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Rewriting Smith: James Mill, Selective Reception, and the Navigation Acts

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Abstract

The Navigation Acts raised a central problem in British political economy: when could maritime security justify restrictions on commerce? Adam Smith defended the Acts as an exception to his critique of monopoly, while Thomas Pownall and Lord Sheffield (John Baker Holroyd) invoked Smith's authority in support of the navigation and colonial system. This article argues that James Mill, despite his high regard for Smith and his direct engagement with Sheffield, foregrounded Smith's critique of the mercantile system while leaving his defence of the Acts unmentioned. Mill did not deny the importance of defence; he required advocates of restriction to demonstrate that monopoly remained necessary to maritime power. In the Elements of Political Economy, however, his criticism of the mercantile system stopped short of commercial reciprocity: he rejected restrictions on colonial purchases but allowed that restrictions on colonial sales could confer a peculiar advantage on the mother country, which he characterised as tribute. Mill's selective reception of Smith thus accompanied an analysis of colonial exchange in which commercial liberalisation remained asymmetrical and compatible with metropolitan advantage under British dominion.

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Introduction

The Navigation Acts present a revealing problem in the history of political economy.[1] Adam Smith, one of the most influential critics of the mercantile system,[2] described them as 'perhaps, the wisest of all the commercial regulations of England',[3] while James Mill treated the navigation system as a mercantilist restriction whose necessity remained unproven.[4] The contrast is all the more striking because Mill held Smith in exceptionally high esteem, crediting him in 1806 with having raised political economy 'to the dignity of a science' and comparing his achievement to the establishment of the Copernican system.[5] Mill criticised

1 The Navigation Acts were a body of statutes originating in 1651, subsequently revised and expanded, and substantially repealed in 1849, that structured British imperial trade by mandating that goods imported into England or its colonies be carried on English ships and, in many cases, come directly from their country of origin. Initially designed to curtail Dutch maritime dominance, they formed the legal and institutional foundation of the British mercantilist system, securing commercial monopolies and subordinating colonial economies to the interests of the metropolis. Larry Sawers, 'The Navigation Acts Revisited', *The Economic History Review*, 45 (1992), 262–84; Giulio Pollio, 'Trade and Navigation Acts' in Giulio Pollio (ed.), *The Rise and Fall of Britain's North American Empire* (Cham, 2022), 113–25, https://doi.org/10.1007/978-3-031-07484-4_8.

2 The term 'mercantile system' is used here primarily in Smith's sense. In Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*, ed. R. H. Campbell, A. S. Skinner and W. B. Todd (2 vols, Oxford, 1976), IV.ix.3, he presents it, 'in its nature and essence', as 'a system of restraint and regulation' that seeks national advantage through restrictions on trade, encouragement of exports, discouragement of imports, and monopoly. He also criticises its tendency to sacrifice the interest of the consumer to that of the producer (Adam Smith, *Wealth of Nations*, IV.viii.49). The term is not intended to imply that the writers later grouped under the label 'mercantilism' shared a single, coherent doctrine. On its contested status as a retrospective category, see Lars Magnusson, *Mercantilism: The Shaping of an Economic Language* (London, 1994).

3 Smith, *Wealth of Nations*, IV.ii.30.

4 James Mill, 'Colony', *Supplement to the Encyclopaedia Britannica* (London, 1825), 18.

5 The article 'Colony' contains ten references to Smith. Before his engagement with Ricardo's economic theories, Mill's writings indicate a particularly strong intellectual allegiance to Smith. Comparing Sir James Steuart and Smith, Mill claimed: 'Dr. Smith reared the study to the dignity of a science. He explained the real source of wealth, which till his time had been so grossly misunderstood; and conferred as great a benefit upon Political Economy, as was conferred on Astronomy by those philosophers who first confuted the perplexed doctrine of the cycles and epicycles, and established the simple principles of the Copernican system.' 'Review of Steuart's Collected Works', *Literary Journal*, X, 2nd series (1806), 231–2. As Donald Winch notes, the same journal had already offered a similarly unflattering comparison between Smith and James Maitland, 8th Earl of Lauderdale, in its review of his *Inquiry into the Nature and Origin of Public Wealth*, *Literary Journal*, I (1804), 1–18; see James Mill, *James Mill: Selected Economic Writings*, ed. Donald Winch (Edinburgh, 1966).

the Navigation Acts that same year, before his close intellectual association with David Ricardo, and maintained his opposition thereafter. Why, then, did he reject a policy that Smith had expressly defended?

This article argues that Mill's criticism of the Navigation Acts rested on a markedly selective reception of Smith. He foregrounded Smith's critique of monopoly while omitting his defence of the Acts on grounds of maritime security. That omission is difficult to attribute to ignorance. Thomas Pownall had already drawn out the imperial implications of Smith's judgement, Lord Sheffield (John Baker Holroyd) had invoked it in support of the navigation and colonial system, and Mill reviewed Sheffield's *Strictures* in 1806. Furthermore, Mill did not show any general reluctance to disagree with Smith. In Mill's 1818 article 'Colony' and the *Elements of Political Economy*, he reconstructed Smith's arguments and stated his objections openly. His silence on the Navigation Acts is therefore significant.

I have found no existing scholarship that offers a sustained examination of the place of Smith's defence of the Navigation Acts in Mill's use of his work. This question of reception is linked to a second problem: the persistence of commercial asymmetry in Mill's own analysis of colonial exchange. This article thus reassesses the nature of Mill's debt to *The Wealth of Nations* and the limits of his opposition to the mercantile system. It shows how Mill's selective reception of Smith reconfigured a tension already present in Smith's political economy: the exception justified by defence was set aside, while a different form of commercial asymmetry appeared in Mill's treatment of colonial trade.

The controversy developed across changing imperial and military circumstances. Smith wrote during the crisis of Britain's North American empire when the relationship between colonial commerce, maritime rivalry, and national defence had become especially pressing. He accepted the commercial costs of the Navigation Acts but judged that their contribution to shipping and naval capacity could justify them, since 'defence is of much more importance than opulence'.[6] Pownall responded in 1776 by connecting this judgement to the 'defence and strength of the empire'. After American independence, Sheffield extended the argument into a defence of colonial preference, British shipping, seamen, and maritime power. He returned to it during the Napoleonic Wars, when renewed naval rivalry sharpened the question of whether regulated trade remained necessary to national security.[7]

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6 Smith, *Wealth of Nations*, IV.ii.30.

7 Pownall appealed directly to Smith's ranking of defence above opulence in his letter of 25 September 1776; see Thomas Pownall to Adam Smith, 25 September 1776, in E. C. Mossner and I. S. Ross (eds), *Correspondence of Adam Smith* (Oxford, 1977), Appendix A, 337. Sheffield later drew on Smith's authority to justify the navigation and colonial system; see Lord Sheffield [John Baker Holroyd], *Observations on the Commerce of the American States*, 2nd edition (London, 1783), 214–16; and idem, *Strictures on the Necessity of Inviolably Maintaining the Navigation and Colonial System of Great Britain* (London, 1804), 48–50.

Mill entered the debate from a different position.[8] In his review of Sheffield, *Commerce Defended*, and later in 'Colony', Mill drew chiefly on Smith's critique of the mercantile system. He accepted the importance of maritime defence but refused to treat the historical connection between navigation laws and British naval strength as sufficient justification for their continuation. In the third edition of the *Elements of Political Economy*, a work designed for instruction in political economy, Mill distinguished restrictions on colonial purchases from restrictions on colonial sales. The former burdened the colony without conferring a peculiar national advantage upon the mother country; the latter could produce such an advantage in the form of tribute.

The argument unfolds in four sections. The first reconstructs Smith's treatment of the Navigation Acts and the tension it established between commercial freedom and defence. The second examines how Pownall and Sheffield developed Smith's exception into broader arguments about colonial preference and imperial strength. The third analyses Mill's selective use of Smith in his review of Sheffield, *Commerce Defended*, and 'Colony'. The final section turns to the *Elements of Political Economy* to examine how Mill's treatment of colonial monopoly qualifies his opposition to commercial restriction and defines the advantage derived from restricted colonial sales as tribute. The conclusion considers how Mill's rejection of the navigation system could coexist with an asymmetrical conception of colonial exchange and a favourable view of British dominion.

I. Smith and the Problem of the Navigation Acts

Smith's defence of the Navigation Acts occupies a brief but revealing place in *The Wealth of Nations*. It shows that his argument for commercial liberty formed part of a wider account of government, defence, and legislative judgement. Smith criticised colonial monopoly, exclusive companies, and regulations that diverted capital from more productive employments or subordinated public policy to private interests.[9] Commercial policy, however, could not be

[8] Mill developed his critique across a series of wartime writings: James Mill, '"War in Disguise"', *Literary Journal*, 5, no. 12 (1805), 1240–7; idem, 'Lord Sheffield's "Strictures"', *Literary Journal*, 2nd series, 1 (1806), 51–61; idem, 'On the British Doctrine respecting Neutrals', *Literary Journal*, 2nd series, 1, no. 6 (1806), 589–93; and idem, *Commerce Defended* (London, 1808). On the selective use of Smithian arguments in debates over neutral trade during the Napoleonic Wars, see Victor Bianchini, 'Grenville on Neutral Trade during the Napoleonic Wars', *History of European Ideas*, 52 (2026), 399–416.

[9] For Smith, the benefits of trade were not confined to wealth creation. Properly conducted, commerce could also soften relations between nations by replacing rivalry with reciprocal dependence. As he put it, commerce 'ought naturally to be, among nations, as among individuals, a bond of union and friendship', rather than a source of 'discord and animosity'; Smith, *Wealth of Nations*, IV.iii.c.9. On this connection between exchange, mutual interest, and cosmopolitan sociability, see Maria Pia Paganelli, 'The Moralizing Role of Distance in Adam Smith: The Theory of Moral Sentiments as Possible Praise of Commerce',

judged solely by its contribution to opulence, since governments were also responsible for protecting the societies they governed.

Smith's definition of political economy already places commercial reasoning within the responsibilities of government. At the beginning of Book IV, he describes it as 'a branch of the science of a statesman or legislator'.[10] Political economy aimed to enrich both the people and the sovereign, but its principles remained subordinate to governmental responsibilities that could not always be reduced to economic efficiency.

Foremost among those responsibilities was defence. Smith writes that 'the first duty of the sovereign, that of protecting the society from the violence and invasion of other independent societies, can be performed only by means of a military force'.[11] For Britain, naval capacity was central to that duty. Shipping, seamen, and the carrying trade were not merely commercial resources; they also contributed to the material basis of national security.

The Navigation Acts brought these considerations into direct tension. The legislation reserved important branches of trade to domestic ships and crews and became part of the wider regulation of imperial commerce. Such restrictions conflicted with Smith's usual objections to monopoly: they limited commercial choice, diverted trade from cheaper channels, and protected British shipping from foreign competition.

Smith nevertheless judged the Acts favourably in light of the strategic circumstances in which they had arisen. Their provisions encouraged British shipping and seamen while restricting the carrying trade of the Dutch, whom Smith identified as Britain's principal commercial and naval rival. Their economic cost could therefore be justified by their contribution to maritime strength:

> As defence, however, is of much more importance than opulence, the act of navigation is, perhaps, the wisest of all the commercial regulations of England.[12]

History of Political Economy, 42 (2010), 425–41, https://doi.org/10.1215/00182702-2010-019; on the role of taste and sympathy in Smith's criticism of mercantilism and colonial domination, see Brianne Wolf, 'Adam Smith's Cosmopolitan Liberalism: Taste, Political Economy, and Objectification', *Polity*, 54 (2022), 709–33.

10 Smith, *Wealth of Nations*, IV.int.1. For accounts of Smith's political economy as a practical science intended to guide the statesman or legislator, see Knud Haakonssen, *The Science of a Legislator: The Natural Jurisprudence of David Hume and Adam Smith* (Cambridge, 1981), 139–46, and Andrew S. Skinner, *A System of Social Science: Papers Relating to Adam Smith* (Oxford, 1996), 185–205. For discussions of his defence of the Navigation Acts in relation to national security, prudential judgement, and Anglo-American imperial policy, see Fanny Coulomb, 'Adam Smith: A Defence Economist', *Defence and Peace Economics*, 9 (1998), 299–316, https://doi.org/10.1080/10430719808404905; and Gregory M. Collins, 'Adam Smith on the Navigation Acts and Anglo-American Imperial Relations', *History of Political Thought*, 43 (2022), 273–304.

11 Smith, *Wealth of Nations*, V.i.a.1.

12 Ibid., IV.ii.30.

Smith does not attempt to reconcile the Acts with commercial freedom by redefining them as economically beneficial. He accepts their restrictive effects and judges them against another responsibility of government. The exception depends on the strategic value attributed to the legislation under particular circumstances.[13]

This form of judgement may be described as prudential, provided the term is used narrowly. In *The Theory of Moral Sentiments*, Smith extends prudence beyond the care of private interests to 'wise and judicious conduct' directed towards 'greater and nobler purposes'.[14] Applied to the Navigation Acts, prudence does not supply a general defence of restriction. It describes the exercise of judgement where commercial advantage and national security do not point towards the same policy.

Smith's approval of the Acts should not be treated as a summary of his position on empire as a whole. Elsewhere, he criticised the burdens colonies imposed upon British taxpayers, the privileges enjoyed by colonial merchants, and the dangers created when commercial companies exercised sovereign power.[15] His discussions of representation, imperial union, and separation also resist reduction to a single political programme. The importance of the Navigation Acts is more limited: they reveal the place Smith allowed for a strategically justified restriction within a wider criticism of monopoly.

War and maritime rivalry made this problem especially visible, but they do not by themselves explain Smith's conclusion. Other writers confronted similar strategic conditions and reached different judgements about commercial restriction. Smith's defence of the Acts therefore left both the grounds and the scope of the exception open to interpretation.

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13 The legislative history of the Navigation Acts is marked by considerable complexity and evolution over time. See Oliver M. Dickerson, *The Navigation Acts and the American Revolution* (Philadelphia, 1951). Adam Smith did not indicate which specific statute he had in mind when he famously described them as 'perhaps, the wisest of all the commercial regulations of England'. Scholars have pointed out that he drew no clear distinction between the original Acts of the seventeenth century and their more intrusive iterations introduced after the Seven Years' War. See Andrew S. Skinner, 'Adam Smith: The Demise of the Colonial Relationship with America', *Cahiers d'économie politique*, 27–28 (1996), 127–8; Collins, 'Adam Smith on the Navigation Acts', 293–5. From 1763 onward, these measures increasingly served the purposes of imperial consolidation, incorporating fiscal provisions that helped fuel colonial discontent. The earlier enactments—particularly the Navigation Act of 1660—had a different orientation: they were designed primarily to exclude Dutch commercial rivals and to strengthen trade within the empire, without initially provoking significant transatlantic friction. Collins claimed that Smith's endorsement is more plausibly attributed to this earlier, less coercive phase of the legislation.

14 Adam Smith, *The Theory of Moral Sentiments*, ed. D. D. Raphael and A. L. Macfie (1759; Oxford, 1976), VI.i.5, VI.i.15.

15 On Smith's criticism of the East India Company's territorial expansion and exclusive commercial privileges, as well as the qualifications in his treatment of joint-stock companies, see Mark Donoghue, 'Adam Smith and the Honourable East India Company', *History of Economics Review*, 77, no. 1 (2020), 1–19, https://doi.org/10.1080/10370196.2020.1794559.

II. Pownall and Sheffield: The Reception of Smith's Strategic Exception

Pownall drew out the imperial implications of Smith's argument almost immediately. In a letter dated 25 September 1776, the former colonial governor and Member of Parliament closely paraphrased Smith's language:

> The sovereign power, which has the care of the defence and strength of the empire, ought never to permit any the most flattering idea of commercial opulence to come in competition with the solid ground of strength and defence. In this way of reasoning I find myself joined by you … when speaking of the act of navigation you say … it is the wisest of all the commercial regulations of England.[16]

Pownall placed Smith's judgement within an explicitly imperial frame. The responsibility at stake was not simply the defence of Britain, but the 'defence and strength of the empire'. He also widened the argument beyond naval security. Although monopoly could force commerce into indirect and inefficient channels, Pownall questioned whether such trade was necessarily disadvantageous when it generated freight, employment, profits, and capital accumulation for Britain. Smith's exception could therefore support a qualified defence of colonial preference as well as maritime regulation.

Sheffield developed this reading after American independence, when Britain had to reconsider its commercial relations with the United States. Pressure to relax the Navigation Laws rested partly on the hope that freer access would preserve American trade after the loss of political authority over the thirteen colonies. Sheffield opposed such concessions. Britain's altered imperial position, he argued, made the carrying trade and the maritime resources associated with it more important, not less. In the *Observations on the Commerce of the American States*, Sheffield placed Smith alongside Josiah Child as an authority on the Navigation Act. Child had described it as England's 'Charta Maritima',[17] associating the statute with shipping, seamen, profit, and national power. Sheffield then emphasised that 'none of our writers have shewn themselves greater enemies to restrictions, monopolies, &c. [sic] than Mr. Adam Smith'.[18]

Smith's hostility to monopoly gave particular force to Sheffield's appeal. If so severe a critique of commercial restriction nevertheless regarded the Navigation Acts as wise, their defence could not easily be dismissed as an unexamined survival of mercantile doctrine. Sheffield could instead present them as a strategic measure adapted to the maritime foundations of

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16 Adam Smith, *Correspondence of Adam Smith*, ed. Ernest C. Mossner and Ian S. Ross (Oxford, 1977), Appendix A, 337.

17 Lord Sheffield [John Baker Holroyd], *Observations on the Commerce of the American States*, 2nd edition (London, 1783), 215.

18 Ibid.

British power. He returned to this argument during the Napoleonic Wars in the *Strictures on the Necessity of Inviolably Maintaining the Navigation and Colonial System of Great Britain*. The Navigation Laws concerned, he wrote, 'not merely the maintenance of our Navy, but the whole use, and advantage, and dependence of our colonies'.[19] Their value lay in the connections they sustained between colonial commerce, British shipping, maritime employment, and naval preparedness.

The West Indian colonies occupied an important place in this reasoning. Sheffield feared that regular access for American shipping would make the islands commercially dependent upon the United States and weaken their connection with metropolitan interests. Alternative channels might still supply Britain with West Indian commodities, but they would not generate the same advantages for British carriers and seamen. The issue was not simply access to colonial produce, but control over the trade through which maritime resources were maintained.

Sheffield again invoked Smith through a passage quoted from Friedrich Gentz. The Navigation Laws were presented as instruments of Britain's 'greatness and security',[20] having stimulated the commercial marine, secured the carrying trade, and encouraged the employment of British vessels, sailors, and capital. Gentz's account recalled Smith's judgement that, although the laws may have originated in national antipathy, they were 'as wise as if they had been the productions of consummate wisdom'.[21]

Sheffield's assertion that there was 'no friendship in commerce' expressed the political premise of this defence.[22] Commercial states pursued advantage, and Britain should not surrender institutions associated with its maritime superiority in the expectation of reciprocal concessions. The Navigation Laws thus appeared as a durable safeguard of the commercial and naval resources on which British power depended.

Pownall and Sheffield extended Smith's qualified judgement in different ways. Pownall connected the priority of defence to imperial strength and colonial preference. Sheffield incorporated the exception into a wider defence of the navigation and colonial system. Their readings enlarged the scope of Smith's argument, but they drew upon a genuine tension in *The Wealth of Nations*: the coexistence of a general criticism of monopoly with the acceptance of a restriction justified by defence.

III. Mill's Selective Use of Smith

As a prolific writer and attentive observer of the Napoleonic Wars and their consequences for commerce and national power, Mill took a close interest in Sheffield's defence of the navigation system. His 1806 review of the *Strictures* provides the first clear indication of his selective use of Smith. Although Sheffield had expressly invoked Smith in support of

19 Lord Sheffield [John Baker Holroyd], *Strictures on the Necessity of Inviolably Maintaining the Navigation and Colonial System of Great Britain* (London, 1804), 48–9.

20 Ibid., 33.

21 Ibid., 34.

22 Ibid., 50.

the navigation and colonial system, Mill presented him principally as the critic of 'what Dr. Smith has called the mercantile system'.[23] He attributed the persistence of Sheffield's principles to misleading analogies with private trade, established habits, and attachment to inherited commercial maxims. Smith thus became an authority against the system Sheffield defended, while his approval of the Navigation Acts went unmentioned.

Mill reinforced this representation in *Commerce Defended*, where he described the exposure of mercantile error as one of Smith's principal achievements:

> One of the main objects which the immortal Smith proposed to himself, was to unfold the delusions of the mercantile system, by which the policy of almost all the governments of Europe was turned to the encouragement of trade rather than of agriculture, and a greater share of the industry and capital of every nation than consisted with its interests, was thus forcibly diverted into the commercial channel.[24]

This account captured a central part of Smith's political economy but excluded the exception he had made for maritime security. Mill drew instead on Smith's criticism of monopoly, artificial encouragement, and governmental attempts to direct capital.

'Colony' makes this selectivity especially visible. Smith is cited or discussed ten times between pages 20 and 30. Mill treats him as a major authority, reconstructs his arguments, and identifies points on which he considers them mistaken. His treatment of colonial monopoly offers an initial example. After reporting Smith's claim that monopoly 'can never be of any advantage' to the mother country,[25] Mill qualifies the conclusion:

> It is not then true, according to Dr. Smith, that in no case can the mother country derive any peculiar advantage in the way of trade, from the possession of colonies.[26]

Mill does not defend colonial monopoly as a whole. He qualifies Smith's claim by distinguishing the possibility of a peculiar metropolitan advantage from the broader question of whether colonial monopoly increases national wealth.

He is equally direct on the effects of monopoly upon profits. Mill reconstructs Smith's argument that the exclusion of foreign capital creates a 'vacuum', raises profits, and attracts metropolitan capital into colonial trade.[27] He then denies that colonial monopoly can raise the general profits of stock and rejects the associated account of its effects on the mother country's foreign trade.[28]

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23 James Mill, 'Lord Sheffield's "Strictures"', *Literary Journal*, 2nd series, 1 (1806), 58.
24 Mill, *Commerce Defended*, 5.
25 Mill, 'Colony', 20.
26 Ibid., 21.
27 Ibid., 24.
28 Ibid., 26.

This willingness to disagree makes Mill's treatment of the Navigation Acts especially notable. Smith is directly present in the argument leading into the discussion of maritime power. Mill accepts his claim that colonial monopoly diverts capital from more profitable domestic employment into less profitable foreign trade, then criticises him for overlooking the distinction between gross and net produce when assessing the power of a country.[29] Immediately afterwards, he compresses the conventional defence of colonial monopoly into a chain of propositions:

> The defence of England stands very much upon her navy; her navy depends altogether upon her sailors; the colony trade and its monopoly breed sailors; therefore, colonies ought to be cultivated, and their trade monopolized.[30]

Mill accepts the importance of naval power but rejects the inference from the need for sailors to the necessity of colonial monopoly. The decisive proposition, he argues, has never been established:

> [W]hat reason has ever been assigned to prove, that the maritime traffic of Great Britain would not, without the monopoly of the colonies, afford a sufficient supply of sailors to a sufficient navy? None, whatsoever: none, that will bear to be looked at.[31]

The employment of sailors in colonial trade did not prove that Britain required monopoly to maintain an adequate navy. Mill therefore shifted attention from the historical association between the Navigation Laws and maritime power to the necessity of monopoly itself.

He connected this failure of proof to the political effects of fear. Institutions presented as indispensable to national defence could acquire an appearance of inevitability that shielded their costs and contingent origins from scrutiny. A defensive system might then inflict 'all the mischief to a community which a foreign enemy *could* do', and sometimes more.[32] An appeal to security could not establish by itself that a particular restriction remained useful.

Smith is absent from this discussion, even though Mill invokes him immediately before and shortly afterwards, praising his exposure of Spanish mining policy and repeating the image of attempts to retain precious metals through legislation as 'hedging in the cuckoo'.[33] His

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29 Ibid., 27.

30 Ibid.

31 Ibid., 28.

32 Ibid. Note that Mill's critique of the Navigation Acts is consistent with his broader political theory of war. He interpreted militarism, protectionist legislation, and standing armies as structural consequences of a system of governance driven by fear, imperial ambition, and aristocratic interest. On Mill's conception of war and peace, see Ryuji Yasukawa, 'James Mill on Peace and War', *Utilitas*, 3 (1991), 179–97.

33 Mill, 'Colony', 30.

critique thus frames Mill's discussion of the Navigation Laws without his defence of them being acknowledged.

Ricardo's parliamentary speeches provide a useful point of comparison and show that this selective appeal to Smith's authority was not confined to Mill. On 8 May 1820, Ricardo welcomed the London merchants' petition for freer trade and expressed surprise that principles 'first promulgated by Adam Smith' had taken so long to gain acceptance.[34] Three weeks later, he declared the Navigation Laws 'of no use', arguing that protection might benefit a particular trade only at the expense of the rest of the country.[35] He later welcomed their relaxation as a 'happy omen' and rejected the claim that fewer restrictions would endanger the navy.[36] Ricardo did not directly confront Smith's defence of the Acts, which he left unmentioned. His position converged with Mill's in invoking Smith's authority in support of freer trade while leaving the maritime exception aside. The chronology remains important: Mill's opposition to the navigation system preceded their close intellectual association.

The evidence concerning Mill does not establish deliberate concealment, but it makes ignorance an implausible explanation. He had reviewed a work that explicitly invoked Smith's approval of the Acts, engaged closely with Smith throughout 'Colony', and corrected him openly on other questions. With Smith's defence left unmentioned, his critique of monopoly became the standard by which the navigation system was judged. The Navigation Acts could then be treated as a mercantilist restriction whose continuing necessity remained to be proved.

IV. Colonial Monopoly, Metropolitan Advantage, and Tribute

In the *Elements of Political Economy*, Mill turns from the strategic justification of the navigation system to the economic structure of colonial monopoly itself. The chapter on 'Colonies' in the third edition of the *Elements* develops a question already raised in Mill's 'Colony': whether colonial trade could confer a peculiar advantage upon the mother country. Mill's answer turns both on the institutional form of the monopoly and on the side of the exchange upon which the restriction operates. He distinguishes an exclusive company from a colonial trade opened to competition among metropolitan merchants while remaining closed to foreign traders.[37] Although formulated in general terms, this distinction bore on contemporary

[34] David Ricardo, *The Works and Correspondence of David Ricardo*, ed. Piero Sraffa (11 vols, Indianapolis, 2005), vol. 5, 43.

[35] Ibid., 51.

[36] Ibid., 190–1, 305–6.

[37] James Mill, *Elements of Political Economy*, 3rd edition (London, 1844), 208–17. The classificatory form of Mill's analysis accords with the pedagogical purpose of the *Elements*, which presents political economy as a connected body of doctrines intended for instruction.

debates surrounding chartered commerce.[38] Under an exclusive company, control over the purchase of colonial produce and the supply of metropolitan goods allows the company to determine the terms of exchange. Mill writes that it may compel the colony to 'buy, as dear as it pleases, the goods which the mother country sends to her, and sell, as cheap as it pleases, the goods which she sends to the mother country'.[39]

The consequences become especially severe when the colony depends upon the metropolis for necessities or for the instruments required to sustain production. In such circumstances, the company may absorb almost the whole produce of colonial labour:

> She may be made to pay for these articles so much of the whole produce of her labour, that nothing but what is necessary to keep the population alive may remain.[40]

The colony cannot seek more favourable suppliers or buyers, leaving the company able to extract colonial produce on terms shaped by its exclusive position. The analysis changes when colonial trade is opened to competition among merchants of the mother country. Competition prevents them from obtaining more than the ordinary rate of profit on the goods they supply:

> There is, therefore, no advantage whatsoever derived, under freedom of competition, from that part of the trade with a colony which consists in supplying it with goods, since no more is gained by it, than such ordinary profits of stock as would have been gained if no such trade had existed.[41]

A restriction on colonial purchases may still harm the colony if it is compelled to buy metropolitan goods that could be obtained more cheaply elsewhere. It does not, however, create a peculiar national advantage for the mother country, since metropolitan capital earns only the ordinary return available in other employments.

Mill locates the possibility of a distinct metropolitan gain on the other side of the exchange. 'If there be any peculiar advantage', he writes, 'it must be derived from the cheapness of the goods, with which the colony supplies her'.[42] A colony prohibited from selling outside the

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38 The distinction had an evident relevance to the East India Company and to the changing institutional conditions of British trade with India. On the relationship between Mill's political economy, his administrative career, and British economic policy in India, see William J. Barber, 'James Mill and the Theory of Economic Policy in India', *History of Political Economy*, 1, no. 1 (1969), 85–100. Mill nevertheless presents the argument in the *Elements* as a general analysis of colonial monopoly; its relationship to his employment by the Company lies beyond the scope of this article.

39 Mill, *Elements of Political Economy*, 209.

40 Ibid., 210–11.

41 Ibid., 211–12.

42 Ibid., 212.

metropolitan market may be forced to accept less than foreign buyers would have offered. Mill defines this advantage as a transfer produced by coercion:

> In the advantage produced by forcing, whatever is gained by the one party is lost by the other. The mother country, in compelling the colony to sell goods cheaper to her than she might sell them to other countries, merely imposes upon her a tribute; not direct, indeed, but not the less real because it is disguised.[43]

'Tribute' distinguishes this gain from the mutual benefits of voluntary exchange. The metropolis benefits because the colony is denied access to alternative markets, and the resulting advantage corresponds to a loss imposed upon the colonial producer. This distinction leads Mill to recommend a partial liberalisation of colonial commerce:

> A great improvement, therefore, in colonial policy would be, to throw open the supply of the colonies, permitting them to purchase the goods which they want, wherever they could find the most favourable market, only restraining them in the sale of their goods: allowing them to buy wherever they pleased, permitting them to sell to none but the mother country.[44]

Mill proposes abolishing the metropolitan monopoly over colonial purchases while retaining the restriction on colonial sales. Colonies would be free to obtain supplies in the cheapest market but unable to seek the highest price for their own produce. His rejection of comprehensive monopoly therefore stops short of reciprocal commercial freedom.[45]

The advantage reserved to the metropolis is nevertheless conditional. If merchants are free to re-export colonial produce, competition may raise its price in the mother country to the level prevailing abroad and increase the price paid to colonial producers:

> The competition of the merchants will, also, raise the price of the goods to a correspondent height in the colonies; and thus the benefit to the mother country is lost.[46]

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43 Ibid., 212–13.

44 Ibid., 213. Nineteenth-century colonial reforms sometimes relaxed restrictions on colonial imports while retaining metropolitan preferences over colonial exports. Whether any regime reproduced Mill's precise formula lies beyond the scope of this article.

45 Mill's distinction between restrictions on colonial purchases and sales forms part of his broader analysis of international exchange and the distribution of its gains. His proposal nevertheless departs from reciprocal commerce by allowing colonies to purchase freely while restricting the markets in which they may sell. On Mill's role in the early formulation and didactic presentation of comparative advantage, see Gilbert Faccarello, '"I Profess to Have Made No Discovery": James Mill on Comparative Advantage', *The European Journal of the History of Economic Thought*, 29 (2022), 61–81, https://doi.org/10.1080/09672567.2021.1912130.

46 Mill, *Elements of Political Economy*, 213.

The tribute depends on maintaining a gap between the price paid in the colony and the price available elsewhere. Competition and re-exportation may eliminate that gap even while the legal restriction on colonial sales remains in force.

Mill broadens the analysis beyond the colonial relationship to restrictive commercial treaties. A country bound to sell exclusively to another stands, he argues, in 'the same case, exactly' as a colony compelled to sell only to the mother country.[47] The comparison shows that the same mechanism could operate outside a formal colonial relationship: an advantage arises only where restrictions on sales enable the favoured country to appropriate rent or monopoly profits. Although Mill does not refer here directly to the Navigation Acts, the passage reinforces the conditional character of metropolitan advantage. Mill's programme thus combined partial liberalisation with the preservation of an asymmetrical structure of colonial exchange.

Conclusion

Mill's use of Smith separated the critique of monopoly from the strategic exception made for the Navigation Acts. It required defenders of restriction to demonstrate its continuing necessity, without leading Mill himself to embrace full commercial reciprocity.

The historical record did not make Mill's challenge easy to resolve. Lawrence A. Harper opened his study with Samuel Forster's observation, drawn from *A Digest of All the Laws Relating to the Customs*, that the Navigation Act was 'dark and hard to be understood' and had produced 'great Doubt and Variety of Opinion'.[48] His own judgement was nevertheless firm. Although he conceded that 'there is no way of measuring what the volume of trade might have been in the absence of legislative restraints',[49] he maintained that England had demonstrably improved its relative position under the laws: its foreign trade grew faster than its population, its shipping expanded more rapidly than commerce, and it eventually displaced Holland as the leading commercial and maritime power. On this basis, he concluded that the Acts had benefited English shipping, seamen, and shipbuilding, while strengthening England's position relative to its rivals.[50] Harper nevertheless declined to decide whether these gains justified their costs, which included what he called the 'sacrifice of plenty for power' and the human consequences of international rivalry.[51] His account therefore supports the claim that the Acts contributed materially to English maritime ascendancy, without proving that the same development could not have occurred otherwise or that the restrictions remained necessary in Mill's time.

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47 Ibid., 214.

48 Lawrence A. Harper, *The English Navigation Laws: A Seventeenth-Century Experiment in Social Engineering* (New York, 1939), 2.

49 Ibid., 376.

50 Ibid., 378.

51 Ibid., 377.

The limits of Mill's opposition to monopoly become clearer when his position is placed beside his views on empire. Opposition to the navigation system did not entail opposition to British dominion. In an 1810 review of Paulin de Saint-Barthélemy's *Voyage aux Indes Orientales*, Mill described the extension of British rule in India as a source of political stability:

> The wider the circumference of the British dominion, the more extensive the reign of peace.[52]

Though the remark belongs to a different context and does not bear directly upon the Navigation Acts, it nevertheless indicates that Mill could criticise commercial monopoly while attributing beneficial effects to British rule. Freer commerce and imperial authority did not appear incompatible to him. Mill's treatment of the Navigation Acts therefore shows that the rejection of formal commercial restrictions did not determine the political conditions under which trade would operate. In his case, freer commerce remained compatible with metropolitan advantage, colonial dependence, and confidence in British imperial rule.

[52] James Mill, 'Art. VII. Voyage aux Indes Orientales. Par le P. Paulin de S. Barthélemy', *Edinburgh Review*, 15, no. 30 (1810), 372.