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The Darien scheme - the failed attempt by the Company of Scotland trading to Africa and the Indies to found a colony in the Americas in 1698 - is rarely ignored in the analysis of the events leading to the Union of Scotland and England in 1707. Historians have consistently emphasized the events at Darien and reflected upon the consequences of the colony's failure while neglecting potentially more interesting areas of inquiry.¹

Recent focus on economic and political history, however, has begun a debate on the impact of the Company of Scotland. Economic historians believe that Scotland was on the verge of economic collapse in the late 1690s and that the Darien scheme made any hope of economic recovery unlikely.² The political historians of the 1970s have revealed that tensions between the English and Scottish parliaments were in a critical phase and that the crisis created by the "Scotch Act" in 1695 was in reaction to the unresolved questions left by the Glorious Revolution.³ Of late, these themes have been developed further and to good effect. Recent research has at last begun to touch upon the problems of Anglo-Scottish relations in the post revolutionary era. The reaction to the Scots company in London, as revealed in neglected


parliamentary records, namely, the journals of the House of Lords and the House of Commons, gives some clues about the relationship between the Scottish and English parliaments, the merchants and parliaments of both countries, and the position and strength of the monarch in the post revolutionary era. The background to the Darien scheme is well known. In 1693 the Scots Parliament passed two trade acts the first for Encouraging Foreign Trade, and another allowing for the formation of joint-stock companies which empowered companies to combine colonizing and commercial operations.\(^4\) Both pieces of legislation were vital to the future expansion of the country. These two acts laid the groundwork for the greatest piece of Scottish economic legislation of the period - the Act establishing a Company Trading to Africa and the Indies, passed on 26 June 1695.\(^5\) There were twenty-two men named in the act - seven London merchants, three Scottish merchants, four Scottish merchants resident in London and eight Scots of position, including Lord Belhaven, the Lord Justice Clerk, the Lord Provost of Edinburgh and a former Baillie of Edinburgh.\(^6\) Initially the company was a challenge to the power of the East India Company, since it was a direct attack on its monopoly just by its very existence, but this is far from being the whole story.

The Scots Parliament, in the wake of the Glorious Revolution 1688-89, was as eager as its English counterpart to test the new constitutional arrangement. The potential gains from the struggle against an absolute monarch were great. Increased parliamentary freedom and power were just some of the benefits that politicians believed were now to be theirs. Each government wondered how the balance of power had changed. At first it seemed that the Scots Parliament enjoyed the greatest constitutional benefit. Before 1695, for example, Scotland had discussed and legislated without interference from the Crown or its representatives, but after this date, William, realizing how unruly his northern kingdom could be, now proposed that the two countries be united. This plan fell apart, however, due in no small measure to the Massacre of Glencoe on 13 February 1692 which

\(^4\) Hart, *Disaster of Darien*, 21.


\(^6\) APS, ix: 377-80.
dampened any hope of Scottish politicians cooperating with the King.\textsuperscript{7} The Scots exploited the King's blunder at Glencoe by passing two acts in 1693 which had a broader scope than any economic legislation in that era, and these acts were followed by the crowning glory of Scottish mercantile dreams- the act creating the Company of Scotland in 1695. This act allowed the Scots to trade anywhere that was not at war with the Crown and to settle anywhere that was not inhabited or possessed by a European country. Additional powers which ranged far beyond those granted to other enterprises such as the East India Company were given in the act. The Company of Scotland was created by an Act of the Scots Parliament, backed by the King, and empowered to collect subscriptions from all over Europe. With such a favourable beginning, success seemed to be assured but, unknown to the Scots, opposition to the venture was to be powerful.

The act was passed in the name of the King at a time when he could least afford to withdraw his support. News of the Massacre of Glencoe had discredited William and his government. In the next two sessions of parliament in 1693 and 1695 not much was done to regain the good faith of the Scots. The King would not allow those involved to be prosecuted but in an effort to divert attention from the massacre, the King sanctioned an overseas trading company.\textsuperscript{8} The instructions of the Crown were vague and since William paid so little attention to his northern kingdom it is possible that he never expected Scotland to use the opportunity that was offered. The history of the Company of Scotland is one of power struggles at the highest level. It pitted the Scots Parliament against the English Parliament, the House of Lords against the King, the King against everyone. By examining these conflicts, much can be learned about the political and economic interests of Scotland and England in the mid 1690s. Until recently scholars have been interested in the Company of Scotland because it was thought to have provided the economic catalyst that led Scotland to accept union with England. Even this conclusion has been called into question in the last few years. Tracing the early years of the Scots company can tell us what relationship the Scots and English parliaments had with each other and helps to more clearly define the role of the King in the post revolutionary settlement. The events of the mid 1690s

\textsuperscript{7} Ferguson, \textit{1689 to Present}, 26.

\textsuperscript{8} Ferguson, \textit{1689 to Present}, 24-26.
give an inkling of what had been accomplished by the Glorious Revolution.

The act creating the Company of Scotland was an interesting piece of legislation. Its passage had been aggressively sought by Scottish merchants working under the leadership of two Edinburgh merchants James Balfour and Robert Blackwood. There are two documents which bear the names of these men and of others who would later subscribe to the Company of Scotland - the first, an account of the money spent to guarantee the passing of the act; and, the second, a list of potential subscribers and amounts to be subscribed. Both documents were signed at Edinburgh in 1695 but were only found in 1928 by G.P. Insh in the papers of James Balfour at Pilrig House. The merchants Balfour and Blackwood had been pushing for a trading company since 1693 when they had first canvassed for subscribers wishing to invest in trade with Africa and the Indies. Their scheme had at first gone nowhere but in the intervening two years they had increased their efforts until the Company of Scotland was finally created. Blackwood was involved in the Newmills Company, founded in 1681 under the patronage of the Duke of York. Newmills was the first successful joint-stock company in Scotland. As a director Blackwood had helped in the setting up, financing, and running of the company. His involvement in Newmills was connected to his interest in promoting legislation to establish the Company of Scotland. He believed that it was possible to break into the English trade with Africa. The vulnerability of the Royal African company in the years leading up to 1695 was well known and the stimulus given to the English woolen industry from its trade with Africa was also well documented. Newmills needed an external market for its product. In Scotland, monopoly companies had to face domestic competition but were freed from competition from foreigners


11 Insh, "Company of Scotland," 243-44.


and for this reason they were known as protected companies.\textsuperscript{14} The company had done well and the directors insisted that it could fill domestic needs with a healthy surplus left over for export. This may have been an overly optimistic forecast; nevertheless the search began for outside markets and the act passed in 1695 was intended to provide these markets.

Even before the act was touched by the sceptre, plans had been made prior to 1695 to interest London merchants by setting up office in London and approaching potential subscribers. It was all kept very quiet. A small group of London merchants met on a regular basis to discuss company business. These were men who had been named in the act and who would go on to form the nucleus of the London organization. They met at Mr. Carpenter's in Clement's Lane on Lombard Street. William Paterson stands out as a leader of this group. Paterson had been involved in the creation of the Bank of England in 1694 and was well known in financial circles.\textsuperscript{15} He acted as chairman for the meetings when the Scottish contingent was not present.

There are a number of letters written by Paterson to the Lord Provost of Edinburgh from July to October 1695, which tell of the progress made by the London group and of their fears and hopes for the young company. In the first letter sent from London to Edinburgh in July, Paterson stated that company promoters were to use their reputations as well as reasoned argument to raise money in London.\textsuperscript{16} The need for secrecy was also emphasized in this letter - "The matter itself is of the highest consequence ... wherefore the principal designs thereof ought only to be discovered by their executions."\textsuperscript{17} The Scots were aware that it was not only subscriptions that they were seeking abroad but also knowledge and expertise. Paterson reiterated this in his letter to the Lord Provost of Edinburgh:

\textbf{... and it is needful that the first meeting should be in}

\textsuperscript{14} Scott, \textit{Constitution and Finance}, 2: 300-301.

\textsuperscript{15} Barbour, \textit{William Paterson and the Darien Company}, passim.


\textsuperscript{17} \textit{Darien Papers}, pp. 1-2 (4 July).
London, because without the advice and assistance of some Gentlemen here it will not be possible to lay the foundations as it ought ... And they think also that we ought to keep private and close for some months so that no occasion may be given for the Parliament of England directly or indirectly to take notice of it in the ensuing session, which might be of ill consequence and especially since a great many considerable persons are already alarmed at it.\textsuperscript{18}

Paterson realized that there would be opposition. He informed the Lord Provost that the Englishmen prepared to back the company considered the company's plans to be the "most beneficial and best grounded pieces of Trade at this day in Christendom."\textsuperscript{19} But he also pointed out that if the Scots settled a colony instead of trading, it would be looked on as interloping by the English and they would "crush us to pieces."\textsuperscript{20} In other words the English would consider the Scots to be interfering in their overseas affairs for one reason only-to profit at the English expense. There was to be no "distinction by Party" in the enterprise, suggesting that amongst those interested in promoting the company there were both Whigs and Tories.\textsuperscript{21} The letters sent to Scotland in July show that there were powerful political interests in London who supported the act. A letter sent in September confirms this. Paterson wrote, "Our politicians here seem inclined rather to endeavour that England should follow our example as much as may be in encouraging Foreign Trade, than to think of discouraging us ..."\textsuperscript{22} The tone of the letters soon changed. By mid-October 1695, the Scots directors had still failed to send down the three persons needed to form a majority and allow a constitution to be drawn up. There is a sense of urgency in Paterson's plea - "if you neglect coming up but a few days after this comes to hand, it will endanger the loss of the whole

\textsuperscript{18} Darien Papers, pp. 2-3 (9 July).

\textsuperscript{19} Darien Papers, pp. 2-3 (9 July).

\textsuperscript{20} Darien Papers, p. 3 (9 July).

\textsuperscript{21} Darien Papers, p. 3 (9 July).

\textsuperscript{22} Darien Papers, p. 6 (3 September).
There is no record of whom Paterson and the other directors were dealing with in London. The only indication of what was going on are in the few letters sent to Edinburgh between July and October. It is clear from the letters that London was the real headquarters of the newly constituted company. The Scottish contingent travelled down when its presence was needed. London was where the company would succeed or fail. The letters also hint that there were more people interested in the company than its little band of directors. Paterson implied that there were influential men in the background clearing the way for the company.

Had the act passed in Scotland created a rival East India Company? Scotland and England were united by Crown and not by Parliament. In 1667, 1670, and 1681 Scotland had asked for a commercial union with England and been firmly rebuffed. This time she was not asking. It was certain that there would be opposition in England since this was not only a threat to trade in general but to the privileges of the East India Company in particular.

The East India Company was created by royal charter on 31 December 1600. A monopoly of trade to the East Indies was granted to the London merchants named in the charter. It was a well organized company which throughout its colourful career had been given special and exceptional privileges by the monarch in return for "loans" to the Crown. The company’s privileges had been regularly attacked by those excluded, but over the years it had managed to build enough political backing to ensure its continued existence. The company defended itself ably against most attacks, but its greatest weakness lay in its perceived closeness to the Crown. When the Stuart dynasty ended and Parliament tried to assert itself the company was in trouble. To counteract attacks on its privileges it tried to have its charter confirmed by Parliament.

The East India Company had been in a state of crisis ever since late 1693 when its charters had been forfeited because it had failed to pay the tax on the value of its stock. Although its charter was confirmed again by the Crown in November 1693, it was denied by

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23 Darien Papers, p. 8 (15 October).

24 Scott, Constitution and Finance, 2: 92.
Parliament two months later.\textsuperscript{25} This uncertainty caused a fall in the price of stock. A bid to overthrow the East India Company came in March 1695 when the House of Commons appointed a committee to look over the Company's books. Stock remained stable until the Company of Scotland opened its subscription books in London. Supporting a rival monopoly was yet another way to weaken the English company. Either the Company of Scotland would deal the final blow or it would focus public attention on the need for a new East India Company. At the time, London business who backed the Company of Scotland could not go wrong. Any result at all would be to their benefit. Scots merchants would profit from English subscriptions and expertise. No one involved could lose.

The subscription books were opened from 13-22 November 1695. The allotted subscription of £300,000 was filled with £75,000 down.\textsuperscript{26} The effect this had on the East India Company bordered on the catastrophic. Company stock had been falling since August and when the subscription books opened East India Company stock stood at 50, a drop of 41 points in 3 months.\textsuperscript{27} Merchants who had withdrawn their financial support from the East India Company could buy stock in the Scots company. In this way they could support an attack on the East India company while maintaining their overseas investments. Holding stock in the Company of Scotland was therefore one way that interlopers could protect themselves while attacking the position of the East India Company.\textsuperscript{28} The East India Company was quick to see that this new company was out to profit at its expense. Opponents of the company would now be trading in markets which they had coveted for years. Since the turn of the century, the company had been the victim of concerted attacks on its monopoly. It had spent its short lifetime fighting off challenges from rival merchant groups who wanted to share in its wealth. Although weakened by this latest round of attacks it was ready for a fight and could still muster an impressive amount of support. It knew that the only way to stop the Scots was to appeal to Parliament.

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\item[\textsuperscript{25}] Scott,\emph{ Constitution and Finance}, 2: 158-160.
\item[\textsuperscript{26}] Scott,\emph{ Constitution and Finance}, 2: 213-215.
\item[\textsuperscript{27}] G.N. Clark,\emph{ The Later Stuarts} (Oxford, 1934), 271.
\item[\textsuperscript{28}] Scott,\emph{ Constitution and Finance}, 2: 161.
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This appeal was made not on the grounds of narrow self-interest or even national pride, but rather on the grounds that to allow this rival company to continue was to ignore the damage it would do to the national trade of England.

From the beginning the English chose to refer to the Company of Scotland as the Scotch East India Company, clearly identifying the company as a threat to English trade. In the past the East India Company had supported the monarchy in times of need with large "loans" but this had put it in an awkward situation on many occasions. Now it was trying to steer safely between Parliament and the Crown. If the company had thought that nothing had changed in the constitutional relations between the King and Parliament then there would have been no real urgency to have its privileges confirmed by Parliament. The fact that a number of attacks on the company were spearheaded by ministers in the Commons may have brought the directors of the company to the conclusion that the power of the King was waning. After deciding to tie its future to parliament, the East India Company must have been shocked to see a trading company emerge in Scotland backed by the King. It was unthinkable to the company that the King should have chosen to raise a new trading monopoly in Scotland. It was equally unthinkable to the English Parliament that the King could act in a manner reminiscent of the recently deposed Stuarts. Politicians had hoped that this freedom of manoeuvre held by the Crown had ended in 1689. The shock brought on by the act to establish the Company of Scotland was a reflection of the horror of having to deal with another headstrong King just when certain factions in the English parliament thought that all that was behind them.

The act passed in Scotland for creating a Company Trading to Africa and the Indies came to the attention of the House of Lords on 3 December 1695. This was ten days after the subscription books had been closed in London. The Earl of Huntingdon asked on behalf of a Committee raised to examine the state of the Nation that "the Merchants trading to the East and West Indies and Africa, as likewise the Commissioners of Customs, do attend this House... to give an Account, wherein the Act of Parliament lately made in Scotland for a Company trading to Africa and the Indies, may be prejudicial to the Trade of this
Kingdom into those Parts.” Throughout the month of December the House was involved on an almost daily basis with the affairs of the Company of Scotland and its threat to English trade. On 9 December the Earl of Huntingdon requested that the House should ask Robert Blackwood and James Balfour to appear before it with the company's subscription books. Later that day the Commissioners of Customs; the merchants of the East India, Africa, Hamburg, and West India companies; and some private merchants were to give the House, in writing, what they believed would remedy the "inconveniences arising by the late Act of Parliament made in Scotland, for establishing an East India Company there." Thirteen men were called to the House, all of whom were believed to be involved in the Company of Scotland. By 12 December the written accounts of the various merchants had been delivered and read. The Lords' committee contained at least six men who had been either Commissioners of Trade or Commissioners of Plantations including Godolphin, Bridgewater, Shrewsbury and Fauconberge.

The individual merchants named in the "Scotch Act" were questioned and a list of the names of the subscribers was called for but not produced. The Lords were interested not in the subscribers themselves but in the manner in which the Act had been obtained. The Act had been touched by the sceptre in the absence of the King and it was suspected that bribery may have been involved. William Paterson was examined and he said that his opinion of the act had been solicited in May and then the act had been drawn up on the basis of the opinions given. The act had been introduced to the Scots Committee of Trade on 12 June 1695. The Earl of Eglinton had presided over the committee which met at Holyrood. Paterson did not shed any light on the

29 House of Lords Manuscripts 1695-1697 [Hereafter cited as LM]. Entry no. 955, 3 December 1695, p. 3.

30 House of Lords Journals [Hereafter cited as LJ], xv: 608 (9 December 1695).

31 LJ, xv: 608 (9 December 1695).

32 LJ, xv: 610 (12 December 1695).

methods used to ensure the passage of the act.\textsuperscript{34} When Blackwood and Balfour were brought before the Committee, they explained that the subscription book had been sent off to Scotland the previous week.

By 12 December the House had heard from all the major companies and from the Commissioners of Customs.\textsuperscript{35} It was on the basis of this information that the House of Lords made its decision. A committee was to draw up an Address to the King regarding the harm that the Scots company would do to English trade. In the meantime the Lords were still accepting written papers from merchants. The proposed remedies of the Jamaica and Leeward Islands merchants were received and read on 13 December. This was also the day when the Address to the King was read and accepted by the House. On 18 December the proposals of the Levant Company were read and on 20 December the House ended its deliberations with a series of proposals.

Written reports from the various companies and merchants were received, read, and deliberated upon. As the Royal African and the East India companies were the most important, they were heard from first. The paper presented by the Royal African Company went right to the heart of the matter - the need for trade to be carried on by an exclusive joint-stock. It noted that the Scots would be able to trade better than the English and that therefore traders would switch their base of operations to Scotland. It was argued that forts were needed to protect the African trade and sufficient strength was necessary to defend the English from the natives and others who wished them harm. The Scots, they argued, would operate under English protection, were free from customs duties, and had the power to make reprisals. When all was considered it was obvious to the Royal African company that this would enable the Scots to trade better than the English. The proposal ended with a vision of Scotland firmly established in the Plantations in America, all English commerce there ended, and English exports decreased - "The Act of Navigation, which was designed for the benefit of this nation, will be useless to us."\textsuperscript{36}

\textsuperscript{34} LM, entry no. 955 (9 December 1695), p. 5.

\textsuperscript{35} LM, entry no. 955 (9 December 1695), p. 6.

The East India Company's presentation reiterated the need for an exclusive joint-stock and pointed out that the act allowed the Scots to keep out interlopers by seizing their ships - something they themselves were unable to do. The company resented Scotland being made "a free port for all East India commodities." The essential point made in this report was that the Scotch Act would be "... not only to the prejudice of the English trade and navigation, but also to the great loss of the King in his Customs." If the House still remained unconvinced there was more. The company took the position that English merchants were acting against the interests of their own country if they subscribed to the Scots company. Those who subscribed to the East India Company acted in violation of their oath to that company if they joined the new venture. Anyone prepared to go to such lengths, they argued, must have believed there were profits to be made in the Company of Scotland.

The Commissioners of Customs were next. They outlined the effects of the Scotch Act and emphasized a potential "fatal influence upon the trade, navigation and revenue of Customs in England." They thought that the West India trade was secure because of the Navigation Act. The Commissioners were not so sure about the security of the American mainland. The Commissioners used this opportunity to point out that the governors and their officers needed to "be awakened on this occasion to put the aforesaid laws (Navigation Act) in a vigorous execution." Thus far all those called on to present their remedies to the Scotch Act had urged reforms. Both the English companies had called for a strengthening of their privileges to the exclusion of all others and the Commissioners of Customs had used this opportunity to urge a tightening of governmental control over the English colonies.


39 LM, p. 15.


41 LM, p. 17.
A private merchant, Mr. John Gardner pleaded in his paper that anyone in England be allowed to trade to the East Indies and that trade be allowed from any port in the land. He thought that this would solve the problem of Englishmen subscribing to the Company of Scotland. Mr. Gardner took a hard line on Scottish actions declaring that if any Scottish ships landed in England or Ireland in the course of their voyages they should pay 25% to the Crown or the East India Company before being allowed to continue. English residents caught subscribing in the Company of Scotland should also be penalized. At the end of his paper and almost as a postscript he said, "they (the Scots) shall receive no relief nor assistance abroad from any English Colonies or subjects." This prediction was to come true with serious consequences for the Scots colony at Darien. The Hamburg Company contributed to the debate in a short memorial which simply asked that all residents of England be prohibited from taking part in the Company of Scotland.

The East India Company presented another short paper asking for an Act of Parliament to give the company all necessary privileges. The company decided to turn the tables on its opponents and try to use the Company of Scotland to its benefit. The company tried to show that the Scotch Act should be "taken as a precedent, to strengthen the application of the London Company to Parliament for an Act upon which their privileges might be confirmed: in this view they referred to it as an indulgence, which had been granted by the King and Parliament of Scotland and pleaded for a similar indulgence." In case any of the arguments had been missed, the Royal African Company also submitted another paper. It concluded that the only sensible remedy was to

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42 LM, entry no. 955. Delivered 12 December, read 12 December, read again 20 December 1695, p. 18.

43 LM, p. 18.


46 John Bruce, Annals of the Honorable East-India Company from their establishment by the charter of Queen Elizabeth 1600 to the Union of the London and English East-India Companies 1707-1708 (London, 1810), 177.
establish a company exclusive of all others which could maintain English trade in Africa. In other words it too would like to increase its power. The preamble to the Subscription and a List of Subscribers was finally presented in the House that day. At the end of the day the House of Lords went back into committee and resolved that "a council of trade be established by an Act of Parliament, with power for the more effectual preservation of the trade of this kingdom."

On 13 December the Address to the King was being drawn up by a committee of the Lords. Before listening to this Address the House took the time to hear from the Jamaica Merchants. The merchants did not believe that the Scotch Act would affect them in the near future. They were in favour of making trade more accessible to all and of bringing back the regulated company. The Leeward Islands merchants wanted English residents to be prohibited from participating in the Company of Scotland and agreed that trade to India should be open to all merchants and by regulated company. These opponents of the East India Company were heard last and called for regulated instead of joint-stock trading and freedom to trade from any port in the country. The merchants of both companies roundly denounced the monopoly of the East India Company. Sam Sheppard, one of those to sign this last report, would become a leading member of the New English Company in 1698. The last paper to be submitted was from the Levant Company but it added little to the debate. The argument over regulated versus joint-stock trade was old but by no means worn out. The East India company had dabbled with both in the first few decades of its existence. Joint-stock had triumphed in the end. It had proven to be the best system for long term overseas trade. Whenever there was


49 Narcissus Luttrell, A Brief Historical Relations of State Affairs from September 1678 to April 1714 (Farnborough, 1969), 560.


52 LM, entry no. 955. Delivered 18 December, read 20 December 1695, p. 21.
a concerted attack on the East India company's monopoly it was usually accompanied by a call for the return to a regulated company. Trade by regulated company meant that only merchants could be involved and that voyages were financed on a one by one basis. The profit from one voyage would be paid out on its return instead of being held over for investment in the next expedition. The attacks on the East India Company were almost always related to the regulated versus joint-stock dispute. This attack on the company in 1695 was no different.

The Commissioners of Customs continued their deliberations into the New Year and drafted a letter to be circulated to all the Governors in America. Directly connected to the warnings about the Scotch Act were the calls for strict adherence to the Navigation Act. The Governors were warned to be careful of the naval officers they employed and to keep an account of all ships trading in their region. This was a sign of things to come. On 7 December 1695 Edward Randolph sent a letter to the Commissioners of Customs on the illegal tobacco trade between Scotland and the colonies. Randolph also gave his impression of what the Scotch Act would mean for the colonies. He took the act seriously and warned that places such as the counties of Delaware should be quickly annexed to the Crown. He also proposed that it be made illegal for anyone to sell land to a Scot "under penalty of high treason" and that the whole tract of territory from 32 to 42 degrees be annexed. An Order of the Privy Council dated 13 January 1696 asked that Randolph's letter be sent to the Lords of the Treasury and that the Commissioners of Customs be called on to respond to the letter. The Commissioners of Customs responded, on 17 January 1696, to the request of the Privy Council agreeing with Randolph.

What was going on in the House of Commons while the attention of the Lords was focused on the Scotch Act? The answer is that it seemed to be business as usual. No mention was made of the Scotch Act until after the Lords had drawn up the Address to the King and had requested a Conference of both Houses in the Painted Chamber.

53 Calendar of State Papers Colonial. America and West Indies, [Hereafter cited as CSP. Col.] xiv, 625-626 entry 2237 (13 January 1696).

54 C.S.P. Col., xiv: 638-639 (13 January 1696).

on 14 December. The joint Address was presented to the Commons, and after another Conference, it was agreed that it should be presented to the King at his pleasure. The Address was taken to Kensington on 17 December 1695.

The ease with which the Lords managed the Commons indicates the power of the Upper House. Supporters and opponents of the East India Company initially took their case to the Lords rather than the Commons. It is possible that the speed with which the Lords deliberated on the Scotch Act was unusual. If this was so it underlines the force of the Scottish threat. If such speed was not unusual the House was very efficient. The Lords decided who to listen to, what was to be presented, how the information received was to be used, and what procedure was to be followed. The inactivity of the Commons on the question of the Scotch Act in December may show their inferior position relative to the Upper House or it may just point out that the Lords were better equipped to deal with problems of trade since many of the trade specialists sat in the Lords. It is nevertheless interesting that the Commons did not play a prominent role in the national hysteria over the Scots Company until their senior partner in government had decided what action to take.

Two conferences were held before the Address was presented. The Address was drawn up on 13 December, as soon as the House of Lords had heard from the main trading interests of the country, and contained a summary of their arguments and an edited version of the Scotch Act. It is a strongly worded document which explains in no uncertain terms exactly what this act meant for the future prosperity of England. Without directly blaming the King it has a distinctive air of scolding. This may account for the short statement which accompanied the Address. This document explained that although remedies were usually proposed in the body of the Address, that step would not be taken. Such reticence was strange when the House had spent the last few weeks collecting remedies! The trouble caused by the Scotch Act was so serious that it may have harmed English trade before legislation could be passed. Conferences of both Houses were held on only

56 LJ, xv: 612 (13 January 1695).
57 LJ, xv: 611 (13 December 1695).
58 LJ, xv: 612 (13 January 1695).
three issues between November 1695 and February 1696, namely, the Scotch Act, the East India Company, and the Clipping of the Coinage. One other joint Address was made on 24 February 1696 after the King informed both houses that an attempt had been made on his life and that fortunately it had been unsuccessful.\(^{59}\)

The King's response to the joint Address of 17 December 1695 is well enough known. His retort - "I have been ill served in Scotland..." - seemed to satisfy everyone but the Scots.\(^{60}\) The Lords had made their point. The King had been forced to declare his position and had chosen to support his English kingdom. The Scots did not appear to understand the full implications of the King's response to the joint Address, a lack of understanding which would return to haunt them. The Commons did not mention the matter until the middle of January 1696. The Lords went back into committee to decide what remedies could in fact be made to the act passed in Scotland which had created the Company of Scotland. Their final report was ready on 20 December 1695. The contents of the report were brief and to the point. Subjects and residents of England were to be strongly discouraged from holding stock or being involved in the Company of Scotland. This would prevent any drain of capital to the north. No sailors from England, Ireland, or the Plantations were to navigate, serve on, build or repair Scottish ships. Bills were to be prepared to establish an English East India Company and an English African Company with all necessary powers. The Commissioners of Customs were to give a full account of whether the colonies were strong enough to fight off any inconveniences caused by the Scotch Act.\(^{61}\)

The House of Lords continued its hearings well into January but the focus had shifted. The colonies were now under scrutiny and their ability to function under the threat of the Scotch Act was peripheral to the main business of tightening control of commodities shipped in and out of the colonies. The Lords had decided that the Commissioners of Customs should be responsible for making an annual

\(^{59}\) LJ, xv: 680 (24 February 1696).

\(^{60}\) LJ, xv: 616 (18 December 1695).

\(^{61}\) LJ, xv: 618 (20 December 1695).
account of all branches of trade. Throughout the month of January the East India Company and other interested parties were asked to present their views on what would be best for the East India trade and what powers should be given to the East India Company. The arguments that had been used against the Scotch Act were used again as part of the general debate on the East Indies trade. The climax of this debate came on 5 February 1696 when it was decided that the company’s privileges should be confirmed by an act of Parliament, but nothing more was done. Two other important decisions followed from the hearings on the Scotch Act - the Board of Trade was established on 30 April 1696; and an act for Regulating the Abuses in the Plantation trade was passed on 10 April 1696. These were related to English concerns about the potential damage that could ensue from the enactment of the Scotch Act. The threat posed by the Company of Scotland is very rarely ever connected by historians with the creation of the Board of Trade or with the act regulating abuses in the plantation trade. The timing of both though, is too obvious to be overlooked yet many historians have missed the connection that becomes clear when the parliamentary records are consulted.

The Lords turned their attention from the Company of Scotland at precisely the same time as the Commons began to take an interest in it. It is interesting that although both houses were involved with the Address to the King it was really the Lords who were in charge. The Upper House had given as much satisfaction as it felt was necessary to put an end to the Scots company but clearly this was not enough for the East India Company which decided to move the dispute into the Commons. This was done by means of a petition from the Governor and the Company of Merchants of London, that is the East India Company, on 20 January 1696 to the House of Commons. The petition informed the Commons that some ships were being fitted out for a trip to the East Indies and it was believed that the organizers were

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62 LJ, xv: 634 (9 January 1696).


64 LJ, xv: 661 (5 February 1696).

65 Michael E.C. Watson, "Chimerical Affairs: The Board of Trade's Policy Toward the Proprietary Colonies, 1696-1702" (M.A. diss., University of Alberta, 1987), 27.

66 House of Commons Journal [Hereafter CJ], xi: 398 (20 January 1696).
members of the Company of Scotland. Under the direction of Lord Belhaven, the Company had indeed decided to send ships with all possible haste to the East Indies. After the hearings in the House of Lords this plan was quietly dropped. It is odd that news of plans that had already been scuttled would have come to the attention of the East India Company almost two months later when all the excitement had died down. It appears to have been an attempt to move the debate on the East India Company from the Lords to the Commons. In this it was successful, and since there was a good number of company supporters in the Commons there was now an even better chance of the company obtaining a confirmation of its privileges. Whatever the reason, the petition prompted a committee to be appointed to examine the methods used to pass the Scotch Act.\textsuperscript{67} The committee headed by Colonel Granville included Sir Christopher Musgrave, Mr. Montague, Sir Edward Seymour, and Sir Richard Temple. The committee, which contained a good mixture of supporters and opponents of the East India Company, examined several of the company directors and Roderick MacKenzie, the company secretary. All of the directors had taken an oath \textit{de fideli administratione}, administered by Lord Belhaven. This was all that anyone would admit. Some conceded that the company had initially planned to send ships to the East but all claimed ignorance of the details. A copy of the Oath was laid before the House:

We, whose names are hereunto subscribed, do severally, in the Presence of Almighty God and this Company, declare and promise, That, during our being jointly, or severally concerned in the Company of Scotland trading to Africa and the Indies, we shall not disclose any thing that, from time to time, shall by the President of the Court, be given us in Charge to be kept secret; but shall, in our Respective Stations, endeavour, to the utmost of our powers, to promote the Profits and Interests of the said Company.\textsuperscript{68}

A copy of the Minute Books of the meetings of the Company of Scotland from 29 August to 6 December 1695 was also examined by the committee. The details of the company's operations in London were

\textsuperscript{67} CJ, xi: 400 (21 January 1696).

\textsuperscript{68} CJ, xi: 401 (21 January 1696).
laid bare. Minutes of the meeting of 20 November ordered that, "No copy of List be given out, to any Person Whatsoever, of the Subscribers names, without Special Direction from the Board." On 4 December 1695 after the hearings of the House of Lords had begun, the directors had resolved that "one or more ship or ships be fitted out for the East-Indies from Scotland, with all convenient speed..."  

After examining the material and witnesses a decision was made. It was resolved that the directors of the company by administering and taking an oath de fidele were guilty of a High Crime and Misdemeanor. By trading under the colour of an act of the Scots Parliament, calling themselves a Company, and raising money in England, they were again guilty of a High Crime and Misdemeanor and were to be impeached. A committee was appointed to prepare articles of impeachment against all those named. English merchants who had subscribed claimed that they were not aware that they had violated their oath to the East India Company. This plea was ignored and they were impeached along with the others. 

The results of these Parliamentary activities were varied. The subscriptions raised in London were returned and plans to include English capital and expertise had to be dropped. It meant that the Scots had to raise capital all over again. This time Amsterdam and Hamburg were approached. The actions of the English government did not put an end to the company but it delayed and changed the company's plans. The interference of the Lords and Commons created hostility in Edinburgh. The hearings held by the House of Lords and the decision of the House of Commons to impeach the directors of the company were meant to stop the Scots and make the act passed in Scotland useless. The Company of Scotland tried to raise subscriptions overseas only to find itself blocked, this time by the King and his ambassadors. The company was undaunted by these actions of the King, and raised its subscription on a smaller scale in Scotland. It then focused its aims, and set off to found a colony at Darien. Neither of the expeditions that sailed to Darien were able to maintain the colony. A mixture of bad luck, internal division, and disease played their part, but

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69 CJ, xi: 403 (21 January 1696).
70 CJ, xi: 405 (21 January 1696).
undoubtedly the actions of the English government were central to the overall failure of the colony. Once the colony was established the King ensured its failure by issuing the "Proclamations". In January 1699 the House of Lords, after consulting with the Council of Trade and Plantations on how consistent the Scots colony at Darien was with English treaties with Spain (Treaty of Madrid, 1670), decided to uphold its decision of 20 December 1695. This decision meant that the Scots colony at Darien would not be recognized as legal and therefore no aid would be given to it. With the colony a bitter failure it was expected that the Company would quietly end its operations. Instead earlier plans of trade with the East were revived. One voyage to the West coast of Africa in 1699 managed at least moderate success. Even in these belated endeavours there was no rest from English interference. In 1703, as one of the company's ships was lying in an English port waiting to sail to Malacca, it was seized and its goods held forfeit by the Court of the East India Company. Despite all of this the Company of Scotland was still in existence as late as 1706, and it became a bargaining chip in the Union negotiations. The Scots wanted to keep the company active but the English were willing to pay £233,000 under Article XV of the Treaty of Union to ensure that the Company of Scotland was no more. This was an enormous sum of money but was considered a fair price to pay to rid England of the threat of a Scots competitor.

There is little doubt that the new company posed a threat to the monopoly of the East India and Royal African companies. From the letters of Paterson in the summer of 1695 it would seem that there were powerful people in the background only too ready to assist in breaking the monopoly of the East India Company. When the House of Lords took the matter under serious consideration in December 1695 this backing faded away. The power of the East India Company and its ability to mobilize its supporters in both Houses was amazing. It had proved capable of organizing itself and the Royal African Company for the struggle against its opponents, realizing that the threat came not only from Scotland but from the merchant community in London. The Scotch Act gave it an opportunity to try yet again for parliamentary

72 Linda Kerr, "Background to Union: The Scottish Economy 1660 to 1707 Reconsidered" (M.A. Diss., University of Calgary, 1987), 128-130.

73 C.S.P. Col, xviii: 32-34. Entry no. 43 (18 January 1699).
approval. The East India Company did well in the initial stages of the hearings but interest flagged before it was able to push Parliament into confirming its privileges. The House of Commons had been slow to assert itself but in the end carried the matter further than the Lords by calling for the impeachment of those involved in the Company of Scotland. In the end, however, neither the Lords nor the Commons found what they were looking for - proof that the Act creating the Company had been passed by bribery. On the other hand, the Commissioners of Customs and Edward Randolph took this opportunity to increase their control over the trade of the colonies. In consequence, the Navy became even more involved in mapping and patrolling the East coast of America. The Board of Trade was created in the spring of 1696 and an act for regulating abuses in the Plantations was passed. The House of Lords had forced William to declare for one country or the other and he had chosen to keep the mercantile interests of England happy. The Scots Parliament stripped of the support of the Crown could no longer hold its own against the might of English money and political power.

A brief discussion of the initial phase of the Company of Scotland which lasted from June 1695 to January 1696 provides a snapshot of Anglo-Scottish constitutional rivalries. In the post revolutionary period the King was still able to make promises and to initiate economic legislation in one kingdom without consulting the other. While this seemed a positive sign for Scotland it was seen as an abuse of power in England. It is likely that when William sanctioned an act to encourage overseas trade he had no idea that the Scots merchants would take advantage of it. The act was meant to divert attention from the Massacre at Glencoe and not to cause more trouble. The power of the Lords in relation to the King is clearly demonstrated in this crisis. The Lords forced the King to declare for the trading interests of one country over the other, and he chose England. After this, the Scots were on their own and although they sought legal recognition for their company, and later for their colony, it was never forthcoming. The House of Commons failed to assert itself until the crisis was all over and it had shown that it was not the first place that merchants would go to settle their disputes. None of its own Members had introduced the issue of the Company of Scotland into the Commons. In December and in January the Scotch Act had been brought to the attention of the House first by the Lords and then by the Governor of the East India Company.

The East India Company showed its true colours in this crisis. The company's power was based firmly in the House of Lords and it was
there that the battle was fought. The company did not move its case to
the House of Commons until it was sure that the battle was, for all
intents and purposes, already won. The East India Company invested
time, money, and effort into courting the Lords and the Commons
because it believed that they and not the King now held the reins of
power.

Throughout the seventeenth century Scotland had been ruled
by an executive committee directly responsible to the King known as the
Lords of the Articles. Freed from the restraining hand of this commit-
tee after 1688, the Scots Parliament had tried to legislate on its own
behalf paying little attention to England or the Crown. Full advantage
was taken of this new found freedom from royal control until the Scots
were brought to heel in the 1695 session. No one knew quite what the
constitutional position of Scotland was in relation to England after
1688. In 1695 it became increasingly clear that the first few flutterings
of freedom for the Scottish parliament were illusory. The reaction in
London to the Company of Scotland provided the first of many hard
lessons in power politics for Scots politicians. The decision of the Lords
to act against Scottish interests in December 1695 was not welcome
news and the Scots parliament was powerless to influence its southern
neighbour. The decision of the King to withdraw his support should
have sounded warning bells in every Scots parish. The Darien scheme,
which is blamed by many historians for the near bankruptcy of Scotland
and for the eventual union of Scotland with England, began in 1695
with great hopes and ended in even greater disappointment. Scots
politicians would not realize for many a year that this first clash of
interests between Scotland and England in the post revolutionary era
was proof that the Union of the Crowns was no longer working and that
another solution would have to be found.

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