

REVIEW OF EMILY ERIKSON, *TRADE AND NATION:
HOW COMPANIES AND POLITICS RESHAPED ECONOMIC THOUGHT*,
NEW YORK: COLUMBIA UNIVERSITY PRESS, 2021

ROBERTO GANAU[★]

Why was political economy born in seventeenth-century England? And what were the driving factors of its increasing political relevance? The academic debate has long reflected on these issues. Joyce Appleby in particular emphasised the momentous economic and social transformations that characterised the sixteenth-century English economy, from the increasing commercialisation of production to the enclosures; the greater financial interdependence of households and merchants; and, last but not least, the price revolution and the shortage of coin. Emily Erikson's *Trade and Nation* builds on Appleby's and other scholars' work by asking: why did political economy emerge in England and not elsewhere? Why not, for example, in seventeenth-century Amsterdam, which was the economic superpower of its time? Erikson's thesis is that the creation of trade companies sparked a public debate that divided public opinion between supporters and opponents, and that participants in that debate came to use increasingly sophisticated economic concepts that represented the birth of political economy as a secularised, objective, empirical discourse.

Before turning to the core argument of the book, Erikson re-examines the existing literature on the origins of political economy in England in Chapter 1, and presents it as a seventeenth-century break from a moral economy that had shaped the mindset of Englishpersons until then. A new paradigm, she argued, emerged, which was centred on the growth of an economy delimited by political boundaries in the context of international competition. This position, which assumes that the economic reflection on the economy remained essentially stable from the Middle Ages until the sixteenth century, has become increasingly contentious. The historiography

[★] New York University. Address for correspondence: roberto.ganau@nyu.edu.

of the last four decades suggests that theologians and political theorists' view of economic expansion had changed at least from the middle decades of the sixteenth century.

Still in Chapter 1, Erikson mentions the work of Thomas Smith, a sixteenth-century jurist and polymath, as an example of the moral economy that later gave way to political economy because his dialogue ends with a note on an alleged moral crisis of the English clergy. But that is just on the margin of a highly modern account of the causes of inflation. In contrast to high prices, Smith advocated fostering manufacturing production through a mix of protectionist measures aimed at enhancing the profitability of domestic economic activity. He explicitly argued that the government should harness self-interest as a lever of economic policy rather than relying on moral teaching (Wood 1994).

Even if Smith were only an exception in a debate primarily focused on the moral dimension of economic activity, Erikson's argument would still hold. However, there is evidence that a politico-economic approach was already emerging in the Elizabethan period. For example, Geoffrey Fenton argued that it was possible to reconcile self-interest with Christian morality in his translation of Jean Talpin's *A Forme of Christian Pollicie* (1574) and implicitly criticised Smith's approach for being devoid of moral considerations. Similarly, some Protestant theologians – by extolling the pursuit of profit and wealth – advocated for the legalization of usury in the mid-sixteenth century (Jones 1989).

In light of this prelude to the seventeenth century, it would appear that English political economy already existed in the second half of the sixteenth even though it belonged more to the *arcana imperii* than to the public sphere. In this context, the clash over the chartered companies and the existence of a wide public sphere contributed more to the publicisation of political economy and its further evolution towards a deeper analysis of economic mechanisms than its emergence *tout court*.

Turning to an analysis of the institutional and social context of seventeenth-century England, Erikson shows that the chartering of trade companies was a subject of considerable political contention. Chartered companies were granted trade privileges that restricted commercial opportunities to a select segment of the merchant class. For example, these privileges were typically granted only to merchants operating in London, thereby exacerbating geographical disparities. This prompted harsh debates in Parliament and in the public sphere that took the form of pamphlet wars. In Chapter 2, Erikson examines two well-known debates: one on the causes of the depression of the 1620s, and the other on the effects of massive imports by the East India Company on the English economy. In this respect, she emphasises that the participants in some of the most

important economic policy debates of the century had important ties to the trade companies themselves or opposed to them because they could not become members: for example, Edward Misselden was tied to the Company of Merchant Adventurers, while Thomas Mun and Josiah Child were important exponents of the East India Company. In responding to attacks from the opposing faction, participants in the debates on company incorporations needed to develop increasingly rigorous theories that could be used to win the debate. Erikson demonstrates that this was particularly true for the concept of the balance of trade, a crucial idea in the history of economic thought.

Chapter 3 elucidates the legal technicalities of chartered companies and lays the theoretical foundation of the analysis. Trade companies were politically significant because they existed as a result of a parliamentary decision. Given that incorporation acts usually had a fixed duration, merchants-state relations had to be maintained over time because the privileges granted needed to be renewed. The petition for renewal usually provoked a tense public debate. In a society dominated by the nobility, members of Parliament had to be convinced that their political interests and those of the nation coincided with those of the mercantile class. The emergent discourse of political economy came to be based on 'sentiments, empiricism, and abstraction' (p. 129). Abstraction was necessary to make that discourse general enough to be understood by non-specialists, while empiricism enabled merchants' theses to present as statements of fact rather than value judgement. Finally, sentiments were needed to appeal to the good of the nation while arguing for the pursuit of business aims.

Chapters 4 and 5 represent the book's most original contribution, as they provide empirical support for the arguments of Chapter 3 and generalise the conclusions of Chapter 2. Chapter 4 introduces and analyses a large dataset containing all of the known economic texts published between 1580 and 1720. By linking them to the authors for whom we already have biographical information, Erikson shows that the companies were important loci for the elaboration, exchange, and spreading of economic knowledge beyond the two debates discussed in Chapter 2. Authors were more likely than non-authors to have ties with trade companies, knew more people, and could more easily reach other people in the companies' world than non-authors. Furthermore, regression analysis discussed in Chapter 5, reveals a statistically significant relationship between the number of economic publications per year (this time in the period 1550-1720), the number of new companies created each year, and the number of merchants sitting in Parliament. Interestingly, the representation of merchants in Parliament is inversely correlated with the number of new economic publications: the higher the merchant representation in Parliament, the

lower the number of publications. According to Erikson, this corroborates her thesis that the public sphere was used by merchants when they did not have enough opportunities to voice their ideas in Parliament. When they did not feel sufficiently influential in Parliament or in trade commissions, they would publish their ideas hoping for greater support from public opinion. The clash of ideas and interests pushed new authors to enter the debate and encouraged previous participants to refine their ideas and propose them anew. This benefited the discourse on political economy, which consequently became more rigorous, sophisticated, and empirically adequate.

In her final chapter Erikson attempts to answer the initial question posed in this review – “why not the Dutch?” – by showing that the United Provinces rarely utilised the chartered company as a legal device. Dutch companies were created in specific cases, for example when unfettered competition between merchants would have clearly led to the collapse of an entire market for lack of sufficient profits. The concentration of power in the institutions of the central government was also quite different: England had a highly centralised state compared to the rest of Europe, while the Dutch provinces, for example, held important competencies over economic policy powers. Therefore, many debates on policy in the Netherlands did not acquire a national dimension. Finally, Dutch institutions were ruled by merchants, implying that it was not as necessary as in England to articulate economic policy ideas in a manner that sought support from non-merchants. These considerations, however, hardly apply to other contexts, such as France and Spain, where politico-economic literature flourished but without companies playing a significant political role. Thus, while the book contributes important nuances to the scholarship on the history of political economy in England, its relevance to Europe as a whole is more limited.

Overall, *Trade and Nation* expands our knowledge of the political and social context of political economy in seventeenth-century England through its innovative methodological approach. Employing a very large dataset, for the first time it has been possible to analyse the social ties among authors and companies in the entire country over the very long term. While more traditional, qualitative studies in intellectual history are essential for their fine-grained investigation of specific debates in shorter time spans, a quantitative approach is a useful complement on a larger scale. Erikson’s text is likely to inspire methodologically similar studies on the history of political economy in other countries where a comparable dataset can be assembled.

REFERENCES

- JONES N. 1989, *God and the Moneylenders: Usury and the Law in Early Modern England*, Oxford-New York: Blackwell.
- TALPIN J. 1574, *A Forme of Christian Pollicie Drawne out of French by Geffray Fenton. A Worke Very Necessary to al Sorts of People Generally, as Wherein Is Contayned Doctrine, Both Vniuersall, and Special Touching the Institution of al Christian Profession: And Also Conuenient Perticularly for All Magistrates and Gouvernours of Common Weales, for Their More Happy Regiment According to God*, transl. by G. Fenton, London: By H. Middelton for Rafe Newbery, dwelling in Fleetestreat a little aboue the Conduit.
- WOOD N. 1994, *Foundations of Political Economy: Some Early Tudor Views on State and Society*, Berkeley: University of California Press.