SHORT ARTICLES AND MEMORANDA

MULTILATERALISM, BALTIC TRADE, AND THE MERCANTILISTS

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An earlier number of this *Review*[1] contains a paper by Mr Charles Wilson entitled 'Treasure and Trade Balances: the Mercantilist Problem'. It is mainly intended to be a defence of mercantilist ideas and policies based upon the experience of the last few years after the end of the Second World War. As far as I know, Mr Wilson's argument is a novel one and so merits a brief discussion. This is the reason for my paper.

Mr Wilson is concerned with the views of mercantilist writers in respect of what was called *particular* balances of trade, the need in their eyes of having not only a *total* excess of exports over imports, but such an excess in the trade, if possible, with each particular country. Mr Wilson starts from the attitude of Lord Keynes and Professor G. N. Clark and, like them, he wants to find an explanation of mercantilist tendencies in the actual economic conditions of the times, which are alleged to have returned in our own days.

Mr Wilson's contention seems to be a double one. First, trade in his view was bilateral in the seventeenth century and has become so once more in the 1940's; criticism of mercantilists from the point of view of multilateral experience must then be invalid. Secondly, he thinks, the most important part of the difficulty was to be found in trade with the Baltic, from whence came the naval stores, which were an inescapable necessity, so that this trade had to go on in spite of its commercially unfavourable results. An excess of exports to other countries therefore was justified in order to cover the loss of bullion in the Baltic trade. I shall deal with these two contentions in turn.

I

With regard to bilateralism, the most characteristic statement made by Mr Wilson probably is the following one:

> Like their descendants in the 1940's, the mercantilists had more reason than the classical economists to know that overall trade balances are not always a satisfactory answer to the problem of international payments; to know that an account of a nation's trade which *in toto* shows a favourable balance may yet contain within itself hard cores of individually unbalanceable trades. The solution of the problem lay then, as now, in the formation of a system of multilateral payments, but that entailed an international credit and currency structure which were unthinkable to seventeenth-century Englishmen. Until that became practicable, a store of precious metals remained the principal and often the only link between a series of channels of trade each of which was essentially bilateral.

This statement contains a combination of two elements. The idea of multilateral international payments is said to have been 'unthinkable' to mercantilists; in

[1] *Econ. Hist. Rev.*, 2nd Ser., II (1949), 152ff.

actual life trade likewise remained bilateral until much later. Let us take these two elements separately.

With regard to the views of mercantilists, Mr Wilson would not have had to go further than to Thomas Mun—to whom he refers repeatedly—in order to find out what mercantilists thought about multilateral payments. In several places in the best-known of his two pamphlets, *England's Treasure by Forraign Trade*, Mun illustrates his arguments through references to the ways of trade. I shall give an instance from his fourteenth chapter, directed against Malynes.

Here I must consider, first, that the principal efficient cause of this loss [by Exchange] is a greater value in wares brought from Amsterdam then we carry thither, which make more deliverers then takers here by Exchange, whereby the money is under-valued to the benefit of the taker: hereupon the deliverer, rather than he will lose by his money, doth consider those countries unto which we carry more wares in value than we receive from them, as namely, Spain, Italy, and others; to which places he is sure (for the reasons aforesaid) that he shall ever deliver his money with profit. But now you will say that the money is further from Amsterdam than before: How shall it be got together? Yes, well enough; and the further about will prove the nearest way home, if it come at last with good profit; the first part whereof being made (as we have supposed) in Spain. From thence I consider where to make my second gain, and finding that the Florentines send out a greater value in cloth of gold and silver, wrought silks and rashes to Spain than they receive in fleece wools, West-India hides, sugar, and cochineal, I know I cannot miss of my purpose by delivering money for Florence; where (still upon the same ground) I direct my course from thence to Venice, and there find that my next benefit must be at Frankfort or Antwerp, until at last I come to Amsterdam by a shorter or longer course, according to such advantages as the times and places shall afford me.[1]

This is multilateral trade with a vengeance. It is an accurate description of arbitrage (Arbitration in Exchange), the normal method in multilateral trade; and this description of seventeenth-century practice would have been applicable to the nineteenth century as well.

Nor was this view confined to Mun and the rest of the advocates of the East India trade. They might perhaps be considered to be biased—though of course the conclusion that multilateral trade was 'unthinkable' to them would be no more correct in that case—as a great deal of bullion was needed in that trade. The charge would be equally inapplicable to their opponents; and though Mun's and Misselden's vigorous polemics were directed against Gerard Malynes and his allies, there was not the slightest disagreement between the two groups with regard to the existence of multilateral trade. Malynes almost always wrote very confusedly, but he does not leave the shadow of a doubt with regard to his affirmation of multilateral trade. In one instance he described two streams of payment balancing one another and creating a gain through their roundabout character. The one stream started by taking up a specified amount of money in Antwerp for Venice, going back by way of Frankfort to Antwerp. The other stream—also in specified amounts—also started from Antwerp, money being taken up there for 'Madrill in Spaine', from where it went to 'Lixbourne in Portugall' and so back to Antwerp. The gain accrued to London in the last instance.[2]

I hope that no more proofs need be given in order to show that mercantilist

[1] Op. cit., ed. by W. J. Ashley (1895), pp. 65 f. I have modernized spelling and punctuation, leaving language untouched.

[2] *Consuetudo, vel Lex Mercatoria* (1622), pp. 407 f.

writers spoke as if they thought the 'unthinkable'. As far as I can see, there can be no doubt of their taking multilateral trade for granted.

The next problem must be whether this form of trade was a figment of their brain or had an existence in actual economic life. Mercantilist writers were mostly connected with trade in one form or another; and as they had no known reason for affirming the multilateral character of commerce unless it were a fact, their remarks might alone be taken as proving the nature of international trade. But we do not have to depend on such evidence; the facts themselves are overwhelming. Multilateral trade and arbitrage existed already in the middle ages—perhaps even before then—but I shall confine my description to the sixteenth century, because for that period we have a wealth of information in Richard Ehrenberg's classical book on the Age of the Fuggers. Let me give a few details of what is illustrated there.

The practice of arbitrage—the words, *cambio arbitrio*, were used—was one of the reasons for the distrust of the great merchant houses; among their accusers on that head were canonists, secular lawyers, and the general public. The merchants and their advocates did not at all deny the fact of their exercise of arbitrage; what they said was that this was a useful trade, as it meant the taking up of money where it was plentiful and transferring it to places where it was scarce, and so equalizing the supply between different countries and bourses. As a matter of fact, the whole of Europe was overspun by a net of arbitrage in the hands of the merchants or bankers. At the beginning Antwerp was the most important centre; later in the century the Genoa fairs became particularly famous for their activity in this direction, the fairs acting as an enormous clearing-house for Europe. An early instance of great ability in manipulating the exchanges occurred in 1509. The Emperor Maximilian received large subsidies from his allies in different places but wanted to have the money immediately in Germany. Jacob Fugger was able to transfer the amounts from Rome, Florence, and Antwerp, to Augsburg, some within a fortnight and the rest within six weeks. If a nineteenth-century parallel is desired, the indemnity payment of the five milliards by France to Germany after the Franco-German War may be cited. In principle the system had been elaborated in the North Italian cities before the end of the middle ages and remained unchanged throughout the centuries.[1]

International trade was based upon multilateral payments. Taking Swedish conditions as an instance, because I know them best, England became the principal customer of that country in the course of the seventeenth century. But throughout that period, as well as during the following century, the exchange upon London remained of quite subordinate importance. All outgoing and incoming payments of Sweden went by way of Amsterdam and Hamburg, though trade with their countries became of ever diminishing importance. The merchant or banking houses of these two continental centres acted as intermediaries in the trade, as clearing-houses for mutual payments between England and Sweden. Especially the draft upon Amsterdam played about the same role as that of the draft upon London in the nineteenth century. It goes without saying that this would have been impossible without multilateral trade; London could not have paid the English imports from Stockholm or Gothenburg by way of Amsterdam without it.

It is a subordinate question, by what means this multilateral trade was effected. Mr Wilson considers the bill of exchange at that time 'as a substitute for coin rather than as a clearing mechanism'. Ehrenberg, on the other hand, quotes

[1] R. Ehrenberg, *Das Zeitalter der Fugger* (Jena, 1896), I, 93, 224, 401; II, 21 ff., 238 ff., etc. Cf. also Ehrenberg's article, 'Arbitrage', in the *Handwörterbuch der Staatswissenschaften*, 3rd ed. (Jena, 1909).

a Flemish accountant, Jan Impyn (or Ympyn), who in a text-book of the date of 1543 says that it is as impossible to navigate without water as to carry on trade without bills of exchange. The practice Ehrenberg describes was based upon bills of exchange in the first place, transfers of money or bullion only taking place as an *ultima ratio*, when bills could not be found. With regard to the seventeenth century, the famous merchant's handbook by Jacques Savary, *Le parfait négociant*, first published in 1675, devoted the greater part of the third book of its first volume to bills of exchange. The bills Savary is concerned with were in most cases subject to endorsement, and they were used for international transactions. That Savary looked upon them as very important there can be no doubt. It seems rather improbable that the bill of exchange should have been uncommon in English practice. Italian merchants in England, in a well-known protest against state control of foreign exchange already in 1576, spoke about it as a normal condition of their trade, e.g., in the following connexion: 'We made also often times amongst us double exchanges without any broker, which was, for a manner of example, that one of us had money in Venice and would bring into this realm French wares, and another had money in Lyons and would bring wares out of Italy, and so they did agree together to give one to another mutual letters of exchange, the one for Lyons, and the other for Venice'. But even if the practice arose later in England than, e.g. in France, there does not seem to be any doubt about its growing importance in the course of the seventeenth century.[1]

But multilateral trade could go on without the use of bills of exchange, and still more without their universal use. If they were used for equalizing in- and outgoing payments, it was not necessary that *all* those payments should be covered by them; all that was needed was that the difference should be covered. Lastly, multilateral transactions could be effected by money and bullion. Mr Wilson cannot be ignorant of this, for the basis of his argument is that an excess of precious metals was needed in some trades in order that an excess of (necessary) commodities in other trades should be paid for. But if so, trade was not bilateral. Bilateral trade requires that values of imports and exports are equalized for each particular country. There consequently are two contradicting elements in Mr Wilson's assumption, as becomes clear if his parallel with present-day conditions is considered.

In the descriptions I have given from Mun and Malynes nothing is more remarkable than that it did not occur to them that transactions going criss-cross from one merchant city to the rest could meet with any hindrances. They took it as a matter of course that international payments were unhampered by governments. That they judged correctly can hardly be doubted. No doubt this was partly due to a respect for trade and merchants as such. But a far more palpable reason was the inability of governments to prevent it. One of the basic facts of economic and social history is the limitation of the resources of governments, in all earlier ages, to effect what they wanted to. Among the phenomena they simply had to accept were international capital movements. Prohibitions of the export of bullion therefore were without practical importance as long as they lasted; and in England they were abolished even on paper in 1663, through the so-called Staple Act (15 Car. II, c. 7, §9). Unless this is borne in mind, the whole situation is apt to be misunderstood.

[1] The document is reprinted, after Schanz, in the *Tudor Economic Documents* (1924), II, 169ff.; the quotation from pp. 171 (spelling modernized). The use of 'mutual letters of exchaunge' is due to a rather primitive practice: cf. W. Sombart, *Der moderne Kapitalismus*, 2nd ed. (Leipzig, 1917), II: 1, p. 526 (otherwise Sombart's description is self-contradictory and at least exaggerated). E. Lipson, *The Economic History of England*, 5th ed. (1948), pp. 220ff.

The facts being such as I have now described them, it might be asked, how is one to explain the insistence of mercantilist writers upon an excess of exports in the trade with each country in particular? Why did they not rest satisfied with an excess of exports in the sum total of the country's trade? The answer is obvious, if the fundamentals of mercantilist thought are only grasped. Its basic idea was that all trades were 'hurtful' which did not bring in, directly or indirectly, more 'treasure' than they took away. That there was an overall excess of exports was no more of a reason for maintaining these noxious weeds than it was for a merchant to sell at a loss in some cases, because his business as a whole did show a profit. The profit, to the country as well as to the merchant, would be increased if only those transactions were allowed to remain which contributed to that result; and profit, in the eyes of mercantilists, was identical with 'treasure'. It certainly is no compliment to the clarity of thought of mercantilist statesmen and writers, if they are believed to have been blind to such an obvious corollary to their fundamental concept; they were able to understand the implications of their doctrine far better than that.[1]

It has been said already in the beginning of this paper that Mr Wilson starts from the experience of the 1940's, when bilateral trade has become a reality with the most far-reaching consequences. He comes back to this parallel again and again, especially in the form of the existence of 'hard currency' countries, the imports from which cannot be paid for by the excess of exports to 'soft currency' countries. 'Always bearing the "hard currency" areas in mind', he comes to the conclusion that seventeenth-century difficulties with trade to the Baltic and some other places—'those areas which to-day would no doubt be designated as "hard currency" areas'—were at the root of mercantilist policy and theory.

Historical parallels do, however, require a clear understanding of the basis of conditions which are placed in juxtaposition. In the present case it must be considered how bilateral trade has become possible in our own day.

It is effected through an almost inescapable grip upon all in- and outgoing transactions on the part of the State. Every payment to another country has to pass through a public control office, and every payment from abroad must go to the same office. The important thing is not that this has been attempted, but that it has been effected. That a complete control of exchange relations has become the basis of actual conditions, instead of being simply wishful thinking, is due to an enormous increase in the power of the State, which is one of the most important—though perhaps the least observed—results of technical and economic changes in the last few generations. The State now has acquired not only a will but also an ability to control almost all movements of both commodities, payments, and information over its borders. Some transactions of course are able to escape from this iron grip; but they are far too few and far too small to create any serious gaps in the system. If this were changed, the 'hard cores' in international trade would disappear, and the difference between hard and soft currency countries with them. The rates of exchange would become then different from those prevailing at the present time, it is true. But all payments from one currency to another would become possible *at a price*; dollars could be had for sterling to an unlimited amount, if people were only willing to pay for them. Arbitrage would rise again and do the task for which it was meant.

Let us now compare this with English conditions in earlier centuries. Something not altogether unlike the present system was attempted by the early Tudors,

[1] Cf. W. Cunningham, *The Growth of English Industry and Commerce in Modern Times*, 3rd ed. (Cambridge, 1903), I, 264 n. 2, 396.

the power being sometimes vested in an official called a Royal Exchanger. After some earlier experiments which need not occupy us now, that office was renewed in 1576. It met with strong opposition—the protest by Italian merchants in England has been quoted on an earlier page—and 'appears to have been a complete fiasco', in the words of Professor R. H. Tawney, who has told the history of this policy. Renewed attempts were made during the next half-century, the last one in 1627–8. In this last case, however, the measure confined itself to bullion, leaving bills of exchange aside. In spite of that, the House of Commons interfered, and the attempt had to be given up. 'Both in the one form and in the other, the Royal Exchanger seems after 1628 to vanish from history. In reality, it may be suggested, the battle had been lost half a century before', to quote Professor Tawney once more.[1]

It is known that some financial gain resulted from these measures both to the state and to the holders of the office. Whether it changed the course of the exchanges does not appear to have been studied, but there is no need for considering it here. For the policy did not even make an attempt to create bilateral trade; its aims were quite different, such as preventing rates of exchange considered harmful to the country and putting down 'usury', so-called 'dry exchange'. Be that as it may. At any rate, just as the discussion between Malynes, Misselden and Mun was at its height, in the 1620's, even those remote possibilities of bilateral trade 'vanished from history'—to reappear a thousandfold stronger in the twentieth century.

I hope this is conclusive both with regard to multilateral trade in the seventeenth century and to the non-existence of a parallel to present conditions.

II

As has already been said, Mr Wilson puts Baltic trade to the forefront in his attempt to explain mercantilist policy from the actual conditions of the time. In mercantilist literature trade with the Baltic played a quite subordinate part in comparison with the East India trade; but Mr Wilson's point of view, that Baltic commodities were indispensable with regard to naval and military equipment, justifies his interest in it. Whether that is a justification of his construction of the situation will be considered in a moment.

Baltic trade is also considered by Mr Wilson as a typical instance of bilateral trade, and may first be looked into from that angle. Mr Wilson seems to base his impression of the character of Baltic trade upon the important thesis on the accounts and the traffic of the Sound by Dr, now Professor, Aksel E. Christensen, *Dutch Trade to the Baltic about 1600* (Copenhagen, 1941). It is there shown that outgoing commodities through the Sound represented not only a greater volume, but also a greater value, than those in the opposite direction. Now, it is quite clear that what occurred in the Sound could not have any direct connexion with the balance of trade in any sense of that much-abused expression. It referred to a balance of *transit* only, but has some interest in that connexion. An excess of outgoing commodities through the Sound could have been balanced by an excess in the opposite direction by another route, probably overland. There is a *prima facie* probability for heavy and comparatively inexpensive commodities to go by the cheaper route by sea, especially as the difference between the cost of transport by sea and by land was much greater in earlier times than it is at present.[2]

[1] Thomas Wilson, *A Discourse upon Usury*... [1572], with an historical introduction by R. H. Tawney (1925), pp. 137–54.

[2] I pointed that out in a lengthy review-article upon the literature of the Sound Toll Registers in the Swedish Historical Review (*Historisk Tidskrift*), 1942.

A couple of years later, one of the younger Swedish scholars, Dr Artur Attman, in his remarkably well-documented thesis on the Russian market in the Baltic policy of the second half of the sixteenth century[1] demonstrated that the balance which appeared in the Sound also held good in the ports of the east coast of the Baltic. He also shows that part of the excess of outgoing commodities were paid through imports of silver. But even if they are included, an excess of exports by the ports of the east coast of the Baltic remains. In a review of Dr Attman's book, another younger Swedish historian, Dr Sven A. Nilsson, has given evidence of at least a strong probability of a heavy excess of *imports* into Russia by her German frontier.[2] This bears out a natural explanation of the phenomenon. Dr Attman also gives instances of bills of exchange drawn upon Antwerp firms for exports from the Baltic, which of course seems to point to the conclusion that they came to be used to cover an excess of imports into Russia by way of Germany. It follows that Baltic trade was multilateral like that of other countries.

On the other hand, Mr Wilson is of course altogether right in insisting upon a—comparatively speaking—very heavy excess of imports to England from the Baltic and the rest of the Northern countries. A great deal of this came from Norway and the rest of the coast to the North Sea; but if kept distinct from references to the Sound Toll troubles—which had of course nothing to do with trade within the North Sea—it did not change the situation. I shall confine myself to English-Swedish trade. We have easily accessible English statistics of foreign trade for the period from 1697 onwards, and detailed ones for Sweden since 1738 or 1739. According to the former, imports from Sweden were at least four times greater than exports, and in extreme instances ten times as great. Swedish statistics did not show quite as pronounced a one-sidedness, but still exports to England were as a rule four times imports, and sometimes six times. When Charles Lord Townshend in 1724 was secretary for the northern department, he complained bitterly of this humiliating disparity to the Swedish Minister, Baron Carl Sparre. While admitting the imputation, the Swedish diplomatist made this rather pertinent addition: 'At the same time it is undeniable that it must fall to one side or the other'.[3]

With a great deal of admiration Mr Wilson quotes a well-known pamphlet by Sir Francis Brewster, published in 1702, where it is affirmed that, if the English statistics were correct in stating a heavy excess of exports from England, 'this kingdom would be like Solomon's, have silver as plenty as stones of the streets'. As in almost all other particulars, neither the statistical results nor mercantilist reflexions upon them were in any way peculiar to England. It is especially noticeable that at least in one Baltic country for which plentiful materials are available, namely Sweden, the situation was almost ludicrously identical.

As has been said already, an unbroken series of Swedish accounts of foreign trade exists from 1738 or 1739 to 1813; and during the sixty-nine years preceding the Continental System no less than sixty showed an excess of exports from the country, and usually a heavy excess. Besides, in this case freights are known also; and they were considerably higher in amount in Swedish bottoms than in foreign ones, giving a further credit balance. But, curious as it may seem, not even Swedish towns were paved with silver. To put it mildly, there is not the slightest trace of a continuous influx of silver to the country. Since the time of Gustavus

[1] *Den ryska marknaden i 1500-talets baltiska politik 1558–1595* (Lund, 1944).

[2] In the Swedish historical periodical *Scandia* (1944).

[3] See my '*Economic History of Sweden since Gustavus Vasa*' (*Sveriges Ekonomiska Historia från Gustav Vasa*, II: 1; Stockholm, 1949), p. 411, Tables 23–31 and Diagrams XXVI–XXX in this volume give the principal figures from the manuscript Swedish statistics of foreign trade 1738–1813.

Adolphus in 1625, Sweden had a copper standard (or rather a double standard mainly consisting of copper); but in 1745 that was superseded by inconvertible paper money; and with few and short interruptions the paper standard remained for ninety years. Like their English brethren, e.g. Brewster, Swedish mercantilists complained of smuggling and of dependence upon extortionate credits by foreigners; there is hardly a single argument brought forward in the one country which was lacking in the other.

The happy Baltic countries consequently were, in the eyes of their own writers, in a no more fortunate position than unhappy Britain; and if the views of British pamphleteers are considered as conclusive evidence of the conditions of actual life, why not the same with regard to the Swedish ones? Everywhere they were 'not so easily deceived'—in the words of Mr Wilson—as to believe in a 'favourable' balance of trade; and quite naturally so, for an unfavourable balance was part of their stock-in-trade. They wanted it in order to find a motive for the policy they were advocating. But it need not be pointed out that all countries cannot have an excess of imports at one and the same time.

Mr Wilson goes as far as to state that 'the ultimate destination of much of the contents of the Silver Fleets was the Sound'. What has already been said is, I hope, able to throw light upon this view. Even besides these general considerations, the statement appears to me to contain a great exaggeration of the importance of total Baltic trade. But that is nothing as compared with the exaggeration contained in the estimate of the influx of precious metals to the Baltic region; for it is doubtful whether that influx did even exist.

American silver spread over Europe, and of course some of it reached the Baltic; a study of price movements seems to point to the conclusion that this influx came to Sweden in the early decades of the seventeenth century. But this of course is something entirely different from looking upon the Baltic region as a sort of second India, where precious metals were amassed. This view is, I think, entirely without foundation. It is true that statistical proof covering the whole region cannot be found; but that it did exist with regard to Sweden is, I think, quite clear, as I have said already. Of an increase of hoarding we find no trace; and the results which would have followed from a strong increase in silver circulation cannot have taken place. As Sweden was on a bimetallic basis of copper and silver, a heavy influx of silver would have changed the standard into a silver one, whereas the opposite was what did in fact occur. I therefore think that the whole idea may be relegated to the unlimited domain of economic imagination. Mr Wilson, in this case, is more mercantilist than the mercantilists themselves; for they looked upon Holland, not the Baltic, as the region which was depleting their own countries of money.

Irrespective of this, a knowledge of the magnitude of British trade to the Baltic, and of the importance of the excess of imports from there, as compared with total British trade, is useful in order to place the whole problem in its right perspective. That at least may be given approximately, with the important exception of smuggling.

On the basis of Sir Charles Whitworth's well-known folio volume, *State of the Trade of Great Britain in its Imports and Exports, progressively from the year 1697* (1776), I here give the official figures from 1697 to 1770, in decennial averages, for three characteristic countries, or groups of countries, both in absolute figures and in percentages of total British trade. Figures for the 'Baltic region' cover Denmark, Norway, Sweden, and Russia. It is true that this is not exactly the same as trade with the Baltic. For on one side the Baltic coast of Germany is excluded, and on the other, Norway and the west coast of Sweden, both outside the Baltic, are included. I expect the latter to be more important than the former and so suppose that the figures to some extent exaggerate the magnitude of Baltic trade, in the proper sense of the word; but this is only a surmise.

British imports and exports, and excess of imports (−) *or exports* (+), *according to official values, 1697–1770.* (Decennial averages, £1000's)

From and to	1697–1700	1701–10	1711–20	1721–30	1731–40	1741–50	1751–60	1761–70
I. *Absolute figures*								
Baltic Region:								
Imports	563	527	527	656	788	867	1,090	1,344
Exports	290	347	278	269	264	347	353	483
Excess	−273	−180	−249	−387	−524	−520	−737	−861
East India:								
Imports	531	483	738	962	972	976	1,050	1,478
Exports	203	100	94	113	208	489	802	1,038
Excess	−328	−383	−644	−849	−764	−487	−248	−440
Holland:								
Imports	549	588	538	571	496	437	352	445
Exports	1,547	2,147	2,020	1,876	1,867	2,405	1,693	1,864
Excess	+998	+1,559	+1,482	+1,305	+1,371	+1,968	+1,341	+1,419
Total British Trade:								
Imports	4,973	4,558	5,680	6,951	7,371	7,396	8,571	11,089
Exports	6,035	6,512	7,767	10,236	11,339	12,399	13,830	14,842
Excess	+1,062	+1,954	+2,087	+3,285	+3,968	+5,003	+5,259	+3,753
II. *Excess of imports or exports in percentages of Total British Trade* (*average of imports and exports*)								
Baltic Region	−4·9	−3·3	−3·7	−4·5	−5·6	−5·3	−6·6	−6·7
East India	−6·0	−6·9	−9·5	−9·9	−8·2	−4·9	−2·2	−3·4
Holland	+18·2	+28·2	+22·1	+15·3	+14·6	+19·9	+11·9	+10·9

According to this table the values of Baltic trade, and the excess of imports from there, were quite modest in comparison with total British trade. The table is mostly concerned with the eighteenth century, while Mr Wilson concentrates his interest in this connexion upon the seventeenth. But figures were on the increase in the course of the eighteenth century, as was natural in connexion with the growing importance of Russia, so that there seems to be a probability for the table exaggerating, instead of underestimating, the part of the Baltic in seventeenth-century trade. This of course does not at all show that the Baltic was unimportant; what it does show is that no more than very modest efforts would have been necessary in order to cover the excess of imports from the Baltic. As a defence of an all-pervading mercantilist policy this cannot be considered of great importance. In comparison with Baltic trade the excess of imports from India counted for far more until the 1740's; and mercantilist writers so far were realistic, for that occupied by far the greater part of their attention and created most of their anxiety. That the excess of exports to Holland was far beyond the 'unfavourable' balances with the two other groups put together is quite clear; but I need not enlarge upon that, for the whole attitude is unrealistic.

I do not think it necessary to say more upon this new attempt to prove the wisdom of mercantilists. I am grateful to Mr Wilson for having given an occasion for going into the problem, though I have shown why I do not think many of his conclusions tenable.

This is not the place to go into the more ambitious and far more widely canvassed views of Lord Keynes on mercantilism, in a chapter of the most famous among his books. I have hinted at a criticism of it in Swedish a few years ago[1] and shall add no more than a few words upon it here. Lord Keynes was a great man in many respects; but the bent of his mind was not historical, however interested he was in historical information. Sifting of historical evidence was not his strong point. He does not seem to have stopped to ask himself what reasons there were for those writers whose views he believed in to be more well-informed or more clear-sighted than those who went against his favourite beliefs. The basis for his historical arguments therefore was weak, as far as I can see. After having criticized Mr Wilson in the earlier pages of this paper, I am glad to be able to agree whole-heartedly with his objection to the view of Lord Keynes that solicitude for employment was at the root of mercantilist doctrine: 'One cannot avoid an uneasy feeling that employment was seen as a means to increasing bullion supplies rather than vice versa'. An unbiased study of mercantilist literature and state papers will, I think, prove this more and more, and will generally reject the rehabilitation which Lord Keynes has attempted. How far his construction of the conditions of present-day economic life will survive is of course a different problem, upon which I need not enter in this connexion.

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[1] 'Något om Keynes' *General Theory* ur ekonomisk-historisk synpunkt' (A few words upon Keynes's *General Theory* from the point of view of economic history) in the *Ekonomisk Tidskrift* of 1946.