

Defoe and the Principle of Trade

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ABSTRACT

Daniel Defoe has attracted the attention of many historians in recent years. As J.G.A. Pocock says, Defoe was an important ideologist of the commercial society in the early modern England; but why did he set forth a vision of the commercialised society? This essay focuses on Defoe's pamphlet, *Giving Alms no Charity* (1704), and aims at revealing the political context of his economic insights. In November 1704, a High Tory MP introduced a poor relief bill in order to promote the employment of the poor through the setup of public manufacturing workhouses in every parish. Defoe opposed the bill, arguing that such a scheme would stem circulation of inland trade based on the interregional division of labour in the private manufacturing industry, and consequently increase the number of poor. The Land was also incorporated into this circulation, so the interests of both manufacturers and landowners were regulated by the same principle. This principle of trade was a symbol of the English united interests. At that time England was fighting against France to prevent their formidable sovereign from establishing a universal monarchy in Europe. Defoe's understanding of trade, therefore, could never be separated from his cognisance of the crisis.

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1 Introduction

Daniel Defoe (c.1660–1731) was certainly an important figure in the early modern England or Great Britain. The judgement on his role, however, has varied extremely from the praise as a hero to the scorn as a hack writer or a spy: in the early years of the eighteenth century, one of his contemporaries, Jonathan Swift (1667–1745), treated him with disdain by saying that “the Fellow that was Pillor'd [pilloried],” whose name “I have forgot,” was “indeed so Grave, Sententious, Dogmatical a Rogue” (Swift 1708, p. 2), while in the latter half of the century George Chalmers (1742–1825), a Scottish antiquary and writer, commended Defoe for “his tracts, political and commercial,” which both “the lovers of that liberty” and “the friends of that trade” were certain to

“wish to see rescued from oblivion” (Chalmers 1786, p. xxiv); T.B. Macaulay (1800–59), who was an influential Whiggish historian in the mid-nineteenth century, wrote down in his journal that “[a]s a political writer Defoe is merely one of the crowd” and “seems to have been an unprincipled hack, ready to take any side of any question” (Trevelyan 1923, pp. 669–70). Bitter criticism like Macaulay’s has never ceased yet, but in recent years Defoe tends to be praised or at least appreciated: J.G.A. Pocock, author of *The Machiavellian Moment*, argues in his *Virtue, Commerce, and History* that “if one desires to study the first great ideologist of the Whig system of propertied control, one may study not Locke [John Locke, 1632–1704], but Defoe” (Pocock 1985, p. 67); Katherine Clark emphasises that “the historical insights embedded in Defoe’s journalism rose above the level of polemic and that he should be considered one of the most important historical thinkers in Britain between James Harrington (1611–77) and David Hume (1711–76)” (Clark 2007, p. 4); John Richetti calls Defoe “a representative of the spirit of his age,” who was “forward-looking and open to new ideas, enlightened and rationally pragmatic in the moderate eighteenth-century English sense, religious but not fanatical or exclusivistic in his views” (Richetti 2008, p. 3). In Japan, Junjiro Amakawa once claimed that “Defoe had an extraordinary wide knowledge of the political and economic conditions of the world, and had a very insightful vision of capitalism” (Amakawa 1966, p. 3). This essay follows these precedent appreciations of Defoe’s contribution, and aims at throwing light on the political meaning of his economic insights. That is the reason why the title is *DEFOE and THE PRINCIPLE OF TRADE*, not *on it*; and the question is, why Defoe needed to set forth a vision of the *commercial society*.

2 Defoe’s *Giving Alms no Charity*: The Emergence of the Principle of Trade

Defoe and the moderate Tory government

In May 1702 England under Queen Anne declared war against France, though the English Court led by Sidney Godolphin, Baron Godolphin (1645–1712), who was appointed Lord High Treasurer, and John Churchill, Duke of Marlborough (1650–1722), who was appointed Master-General of the Ordnance and also Captain-General of the English Army, was confronted with both internal and external obstacles to the continuation of that *War of the Spanish Succession*. The latter obstacle was caused by Scotland. In August 1703, the Scottish Parliament passed a bill for the better “security” of that country and at the same time denied the effect of the Act of Settlement, which had been enacted by the English Parliament (with the assent of King William III) in June 1701. This meant that after the decease of the current Queen, the Scots might elect a sovereign of their own who need not be the English one. The Act of Settlement

provided, on the presupposition that the Personal Union with Scotland would be maintained, that Anne's successors should be Electress Sophia of Hanover and her heirs for "being Protestants." It would be, therefore, absolutely impossible for the English government to accept such a decision by the Scots. The relationship between the two neighbouring countries deteriorated extremely. On the other hand, the High Church Tory members at Westminster, who persisted in the enactment of the act against Occasional Conformity,¹ disgusted the *dum-virs* (Godolphin and Marlborough) and Robert Harley (1661–1724), Speaker of the House of Commons, who was backing those two lords: if the debate over the Occasional Conformity Bill had delayed the approval of the budget, the continuation of war would have become difficult.² The key to the stabilization of government depended on how these obstacles could be removed.

Harley discovered Defoe's talent. He proposed to appoint Defoe as a secret agent of the government and to dispatch him to Scotland in the near future, and on 13 August 1703 Godolphin agreed that.³ Defoe was then in Newgate Prison—he had been misunderstood by his fellow Dissenters and attacked fiercely by public opinion after publishing his ironical pamphlet *The Shortest Way with the Dissenters* in December 1702⁴—but Harley and Godolphin worked together for his liberation, and in November 1703 he was released. In February 1704 Defoe started his famous periodical entitled *A Review of the Affairs of France*, and then, by supporting Harley who, as the Secretary of State for the Northern Department (appointed in May 1704), was responsible for the press policy and by promoting other policies of the moderate Tory government, he came to display his ability as a very talented journalist.⁵

The High Tory group as a faction

Sir Humphrey Mackworth (1657–1727), a High Tory MP, manager of the Mine Adventurers' Company, and co-founder of the Society for Promoting Christian Knowledge (SPCK), introduced a *Bill for the Better Relief, Employment [sic], and Settlement of the Poor* before Parliament on 2 November 1704, and it

¹The Corporation Act (1661) and the Test Act (1673) required anyone who would be appointed to municipal office to be a member of the Anglican Church, and in spite of the enactment of the Toleration Act (1689) Parliament did not change its attitude. However, some Dissenters tried to evade these laws by taking communion in the Church just once and occasionally putting on the appearance of conformists before their appointments. This practice was called Occasional Conformity and fiercely blamed by the High Church Tories. See Defoe (2000a), pp. 10–11.

²See Hoppit (2000), pp. 287–93.

³See Novak (2001), p. 197.

⁴See Backscheider (1989), pp. 97–105.

⁵See Downie (1979). Harley regarded the press as "an unrivalled medium for the manipulation of men" (p. 40).

passed the Commons with “a broad stream of support.”⁶ Defoe immediately responded to this situation by publishing a pamphlet entitled *Giving Alms no Charity: And Employing the Poor A Grievance to the Nation*, which not only criticised Mackworth’s poor relief bill but also denounced the High Tory group itself as a faction. In the summer of that year he wrote to Harley:

[J]Twill be Needless to prove the Advantage of a Chief Ministry. Our Confusions in Council, Our Errors in Executing and Unwaryness [sic] in Directing from the Multitude and bad Conduct of Ministers make it Too plain (Defoe 1955, p. 30).

It is clear that he expected the leadership of the government to be reinforced. The English nation had had “No Richlieus [Armand Jean du Plessis de Richelieu, 1585–1642], Mazarines [Jules Mazarin, 1602–61], or Colberts [Jean-Baptiste Colbert, 1619–83] in the State” (*Ibid.*, p. 29), but at that time the “Chief Ministry” or the prime ministry needed to be instituted to fight against the French, for the purpose of preventing their powerful and ambitious *Sun King* from establishing a *Universal Monarchy* in Europe. The English nation had to be united under a stable government in time of war. In another letter written in early autumn of the same year, *however*, Defoe told Harley that “the Most Difficult Point at Present is Union among Our Selves,” because “This Nation is Unhappily Divided into Partyes [sic] and Factions” and “Some Articles Seem Absolutely Irreconcilable [sic]” among them. He continued:

[J]Tis Plain Those Gentlemen who Propose This Union by Establishing One Party and Suppressing Another, Are In the Dark as to This Matter. ... The Papist, The Church of England, and The Dissenter, have all had their Turns in the Public Administration; and when Ever Any One of Them Endeavourd [sic] their Own Settlement by the Ruine [sic] of The Partyes Dissenting, the Consequence was Supplanting [or ruining] themselves (*Ibid.*, p. 50).

However desired the union of the nation was, a shortsighted way to establish “One Party” rule should not be chosen; the way to establish moderate government, which could allow the diversity of opinion or values to some extent, should be chosen. The Occasional Conformity Bill introduced by the High Church Tories was especially an intolerant way for managing the Dissenters. Such “Proceedings to Restrain Either Their Liberty as Dissenters or Their Other Privileges Must Necessarily Make Them Uneasy and Fill Them with Fears” (*Ibid.*, p. 54), and divide rather than unite the nation. The conduct of the High Tories was too factious to be overlooked by Defoe.

⁶See Cruickshanks, Handley, and Hayton (2002), vol. 4, pp. 725–26, 728–29. During the same session, however, the House of Lords rejected Mackworth’s bill though the bill was “engrossed on 8 Feb. 1705” (p. 728).

Mackworth's conservative poor relief bill and Child's reformed poor relief system

Mackworth's bill aimed at promoting the employment of the poor by setting up public workhouses in every parish. If each parish had begun to produce manufactures, it would have been possible to set not a few poor people at work. Mackworth argued, in a pamphlet with the same title as the bill (probably written in April 1704), that "it shall and may be lawful ... for Overseers of the Poor in any Parish, and for the Overseers of the Poor in any such Township or Vill ... to set up, use, and occupy any Trade, Mistery, or Occupation, only for the setting on work and better Relief of the Poor of the Parish, Town or Place" (Mackworth 1704, p. 3), and that "for the better Settling for the Poor ... It is hereby Enacted ... That all and every person or persons, shall be Adjudged and Deemed to have a legal Settlement in any Parish, Hamlet, Township, or Vill, of this Kingdom" and therefore it should be lawful "to remove and convey" the poor who were wandering from one parish to another "to such a Parish or place where he, she, or they, were last legally Settled" (*Ibid.*, p. 5). This argument seems quite conservative or traditional.

By contrast, in *A Discourse about Trade* published in 1690, Josiah Child (1630–99), governor of the English East India Company, indicated that separate poor relieves in each parish would be "vain and ineffectual" and "nothing but a National, or at least such a *Provincial* Purse can so well do" the poor relief work; for the sake of reformation of the poor relief system, he designed "to propose such a Foundation, as shall be large, wise, honest and rich enough to maintain and employ all *Poor* that come within the Pale of their Communication, without enquiring where they were born, or last Inhabited" (Child 1690, pp. 77–8). Child could recognise the poor as human resources, which were beneficial to the increase of the wealth of the English nation. He maintained that

if a right course be taken for the Sustentation of the *Poor*, and setting them on Work, you need invent no Stratagems to keep them out, but rather to bring them in. For *the resort of Poor to a City or Nation well managed, is in effect, the conflux of Riches to that City or Nation*; and therefore the subtil[e] *Dutch* receive, and relieve, or employ all that come to them, not enquiring what Nation, much less what Parish they are of (*Ibid.*, p. 64).

Defoe asserted, however, that the poor relief work itself would cause "*publick [sic] Nuisances, Mischiefs [sic] to the Nation which serve to the Ruin of Families, and the Encrease of the Poor*" (Defoe 2000b, p. 174). This criticism, developed in the pamphlet mentioned above, was based on his understanding of *trade*, which, "Like all Nature, most obsequiously obeys the great law of Cause and Consequence" (*Ibid.*, p. 175).

Defoe's opposition: interregional division of labour as the essential condition

In this pamphlet, *Giving Alms no Charity*, Defoe at first refers to Flanders in the sixteenth century, and emphasises that the foundation of trade is nothing else but manufactures:

[I]t may be said of *Flanders*, it was not the Riches and the number of People brought the Manufactures into the *Low Countries*, but it was the Manufactures brought the People thither, and Multitudes of People make Trade, Trade makes Wealth, Wealth builds Cities, Cities Enrich the Land round them, Land Enrich'd rises in Value, and the Value of Lands Enriches the Government (*Ibid.*, p. 171).

The English learned the art of manufacture from the Flemings, so the English trade has grown and both their wealth and population have increased. Now the various manufactures of England

are happily settled in different Corners of the Kingdom, from whence they are mutually convey'd by a Circulation of Trade to *London* by Wholesale, like the Blood to the Heart, and from thence disperse in lesser quantities to the other parts of the Kingdom by Retail (*Ibid.*, p. 182).

The *interregional division of labour* in the English manufacturing industry, which has been formed through “the Natural Consequences of Time and casual Circumstances,” is at present “so Essential to the Publick Benefit” that altering or disordering it “would be an irreparable Damage to the Publick” (*Ibid.*). Mackworth's scheme for changing all parishes into factories of manufactures will therefore destroy the natural order of trade and consequently become “A Grievance to the Nation.”

Defoe shows examples: if a workhouse for the employment of poor children which “sets them to spinning of worsted” is erected now, due to

every Skein of Worsted these Poor Children Spin, there must be a skein the less spun by some poor Family or Person that spun it before; suppose the Manufacture of making Bays to be erected in *Bishopsgate-street*, unless the Makers of these Bays can at the same time find out a Trade or Consumption for more Bays than were made before: For every piece of Bays so made in *London* there must be a Piece the Less made at *Colchester* (*Ibid.*, p. 180).

If a new market for manufacture is not found out, the goods manufactured in those public workhouses will compete with the other ones made in private factories, and wrest buyers from them; and therefore another of the poor will be generated. The total number of poor people will never be decreased.

Nay, the number of poor people is not to be decreased, but to be increased: the existing private manufacturing industry will diminish through the competition with the public one for the market, and moreover, the distribution industry will decay considerably, because the situation that every parish makes its own manufactures “will make our Towns and Counties independent of one another, and put a dump to Correspondence [or communication]” (*Ibid.*, p. 185). “This will ruin all the Carriers in *England*,” Defoe continues forcefully, “the Wool will be all Manufactured where it is sheer’d, every body will make their own Cloaths [sic], and the Trade which now lives by running thro’ a multitude of Hands, will go then through so few, that thousands of Families will want Employment” (*Ibid.*, p. 186). The circulation of trade arises from interregional division of labour or the situation of *mutual dependency*. In case every city, county, or region becomes self-sufficient in necessary manufactures under the Poor Law, the circulation will be cut off immediately; the existing manufacturing industry will lose its distant markets and decline, and at the same time the distribution industry be ruined. As a result, the Poor Law will ironically make much more people poor; and the poor who want employment will swarm into the largest city London and its adjacent parts, where numbers of workhouses or public factories be set up by the Law. While the provinces are going to be depopulated, the capital of England will assemble “too great and disproportion’d Numbers of the People” (*Ibid.*, p. 184).

It is concluded, therefore, that “Work-houses, Corporations, Parish-stocks, and the like, to set them [the poor] to Work, as they are Pernicious to Trade, Injurious and Impoverishing to those already employ’d, so they are needless, and will come short of the End Proposed” (*Ibid.*, p. 188). If so, how can the poor be relieved? Defoe answers clearly and firmly that there is no need for the poor relief work. Observing that the “meanest Labours in this Nation afford the Work-men sufficient to provide for himself and his family” and that the “Difficulty of Raising Soldiers”—Defoe says “Poverty makes Men Soldiers, and drives crowds into the Armies”—exists (*Ibid.*, pp. 187–88), it is found out that there is more work than hands in England. “Wages, like Exchanges, Rise and Fall as the Remitters and Drawers, the Employers and the Work-men, Ballance one another” (*Ibid.*, p. 175), that is, according to the supply and demand of labour the wage level as a point at which both amounts are in equilibrium rises and falls, so the present dearness of wages comes from the short supply of labour. Defoe hence regards most (not all) of the English poor as the *voluntary* unemployed. What are needed for them are not “alms” but encouragements “to find themselves Work and go about it” (*Ibid.*, p. 178). As Karl Polanyi says, “Defoe insisted that if the poor were relieved, they would not work for wages; and that if they were put to manufacturing goods in public institutions, they would merely create more unemployment in private manufactures” (Polanyi 1944, p. 108).

Principle of trade as a symbol of the united interests in England

The principle of trade, which presumes the existence of *industrious* people and the interregional division of labour in manufactures, has been presented thus. As previously mentioned, the lands are also incorporated in the circulation of trade: as numbers of people who are employed in manufactures

by the Consumption of Provisions, must where ever they increase make Rents rise, and Lands valuable; so those People removing, tho' the Provisions would, if possible, follow them, yet the Price of them must fall by all that Charge they are at for Carriage, and consequently Lands must fall in Proportion (Defoe 2000b, p. 185).

Defoe might have read Nicholas Barbon (c.1637–98). Barbon, founder of the first fire insurance company in London and co-founder of a land bank, insisted in his *A Discourse of Trade* published during the Nine Years' War that

[t]he raising the Value of Land, at this Time, seems most necessary, when the Nation is engaged in such a Chargeable War: For the Land is the Fund that must support and preserve the Government ... since England is an Island, and the Number of acres cannot be Increased; It seems absolutely necessary, That the Value of them, should be raised to Defend the Nation against such a powerful Force [as France] (Barbon 1690, pp. 91–92).

In times of war, the interests of landowners and of manufacturers need to be united. The circulation of *inland* or internal trade is the basis for realising that union. Mackworth's scheme for relieving the poor, on the contrary, will devastate many provinces in England and divide the nation. Furthermore, Mackworth's real intention as a High Tory may be to ruin the Dissenters: the growth of manufactures in many provinces has been promoted by the hands of French refugees or *Huguenots*. Defoe argues in his *Review* on 30 December 1704 that

[a] Multitude of *French* Refugees thronging into this Nation, on Account of Religion, or on pretence of Religion ... being, generally speaking, all Mechanicks, fell immediately to Trade, in order to get Bread. ... As the *French* Refugees applied themselves to Industry and Labour, they not only Introduc'd Alterations in our Manufactures, by setting up such sorts of Woolen Goods, as were before made in *France*; but, as in like Cases it always happen'd, they began to erect such *French* Manufactures, as we used to have in great Quantities from them. ... [A]nd great Numbers of our Poor [are now] daily employ'd in them (Defoe 2003, pp. 630–31).

The factious interests hidden in the religious word “Charity”—Defoe lamented that “how great Is the Power of Ambition and Self-Interest in the World! ... Religion, we see, made the Stalking Horse of the World” in his *Review* issued on 28 November 1704 (*Ibid.*, p. 546)—had to be contained, and the

national interest, based on the circulation of trade, should be recognised. The principle of trade shown by Defoe was a symbol of the English united interests, and it could also be applied to unify the interests of those two neighbouring countries—England and Scotland.

3 Conclusion

This essay focuses on Defoe's early understanding of trade, which cannot be separated from his cognisance of the internal and external crises surrounding England. Defoe wished that the English nation would be united but never proposed a one-party rule. Instead, what he expected was the maintenance of moderate government under which the diversity of opinion or values could be secured well. Factions interests, however, had to be contained. The English united interests, which were founded on the circulation of inland trade, should be recognised: both the interests of landowners and manufacturers were regulated by the same principle—the principle of trade. As a political adviser, Defoe seems to have told Harley, who would be a leading politician at the time (he later became Lord High Treasurer and the first Earl of Oxford), that the understanding of the principle of trade or commerce was a necessary condition for being regarded as an able political leader; on the contrary, the factious High Church Tories, who were ignorant of the actual situation of the English society and persisted in the old Christianity—though it might be the “Stalking Horse”—never deserved reliable leaders. Leading politicians or statesmen in the early modern era came to be required to have intimate knowledge of the *civil* or secular matters, which were deeply connected with the matter of *self-preservation* for ordinary people, including the industrious poor. Defoe might be very sensitive to this socio-economic and psychological matter, because he was a *conscientious* Dissenter, who chose to commit himself to supporting the detached and discerning political elite behind the scenes, but was often misunderstood even by his fellow Dissenters and was inclined to enjoy “Solitude in the Middle of the greatest Collection of Mankind in the World” (Defoe 1720, p. 4).

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