

The Globalization of Codfish and Wool in the Early Modern Period: the Emergence and Impact of Spanish-English- North American Triangular Trade

Regina Grafe
London School of Economics and Political Science (UK)

This paper analyses the transformation of two of the staple trades of the pre-modern international economy – wool and dried cod fish – in the transition from the late medieval to the early-modern economy. Firstly, it summarizes the structure and importance of the wool and dried codfish trades towards the 16th century. Secondly, the paper presents new evidence showing a substantial change in the workings of the wool and codfish trade following their integration into one triangular trade that connected Northern Spain, England and the North American mainland after the 1630s. Thirdly, an interpretation of the resulting structural changes in these trades is offered. This includes alterations in the supply and demand conditions for both products, the market structure in the trade, the commercialization of the two goods and its interaction with the wider regional economies in the participating regions.

I

Wool had long been one of the most-important raw materials traded on an interregional European level. During the Middle Ages England was the single most important wool exporter in Europe supplying the cloth producing areas of the Southern Netherlands and Northern Italy (Power 1941)(Lloyd 1977). However, towards the 15th century exports of raw wool from England declined and exports from Spain became more important (Lloyd 1977). Castile produced some of the finest quality wool in Europe. By the mid 16th century Spanish wool exports were 8 to 14 times larger than English exports and in 1619 exports from England were forbidden because of a serious shortage of wool supplies for the expanding English woollen industries.⁵ It seems that the expansion of raw wool production in England had not kept pace with the expansion of cloth making. Furthermore, technical change in cloth making favoured higher quality Spanish merino wool (Ramsay 1982). With the rise of Spain as the major

European wool exporting country the commercialization of wool changed. The English staple merchants lost their importance. At the same time, Spanish exports to first Bruges and then Antwerp on the one hand and the Italian markets on the other were organized by the Spanish merchant guilds. Nevertheless, the market structure remained organized on the basis of monopoly companies.⁶

Dried salted fish was one of the more important foodstuffs that could be stored for considerable periods of time. As such it acquired early on a prime importance for victualling ships and as a durable foodstuff on land. From the late 15th century onwards one variety dominated the supply of dried and salted fish: cod. Initially fishermen from the Spanish and French Basque country (and the neighboring Spanish coastline towards Asturias) developed the cod fisheries presumably reaching into Newfoundland waters in the 15th century and establishing regular fishing routes in the course of the 16th century.⁷ Trips were long and hazardous and the fishing season in Newfoundland was limited to a short summer by weather conditions and migratory patterns of the cod.

Throughout the 16th century Basque fishermen were competing for access to the best fishing grounds with the Portuguese and towards the end of the century with English West Country men. The latter extended their operation radius increasingly westward beyond Irish and Icelandic waters as preservation techniques and shipping improved. (Kowalesky 2000) English and French claims to the better natural harbors in Newfoundland – needed for the drying and

⁵ (Ramsay 1969), p.51 and (Phillips and Phillips 1997), Appendix 3 for estimates of total exports. In fact, Castile's main competitor was now another Spanish territory, Naples (Marino 1988)

⁶ There is an extensive literature on this subject for an overview see (Grafe 1998).

⁷ Most recently Mark Kurlansky's slightly romanticised version of the Basque fisheries has revived claims that these fishermen 'discovered' the American continent long before 1492, see (Kurlansky 1998).

salting on shore - helped to reduce the once overwhelming dominance of the Basques.⁸ The organization of sack ships that would pick up parts of the catch during the summer fostered the expansion of the English fisheries further (Cell 1964). Notwithstanding the rivalries between the Spanish, English, French or Portuguese all of them employed a similar organization in the fish business. Up to the end of the 16th century the supply of dried salted codfish, known as *bacalao* in Spain, remained in the hands of a fishermen who provided the investment, fitting out, fishing, transport and sale back in their European home regions be it the Spanish Cantabrian Coast, Southern France or the West Country.

II

Only in the first half of the seventeenth century did the structure of both the wool and the codfish trade change substantially. The reason for these changes lay in their integration into one wider north Atlantic trading network. This section presents new data derived from Spanish port books, tax data and contractual sources that allow analyzing the timing, direction and consequences of these alterations.

In the wool trade change began with a severe crisis in the later 16th century. The demand for Spanish wool fell off significantly due to two factors: a crisis in the Italian cloth sector and a rapid decline of demand for wool from the Southern Netherlandish and Northern French cloth manufacturers. This followed the outbreak of war in the Netherlands, which hit production and trade alike. However, at the same time the rise of the ‘new draperies’ industry in the West Country of England created an alternative demand for Spanish wool there. In the 1620s, the

⁸ For a long time historians argued that the Basques were mainly after ‘green fish’ a variety that did not require drying on shore but a larger amount of salt. In this they followed Harold Innis description (Innis 1954). However, from the beginnings of the fisheries the Basques always preferred dried and salted fish (Barkham 1991).

production of so-called ‘Spanish cloth’, presumably produced with some proportion of Spanish wool, expanded while that of traditional broadcloth declined (Supple 1959).

English import statistics for the first half of the 17th century are too patchy to analyze the emergence of this trade, let alone its volume.⁹ Yet, the new data from northern Spain shows clearly the rapid expansion of this trade (insert graph 1). Over the 1630s exports of wool through the main northern Spanish port Bilbao alone expanded three to fourfold and stabilized in the 1640s on about 1000 tons per year. This was the equivalent of 8-10% of the total English and Welsh domestic wool production at the time (insert table 1). More importantly, almost the entire amount was of the finest qualities and most of it was shipped to the West Country. The transformation of England to an importer of high-quality Spanish merino wool was a necessary pre-condition of the development of the new-drapery industry in the West Country, which in turn is credited with a decisive role in the English ‘commercial revolution’. Ultimately, the lighter cloth allowed England to capture a large share of the expanding cloths shipments to southern Europe and the new intercontinental trade.

Spanish wool fetched very good prices in England but to set up this trade two basic conditions needed to be met. Firstly, new trading networks had to be established and secondly a way to pay for the exports had to be found. This last constraint was not trivial. In a world of omnipresent restrictions on bullion exports large-scale commodity imports were only possible where a return cargo could be found. Yet, the demand for English goods was low in Spain during the first half of the 17th century. The only good that found consistently a good market in Spain

was dried codfish. Thanks to religious restrictions on meat consumption *bacalao* remained an extremely popular product. Since the expansion of the Newfoundland fisheries in the 16th century English fishermen, most of them from the West Country, had sold part of their catch in southern Europe either after a stop-over in England or, increasingly by using sack-ships directly bound for Spain or Italy from the fishing grounds.

Thus, West Country merchants began to concentrate on selling the English catch in Northern Spain to finance wool imports. However, this binding together of the two trades affected the structure of commerce in surprising ways, which so far have been hidden in the patchy English sources. By combining information from a number of English and Spanish archives the paper provides a better understanding on how the trade was organized. The increasing imports of *bacalao* to Northern Spain are clearly discernible when the composition of northern Spanish import trade is analyzed (insert table 2). Bilbao port books also reveal the increasing number of English ships engaged in this trade. In fact, by the 1640s there were hardly any northern Spanish ships involved in the import of *bacalao*.

However, the English vessels were not originating in Newfoundland. Nor did they arrive after the Newfoundland fishing season (insert tables 3 & 4). Evidence from the northern Spanish archives shows that from as early as the mid-1630s most of the cod was shipped from the newly established settlements on the North American mainland, in particular from Massachusetts and Rhode Island. Year round fishing and the high quality of the off-shore fisheries gave them an edge over the traditional Newfoundland supplies. Still more important, New England merchants

⁹ (Mann 1971) English port books are a problematic source at the best of times, but for the first half of the 17th century there simply are not enough port books for the important harbours to make any sense of the data, see e.g.

organized the steady supply of *bacalao* for the Spanish market balancing henceforth their accounts with English merchants that provided the young colonies with essential manufactures. In short, cod was a god-sent for the colonial balance of payment (Lydon 1965).

Thus, the European wool trade and the Atlantic cod trade became closely integrated within a triangular exchange that included: wool shipments from Spain to England, exports of manufactures from England to North America and large-scale fish exports from North America to Northern Spain. One of the first regular trans-Atlantic commodity trades bringing together the European and North-American economies had come into existence helping the new protestant settlements to survive by feeding papist Spain's appetite for a Friday fish meal.

III

This section explores how the new trading pattern had a profound impact on the supply and commercialization of the products involved. By shipping *bacalao* to northern Spain English and New England merchants could escape the constraint placed on early modern commerce by the inadequacy of international capital markets. Yet the trade could only flourish thanks to a reorganization of the existing commercial networks. Wool exports had previously been controlled by the Spanish merchant guilds, which acted as monopoly companies. English West Country merchants had little experience in the wool business. In particular they lacked the know-how and contacts needed to buy wool in the Castilian hinterland. They also lacked the capital to make huge advance payments on wool for exports. Hence, they relied on merchants from the main commercial town on the Cantabrian Coast, Bilbao, to provide them with wool.

for London (Millard 1956).

These merchants had seen most of the monopoly based wool business disappear in the late 16th century. They seized on the business opportunity that the English market provided and increasingly by-passed the merchant guilds in order to make their profits by supplying wool to the large English merchant community that had settled in Bilbao. The big Castilian wool traders were cut out of the trade to the benefit of merchants from the coast. The English at Bilbao in turn opposed regulation of their commercial activity, even refusing to establish a consular representation. Collective action was costly and its benefits had been reduced by the increased openness to entry for foreigners in the northern Spanish market. Surprisingly, English merchants in northern Spain expressed their confidence in the local legal system, preferring the Bilbao commercial court to courts back in England.

At the same time the supply of dried-cod fish to the important southern European markets stopped being the product of local fishing industries in areas of England, France and northern Spain and became a North American production sector. This industry combined year round employment of fishermen with the construction of a trading network along the coast and a remarkably regular trans-Atlantic commercial contact organized by English and New England merchants.¹⁰ The ports of Massachusetts and Rhode Island concentrated cod-exports, which continued to play a large role in their economic development.¹¹ The final leg of the trade was the distribution of the fish in Spain. Madrid and other Castilian towns were the main destination, but again the English lacked the internal networks to organize the distribution systems. Hence, English merchants sold the fish to small-scale muleteer traders on delivery in Spain. English merchants provided credit until the fish was sold allowing the small traders to operate with a

¹⁰ The best studies of the early fish trade in North America is (Vickers 1994).

minimum of working capital with which they established an efficient distribution system in the Castilian hinterland.

At the heart of the new commercial network was the large English merchant community resident in Northern Spain that organized the trans-Atlantic and European shipments. The abandonment of regulated monopoly in the wool trade was a sign of a significant change in market structure. Since the late-medieval period the wool commerce had been a monopoly trade, carried out by large merchant houses under the control of a merchant guild, which focused on vertical integration as a means of realizing internal economies of scale. Yet, after the 1620s this was replaced by a commerce that was highly competitive, with low barriers to entry for locals and foreigners. It was executed by merchants with limited capital in cooperation with muleteer traders with next to no capital of their own. The business strategies of the English and Spanish mercantile communities clearly indicate that the trade had grown out of its late-medieval mould. They now relied on the benefits that competition in the sector afforded them and the external economies of scale that resulted from the establishment of a large specialized commercial sector in the three regions involved.

The paper argues that these shifts in international trading patterns also changed the spatial structure of trade in the various regions involved. They strengthened the important English West Country links with the new colonies and helped to move economic activity in Spain from the central plain of Castile to the Northern coastal region. By focusing on the economic rationale of this successful integration of two previously separated commodity trades the paper questions the

¹¹ In the late colonial period these ports still served as hubs for the transshipment of *bacalao* to Europe importing large quantities from Newfoundland and the coastal fishing grounds, see (Shepherd and Williamson 1972).

received wisdom about the origins of the relative success of English commercial expansion as opposed to the Spanish failure in all things commercial. The northern Spanish merchants were quick to seize the opportunities the de-regulated trade with England and British North America offered, while the success of the English and New England merchants depended crucially on the co-operation of the Northern Spanish commercial community.

References

- Barkham, M.M. 1991. Shipowning, shipbuilding and trans-Atlantic fishing in Spanish Basque ports 1560-1630: Motrico and Zumaya. unpubl. Ph.D., Cambridge University, Cambridge.
- Cell, Gillian T. 1964. The English in Newfoundland 1577-1660. unpubl. PhD, University of Liverpool, Liverpool.
- Grafe, Regina. 1998. *Der spanische Seehandel mit Nordwesteuropa von der Mitte des sechzehnten bis zur Mitte des siebzehnten Jahrhunderts. Ein Forschungsüberblick.* Saarbrücken.
- Innis, Harold A. 1954. *The Cod Fisheries. The History of an International Economy.* revised ed. Toronto, Buffalo and London.
- Kowalesky, M. 2000. The expansion of the south-western fisheries in late medieval England. *Economic History Review*, VIII (3): 429-454.
- Kurlansky, Mark. 1998. *Cod. A Biography of the Fish that changed the World.* London: Jonathan Cape.
- Lloyd, T.H. 1977. *The English Wool Trade in the Middle Ages.* London.
- Lydon, James G. 1965. Fish and flour for gold: southern Europe and the colonial American balance of payments. *Business History Review* XXXIX (2):171-183.
- Mann, J.L. 1971. *The Cloth Industry in the West of England from 1640 to 1880.* Oxford.
- Marino, J.A. 1988. *Pastoral Economics in the Kingdom of Naples.* Baltimore and London.
- Millard, A.M. 1956. The Import Trade of London 1600-1640. unpubl. Ph.D., London School of Economics, University of London.

- Phillips, Carla Rahn, and William D. Phillips, Jr. 1997. *Spain's Golden Fleece. Wool Production and the Wool Trade from the Middle Ages to the Nineteenth Century*. Baltimore and London.
- Power, Eileen. 1941. *The Wool Trade in English Medieval History being the Ford Lectures by Eileen Power*. London.
- Ramsay, G.D. 1969. The Merchants of the Staple and the Downfall of the English Wool Export Traffic. Paper read at Istituto Internazionale di Storia Economica < F. Datini >, Prato. Atti della 'Prima settimana de studio' (18-24 aprile 1969). La lana come materia prima. I fenomeni della sua produzione e circolazione nei secoli XIII-XVII, at Firenze.
- . 1982. *The English Woollen Industry, 1600-1700*. London and Basingstoke.
- Shepherd, J.F. and S. H. Williamson. The Coastal Trade of the British North American Colonies, 1768-1772. *Journal of Economic History*, XXXII (4): 783-810.
- Supple, B.E. 1959. *Commercial Crisis and Change, 1600-1642: A Study in the Instability of a Commercial Economy*. Cambridge.
- Vickers, D. 1994. *Farmers and Fishermen. Two Centuries of Work in Essex County, Massachusetts, 1630-1850*. Chapel Hill and London.