

dinero ajeno, y sumido en el pesar que le provoca la incertidumbre de no saber si puede seguir o no en el ejercicio de su consulado. Pero Francesco Ginori es también la voz de quien, desde la experiencia y el conocimiento que ésta proporciona, da firmes instrucciones a los diplomáticos que han de negociar las condiciones de un acuerdo comercial para que los florentinos obtengan las mismas ventajas que franceses, ingleses y holandeses y que, una vez alcanzadas, se de cuenta por escrito a los cónsules de la nación para que sus mercaderes puedan negociar conforme a ellas. Es cierto que considera que quizá haya llegado ya el momento de su retirada y de ceder a otro el ejercicio de la representación, pero no lo es menos que aun sin tener su carácter de cónsul reconocido, Francesco Ginori se aprestó a cumplir con la solicitud y eficiencia acostumbradas, el servicio que de él requirió su nación y su príncipe. Fue su último servicio. Francesco Ginori murió en Cádiz el 11 de julio de 1713.

RALPH AND FRANCIS SMALLEY
AN ENGLISH MERCHANT COMPANY OPERATING BETWEEN
LA PALMA AND LONDON (1697-1725)

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The production and trade of wines is a central theme in the economic history of the Canaries in the Early Modern Era, although it was most of all during the 17th Century when vitiviniculture became what may be characterised as a strategic sector in terms of the island economy. In effect, the growth in production —which came to surpass 45,000 *pipas* by the mid-17th Century — led to significant changes in inter-island economic relations as, owing to the expansion of the vineyard, Tenerife and La Palma began to depend ever increasingly on the cereal grains produced on the rest of the islands. Wine exports, for their part, modified the role fulfilled by the Canaries within the Atlantic economy to such an extent that they ended up being known as — together with Madeira — the “Wine Islands”. Wine that served to pay for the imports arriving from Europe and which to a large extent determined the level of activity and income throughout the archipelago.

The islands offered, essentially, two types of wines: *malvasía* (malmsey) and *vidueño* (vidonia). The principal market, virtually the only one, for the first was England where its quality and flavour, immensely appreciated, allowed very remunerative sale prices to be obtained. *Vidueño*, with a production four times higher than that of *malvasía* but of an inferior quality, was consumed mostly on the islands themselves and in the New World. By the mid-1680s, the number of *pipas* of *malvasía* being offloaded annually in London —by far the principal English port of arrival for wine from the Canaries — reached its zenith, surpassing the figure of 9,200 (roughly 4,600 tons). It was precisely at that point, coinciding with the height of splendour of the wine trade between the Canaries and England, when Ralph Smalley arrived in La Palma. It is not known why he settled there rather than in Tenerife, where most production of *malvasía* in the islands took place —around 85-90%—and where

a sizeable colony of English merchants resided. Ralph is likely to have chosen La Palma given the lesser presence of his compatriots and, ultimately, of competitors in the zone, a circumstance that could be exploited to start new business on the island. Another factor could have been the lower surveillance for contraband, above all, once the *Juzgado de Superintendencia de Indias* had been established in 1657 and the official in charge of inspecting ships took up residence in San Cristóbal de La Laguna (Tenerife)¹. Whatever the case, his settlement on the island was immediate and definitive: in 1685 he married Mauricia Ana Espino with whom he would go on to have thirteen children; four years later he acquired ownership of several houses situated in Santa Cruz de La Palma; in 1690 he purchased a plot of land measuring eleven fanegas planted with malvasía and vidueño situated in El Mocanal, between Breña Baja and Mazo, the wine region par excellence of the island²; and in 1699, at long last, he began the process of seeking an official seal of naturalization from the King³. Thus, the Smalleys became the most important English merchants of La Palma.

The primary documentary source for this investigation is the accounts ledgers for Smalley and Co, kept in the London School of Economics archive⁴. The first contains shipments of merchandise to La Palma made by Francis Smalley, Ralph's brother, from London between 1697 and 1729; the second, shipments of malvasía to the British capital between 1698 and 1725. It is an exceptionally valuable source although, regrettably, an isolated example. Despite these limitations, the accounting records of Smalley and Co have made it possible to reframe some aspects of the exchanges between the Canaries and England which were believed to be conclusively settled. Therein lies, from our point of view, the principal interest of this study.

1 A. Lorenzo Tena; "Ingleses en La Palma durante los siglos XVII y XVIII", *Anuario de Estudios Atlánticos*, 56, 2010, pp. 139-168. The references to Ralph Smalley, on pp. 63-64. See also M. Lobo Cabrera, "Los ingleses y su actividad mercantil en La Palma en el primer cuarto del siglo XVII" en *Historia y perspectivas de investigación. Estudios en memoria del profesor Ángel Rodríguez Sánchez*, Mérida, 2002, pp. 221-225.

2 J. Pérez García, *Casas y familias de una ciudad histórica: la calle Real de Santa Cruz de La Palma*, Santa Cruz de La Palma, 1995, pp. 28-34 and Archivo Histórico Municipal de La Palma (AHMLP), 766-1-7-26 and 766-1-7-29.

3 Archivo General de La Palma (AGLP), Protocolos Notariales (PN), Pedro de Mendoza, 26-11-1699.

4 Shelfmark: SR 1020 (Accounts books of Smalley and Co., merchants, 1697-1729).

THE WINE TRADE BETWEEN THE CANARIES AND ENGLAND (1640-1725):
BRIEF STATE OF THE ISSUE

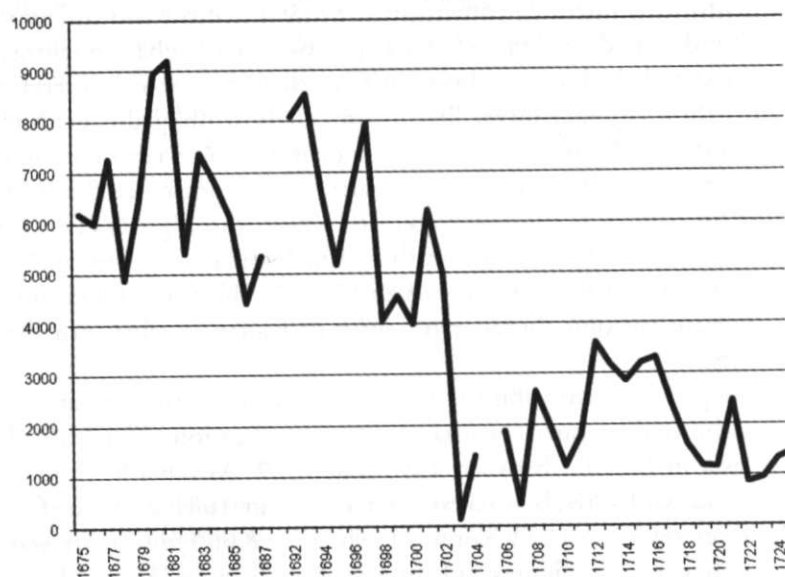
The study of the production and trade of wines between the Canaries and England relies on three essential reference works: those from A. Béthencourt Massieu, G. Steckley and A.M. Macías Hernández. Béthencourt was the first to propound the main features of the subject under analysis. Among them, the growing difficulties facing Canarian wine in external markets as a consequence of the restrictions imposed on cargoes destined for America (Spanish, Portuguese and English) at different times during the 17th Century; the attempt by a group of merchants to monopolise exchanges with England through the creation in 1665 of a company having exclusive rights, the so-called *Canary Company*; and, lastly, declining exports of malvasía from the Canaries in the 18th Century. Despite these difficulties, Béthencourt concludes: "durante los setenta y cinco primeros años del siglo XVII la exportación de malvasía irá en aumento. El número de comerciantes británicos crece año tras año. La abundancia de la demanda hace que los precios suban, mientras que decae el de las mercancías británicas, por exceso de oferta". Under these circumstances, "los ingleses viéronse obligados a cubrir el déficit de la balanza con reales de a ocho y otras clases de moneda labrada, que obtenían en otras partes", a circumstance that was cause for scandal in their own country, where warning was given of the necessity to reduce consumption of malvasía in England and/or the purchase price at source (Josiah Child)⁵. The path chosen was to increase customs duties upon entry of Canarian wine into the country.

The principal contribution by Steckley with regard to what was noted by Béthencourt consists of the quantification of arrivals of malvasía in London between 1595 and 1729. As remarked previously, the said arrivals reached their height in 1681-2. Thereafter or, better yet, from 1692-3 onward, when the 8,000 *pipas* mark was still surpassed, the figures did nothing but decrease. So much so, that in 1700-1 they had fallen to 5,100 *pipas* per year, in 1713-4 to around 3,000 and in 1722-3 to a mere 900 (Figure 1). This decline would have been the result, essentially, of the rise in taxes due on

5 A. Bethencourt Massieu; *Canarias e Inglaterra: el comercio de vinos*, Las Palmas, 1991, pp. 29-30 (first edition dates from 1956 and was published in *Anuario de Estudios Atlánticos*).

each *pipa* of wine from the Canaries upon entering England; taxes that multiplied threefold between the 1670s and 1690s to reach 12 pounds and 15 shillings per *pipa*, that is, almost 50% of its wholesale price in London. The preference given by the British authorities to other Atlantic wines and, in particular, to wines from Madeira and Porto, through which they sought and obtained access under the best conditions possible to the Portuguese market and, above all, to Brazilian gold, did the rest. On another level, Steckley's doctoral thesis served to confirm Béthencourt's conclusion that the price of malvasía at source did nothing but rise during the 17th Century. In effect, the average price per *pipa* in Tenerife went up from 309 reales in 1620-9 to 569 in 1690-9, the latter decade witnessing the highest levels of the century⁶.

Figure 1
Imports of Canarian wine through the Port of London
(1675-1725) (*pipas*)



⁶ The following works by G. Steckley were consulted: *Trade at the Canary islands in the Seventeenth Century* (Ph.D., University of Chicago, 1972); *The Letters of John Paige, London Merchant, 1648-1658*, London, 1984 and "The Economy of Tenerife in the Seventeenth Century: Anglo-Spanish Partnership in a Luxury Trade", *Economic History Review*, vol. XXXIII, 3, 1980, pp. 335-350.

As regards, lastly, the works of Macías, his most valuable contributions stem from having incorporated the sphere of production into certain studies, those that had been carried out up to the publication of his investigations, centred exclusively on the trade aspect, by means of the analysis of the processes of the initial expansion and subsequent restructuring of the Canarian vineyard, part of a wider study on the principal macroeconomic indicators of the islands in the Early Modern Era; from the construction of an annual price series for wine that completes and clarifies Steckley's and, ultimately, from attributing responsibility for "la incapacidad de la oferta vitícola isleña para hacer frente a sus nuevos competidores en los mercados del Noroeste europeo y coloniales" to the decline that took place during the 18th century⁷.

What does the present study add to the current state of knowledge of the wine trade between the Canaries and England? Besides allowing the geographical framework of analysis to be widened, to date limited to the island of Tenerife, through the inclusion of La Palma, the second wine-producing centre of the archipelago, this work pays greater heed to the period when exports of malvasía to the British market were in decline, that is to say, the latter years of the 17th Century and initial decades of the 18th Century, than to the preceding heyday. This has made it possible to evaluate, probably in a more balanced manner than hitherto, the impact that the interruption of exports of malvasía had during the more than ten years for which the War of the Spanish Succession lasted, on the long and medium-term development of exchanges between the Canaries and England. In addition, and not as a secondary issue, this paper provides authoritative data on the trend in prices of manufactured goods that were exchanged for Canarian wines; data that casts doubt over the theory on the deterioration of the terms of trade of wines from the Canaries with respect to the manufactured goods being imported from England during the closing decades of the 17th Century and initial decades of the 18th Century. Finally, this study challenges the long-established idea that the balance of trade between the Canaries and England, until well into the 18th Century, was always favourable towards the islands.

⁷ The publications by A.M. Macías Hernández on the wine economy of the islands are rather numerous, although from the point of view of this study two are noteworthy: "Explotación directa o medianería en el viñedo canario durante el siglo XVIII: estrategias para una crisis", *Revista de Historia Económica*, 1988, 1, pp. 43-71 and "Canarias y la 'crisis' del siglo XVII: la singularidad isleña", *Revista de Historia Canaria*, 176, 1992, pp. 179-206. I am grateful to Prof. Macías for providing me with some unpublished data and his observations with regard to the final draft.

In addressing all these issues, the analysis focuses primarily on the activities of Ralph and Francis Smalley and their financial results. The malvasía crisis — did it imply that the companies carrying out this business no longer profited and, consequently, saw themselves doomed to disappearance or, on the contrary, did the exportation of wine, although reduced, continue being lucrative? After answering this question, the paper goes on to deal with the issues of terms of trade and balance of trade between the Canaries and England in light of the data from Smalley and Co's accounting records. The results obtained are integrated into the general explanation of the decline in exports of malvasía to the United Kingdom in the initial decades of the 18th Century.

ACTIVITIES AND FINANCIAL RESULTS OF SMALLEY AND CO (1697-1725)

In 1700 Francis Smalley, "merchant in this city of London", granted powers to his brother Ralph, resident in La Palma, to carry out all manner of commercial transactions on his behalf, such as collect debts, demand and examine accounts, do business, make agreements, settle accounts, commence legal proceedings and serve writs of summons, among others. The deed, once translated, was presented to the *juez conservador* of the English nation in La Palma, Juan de Guisla, becoming a public deed on 22 December of the same year⁸. In reality, the collaboration between the brothers had begun several years before, as inferred from the accounts ledgers analysed below, but for reasons unknown Ralph did not require his brother's notarial authorisation to be able to act on his behalf up to that point. Whatever the case, this collaboration would be maintained for more than two decades, with Francis in London and Ralph in La Palma.

The principal activity of Smalley and Co was the exchange of malvasía wines for manufactured goods and foods imported from England. Between 1697 and 1725 they sent to London 2,334 *pipas* of wine with an estimated value of £16,338 (at £7 per *pipa*) (see below), 18 *pipas* of brandy, 18 tonnes of logwood, 600 pounds of almonds and 46 arrobas of sumac, and they imported from the British capital goods with a net value of £21,221 (after deducting taxes, insurance, risks, commissions and freight that, jointly, are assumed to be around 10% of the value of the invoices). The data in Table 1 would suggest the need to distinguish between two periods in the history of Smalley and Co, separated by the War of the Spanish Succession. During the first (1697-1701), the value

⁸ AGLP, PN, Antonio Jiménez, 22-10-1700.

of the shipments of wine to London was very inferior to that of the goods brought from England — £ 3,477 and £9,504, respectively — while during the second (1713-1725) precisely the opposite occurred, that is to say, the value of shipments of wine from La Palma was about 10% higher than that of the merchandise brought from London — £11,079 and £9,993, respectively. This issue, which will be revisited below, is fundamental in understanding the history of the company and, certainly also, of the wine trade between the Canaries and England during this period.

Table 1
Smalley and Co.: Major Figures (1697-1729)

	SHIPMENTS TO LONDON		SHIPMENTS TO LA PALMA		
	(value in £, s, d)		(value in £, s, d)		
1697			521	9	11
1698	392		3186	3	7
1699	588		1445	13	0
1700	1151	10	2722	0	10
1701	1345	15	1629	11	5
1702					
1703	773	10			
1704	658				
1705					
1706			1018	12	1
1707					
1708					
1709	350				
1710					
1711			552	2	1,5
1712					
1713	1278		751	5	5
1714	231		1295	19	11
1715	1316		1134	5	11
1716	1355		1166	5	12
1717	871		1078	10	11
1718	952				
1719	630		1587	13	9,5

1720	3234			516	18	0
1721	372			633	15	10
1722	280			540	10	8
1723	280			503	4	4
1724				26	1	6
1725	280			758	17	8
1726						
1727				97	9	3
1728						
1729				54	15	1
TOTAL	16337	15	0	21221	4	0

According to the ledgers of imports and exports kept by English customs, between 1698 and 1701, 18,826 *pipas* of wine from the Canaries were offloaded in the port of London with another 26,002 between 1713 and 1725. In view of the fact that shipments by Smalley and Co during one and the other period amounted to 496.75 and 1,582.75 *pipas* of wine, it is possible to conclude that their market share was 2.6% and 6.1%, respectively. As for imports, those of Smalley and Co and the total arriving from England stood at £9,504 and £236,987 between 1697 and 1701, and £9,993 and £356,863 between 1713 and 1725 (data is unavailable for 1718), respectively. Thus, Francis and Ralph Smalley would have carried out 4.0% and 2.8% of the total imports coming from England during each of the indicated periods (Table 2)⁹. The figures for Smalley and Co may seem small but if considered that the majority of exchanges between the Canaries and England were concentrated on the island of Tenerife, it seems unquestionable that the Smalleys became the leading English merchants on the island of La Palma.

⁹ National Archives (NA), CUST 3 and E.B. Schumpeter, *English overseas trade statistics, 1697-1808*; Oxford, 1960.

Table 2

Smalley and Co. in Anglo-Canarian trade (1697-1729)

	SHIPMENTS TO THE CANARIES BY SMALLEY AND CO			ENGLISH EXPORTS TO THE CANARIES		
	(value in £, s, d)			(value in £, s, d)		
1697	521	9	11	51851	3	2
1698	3186	3	7	43170	9	6
1699	1445	13	0	35973	7	10
1700	2722	0	10	65257	4	6
1701	1629	11	5	40735	10	9
1702						
1703						
1704						
1705						
1706	1018	12	1	34857	3	11
1707						
1708						
1709						
1710						
1711	552	2	1,5	30517	10	8
1712						
1713	751	5	5	30714	0	3
1714	1295	19	11	32161	19	8
1715	1134	5	11	46218	16	10
1716	1166	5	12	32184	10	10
1717	1078	10	11	39179	1	3
1718						
1719	1587	13	9,5	5499	12	2
1720	516	18	0	19845	11	8
1721	633	15	10	21082	14	10
1722	540	10	8	21754	7	8
1723	503	4	4	29064	3	1
1724	26	1	6	33894	18	9
1725	758	17	8	45263	11	10
1726						
1727	97	9	3	16514	2	4
1728						
1729	54	15	1	38089	10	4
TOTAL	21221	4	0	713829	11	10

When estimating the profits obtained by the company and, more specifically, the profitability of wine shipments to London, the procedure to be followed consists of comparing income and expenses resulting from the purchase, export and sale transactions of malvasía¹⁰. The calculation of income is very straightforward to perform, as the sale price is known for each and every *pipa* traded in London. With regard to expenses, to the purchase price per *pipa* of wine in the Canaries it is necessary to add the total costs incurred from that point until the moment of sale in the target market¹¹. The biggest of these were two: freight from the Canaries to the port of London and, especially, customs duties payable on the malvasía upon arrival in England.

With an estimated price at source of £7 per *pipa* (see below), freight of £2 per *pipa* and customs duties of £10.12.08 per *pipa* until the year 1704 (£12.08.09 thereafter), did the Smalleys manage to profit from this line of their business? The answer is yes, although only £2,438.16.11, equivalent to an average annual profit of 4.8% for the nineteen years that they exported wine to London (Figure 2). Needless to say, it is an extremely low figure¹². Whatever the case, it is worth highlighting that in each and every one of the years between 1698 and 1704 there were profits and that at certain points these reached percentages superior to 20% (in 1698 and 1700) and even 30% (in 1703 and 1704). The profits obtained in 1721 and 1722 were also extraordinarily high (29.6% and 23.1%, respectively). Between 1709 and 1720, by contrast, there were either losses or else very low profits (6.7% in 1717, 5.4% in 1720 and 1.5% in 1719).

¹⁰ Most of the wines were exported by Ralph and Francis Smalley (almost always individually or in partnership; on some occasions, sharing the risks with other English merchants of La Palma —such as Francis Tey— or of Tenerife —such as John Thomas). The islanders, then, scarcely exported wines themselves using for that the services of Smalley and Co which, in such cases, limited itself to receiving a commission. In effect, of the 2,334 *pipas* accounted for, no more than 69 or 2.9% of the total were shipped on behalf of La Palma islanders. The profits from this phase of the wine trade came to fall almost entirely, as a consequence, into the hands of English merchants.

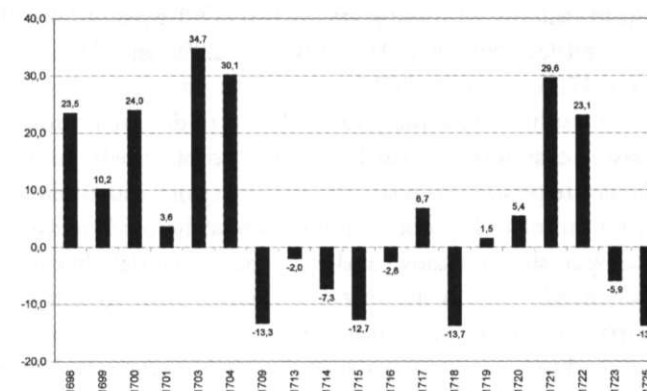
¹¹ In this respect, the reference is the price of wine loaded on board, not the one paid to the producer, to which it would be necessary to add the costs of transportation to Santa Cruz de La Palma and of warehousing and local taxes in order to estimate the composition of the value of the *pipa* loaded on board and the distribution of profits.

¹² Compare these percentages with those provided by T.B. Duncan, *Atlantic islands: Madeira, Azores and the Cape Verdes in seventeenth century commerce and navigation*, Chicago, 1972. In 1696, according to him, a *pipa* of Madeira wine cost in Funchal £5 and 5 shillings “free of all customs and loading charges” while in Barbados it fetched £17. Assuming freight of 15 shillings per *pipa* and a loss of 10% of the cargo, the “gross profit” amounted to 155% of the capital invested (p. 50).

If the price at source had been £6.5 per *pipa* rather than £7, the company's profits would have totalled £3,605.16.11, equivalent to an average annual profit of 7.3% between 1698 and 1725, as for every half pound of sterling that the price per *pipa* of malvasía at source was reduced, *caeteris paribus*, the profits of Francis and Ralph Smalley increased by £1,167. This last percentage, in any case, is still very small considering the uncertainties and risks that the wine export business entailed. For the Smalleys, at any rate, obtaining the best purchase price for the wine loaded on board was a vitally important issue as it significantly influenced whether or not profits were made and to what extent, in each transaction; above all if we take into account that the possibility of reducing the amount of taxes due on the wine, upon arrival in England, was beyond their power¹³. Between 1714 and 1719 the company used the frigate *Smalley* —note the coincidence of the name—to transport their merchandise, a circumstance that helped to reduce the price of freight and improve the terrible results during those years.

Figure 2

Smalley and Co.: estimated profits from malvasía exports (1698-1725) (%)



¹³ The only form of recouping the very high taxes charged on the wines upon arrival in England would have been by re-exporting them, given that English customs regulations allowed for their refund —*drawback*— in such cases. Until 1688, the *drawback* entailed there fund of approximately half the duties paid; thereafter, almost 90%. See R. Davis, “The Rise of Protection in England, 1689-1786”, *Economic History Review*, vol. 19, 1966, n. 2, pp. 306-317. The problem is that Canarian malvasía was only re-exported in small quantities (around 5% of imports). In 1699, for example, re-exports totalled 237 *pipas* only, distributed as follows: Denmark and Norway, 2 *pipas*; “East country”, 26; East Indies, 44; Flanders, 20; France, 18; Germany, 4; Holland, 18; Ireland, 9; Portugal, 1; Russia, 17; Scotland, 26; Sweden, 1; Antigua, 6; Barbados, 9; “Straits”, 1; Carolina, 2; Jamaica, 12; New York, 3; Virginia and Maryland, 16 and Nevis, 2 (NA, CUST 3/3).

Whatever the case, profits from the wine trade did not depend solely on the price per *pipa* of malvasía at source and on the amount due as customs duties upon entry of the product into England. In this regard — and pending the detailed analysis of the sale prices in London carried out below —, it is important to draw attention to the losses incurred when a portion of the *pipas*' content leaked away during the voyage or upon being disembarked or warehoused in London. In effect, of the 2,334 *pipas* of wine loaded at La Palma by Smalley and Co only 2,032 were sold, that is, 87%. What happened to the others?: 218 leaked away, 25 were used to top up other *pipas* and the remaining 59 seem to have been accounted for as "depleted" or as *pipas* whose content was thrown out for "being worthless". Thus, the profits from some years and losses from others also had a great deal to do with good or bad fortune, so to speak, when trying to ensure that the wine loaded at La Palma reached London and was sold in the British capital without suffering any deterioration. In five of the eight years in which Smalley and Co experienced losses in agreement with the estimates in this study, the number of *pipas* that leaked away, suffered losses or were thrown out for being worthless was abnormally high, a circumstance that helps to explain the final results for the transactions carried out in each one of those years (in 1709, 7.5 *pipas* of 50, 15%; in 1715, 27.5 of 188, 15%; in 1718, 27 of 136, 20%; in 1723, 13 of 40, 33%; and in 1725, 11 of 40, 28%).

The poor results from some years had a lot to do, on a similar note, with the rising cost of freight (in 1709, for example, the highest freight during the entire period was paid, £5.00.10 per *pipa*, more than double the usual rate until that point and what would be paid following the War of the Spanish Succession) and with the difficulties that the company experienced — from the year 1709, never prior to that — when financing payment of customs duties and freight for the wine, which meant they had to borrow money at 6% annual interest, the legal maximum¹⁴. Between 1709 and 1725, the capital of these loans amounted to more than £13,800 and the interest paid to more than £800, which affected Smalley and Co's final results as never before.

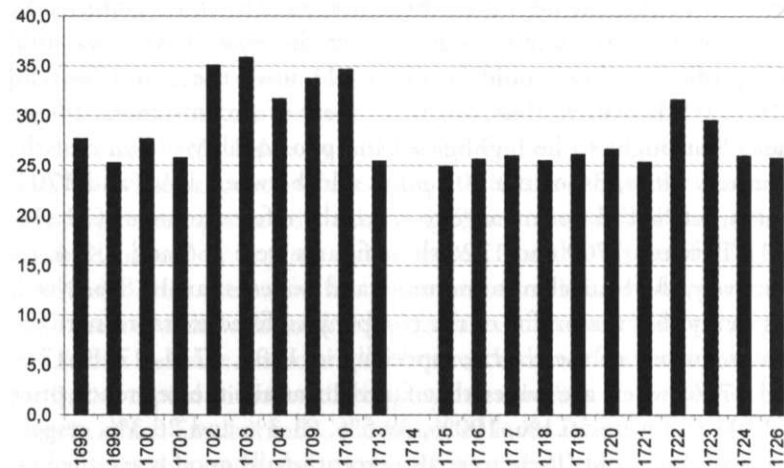
Finally, and with regard to the other end of the trade chain, did Ralph and Francis Smalley obtain profitable sale prices for their wines

¹⁴ During the War of the Spanish Succession the price of insurance also became more expensive such that if prior to the war the insurance premium on the London-La Palma voyage was 2.5-3% of the value of the insured commodities, in 1706 it reached 10%. After the war, the premiums fell to 1-3% (see Appendix). In G. Bird, *The practising scrivener, and modern conveyancer*, London, 1729, pp.14-15, two agreements for freight to the Canaries are reproduced.

in the target market, that is, in London? If to the estimated price per *pipa* at source (£7), we add freight (£2), customs duties (£10.12.08 until the year 1704; £12.08.09 thereafter) and 10% for miscellaneous expenses (which includes everything else, such as commissions), the reference price for determining whether the *pipa* of wine was sold at a profit or a loss would be £21.11.11 until the year 1704 and £23.11.07 thereafter. Thus, due to a variety of circumstances, among those that ought to be highlighted the poor quality of some of the exported wines, 34 of the 602 *pipas* sold between 1697 and 1704, that is, 5.6%, did not manage to reach the reference price (£21.11.11.11). Between 1709 and 1726 these figures were 266 and 1,414, respectively, the equivalent to no more and no less than 18.8%. Needless to say that the profits of the company suffered extraordinarily as a consequence of these facts, especially in 1709, 1714, 1718, 1724 and 1726, when the wines that failed to attain the reference price (£23.11.07) were 56.1%, 100%, 39.5%, 81.3% and 26.3%, respectively, of those sold. There were also exceptionally good years, the best of all being in 1703 when the sale price per *pipa* in London fluctuated between £35 and £44.10.00, a real fortune.

Figure 3 shows the average price in London, excluding *pipas* sold below the limit for making a profit in order not to distort the results (£21.11.11 until the year 1704; £23.11.07 thereafter) (none of the *pipas* sold during 1714 were able to attain the reference price, which is why there is no column for this year in Figure 3). The data show great stability in terms of sale price which remained slightly above £25-26 throughout almost the entire period with the exception of the years of the War of the Spanish Succession and the biennium 1722-3. Given that between 1639 and 1645 the sale price per *pipa* of Canarian wine in London fluctuated between £17 and £18.5, it is possible to conclude also that only part of the increase in costs, especially the rise in taxes due on malvasía upon arrival in the country which moved from less than £2 per *pipa* in the 1640s to £12.08.09 from the year 1704 as previously indicated, could be passed on to the buyers. In effect, with respect to the increase in taxes of more than £10, purchasers in London at the end of the 17th Century and initial decades of the 18th Century did not pay greater than between £7.5 and £8.5 more. The remainder had to be borne by the wine merchants themselves, at the certain cost of reducing their profits.

Figure 3
Smalley and Co.: average sale price per *pipa* of wine in London
(1698-1726) (£)



The War of the Spanish Succession, in short, clearly marks a before and after in the history of Smalley and Co and, in more general terms, in the wine trade between the Canaries and England. The decline, it is true, had begun in the final years of the 17th Century, a period in which the stark reality of the effects of the British authorities' preference for Portuguese wines began to manifest itself. The war, nonetheless, had devastating effects as, to begin with, it led to the repatriation of the majority of English merchants living on the islands, many of whom had to leave behind and lost their effects. Francis Smalley, in particular, requested the English authorities in 1704 to allow him to send a ship to the Canaries in order to recover the assets that, with an estimated value of £5,000, he had on the islands. His situation was so desperate that in order to pay the £2,500 owed by him as customs duties, he found himself obliged to sell what he had in England¹⁵. The return to his country contributed, then, to weakening the trade networks that they had put so much effort into establishing in the decades preceding the conflict. During more than ten years, moreover, the direct exchanges with England became, if not entirely interrupted, much

¹⁵ C.S. Knighton (ed.), *Calendar of State Papers. Domestic Series. Reign of Anne*, vol. IV, 1704-1705, London, 2005, n° 277. See also F. Fajardo Spínola, "La guerra de sucesión española y la comunidad británica en Canarias: el final de una época" in A. de Béthencourt Massieu (coord.), *Felipe V y el Atlántico. XIV Coloquio de Historia Canario-Americana*, Las Palmas, 2002, pp. 49-88.

diminished, such that when the war drew to a close and the conditions for carrying out these exchanges returned to normal, it turned out to be very difficult to regain the malvasía wine markets —both wholesale and retail consumers — that had been lost during the conflict.

The accounting records of Smalley and Co are very enlightening in this regard. When Ralph Smalley resumed his wine shipments to London in 1713, almost all the clients that he had prior to the war, large and small, had disappeared from his books. It could not have been in the least easy to find new purchasers in such a competitive and fragmented market as the London wine market was, where a huge variety of wines of different origins, qualities and prices was traded¹⁶. During these years, furthermore, the accounting records of the company also reveal, for the first time, the existence of "bad debts" (in 1715, for example, the death of John Davis resulted in losses of £120, while that of Richard Baker led to losses of £16.5; John Lucas, for his part, paid only £12.5 of the £25 that he owed), a circumstance that highlights the ever-growing difficulties faced by the Smalleys in finding solvent purchasers to whom they could sell their wines.

As for the profits obtained by Smalley and Co with regard to the other side of their business, that is, the shipments of manufactured goods to the Canaries very little can be said due to the lack of information concerning prices and conditions of sale on the islands. Steckley, in his doctoral thesis, talks of profits of 20%. It is not possible to confirm or contradict the reliability of this percentage which, if applied to Smalley and Co, would have helped to boost profits obtained from the wine trade during the good years and to reduce or eliminate losses during the bad years. In any case, the existence of profits in this line of the business would help to explain how the Smalleys kept on operating between 1709 and 1718, a period in which losses from the wine trade were significant as shown by the previous estimates. These profits would have also helped to obtain the necessary financing to acquire the wines purchased in La Palma.

The only reference from English sources to shed some light on this matter indicates that after the Treaty of Utrecht the English merchants purchased each year some 4,000 *pipas* of malvasía wine in the Canaries —which is certain but only for the years immediately following

¹⁶ Of the 89 individuals to whom Smalley and Co sold its wines between 1698 and 1703, 40, that is, almost half, did not acquire more than 1 or 2 *pipas*. Between 1713 and 1716 the purchasers identified are 99: 23 of them only purchased one *pipa* and 27 two.

signature of the Treaty — in exchange for manufactured goods, paying the difference in the 12-18 months thereafter, whether on a weekly or a monthly basis.

«It is certain that the commodities exported by English merchants, from the Canaries, scarce defray their cost when brought into England; which undoubtedly might give them a distaste for this trade, had not they indemnified themselves in their imports, by which they gain from 60 to 70 per cent, in time of peace, and much more in time of war; but it is also true, that the sale is tedious, and that they are obliged to contract some bad debts»¹⁷.

In other words, the only means of compensating for the scarcely profitable wine trade was the shipment of manufactured goods to the islands where, despite being sold with difficulty and to purchasers that were not always solvent, they were able to obtain profits of 60-70% in times of peace and higher still during war. According to the company's accounting records, around two thirds of the merchandise shipped from England went to four individuals: Ralph Smalley (amounting to £5,649), Ralph and Francis Smalley (£3,471, equally shared), John Smalley (£2,600) and, Ralph and Francis Smalley and John Thomas (an English merchant residing in Tenerife) (£2,813, equally shared). It was they, consequently, who obtained the largest part of the profits arising from the retail sale or from the re-exportation to the Spanish Indies of the commodities arriving in La Palma¹⁸. In any case, the local elites also participated in this business as the monetary worth of merchandise sent to Nicolás Joseph Massieu (£998), Esteban Vandale Massieu y Sotomayor (£814), Pedro de Yangüas (£787) and Francisco Fierro (£534), limiting this list to those who received goods for a value higher than £500, suggests that a large part thereof was intended for sale, not for personal consumption¹⁹.

17 R. Rolt, *A new dictionary of trade and commerce*; London, 1756, p. 109.

18 According to P.E. Pérez Mallaina, *La metrópoli insular. Rivalidad comercial canario-sevillana, 1650-1708*, Las Palmas, 1993, p. 113, between 1700 and 1708 a total of 15 ships set sail from La Palma to Spanish America. One of them was the *Señora del Rosario y San Joseph*, with a tonnage of 100 and which, among other merchandise, loaded 20 *pipas* of malvasía in La Palma before sailing to Havana (AGLP, PN, Antonio Jimenez, 29-3 -1700).

19 In 1699, Francis Smalley sent his brother Ralph merchandise valued at £56.06.10 destined for John Lauder & Benjamin Willet of Port Royal (Jamaica). This transaction is the only case of merchandise shipped to La Palma for re-export to English America.

THE TERMS OF TRADE AND THE BALANCE OF TRADE BETWEEN THE CANARIES AND ENGLAND IN LIGHT OF THE ACCOUNTING RECORDS OF SMALLEY AND CO (1646-1725)

The study of the terms of trade between the Canaries and England requires having, at least, two price series: on one hand, the price per *pipa* of wine on the islands; on the other, the price of manufactured goods brought from England. In principle, those two types of goods are sufficient because at the end of the 17th Century exports of malvasía accounted for more than 95% of the total merchandise shipped to the Northern European country according to data from English customs, while goods manufactured from wool represented 51.4% of the goods sent to the Canaries and those of linen 17.4% (together these amounted to, therefore, 68.8% of the total, which makes the calculations based on this merchandise highly representative).

Determining the price per *pipa* of wine constitutes a problem that is difficult to resolve as, to start off, Malvasía was not a product as homogeneous as might be assumed, which is why both its purchase price at source and retail price in London, including in the case of wines from the same expedition, could vary extraordinarily depending on the quality of the wine being sold. Malvasía wines produced on the different islands of the Canarian archipelago were also not the same: in general, the ones from Tenerife were considered superior to those from La Palma. Furthermore, there is the matter of monetary exchange between the Canaries and England. From 1686 and as a consequence of the monetary reform that took place that year, the equivalence in terms of the money of account in the Canaries was:

1 peso = 10 reales = 480 maravedíes

while the predominant exchange rate between the currency in the Canaries and the pound sterling became²⁰:

1 peso = 54 pence or 1 rial = 5.4 pence

20 The information is taken from the accounting records of Smalley and Co, where the exchange rate fluctuates between 53.9 and 54 pence per peso between 1698 and 1725. According to A. Guimerá Ravina, *Burguesía extranjera y comercio atlántico. La empresa comercial irlandesa en Canarias (1703-1771)*, Santa Cruz de Tenerife, 1985, p. 457, between 1703 and 1727 the exchange rate of the current peso on the islands with respect to the pound sterling was 53.3, a figure that comes to coincide with those found in the books of Ralph and Francis Smalley.

Steckley offers a series for the average ten-year price per pipa of malvasía in Tenerife between 1620-9 and 1700-9, according to which the price of the product in the 1640s was 385 reales (£9.6) while in the 1670s it reached 559 reales (£13.9). Thereafter it began to diminish, such that in the 1690s it had fallen to 569 reales (£12.8) and in the 1700s to 398 reales (£8.9)²¹. With regard to the price of malvasía in La Palma, for the period preceding the War of the Spanish Succession there are only two references. The first, from the year 1687, is to be found in the contract of purchase and sale of 10 *pipas*, acquired specifically by Ralph Smalley from a neighbour in La Palma, at the price of 300 reales per *pipa* (£4.5 per *pipa* at the rate of 5.4 pence per rial)²². The second, in 1701, comes also from a contract of purchase and sale in which the English merchants Joseph Martyn and Henry Bolton sell to Miguel de Brito y Silva, "hacedor de las rentas decimales" on the island of La Palma, 10 *pipas* of malvasía wine, in this case in containers (*encascadas*), at the price of 350 reales each one (£5.2 per *pipa* at the rate of 5.4 pence per rial)²³.

The information available for the first quarter of the 18th Century is more complete as there are, at least, two distinct sources (Table 3). The figures from A.M. Macías originate from the farm of the Conde del Valle de Salazar in the valley of La Orotava (Tenerife)²⁴; those from Smalley and Co, from several invoices indicating that merchandise was sent from London for wines at a given number of pounds per *pipa*. The extreme values in this case are £6 and £7.55 per *pipa*, with the price of £7 per *pipa* being the most repeated value, for which reason the calculations made in this study assume that the habitual price per *pipa* loaded on board at La Palma was £7 per *pipa*.

21 G. Steckley, *Trade at the Canary islands ...*, p. 147. Steckley's price series is in reales, which in this paper have been converted into pounds sterling at 6 pence per rial prior to the monetary reform of 1686 and 5.4 pence thereafter.

22 AGLP, PN, Pedro Dávila, 26-11-1687.

23 AGLP, PN, Andrés de Huerta, 10-5-1701. They also sold him two *pipas* of spirits, matured, at 450 reales per *pipa* and three *pipas* of vidueño, also in containers (*encascadas*), at 250 reales per *pipa*.

24 A.M. Macías, "Explotación directa...", pp. 60 and 64.

Table 3
Price per *pipa* of Malvasía in the Canaries (1700-1719)

	A	B
1700	8,9	
1701	6,5	
1702	10,4	
1703	6,3	
1704	6,8	
1705	6,8	
1706	8,2	
1707		
1708		
1709		
1710		
1711		7
1712	9,4	
1713	10,4	7-7,55
1714	8,4	7
1715	7,0	6
1716	7,7	6,8
1717		6,9
1718		
1719		7,3

A. Conde del Valle de Salazar; B. Smalley and Co.

The final reference available takes the form of prices approved by La Palma town council per *cuartillo* of malvasía wine in retail sale. These display, equally to those from Smalley and Co, a high degree of stability: between 1697 and 1725 the town hall of La Palma fixed the said price, year upon year, at 1 rial or 10 cuartos per *cuartillo* (with the exception of 1718 and 1720 when the price was fixed at 8 cuartos per *cuartillo*)²⁵.

25 AHMLP, Actas Capitulares, years 1695-1725. Prices were typically established each year in the month of January, with those of malvasía differing from those of vidueño. On the conditions surrounding the production of wine in La Palma in the second half of the 17th Century see P.J. Rodríguez Benítez, "Gran propiedad y relaciones de producción en La Palma durante la segunda mitad del siglo XVII: la contabilidad de los Valcárcel y Lugo", *XIV Coloquio de Historia Canario-Americana*, Las Palmas, 2002,

The price of manufactured goods sent from England is much clearer, provided that the prices of homogeneous goods are compared since in the case of textiles, as is well known, the variety was extraordinary. The types chosen for this paper are three: the ozenbrigs (brown), a linen textile used to produce shirts, breeches, pillows and doublets; kerseys and long ells, made from wool. For the mid-17th Century, prices are available from the invoices for shipments to Tenerife made by the company of Rowland Wilson, Martin Bradgate and John Turner in the year 1646²⁶. For the end of the 17th Century and initial decades of the 18th Century the data used is from Smalley and Co. Thus, as can be observed from Figures 4 to 6, when comparing prices from one or the other source there is a clear downward trend in the prices of these manufactured goods (brown ozenbrigs, kerseys and long ells). In effect, during the second half of the 17th century (between 1646 and 1697-1701, to be exact), the price per unit of manufactured goods exported to the Canaries was reduced by between 20% and 35% without there having been any monetary reform in England during the course of the said period that might explain this reduction. Between 1697-1701 and the period subsequent to signature of the Treaty of Utrecht in 1713, for its part, the price per unit of manufactured goods sent to the Canaries once again dropped by 15-20% (in this case the data comes from, exclusively, invoices of Smalley and Co and corresponds to a period of great monetary stability in England following the Great Recoinage of 1696).

pp. 582-606. The farm analysed produced little more than vidueño.
26 NA, C, 110, 151.

Figure 4

Ozenbrigs (brown) = Coleta Morena (excluding the finest)
(prices per ell, in pence) (1646-1724)

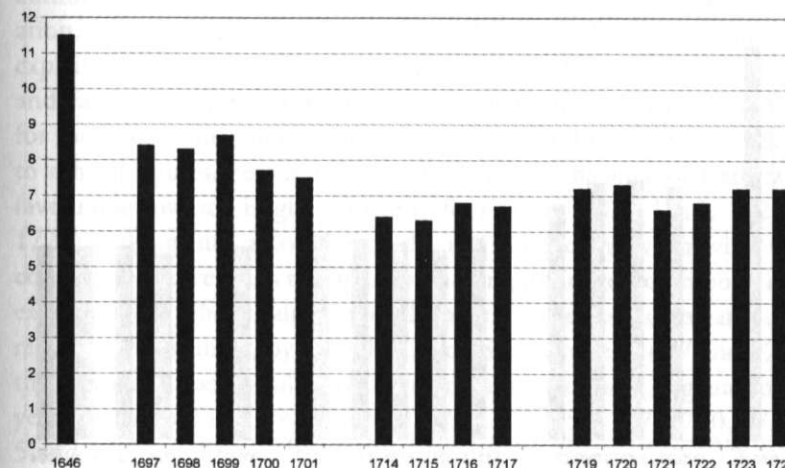


Figure 5

Kerseys = Cariseos
(price in pence) (1646-1723)

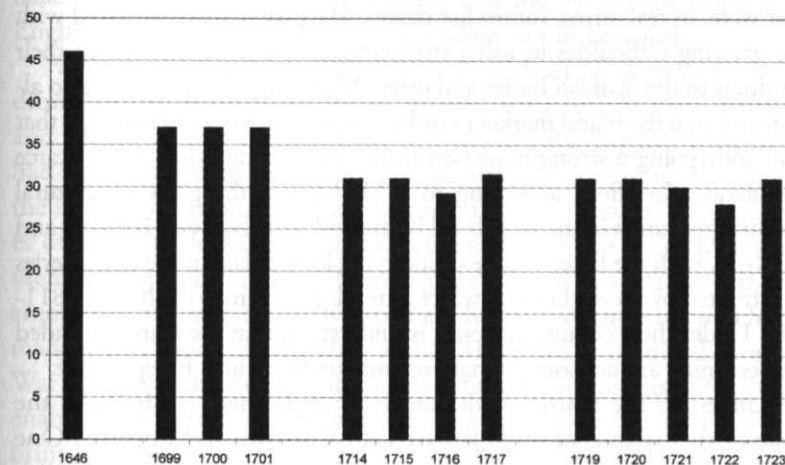
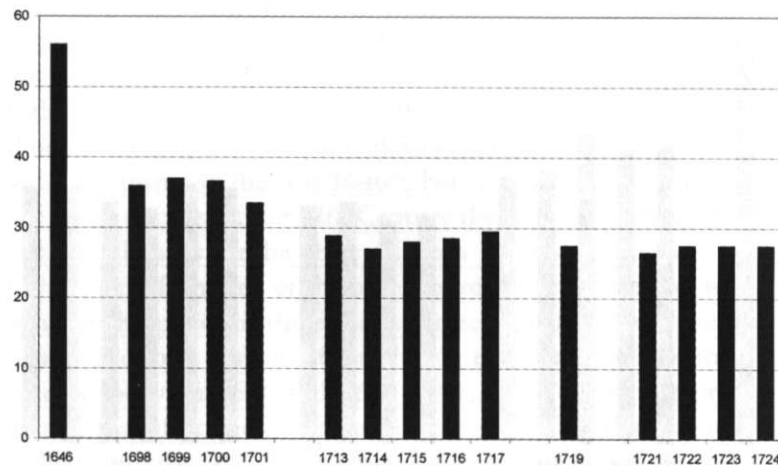


Figure 6
Long ells = Sargas = Perpetuanas
(price in pence) (1646-1724)



The decline in the terms of trade inferred from the previous figures, no matter how small it was in the final years of the 17th Century and initial decades of the 18th Century, obliged English merchants to increase their exports of manufactured goods to the Canaries in order to pay for wines that were, in real terms, somewhat dearer. The problem is that, faced with the growing difficulties in using the islands as a platform to reship their products to the Spanish Indies and other Atlantic markets, they had no alternative than the island market in order to sell their products, a market that was undergoing a strong reduction in the purchasing power of its scarce population. In effect, according to A.M. Macías, the gross agricultural product per capita in the islands fell by around 33% between 1681-90 and 1721-30, with the latter decade yielding the lowest data in the entire series constructed by the author and which extends between 1611-20 and 1811-20²⁷. Under these circumstances, it is understood that the Canaries ended up becoming an increasingly marginal market for British foreign trade.

Linked to the matter of the terms of trade there is, similarly, the issue of the balance of trade between the Canaries and England. One of the motives put forward by some propagandists and the English government itself to raise customs duties upon arrival of wine from the Canaries in the country from the end of the 17th Century was the exis-

tence of an unfavourable balance of trade, a circumstance that required money to be sent to the islands. During the period in which Smalley and Co operated, the official valuation of Canarian wine by the English authorities was £17 per *pipa*. This such elevated and unjustifiable valuation, as import prices are assumed to reflect their "first cost" at source, explains, on its own, why the balance of trade between the Canaries and England, inferred from the official valuations, resulted in a deficit for the latter continuously throughout the period of study (according to official figures, between 1697 and 1727 the balance of trade was favourable towards England in only four years: 1707, 1713, 1723 y 1727). Taking into account that the real price of malvasía wine was considerably lower than the figure in the English ledgers of imports and exports, if the official valuation of the *pipa* is corrected downwards and reduced, for example, by half, that is to £8.5, between 1697 and 1727 the balance of trade would have been favourable towards England in 18 years instead of four (1698, 1700, 1705-7, 1710-5, 1717, 1720, 1722-5 and 1727) and towards the Canaries during the remaining 12 years (1697, 1699, 1701-2, 1704, 1708-9, 1716, 1718-9, 1721 and 1726) (data is lacking for the year 1703). Needless to say that if the balance of services (insurance and freight) was added to that of the merchandise, the Canaries would never have enjoyed during those years a favourable balance with respect to England, given that the wines were shipped in English vessels and the insurance was taken out in England.

Whatever the case, the accounting records of Smalley and Co indicate very exceptional instances of cash being sent to the Canaries, and always in tiny quantities. If in the past, the English merchants had been obliged to devise ways to minimise the sending of cash to the islands without compromising their ability to finance the purchases of malvasía, for Ralph and Francis Smalley it was enough to send merchandise from England. Merchandise that, in accordance with the amount on the invoices easily exceeded the value of the wine purchases made in La Palma between 1697 and 1701 or that, as occurred after the War of the Spanish Succession, once sold there with profits of 60-70%, enabled them to acquire the wines in their entirety without the need to bring any cash or, even, to extract money from the islands.

²⁷ A.M. Macías, *Canarias, 1600-1820. Población y producto bruto agropecuario* (IX Congreso de la Asociación Española de Historia Económica, Murcia, septiembre de 2008).

APPENDIX: SMALLEY'S INSURANCE POLICIES (1697-1725)

Date	Ship	A	B	C	D	E
10-XI-1697	Castle Frigatt	371.00.00	400	3	London-La Palma	12.00.00
??-V-1698	Robert	33.17.09		3	London-La Palma	1.00.00
7-V-1698	Robert	1630.00.00	1500	3	London-La Palma	45.00.00
27-IX-1698	Castle Frigatt	177.15.03				1.16.03
??-IV-1700	Robert	412.03.06	600	2,5	London-La Palma	15.00.00
26-VIII-1700	Samuell	573.05.01	500	2,5	London-La Palma	12.10.00
??-IX-1700	Richard & John	656.13.07	500	2,5	London-La Palma	15.00.00
17-IX-1700	Richard & John	84.11.06		2,5	London-La Palma	1.17.06
27-IX-1701	Constant	50.15.00	50	2,5	London-La Palma	2.00.00
27-IX-1701	Richard & John	1054.05.06	850	8	London-La Palma-London	68.00.00
27-IX-1701	Constant	47.00.11	50	4	London-La Palma	2.00.00
27-IX-1701	Constant	16.15.00	20	3,75	London-La Palma	0.15.00
27-IX-1701	Constant	25.17.03	25	4	London-La Palma	1.00.00
27-IX-1701	Constant	11.10.02				0.08.09
25-X-1706	Parrimore	50.15.09	50	10	London-La Palma	5.00.00
20-IX-1711	Burnaby	34.12.00	25	8	London-La Palma	2.04.06
20-IX-1711	Burnaby	99.07.06	112.10.00	8	London-La Palma	9.13.06
??-?-1713	Mary & Ann	19.17.04			London-La Palma	0.09.07
25-VIII-1713	Richard & Ann	154.04.04	175	3	London-La Palma	5.10.00
15-X-1713	Silvester	25.14.10	25	4,5	London-La Palma-London	1.02.06
17-XI-1714	Smalley	16.10.00	21.10.06	2	London-La Palma	0.08.08
17-XI-1714	Smalley	93.14.01	110	2	London-La Palma	2.08.00
20-X-1715	Smalley	138.12.11	165	2	London-La Palma	3.15.05
20-XI-1716	Smalley	109.13.11	125	1	London-La Palma	1.06.10,5
10-X-1717	Smalley	108.00.10	125	2	London-La Palma	2.14.06
2-IV-1719	Smalley	196.09.08	210	3	London-La Palma	6.12.03
2-IV-1719	Smalley	46.12.03	55	3	London-La Palma	1.13.00
2-IV-1719	Smalley	82.02.06	100	3	London-La Palma	3.04.06
2-IV-1719	Smalley	37.01.02	45	6	London-La Palma-London	2.14.00
20-IX-1721	Portugal	101.05.02	125	2	London-La Palma	2.10.00
8-X-1722	Resolution	174.07.11	200	2	London-La Palma	4.00.00
23-X-1725	Palmero	118.02.08	100	2	London-La Palma	2.02.03

A: value of merchandise according to invoices (£, s, d); B: insured value (£, s, d); C: insurance premium as % of insured value; D: insured voyage; E: insurance premium (£, s, d).

Note: The date corresponding to the invoice, not to when the insurance was taken out.

LA IMPORTANCIA DE HACERSE ESPAÑOL:
LA ÉLITE MERCANTIL GENOVESA DE CÁDIZ EN EL SIGLO XVIII

CATIA BRILLI
EEHA