Modern distinctions between private and public enterprise and between trade and warfare do not easily apply to the great trading concerns of the early modern period.¹ Joint-stock companies were private concerns with shareholders, but they fulfilled more than one role in serving the needs of mercantilist states. They were founded to rationalise national debts which had largely been incurred to service the state war machine. By reducing the administration costs and interest charges borne by the State, debt restructuring improved the State’s ability to bear higher debt burdens in the future. This, it was understood, was important for future campaigning. In return for this service, joint-stock companies such as the South Sea Company and the Royal African Company were granted monopolies of trade. England’s Blue Water Strategy favoured the Royal Navy and used it to safeguard trade and to block the ascendancy of other nations. The history of the South Sea and Royal African Companies is an illustration of this state of affairs. This paper will discuss the linkages and alliances between these joint-stock companies, the English state and the Royal Navy. The use of joint-stock companies to deal with Navy debts is well-known, as is the fact that naval convoys protected merchant fleets. However, the linkages between the service and the two slaving companies extended well beyond these considerations. Scarce resources were shared or protected from being commandeered and Royal African and South Sea Company men were regularly exempted from impressment. The two companies could gain supplies or dockyard space from the Navy and brought supplies out to Navy vessels in return. The Navy and Royal African Company also co-operated over the treatment of suspected pirates, including the task of putting them to trial. These activities show that the Royal Navy was not simply required to assist the two slaving companies as part of the Blue Water Strategy. It treated them more like partners in a joint endeavour, and as if they were part of the state apparatus. This stance did not alter even after the South Sea Bubble of 1720, implying that it had not lost its respect for both companies despite the public outcry about the crash.

The Royal African Company was formed out of the remnants of a previous slaving concern called the Royal Adventurers. The Royal Adventurers had been established in 1660 and the Royal African Company was granted a monopoly in the English slave trade along the African coast in 1672.² It lost its monopoly status in 1698.³ It maintained forts with its own soldiers along the West African coast but was there as a guest of the local

¹ I would like to acknowledge the support of the Economic and Social Research Council for funding this research through an ESRC Studentship and also an ESRC Postdoctoral Fellowship.
African communities rather than as coloniser as later generations would understand the term. Its ships were armed with guns to protect against pirates. In spite of these military trappings, the trade was still sensitive to wartime problems such as reductions in naval support and confiscations by foreign powers. The War of the Spanish Succession (1702-1713) made it difficult for the company to continue its shipping activities at previous levels. Private traders were meant to pay dues to the company for maintenance of its forts, but this obligation was revoked in 1712. The Royal African Company eventually received subsidies for its forts from the government from 1730 and ceased trading in 1752.

After the War of the Spanish Succession, the Royal African had entered into business with the South Sea Company. The *Asiento* contract to trade in slaves to Spanish America was granted to Queen Anne as part of the Treaty of Utrecht. It was then transferred to the South Sea Company. The contract specified the shipment of 4,800 *piezas de Indias* per annum. No previous Asientist had ever shipped that number consistently. Therefore, it is likely that the figure was a guideline or maximum. The contract also provided for the shipment of some goods other than slaves to Spanish-held areas. Minor conflicts between England and Spain in 1718 and in 1726 temporarily halted the trade. The South Sea Company continued to bring slaves into Spanish America until 1739 and the term of the *Asiento* expired in 1750. However, the company is known primarily for giving its name to the South Sea Bubble of 1720.

K. G. Davies’s book on the Royal African Company ended abruptly at 1713 and the remaining decades of the company’s trade was dismissed by him as being ‘on the whole a record of decay and inactivity’. He did point out that there were periods of activity such as the years 1713 to 1715 and 1720 and 1724. It is notable that these periods are directly before and after the Bubble. Colin Palmer’s work on the period of the *Asiento* trade focused largely on the slave experience and also attempted to consider its profitability *ex post*. Palmer noted that the *Asiento* was useful to the British state as it was important in building up and maintaining expertise in the Spanish American markets. This paper focuses on the links between the Royal African and South Sea Companies and the Royal Navy. It argues that they formed part of an integrated system which combined public and private enterprise. Therefore, the assistance given by the state was part of the Blue Water Strategy. Both companies continued to be part of this system even after the South Sea Bubble, which is otherwise created political upheaval. Profitability alone cannot be used to judge the companies’ activities.

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6 *A pieza de India* was a measurement of a slave. One healthy adult male corresponded to one *pieza de India*. Other individuals would have counted as a fraction of a *pieza*.
9 Difficulties with missing data meant that he was unable to do so conclusively.
Early joint-stock companies were not simply private firms. Their functions were closely linked in with the early public sector. Their conversion of debts incurred by the state and their acceptance of monopoly rights from the state brought them closer to the state apparatus. However, these linkages would not, in themselves, remove their status as private entities. Rather, mercantilism placed all economic functions subordinate to the needs of the state. A joint-stock company such as the Royal African Company played a role in staking out English, and later British, territory. The South Sea Company can be seen as a first move into colonising the Spanish-held Americas at a time when Spain itself was weakened. Once lost, such footholds became difficult to regain as they would be taken by rival powers. Therefore, government subsidies can be seen as compensation for a necessary protection of English trade. Furthermore, the companies protected English options to expand their colonies in the future. ‘England’s strength rested on her commerce, which included the profits of colonies and shipping as well as production at home. […] in contrast to her continental neighbours, England emphasized the use of her Navy, rather than her army, during the period between 1648 and 1714 when she was developing into a great power’.11 The companies’ activities were undertaken in a mercantilist world where public and private roles were blurred. Investors of the period would have been looking for signs of the companies’ membership of this web of patronage, without which a joint-stock company could not survive. Both companies had clear links to the Court, Parliament and Admiralty which they could exploit. Their petitions to the King were made formally, but they could easily meet important figures in coffee houses situated near Exchange Alley. For instance, in 1715 Royal African representatives met the Earl of Orford at Tom’s coffee house.12 Orford was First Lord at this time.13 Such meetings signalled to other denizens of the Alley, that the companies had links to the Admiralty.

The Royal Navy was at the heart of the Blue Water strategy which aimed to use naval strength to promote Britain’s trading interests. Brewer outlined the mercantilist connection between the two. ‘Under Charles II, as under the Commonwealth and Protectorate, the “blue water” strategy became official policy. Commercial wealth and naval power were seen as mutually sustaining’.14 This approach suited a nation with a strong maritime tradition. Its continental rivals were forced to rely on their land forces for defence whilst Britain benefited from the natural moat of the English Channel. High fixed costs tended to focus a state’s attentions on either army or navy. Hatton characterised the attitude of Louis XIV as preferring to ‘see the nation’s hard-pressed resources go to his armies rather than to a navy which had clearly been eclipsed by its foes’.15

Financial power and flexibility became essential when as wars became more expensive. Brewer argued that ‘most eighteenth-century wars ended when the protagonists neared

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12 PRO T70.89, 15 September 1715.
13 Baugh, Naval Administration, Appendix I, p. 493.
financial exhaustion. The first power to achieve fiscal reconstruction – to pay off or reduce its former obligations – would probably wind up holding an advantage when hostilities began anew. However, financial obligations did not disappear in peacetime. Financial innovations acted as a ratchet effect on military and naval expenditure. ‘The Government’s financial capability allowed the long-term deployment of ships and semi-permanent retention of men’. Long sea journeys and a need to stay prepared for war led to high investments in capital goods such as ships and dockyards. These high fixed costs had to be borne in peacetime. There was only so far that the navy could retrench even on labour costs. Disabled or pensionable men had to be provided for and many sea-officers were kept on half-pay to maintain the fighting capacity of the nation. The service was habitually in debt, but this was not restrictive to its activities. When its credit was stretched too much, Parliament came to its rescue. When the South Sea Company was granted its royal charter, it was on the condition that it took over the management of part of the National Debt. It converted more government debt between 1715 and 1719. Much of this debt had originally been incurred as naval expenditure.

The Dutch Republic had already shown that by annuity financing it could borrow very cheaply. Brewer argued that previously ‘only the Dutch, with their sophisticated banking system, were able to borrow heavily without insolvency’. Repudiation of royal debts under the male Stuarts had damaged the state’s ability to borrow cheaply and when required. The alteration of Royal Debts to National Debts allowed greater confidence that loans would be repaid and therefore more funds would be volunteered for national use. Existing forms of debt, such as lotteries or irredeemable annuities, were not ideal instruments for the government or the holder of the debt. The government benefited from a simplified system and the opportunity to pay back debts when interest rates were low. The investors demanded high premia on risky debts such as lotteries, and all these types of debt were difficult to reassign.

Consolidation of large amounts of debt was not the only service performed by the financial sector. The Royal Navy had difficulties making payments in cash to its men and suppliers. They were frequently issued with paper debt instruments such as tickets for wages. These papers could be sold on or used to pay for goods directly, at a discount. They could then be presented at a later date by the new holder. Payments were made when the accounts had been settled for each ship. Many of the Navy’s suppliers operated on a small scale and could not afford to maintain large unpaid bills over a long period. The Navy was also practically a monopsonist. As the largest permanent customer

16 Brewer, Sinews of Power, p. 122.
18 Baugh, Naval Administration, pp. 455-456.
22 Carruthers, City of capital, pp. 75-76.
23 Baugh, Naval Administration, pp. 159-160.
of many suppliers it held considerable power over them.\textsuperscript{24} Therefore, it could require its suppliers to accept paper tickets rather than cash payment. Men might be transferred from ship to ship before accounts could be drawn up. They were issued with pay tickets, not cash. These tickets could be accepted by traders or bought at a discount for cash by brokers.\textsuperscript{25} The concentration of discounted tickets in the hands of individuals allowed private fortunes to be made. Through these individuals there were links to the wider financial world. Sir Harcourt Masters was a notable figure in the practise of assigning prizes (at a discount) and was also a director of the South Sea Company. Bromley noted that, ‘It is clear that many naval officers employed influential financiers’.\textsuperscript{26} The financial sector itself owed much of its development to the Royal Navy and maritime trade. Marine insurance brokers frequented Lloyd’s coffee house near Exchange Alley. The circulation of various types of ticket created a type of paper currency which facilitated day to day transactions. The Navy’s small suppliers and sailors could not have lasted long without funds of some sort, to the ultimate detriment of the Navy and the wider economy.

Despite the close links between the mercantile and financial interests and the Navy, there were still potential sources of conflict between them. In 1710, the protectionist lobby wanted the Navy to buy its naval stores from the North American colonies rather than Sweden. However, the Navy chose to buy cheaply from its traditional suppliers rather than bow to pressure.\textsuperscript{27} There was also the incidence of direct competition between the Navy and the merchant marine. Certain key items, such as tall trees for masts, were in short supply and a source of concern to the Navy. It managed to have restrictions placed on the size of the East India Company fleet to ensure that it did not starve the Navy of supplies.\textsuperscript{28} However, the most notable area of competition was for labour. Good sailors and shipwrights were highly valued and the Navy required them in considerable numbers. If it could not hire them, it impressed them sometimes straight off the decks of merchant ships. This was potentially the most damaging attack upon the merchant ships as loss of a ship’s crew could cancel the voyage. Fear of impressment on the way into port meant that some men abandoned ship when they neared England. The ship might founder as a result.

Even though supplies, skilled workmen and dockyard space were at a premium, the Admiralty gave the two slaving companies favourable treatment. The companies were allowed access to a range of important resources. The South Sea Company asked that its ship, the \textit{Royal George}, be carried into the Royal Dock at Woolwich. As victuals were hard to get at short notice it also asked for 4,096 pieces of beef and 2,048 pieces of pork. When the \textit{Hannibal} was sent into naval docks, the Royal African Company asked for a few workmen and materials as well.\textsuperscript{29} The Company was also able to ask for masts, even though they too were in short supply at times. For instance, in 1732 the South Sea annual ship was in danger of needing its mast replaced so the company wanted a direction sent to Sir Jacob Acworth that he should supply it if necessary. In the Victualling Board’s

\textsuperscript{25} Baugh, \textit{Naval Administration}, pp. 159-160.
\textsuperscript{26} Bromley, \textit{Corsairs}, pp. 474-477.
\textsuperscript{27} Pool, \textit{Navy Board contracts}, pp. 70-71.
\textsuperscript{28} Pool, \textit{Navy Board contracts}, p. 89.
\textsuperscript{29} PRO ADM1.3810.
summary of a decade of its accounts up to 1721, both companies’ names appear. They are
under the heading of ‘Extraordinary services performed foreign to that of victualling his
Majesty’s navy’. Provisions issued for the Royal African Company come to 1,172 pounds
sterling and those for the South Sea Company were valued at 50 l. They are the only two
private companies mentioned. The sums compare with 49 l. to maintain the garrison at
Sheerness, 396 l. for German soldiers on transport ships and 1,605 l. for officers and men
of the Ordnance.\(^{30}\) Whilst all these sums were petty cash compared to the victualling of
expeditions, the fact that the Navy was prepared to victual private companies at all is
notable. Also, it did not seem to extend this privilege to other companies, such as the East
India Company, or to small independent traders.

In return, Royal African and South Sea Company ships carried provisions and orders for
the Royal Navy. For example, in 1721, the Royal African Company sent a letter to the
Admiralty informing them that the company’s ship, *Carlton*, was ready to carry the
King’s Provisions for the Men of War on the Coast of Africa.\(^{31}\) The Admiralty was also
informed that any orders for the sea-officers could be sent by the *Carlton*.\(^{32}\) This was a
standard offer made by the two companies. They would also offer to pick up supplies for
the Navy whilst en route. The Royal African ship, *King Solomon*, stopped off at Madeira
for wine for *HMS Swallow* and *HMS Weymouth* which were off the coast of Benin. The
*King Solomon* was already loaded with 60 tons of provisions for naval use.\(^{33}\)

The threat to merchant shipping of press-ganging did not seem to affect the two slaving
companies unduly. They were routinely given protections for their men. Entire crews
were protected from press-ganging as were watermen at the South Sea Company dock at
Deptford. However, the companies were sensible of the Navy’s difficulties in gaining
labour. The South Sea Company assured the Admiralty that they had reduced the number
of men on their Greenland-bound ships as much as possible.\(^{34}\) This would be in order to
allow the remaining labour force to be taken up by the Navy. From time to time, even the
companies came under the same predations that smaller merchants suffered from. In
1726, the South Sea Company found that Scottish sailors, chosen for their whaling
expertise, had been pressed. It had to send a flurry of letters to get them back again.\(^{35}\)
However, such lapses aside, it seems clear that both companies could protect their labour
force from the pressgangs. The Royal Navy was willing to allow entire ships’ companies
to be exempted from naval service and found its men elsewhere, presumably from other
merchant vessels.

The Admiralty could justify press-ganging as a necessary evil because of its role in
protecting mercantile interests. The need to defend trade had prompted the passing of the
Cruisers and Convoys Act of 1708.\(^{36}\) Merchant vessels might be attacked by foreign
powers in wartime. Economic warfare had been used by Louis XIV by his incitement of

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\(^{31}\) PRO ADM1.3810, 18 April 1732.

\(^{32}\) PRO ADM1.3810, 18 April 1732.

\(^{33}\) PRO ADM1.3810, August 25 1721.

\(^{34}\) PRO ADM1.3810.

\(^{35}\) PRO ADM1.3810.

\(^{36}\) PRO ADM1.3810.

\(^{36}\) 6 Anne c. 65.
private ships to attack foreign merchant vessels. In 1739, merchants asked for convoys due to the war with Spain and wished that more small vessels could be built for the purpose. Pirates were also a problem, even in peacetime. There are numerous letters in Admiralty records from the governors of various colonial outposts such as Jamaica and Virginia detailing sightings of pirate ships. There were many different merchant fleets and settled colonies which wished for protection, and many places for pirates to hide. Pirates even appeared regularly off the British coasts. They were found around the Mediterranean and off the African coasts as well as in the Caribbean. The Navy was hard-pressed to keep them at bay. However, the Royal African and South Sea Companies appeared to be well satisfied with their treatment in the matter of convoys. The convoy protection for the African trade was a regular item on the Admiralty’s agenda. A letter from African House to the Admiralty in 1733 began with the words, ‘it being about this time of the Year that the Right Honourable the Lords of the Admiralty are pleased to order a Man of War for the Coast of Africa’. In one letter of 1728, the Royal African Company thanked the Admiralty for the speediness with which they supplied a frigate for the protection of the African coast. The convoy ships did not merely patrol alongside the Royal African and South Sea ships. Royal Navy vessels were used to transport valuable cargo, usually gold, although sometimes noted down as ‘treasure’. For example, the Royal African Company sent gold aboard the Folkestone Man of War in 1715. In 1726, The South Sea Company put its gold on HMS Falkland. This was a commonplace method of transporting gold for the companies. In addition to convoy work, naval vessels were sent out to the African coast to try to catch pirates. The commanders were ordered to call in at various Royal African Company settlements and to speak to the factors there to gain local information. There was the question of what to do with pirates once they had been caught. When piracy was encountered near to British outposts, pirates could be tried on land by the local authorities. However, the situation was different off the coast of Africa. Europeans could have fortified enclaves but were clearly within the jurisdiction of indigenous groups. European powers did not have colonial governance of the area, as they claimed in the Caribbean and Americas. Cape Coast Castle, the Royal African Company’s main fort, was on land which was under the jurisdiction of the King of Whydah. The kingship of such individuals was not subordinate to the power of European settlers. For instance, the Royal African Company was unable to load the Windsor fully due to a war between the Kings of Whidah and Ardah. However, such kingdoms were land-based and not concerned with the maritime laws developed in Europe. Therefore, they claimed no

38 Baugh, Naval Administration, p. 216.
39 See, for instance, PRO ADM1.3814 and ADM1.3815.
40 PRO ADM1.3810, 23 August 1733.
41 PRO ADM1.3810, 6 June 1728.
42 PRO T70.89, 28 June 1715 and 5 July 1715.
43 See PRO ADM1.3810.
45 PRO T70.38, 3 November 1714. Whidah (Whidah) and Ardah are along the coastline of modern day Ghana and Benin. They were primary areas for the slave trade between Africans and Europeans.
jurisdiction over pirates and, due to their ethnicity, were not encouraged to become involved in the process of punishing them. In order to maintain British control over pirates, it would have been possible to take condemned individuals back to British soil. However, that would hardly have been efficient given the length of the voyage. The role of the commander of the ship, in lieu of a land-based legal system, was to carry out various legal functions. Therefore, such sea-officers could be allowed to try pirates. Then, if found guilty, there was the expedient method of using the rope.

Instead, the state extended legal privileges to members of the Royal African Company and used their land-based officials alongside its own sea-officers. The Royal African Company was regularly asked to send lists of men who could form a committee for trying pirates. This list was not restricted to the major location of Cape Coast Castle or to the main governors of each settlement. Several Royal African settlements were listed with the chief merchants and factors at each.\(^{46}\) One list mentions a chaplain as well.\(^{47}\) In contrast, the Royal Navy only put forward the names of the commanders of each naval vessel. For example, in 1733, the Royal African Company listed twelve individuals to try pirates. They were to work alongside Captain Timothy Bridge, **HMS Anthelope**, and Captain Richard Herbert, **HMS Diamond**.\(^{48}\) The willingness of the Royal Navy to allow landsmen, who held no colonial government position, to try pirates alongside their own sea-officers is notable. In addition, the landsmen make up the majority of names when the Navy could have insisted on other sea-officers being added to the list. Of course, not all the individuals concerned would have been part of each trial, as they were based at different locations. However, the British state was seemingly happy to allow legal power to be wielded by individuals chosen by the Royal African Company and to allow the minor officials at the minor trading posts to be included.

The Royal Navy also allowed Royal African forts to be used to hold prisoners accused of piracy. It might not have been possible to keep an entire pirate crew onboard a naval vessel, but the Navy could have insisted on placing its own guard on prisoners on land. One particularly successful effort was made by Captain Ogle of **HMS Swallow** against three pirate ships under the command of one ‘Roberts the Great Pirate’. Ogle pretended that his ship was a merchantman and lured Roberts’ ship away from the other two. Roberts was killed and his men surrendered. Ogle then tricked the remaining pirates into thinking that his Man of War had been taken. Therefore, he captured three pirate vessels and most of their crews. Instead of holding the men under guard on their own ships, which might have been risky, he sent them to Cape Coast Castle.\(^{49}\) Cape Coast Castle was fortified and the Royal African Company was well versed in how to keep prisoners, as they used the fort as their major slave depot. The quasi-military status of the companies was sufficiently important for the Board of Ordnance to enquire how many arms the Royal African Company had contracted for.\(^{50}\) The involvement of the company in the incarceration and trial of prisoners meant that its activities extended beyond trading

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\(^{46}\) PRO ADM1.3810.
\(^{47}\) PRO ADM1.3815.
\(^{48}\) PRO ADM1.3810, 31 January 1733/4.
\(^{49}\) PRO ADM1.3810, 18 June 1722.
\(^{50}\) PRO T70.89, 10 November 1715.
work. Its actions were not simply defensive against aggressors. They were functions of the state and could have been carried out, if less efficiently, by the Navy alone.

The mercantilist nature of the early modern world trading system necessitated the use of military or naval force to ensure trading rights and protect trade. In England, later Britain’s, case this manifested itself in the Blue Water Strategy which relied upon the Royal Navy to defend the country and promote its trading interests. The high fixed costs involved could be met because of the strength of the financial sector. Navy debts were part of the National Debt consolidated when the South Sea Company was established. However, these activities do not, in themselves, imply that the Navy and joint-stock companies worked well together towards a shared goal. Qualitative evidence presented in this paper shows that the Royal Navy and the slaving companies co-operated closely in a number of ways. At a basic level, the sharing of men and supplies was significant especially given the pressure on resources. The South Sea and Royal African Companies were even allowed access to Royal Dockyards and to put their gold shipments on naval vessels. The slaving companies’ status as quasi-public enterprises is perhaps best illustrated by their involvement in the trials of pirates on the African coast. The Royal Navy was happy to ask for Royal African Company personnel to take on a role which could have been undertaken by sea-officers and which, in other areas, was the responsibilities of local representatives of the Crown. The sharing of resources and obligations continued even after the South Sea Bubble. This shows that, behind the scenes, business continued as usual.

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