres also enabled merchants, depending on the exchange rate between currencies, to sell an excess supply of commodities at low transaction costs in a centre other than the one to which they had been initially imported. The financial and commercial integration of the north-western European cities provided a far greater potential demand for commodities than any one

[1] Roseveare, *Marescoe-David Letters*, p. 54.
[2] Cf. Chaudhuri, *Trading World of Asia*, p. 135: the auction sale price of Indian cotton textiles in London was taken by the East India Company to be its universal value.

market on its own could provide, thus enhancing the economies of scale to which European merchants had access.[1]

Interpretations vary correspondingly on the interaction between European merchants and Middle Eastern or Asian merchants. The difference in interpretation turns on the importance of capital resources. Armenian and Gujarati merchants, on one interpretation, were far different from peddlers on the Coromandel coast who went from town to town buying cloth; many of these Asian merchants of international trade had acquired capital easily comparable, if not exceeding, what most European merchants might accrue;[2] and it is this aspect of their economic strength that is most apparent in the economic interchanges we witness in Surat or Aleppo. Those who argue for the importance of the greater efficiency and predictability of European markets infer from this that, say, individual Armenian merchants' possession of substantial capital resources could not sufficiently counteract the disparity between the commercial and financial systems that each group had access to.[3]

Underlying many of the issues raised in the preceding pages has been the degree to which merchants, individually or collectively, controlled the disposal of capital in the market. Were they merely responding to events or did they set at least some of the conditions under which they acted? Among those who have chosen to study the commercial activities of merchants and the companies they formed in the seventeenth century, the emphasis has clearly been on the way in which individual or corporate commercial culture acted and transformed the markets rather than as seeing their actions as symptomatic of larger structural trends. As Richard Grassby succinctly expresses the point at issue, 'impersonal forces may set the economic parameters, but it is businessmen who introduce qualitative changes.'[4] One of the admitted difficulties of those in the field,

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[1] P.W. Klein, 'The Trip Family in the Seventeenth Century: A Study in the Behavior of the Entrepreneur in the Dutch Staple Market,' *Acta Historiae Neerlandica* I (1966), p. 189; Steensgaard, *Asian Trade Revolution*, pp. 14, 59.
[2] Chaudhuri, *Trading World of Asia*, p. 137.
[3] J.C. van Leur, *Indonesian Trade and Society: Essays in Asian Social and Economic History* (The Hague, 1955), pp. 214-219.
[4] Grassby, *English Gentleman in Trade*, p. 2.

however, has been showing these changes with the passage of time, for it is easier to characterize the relationships between the actions of merchants and economic parameters as a model in static terms rather than in dynamic terms.[1]

One area, covered extensively in historiography, over which merchants had the greatest potential control was in the costs they incurred in completing a transaction; and, except for prices or the volume of trade, these transaction costs can be traced over time more easily than other quantitative indicators of commercial activity. Sharp reductions in transaction costs can show the extent of entrepreneurial innovation and in the most significant instances help to explain the transformation of whole areas of commerce. This was the case in the most famous example of the Dutch and English East India Companies' appropriation of the Asian trade in pepper, spices and indigo from the Portuguese and the Armenian and Arab merchants of the Middle East. In this instance, and in others, it should be stressed that where costs were important to the pursuit of commercial projects, evidence of contemporary interest in comparative costs can usually be found. The reduction of costs by using the sea route to Asia was known contemporaneously, and reported by Samuel Purchas for one, before its explanatory power in this case was fully explored by Niels Steensgaard.[2]

Transactions costs have also been used importantly to explain competition between European nations, each with their own systems of commercial organization, and thus potentially different costs. One of the principal explanations, for instance, of the extensive success of seventeenth-century Dutch trade is a relative one based on costs, specifically freight costs. Dutch merchant ships, designed to maximize holding capacity, could transport goods, especially bulky goods like grain, much more inexpensively than English merchant ships.[3]

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[1] In the case of Chaudhuri, this study of commercial culture entails the creation of a model that simplifies but also clarifies complex relationships, but one that, by his own admission, does not take into account the passage of time. Chaudhuri, *Trading World of Asia*, p. 41.

[2] Samuel Purchas, *Hakluytus Posthumus : or Purchas his Pilgrimes: contayning a history of the world in sea voyages and lande travells by Englishmen and others* (Glasgow, 1907), V, pp. 268-69; Steensgaard, *Asian Trade Revolution*.

[3] Violet Barbour, 'Dutch and English Merchant Shipping in the Seventeenth Century,' *Economic History Review*, II (1930), pp. 261-90; Ralph Davis, *The Rise of the English Shipping Industry in the Seventeenth and*

To be sure, on a different scale of magnitude, the reduction of costs was something that companies sought in the aspects of their operations where they could bring their economic importance to bear on a problem. In order to reduce production costs, the East India Company authorized factors in Surat to secure contracts in advance for calicoes for delivery at a fixed price, lower than if they had been bought on the open market.[1] The Levant Company controlled transaction costs by contracting, for instance in 1669, with the operators of two quays in London, the Chester and Galley Quays, to which all members were obliged to route their goods.[2] In this way, these companies and their members, as they saw opportunities to do so, lowered the costs of transacting business.

For individual merchants, the transaction costs of buying, transporting and selling goods were among the first questions asked upon entering a new trade. A good example of this important concern was the comparison made by one merchant, which Henry Roseveare has described. Before investing in Mediterranean grain to be sold in the English market, this correspondent of Jacob David wanted to know the expenses and freight charges per last from both Livorno and Cadiz. 'If one wants to embrace this trade,' he added, 'one must have options in both places.'[3] A difference in those costs might be sufficient reason for ordering grain from one city rather than the other. One of the basic components of a merchant's papers, moreover, were the invoices sent by factors abroad itemizing the costs that a particular commodity had incurred.

In a settled trade such as to the Levant, where most of the prominent traders solely or largely traded to that one region, anxiety about transaction costs was less noticeable.[4]

Eighteenth Centuries (London, 1962), pp. 49-52; Charles Wilson, 'Transport as a Factor in the History of Economic Development,' *Journal of European Economic History*, II (1973), p. 328; Douglass C. North, 'Sources of Productivity Change in Ocean Shipping, 1600-1850,' *Journal of Political Economy*, LXXVI (1968), pp. 953-970; North and Robert Paul Thomas, *The Rise of the Western World: A New Economic History* (Cambridge, 1973), pp. 137ff.

[1] Chaudhuri, 'The English East India Company in the Seventeenth and Eighteenth Centuries: A Pre-Modern Multinational Organization,' in Blussé and Gaastra (eds.), *Companies and Trade*, p. 36.

[2] PRO, S.P. 105/153: fos. 5-5^{v}, CA, 18 October 1669; fo. 7, GC, 7 November 1669; fo. 87, GC, 13 August 1672; fo. 130, GC, 4 July 1673. There is no confirmation in the Court Books that this arrangement was continued after the Company declared open shipping in 1683.

[3] Roseveare, *Marescoe-David Letters*, p. 482: A. Ruland to David, Hamburg, 21 September 1677.

[4] Cf. D.W. Jones, *War and Economy in the Age of William III and Marlborough* (Oxford, 1988), pp. 253, 260, 261; Sven-Erik Åstrom, *From Cloth to Iron: The Anglo-Baltic Trade in the late Seventeenth Century* (Helsinki, 1963), pp. 169-171. Most merchants concentrated on the importation or exportation of goods to one region

Costs for freight, items such as portage and brokerage, customs, consulage, impositions, commissions were to a great extent predictable and fixed, and usually beyond the control of individual merchants to reduce.[1] The one important exception we have seen of wharfage and portage in London was the result of the collective power of company action. Beyond those costs that could be itemized and calculated in rather short order, Dudley North, as an example, did not take account of real costs or depreciation, 'many of which were hidden', according to Richard Grassby, and thus profit margins were related to turnover.[2] Indeed, this simplified accounting and incorporation of crude estimates of cost extended to other contemporary trades, such as that of the East India Company. Decisions about investment were often made on the basis of the price of commodities, based on the latest information from Asia, the cost of freight and customs, and the likely price at the time of sale, all of which enabled the directors to make a ready estimate of the likely profit.[3]

Transaction costs could be over half of the total gross profit of any given commodity. For Asian commodities imported by the East India Company, transaction costs could be 25 percent on a total mark up of 34 to 43 percent, and the result was an average net profit of 9 to 18 percent. [4] Dudley North recorded gross profits of 20 to 40 percent on broadcloth and 20 to 100 percent on raw silk. Transaction costs for the Levant trade were probably between 18 and 20 percent.[5] I shall describe these costs in relation to expected margins and profits in Chapter I. There was certainly opportunity for factors to inflate charges somewhat, especially in periods of political instability when arbitrary exactions were not unusual; but such opportunities should not be overly emphasized. A

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only, and the Levant trade was still something of a generalists' trade where each merchant knew about export and import commodities. Thus each merchant would have had specialized knowledge of the likely costs he or she would incur. Note though that costs could be an important consideration in the re-export trade when some merchants evaded the Navigation Laws and exported return commodities, like silk and galls, directly to Hamburg, and perhaps because of lower costs, by cutting out middlemen and incidental costs in London, were able to undersell those English merchants who obeyed the law. Roseveare, *Marescoe-David Letters*, p. 63.

[1] Steensgaard, *Asian Trade Revolution*, p. 57.

[2] Grassby, *English Gentleman in Trade*, p. 100.

[3] Chaudhuri, *Trading World of Asia*, p. 60.

[4] Chaudhuri, 'The English East India Company,' pp. 45-46.

[5] Grassby, *English Gentleman in Trade*, pp. 104-105.

need to maintain an ongoing relationship with principals in London meant that potential risks to one's reputation could not be taken lightly, and one's ability to provide a good rate of return with reasonable costs was paramount. Most arbitrary charges, moreover, known in Aleppo as avanias, were covered by payments out of company funds, further reducing the opportunities for fraud.

The Purpose of Commercial Companies and Regulation

The origin of commercial companies has been a source of some debate, and for good reason in many cases because the evidence discovered about early commercial history has not been abundant. The debate revolves principally around two lines of argument, whether commercial companies arose out of the diffusion of techniques of organization from Italy or were developments of guilds in each nation independently. In England, there are two types of evidence in support of the latter argument. Strong circumstantial evidence exists for the correspondence between the governmental frameworks of the commercial companies, particularly the regulated companies, and the twelve principal guilds of London. The main work of the guilds and regulated companies was done by elected officers, such as a governor, deputy governor, secretary, treasurer and husband, and by the Court of Assistants who met as a body more frequently than the General Court, which all members could attend. Both guilds and regulated companies also had the same separation of rôles: the governing bodies set regulatory policy and the members conducted their own business. Important direct evidence, found by E.M. Carus-Wilson, shows how the biggest and most successful of the sixteenth-century regulated companies, the Merchant Adventurers Company, evolved directly out of the Mercers Company, one the principal London guilds. Members of the new company recorded their minutes initially in the Court Books of the Mercers, and met in Mercers Hall, prior to establishing a separate set of Company records and holding meeting under their own auspices. Pieter

Klein has found a similar kind of development in commercial organization in the United Provinces during the sixteenth century.[1]

This interpretation for the evolution of commercial companies has been important because of how it has been used to explain their purpose. The creation of an organization for foreign trade has been seen as a way wholesale traders with considerable capital could separate themselves formally from fellow guild members, tradesmen and retailers, when pursuing the new opportunities that foreign trade had to offer. One of the fundamental constitutional rights of the new companies, specifically granted in the charters of incorporation, was the right to exclude all those who not solely wholesale merchants, specified by the ubiquitous contemporary formulation as 'mere merchants.'

Two lines of argument, one economic and another social, have emerged out of the observations that the companies evolved from guilds and that they were exclusive. Controls over membership and policy enabled the governing bodies of the companies to limit the number of traders and to restrict the quantity of goods that would be supplied to the market. From this observation comes the inference that the companies' chief economic purposes were to protect the interests of English commerce and to enhance the profits of each member. The social argument also starts with the exclusivity of membership and notes that contemporary opinion outside the government and élite merchant circles saw the companies as unjust because they excluded many who were capable, in terms of expertise and capital, of conducting foreign trade. Without general support, the companies were largely dependent on royal influence to uphold their legal autonomy. The chief reciprocal benefit the crown received was the ability to borrow

[1] Klein, 'Origin of the Trading Companies,' p. 17; Robert Mantran, 'Origines des compagnies,' in Michel Mollat (ed.) *Sociétés et compagnies de commerce en orient et dans l'océan indien: Actes du huitième colloque internationale d'histoire maritime* (Paris, 1970), pp. 399-400. The evolution of regulated companies from guilds was first noted in the early part of this century. Lingelbach was probably the first historian to make this point, and those who followed have usually noted the same correspondences. See, W.E. Lingelbach, *The Merchant Adventurers of England: Their Laws and Ordinances with Other Documents* (Philadelphia, 1902). The important article by E.M. Carus-Wilson, 'The Origins and Early Development of the Merchant Adventurers' Organization in London as Shown in their own Medieval Records,' *Economic History Review*, IV (1933). On the early dominance of the Mercers in the Merchant Adventurers Company, see also Peter Ramsay, 'The Merchant Adventurers in the First Half of the Sixteenth Century,' unpublished Oxford D.Phil thesis (1958), pp. 126-130.

money. Parliament was able to sweep away many of the least justifiable cases of royal patronage, as in the case of the second generation of regulated trading companies like the Spanish and the French Companies. All of the early companies such as the Merchant Adventurers and the Merchants of the Staple, and those of the first generation of expansion such as the Levant Company, the Eastland Company or the Russia Company, remained firmly entrenched, although in many ways the tide had swung against them. The economic anachronism of their restrictive policies, just like the anachronistic policies of the city guilds, were rendered increasingly ineffective and irrelevant by the growth of trade in areas outside their control, the evasion by non-members (who were called interlopers in contemporary terminology) of company regulations, and by the state's rendering some of their important nationalistic restrictions redundant by the Navigation Act.[1]

Another interpretation does not take as its starting point the social basis of the companies, but rather their economic function in relation to the market, diplomatic status, and legal framework. In this approach, despite organizational differences between regulated companies and joint-stock companies, their similarities are emphasized, namely in that they shared three principal problems. First, as we know from the preceding discussion of market dynamics, there were the difficulties of trading in conditions where slow communications and disequilibria were perpetual problems. Coordination of shipping was commercially essential to overcome problems of time and distance, and to

[1] This view has been shared by those with both a Liberal and Marxist viewpoint. George Unwin, *Studies in Economic History: The Collected Papers of George Unwin* (London, 1927), pp. 182-185; *idem*, *Gilds and Companies of London* (London, 1908), pp. 217ff; Lawrence Stone, 'State Control in Sixteenth Century England,' *Economic History Review*, XVII (1947), pp. 117-118; Robert Brenner, 'Commercial Change and Political Conflict: The Merchant Community in Civil War London,' unpublished Princeton Ph.D thesis (1970), pp. 16-17; Henryk Zins, *England and the Baltic in the Elizabethan Era*, trans. H.C. Stevens (Manchester, 1972), pp. 85-95; Hinton was exaggerating somewhat, even if we accept the argument outlined above, when he said that the Navigation Act 'destroyed' the Eastland Company's charter. There were other aspects to the charter, needless to say, than the terms it set out for those who could carry goods to and from the Baltic. Hinton, *Eastland Trade*, pp. 91, 95-96. In a crude form, the economic argument has been followed more recently by Anderson, *English Consul in Turkey*, p. 154. For this view applied more generally, see Earl J. Hamilton, 'The Role of Monopoly in the Overseas Expansion and Colonial Trade of Europe before 1800,' *American Economic Review* XXXVIII (1948), pp. 44-53; Klein, 'Origins of Trading Companies,' p. 22; cf. J.R. Kellett, 'The Breakdown of Gild and Corporation Control over the Handicraft and Retail Trade in London,' *Economic History Review*, Second Series X (1958), pp. 381-394.

reducing transaction costs sufficiently to make expansion possible. Second, there was the need to maintain political stability, preferably through diplomatic representation. Unity of purpose was a political necessity where the need to maintain extra-territorial rights could not be compromised by an obvious lack of discipline or weakness in the expatriate community. Third was the need to have elective bodies and formal procedures to resolve tensions and conflicts between groups with often incompatible regulatory interests.

The last mentioned of these problems and its solution, in what K.N. Chaudhuri has called 'business constitutionalism', was the most important and the basis on which the companies could proceed to solve the other problems.[1] Factions based on kinship and networks of friendships came to be defined around service to the company, and they operated based on the rules of governance and procedures that, as I noted earlier, they adapted from guilds.[2] The framework for these decisions was based on the legal powers granted by the charter of incorporation, the precedent of previous decisions and ordinances, and the native caution of the majority on any given issue.[3] Commercial decision-making in the East India Company often relied on the historical record, not only for information used to solve procedural and coordination problems, but also to set purchasing policy by tracing, for instance, sustained price movements.[4] Much as if the governing bodies of the Levant Company were creating commercial common law, they referred to precedent continually and were careful to note into the record when decisions were not in the future to be considered a precedent for similar cases. What the creation of a legal, even a somewhat legalistic, culture did was to create a high degree of impartiality, and thus legitimacy, in adjudication and in the enactment or change of existing regulations. This meant that procedures for setting policy and enacting commercial regulations, as G.P. Ambrose first observed, had the effect of ensuring democratic control of policy-making

[1] One of the greater failings of the Eastland Company was that it failed to establish the rule of law among its members. Fedorowicz, *England's Baltic Trade*, pp. 62-63, 70-72, 145-46; Zins, *England and the Baltic*, pp. 126-27.
[2] Chaudhuri, *Trading World of Asia*, pp. 20-22; Barry Supple, 'The Nature of Enterprise,' in *The Cambridge Economic History* (Cambridge, 1977), V, pp. 439-440.
[3] Cf. Anderson's appropriate emphasis of this point in connection with the merchant community in Smyrna, *English Consul in Turkey*, pp. 289-90.
[4] Chaudhuri, *Trading World of Asia*, p. 80.

through the General Court.[1] Recommendations might be made by the Court of Assistants or by a committee, specially created to make an inquiry into a specific issue, but approval of any policy came from the General Court, in which all members, without restriction, could vote.

The commercial decisions in the case of the joint-stock companies, and the commercial regulations in the case of the regulated companies, that resulted from this system were intended to reduce the risk and uncertainty of long-distance trade. Generally, those members who wanted to take actions with the potential for considerable risk or that deviated from established procedures were in a minority when their proposals came to a vote in the General Court.[2]

All commercial decisions depended on the appropriate provision and timing of shipping and, as K.N. Chaudhuri has emphasized, this was the single most important issue faced by the governing bodies of the companies.[3] An indication of the importance attached to shipping by contemporaries was the fact that instructions on shipping from the directors of the East India Company occupied the first heading of letters from London to the factories. The principal reasons for the importance of shipping were twofold: excess capacity caused freight costs to rise in proportion to the value of goods carried; insufficient capacity caused a reduction in the Company's return on its investment because of delays in the realization of a final sale. In order to maximize the rate of turnover, the arrival and departure of merchant ships had to be coordinated, in addition, with the appropriate seasonal markets in Asia and Europe, as well as to the limitations to travel because of the monsoon and warfare. The impact of shipping schedules on the costs of merchants was less direct in the case of the Levant Company. Ownership of ships was independent of the Company and freight rates were fixed for those ships used under its auspices, called General Ships. Shipowners not merchants were therefore at risk if there was excess capacity.

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[1] Ambrose, 'Levant Company,' pp. 26-36.
[2] This was particularly in evidence during periods of war, *vide infra*, Chapter III, part 2, section iv.
[3] Chaudhuri, *Trading World of Asia*, p. 34.

What was of greater importance for members of the Levant Company was the appropriate timing of shipping, for this was the means by which the governing bodies set the duration of the market period. This period established the limit during which, as Frederic Lane found in an analogous case, those in the market had to come to terms for the remaining supply of goods they had for sale.[1] Each period was thus distinct and was the basis on which merchants framed their commercial expectations. I will return to this point later and in greater detail because it is the basis for my later discussions of commercial regulation and the effect of warfare on commerce in the Levant.

Under the English division of powers between companies and the state, the companies held the responsibility and the cost for maintaining their extra-territorial commercial rights through diplomacy. This meant in practice providing consuls and ambassadors with sufficient funds so they could negotiate in the manner, and with a status, equivalent to those of the local élites.[2] While commercial negotiations with the Ottomans, and in particular the renewal of the commercial treaty at each change of government, took obvious precedence, there was a substantial conflict of interest when the ambassador at Istanbul pursued political negotiations.[3] For instance, the Company's desire to control costs ran counter to the wider potential interests of state when the ambassador, and the earl of Winchelsea is a good example, sought to exercise diplomatic influence on a wide variety of issues and travelled at great expense with the sultan in order to do so. One of the reasons why Dutch merchants established fewer companies, and relied on trading associations that solely coordinated shipping, was that the Dutch government started early in the seventeenth century to provide extensive diplomatic representation. Between 1610 and 1625, the Dutch established 20 consulates and ambassadorships, many of them in the Mediterranean. It was not until after 1650 that the English firmly established permanent consulships in important centres of international trade, like Livorno, or in areas of

[1] F.C. Lane, 'Fleets and Fairs,' in *The Collected Papers of F.C. Lane* (Baltimore, 1966), pp. 128-41; *idem*, *Andrea Barbarigo, Merchant of Venice, 1418-1449* (Baltimore, 1944), p. 61.
[2] Cf. Chaudhuri, *Trading World of Asia*, p. 109.
[3] Halil Inalcik, 'The Ottoman State: Economy and Society, 1300-1600,' in Inalcik and Donald Quataert (eds.) *Economic and Social History of the Ottoman Empire*, pp. 192-94; the commercial treaty was called an adhiname, cf. Inalcik 'Adhiname' in *Encyclopaedia of Islam*, 2nd edition.

strategic importance like Tripoli and Algiers; and not until after 1660 did the government negotiate commercial treaties on behalf of merchants with countries like Portugal.[1]

The Outlines of a Commercial Career

For Levant merchants, there were three and possibly four stages in their commercial careers. Most of those merchants who traded primarily and often exclusively to the Levant for the largest part of their careers started out as apprentices in Istanbul, Smyrna or Aleppo. Unless they had wealthy kinsmen to provide considerable capital, apprentices then would trade the little capital they had while continuing to act as factors for merchants in London on commission. After accruing a sizable amount of capital, they would return to London and become principals of the trade themselves, and many of these, as a fourth stage, would also diversify their investments and become involved in guild activities and city politics.

Most of the prominent members of the trade began as apprentices in the three Ottoman cities. Members of the Company charged a hefty premium before taking on new apprentices. From specific instances, it appears that the premiums increased as the health of the trade improved, from £300 to £400 when Dudley North became apprenticed in the 1650s, to £400 by 1670, and in excess of £500 by 1680.[2] A wholesale merchant could join the company as long as he did not have ties to the retail trade and was a citizen of London for a membership fee of £50 by 'redemption'; but many of these were older and established merchants who had many ventures going at once. In the case of Edmund and Bezaliel Sherman, one joined by redemption and handled affairs in London while the other learned the trade as an apprentice in Aleppo. Apprenticeship was the only solid means of

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[1] Klein, 'Origins of Trading Companies,' p. 18; Klein, 'The Trip Family,' p. 201; Richard Conquest, 'The State and Commercial Expansion: England in the Years 1642-1688,' *Journal of European Economic History*, XIV (1985), pp. 160-63. There were significant variations in the level of diplomatic initiative. The English did not sign a commercial treaty with Danzig ending their long-running dispute until 1706. Hinton, *Eastland Trade*, pp. 160-61.

[2] Anderson, *English Consul in Turkey*, pp. 67-69; Grassby, *English Gentleman in Trade*, p. 26.

sufficiently establishing connections and a thoroughgoing knowledge of the trade on which to base a successful career.[1]

At the completion of the seven-years apprenticeship, the Company granted permission to invest capital in commodities and to trade in advance of the formal proceedings for membership in London. To begin trading effectively, additional capital was necessary. Dudley North began with £400 and an additional £1000 that he borrowed from his brother. For this purpose, Arthur Barnardiston left in his will £500 for each of his two sons in addition to £500 for premiums.[2]

During the years abroad, the rate of accumulation varied considerably depending on the amount of initial capital, the performance of investments, and the value of trade handled on consignment, with commissions earned on commodities being 3 percent and for specie being 1 percent. Dudley North accrued earnings at a quick rate, and from his initial £400 he had in ten years accumulated £22,320 in assets.[3] For the most part, the rate of gross profit, turnover, and accumulation was smaller, and the level of personal expenditure could be a contributing factor of great importance.[4] Young commission agents could keep their expenses as low as \$60, and while there was an example of one who spent upwards of \$1000 per year, a more reasonable figure, as a contemporary observer put it, was about \$300 or £75. Upon returning to London, North's rate of accumulation slowed, and his annual net return on invested capital was 3.25 percent. With an average annual expenditure of £826, his estate grew between 1680 and 1691 at an annual rate of 2.64 percent.[5]

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[1] Frances Verney, *Memoirs of the Verney Family* (London, 1894), II, pp. 369-70; Jones, *War and Economy*, p. 272; PRO, S.P. 110/14, fo. 18v: Metcalfe to Metcalfe, Aleppo, 22 September 1675.

[2] Anderson, *English Consul in Turkey*, p. 68; Grassby, *English Gentleman in Trade*, p. 94; for a comparative perspective across a number of trades, cf. Grassby, *The Business Community of Seventeenth-Century England* (Cambridge, 1995), pp. 82-91.

[3] Grassby, *English Gentleman in Trade*, p. 94.

[4] Cf. Roseveare, *Marescoe-David Letters*, p. 206.

[5] Grassby, *English Gentleman in Trade*, p. 110.

Most Levant merchants were rich by contemporary standards, but not so fabulously rich as was sometimes imagined.[1] Dudley North rose to the highest category with the richest of London merchants who accumulated personal estates of over £20,000 by the time of their deaths. This group included other Levant merchants like John Joliffe, Sir Jonathan Dawes, Arthur Barnardiston, and Samuel Pentloe (a factor who never returned home from Istanbul). Many of those in the middle category of wealth, who accumulated estates worth between £10,000 and £20,000, held positions of responsibility in the governing bodies of the Company, men such as William Fawkner, Walter Coventry, and the brothers, William and John Pouldon. Finally, there were many, while still thought to be wealthy, who did not match the potential investment clout of those I have just mentioned; they included Thomas Laxton, Richard Uvedale, and Thomas Salwey.[2]

Sources and Arguments

The arguments presented in the body of the thesis are based, in large part, on two types of source. The first type, the records of the Levant Company, provides evidence for the policies that merchants adopted to coordinate their commercial activities, such as setting and maintaining shipping schedules. The second type, the merchant papers of commission agents, describes the business operations of merchants. Together these two sources provide us with a wealth of information about the dynamic interchange between individual action and the coordination of commercial activities, within the parameters set by the market.

Before continuing on to further analysis and description of these sources, I should perhaps explain in advance how I made the decision to favour commercial papers of merchants over the commercial information in diplomatic papers. It is, of course,

[1] Cf. M.F. Steig, *Diary of John Harrington* (Somerset Record Society, 74, 1977), p. 38; Ralph Davis, 'England and the Mediterranean, 1570-1670,' in F.J. Fisher (ed.), *Essays in the Economic and Social History of Tudor and Stuart England* (Cambridge, 1960), p. 126.

[2] Anderson, *English Consul in Turkey*, pp. 81-84; Jones, *War and Economy*, p. 265; of Jacobean aldermen, nearly 40 percent were worth £20,000, so the proportion may have been greater for the late seventeenth century. Grassby puts the 'very rich' at over £30,000 while putting £20-25,000 as a usual figure that a successful businessman might aspire to. Grassby, *Business Community*, pp. 247-61.

impossible to provide anything like an adequate survey of all the potentially relevant diplomatic papers in the space of a few paragraphs, especially when one considers the great variability in diplomats' knowledge and judgment of commercial affairs Nevertheless, when one approaches this type of source as evidence for economic history, in an attempt to gain substantial information about the dynamics of the contemporary market and its participants, one comes up repeatedly against certain common problems.

The judgments of diplomats about commercial affairs can rarely be totally relied on. They are usually fragmentary, sometimes exaggerated and almost always political in nature. These problems with using diplomatic papers as evidence for economic history reduce the extent to which an historian can systematically rely on diplomats to reconstruct the dynamics of the contemporary market and its participants. The stress here is on the judgments of diplomats rather than their observations: in limited ways, without placing too much general importance on what they observed, their reports can provide perfectly accurate information; in other words, the problem is not so much what they saw and how they reported it, but their usefulness in uncovering the underlying nature or causes of what they witnessed.

First, the fragmentary or ephemeral nature of the judgments displayed in diplomatic papers often limits the extent to which this evidence can be used to support broad and useful generalizations by historians. Most judgments were based on prevailing opinion rather than an independent or extended inquiry into commercial affairs. Second, most of the judgments were limited in subject matter by a concern for what was of political importance and likely to be taken up actively in Whitehall. Thus as far as the important matter of foreign competition was concerned, diplomats were more likely to call attention to the areas of trade where competition was strong, rather than to the areas where no action needed to be taken.[1] Third, observations on which commercial judgments were based were sometimes verbally or quantifiably exaggerated. A good

[1] For instance, PRO, S.P. 97/18, fo. 114^{v}: Winchelsea to Bennet, Istanbul, 30 January 1665.

example of this weakness can be seen in the nearly universal inability to estimate what commercial cargoes might be worth.[1]

There were exceptions, nevertheless, depending on the interest of a diplomat in commercial affairs; and where an ambassador hoped to gain support for the government's intervention in a commercial dispute, the wealth of information can be extraordinary. In the 1670s, for example, Francis Doddington, the English ambassador in Venice, compiled extensive information about the currant trade in Zante and Cephalonia. Under the impetus of fighting what he believed to be an unjust customs tariff that penalized those merchants who did not trade first through the port of Venice, he sent back extensive reports to the secretaries of state designed to win their support by showing the potential advantages of a change in the tariff.[2]

Another corps of diplomats who often rendered thoroughgoing information and solid commercial judgement, although ones of a special stamp, were the consuls to Aleppo and Smyrna appointed by the Company with the approval of the crown. Their business in those cities, unlike even the ambassador to Istanbul who engaged in diplomatic negotiation and subterfuge of many types, was exclusively commercial, resolving disputes, negotiating agreements and managing the English community which was made up exclusively of factors engaged in trade, excepting of course the occasional traveller or pilgrim. Benjamin Lannoy, highly esteemed contemporaneously by the Abbé Carré, Paul Rycault, who achieved fame as an early historian of the Ottoman empire and the subject of an interesting book by Sonia Anderson, and Thomas Metcalfe, a subject of this thesis, all performed this office. Rycault served in Smyrna in the 1670s and Metcalfe in Aleppo in the 1680s. As Rycault saw it, his official and literary career were interdependent: his account of the military and political history of the Ottoman empire also included 'what

[1] For example, the estimated valuation of Sir John Finch of the cargo of the returning convoy from Smyrna at £1 million, Anderson, *English Consul in Turkey*, p. 131, or Sarotti doubling the value of the convoy of English ships trapped in Livorno in 1652. This and other examples can be found in Chapter III, part 2, section iii.

[22] PRO, S.P. 99/44-50.

Casualties and Charges befell our Trade, that so both one and the other might serve for Examples and Precedents to future Ages.'[1]

With the partial exception, then, of the papers of certain commercially-oriented consuls who will be cited in this thesis, and even after taking into account the numerous flaws and omissions of commercial papers, it is my belief that historians can profit more greatly through the systematic study of the latter than in relying to any great extent on diplomatic papers. It is only through a reconstruction of the reasons for specific commercial beliefs, attitudes and decisions taken by merchants that we can work toward a view of the broader significance of issues where politics met commerce.

Most important among the Company records are the Court Books. The secretary of the Levant Company recorded in the Court Books the minutes of the meetings of the General Court, the Court of Assistants, and the meetings of any special committees that were created by the General Court to look into specific questions.[2] Next in importance are the corresponding records for the merchant community in Aleppo. There too an amanuensis took down minutes of the meetings held by the English community, and the consul himself or someone under his direction added additional incidental information about matters that came under his jurisdiction, such as decisions in disputes that he was called upon to adjudicate. Varying in quality, the Aleppo records also span a shorter duration than the Court Books of London. Whereas the Court Books survive continuously after 1611, five years after the first operation of the Company under a new Jacobean charter, the three Aleppo books cover the years from around 1620 to 1665, and for the late 1630s and 1640s they are very sketchy indeed.[3] Letters sent by the Company to the consuls and to the ambassador in the Ottoman empire, and also the petitions addressed by the Company to the central government in England, are largely complementary to the Court Books of London and Aleppo. Information disseminated in

[1] Anderson, *English Consul in Turkey*, pp. 26, 251-52; Rycault and Gamaliel Nightingale, a consul in Aleppo in the 1660s, both served on the Court of Assistants upon their return to London; B. Carré de Chambon, *The Travels of Abbé Carré in the Near East, 1672 to 1674*, ed. and trans. by Sir C. and Lady Fawcett (London, 1947-48), I, p. 42.

[2] PRO, S.P. 105/147-155.

[3] PRO, S.P 110/54-56.

the form of letters and petitions were the product of debates and resolutions taken by the governing bodies of the Company, and therefore were usually first recorded as minutes in the Court Books.[1]

Recording information of a different kind from that provided by the Court Books, the statistical records of the Company were analogous to similar records kept by the central government in the form of customs registers. For the purpose of tracking the trading activities of members and the impositions due to the Company, the treasurer recorded the quantities of goods laded on board ships or the impositions paid against individual names. From these records which survive for only a short duration, we are able to calculate limited but significant figures for the total quantities of cloth exported between 1642 and 1659, and the breakdown of cloth exports to Istanbul, Smyrna and Aleppo between 1675 and 1679.[2]

In looking at merchant papers for this thesis, I have relied primarily on the letters of three commission agents in Aleppo. One of those agents, or factors, now anonymous, traded actively in the winter of 1634 and 1635. He provides a great deal of information, that I draw on extensively in Chapter I, about the nature of the cloth trade during the 1630s, and particularly about the effect of colour on the demand for cloth. The other two, one said by Sonia Anderson to be William Ivatt and the other Thomas Metcalfe, were contemporaries in Aleppo in the 1670s.[3] Reportage by Metcalfe of the market has most often been used in those sections of Chapters I and II where the conditions of market activity are important to the argument. Importantly, nevertheless, the testimony of Ivatt has been used to corroborate much of the crucial evidence, such as the conditions for the

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[1] PRO, S.P. 105/112-113; PRO, S.P. 105/143-145.

[2] PRO, S.P. 105/159-160; PRO S.P. 105/167.

[3] Anderson, *English Consul in Turkey*, p. 118, fn. 2. Anderson does not offer any evidence for attributing this factor's letters to William Ivatt. The evidence from his letter-books confirms that the author of the S.P. 110/13 letters was an apprentice of Thomas Murthwaite and that the Company granted membership to Ivatt on the basis of his apprenticeship to Murthwaite. This is not conclusive necessarily because Murthwaite had several apprentices during the 1670s. Thomas Metcalfe has been identified through his apprenticeship to William Metcalfe, which is noted in the letter-books and in connection with the Company's grant of a permission to trade. Other circumstantial evidence supports this conclusion, including the time of that grant in relation to his securing of the Sherman account, and also his relationship with his 'cousin' William Metcalfe, Jr.

sale of cloth, in particular the demarcation of the market period, and perceptions of salable colour. Before giving the chief reasons for the solid evidentiary basis of Metcalfe's reportage, I want to provide some idea of the range of merchant papers that historians can draw on in order, as Richard Grassby puts it, to smell money in the air.[1]

We know from Henry Roseveare's extensive description of the Marescoe-David papers that journals and ledgers formed the apex of the system of commercial record keeping, with ledgers being an abbreviated and less informative version of the journals. It is only from one of these two sources that one can reconstruct the business of a merchant in total, and summarize that information analytically in a quantitative form, such as Richard Grassby has done extensively in the case of Dudley North, and in a shortened form for others. The work of doing so, on Grassby's testimony, is painstaking and slow, although the results are informative and sometimes crucial to forming an adequate assessment of such things as the rates of gross profit, net profit, and accumulation. A reconstruction from the journals and ledgers is one possible quantitative core to any descriptive language we may choose to use.[2]

Letters were the principal means of communications between commercial centres. Reports of prices and costs, in other words information that would be contained in invoices and included in journals and ledgers, were sometimes emphasized in letters also. In addition, letters contained observations and judgements of the markets. What these did for contemporary correspondents, and what they do for historians also, was to give a sense of the importance and meaning of movements in the market, and a sense of the commercial reasoning that explained, or at least could justify, each transaction. The discontinuities produced by the markets moving faster than the mail could not be overcome until communications were instantaneous, or nearly so, but they could be mitigated. The great desire of all commercial correspondents to receive full and regular reports of the state of the markets is in ready evidence in most commercial papers. This

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[1] Grassby, *English Gentleman in Trade*, p. 6.

[2] Roseveare, *Marescoe-David Letters*, pp. 10-14; Richard Grassby, 'The Rate of Profit in Seventeenth-Century England,' *English Historical Review*, LXXXIV (1969), p. 728.

desire can be seen quantitatively in the correspondence of the Marescoes and Jacob David with merchants and agents throughout Europe. They received 10,500 letters over twelve years, according to Henry Roseveare's count, in other words, 875 per annum or nearly 17 per week. Each letter was marked with a date of receipt and a date of reply.[1] This desire can also be seen in the papers of the captains of ships of the East India Company in Asia who in addition to their shipboard duties traded from port to port as they went. Among those papers were extensive and numerous reports of the markets from resident commercial agents in the region.[2] Thomas Metcalfe too had a desire to receive regular information from London, but in his case, the papers reflect frequent failures in communication, as, for example, when letters sent in duplicate failed to arrive in a timely manner by either route (usually by sea, or by different routes via Marseilles or Venice); or when his principals, by comparison with others in London, failed to send detailed reports on prices, or their latest plans and instructions.[3]

Notwithstanding important corroboration from the letters of Ivatt and the anonymous factor of the 1630s, the principal focus in certain sections of the thesis has been on Metcalfe and on the evidence that he provides about how members of the merchant community conducted their business. This concentration on Metcalfe can be justified on at least two grounds, grounds which are perhaps best introduced by two questions. The first question is how representative can Metcalfe's letters, or indeed any factor's letters, be of his colleagues' commercial activities and, by inference, of the dynamics of the market? We might ask, second, what is uniquely interesting about Thomas Metcalfe and the value and range of the commercial information that we find in his letters? In answering the first question one of the most important things to consider is the nature of a market like Aleppo in which participants traded a small number of commodities and where information about the actions of other merchants was highly accessible. For such a market, a strong argument can be made that the information contained in one factor's

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[1] Roseveare, *Marescoe-David Letters*, p. 14.
[2] Chaudhuri, *Trading World of Asia*, p. 203.
[3] PRO, S.P. 110/14: fo. 52, Metcalfe to B. Sherman, Aleppo, 6 April 1677; fo. 83, Metcalfe to B. Sherman, Aleppo, 5 May 1678; fo. 84, Metcalfe to B. Sherman, Aleppo, 22 May 1677.

letters represents well many aspects of the market in which the whole community had an interest. I shall shortly be providing evidence that the information that Metcalfe reported to his principals could be easily verified or corroborated. This kind of information included prices, the arrival of supplies, the rate of turnover, the demand for silver specie, and the range of imperatives to act given certain convergences of these different elements. I will argue further, in answer to the second question, that Metcalfe's letters specifically provide an advantageous combination of intelligent commentary from a successful factor and quantitative information which enables the historian to reconstruct his trading practices. This combination of quantitative and verbal information from one merchant is unusual in that it allows for precise and quantifiably secure verification of the reasons and consequences of commercial decision-making.

It is worth pointing out that it would have been highly important for principal merchants or directors of the trading companies in London to corroborate the accuracy of reports from overseas factories. Comparatively, contemporary corroboration would have been at least as important for those whose livelihoods or reputations depended on the accuracy of the information as for historians seeking to reconstruct their market activities. The directors of the East India Company, for instance, always asked several persons within a factory to write independent reports in order to verify their accuracy.[1] In the Levant trade, there was not this degree of formality to the corroboration of information, but commercial information was readily accessible and widely reported. Metcalfe invited comparison with others, such as in 1673, as to how well he had handled the difficult conditions for the sale of cloth; and he reported the transactions of specific factors, such as the activities of those indicated by their initials as 'TL', 'TB', 'TTS' and others who purchased silk in the late summer of 1677, and also about the overall quantities purchased and shipped by the merchant community as a whole.[2]

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[1] Chaudhuri, *Trading World of Asia*, pp. 30-1.

[2] PRO, S.P. 110/12, fo. 33^{v}: Metcalfe to Nicholetts, Aleppo, 15 May 1673; PRO S.P. 110/14: fo. 37: Metcalfe to E. Sherman, Aleppo, 15 September 1676; fo. 67^{v}, Metcalfe to B. Sherman, Aleppo, 24 September 1677; fo. 77, Metcalfe to B. Sherman, Aleppo, 8 February 1678; fo. 78, Metcalfe to E. Sherman, Aleppo, 15 March 1678; fo. 78^{v}, Metcalfe to B. Sherman, 16 March 1678. Keeping one's reputation was ultimately bound up with whether a principal could 'trust' a factor, a commonly used description of the foundation of

What the ready availability of this information meant, besides being a guide to the supply of such commodities to the European markets, was that each principal and factor knew, in the manner of modern-day journalists, the opportunistic successes of his colleagues. Principals demanded an explanation if the prices of commodities they received did not match reports of other principals. Here, the instructions of principals could come into play, as when Metcalfe argued that he had been expressly forbidden to purchase Tripoli silk when its price was particularly low and other factors seized the chance to purchase this commodity.[1] Some claims addressed to Metcalfe by his principals were clearly preposterous, such as that of one factor to have gotten a price for galls a full twenty percent below the market rate, and Metcalfe dismissed such claims out of hand.[2] Or, alternatively, Metcalfe had to concede that others had gotten a better price, as unpleasant as it may have been to admit. When a factor bought silk at 20 aspers below what Metcalfe and others paid for it, a difference of two percent, he acknowledged that it was a difference sufficient to bring bragging rights.[3]

The crucial point that I want to emphasize is that with a narrow range of commodities, essentially cloth, two kinds of silk, galls and goatswool, any deviation from the norm was readily noted and commented upon. If the reputation of a factor was to grow, he could not be found inaccurate in his reportage of market information, and he could not be at significant variance from the actions of his peers in the marketplace in taking advantage of opportunities that presented themselves. Those factors who enjoyed good reputations and growing commissions were those whose judgment was of sufficient soundness to be successful in anticipating the variations and potential pitfalls of the market. Thus, while the views contained in the letters of one factor may not provide us with an exhaustive account of the methods by which the market could be exploited, they are accurate in so far as he reported on the conditions of the market and observed the

their professional relationship. For example, PRO, S.P. 110/14, fo. 27v: Metcalfe to E. Sherman, Iskenderun, 24 May 1676 and Chaudhuri, *Trading World of Asia*, p. 209.

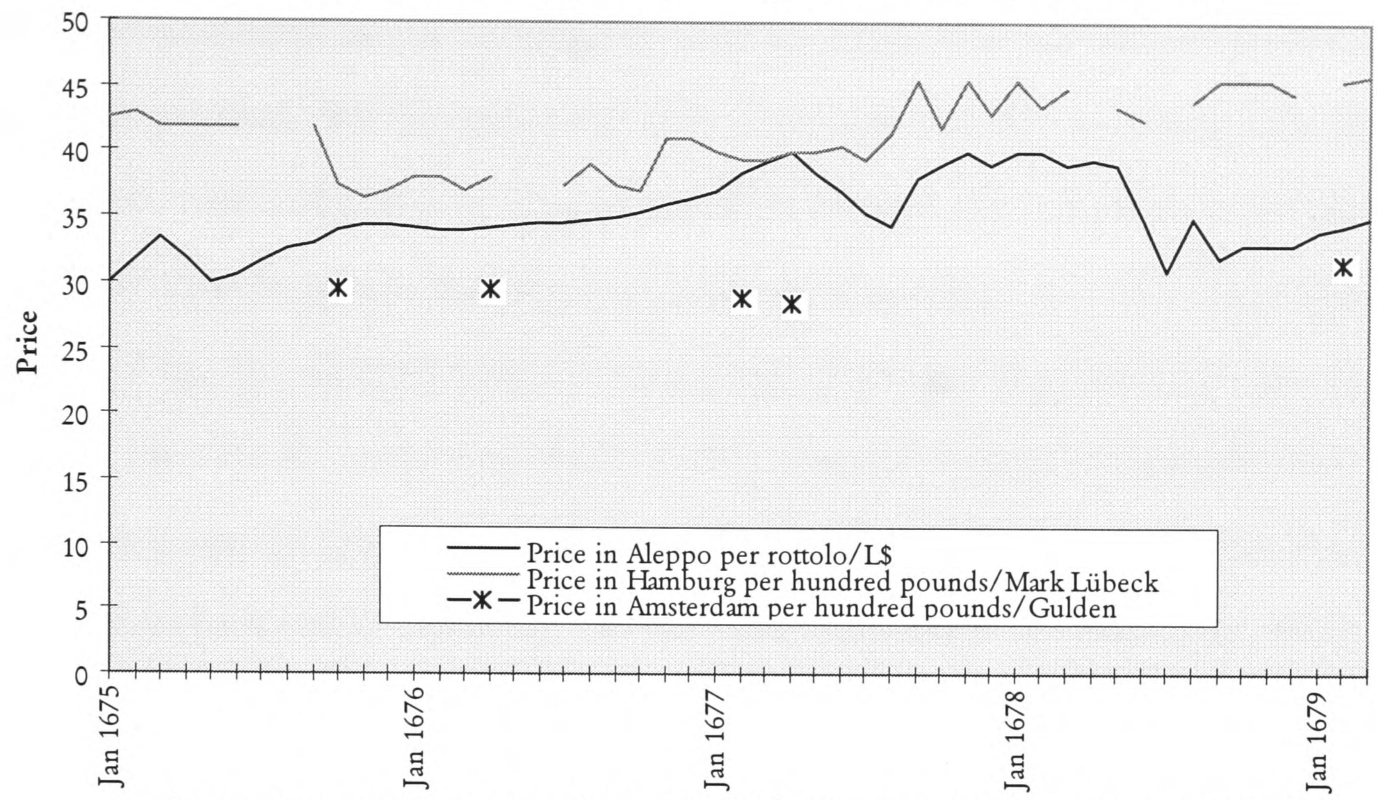
1 PRO, S.P. 110/14, fo. 82v: Metcalfe to B. Sherman, Aleppo, 25 April 1678.

2 PRO, S.P. 110/14, fo. 90: Metcalfe to B. Sherman, Aleppo, 15 September 1678.

3 PRO, S.P. 110/14, fo. 77: Metcalfe to B. Sherman, Aleppo, 8 February 1678.

range of possible action that one could take on the basis of those conditions. My argument is, in short, that Thomas Metcalfe is one of those factors.

Figure 1
The Price of Galls: Aleppo, Hamburg and Amsterdam, 1675-1679



Sources: Roseveare, *Marescoe-David Letters*, p. 177; PRO, S.P. 110/14; Posthumus, *Inquiry into Prices*, I, p. 206.

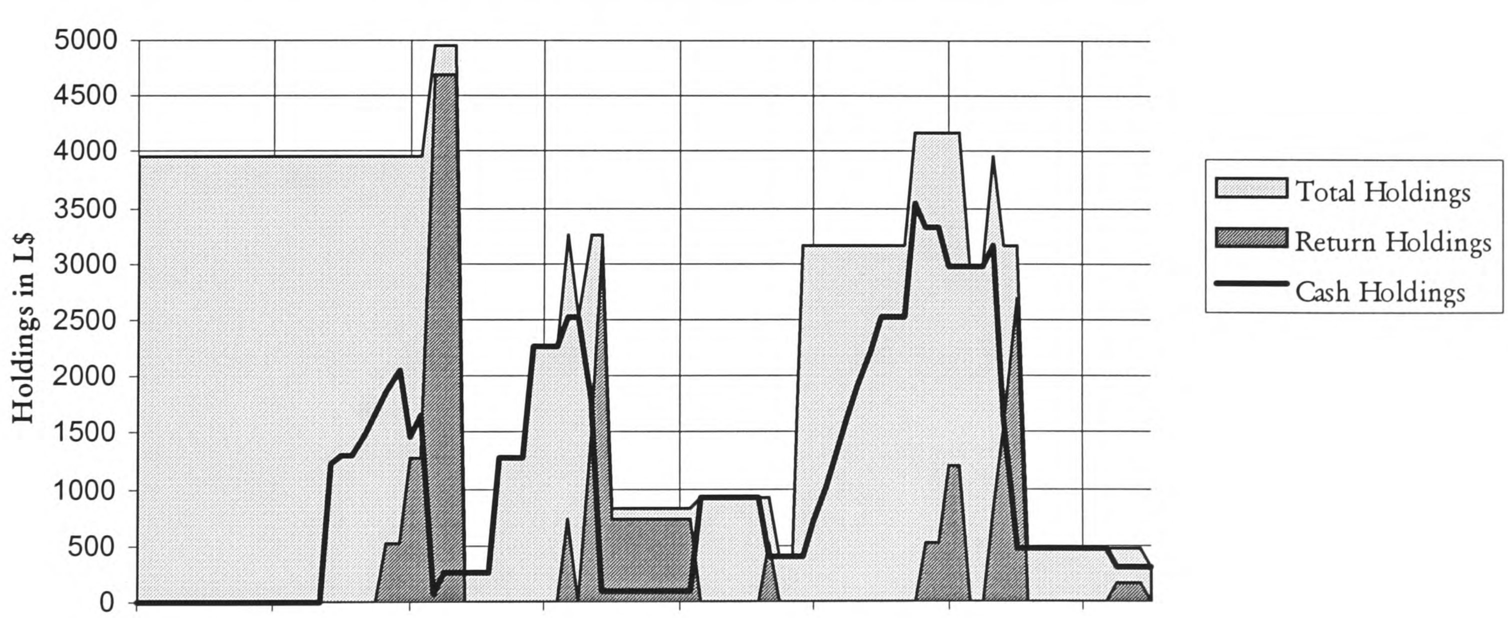
Metcalfe's reputation, commissions and assets grew markedly during the 1670s. He arrived in 1669 as a neophyte with three years remaining until the completion of his apprenticeship to his uncle, William Metcalfe. What commissions he had initially were slender, and Metcalfe relied on the business sent to him by his uncle, and two or three other principals including the largest of his commissions, to sell 50 cloths and buy returns for Anthony Nicholetts.[1] One testament to the growing recognition of his commercial skill and to his cultivation of commercial contacts was the friendship he developed with Bezaliel Sherman. Fourteen or fifteen years older than Metcalfe, Sherman had completed his apprenticeship in 1661. Though Sherman accrued capital at a slower pace than notable entrepreneurs like Dudley North, his wealth was great by the time he left Aleppo in 1675. Upon his return to England, Sherman bought several pieces of land in Essex including two manor houses and commercial timber acreage, and was probably a Levant merchant in the

[1] PRO, S.P. 110/12: fo. 9, Metcalfe to Metcalfe, 9 December 1669.

second tier of wealth.[1] Metcalfe became Sherman's commission agent in Aleppo, at around the same time that he completed his apprenticeship, and he also acquired the sizable account of Sherman's brother, Edmund.

It was only toward the end of a life shortened by fatal illness that Metcalfe controlled significant assets, although by then his reputation was secured by the status he enjoyed as a consul. By the end of the 1670s, Metcalfe was able to consign L$2000, or about £450, worth of goods to Bezaliel Sherman while at the same time participating with a group of other factors in the export of goods to Marseilles.[2] In 1683, when Metcalfe was 33 years of age, the General Court of the Levant Company elected him to be consul at Aleppo. Election as consul was usually highly competitive and, if the election of Paul Rycault as consul in Smyrna was indicative, it signified the respect he had in the merchant community there and in London.[3] At the time of his death six years later, while still serving in the capacity of consul, the bequests distributed to friends and family were sizable. In all, Metcalfe specified that his executors should make £4565 worth of payments from his estate.[4]

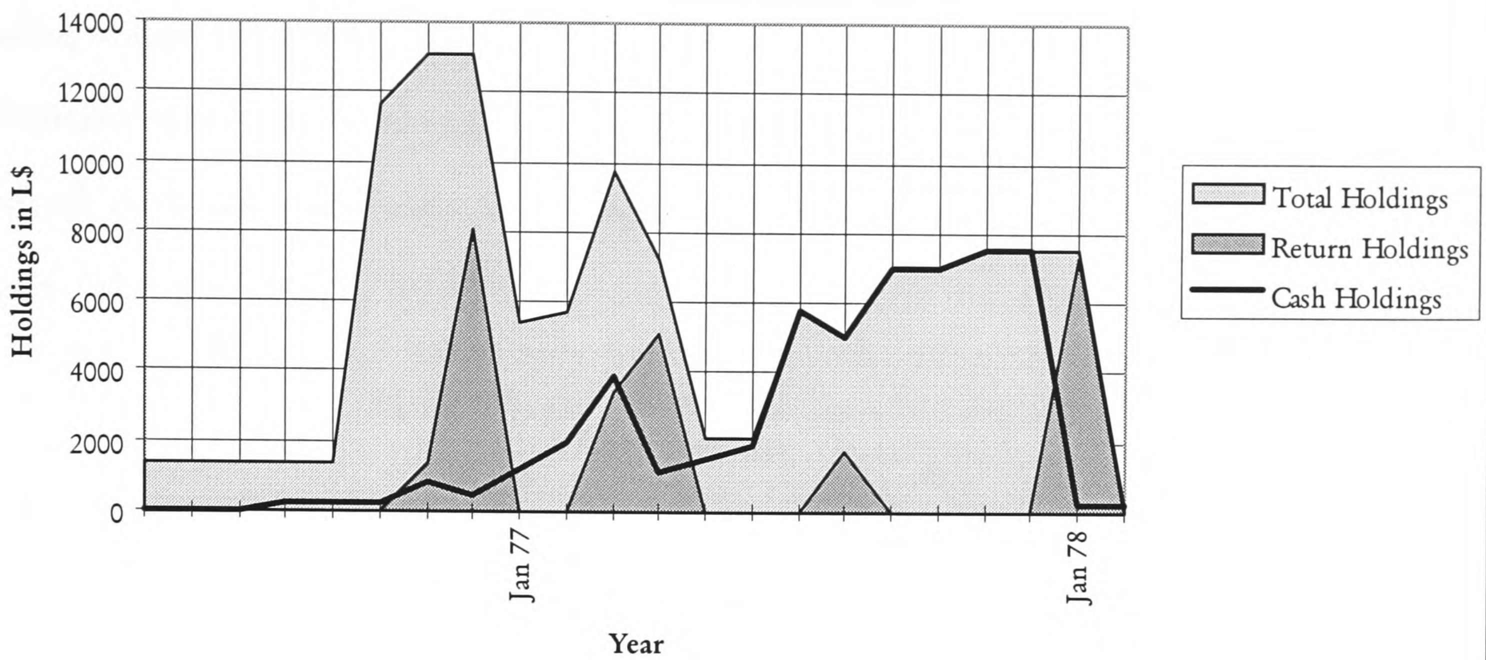
Figure 2: Variations in the Holdings of Thomas Metcalfe
Anthony Nicholetts' Account, 1670-1678
Sources: PRO, S.P. 110/12; PRO, S.P. 110/14



[1] PRO, PROB 11/388, fo. 121.
[2] PRO, S.P. 110/14: fos. 82v-83: Metcalfe to B. Sherman, Aleppo, 25 April 1678; fo. 80v, Metcalfe to B. Sherman, Aleppo, 12 April 1678.
[3] Anderson, *English Consul in Turkey*, pp. 25-26.
[4] PRO, PROB 11/395, fo. 83.

Besides the reputation for good reportage and strong judgement which this career suggests, there is another reason, in the nature of the quantitative information that Metcalfe provides, that makes his letters unusual and especially worthy of interest. First, and not unusually for commission agents, Metcalfe regularly reported prices and such indices as the percentage premium paid on Spanish reales over the money of account, leeuwendaalders. Thus, potentially, a link and correlations can be established between the prices of commodities, such as galls, or the value of silver in Europe and the Middle East, and the movement in these prices and values over time. In the case of galls, the correlation in price between Hamburg and Aleppo was quite high; and, as we might expect, this correlation was separated by a three to six month lag from movement in the Middle East until a corresponding movement in Europe. [Figure 1] Second, and more unusually for a factor, Metcalfe routinely repeated in his letters much of the essential information from the invoices, including the selling price of cloth, purchase price of commodities, quantity, total revenues from the sale or barter of cloth, and the total cost of commodities including charges. The regularity and detail of this repeated information is sufficient for several of Metcalfe's accounts for us to be able to reconstruct his holdings and transactions. It might be added that the value of this quantitative information is enhanced by the survival of both volumes of Metcalfe's copybooks (PRO S.P. 110/12 and PRO S.P. 110/14); this means that the historian can make a detailed reconstruction of Metcalfe's business activities over thirteen years, from 1670 to 1683, an unusually long period of time.

Figure 3: Variations in the Holdings of Thomas Metcalfe, Edmund Sherman's Account, 1676-1678
Source: PRO, S.P. 110/14



In the accompanying graphs, I have reconstructed the holdings that Metcalfe had for two principals, Edmund Sherman and Anthony Nicholetts. [Figures 2 and 3] The differences between Sherman and Nicholetts were both in the volume of goods and the velocity of turnover. For Sherman, Metcalfe transacted business on a much greater scale than for Nicholetts and completed a full turnaround of stock within the period of one trading season from September to May. Quick turnover was clearly not as high a priority with Nicholetts, beginning with Metcalfe's holding of cloth for two years at the outset of the decade, an inauspicious way to begin his career. (This was admittedly an unusual situation, as we have seen, caused by a credit boom and by Nicholetts' refusal to sanction the sale of cloth on credit, a situation which was only resolved when the Company prohibited this practice.) Despite the essential differences, both principals used a similar technique of transferring money by bill of exchange from Istanbul to Aleppo. Sherman and Nicholetts each sent around half of his cloth to Istanbul to be sold by Dudley North, and then North transferred the money to Aleppo so that Metcalfe could invest it in return commodities. [Figure 4 and 5] through barter or sale as cash or return commodities. In other words, all cloth from the previous shipment was sold or bartered before the arrival of a new shipment. Table One records the market periods during the 1670s. We can see this disposal of cloth holdings in the graphs when, for instance, Metcalfe sold cloth at a steady rate and his holdings of cash for Nicholetts account increased in 1672 and 1676 in anticipation of buying return commodities. For Sherman's account in the winter of 1676-77 we do not see this as readily because Metcalfe bartered a high proportion of his cloth holdings in exchange for silk. Factors found that their counterparts in the market around the time of a new shipment of cloth slowed their acquisition of cloth until a new equilibrium had been established, when the supply of all commodities in the market could be assessed more readily. Depressed prices compounded the delay in turnover. Thus most factors aimed to complete their sale of cloth several months in advance of the arrival of General Ships at the latest.[1]

The market period forms the basis of discussion in each of the three chapters of this thesis. It was against the background of having to complete sales of cloth within the market period that Metcalfe and other factors experienced the variations of demand and price that are the subject of Chapter I. In the following chapter, I discuss the Company's efforts to arrive at a consensus about the proper duration of the market period in the first half of the seventeenth century. Finally, in Chapter III, the principal topic will be how the naval threat to shipping caused variations in the market period and, as a result, disrupted commercial expectations during the last half of the century. The shipping schedule and variations in the market period are thus a principal part of a methodological thread running through the arguments of this thesis.

[1] PRO, S.P. 110/14: fos. 30-30^{v}, Metcalfe to Nicholetts, Aleppo, 20 January 1676; PRO, S.P. 110/13, fo. 68, Ivatt to Whincop, Aleppo, 6 November 1672; fo. 65, Ivatt to Whincop, Aleppo, 6 August 1672; fo. 60, Ivatt to Whincop, Aleppo, 12 June 1672; PRO, S.P. 105/148: fo. 243^{v}, MGC, 27 September 1631; fo. 245, GC, 5 October 1631.

Table 1:
The Supply of New Cloth to Aleppo, 1670-1680

Year	General Ships	Election	Departure	Arrival	Market Period/ Months
1670	Turkey Merchant	17 March	September	10 December	24
	Thomas & Francis	1 August	September	10 December	24
1672-3	Scipio	1 August	January	8 March	27
	Golden Fleece	1 August	January	8 March	27
	Smyrna Merchant	1 August	January	8 March	27
	Greyhound	16 October	January	8 March	27
1673-4	Levant Merchant	25 September	February	5 May	14
	John Bonad-venture	16 October	February	5 May	14
1675	Scipio	18 March	June	21 August	15.5
	Thomas & William	28 May	June	21 August	15.5
1676	Scipio	23 March	July	10 September	12.5
	Thomas & William	23 March	July	10 September	12.5
1677	Prosperous	22 March	August	7 November	14
	Mary & Martha	22 March	August	7 November	14
	Smirniot	11 June	August	7 November	14
1678-79	Asia	12 September	February	May	18
	Barnardiston	12 September	February	May	18
	Prosperous	4 December	February	May	18
1680	Loyalty	12 March	August	November	18
	Laurel	12 March	August	November	18
	Hopewell	30 July	August	November	18

Sources: PRO, S.P. 105/153, fos. 20, 30^{v}-31, 34^{v}, 82^{v}, 84-84^{v}, 85^{v}, 86, 87, 88^{v}, 99, 122^{v}, 137-137^{v}, 141^{v}, 156, 176^{v}-177, 183-184^{v}, 209, 211; PRO, S.P. 105/154, fos. 12, 16, 17, 49-49^{v}, 56, 89, 95, 96^{v}, 100^{v}-101, 102^{v}; PRO SP 110/12, fo. 9^{v}; PRO, S.P. 110/13, fo. 76^{v}; PRO, S.P.110/14, fos. 5^{v}, 16^{v}, 37, 68^{v}, 94^{v}.

In keeping with the methodological focus on the market period, the Court Books from London and Aleppo and other records of the Levant Company are the most recurrent and important reference throughout the thesis. From these records, we can trace the variations in the policy of General Ships and also the basic motivations for such variations. Deliberations over shipping policy, including debates about the frequency of shipping and the logistics of despatching ships, constituted the single most important topic addressed by the Company as reflected in the number of pages devoted to these issues in the Court Books. When the policy of General Ships was in effect, for example, between September 1673 and February 1679, and during which time the General Court organized and sent five sailings, the secretary recorded minutes on 340 folio pages; when the policy was not in effect over a corresponding period of time between September 1683 and February 1689, the secretary needed, by contrast, only 160 folio pages for the Company's business.[1] Even allowing for slight variations in handwriting and the volume of other business, this difference is significant and indicates that the Court, when debating shipping policy and logistics, devoted approximately half their time to such issues.

In each chapter, the Court's deliberations over shipping policy have been supplemented by other sources in order to explore more fully the motivations for the policies the Company undertook, and also to explore the nature of commercial experience more generally. These sources include, as we have already seen, the papers of the three factors, most importantly those of Thomas Metcalfe as well as customs books for the purpose of adding to our knowledge of trade statistics, or the papers of statesmen in order to investigate their motivations in relation to those of merchants. In addition to the historiography of commerce and English trading companies covered in the initial section of this introduction from which many of the themes of the thesis have been drawn, and to which I shall return again shortly, there are also a number of historical studies which have been important to the arguments presented here. This range of sources can best be considered chapter by chapter.

The range of sources and historiography drawn upon are greatest in Chapter I. Three bodies of previous historical work contribute to my arguments about the economic structure of the Middle East and market dynamics in Aleppo. First, I draw on the literature about English cloth production and the European cloth trade by such authors as Wilson, Ramsay, Rapp and Israel;[2] secondly, on the literature about commercial

[1] From the election of General Ships in September 1673 to the despatch of General Ships in February 1679, the Court Books run from S.P. 105/153, fos. 137-217, to S.P. 105/154, fos. 1-90; between September 1683 to February 1689 the corresponding references are S.P. 105/154, fos. 186-204, to S.P. 105/155, fos. 1-42.

[2] G.D. Ramsay, *The English Woollen Industry, 1500-1750* (London, 1982); Jonathan Israel, *Dutch Primacy in*

institutions and market participants in Aleppo by Sauveget and Masters;[1] thirdly, on the demography of Ottoman cities discussed by Barkan, Jennings and Raymond.[2] In contributing additional information to this existing body of work, I have drawn on the Company records to provide statistical information about the cloth trade, particularly between 1642 and 1658, and about an important breakdown of cloth exports to Istanbul, Aleppo and Smyrna in the late 1670s. The observations of our anonymous factor from 1634-35 have been used to describe the variations in price based on the colour of cloth. The reports of Thomas Metcalfe form one of the bases, together with an argument based on demographics, for identifying an inverse relationship between the demand for cloth and the demand for silver specie.

The focus is more squarely on the Court Books in London and Aleppo in Chapter II. Debates in the General Court between 1625 and 1638 form the basis of an analysis of shipping policy. Beliefs about price and their relationship to the rate of return and the market period are discussed in relation to the debates between 1626 and 1646 about price ordinances in the Aleppo Court Books. From the literature on regulated companies by Friis, Hinton, Sellers, Lingelbach and Rich, we can determine the precedents, if somewhat sketchily, for the policies the Levant Company undertook.[3] The two sets of Court Books have also been used together with Metcalfe's letters in a discussion of beliefs about supply.

World Trade, 1585-1740 (Oxford, 1989); Charles Wilson, 'Cloth Production and International Competition in the Seventeenth Century,' *Economic History Review,* 2nd series, XIII (1960); Richard Rapp, *Industry and Economic Decline in Seventeenth-Century Venice* (Cambridge, 1976).

[1] Bruce Masters, *The Origins of Western Economic Dominance in the Middle East: Mercantilism and the Islamic Economy in Aleppo, 1600-1750* (London, 1988); Jean Sauveget, *Alep: Essai sur le développment d'une grande ville syrienne, des origines au milieu du XIXe siècle* (Paris, 1941).

[2] Ömer Lûfti Barkan, 'Essai sur donnẽes statistique de registre de recensement dans l'Empire Ottomane au XVIième et XVIIième siècles,' *Journal of the Economic and Social History of the Orient,* I (1957); Ronald Jennings, 'Urban Population in Anatolia in the Sixteenth Century: A Study of Kayseri, Karaman, Amasya, Trabzon and Erzurum,' *International Journal of Middle East Studies,* VII (1976); André Raymond, 'The Population of Aleppo in the Sixteenth and Seventeenth Centuries According to Ottoman Census Documents,' *International Journal of Middle East Studies,* XVI (1984).

[3] Astrid Friis, *Alderman Cockayne's Project and the Cloth Trade: the Commercial Policy of England in its Main Aspects, 1603-1625* (London, 1927); W.E. Lingelbach (ed.), *The Merchant Adventurers of England: Their Laws and Ordinances with Other Documents,* Translations and Reprints from the Original Sources of European History, second series, II (Philadelphia, 1902); R.W.K. Hinton, *The Eastland Trade and the Common Weal*

The starting point for Chapter III is the literature by Corbett and Brenner on the transformation of the naval situation in the Mediterranean and of English naval power, and the later use of that power in the Mediterranean, a question addressed by Hornstein.[1] Views about the use of naval power to protect commerce have come principally from Company petitions and from the papers of statesmen and commanders who directed naval operations. The specific effect of warfare on the frequency of supply has been analyzed by considering in detail the Court Books in London and the resolutions taken by the General Court.

Broad arguments of the kind found in the literature on the economic history of trade by such authors cited above as Grassby, Chaudhuri, Roseveare, Jones and Steensgaard will have an impact on the themes that will be addressed here. In particular, they are important when looking at the economic structures in which merchants operated, as we have seen in the historiographical section above, not only in terms of the conditions of production and the nature of demand, but also in terms of the interactions between markets. The evidence for the Levant trade suggests, as K.N. Chaudhuri has similarly concluded, that there was little significant difference between the market in Aleppo and the markets of western Europe, except in so far as a smaller range of goods were traded in Aleppo. Part of the reason for this was that the goods traded in Aleppo were not subject to comparative advantage and to competition from sources in other producing regions. Thus European merchants and trading networks appear not to have been at a distinct advantage in setting prices. Silk from Bengal and elsewhere was to have a significant impact in the eighteenth century; but in the meantime the East India Company failed in their repeated attempts to divert the Persian silk trade away from the Levant to

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(Cambridge, 1959); E.E. Rich (ed.), *The Ordinance Book of the Merchants of the Staple* (Cambridge, 1937); Maud Sellers (ed.), *Acts and Ordinances of the Eastland Company,* Camden Society, 3rd series (London, 1906).

[1] Robert Brenner, *Merchants and Revolution: Commercial Change, Political Conflict and London's Overseas Traders, 1550-1653* (Cambridge, 1993); Julian Corbett, *England in the Mediterranean: A Study of the Rise of British Power within the Straits, 1603-1713,* 2 vols. (London, 1904); Sari Hornstein, *The Restoration Navy and English Foreign Trade, 1674-1688: A Study in the Peacetime Use of Sea Power* (Aldershot, 1991).

Gombroon and to ships sailing around the Cape of Good Hope.[1] The other principal reason for the equivalence of the markets was that, because of the slowness of communications, the potential advantage of information about prices and demand in Europe could not substantially affect the elasticity of supply within the period of time when those conditions held. Supply and demand were apparently no more predictable in western Europe than they were in Aleppo, and the movement of prices, for instance when comparing Hamburg and Aleppo, confirms this observation. [Figure 1]

Of greater direct importance to the arguments of this thesis are two related points about the nature of the interaction between European merchants and their Arab and Armenian counterparts in the market at Aleppo. While it is clear that the organization of companies or trading associations as well as the backing of the state were necessary to maintain a continuous trade over long distances, it is equally clear, save where I have noted exceptions above, that merchants with the benefit of such networks did not have any advantage in the marketplace itself. The capital resources available to Europeans in Aleppo were approximately the same as those available to Armenian and Arab merchants; and the importance of this rough equality is underscored by the abject failure of sporadic attempts by the Europeans to unite and use their collective economic power to gain advantageous trading positions. The capital resources of Arab and Armenian merchants are important from another perspective as well, for it was their rôle as intermediaries which determined the demand for cloth in markets of the Middle Eastern hinterland, outside the cities to which Europeans had direct access. Contrary to those economic historians who argue that there was little potential or latent demand, I will argue that less than half the potential demand for cloth was satisfied in the interior regions of the Middle East. Leaving potential demand for cloth unexploited was not due to a lack of entrepreneurial skill or capital, or even due necessarily to local cloth production, but to the dynamics of exchange in the region. Arab and Armenian merchants carried and sold a

[1] It is unclear from Chaudhuri's account what niche Bengali silk filled in relation to Persian silk: Chaudhuri, *Trading World of Asia*, pp. 345-48; and this is not to say that Levant merchants were not worried about its importation in the seventeenth century, Anderson, *English Consul in Turkey*, p. 252.

value of cloth to other Middle Eastern cities that was in direct proportion to the value of silk they brought from Persia or in inverse proportion to the value of silver specie they carried to those same cities.

Political action and war in particular limited the exchange of goods, although more intermittently and contingently than did the economic structures of the Middle East. The effect of warfare was specific to periods, such as the second half of the seventeenth century in the Mediterranean, when the technology of violence and the desire to use it often exceeded the power of merchants and their supporters in government to defend merchant ships. The work of D.W. Jones has shown how warfare can at once be a catalyst for new investment and potentially as well as contingently catastrophic to the capital resources of an entire nation.[1] I will argue that when the potential for commercial loss was great, and extensive precautions were needed, the disruptions to commercial stability and market equilibria were significant even when there was not an extensive loss of property.

While economic structures and the instability of warfare were largely or entirely impersonal and beyond the control of merchants, I will argue with Richard Grassby that changes in the nature of the market were in great measure the result of their actions. The principal means by which the Levant Company created and not merely responded to conditions in the market was through its use of a coordinated shipping policy and the use of General Ships. In arriving at a consensus about an annual market period, the Company agreed that a regular supply of goods to a long-distance and seasonal market best stabilized commercial expectations. The disruption of this system in the conditions of heightened naval warfare in the second half of the century prompted the Company to arrive at a new consensus with statesmen about the deployment of naval force to protect merchant ships and to fight regional powers. The creation of a stable commercial system and the enlistment of state support in the protection of commerce were the chief ways in which the Levant Company introduced qualitative changes into the conduct of commerce in the seventeenth-century Mediterranean. This theme, as part of the interaction between

[1] Jones, *War and Economy*, pp. 249-60.

merchants and their economic environment, is what I would like to establish most fully in the pages that follow.