opened up by Vasco da Gama (1496). Eventually she inherited much of the commercial empires of Spain, Portugal, Holland, and France, but there was still com­paratively little permanent acquisition, or establishment of trading factories, at the close of the 16th century. The fact was that such undertakings were beyond the power of private traders, and that Elizabeth was too penurious to make an attempt on such a scale as to command success. It was by the formation of companies that the difficulty was at length overcome, and that associated traders, or traders working on a joint stock, were able to establish factories in foreign parts, and thus to give a new impetus to English shipping. The African Company and others were failures, but there were many which had a long and successful career. The Levant Company was established in 1581, and had factories at Smyrna. The Eastland Com­pany traded with the Baltic; it was established in 1579, and had factories in Prussia The Hudson’s Bay Company is much more recent, and only dates from 1670. But by far the greatest of these undertakings was the East India Company, which was founded in 1600, and which, after a long struggle with commercial rivals at home and Dutch competitors abroad, attained at length to the sovereignty of a large empire. The chief cause of complaint against this company in the early stages of its existence lay in the fact that it was a joint-stock company, and that therefore the proprietors had a monopoly of a valuable trade ; the greater part of the other companies were regulated com­panies, and membership was open to any British subject who liked to pay the entrance fees and join with other merchants. The merchants thus associated agreed to abide by certain specified conditions, so as not to spoil the markets for one another, but develop the trade in which all were interested in a manner which should be advantageous to all. The Levant Company and Merchant Adventurers were regulated companies, and they led the attack on the East India Company as the monopoly of a few which injured the trade of other merchants. The controversy raged during the reigns of James I. and Charles I., and many of the leading merchants of the time—Mun, Malynes, Misselden, as well as Wheeler, the secretary of the Merchant Adventurers—took part in it. The advocates of the East India trade argued that, owing to the immense distance of their factories and the special difficulties of maintaining their position abroad, it was impossible to carry on their trade except on the joint- stock principle, and their plea prevailed in the long run.

The Merchant Adventurers and the whole system of regulated companies is less familiar to us in the present day, and it may be worth while to indicate the sort of regulations which were imposed on the members. One series of rules was directed at regulating the total export trade of certain classes of goods to the chief Continental ports, so that the markets abroad might not be over­stocked, and that they might always be able to get remunerative prices. Other regulations allotted the pro­portion of goods which each member of the company should export, and the terms as to credit and so forth on which he should deal. Each factory was carefully regu­lated so as to secure a respectable and orderly life among the merchants resident abroad; none of them were to do business during the times of public preaching or on fast- days ; and there was a curious administrative system by which the compliance of the members with these regula­tions was enforced. @@1

Those English merchants who traded to towns where the Adventurers had a factory, but did not comply with their regulations, were stigmatized as “ interlopers,” and they were greatly disliked by the regular traders, as they

were accused of spoiling the market in various ways and, generally speaking, trading on any terms for an immediate advantage without regard to the steady and regular devel­opment of commerce. At a later time, there were inter­lopers within the East India Company’s territories also.

The formation of these large companies for the purpose of undertaking long voyages marks a great revolution in the shipping of the country. The differentiation of the mercantile and defensive navy became more complete. There had of course been a certain number of royal ships from a very early time (see Navy), but the fleet had not been regularly maintained in the 15th century, and the defence of the realm was practically left to individuals or associations. As late as the time of Elizabeth we find that the same thing was the case, and that the fleet which harassed the Armada consisted very largely of merchant ships. In the time of the naval wars with Holland, how­ever, this is greatly changed, and the navy was much more effectively organized and regularly maintained. But even when the royal navy was thus organized it was felt that its continued effectiveness must depend on the maintenance of merchant shipping. The two were still interconnected, and just because special importance was attached to this arm as a means of defence there was a great deal of legislation for the purpose of indirectly promoting shipping and providing seamen. This was one of the aspects in which the prosperity of British fisheries was specially attended to; the consumption of fish was stimulated by insisting on the observance of Lent and of weekly fasts on Wednesdays and Fridays, when “the eating of fish was required politically and not spiritually ” 5 Eliz. c. 5, § 13, 1 Jas. I. c. 29), and this was principally done as a means of inducing men to take to a seafaring life, and so to fit themselves for the defence of the country and for the manning of our merchant ships.

Considerable progress had also been made both in the art of sailing and in the building of ships. The vessels which composed the fleets of the crusaders appear to have been for the most part galleys, provided with a double row of oars ; the huge prows which gave a superiority in hand-to-hand fighting with a grappled vessel were of no advantage when the use of cannon had revolutionized naval warfare. We thus find that the ships of this period were built on a different model, and many inducements were held out to those who built large ships. Both Elizabeth and Charles offered bounties for the building of larger craft (100 and 200 tons) ; in 1597 800 tons was the largest vessel that an English yard turned out. The legislature also was most assiduous in endeavouring to encourage this industry. The importation of naval stores of all kinds, the growth of hemp for cordage and of timber, were matters of constant care, both in England itself and in the policy which was dictated to her colonies.

It is easy enough to see that in these cases the encouragement of shipping was undertaken as an indirect means of increasing the power of the country, and the same thing is true of the compli­cated arrangements that were made for giving special inducements to trade in particular articles or with particular countries. Every one is of course familiar with the fact that during the 17th and 18th centuries efforts were made to regulate trade so that gold and silver might be brought into England. It is unnecessary to enume­rate the expedients that were adopted at different times, or to dis­cuss the vexed question as to how far those who advocated the system were in error. There can be no doubt that the possession of a treasure was vastly important for political purposes, and that trade was the only means by which a state which possessed no mines could procure treasure; and it is of course possible that some of the mercantilists laid too much stress on the desirability for political purposes of amassing wealth in this form. But the fundamental principle of this system of commercial policy lay in the connexion which was felt to exist between trade and industry. Trade, it was said, stimulated industry by providing a new market for its products. If two countries trade together, each will stimulate the trade of the other to some extent, but, if England

@@@1 Wheeler in Brit. Mus. Add. MS. 18913.