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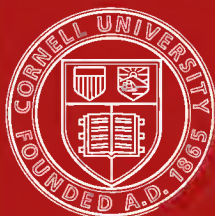
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THE FIRST NINE YEARS OF THE
BANK OF ENGLAND

THOROLD ROGERS

London
HENRY FROWDE



New York
MACMILLAN AND CO.

THE FIRST NINE YEARS
OF
THE BANK OF ENGLAND

AN ENQUIRY INTO A WEEKLY RECORD OF THE PRICE
OF BANK STOCK FROM AUGUST 17, 1694
TO SEPTEMBER 17, 1703

BY
JAMES E. THOROLD ROGERS

'MERSES PROFUNDO; PULCHRIOR EVENIT!'

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1887


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PREFACE.



AMONG the materials which I have collected for the fifth and sixth volumes of my History of Agriculture and Prices, is a weekly register of the price of Bank of England stock, from August 17, 1694, to September 17, 1703. The entries or quotations are taken from a statistical paper published by John Houghton, an apothecary who first lived near the Royal Exchange, and next in Gracechurch Street. Houghton's paper contains a short article on some matter of public interest in art or science or trade, a price list of corn and some other commodities, from many English market towns, and a number of advertisements. The sheet is continued till the date given above, when the proprietor of the paper informs his subscribers that his business has so increased that it is no longer in his power to afford the time necessary in order to enable him to digest the materials for his weekly publication. Houghton was the friend of many eminent persons in his day, notably of Halley the astronomer and physicist. He must have had a reputation of his own, for he was long a Fellow of

the Royal Society, as well as a very active man of business. He is probably the person referred to in Bishop Sprat's account of the Royal Society as the tradesman whom the Society had elected, and for whose presence they thought fit to apologise to the King. Charles answered that he wished them to elect many such persons, if they were equally competent.

It is probable that not half a dozen perfect copies of this remarkable work survive. Houghton's price lists had only an ephemeral interest. His weekly essays were indeed valued, and were reprinted long after his death, the editor of this part of the collections commenting on the excessive rarity of the sheets from which they were extracted. The Bodleian Library fortunately possesses a clean and perfect copy. It is contained in the great collection of newspapers given by the late Mr. Hope to the University. I make no doubt that the British Museum also possesses a copy, for I have seen allusions to Houghton's paper in a work called a *History of Advertising*.

As some of the expressions used to designate the quotations of Bank stock were obscure, I enquired of my friend Mr. Henry Grenfell, one of the Directors of the Bank of England, whether I could get an authoritative explanation in that institution. But I found, on calling by his invitation at the Secretary's office in the Bank, that the Bank had no knowledge

of the price of its stock before 1705, and I inferred that I had made a singular and curious discovery in Houghton. I determined therefore that the register should be published with a comment on it, because it supplies a blank in the history of the Bank of England, and indeed of the country, and this during the time that this great institution, and very much besides, were struggling for their very existence. This was especially the case through the critical years 1695, 1696 and 1697. I felt that, if I could adequately comment on the facts, I should make no slight contribution to economical and financial history, and should besides throw some light on the political events which occurred during the last eight years of William the Third's reign, and the first year and a-half of Anne's.

The most necessary materials for illustrating the facts are the Journals of the two Houses and the Statute-book for the period.

The project of a public bank long preceded its adoption by Parliament as a protected corporation. Thus, for instance, in the beginning of the year 1658 John Lambe, a London merchant, drew up the scheme of a bank which he submitted to Oliver, then Lord Protector. But the confusion which followed on Cromwell's death in the same year prevented any steps being taken with the project, if indeed it was seriously entertained. Then, towards the latter end of Charles's reign, the importance of establishing a

bank in London, with branches in the largest towns, was seriously discussed. Some writers suggested that the bank should be under the management of the corporation of the City, who should certify to its credit, in imitation of the Bank of Amsterdam. Others would have grafted it on one or the other of the Companies which were then in existence and were carrying on domestic manufactures and trade, just as, long after this time, one of the Scotch banks was based on a manufacturing company, and still bears the name of the British Linen Company.

All persons indeed who were engaged in business were alive to the possibility of circulating credit. They had become familiar, in the City at least, with such expedients by the circulation of goldsmiths' notes. The difficulty was to find a security strong enough to be trusted, and strong enough to be safe. Now the goldsmith did not always satisfy the first condition, for we are told that London merchants and others had lost from two to three millions¹ through the bankruptcy of goldsmiths, and the experiences which had been endured in consequence of the action of the Government must have made it manifest that nothing but a really popular Government could give adequate security to paper credit. Objectors were not far wrong who said that a bank was inconsistent with monarchy, if by that they meant an absolute one.

¹ A Short Account of the Bank of England, 1695.

But even more important than these notices is Narcissus Luttrell's Diary, a work preserved in All Souls College Library. This collection was first used by Macaulay for his History. It contains all the current information which the writer could pick up and chronicle, between 1678 and 1714. The work was printed by the Oxford University Press at Macaulay's instance, and is simply invaluable for English history and English opinion during the time which it covers. Luttrell appears to have been a moderate Whig; but there is little direct political bias discoverable in his diary. He frequently gives the price of Bank stock, and I have incorporated his figures in the text below. Many of these prices, I have reason to believe, are time bargains, and not bona fide sales and transfers of stock, as I believe Houghton's are.

Houghton's collections contain not only the price of Bank stock, but those of many other funds, or actions as they were then called. Of these the most interesting are the prices of stock in the two East India Companies, the African Company, and the Hudson's Bay Company, and I have taken occasion from time to time to compare the fluctuations of East India Company's stock with that of the Bank. Houghton gives also the rate of exchange, especially with Amsterdam, then the centre of European finance. I have been able to interpret this rate, essential in order to comprehend the troubles of the Bank, in the three important years referred to, from the rare

and valuable work of Justice (1707) on the foreign exchanges. I have procured, also from Houghton's pages, the five Advertisements of Chamberlain's Land Bank, a project which, concurrently with other causes, gave that great shock to credit in 1696-7 which nearly destroyed the Bank, and all credit with it.

The next source of contemporaneous information is to be found in the pamphlets of the time. These pamphlets are to the age in which they were written what articles and essays in financial papers are at the present time, except perhaps that they were more carefully composed, because they had to discuss very disputable subjects in very critical times, and were frequently quoted years after they were written. I think I may say, that they entirely exhaust the contemporary aspect of the subject. They are generally anonymous, but the authorship of some has been revealed. Most are in the interest of the Bank of England, though some of them contain sharp but friendly criticisms on its action. At the same time there are two or three others which advocate the cause of the Land Bank. One of these is I think written by Foley, some time Speaker of the House of Commons, who with Harley, long time Speaker, and afterwards Earl of Oxford, was a patron of Chamberlain's absurdities. A few are written by foes of the new institution.

In dealing with political events, which at an early

date affected Bank stock, especially after the Peace of Ryswick, I have mainly and continuously relied on Sismondi's *Histoire des Français*, the best and fairest History which as I think has ever been written. I need hardly say, that during the long reign of Louis XIV, or at least from the Restoration in 1660, the history of France is the history of Europe. But I have also taken into account the history of Holland, whose career, from the War of Independence to the Treaty of Utrecht, is the most instructive, as well as the most splendid in the whole annals of modern Europe.

I have also for the period contained in this volume gone over the same ground, and used nearly the same authorities, which Macaulay traversed and consulted. And here perhaps I may be allowed to bear my testimony to the exceeding fairness and cautious accuracy of this great historian. The picturesque character of Macaulay's style has perhaps induced some dull persons to think that he strove after mere effect, and that after all his realities are unreal. I can only say that I have found him scrupulously just. In many cases he could with perfect historical honesty have portrayed persons, who played a conspicuous part in the financial history of the time, in far darker colours than he thought proper to employ. After going through the particulars of this period, I feel, even though the facts are nearly two centuries old, almost as much loathing towards Sir Charles

Duncombe, whose existence in London was a perpetual conspiracy against the Bank of England and public credit, as every right-minded person feels towards Oates and Fuller. But Macaulay, who could have shown him as he was, lets him off over-easily.

I think Macaulay over-rated the political genius of William the Third, great as it was. I think he over-rated the financial genius of Montague, great as it was. I think he might have given greater credit to those honest, God-fearing, patriotic men, who really founded the Bank of England, watched over its early troubles, relieved it, by the highest shrewdness and fidelity, from the perils it incurred, and established the reputation of British integrity. For in point of fact, the history of the Bank of England during its first years is in no slight degree the history of the settlement of 1689, and of the new departure which that great event makes in the politics of the civilised world.

The principle which lies at the bottom of the English Revolution is, that while forms of government may be retained without change and with advantage, though King, Lords, and Commons, an established Church, with toleration for other forms of creed or discipline, and a constitution entirely dependent on precedents for its continuity and its authority, may be recognised as the essential and invariable features in the new constitution, England was the first of nations to insist that a totally new

spirit should reside in these old forms. It broke with the doctrine of legitimacy and indefeasible right. It insisted that the sovereign and the administration should be of the religion of the people, and repudiated the ancient dogma that the subject should follow the religion of the sovereign. It resolved to make the crown dependent on the discretion of Parliament. The experiment was full of hazard, for it had to risk a collision with sentiments which we may now hope are obsolete, to affirm principles which had been passionately disputed, to deal with men who were half-hearted or obstinate, to use men who were shifty and doubtful, and to listen to men whose evidence was suspicious, and might be false or suborned. Hence it was expedient that as few changes as possible should be made in the traditions and forms of the Constitution. The enemies of the new model were neither few nor weak, its friends were timorous, dubious, interested, intriguing, while a false step might bring about a serious reaction and a formidable political danger. It is not wonderful that the first twenty or thirty years of Parliamentary government were marked by grave errors and great risks, and that public men did not see for near a century and a-half what was the necessary development of the English constitution.

Nor is it remarkable that this great financial experiment, the Bank of England, should have needed incessant watchfulness, and the continual

support of the Government it aided, in order to maintain its credit and to baffle its enemies. Long after it had got over the dangers of its earlier career, its prudence and abstinence from doubtful ventures were made the plea for severely criticising the extension or even the continuance of its privileges. It had never engrossed trade, but it was credited with the power and perhaps the purpose of doing so. It had never claimed to supersede its old enemies, the Lombard Street goldsmiths, afterwards the London bankers, but it was charged with the intention. It had been the main instrument in reducing the rate of interest, and it was alleged that its beneficent action merely concealed a sinister design, and that when it had got all London business into its hands it would become an universal and remorseless usurer. Its dealings with Government had been under strict Parliamentary control, and it was imputed to it that it could and probably would make the administration independent of the Constitution. It had never bought an inch of land, even for carrying on its own business, for it was the tenant of the Grocers' Company till 1735, when it purchased the residence of its first Governor, Sir John Houblon, and it was said to have the design of engrossing all the landed estate of the country¹.

¹ I have taken these arguments from a pamphlet of 1710, entitled 'A Vindication and Advancement of our National Constitution and Credit.'

The political and financial history of the Bank of England has not been written, nor has any attempt been made to show how it has brought about that peculiarity in the English currency, that in this country the efficiency of money, in the technical sense of the word, has been developed to an extent which cannot be paralleled in any other civilised community. Now this was undoubtedly effected by the agency of the Bank of England, and by it alone. I am indeed only concerned with its earliest years, and to them my reader will find that the quotation which I have taken for my title-page emphatically applies. I think however, if I have made my story at all clear, that I have pointed out how an interpretation of the market price of stock in a great instrument of credit may assist in solving the most difficult of all economical problems, the relations of a subsidiary currency to genuine industry and to genuine capital. Speculative political economy has been a most dangerous guide, nothing but inductive political economy is to be trusted as an interpreter of facts. We are as yet in the infancy of that phase of the science.

The Bank of England, during that part of its career which I have striven to illustrate, undoubtedly committed some exceedingly grave errors in its policy, errors which the students of political economy and finance, even though they have only got into the elements of their science, can detect, errors which the friendly and contemporaneous critics of the Bank's

action did not fail to recognise. The directors habitually confounded, to use the language of one of these critics, 'the credit of their stock with the credit of their cash.' No one believed that the Bank was insolvent in 1697 and 1700, but every one knew that the Bank could not honour its bills and notes, even to the amount of regular or current demand. In the earlier of these years there were great apologies to be made for the Bank, as I shall show below. There was every disposition to support it when a malicious run was made on its funds. But the Bank under ordinary circumstances ought to have provided that those who came to it, with genuine trade purposes, for cash, should have the cash they needed. Now those of my readers who care to examine the Appendix which will be found below of the course of exchange with Amsterdam, during the years 1698, 1699, and 1700, may with reason infer that the Bank did not sufficiently strive after strengthening its cash credit.

The privileges granted to the Bank of England in 1697 (its first two and a-half years may be treated as entirely experimental, though the experiment was a fearful strain) were to be justified on three grounds. The first, and that happily the most transient, was the assistance it might render the Government in times of peculiar pressure. In our days, the good faith of the British Government is absolute. Without giving a forced value to its public

funds, as is done by the United States¹, it has, by unflinching integrity in times of the greatest trial, and under plausible temptations, as for instance at the resumption of cash payments, kept the highest credit, because it has acted consistently with good faith. But that good faith which has become habitual in the public affairs of the United Kingdom was then an unknown quantity. Governments before the Revolution had, it has been justly said, created obligations in plenty, the Government of the Revolution was the first to honour its obligations. The solvency of the Bank was therefore based on the integrity of the Government, and the vigour of the Government was conditioned by the support of the Bank, for the Government soon learnt that its power in the councils of Europe depended on the punctual fulfilment of its financial pledges.

The next justification for the Bank's privileges, those I mean which it possessed for a century and a-half after its foundation, was the assistance it gave to currency and credit. It might be expedient to supplement current cash with convertible notes, and at a crisis, even with notes which were not instantly convertible, to circulate during the time in which the crisis was sharp. A generation and a-half ago, such a power, lodged in the hands of reputable and responsible people, was I am certain a financial necessity, a condition for the continuity of genuine

¹ I am referring to the Banking laws of the American Union.

manufacture and trade, as I have been often told by men who lived through times of solid business but a straitened currency. But it was the duty of the Bank to retire all paper which was not wanted for special purposes, as soon as the special purpose had ceased to be a matter of public concern. Now whatever apologies may be made for the Bank in December 1696, and I think I have admitted them to the full in the pages which follow, it was in the last degree hazardous for it to put into circulation nearly $1\frac{3}{4}$ million of notes, to have a reserve of less than £36,000 in cash, and to have invested nearly the whole of its funds in Government securities, the liquidation of which was deferred, and owing to the state of affairs at least precarious as to time. I cannot but think that the Bank would have attained its object, that of keeping the Government account and fulfilling all the functions of the Exchequer, if it had been more prudent in its earlier years, and had kept a stronger cash balance.

The third justification of the Bank's privileges was the effect which a wise and well-ordered institution would have on the foreign exchanges. Before the foundation of the Bank, complaints were general as to the exorbitant terms on which foreign bills were discounted. The advocates of the Bank in its early days, and again when its first troubles were over, pointed with exultation to the way in which the trade of the country had been freed from the

harpies of Lombard Street, who exacted the terms of Shylock from those who dealt with them. But here again, though the Bank may have transferred the charge from its customers to itself, by undertaking to discount foreign bills at reasonable rates, it certainly injured its own credit by the insufficient basis of cash on which it traded. Here also, as its friendly critic alleges, the Bank 'confounded the credit of its stock with the credit of its cash,' and this not at a crisis like that of 1696 and 1697, but when the country was at peace, and the Bank was beginning to make very large dividends.

There are few periods of English history which are more interesting than the reign of William III. I shall think myself fortunate if I have been able to describe and expound one aspect of that instructive epoch.

I have necessarily illustrated my sketch of the Bank's early history by certain statistical tables. They are five in number. The first, following this Preface, is Houghton's weekly register of the price of Bank stock. This is continuous, but in some weeks there is no price, as Houghton expressly states. It was this entry which led me to conclude that my informant's register is of actual purchases, for I cannot imagine that during these weeks there were no time bargains, a mode of speculation which Houghton is perfectly familiar with, and indeed describes minutely. The second table, put with the

rest in the Appendix, is of the Amsterdam exchanges from 1695 onwards. In this table only the variations are given. Thus from February 1 to March 1, 1695, the exchange on Amsterdam was 32·6. The third table is Justice's interpretation of these rates. The fourth is the discount on Bank of England notes, taken from Houghton. The fifth is the price of gold by the ounce, of silver by the ounce, and of guineas, during the crisis, from the same compiler.

JAMES E. THOROLD ROGERS.

OXFORD: *February, 1887.*

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TABLE I.

WEEKLY PRICES OF BANK STOCK,

Aug. 17, 1694, to Sept. 17, 1703.

The blanks mean that no price was quoted or no transactions done.

1694.	Feb. 22 92	Sept. 27 98
Aug. 17 102	Mar. 1 89	Oct. 4 93
Aug. 24 102	Mar. 8 79	Oct. 11 94
Aug. 31 101	Mar. 15 95	Oct. 18 95
Sept. 7 100	Mar. 22 99	Oct. 25 95
Sept. 14 100	Mar. 29 92	Nov. 1 95
Sept. 21 100	Apr. 5 90	Nov. 8 94
Sept. 28 101	Apr. 12 92	Nov. 15 94
Oct. 5 101	Apr. 19 92	Nov. 22 94
Oct. 12 103	Apr. 26 91	Nov. 29 94
Oct. 19 103	May 3 91	Dec. 6 97
Oct. 26 103	May 10 91	Dec. 13 100
Nov. 2 57 ¹	May 17 92	Dec. 20 100
Nov. 9 61	May 24 91	Dec. 27 100
Nov. 16 57	May 31 92	
Nov. 23 60	June 7 92	1696.
Nov. 30 70	June 14 93	Jan. 3 102
Dec. 7 72	June 21 97	Jan. 10 108
Dec. 14 72	June 28 99	Jan. 17 107
Dec. 21 76	July 5 96	Jan. 24 107
Dec. 28 75	July 12 97	Jan. 31 107 ✓
	July 19 97	Feb. 7 93 ✓
	July 26 95	Feb. 14 83
1695.	Aug. 2 97	Feb. 21 84
Jan. 4 74	Aug. 9 96	Feb. 28 88
Jan. 11 77	Aug. 16 94	Mar. 6 86
Jan. 18 81	Aug. 23 95	Mar. 13 84
Jan. 25 90	Aug. 30 95	Mar. 20 82
Feb. 1 89	Sept. 6 98	Mar. 27 84
Feb. 8 90	Sept. 13 97	Apr. 3 87
Feb. 15 89	Sept. 20 97	

¹ 'The money paid in.' It appears that this means the actual sum paid by the subscribers.

Apr. 10	85			Sept. 3	60½
Apr. 17	86	1697.		Sept. 10	82
Apr. 25	84	Jan. 1	72	Sept. 17	98
May 2	84	Jan. 8	73	Sept. 24	96
May 8	83	Jan. 15	66	Oct. 1	97½
May 15	80			Oct. 8	95½
May 22	79	¹MONEY. BANK.		Oct. 15	95½
May 29	78	Jan. 22 ..	55 65	Oct. 22	93
June 5	78	Jan. 29 ..	52½ 63½	Oct. 29	91½
June 12	78	Feb. 5 ..	51 62½	Nov. 5	90
June 19	78	Feb. 12 ..	51 62½	Nov. 12	88½
June 26	79	Feb. 19 ..	55 69	Nov. 19	89
July 3	79	Feb. 26 ..	54½ 68	Nov. 26	86¾
July 10	78	Mar. 5 ..	54½ 68	Dec. 3	87¾
July 17	73	Mar. 12 ..	53½ 67	Dec. 10	90½
July 24	75	Mar. 19 ..	53½ 67	Dec. 17	90½
July 31	73	Mar. 26 ..	54 68	Dec. 24	89
Aug. 7	71	Apr. 2 ..	54 68	Dec. 31	—
Aug. 14	70	Apr. 9 ..	54 68		
Aug. 21	69	Apr. 16 ..	55 68	1698.	
Aug. 28	69	Apr. 23 ..	56 69	Jan. 7	86¾
Sept. 4	69	Apr. 30 ..	56 69	Jan. 14	86
Sept. 11	69	May 7 ..	56 69	Jan. 21	86½
Sept. 18	71	May 14 ..	56 69	Jan. 28	87½
Sept. 25	70	May 21 ..	56 69	Feb. 4	88½
Oct. 2	68	May 28 ..	56 69	Feb. 11	86½
Oct. 9	60	June 4 ..	61 74	Feb. 18	86½
Oct. 16	60	June 11 ..	60½ 74	Feb. 25	86¼
Oct. 23	61	June 18 ..	60½ 74	Mar. 4	86¼
Oct. 30	61	June 25 ..	60½ 74	Mar. 11	87¼
Nov. 6	64	July 2 ..	60½ 74	Mar. 18	87
Nov. 13	86	July 9 ..	60½ 74	Mar. 25	89¼
Nov. 20	80	July 16 ..	60½ 74	Apr. 1²	—
Nov. 27	81	July 23 ..	60½ 74	Apr. 8	—
Dec. 4	77	July 30 ..	60½ 74	Apr. 15	—
Dec. 11	73	Aug. 6 ..	60½ 74	Apr. 22	91
Dec. 18	73	Aug. 13 ..	60½ 74	Apr. 29	—
Dec. 25	73	Aug. 20 ..	60½ 75		
		Aug. 27 ..	60½ 77		

¹ This distinction, continued to August 27, is the price of the stock in (1) money and (2) notes. On and after September 3 the price is money.

² 'No price.'

May 6 95	Jan. 20 102 $\frac{1}{2}$	Oct. 27 116 $\frac{3}{4}$
May 13 91	Jan. 27 101 $\frac{3}{4}$	Nov. 3 116 $\frac{3}{4}$
May 20 91	Feb. 3 104 $\frac{1}{4}$	Nov. 10 118
May 27 91 $\frac{1}{2}$	Feb. 10 102 $\frac{3}{4}$	Nov. 17 117 $\frac{1}{2}$
June 3 92 $\frac{1}{4}$	Feb. 17 103 $\frac{1}{4}$	Nov. 24 117 $\frac{1}{2}$
June 10 91 $\frac{1}{2}$	Feb. 24 104	Dec. 1 115
June 17 91	Mar. 2 103 $\frac{1}{2}$	Dec. 8 115
June 24 91 $\frac{1}{4}$	Mar. 9 104 $\frac{1}{2}$	Dec. 15 117 $\frac{1}{2}$
July 1 92	Mar. 16 —	Dec. 22 117 $\frac{1}{2}$
July 8 94	Mar. 23 105 $\frac{3}{4}$	Dec. 29 —
July 15 91 $\frac{1}{2}$	Mar. 30 103	
July 22 94 $\frac{1}{2}$	Apr. 7 102 $\frac{3}{4}$	1700.
July 29 94 $\frac{1}{2}$	Apr. 14 104	Jan. 5 126
Aug. 5 94 $\frac{1}{2}$	Apr. 21 104	Jan. 12 126
Aug. 12 96 $\frac{3}{4}$	Apr. 28 104	Jan. 19 130
Aug. 19 96 $\frac{3}{4}$	May 5 104	Jan. 26 129 $\frac{3}{4}$
Aug. 26 97 $\frac{1}{4}$	May 12 104	Feb. 2 129 $\frac{3}{4}$
Sept. 2 97 $\frac{1}{4}$	May 19 104 $\frac{1}{4}$	Feb. 9 139 $\frac{1}{2}$
Sept. 9 97 $\frac{1}{4}$	May 26 105	Feb. 16 139 $\frac{1}{2}$
Sept. 16 —	June 2 —	Feb. 23 143
Sept. 23 96 $\frac{1}{2}$	June 9 103 $\frac{3}{4}$	Mar. 1 148
Sept. 30 90	June 16 104 $\frac{1}{4}$	Mar. 8 145
Oct. 7 90 $\frac{1}{2}$	June 23 105 $\frac{1}{4}$	Mar. 15 148 $\frac{1}{4}$
Oct. 14 93 $\frac{1}{2}$	June 30 104 $\frac{3}{4}$	Mar. 22 148 $\frac{1}{4}$
Oct. 21 94 $\frac{1}{4}$	July 7 104 $\frac{3}{4}$	Mar. 29 —
Oct. 28 96 $\frac{1}{2}$	July 14 105 $\frac{3}{4}$	Apr. 5 —
Nov. 4 96 $\frac{3}{4}$	July 21 107	Apr. 12 —
Nov. 11 96 $\frac{1}{4}$	July 28 107	Apr. 19 —
Nov. 18 97 $\frac{1}{4}$	Aug. 4 107	Apr. 26 142
Nov. 25 98 $\frac{3}{4}$	Aug. 11 108 $\frac{3}{4}$	May 3 138 $\frac{1}{2}$
Dec. 2 99 $\frac{3}{4}$	Aug. 18 108 $\frac{3}{4}$	May 10 138 $\frac{1}{2}$
Dec. 9 102	Aug. 25 109 $\frac{1}{2}$	May 17 139
Dec. 16 103	Sept. 1 110 $\frac{1}{2}$	May 24 139
Dec. 23 103	Sept. 8 113	May 31 141
Dec. 30 103	Sept. 15 113	June 7 141 $\frac{1}{4}$
	Sept. 22 119	June 14 141 $\frac{1}{4}$
1699.	Sept. 29 117 $\frac{1}{2}$	June 21 138 $\frac{1}{4}$
Jan. 6 103	Oct. 6 117 $\frac{1}{2}$	June 28 139
Jan. 13 102 $\frac{1}{2}$	Oct. 13 116 $\frac{1}{2}$	July 5 139
	Oct. 20 116 $\frac{3}{4}$	

July 12	138 $\frac{3}{4}$	Mar. 28	123			
July 19	137 $\frac{1}{2}$	Apr. 4	123			
July 26	136 $\frac{1}{2}$	Apr. 11	103 $\frac{1}{2}$	1702.	Jan. 2	114 $\frac{1}{2}$
Aug. 2	136 $\frac{1}{2}$	Apr. 18	107		Jan. 9	114 $\frac{1}{2}$
Aug. 9	141 $\frac{3}{4}$	Apr. 25	107		Jan. 16	113 $\frac{1}{4}$
Aug. 16	140 $\frac{1}{4}$	May 2	107		Jan. 23	113 $\frac{3}{4}$
Aug. 23	138 $\frac{3}{4}$	May 9	111 $\frac{1}{2}$		Jan. 30	115
Aug. 30	142	May 16	106		Feb. 6	117
Sept. 5	142	May 23	106		Feb. 13	118
Sept. 13	—	May 30	—		Feb. 20	118
Sept. 20	—	June 6	106		Feb. 27	117
Sept. 27	133	June 13	106		Mar. 6	117 $\frac{3}{4}$
Oct. 4	132 $\frac{3}{4}$	June 20	106		Mar. 13	117 $\frac{3}{4}$
Oct. 11	130 $\frac{1}{2}$	June 27	106		Mar. 20	—
Oct. 18	129	July 4	112 $\frac{1}{2}$		Mar. 27	—
Oct. 25	129	July 11	110		Apr. 3	113 $\frac{1}{2}$
Nov. 1	129	July 18	109 $\frac{1}{2}$		Apr. 10	113 $\frac{1}{2}$
Nov. 8	129	July 25	107		Apr. 17	114 $\frac{3}{4}$
Nov. 15	129	Aug. 1	110 $\frac{1}{4}$		Apr. 24	114 $\frac{3}{4}$
Nov. 22	129	Aug. 8	108 $\frac{1}{4}$		May 1	114 $\frac{3}{4}$
Nov. 29	129	Aug. 15	108 $\frac{1}{4}$		May 8	114
Dec. 6	129	Aug. 22	112 $\frac{1}{2}$		May 15	115 $\frac{1}{4}$
Dec. 13	129	Aug. 29	115		May 22	115 $\frac{1}{4}$
Dec. 20	129	Sept. 5	115 $\frac{1}{2}$		May 29	117 $\frac{1}{2}$
Dec. 27	124 $\frac{1}{2}$	Sept. 12	118 $\frac{3}{4}$		June 5	118
		Sept. 19	—		June 12	118
		Sept. 26	—		June 19	121 $\frac{1}{4}$
		Oct. 3	—		June 26	118 $\frac{3}{4}$
		Oct. 10	109 $\frac{1}{2}$		July 3	118 $\frac{1}{4}$
		Oct. 17	109 $\frac{1}{2}$		July 10	118 $\frac{1}{4}$
		Oct. 24	108 $\frac{1}{2}$		July 17	118 $\frac{1}{4}$
		Oct. 31	108 $\frac{3}{4}$		July 24	—
		Nov. 7	108 $\frac{3}{4}$		July 31	118 $\frac{1}{4}$
		Nov. 14	107 $\frac{1}{2}$		Aug. 7	122
		Nov. 21	107 $\frac{1}{2}$		Aug. 14	121 $\frac{1}{4}$
		Nov. 28	109 $\frac{3}{4}$		Aug. 21	121 $\frac{1}{2}$
		Dec. 5	109 $\frac{3}{4}$		Aug. 28	121 $\frac{1}{2}$
		Dec. 12	110 $\frac{1}{2}$		Sept. 4	121 $\frac{1}{2}$
		Dec. 19	110 $\frac{1}{2}$		Sept. 11	125 $\frac{1}{4}$
		Dec. 26	110 $\frac{1}{2}$		Sept. 18	—

1701.

Sept. 25 —	Jan. 15 126	May 21 —
Oct. 2 120 $\frac{1}{2}$	Jan. 22 126	May 28 127 $\frac{3}{4}$
Oct. 9 120	Jan. 29 128 $\frac{1}{2}$	June 4 127 $\frac{3}{4}$
Oct. 16 119	Feb. 5 127 $\frac{1}{2}$	June 11 129 $\frac{3}{4}$
Oct. 23 120 $\frac{1}{4}$	Feb. 12 126 $\frac{3}{4}$	June 18 129 $\frac{3}{4}$
Oct. 30 120 $\frac{1}{2}$	Feb. 19 127 $\frac{3}{4}$	June 25 130 $\frac{3}{4}$
Nov. 6 121 $\frac{3}{4}$	Feb. 26 128 $\frac{1}{2}$	July 2 130 $\frac{1}{4}$
Nov. 13 121 $\frac{3}{4}$	Mar. 5 129	July 9 133 $\frac{1}{4}$
Nov. 21 123	Mar. 12 129	July 16 133
Nov. 28 126 $\frac{3}{4}$	Mar. 19 129	July 23 133 $\frac{1}{4}$
Dec. 4 127 $\frac{1}{2}$	Mar. 26 —	July 30 133 $\frac{3}{4}$
Dec. 11 129	Apr. 2 —	Aug. 6 133 $\frac{3}{4}$
Dec. 18 128	Apr. 9 125 $\frac{1}{4}$	Aug. 13 133 $\frac{3}{4}$
Dec. 25 128 $\frac{3}{4}$	Apr. 16 125 $\frac{1}{4}$	Aug. 20 133 $\frac{3}{4}$
	Apr. 23 127 $\frac{3}{4}$	Aug. 27 137 $\frac{3}{4}$
1703.	Apr. 30 128	Sept. 3 138 $\frac{3}{4}$
Jan. 1 129	May 7 127	Sept. 10 138 $\frac{3}{4}$
Jan. 8 129	May 14 127	Sept. 17 138 $\frac{3}{4}$

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* *The Commission for taking subscriptions for £1,200,000 pursuant to Act of Parliament.*

* *A List of the Names of the Subscribers to the Bank of England.*

* *Rules, Orders, and Byelaws for the good government of the Corporation and Company of the Bank of England.*

* The above are undated, but they were of course published in 1694.

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A Letter to a Friend concerning the credit of the Nation and with relation to the present Bank of England as now established by Act of Parliament. Written by a Member of the said Corporation for the public good of the Kingdom. 1697.

Arguments and Reasons for and against engrafting on the Bank of England with Tallies, as they have been debated at a late General Court of the said Bank. No date, but certainly 1697.

The Villainy of Stock-jobbers detected and the causes of the late run upon the Bank and Bankers discovered and considered. 1701.

Remarks on the Bank of England, with regard more especially to Trade and Government. 1706.

Remarks on the Bank of England concerning the intended prolongation of the Bank. 1707.

Reasons against the prolongation of the Bank. 1707.

A Vindication and Advancement of our National Constitution and Credit. 1710.

The Directors of the Bank of England enemies to the great interests of the Kingdom. 1711.

THE FIRST DIRECTORS.



Governor.

* SIR JOHN HOUBLON. L. M. 1696. Died Jan. 10, 1712.

Deputy-Governor.

* MICHAEL GODFREY. Died July, 1695.

Directors.

* SIR JOHN HUBAND.

* SIR JAMES HOUBLON. M.P. for City. Died Oct. 26, 1700.

* SIR WM. GORE. L. M. 1702.

* SIR WM. SCAWEN. M.P. for Windsor. Died Jan. 20, 1708.

* SIR HENRY FURNESE. Knighted Oct. 1691.

* SIR THOMAS ABNEY. L. M. 1701.

* SIR WILLIAM HEDGES. Died Aug. 1701.

* BROOK BRIDGES.

* JAMES BATEMAN. L. M. 1717.

* GEORGE DODDINGTON.

† EDWARD CLERKE. L. M. 1697.

† JAMES DENEW.

* THOMAS GODDARD. Died 1700.

* ABRAHAM HOUBLON.

* GILBERT HEATHCOTE. L. M. 1711.

* THEODORE JANSEN.

* JOHN LORDELL.

† SAMUEL LETHULLIER. Died Feb. 1710.

† WILLIAM PATERSON.

* ROBERT RAWORTH.

* JOHN SMITH.

† OBADIAH SEDGWICK.

† NATHANIEL TENCH.

* JOHN WARD. L. M. 1719.

A list of the subscribers to the Bank was published immediately on the subscription being completed. In the contemporary printed list, all marked with an asterisk (*) qualified to be Governor, i.e. had subscribed £4000 and upwards. Those marked † qualified to act as Deputy Governor. Those marked ‡ as Directors only. Sixty-three of the subscribers qualified as Governor, and among these were the Duke of Leeds, the Duke of Devonshire, the Earl of Portland, the Countess of Carlisle, Lord Godolphin, Lady Ann Mason, Sir Stephen Fox, and Sir John Trenchard. Thirteen qualified for the post of Deputy Governor, i.e. subscribed £3000 and under £4000; 113 qualified as Directors only. Six hundred and thirty-three were qualified to vote at the courts, i.e. held more than £500 and under £1000. There are a great many women in the fourth division. Montague qualified up to the place of Director. Duncombe was not a subscriber. The subscriptions of Leeds and Godolphin were probably in the name of the Queen, for Mary is not in the list of subscribers. The total number of subscribers was 1267, and the list is headed by the names of the King and Queen, though with no subscription underwritten. The manuscript subscription list is preserved among the archives of the Bank, and the printed list was, without doubt, published under the authority of the Directors.

THE
FIRST NINE YEARS OF THE
BANK OF ENGLAND.

CHAPTER I.

THE GREAT EXPERIMENT.

THE Act of legislation, which gave a Parliamentary 1694.
foundation to the Bank of England and regulated ^{Parliamentary}
its powers, is a series of clauses in the Ways and ^{Foundation of the}
Means Bill of 1694, 5 William and Mary, cap. 20. The ^{Bank.}
Act levies divers customs and excises, some moderate
enough, as we should think, on consumable articles,
some unwise enough, and seeks to raise a loan of
a million and a-half. To such subscribers of this
loan as provide in the aggregate £1,200,000,
the Act promises a charter and a title. The title
is, The Governor and Company of the Bank of
England. The Act, putting very severe restrictions
on the attitude which it was feared the Bank might
assume towards the Government, and especially to-
wards the Whigs, permitted the Company to deal
in bullion and bills, to issue notes, and to make
advances on merchandise. But the Bank was
disabled from trading with its own securities¹.

¹ The Bill had the assent of the Commons in a very thin house. It is said that only forty-two members were present. 'A Short Account of the Bank of England,' 1695.

1694. The charter of the Bank was granted on July 24, 1694. The subscription of the capital had begun on Thursday, June 21, in the Mercers' Chapel; and, according to Luttrell, the amount written down on the first day was £300,000, the Queen subscribing £10,000. To encourage capitalists, £2 10s. per cent. rebate on the amount subscribed was allowed on the first three days, and £2 on the subscriptions of Monday, June 25; after which the advantage was reduced by five shillings per cent. for each of the successive days¹. More than £600,000 was subscribed on the first three days, a result which constituted the subscribers a corporation, as it satisfied the conditions under which the charter was to be issued. By Tuesday night, June 26, £900,000 was subscribed; and by noon of Monday, July 2, the whole subscription was completed².

*Its first
Governing
Body.*

On Tuesday, July 10, the subscribers chose Sir John Houblon to be the governor, and Michael Godfrey to be the deputy governor; and on Wednesday the first twenty-four directors were elected. Among them were Paterson, who was credited with having devised the undertaking³, but who soon disappears from the management; and two other members of

¹ 'These premiums were defrayed from the Civil List.' Postlethwayt's History of the Revenue.

² Godfrey says that the whole was subscribed in ten days. The signatures of the subscribers, or of their agents, and the amounts which they underwrote, are preserved in the archives of the Bank.

³ In 1695 Paterson was in Scotland, negotiating the Darien scheme.

the Houblon family¹. Another was Sir Thomas Abney, the leading Nonconformist of the city, the firm friend and patron of Dr. Watts. Gilbert Heathcote, whose evidence before the Committee of the whole House of Commons extinguished the monopoly which the charter of the old East India Company gave them, and as Macaulay says, established the principle, that 'no power but that of the whole legislature can give to any person or to any society an exclusive privilege of trading in any part of the world,' was another director. The rest were men of mercantile renown, and we are informed that all belonged to the Whig party. By the Act of Parliament, the privileges of a Bank were secured to them for twelve years, provision being made that the Government might, in 1705, pay up the loan and extinguish the charter by giving a year's notice to the Company. On this loan Parliament agreed to pay 8 per cent. interest.

1694.

On August 1, according to Luttrell, 'the new bank paid into the Exchequer £112,000, which they did by their Bank Bills, sealed with the seal of their corporation, being the Britannia sitting on a bank of money²,' from which we may infer that the instal-

*It begins
business.*

¹ James Houblon, the father of the governor and the two directors, was descended from a Flemish refugee, who had escaped from the persecution of Alva. He was born on July 2, 1592, and died June 20, 1682. He was buried in St. Mary Wolnoth church, June 28, and his funeral sermon was preached by Burnet. He had become wealthy, but remained a member and office-holder of the French congregation. Seven sons survived him, Peter, James, John, Jacob, Isaac, Abraham, Jeremiah, and sixty grandchildren and great-grandchildren.

² This is the original seal of the Bank, and is copied on the

1694.

ments to the Exchequer were paid gradually and in part at least in paper. Indeed the same authority tells us that on August 7 tallies were struck at the Exchequer for a million sterling, in order to pay the army, such tallies at the time answering some of the ends of Exchequer Bills. On August 16 fifteen persons were chosen to draw up byelaws for the Bank, lawyers and merchants, among the former being Sir Bartholomew Shower, who had escaped punishment for his doings in the time of the last two Stuart kings only by William's own Act of Indemnity. On August 17 I find the first quotation of Bank Stock. It is £102.

*Its first
place of
business.*

I have thought it well to give a brief statement of the process by which the Bank was constituted. It held, according to Luttrell, its first sittings in the Mercers' Chapel, and continued there till September 28, when Sir John Houblon, the governor, informed the shareholders at a general court, held in the chapel, that they must needs remove out of the present quarters, and that he had taken Grocers' Hall for eleven years. Here they remained for forty years. He also told the shareholders that the byelaws had been framed and laid before Serjeant Levinz (a lawyer whom I know from contemporary records to have been retained in nearly all important cases), and that the Bank was in a flourishing condition. On September 28¹ the Stock was quoted at 101.

earlier notes. In later times the 'bank of money' was turned into a beehive, and its position changed also from left to right.

¹ My dates, taken from contemporary accounts, are of course 'old style.'

During the first few years after the Revolution 1694. company-forming and stock-jobbing were rapidly developed, and just about the time that the Bank was founded the passion for speculation was peculiarly active. Houghton, the chronicler of commerce and trade during the reign of William, gives in the early part of the year 1694 a series of papers in which he instructs his readers in the mysteries of stock-jobbing and time-bargains. Among Montague's financial expedients was the million lottery, the fortunate drawers in these lotteries being entitled to life annuities. The subscription was filled up before the end of May, and the tickets soon rose to a premium. The drawings did not take place till October 8, and Luttrell notes that the largest prize, that of £1000 a year, fell to four French Huguenots who had left their country and forfeited their estates for their religion.

There were private lotteries in plenty. There were joint-stock companies for mining, for trading, and for manufactures, some created by patent, some by charter. Those which were in existence were threatened with rivals, for projectors abounded. Some of these companies survive, many have long since been defunct and forgotten.

Old-fashioned people still kept their savings in strong boxes in their own homes. Pope's father did, years after the foundation of the Bank of England. But most of those who saved looked out for a safe place of deposit. In the time of Charles I the Mint was the place, and the king 'borrowed' £200,000

1694.
Stock-
jobbing a
fashion.

*Origin of
the Gold-
smiths'
Banks.*

1694. of these deposits in 1638¹. Undeterred by this experience, the goldsmiths, after the Restoration, deposited £1,328,526 in the Exchequer. They had lent it at 8 per cent., the money being entrusted to them by their customers. The king shut up the Exchequer in 1672, and appropriated its contents. The half of this sum was acknowledged by Parliament as a national obligation, and it forms, in origin at least, the oldest part of the public debt, though it was not formally recognised till 1701 (12 Will. III. cap. 12).

*English
Banking.*

The goldsmiths of the Revolution became the private bankers of the eighteenth century. They were, at its inception, the foes of the Bank, and, as is well known, brought it into serious straits by their intrigues in the early years of its existence. They had been attacked or criticised when their custom of giving bills on deposits had become familiar, for the earliest system of English banking treated the goldsmith's bill, as long as it was not presented, as the equivalent of the money deposited on it, and thus allowed the banker to make use of so much of his customers' balances as experience taught him was not necessary for the calls that were made on him from day to day. It was this practice, avowed and recognised, which distinguished the theory and habit of banking in England from its earlier types in foreign countries. But the goldsmiths, if they made large profits, had suffered great wrongs.

¹ Charles, unlike his son, paid the money back, but the Mint never regained its reputation.

There were at this time at least three great banks in Europe, those of Venice, Genoa, and Amsterdam. Of these, that of Venice was the most ancient. It is said to date from a transaction as far back as 1171. The Bank of Genoa was founded in 1407. The Bank of Amsterdam was established in 1609. All these had a considerable history. The Bank of Venice was a great instrument of commerce and government through the middle ages. That of Genoa was a republic within a republic. It founded an empire, as our East India Company did, on a small scale¹, and was still in repute. But there had been nothing like the Bank of Amsterdam. Founded to be sure when the republic was just on the point of concluding its first truce with the Spanish king, it had weathered many a storm after the early days of its being. Even in the days of Adam Smith, when the Bank of England had been in existence for more than eighty years, and had been the financial agent of the Government during the greater part of the time, that great economist was more interested in the constitution and action of the Bank of Amsterdam than he was in the similar institution of his own country. He procured a special report of this Bank from the pen of his friend Mr. Hope, and inserted it as a valuable digression in his *Wealth of Nations*².

1694.

*The Conti-
nental
Banks.*

¹ The Bank of Genoa, among its other possessions, had the Island of Corsica, which it sold to the French a little before, or as some have said after, the birth of Buonaparte.

² *Wealth of Nations*, book iv. chap. 3.

1694.

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*Their
 system of
 Banking.*

These banks differed fundamentally in their constitution from that of the Bank of England. They were in their early days what they professed to be throughout their career, banks of deposit, in which the coins of all countries were taken from merchants, assayed or valued, and held as the equivalent of the bills issued against them. In theory the notes of these earlier banks were of the nature of dock warrants, entitling the holder to claim not only the sum which they expressed, but, theoretically at least, the very coins which were deposited against them. Hence the paper which they issued bore a premium, from which the first profit of the bank was derived¹. It was alleged by Davenant, an author writing at the time when the Bank of England was founded, that the Amsterdam Bank held regularly £36,000,000 sterling. In 1672, when Charles and Louis, in pursuance of their secret treaty, made sudden war on the Dutch, and the populace murdered the De Witts, and there was a run on the Bank, its treasure was found to be intact, the marks on the pieces which had been scorched in the Stadthaus fire long before being still plainly visible. But when Holland was overrun by the French in the early years of the great continental war, the whole of the treasure was gone. It had been lent, in defiance of the fundamental law of the Bank's constitution, to the Dutch East India Company.

¹ The State also enacted that all bills beyond a certain amount should be negotiated at the Bank. Hence every considerable merchant had to keep an account there.

The Bank of England from its very beginning went on a different course, that which the London goldsmiths had already practised. It purported to give in its bills the equivalent of what it had received, but it never pretended to take the deposit for any other purpose than that of trading with it. It never professed to make its issues square exactly with its coin and bullion, though of course it made its liabilities square with its assets, plus the capital of its shareholders, and in time, plus its rest or reserve also, i.e. its accumulated and undivided profits. At first these profits were derived from the dividends it received from Government, and from the gains it made out of the notes which it put into circulation, in exchange for, or in addition to, the cash which it took. It coined, in short, its own credit into paper money.

When the project was adopted by Montague, and the scheme of the new Bank was inserted in the Tonnage Act, it was assailed by three different classes of persons with varied motives but with concurrent bitterness. It was attacked by the old money-lenders and bankers, by the dissentient Whigs and all the Tories, and by the projectors of rival schemes. The rancour of these people survived the grant of the charter and the unquestionable services which the Bank did, and the first great peril which the Bank ran was from a rival projector, who had propounded his scheme at least simultaneously with that of Paterson and Godfrey, if not antecedently to it.

It was alleged that the Tonnage Bank, as it was nicknamed, would absorb all the money of the

1694.

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*The
enemies of
the Bank.*

1694.

country, and subject all trade to usurious exactions. They who had been making twenty or thirty per cent. on trade loans, affected to be alarmed at the risk which honest merchants would run if they got into the clutches of this harpy of Grocers' Hall. The promoters of the Bank, Godfrey and Paterson, put out pamphlets to prove that the action of the Bank would infallibly tend to lower rates of discount and interest, because it would utilise to the utmost both capital and credit. The morbid and bitter jealousy which private institutions of credit feel towards those modern forms of business in which publicity is courted has survived to our own time, and expedients for aiding a small note circulation and a system of deposit in public institutions for the benefit of the poorer classes have been angrily criticised and studiously hampered. The private bankers of the eighteenth century strove to ruin the reputation of their hated rival by plotting against its credit. Macaulay (chap. xxii.) has described one of the earliest of these conspiracies, which was baffled within two years of the Company's commencing business.

*Jealousy of
the Bank.*

The dissentient Whigs and the Tories were united in distrusting Montague's scheme. The former affected to believe that the Bank might neutralise that control over the public purse, and thereby over the policy of the Sovereign, which it was the glory of the Revolution to have established. They affected to dread that the Whig merchants of the City would undermine the Constitution, would risk their own money prodigally, and further expedients which would make them

certain to lose it. So a clause was inserted in the Bill, under which the Bank was disabled from lending to the Government, except with the consent of Parliament. The promoters of the undertaking must have thanked them for the protection which their jealous zeal accorded to the infant corporation. The rule was violated wholesale by the younger Pitt, and the Bank suffered one of the greatest risks of its existence in February, 1797.

1694.

The dislike of the Tories to the new measure was of a far more intelligible kind. The success of the Bank was the success of the moneyed interest, of the dissenting, semi-republican, interest. They suspected, or affected to suspect, a revival of the reign of the Saints¹. The country squires and the country clergy had not suffered from the government of the last male Stuart as much as the towns and town clergy had, and the country was far more bitter against non-conformity than the towns were². In fact, they had now to deal with a different kind of dissent. At the end of the seventeenth century the chief sectaries of town and country were the Congregational or Independent body. In the counties, and especially in the agricultural districts, the Quakers were now exceedingly numerous, and their tenets

The hostility of the Tories.

¹ This is the meaning of the objection which was constantly taken to the Bank at its inception, that banks had always existed in republics only, and that a bank and monarchy were incompatible. Cromwell and his army of Independents were still, and long remained, a scare.

² On the other hand, the country squires and the country clergy had suffered far more from the charges and changes of the Commonwealth than the towns had.

1694. were distasteful to the dignity and injurious to the interests of the clergy, for they repudiated the ordinances in which all other Christians were agreed, and made a serious difficulty in paying tithes¹. The Land Bank of Chamberlain was to be a difficulty of the future, but he and the projectors who acted with him swelled the chorus of distrust.

Macaulay is I think right in saying that the project of the Bank passed the Commons because, as the House had already voted extraordinary supplies, to the extent of four-and-a-half millions, it did not seem obvious how to find money and repudiate the Bank scheme. There was some danger from the Lords, at that time peculiarly hostile to the moneyed men. But Carmarthen, afterwards the Duke of Leeds, who was always a sensible politician, and occasionally a patriotic one, though marvellously self-seeking and sordid, came to the rescue, and arguing in the spirit, though not in the words of the famous apophthegm, that the King's government must be carried on, dissuaded the Lords from altering a money bill. The Bank of England was saved in the Lords by twelve votes. The minority did not protest.

The political situation.

It may be doubted, if the subscribers to the Bank of England had known what we now know, whether they

¹ The earlier Quakers were country rather than town folk. I have been told by old members of the Society of Friends, that the change from town to country life was generally effected from two to three generations ago, and was principally owing to the difficulty of paying tithes. This tenet of the Quakers was made an argument against giving relief to this sect in 1722. See *Protests of the Lords*, for that year, January 17.

would have thought the Government stable enough to be trusted. While Montague was seeking to support the King in the exertions which he was making for the peace of Europe, Marlborough had betrayed to St. Germain and Versailles the intended attack on Brest, and had brought about the death of Talmash, and the entire failure of a promising adventure, which, if successful, would have annihilated the remains of the French Navy, and have checked French privateering. It was generally believed that a new descent on the English coast was in preparation. It was rumoured that the Pope was on the point of granting considerable assistance in money to the exiled King. The wants of the Treasury were pressing, and in March of this year the Lord Keeper and the Lords of the Treasury were begging for a small loan, according to custom, from the Common Council of the City, who, we are told, assisted them for a commission¹. The storms of the spring had been exceptionally severe, and one is said to have brought about a loss of £400,000, a great sum, when it is known that the whole of the English mercantile marine was under a quarter of a million tons burden². Besides, the currency was in the most deplorable condition, worn and clipped; nor did the execution of coiners and clippers by batches arrest the evil. This state of the

1694.

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¹ This is stated by the author of a pamphlet on the Land Bank: 'Remarks on the proceedings of the Commissioners for putting in execution the Act passed last Session for establishing a Land Bank.' 1696.

² Even in January, 1702, the mercantile marine of England amounted to only 261,222 tons. Macpherson.

1694. currency was soon to intensify a serious crisis in the history of the Bank¹.

*Stock-
jobbing.*

In the infancy of what we may call stock exchange transactions, sudden and violent fluctuations in price were normal and expected. But they did not deter the public from trafficking in these securities, or actions, as they were called². Within a short time, a year or two, a few months, even a few weeks, stocks would vary enormously in value. Hudson Bay stock in the space of two or three years fell from 250 to 80. East India stock, which was at 146 in the beginning of the year 1693, stood at 37 in May 1697, and rose again to 142 in April 1700. The stock of the English East India Company, the rival of the old Company, and subsequently amalgamated with it, was at $46\frac{3}{4}$ in March 1699, and rose to 219 in August 1703. In short, these investments were in the highest degree speculative undertakings, though both the stocks in question had a long and memorable existence. I could give further illustrations from the Guinea and the Levant Companies, engaged in foreign trade; from the Sword-blade, Lutestring, Paper and Copper Companies, engaged in manufactures and mining, and from a host of other trading associations, which have now been long forgotten. The seventeenth century was one of great discovery and activity. Men who were engaged in commerce had realised,

¹ The harvest of 1693-4 was the worst which had been known in England for over thirty years (average of wheat, 63s. $5\frac{1}{4}d.$), and with one exception (1661) the worst ever recorded since Elizabeth's reign.

² The coffee-houses which the brokers and jobbers frequented were Jonathan's and Garraway's.

during the last quarter of that century, fortunes which were gigantic by contrast with any previous experience, and generally by the machinery of associated or joint-stock enterprise. People were therefore prepared for similar successes, if they could only discover the best means for trading in money and goods.

1694.

The want of experience as to the basis on which a subsidiary currency must rest, in order that depreciation or even bankruptcy may be avoided, was one intrinsic peril which the Bank of England ran in its earlier days. The other peril of the same character was the highly speculative character of all joint-stock enterprise. On the other hand, the Bank was strengthened by the confidence which was shown in its directory, by the fact that the directors, customers, and shareholders of the Bank contained most of the moneyed men, and by the unwearied vigilance of those who watched in the Bank's infancy over its fortunes and solvency. The City magnates of this period lived over their shops and warehouses. The rent of a London shop, dwelling, and garden in the days of William and Mary was by no means high. I find for instance in my researches¹, that in 1697 a 'good merchant's house,' close to the Royal Exchange, with warehouses and vaults, is offered at a rent of £60 a year; that four new brick houses with shops in the City are to be let at £20 a year each, and can be leased at this rate for forty years; that two houses were to be let in Fleet Street at £44 a year each;

*Ignorance
of the
principles
of Banking
prevulent.*

¹ All these examples are taken from Houghton's Advertisements.

1694. that an ale-house in the Strand, with three rooms on each floor, could be had for from £20 to £30 a year; that a house in the Old Jewry was let at £40 a year; and that enquiries were made for a house between Guildhall and Bread Street at from £30 to £50 a year according to accommodation. I could multiply these illustrations, for I have not taken more than one year, and I have several more notes to the same effect, even for this year.

*Attach-
ment of
Londoners
to the City.*

At the end of the seventeenth century the Londoner lived in London. There at least his treasures were safe. He might count on being forcibly relieved of them, if he journeyed five, even two miles, out of his beloved city, with valuables in his possession, for footpads haunted Islington and Chelsea. He was on intimate relations with all those who were engaged in commerce. In our days, the knowledge of a trader's solvency is an art in which the best instructed and most wary may be deceived. In those times it was a habit which every man of business had necessarily cultivated. We may depend on it, that in the old days, before the Bank of England existed, and the Lords of the Treasury went, cap in hand, with the Lord Keeper to raise a loan among the thriving citizens, there was no difficulty in learning where a full strong box was to be found.

There was good reason for the union of City men. Outside London, the merchant and moneyed man was heartily hated. He was generally a Whig, and almost as generally a dissenter. But his rapidly growing wealth made him especially hateful to the

country gentlemen. John Briscoe, the literary advocate of Chamberlain's Land Bank, of which we shall hear something hereafter, called him a usurer, and thought he had sufficiently dealt with him when he gave him this name. Perhaps the most bitter and malignant sketch which the Tories ever made of him is found among Davenant's works, under the name of 'the true picture of a modern Whig¹.' Ten years before, he had gained the experience of how his political foes would treat him when they had the ascendancy, and his memory as well as his interest made him resolute in defending the settlement of the Revolution, and afterwards, of the Protestant succession. Up to the date of that Revolution, it had been a tenet with princes that the subject should conform to their religion. The Revolution insisted that the King should henceforth conform to the religion of his subjects. Now no analysis of the early fortunes of the Bank of England would be accurate unless one took into account the political bias, the religious convictions, and the exceptional resources of those who founded it and guarded its infancy.

But, in point of fact, nothing could be less like the principles of modern banking than the action of those who founded the Bank of England was. The capital of the Bank was lent to the Government, and

*The Bank
and its
profits.*

¹ Macaulay seems to think that the Member for Bedwin, who was found in company with Poussin at the memorable Blue Posts supper, was a different man from the economist. But this is not the case. They are the same. Davenant's pamphlet went through many editions during Anne's reign. To me, it is the most stupid libel I ever read.

1694. to the last shilling. The security to the shareholders was the good faith of Government, and only two years had elapsed since the Government had begun the public debt with the annuities. The lottery loan of a million was an operation undertaken simultaneously with that of the Bank of England, and had been a rapid success. But it was to be extinguished in sixteen years. The loan of the Bank was the first permanent loan, for though provision was made that the privilege of the Bank should cease in 1706, if its capital were repaid in 1705, no man of sense imagined that any Government would ever extinguish so useful a corporation.

The first prospect of a dividend then which the shareholders had was the eight per cent. which the Government stipulated to pay on the loan, with £4000 a year for management. The other sources were, the circulation of their own bills, which they issued on the loan which they had made, and on which they agreed to pay interest, and the profits which they might make from the capital which their customers deposited with them. They invited these deposits by the offer of four per cent. interest, and it was one of the criticisms of Davenant¹ on the Bank that this expedient of stimulating deposits by the pledge of an income to the depositor was a hindrance to energy and enterprise. But they did not take precautions to secure the convertibility of their notes, and when the pressure of the recoinage came, they

¹ Discourses on the Public Revenues and Trade of England, Part I, page 265 (1698).

were driven to the most desperate shifts in order to support their credit. Nothing but the resolution of the directors and shareholders to support the institution by any and every sacrifice could have saved it from the obvious risks of the system which they adopted. By their first charter they were permitted to lend on pledges. But they do not appear to have availed themselves of this power, though it is probable that they required the deposit of dock warrants when they made advances to some persons, or on some kinds of goods¹. 1694.

Bearing in mind then that the Bank was a Whig institution, devoted to the Whig settlement of the constitution and to the Whig administration which had carried it through the House of Commons, its difficulties were not slight when we look at the events which occurred in the latter half of the year 1694. Though no material gain had been made by the allies in the war, yet, on the other hand, 1694 was the first year in which Louis XIV had gained no substantial advantage. But, on the other hand, the Government at home was discredited by the scandal of the Lancashire trials, and the winter was rendered gloomy by the sickness and death of the Queen. This event occurred on Dec. 27, old style, after an illness of only five days.

I find from a friendly pamphlet published in 1695, entitled 'A Short Account of the Bank of England,' that the directors had met their obligations to the Government by a payment of 60 per cent. in cash, *Godfrey's account of the Bank of England.*

¹ They would not make advances on 'perishable goods.'

1694.

the remaining 40 having been satisfied by Bank bills. The writer says: 'Some find fault with the Bank because they have not taken in the whole £1,200,000 which was subscribed, for they have called in but for £720,000, which is more than they now have occasion for. They have paid into the Exchequer the whole of the £1,200,000 before the time, and the less money they have taken to do it, so much the more have they saved the public. The rest is left to circulate in trade. There is £480,000 in the subscribers' hands, ready to be called for when they want it.' It is probable that this pamphlet was the work of Godfrey¹.

The business of the Bank is described as follows in the same pamphlet: 'They [the directors] lend money on mortgages and real securities at five per cent. per annum. If the titles of land were made more secure, money would be lent on land at four per cent. per annum, and in time of peace at three per cent.² Foreign bills of exchange are discounted at four and a-half per cent.; inland bills and notes for debts at six per cent. They who keep their cash in the Bank have the first of these discounted at three per cent., and the other at four and a-half. Money is lent on pawns of such commodities as are not perishable at five per cent., and on the Fund of

¹ Since writing the above, in which I quote from the contemporary pamphlet, I have found from a reprint of this tract, a copy of which is in the Bank of England, that the Account was written by Michael Godfrey.

² I doubt whether they really lent money on mortgage, or indeed on anything but mercantile bills and goods. They certainly never established a pawnshop for the poor.

the City of London Orphans at five per cent.¹ The directors contemplate, for the ease of the poor, establishing a 'Lombard' (i.e. a pawnbroking establishment) on small pawns at a penny per pound per month.

1694.
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The same writer estimates the loss which the public had endured by the goldsmiths and scriveners who had failed during the last thirty years at between two and three millions, though he does not state whether he includes in this sum the deposits left by them at the Exchequer and seized by Charles in 1672, and to which reference has been made before. But he hints, not obscurely, that the state of the coinage, soon to be a trouble at the Bank, if the trouble had not already begun at the time this pamphlet was written, was traceable to those persons. 'If the bulk of the money of the nation which has been lodged with the goldsmiths had been deposited in the Bank four or five years past, it had prevented its being so scandalously clipped, which one day or the other must cost the nation one and a half million or two million to repair it².'

¹ The Orphans' Fund was not in a satisfactory state at the time, the City having carried a bill dealing with the Fund in 1695, after bribing Speaker Trevor, and Sheffield, Lord Normanby, to all appearance. See Protests of the Lords, April 18, 1695.

² In an unfriendly pamphlet entitled 'Remarks on the proceedings of the Commissioners for putting into execution an Act passed last Session for establishing a Land Bank' (1696) the writer says, 'As for the goldsmiths, no one expects any reformation from them, or that anything will make them honest but a catchpole.'

1694.

‘Some think,’ says the author, ‘that a currency of Bills or Tallies can be enforced. But nothing makes Bank Bills current but only because all those that desire it can go when they will, and fetch their money for them; and to force anything to pass in payment but money would soon end in confusion.’ ‘To make anything current in payment but specie money would cause that nobody would trust any Government on any loans whatever.’

The Bank allowed twopence a day interest on Bank bills, and so drew money out of the goldsmiths’ hands, in exchange for bills, and this naturally made the goldsmiths their enemies, as they allowed no interest on deposits. The writer states that ‘this allowance costs the Bank £36,000 a year, a charge which they would gladly get rid of.’ Of course this means that they had issued bills to the whole amount of the Government loan at three per cent. interest on the bills or notes. But he also asserts that this is a clear annual gift to the nation out of the Bank’s own fund, and on account of the deposit of moneys, for which the owners had previously received nothing.

*Principles
on which
the Bank
was
founded.*

In a pamphlet published the year before¹, and probably written by Paterson, the writer gives an account of the principles on which the Bank of England was projected. ‘There is,’ he says, ‘a prevalent error, that the stamp or denomination gives or adds to the value of money,’ and that the fallacy of this opinion was detected by those who, some

¹ A Brief Account of the intended Bank of England, 1694.

years before, had projected the Bank. 'It was then proposed that a public transferable fund of interest should be established by Parliament, and made convenient for receipts and payments in and about the cities of London and Westminster, and to constitute a society of moneyed men for the government thereof, who should be induced by their interest to exchange for money the assignments upon the fund at every demand.' And he goes on to say that the promoters of the Bank had seen that banking must be based on the three following principles:—

1694.
—+—

1. That all money, or credit, not having an intrinsic value to answer the contents or denomination thereof, is false and counterfeit, and the loss must fall one where or other.

2. That the species of gold and silver being accepted and chosen by the commercial world for the standard or measure of other effects, everything else is only counted valuable as compared with them.

3. Wherefore all credit, not founded on the universal specie of gold and silver, is impracticable, and can never subsist neither safely nor long, at least till some other species of credit be found out, and chosen by the trading part of mankind, over and above or in lieu thereof.

After describing the actual security of the Bank and its prospects of successful trade, and stating that no dividend will be paid without some months' notice, in order to give the proprietors the choice of keeping or disposing of their stock, he states, 'The politicians distinguish between the interest of land

1694. and trade, as they have lately done between that of
 ——— a king and his people,'—a hit at the rival project
 which was soon to be before Parliament,—and says,
 'If the proprietors of the Bank can circulate their
 own foundation of £1,200,000 without having more
 than two or three hundred thousand pounds lying
 dead at one time or another, this Bank will be in
 effect as £900,000 or £1,000,000 of fresh money
 brought into the nation.'

He then predicts, that so far from being an injury
 to borrowers, whether they be landowners or traders,
 it will lower the interest on money; and he points to
 the Banks of Amsterdam and Genoa, as well as others,
 to confirm his prediction, and concludes that the
 enemies of the Bank are threefold: (1) the Jacobites,
 who know what its effects will be on their patron
 Louis of France; (2) some few usurers and brokers
 of money; (3) those who have not wherewith to
 trade, unless it be, like Haman of old, for whole
 nations or a people at once. By the last two classes
 the writer appears to mean the goldsmiths, and
 Chamberlain with his associates.

I have stated at some length, and by quotations
 from these two important contemporary pamphlets,
 what were the purposes and what were the hopes of
 those who founded this institution and supported it
 during the perils of its infancy. What these perils
 were, we shall soon have occasion to see. It is when
 a rival project was attempted, and collapsed so
 ludicrously, that the adverse criticism of the Bank
 and its purposes begins, for the arguments alleged

against it during the passage of the Tonnage Bill 1694.
are not worth discussing¹.

The advocates of the new adventure constantly allege, and the apologists of their rivals confirm the allegation, that the right of using their stock for issue, for loans, and for discounts, in short of becoming a bank under charter, was a capital feature in the project. Now the first note which Luttrell makes of the Bank's action is on August 1, on which day he states that the Bank had paid £112,000 into the Exchequer by their own bills. It is plain, then, that as soon as the subscription made it clear that the project would be a success, they set to work to engrave a plate, and to print their bills, and this while they were occupying Mercers' chapel. Nor do I conceive that they began the principal business of their undertaking, the discount of commercial bills, foreign and inland, for some weeks after the legal existence of the company commenced. My reader will see that for the first eleven weeks in my table of the price of bank stock this price was slightly above par, ranging from 100 to 103. These prices, I am disposed to believe, are the average of the week, and represent the prospects of the Bank as a trading corporation before it began to trade and its policy was known. Luttrell, under date of October 25, 1694, says that Bank-stock was that day 105.

*Prices of
Bank
Stock in
1694.*

The next week's quotation, November 2, is a drop to 57, with the heading 'The money paid in.' The public had then learned that only 60 per cent. of the

¹ See Macaulay, chap. xx.

1695. company's capital had been called up, and no doubt found out that liabilities in the issue of £480,000 on credit had been created. The stock, therefore, now estimated on the actual capital paid by the proprietors, was below par, and remained at or below par for four weeks. I cannot but infer from this that the public which traded in this new security were not yet clear as to what would be the benefit to the shareholder in venturing on the undertaking, the proprietor in which was in the risk of a call, if the project was found to be in difficulties, and subject to the additional liabilities of an emission of bills, based certainly on unpaid capital, but possibly on deposits or commercial loans. The quotation I confess of November 2, when compared with that of October 26, staggered me at first. But I have no doubt that the above is the true explanation of the market.

*Prices of
Stock in
1695.*

Be this as it may, it will be seen that the company rapidly gained public confidence. The stock goes up to 70 on November 30, and though it suffers a check after the event of the Queen's death on December 27¹, it goes on steadily rising, till on the 22nd of March, 1695, it stands in my register at 99; and according to Luttrell, who says a dividend at the rate of six per cent. for the last nine months was declared on March 20, was on that day at 100. From this

¹ Luttrell says, Jan. 26, 1695, 'Every £60 in the bank that was paid in, in principal money, is now worth £90;' and on Feb. 2 he states that 'the bank has declared that so soon as the Parliament settles the funds, they will advance his majesty two millions at 5 per cent., having £1,200,000 by them in old gold and silver.'

date however the tendency is downwards, though the stock keeps at 90 to 92, generally at the latter figure till June 14, when it begins to rise, and on June 28 is at 99 again. I find nothing to account for this decline, beyond the general uncertainty of a campaign in which William was commanding in person, except it be the rumour that at a general court on May 16, the Bank had determined to establish a branch at Antwerp, where they were to coin money to pay the army in Flanders.

For this or for some other purpose the Bank sent three of their directors, Sir James Houblon, Sir William Scawen, and Michael Godfrey, to the King's head-quarters. After their departure the Bank made a temporary advance on June 15 of £150,000 to the Government, on the security of two new taxes¹. On July 25 the Bank had letters from Sir James Houblon and Sir William Scawen announcing Godfrey's death in the trenches at Namur. The readers of Macaulay will remember how he has told the story. Luttrell, who is my authority, says that 'the three Bank directors had dined with the King in his tent, and had waited on him into the trenches to view the same.' I am not quite sure that Macaulay's informants were not unwilling to set down the Whig money-man's death to indiscreet and meddling curiosity. Luttrell says that the news of Godfrey's death occasioned a fall of two per cent. in the stock. This is confirmed by my register.

1695.

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*The
Directors
at Namur.*

¹ Luttrell, June 15.

1695.

It is not impossible that the scandalous bribery of which the City of London and the East India Company had been guilty and which was detected in March, 1695,—of which the first victims were Guy and Craggs, the next Sir John Trevor, the Speaker, who had to put the question to the House that he was guilty of a high crime and misdemeanour, and who was next day expelled,—and the grave suspicion that even more considerable people, such as Seymour and Leeds¹, were compromised, may have produced a general feeling of distrust. For though the Bank was a Whig corporation, and the East India Company was a Tory association, the discredit of one great trading company naturally had its influence on other companies even at that time².

Under date of August 15 Luttrell informs me that Mr. Charles Duncombe, of whom more will be heard hereafter, ‘sold all his effects (amounting to £80,000) in the Bank of England, and that Lord Godolphin had done the same and transferred them to the Orphans’ Bank.’ This action seems like one of those attempts to discredit the reputation of the Bank which were repeatedly made, especially and on a large scale in the next year. During this week, as my record informs me, Bank-stock fell two per cent. But the news of the capture of Namur, which the friends of the Bank

¹ Macaulay, chap. xxi.

² According to Postlethwayt, the Bank advanced the Government in 1695 a million and a quarter on the security of the customs, the repayment being spread over four years.

always ascribed to the promptitude with which the directors supplied the wants of the King's army, sent the stock up again, which nearly reached par in the month of September. This is perhaps further explained by the fact that on September 26¹ the directors declared a dividend of four per cent. on the paid-up capital, i.e. sixty per cent., 'which is to be made on Oct. 10, the second dividend since their establishment.' But probably the news of Sept. 28, 'that the Bank of England, not having their success in the Mint at Antwerp for coining of money to pay our army as they expected, have borrowed £200,000 of the Bank at Amsterdam at four per cent., the King giving his word at the same time to see them reimbursed, which money they have paid to his majesty's army in Flanders without remitting hence²,' may account for the fall of five per cent. between Sept. 27 and Oct. 4. 'Sir John Houblon, a lord of the Admiralty and governor of the Bank, was chosen Lord Mayor this day³' (Sept. 28). Scawen, who had gone to Namur in the summer with Godfrey, was made deputy governor a day or two before. During October and November the stock was almost stationary at 94. On October 11 the Parliament was dissolved, and according to Luttrell, the Princess of Denmark (Anne) bade her servants all vote for Sir Stephen Fox and Charles Montague for Westminster. Marlborough now saw that it was expedient to be on good terms with the Bank and its political patrons, and the order, no doubt, proceeded from him.

¹ Luttrell, September 26. ² *Ibid.*, September 28. ³ *Ibid.*

1695.

Between December 7, 1695, and January 31, 1696, the stock of the Bank rose rapidly. It was 97 at the first date, and 107 at the second, having stood at 108 in the week ending January 10. But a reverse was at hand. The particulars of the situation require a minute statement, for on February 7 the stock fell fourteen, and next week another ten. Two circumstances contributed to this prodigious fall, which the public, as we shall see, fairly understood, for trouble, the severest trouble the Bank ever suffered, was coming on it. I am speaking of monetary, not of political events, though the latter were of the gravest and most alarming kind. The king of France had, to his great chagrin, lost Namur; and so he permitted, was conscious of, and perhaps even encouraged, a plot for murdering William.

The two circumstances to which I refer were the state of the currency and the scheme of the Land Bank.

*The
English
currency.*

The condition of the English currency had become scandalous. It seems that much of it was clipped to less than a third of its proper weight. If I can rely on an exceedingly rare and valuable work¹ in the Bodleian Library, the study of which is essential for the interpretation of the foreign exchanges during the period of which I am writing, there were still in circulation in England coins dating from the days of the Plantagenet kings, and when in proper condition, these were taken at their

¹ A General Treatise of Money and Exchanges, 1707 (by Alexander Justice).

modern value. Even some of the base money of Henry VIII and Edward VI had escaped Elizabeth's melting-pot, and was duly appraised by the dealers in currency, for I find the coins of issues in which half the metal was alloy, and others of which two-thirds was base, in my author's list, with their worseness accurately given. A vast quantity of foreign coins also circulated in England; French pistoles, German dollars, Spanish pieces-of-eight, Dutch florins, moidores and ducats, and others whose very names are now forgotten. The English Mint levied on the bullion coined a pretty heavy seignorage to cover charges, for the coin had to carry not only the fourteen pence per pound charged for manufacture, but the cost of melting and refining. Now such a seignorage and charge must have led to a considerable importation of foreign coin, which in the exchanges was estimated at its bullion as opposed to its Mint value. A few years later the Mint coined money free of charge, and provided for the cost out of the general taxes.

It is difficult to understand why the crime of clipping became so common at the end of the seventeenth century. It was not due to the negligence of the law, for clipping the coin was a capital felony, and the Old Bailey witnessed the sentence of death on clippers by the dozen, as Tyburn did their execution. Godfrey hints not obscurely that the goldsmiths knew a good deal about it. But I imagine that there is a fashion in crime, and I am sure that the morals of the Court after the Restoration

1695.

*The crime
of clipping.*

1695.

were an evil example to the public. Luttrell tells us that men made fortunes by clipping, and mentions one person in particular who offered a large sum for his life after the crime had been brought home to him¹. The men were hanged with the formalities of the old treason laws, the women were burnt. But the deterrents were ineffectual, and clipping went on. The fact was that bullion was becoming so much dearer than light coin, taken by tale, that the temptation to clip, melt, and export was almost irresistible, and turned a fashion into a facility. The night smugglers of the south coast, especially those of Romney Marsh, who were called at that time 'owlers,' were the agents by which the bars were exported and sold.

*New
penalties.*

Parliament, as usual, tried penalties before it undertook reform. The Act of 6 & 7 William III, cap. 17, attempted to check these malpractices, and the particulars of the measure are a striking illustration of that unwisdom and ignorance of monetary laws which pervaded the legislature, of which indeed they were to give shortly a still more striking proof. The second section of the Act inflicts a penalty of ten pounds for every twenty shillings on persons who sell unclipped coin for more than it was coined for; the third puts a penalty of £500 on any one who casts ingots or bars of silver; the fourth provides that any person who buys or sells or has in his possession clippings shall be branded on the right cheek with a capital R, be fined £500, and be

¹ Moor of Westminster, under date of July 13, 1695.

imprisoned till it be paid. The fifth section disables every person from transporting bullion, unless it be stamped at Goldsmiths' Hall, and oath¹ be made that it is not the produce of English coin; and the sixth that unstamped bullion may be seized and confiscated by the Custom House; while by the seventh section goldsmiths alone were allowed to deal in bullion. The eighth section even allowed the Warden with two assistants of the Goldsmiths' Company, or two justices of the peace, to break into and search any house for bullion, and if it be found there, the owner of the house must prove that it is not the product of melted coin or of clippings. On and after May 1, 1695, the sheriff of counties is to pay forty pounds to any one who procures the conviction of a clipper, the informant being permitted to sue the sheriff if he delays to satisfy the claimant of the reward. He is to pay the reward out of public moneys in his hands, and if he has no sufficient fund, he is to issue a warrant, which the Treasury has to honour. If a person guilty of the crime can get two other clippers convicted by his evidence, he is to be pardoned; and an apprentice who informs successfully against his master is to be at once made a freeman of the City.

These provisions and penalties, some grotesque in their absurdity, some atrocious for their severity, *The Act ineffectual.*

¹ Sworn-off bullion, i.e. bullion which was declared on oath not to be the produce of English coin (a formality retained till the resumption of cash payments), was about three half-pence an ounce dearer than unsworn gold. Of course this meant that three half-pence an ounce in gold was the price of perjury.

1695-6. and one, the eighth, subjecting private houses to domiciliary visits, in the highest degree opposed to English habit and sentiment, did nothing to cure the evil which they pretended to deal with. Regulations restraining the export or import even of bulky commodities are rarely successful. In an age when craft were light, harbours were easily accessible, and the preventive service scanty and inexperienced, they were easily evaded. But such regulations were sure to be a total failure if the export or import of the precious metals was in question. It appears, as might have been expected, that some men who were most zealous and active in searching houses, but were clippers at the same time, exhibited this energy in order to mask their own proceedings, and were sometimes detected and punished because they could not resist the temptation of robbing the houses which they searched.

*The price
of gold and
silver in
1695.*

Houghton has preserved a weekly register of the price of sterling gold by the ounce, of sterling silver by the ounce, and of guineas during the whole year 1695. I have put this register at the end of these pages. According to Godfrey, in his Short Account of the Bank of England, written before his unlucky journey into Flanders, and published, as I should conclude from internal evidence, in June¹, 1695, the Bank had only bought £12,000 worth of bullion, all silver and all Spanish. During the

¹ He deprecates the creation of another Bank; and we learn from Luttrell, under date of July 23, that 'the Bank for letting out moneys at £3 10s. per cent. upon land is now completed.' This is of course Chamberlain's project.

year 1694 the price of gold is from 80s. to 81s. 6*d.*, of guineas from 21s. 10*d.* to 22s. 6*d.*, while silver oscillates between 5s. 2*d.* and 5s. 5*d.* an ounce. These prices I presume are of these metals and guineas in silver coin, and the price of Bank-stock during this time seems to confirm the statement that the Bank abstained from bullion operations, and left them, as the Act of the spring directed, to the goldsmiths. 1695-6.
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In January, 1695, the price of the precious metals began to rise, silver being far less affected than gold¹, but sufficiently so to indicate a serious disturbance in the foreign exchanges, the nature of which I shall illustrate lower down. The price of gold on January 11 is 82s. 6*d.*, of guineas 22s. 9*d.*; on January 18, 83s. and 22s. 10*d.*; on January 25, guineas were at 23s., on February 1 at 23s. 4*d.* On February 15 gold was 86s., and next week guineas rose to 25s. On March 8 gold was 88s.; on March 15, 90s.; on March 29, 91s.; on April 12, 92s. On May 10 gold and guineas were at 95s. and 26s. 6*d.*; on May 17 at 98s. and 28s. 4*d.*; on May 24 at 103s. and 29s.; on June 7 at 106s. and 29s. 8*d.*; and on June 14 at 109s. and 30s. This is the highest point for gold bullion and coin which the chronicler registers in 1695.

On June 21 the prices are 107s. and 29s. 6*d.*,

¹ Silver was virtually the currency of the country, and throughout this crisis the Government was able, as Governments are able, to regulate the price of the bullion which is the material of the popular and nearly universal currency, by the coin which they produce. It is quite another thing to try the regulation of two kinds of bullion and two currencies, both equally universal.

1695-6. and next week guineas are at 29s. 7*d.* On July 5 they are at 107s. 6*d.* and 29s. 9*d.*; on July 12, at 108s. 6*d.* and 29s. 10*d.*, guineas falling to 29s. 9*d.* on August 2. On August 30 they are at 108s. and 29s. 8*d.* On September 30 at 29s. 6*d.* Gold is at 108s. till October 11, when it falls to 106s. 6*d.*, and remains at this price till November 22, when it is again 108s.; after which there are very few and at last no quotations of bullion. But on October 18 guineas are at 29s. 4*d.*; on November 15, 29s. 5*d.*; on November 22, 29s. 7*d.*; on November 29, 29s. 9*d.*; and on December 13, 29s. 6*d.* Quotations of guineas fail for the first three months of 1696. On April 17 they are quoted at 22s., for by this time the new milled money was getting into the hands of the money-dealers and bullion-merchants at least; and by July 10 of the same year gold is quoted as 82s. again, and silver at 5s. 2*d.* The normal relations of gold bullion and coined silver of standard weight and fineness were nearly restored, though the distress had not ceased.

*The
foreign
exchanges.*

I will now proceed to illustrate the same facts from the foreign exchanges. It will not be necessary to trouble my reader with details of currencies which, having long been superseded, cease to possess any living interest, and I will merely take one example, that of Amsterdam. I select this place, because at this time Amsterdam and its bank were to the commercial world what London and its bank were to become at a later time. But besides this, during the war which ended with the Peace of Ryswick,

and indeed during the war which ended with the treaty of Utrecht, at the beginning of which latter war my enquiry is concluded, Amsterdam was the place to which supplies granted by the English Parliament for the use of the war, and transmitted by bills or by money, were necessarily sent, so that Amsterdam, more than any other place, dominates the English exchanges¹. 1695-6. —♦—

Now the par of exchange between Amsterdam and London was designated in the jargon of the time, but a jargon entirely understood by dealers at that period, as $37\frac{1}{7}$ shillings Fleems gross. At this time of day it signifies nothing to us what this phrase of the exchange means. It is as obsolete and probably as unintelligible to any practical man now, as the books or rather clay tallies of the Babylonian bankers which have been explained by Chaldaic scholars are to Lombard Street Englishmen. But in these figures lies the interpretation of the terrible crisis through which England passed during the two years 1695-1696.

I have appended to this book an interpretation of the figures which I have collected as to the rate of exchange between London and Amsterdam which ruled during these two years, and with them a table which gives the rate of discount on English bills drawn on Amsterdam. In using the second table, it

¹ On this fact see Alexander Justice, General Treatise on Moneys and Exchanges. The work is excessively rare, but it is in Bodley, though the copy there says that there is none in the British Museum. Works which are real handy books soon wear out.

1695-6. will be seen that the amount which the exchange on Amsterdam stood at represents the discount or premium, the latter unfortunately rare, on which an English bill on Amsterdam was to be negotiated and met. For example, on June 11, 1696, the Bank of England drew £100,000 on the Bank of Amsterdam, and put the bills to the King's credit. At that date, the rate of exchange stood at from 30·6 to 30·4, and on referring to the third table it will be seen that this means that the transaction implied an adverse rate of from 21·5 to 22·2 per cent., or that for every £100 the Bank of England drew they had to pay the Bank of Amsterdam, when the bills reached maturity, from £121 10s. to £122 4s. sterling. But I must reserve my comment on this action of the Bank of England till I deal with the position in which they stood to the Government after the failure of the Land Bank and the crisis which it involved.

*Discounts
of English
bills.*

The calculations of Mr. Justice in 1707, though at that time a war was going on, which, compared with William's war, was extraordinarily costly, do not contemplate a rate of exchange which is more adverse than 32·3 per cent. But on August 16, 1695, just before the taking of Namur, the exchange on Amsterdam fell to its lowest rate, 27, which means that the discount of an English bill drawn on Amsterdam was 36·9 per cent.¹ The experience of modern times, when commercial transactions are understood to be

¹ The exchange on Amsterdam was always more unfavourable than that on Rotterdam or Antwerp. The reason is obvious. Amsterdam was the centre of commerce, and could control the exchanges. The difference is generally '2.

the life of industry, and when fractional, and to the ordinary student, trivial changes, are significant, and even portentous, may almost decline to believe that business could be carried on under these tremendous risks. It is the function of the historical economist to state them, and as far as his individual powers go, to interpret them. The founders of the Bank of England understood and grappled with them, for they saw how necessary it was that English trade, i.e. English bills, should be relieved from these recurrent risks and constant disadvantages, to say nothing of the cost of the old system of goldsmiths' discounts. 1695-6.
—+—

I conclude that the interpretation of the exchanges during this eventful time is to this effect. The rate between London and Amsterdam designates or interprets the ease or the difficulty with which coin or bullion was likely to be forthcoming in order to meet bills when they come to maturity, such coin being, for the purposes of exchange, considered as bullion. All the moneyed men of course knew, that whatever kings or parliaments might aver to be the value of their currency, would be, if in error, negatived the moment these coins got out of any particular jurisdiction, and would be discounted whenever a commercial transaction was completed, and in view of the above-named condition being satisfied. They also knew that all hindrances and impediments which any executive might put on the free circulation of the metals of exchange between country and country tend to exaggerate or accentuate adverse rates, and that

1695-6. when William's government or Parliament was trying to prevent by every effort of police or punishment the exportation of these metals for the satisfaction of obligations, they were increasing the financial difficulties of William's military projects¹. The fact is, administrations constantly confound the power which a government has of giving a factitious value to its domestic currency, the extent of this power being a very difficult question to determine, with the interpretation which the commercial world, in so far as it is out of their jurisdiction or authority, puts upon the value of their issues. Now among the few men of science at the time of the recoinage, Locke saw this clearly².

At the beginning of the year 1695, the discount on English drafts on Amsterdam was 13·7 per cent. This adverse tendency, never materially changed for the better, continues up to the end of May, oscillating, but always disadvantageously, between the rate given above, the best, and 23·5 per cent., the worst, on May 31. During June and July, it will be seen that

¹ Nothing I believe would be more instructive in the interpretation of the struggle between the United Provinces and Philip the Second in the sixteenth century, than information on the rate at which Philip's bills were discounted at Genoa and elsewhere. Of course I am aware that the Milanese and Franche Comté were part of Philip's dominions, and therefore aided the machinery of transmission.

² It must not be imagined that the high rate of discount on English bills was due to the condition of the English currency. The bills of course had to be met in coin interpreted as bullion. If the English coins had been taken by tale at Amsterdam, the discount would have been a premium, for we are told that the real value of the coin was little more than half its nominal value.

it ranges between 25·4, the most favourable, and 30, the least. 1695-6
—+—

During August and the greater part of September the exchanges were most unfavourable, the lowest point, as I have stated, having been that of August 16. Between the rate at this date (36·9) and the highest during the three months, the fluctuations are 9 per cent., the highest being 27·9. Then the tide begins to turn, though a sharp reverse occurs in November, when the difficulties of the currency became serious from the point of view of the foreign exchanges, though the disadvantage of England is never quite as great as it was on August 16. At the end of the year, the adverse rate is 20·2 per cent. During the whole of 1695, the country was suffering from the scandalous state of the currency. That was an English, not a foreign interest, as Parliament was forced to acknowledge. The Amsterdam banker was not paid in clipped money.

The remedy was the Recoinage Act, which became law on January 21, 1696, though practically the principles on which the process would be carried out were affirmed on December 10, 1695. But for the first seven months of 1696 the adverse condition of the exchange oscillated between 19·5, the best, on January 24, and 27·2 per cent., the worst, on July 24. On July 31 English bills were for a week at a premium of four per cent., but soon fell again to a discount of 12·2 to 15·7, and on August 21 they were even at 28·2 discount. Then they rapidly rose. On September 11 the discount was only 5·3, at which it kept till

1696. October 2, when it was 1·3. On October 9 it was only one per cent., but during the last fortnight of the month it was between 17 and 17·6. In November, English bills were at par or at a premium; and as an interpretation of current but exceptional difficulties, the record ceases to be instructive.

It is a curious illustration of the fact, that the knowledge and interpretation of the facts and causes attending a commercial crisis rapidly become obscure and erroneous, that Justice, in the book from which I have extracted the key which has enabled me to understand the situation in the two years 1695 and 1696, though stating that the exchange between London and Amsterdam was once as low as 27¹, and therefore represented a discount of nearly 38 per cent. on English bills, ascribes the calamity to the recoinage. But this adverse state of things occurred between the dissolution of one Parliament and the sitting of another, when neither the purposes of the Administration nor the inclination of Parliament could have been foreseen. It is true that during the recoinage the exchange was very adverse to England. But the worst quotation of 1696, and that only for a short time, is eight and a-half per cent. better than the worst of 1695.

*The policy
of Montague
and
Sommers.*

I cannot but believe that this terrible condition of the foreign exchanges must have precipitated the conclusion at which Montague and Sommers arrived, that the currency must be reformed at all hazards,

¹ It is clear that the quotation of Aug. 16, 1695, must have been remembered long afterwards.

and could be reformed only on the condition that faith must be rigidly kept with the public and private creditors. Disastrous as was the condition of the home trade under such a currency as then circulated in England, great as the sufferings were of those who lived by wages, severe as the straits were of those who lived on fixed incomes, certain as the shock to credit would be during the trouble which was imminent, enormous as the gains were of the goldsmiths and money-changers, many of whom, like Duncombe, rose from moderate circumstances to opulence during this crisis, these evils were small by the fact that the aids granted for carrying on a war on which wise men believed that the very existence of England depended were constantly mulcted to the extent of 30 to 20 per cent. in the mere process of transmitting credits to the seat of war. In this crisis the Bank ran its greatest perils, did some of its best services, and established the confidence which has made it so famous¹.

1696.
—♦—

A new Parliament met on November 22, 1695, and made the reform of the currency its first business. This capital measure is contained in 7 William III. cap. 1. As in ordinary collections of the statutes the Act is omitted, because it expired with the operation it was passed to effect, I have extracted its particulars from the printed copy which was issued simultaneously with the royal assent by the king's

¹ No one of course at that time knew, or if he knew had the courage to say, that the best security against a monetary famine is free trade in the precious metals, whether coin or bullion.

1696. printers. The remedy was almost too late, for the distress which continued during the first year of its operations was great indeed. But the restoration of the currency under William, the process occupying nearly four years, was as capital a performance as the restoration of the currency under Elizabeth. It was, however, incomparably more costly. According to Ruding, our highest authority on the subject, the recoinage was not completed till 1699, the amount issued from the Mint was about seven millions, and the cost to the country, in the difference between the old clipped and the new milled money, was no less than £2,703,164 5s. 10 $\frac{1}{3}$ d. The loss was provided for by the house and window tax.

*Criticism
on the
Recoinage
Act.*

Every one knows that the Recoinage Act of 1696 was the work of Montague, and arduous work it was. He had to overcome two difficulties. One was the provision of a charge so enormous for the times as the loss stated above would be. It is probable that had the liability been exactly anticipated, instead of being vaguely conjectured, Montague would have reasoned in vain. It is possible, if the Bank had foreseen what straits it would have to go through, in the depreciation of its stock, in the discount of its notes, and in the suspension of its dividends, the high-minded and honourable men who had guided its early fortunes and given all their energies to its success, while they had been the mainstay of William and his armies, would not have had the courage to face the formidable future, especially as they were already threatened with the opposition of Chamberlain's

Land Bank, which if it were successful would cripple them, and if it failed might cripple all credit. Godfrey, as I stated above, reckoned the loss of the recoinage at from one to two millions. But the loss of nearly three millions at a period when, if there had been no debt as well as no war, such a sum was nearly equivalent to a year and a-half's ordinary revenue, was as serious at the end of the seventeenth century as a public loss of a hundred millions would be at the end of the nineteenth. Undoubtedly a blessing came out of the suffering, but when people suffer they are very dull at discerning blessings. As it was, there can be no doubt that Montague had the assistance of the shrewd and far-seeing men who constituted the first direction of the Bank of England, and whose conduct during the perils of the next two years made the Bank the acknowledged and sole centre of English finance and the type of English public faith.

The other difficulty in Montague's way was more subtle. The harvest had been unpropitious, the price of food was high, and there was considerable distress. Would it not be better to keep the same names for the crown, the half-crown, the shilling and the sixpence, but to coin an ounce of silver into seven shillings instead of five? There are people who even now believe that Government can give an intrinsic value to a coin which it does not possess in bullion, quite apart from the value which the coin possesses as an instrument of exchange and trade at home¹. But many more people believed in this

¹ I am of course referring to the metal which makes the standard

1696.

theory in 1695. Parliament had fixed, and would fix again for many a long day, the price of crown pieces and guineas, of corn and salt, of labour and of loan capital; why should it not save the cost of recoinage by lowering the quantity of silver in the coin, and still calling the coin by its old name? The author of a *Brief Account of the intended Bank of England*, quoted above, saw that there was a prevalent error, 'that the stamp or denomination gives or adds to the value of money,' and I make no doubt that Paterson's colleagues (to him I am confident the pamphlet of 1694 is to be assigned) still remembered and clung to the sound principles which the Scottish projector laid down. At the present crisis Montague found effective help in Locke's treatise, which is justly praised by Macaulay¹.

That the expedient of lowering the weight of the coins while they were still called by the old names, which was advocated by Lowndes the Secretary to the Treasury, would have given a shock to the credit of Government, because it would have induced distrust upon all public or parliamentary contracts, cannot I think be disputed; and that a lessening in the weight of the coins would have been a disguised repudiation, and a simultaneous and undeserved spoliation of all

or even the coin. We take gold as the standard. We might go farther and take the sovereign as the standard, and issue a half-sovereign which should be a token only. The answer to Peel's famous question, What is a pound? is $113\frac{1}{8}\frac{1}{3}$ grains of pure gold.

¹ Chap. xxi. Locke's essay was called 'Further Considerations concerning raising the value of Money.' It is addressed to Lord Keeper Sommers.

creditors in the interest of all debtors, is equally clear. Under these circumstances every powerful interest should have been opposed to it. If the fundholder and mortgagee would lose a portion of their income, so would the landlord a portion of his rent, and every one who had a pending contract would have been similarly and proportionately mulcted. It was only, I am persuaded, because many persons believed that the name of a shilling would carry the fact of a shilling, even though the coin was clipped by law, that the resolution to keep up the old standard of weight was carried by eleven votes only.

On the resumption of cash payments in 1819, it was again suggested that the standard should be degraded, in this case under the disguise of 'what should hereafter be the price of gold.' There were people, called statesmen, who thought it should be taken at £4 1s. the ounce; there were others who thought it should be, as their opinions varied, from £4 10s. to £5 10s. Now there was something plausible at the time in the fact, that for some years before the resumption prices of this kind had existed for the bank note¹. But better counsels prevailed, and the old standard was restored². It must surely

¹ See Tooke's *History of Prices*, vol. ii. pp. 64 sqq. The retention of the old standard was the work of Peel. His father, a shrewd man enough, thought his son almost mad.

² The argument that much of the debt was contracted in a depreciated currency, and that therefore the interest might justly be paid in a clipped coin, was another plea for public fraud which was frequently alleged in 1819.

1696. be the case that the precedent of Montague's re-
 —** coinage and the good faith then kept with creditors
 under circumstances of far greater difficulty and loss
 was present to and swayed the minds of those who
 directed the resumption of cash payments.

The debates in the country, in the Council, and in
 Parliament as to the steps by which the currency
 was to be reformed, and the motives by which the
 Commons were induced to pass 7 William III. cap. 1,
 are described by Macaulay with such vigour, clearness
 and accuracy, that it would be superfluous and im-
 pertinent for me to restate the details. I pass to the
 Act itself.

*The details
 of the Act.*

The preamble of the Act says that as the coins
 had been diminished by the wicked and pernicious
 crime of clipping, the coin is to be restored by a
 public charge or contribution. It then provides that
 after February 1, 1696, the Commissioners of the
 Treasury shall tell and weigh all clipped money and
 even coins of coarser alloy into the Exchequer, and
 while this is going on that all persons concerned
 shall have reasonable access without payment to
 the books; that the origin of the money, whether it
 comes from customs or excise or aid, or any other
 source, shall be written down and recorded; that the
 clipped money shall be forthwith melted down
 (refined, if need be, to the standard) and cast into
 ingots, and coined anew under the usual rules in the
 Tower. It then provides that a certain charge shall
 be made for coining, beyond the cost of melting and
 refining; that 'it be brought back to the Exchequer,

and be there placed to the account of the said branch of revenue in such and like proportion as the clipped money taken from that particular branch or fund shall bear to the sum of the clipped money, and be thereon paid out.'

1696.

The collectors of revenue are to take clipped money up to May 4, and even coins of inferior alloy, provided they include no copper or base metal; the Exchequer tellers are to take such money from the receivers up to June 24, and also loans and payments payable to them; these receipts being entered separately and melted separately. Not less than four country mints were to be erected.

Unclipped hammered moneys are to be punched before Feb. 10, so that the hole made in them does not diminish the weight, and are not to be current unless they are so punched; and if any of such punched coins are clipped afterwards, they are not to be current. The Act is not to extend to unclipped sixpences. Of every hundred pounds troy, forty pounds is to be coined into shillings, ten pounds into sixpences. Such was the great Recoinage Act, to which additions were made by 7 and 8 William III. cap. 10 and cap. 19, and 8 William III. cap. 1 and cap. 7, these latter Acts being chiefly designed to facilitate the acquisition of bullion.

CHAPTER II.

THE LAND BANK.

1696.
—+—
Chamberlain and his supporters.

THE price of Bank stock fell from 107 on Jan. 31, 1696, to 83 on Feb. 14¹. In this week the House of Commons had agreed to carry into effect the project of Chamberlain's Land Bank. Chamberlain had been an accoucheur, and was living at Essex Street, Strand, with an office in Lincoln's Inn. He had written one or two books on medicine, and according to Watt had published his scheme in 1695. After the failure of his project he tried to revive it in Scotland (Edinburgh, 1700²). Another pamphleteer was John Briscoe, to whose essay I have already made allusion. He had behind him Harley and Foley, the former that sly and timid intriguer who afterwards became Lord Oxford, the latter

¹ Luttrell, Feb. 11: 'The actions of the Bank of England have fallen from 107 to 85.'

² I do not feel quite certain that the Hugh Chamberlain, author of the *Manuale Medicum*, is to be identified with the projector of the Land Bank. If he is, he had been physician in ordinary to Charles II, and was a Fellow of the Royal Society. Still, Hugh Chamberlain of the Land Bank was summoned in 1692 to attest the birth of Mary of Modena's second child. He had also been retained for the event of June 1688, but was absent at Gravesend on a similar errand, and arrived too late. See his 'Narrative of the birth of the Prince of Wales,' i.e. the 'Old Pretender.'

at this time Speaker of the House of Commons¹. It is not clear to me whether they believed in him and his project, even when they supported him. But both were jealous of Montague, and disliked that creature of Whig Nonconformity, the Bank of England, though both Harley and Foley still professed to be Whigs, and Harley had been a dissenter.

Chamberlain believed that he could float a public loan to an amount more than twice that which the Bank of England had undertaken, on the security of landed property, make the interest on the loan the guarantee for the interest payable on the bills he should issue on his company's stock, and at once lend the money to Government and lend it at $3\frac{1}{2}$ per cent. to the landowner who pledged his land. He had some other notions which he sedulously inculcated, one of the most absurd being that a lease for a hundred years was worth four times as much as the fee simple. But where the money was to come from with which to aid the Government and to lend on mortgage at $3\frac{1}{2}$ per cent. is not explained. That any one should have believed in this project was amazing, but it is more amazing still that the King and his advisers should have staked the success of a campaign on so monstrous and palpable an absurdity. Some little explanation may be given of the former, no defence, not even the defence of despair, could justify the latter. The youngest clerk in Grocers' Hall could have informed Councillors of

¹ Foley died Nov. 13, 1699.


1696.

State and officers of the Exchequer that the Land Bank would never get beyond a project, as Luttrell¹ saw when it was first brought out.

On Monday, February 10, 'the Commons were in a Committee of the whole House upon ways and means, for raising two millions in full for his Majesty this session. Resolved, that the Bank of England should not raise it. Then Mr. Neal proposed to raise it upon the Exchequer' (the form it finally took in Exchequer Bills), 'but that was rejected; then a national land bank was proposed, and to be set up by subscription; to which the Committee agreed, and ordered that none concerned in the Bank of England should have anything to do with it².' The assent to the Bill, of which I shall give a sketch presently, was given on April 27.

The fact is, the landed men hated the moneyed men with a bitterness in which envy, contempt, pride, and religious bigotry were the strongest ingredients. They looked on their growing wealth with envy, on their occupation with scorn, on their birth with disdain, on their creed and discipline with intolerant hate. Now in such a frame of mind such people will believe anything, even such a quack as Chamberlain was—not the first adventurer who has imagined himself a financier. Men will constantly make loans at ruinous rates to carry out their own projects; can we wonder at the eagerness with which they swallowed a project which offered them loans at easy, at unheard-of easy, rates, and this with the

¹ June 4, June 6.² Luttrell, Feb. 11.

prospect of ruining the canting puritan usurers of Grocers' Hall? But it is time to introduce the
 · doctor's ' advertisements to my readers. 1696. 

FIRST ADVERTISEMENT, OCTOBER 25, 1695.

(Continued for five weeks.)

'Dr. Hugh Chamberlain (who was the first proposer of Banks of Credit on Land rents) hath lately revived his proposal, which was reported by a Committee of the House of Commons to be both practicable and profitable, and is taking subscriptions, and meets already with so great encouragement from divers of the nobility, gentry, and merchants, and others, that he hath almost completed £50,000 per annum, with which he proposes speedily to begin. The said proposal lends the sum of £8000 on the security of £150 per annum for 150 years at the yearly interest of only twenty-five shillings for every £100 to continue but 100 years, and never return the principal, or five shillings interest and return the principal by twenty shillings a year for every £100, or (which is to the like purpose) the Bank gives 80 years' purchase for a rent-charge of £100 for 100 years. Though this may seem too much at the present rate and value of Land and Money, yet such is the contrivance of the Bank, that it is equivalent to a new discovered mine, whose proprietors (to supply the want of money, to raise the value of land, and to increase trade for the general good) are willing to give so large a consideration on so easy terms, and since the Bank is able and willing to give it, there

Chamberlain's Advertisements.

1696.

is no reason why any should be unwilling to receive it. Subscriptions are taken every day at the Doctor's house in Essex Street, near the Temple, and at Mr. White's chambers in the New buildings in Lincoln's Inn, where any person enquiring may receive further satisfaction.'

SECOND ADVERTISEMENT, NOVEMBER 29, 1695.

(Inserted for a fortnight.)

'Whereas Doctor Chamberlain, at his first taking subscriptions for establishing an office of credit upon land, did declare that so soon as £50,000 per annum was subscribed to his undertaking, he would begin to set the same on foot: Now the said Doctor doth hereby give notice that the same sum and upwards being subscribed, he is fixing the constitution of this undertaking, and will give it all the dispatch which may consist with the due and mature consideration of so weighty an affair, and in the mean time, in order to the speedier expediting of the same, it is desired that all his said subscribers do bring to and leave with Mr. Samuel White, agent to the said undertaking, at his chambers, Number seven, in the new building in Lincoln's Inn, a true and exact particular of the lands by them intended to be settled, together with their values, and further notice shall be speedily given and a time appointed for all the said subscribers to bring in an abstract of their writings and titles.'

THIRD ADVERTISEMENT.

1696.
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(Inserted for three weeks from December 20, 1695, then for seven weeks from February 14, 1696, then for four weeks from April 10.) It will be remembered that on February 10, 1696, the House of Commons resolved to establish the Land Bank.

‘A proposal for the encouragement of monied men, being an appendix to Dr. Chamberlain’s office of land credit; whereas there is above £50,000 per annum in land subscribed to Dr. Chamberlain’s proposal for establishing an office of land credit, and whereas there are also many other freeholders willing to become subscribers, who for want of money to pay off their encumbrances and to advance the sum required to be exchanged into Bills according to the Doctor’s said proposal are incapacitated to receive the benefit of the same: the Doctor is therefore willing, in pursuance of his said proposal, and at the request and for the benefit of such, as also for the advantage of monied men (widows, orphans, and others), to continue to take subscriptions for £50,000 per annum in land more, and also to take subscriptions at the same time for money, not exceeding £50,000 in the whole. Such money to be applied as before, for discharging the said incumbrances, and for circulating of the Bills.

‘Every one therefore who deposits £1000 in specie, will secure an annuity of £350 per annum for four years successively from the time of his payment of the said money; and so pro rata for greater or lesser

1696. sums, which annuity, though a great benefit to the monied man, and no less a convenience to the land proprietors, is yet no burden upon the office; and for the security of such money, land shall be effectually charged and obliged by legal settlements, on Trustees, to the satisfaction of the monied persons, and further the whole profits arising by the said office shall be duly subjected to the payment of the said annuities, which new and further subscriptions are not intended to interfere with, or in any sort to retard and hinder the proceeding and perfecting the issuing of credit upon the £50,000 per annum already subscribed.

‘Subscriptions of both sorts are daily taken at the office, No. 6 in the New building in Lincoln’s Inn.’

It is difficult indeed to decide whether this third advertisement is the offspring of infatuated stupidity or of deliberate roguery; whether the projector actually believed, apart from the inherent absurdities of his scheme, that he could pay back a loan of £1000 by four instalments of £350 spread over four years, after undertaking to lend money on landed estate at three and a-half per cent., and this without trenching on the profits of his undertaking; or whether he fancied that there were dupes who would trust him with cash for this collateral undertaking, with which he might abscond. Three years after this advertisement, under date of March 21, 1699, Luttrell says, ‘Dr. Chamberlain, the man-midwife, and sole contriver and manager of the land bank, is retired to Holland, on suspicion of debt.’

The Act establishing the National Land Bank is 1696.
 7 & 8 William III. cap. 31. It received the royal assent on April 27, and it cannot be doubted that the first advertisement, which is given above, must have been seen by Harley and Foley, as well as by the country gentlemen, Whigs and Tories alike, who carried the measure through the House. The fact is, the scheme which was put forward in 1693, and was voted by the House of Commons on that occasion to be practicable and profitable, was literally reproduced in 1696. That it was modified in debate is true enough, and one clause in it, which enabled the Government to issue notes on the Exchequer at a fixed rate of interest, or, as people said at the time, turned Chamberlain's proposal into an exchequer bank, was introduced by Montague. But how William and his Dutch advisers, who were the teachers of finance to Europe, could have risked the campaign of 1696 on this frantic project, is a matter which I have never been able to understand, and one which I cannot conceive capable of excuse.

The parts of the Act which deal with the Land Bank are contained, as in that of two years before constituting the Bank of England, in a Ways and Means Bill. The object of the Bill was to raise beyond the ordinary revenue £2,564,000 by way of loan, and this Harley, Foley, and Chamberlain undertook to do. The interest, to be provided at 7 per cent., was £179,480 annually, and was to be secured by a special salt tax. Most of the provisions of the Bill are copied from the Act constituting the Bank

1696. of England. Only there seems to have been some
 unwillingness to trust the conduct of the undertaking
 to Chamberlain, Briscoe, and the mysterious agent in
 the New Buildings or Serle's Court, Lincoln's Inn.

The King was empowered under the great seal to appoint a body of Commissioners to take subscriptions on or before August 1, 1696, and voluntary subscriptions of land. Only no director or proprietor of the Bank of England was to be appointed, and, under certain circumstances or conditions, letters patent were to be issued incorporating the subscribers under the name of the Governor and Company of the National Land Bank. The conditions were that half the sum must be subscribed before August 1, 1696, and the whole before January 1, 1697. In case the moiety is not subscribed before August 1 the letters patent are not to issue, and the Bank is not to be. If the whole sum is not subscribed by January 1, the subscribers are to have 7 per cent. on their subscriptions pro rata; by which I conclude is meant that the bank might exist if a moiety only were subscribed. The interest and stocks in the bank are to go to executors and administrators, and not to heirs.

Then comes a clause which may have been intended to take the project out of the range of stock-jobbing operations, or to exclude the moneyed men from dabbling in it. Every subscriber is at once to pay a quarter of his subscription, and if he fails to do so, the subscription is to be forthwith void¹.

¹ There is a similar condition in the Bank Act of 1694.

The whole of the subscription is to be paid to the Exchequer before January 1, 1697. If default is made the deposit is to be forfeited. Under pain of forfeiture no person having an interest in the Bank of England, either as director or proprietor, shall possess stock or hold office in the National Land Bank, and conversely, with the same penalty, no director or proprietor of the Land Bank shall have stock or office in the Bank of England.

The Land Bank is not to trade with its stock in buying or selling goods, wares, or merchandise, by which I presume is meant that they are not to negotiate bills of exchange or other instruments of credit; nor is 'the yearly sum to be charged with more than the moneys paid into the Exchequer,' by which I suppose is meant that their issues of bills are to be limited. As the object of the incorporation is to lend money on land at low interest, the Bank shall lend at least £500,000 on land securities at interest not exceeding three and a-half per cent. if it be paid quarterly, or four per cent. if it be paid half-yearly. The loans are to be charged on the lands, and to be entered in a register. This entry shall charge the lands, and make the company liable to an action of debt for the recovery of the advance. All bills issued by the company shall entitle the bearer to an action of debt against the company. The company may sell lands on which interest for two years is in arrear. The guardian of an infant may advance half his trust funds to the

1696. company. These are the main provisions of this famous project.

How total and absolute the collapse of the scheme was is well known, and has been described by Macaulay with all his picturesque power. The books were to be opened at Mercers' Hall, and at the Royal Exchange, according to Luttrell, on or before May 25. On May the 8th, and for four successive weeks, the following advertisement is published :—

‘Notice is hereby given, for a general meeting of all the Land Subscribers to the office of Land credit proposed by Doctor Hugh Chamberlain, in order to the actual and speedy opening and setting on foot the said undertaking. Such meeting to be held in the Middle Temple Hall, London, on Tuesday, the 9th day of June next, at 8 of the clock in the forenoon, where to prevent the intrusion of persons unconcerned, none are to be admitted but such as have given or sent in the particulars of their contents, and values of their respective subscribed estates, or such as shall upon the said day of meeting bring their said particulars with them, or send them by their proxy. Dated the 30th of April, 1696, at the office of the Land Credit, No. 6, in the New Buildings or Serle's Court in Lincoln's Inn, where Mondays, Wednesdays, and Fridays, from 6 to 9 in the evening, attendance is given, to satisfy enquiries concerning the benefit and practice of the said undertaking.’

Total failure of the project.

Luttrell makes no allusion to this meeting, but says, under date of June 11, ‘The Land Bank makes but little progress.’ After Harley and Foley had

gone through the farce of negotiating with the Council of Regency, the whole thing collapsed, and Chamberlain, Briscoe, and Co. disappear from the English public. 1696. —**—

But after the meeting of June 9, Chamberlain strove to save his scheme by another expedient. On June 12 he inserted the following advertisement, and continued it for six weeks more, i.e. to July 24:—

‘Whosoever hath old clipped money that cannot be passed away without loss, may dispose of the same to much better advantage than elsewhere at the office of Land Credit, Number 6, in the New Buildings in Lincoln’s Inn. And there may also be had at the same place the like advantage for guineas and plate; attendance being given daily.’

So ended the great delusion, from the success of which, wide-spread misery and loss would inevitably have come. For even in that day, men knew in general terms that a paper currency can be issued upon cash, and upon credit, though they did not fully discern that the credit which can sustain such a currency must be readily convertible into cash, the conviction that it can be done serving the purpose of the conversion being actually effected. But luckily for the nation, the attempt to create a paper currency upon debts founded on securities which are only remotely cash and are not generally negotiable, as in this case mortgages of real estate, entirely failed. The King and his advisers were embarrassed, the landed interest was disappointed, enraged, and probably thought that what they called ‘crying down

1696. the Land Bank' was some financial witchcraft or evil
 eye on the part of the moneyed men, which cheated
 them of their reasonable hopes. But the country
 was saved from bankruptcy. Yet it would be an
 error to believe that such an illusion as the Land
 Bank, dispelled before it took a practical shape, did
 no mischief. Such a project was sure to do harm,
 even though the country at large escaped, by its own
 good sense, from the projected injury.

The real sufferer was the Bank of England, which
 was called on to bear sacrifices and undergo the
 penalties of other people's folly and perversity, and
 to make good as best it could the deficiencies caused
 by the statesmen who heedlessly relied on this stupid
 and abortive expedient.

*The effects
 of Cham-
 berlain's
 project.*

The first effect of the scheme was to send the
 Bank shares down, as I have said, from 107 to 83.
 Though shrewd men foresaw the failure of the new
 project, it was, in the eyes of many, a rival, and a
 dangerous rival, to the existing Bank. Besides, the
 new coinage was progressing very slowly, and the want
 of money was seriously felt. The clipped money
 ceased to be current on May 4¹, and the milled money
 had not come out to take its place. Hence, on
 May 6, there was a run on the Bank, the cash of
 which was insufficient for the demand. Sir John
 Houblon, who was at once Lord Mayor, Governor of
 the Bank, and one of the Lords of the Admiralty, con-

¹ As a matter of fact, since the fourth of May 1696 was a
 Monday, the old coin ceased to be current on May 2. The
 advertisement of June 12 (above, p. 61) appears to be illegal.

trived to reassure the applicants by offering them part of their demand in coin, and by pledging the Bank to supply the residue as soon and as fast as the Mint could supply them. From this statement I conclude that the Bank had been an active agent in collecting the old money and depositing it in the Mint. On May 2 the Lords of the Treasury gave notice that they would take no subscriptions for the Land Bank in clipped money, and on May 7 that whatever goldsmiths' notes were lodged in the Exchequer for money upon loans, would be returned to the depositors, unless the money was forthwith supplied in specie. It seems that the amount which the Bank paid out during the first week was £15,000 only. On Wednesday, May 13, the Directors held a general court of the proprietors, who agreed to put off their dividend, and to offer to such persons as distrusted the notes of the Bank the tallies which they themselves held of the Government as security for their loans. Meanwhile the Lords of the Treasury pledged themselves to pay £60,000 a week in the new money into the Bank till their whole stock was recoined.

Some of the goldsmiths in Lombard Street ventured to disobey the law, and paid in clipped money, the only coins still legally current being, the new silver, the punched old silver, if of full weight, and sixpences, in which the ring was not invaded. On May 24, another general court was held, and a proposition was made that twenty per cent. more of the original subscription should be called up. But as the

1696. Lords of the Treasury were paying or promising to pay the Bank £25,000 a week, apart from making them the agents for distributing the new money, the proprietors did not think it necessary to take the step. Meanwhile the Lord Mayor and Aldermen accompanied the Lords Justices round to the several city companies, no doubt with a view of getting some aid in this pressing emergency from them. At the same time mints were being set up in the country.

*Efforts to
keep the
Land Bank
going.*

In this crisis, the Commissioners of the Land Bank were striving to vary the terms under which their contingent charter was granted. They first wished to pay in clipped money, then in guineas at a price above the statute; then they wanted a discount of twenty per cent. on good money, and were told that they might have five. On June 5 the Treasury, on behalf of the King, subscribed £5,000 to the new project, and as it spread its net in sight of the bird, on the other hand the Bank of England advanced the interest on their own bills from *2d.* a day to *3d.* By June 11 the failure of Chamberlain's scheme was almost manifest, even to statesmen like Harley and Foley, and the Treasury was forced to have recourse to the institution which the Land Bank was striving to supersede, and which it had seriously damaged.

The Bank of England did not make a fresh call. It borrowed of its own subscribers, on June 11¹, twenty per cent. of the capital, for six months, at only six per cent., paid this over to the Treasury, and

¹ Luttrell.

drew on the Bank of Amsterdam to £100,000 more, supplying the Government with £340,000 at once. It may be stated that they repaid these sums to their shareholders, and were reproached with doing so.

Meanwhile the new coinage was progressing more rapidly. By the end of June the Mint in the Tower was coining at the rate of £80,000 a week¹. But the Treasury continued its solemn negotiations with the Land Bank, offering to abate £300,000 if they could only find the two and a-half millions². So the Land Bank made a final effort, offering to take plate and clipped money at 6s. 3*d.* an oz., and the notes of its rival by way of subscriptions. Unfortunately, the Treasury postponed a payment of £80,000 to the Bank of England, and thus, despite the services which the Bank had done to the Government, discredited them, by keeping them short of what they needed for their current payments and for what was their due. It may be added that the Council of the regency sat pondering over the difficulty for days together in the last fortnight of June. Apparently, beyond their negotiations with Harley and Foley, the chief expedient of the Regency was to attract plate and clipped money, for which they offered 5s. 8*d.* an ounce and six per cent. interest. It was early in July that the Government, at Montague's instance, and

*The new
coinage.*

¹ According to Ruding, the amount of money coined from the accession of Elizabeth to the recoinage was—silver, £20,355,651 7s. 8½*d.*, gold £14,669,949 os. 9*d.* The recoinage was—silver £7,014,047 16s. 1¾*d.*, gold £2,975,550 16s. 1¼*d.*

² The negotiations are to be found in detail in the House of Commons Journal.

1696. in pursuance of the clause which he had inserted in
 →→→ the Ways and Means Act of the past session, fitted up an office in the Exchequer for the issue of Exchequer bills, to supply the lack of currency. By this time about a million in new money had been coined.

Macaulay tells us, on the authority of the Dutch Envoy, that the goldsmiths attempted to ruin the Bank by a run on May 4. This is probably that which I have referred to above, as a panic appeased by Houblon's promises; that the two narratives of Luttrell and the Envoy refer to the same event; and that the refusal of the Bank to honour malicious demands is an historical fact, as well as the re-assurance of the governor is. At any rate, the Lords of the Treasury at last came to the rescue of public credit and common sense on July 13, by issuing an order that no public notary should enter a protest upon any bill of the Bank of England for fourteen days. In those days the protesting of a commercial bill could only be effective when drawn up by one of these functionaries.

Reaction. This order, or perhaps returning confidence, had its effect on the credit of the Bank of England. During the second week of July, according to Luttrell, under date of July 16, 'the bills of the Bank of England were at sixteen per cent. discount, but are now at eight, and 'tis thought in the few days that they will be taken in current payment (i.e. at par). Meanwhile the Bank offered six per cent. on any deposit of £50 or upwards in gold or new silver, such

money to be at call.' According to my other authority, Houghton, this desirable result of the note being at par did not occur till September 17, 1697, when a dividend, suspended for two years, of rather more than twenty per cent. was declared. The amount of clipped money paid into the Exchequer between January 17 and June 24, 1696, was £4,706,003 18s. 6 $\frac{3}{4}$ d. nominal value. 1696.
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Under date of July 23 I find the entry of the first Exchequer bills, and I presume that Luttrell copied them from a specimen which he saw. 'No. 411. Exchequer, July 18, 1696. By virtue of an Act of Parliament passed in the 8th of his Majesty's reign, this bill entitles the bearer to £10, with interest at the rate of 3*d.* per diem, payable at the receipt of the Exchequer on demand. Entered, John Howard.' These bills were from the very first taken in payment of taxes, and we hear that they were very acceptable to persons in the public service, and were issued down to sums of £5. On July 28 Bank bills were at a discount of ten per cent., and the King got the promise of an advance of £500,000 from the Dutch Government and others, under conditions of guaranty. Some considerable City men promised their personal security for the advance. They chiefly belonged to the Tory party¹. On August 1 the Land Bank, under the Act which erected it, came

*The first
Exchequer
Bills.*

¹ The negotiation and the promise, we are told, broke down. Among the guarantors were Godolphin, Sir Stephen Fox, Sir Josiah Child, Sir Stephen Evans, Sir Joseph Heron, Sir John Banks, Charles Duncombe, Henry Guy, and Peter Floyer Luttrell.

1696. to an end. Macaulay says that the whole public
 subscription was £2,100. On August 15 the Bank,
 at Portland's¹ urgent instance, lent the King another
 £200,000. This was the sum, the grant of which
 is described by Macaulay. He does not seem to
 have noticed the assistance which they gave on June
 11. Mints were now in work at York, Exeter,
 Bristol, Chester, and Norwich.

Shortly after the final collapse of the Land Bank,
 an anonymous pamphlet appeared, entitled 'Remarks
 on the proceedings of the Commissioners for putting
 into execution an Act passed last Session for estab-
 lishing a Land Bank.' The writer is evidently still
 unconvinced by the ill-success of his experiment.

*The de-
 fence of the
 Land
 Bank.*

He begins by arguing that traders are naturally
 hostile to the interests of landed men, because had
 the Land Bank succeeded, interest would soon have
 fallen to three per cent., and that therefore they cried
 down the Land Bank, and defamed successfully what
 might have been a most valuable institution. Besides,
 an Exchequer Bank was invented against the Land
 Bank, with a power of issue, this power having been
 exercised while the books at Mercers' Hall were still
 open for subscription. Another difficulty in the
 way of the project was that the Act required that
 £1,282,000 should be subscribed and in part paid
 before the subscribers could become a corporation.
 Besides, it was argued that the creation of the Land
 Bank was an act of bad faith, after the Bank of
 England had been instituted on a loan. To this

¹ Portland was a large subscriber of Bank stock.

there is the sufficient answer, that under the Act of 1694 the Bank of England had no monopoly of issue or of banking.

1696.
—♦—

The rest of the pamphlet, though vindictive, is contemporary criticism on the manner in which the Bank carried on its business. 'The Bank of England,' says the writer, 'lent their own money, and everybody's else they could lay hands on. And here it will be said by the Directors of the Bank, that although the consequence of the Toleration will be the setting up of as many churches as there are different opinions among mankind, yet the directors of the Church of England put all other Churches under contribution, and receive tithes from all, like the City Council, who must be feed though you make use of others.' It is very possible that some of the City nonconformists may have used this simile, half in jest. But the passage is very suggestive.

'The Bank of England strained so hard as to bankrupt themselves, rather than the Land Bank should rise;' a charge which seems to mean that the Bank had put itself deliberately into difficulties in order to neutralise the honest purposes of Chamberlain, and to disappoint the reasonable hopes of the landed men. The writer evidently thinks that the Bank of England was bound to issue no more notes than their capital of £1,200,000 amounted to, a charge which is probably evidence that they issued notes not only on their paid-up capital, but on their liabilities to their customers. 'They lent,' he says, '£200,000 to the king,' alluding to the transaction of August 15, when

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they paid but five per cent. of their debts. 'They have lent other people's money, not their own. What they have already called in for, they pay six per cent. on to themselves, though they deny it to their creditors.' This refers to the transaction of June 11. 'It is not to be imagined that any one will lend upon land at the usual interest,' by which he means Chamberlain's proffer of three per cent., 'when he can have it on demand with four and a-half per cent. running interest,' referring to the rate of 3*d.* a day for Bank bills and Exchequer bills. 'There were only two ways in which the Bank of England could have raised the deficiency. They must either have issued bills on their own credit, or by opening their books for new subscriptions. But as their original sixty was then valued at ninety, it might have been stock-jobbed up to 150.' The writer concludes with the allusion to the goldsmiths quoted above. I think it not impossible that the goldsmiths might have encouraged the promoters of the Land Bank, with the view of ruining the credit of the Bank of England, but without the slightest intention of assisting the scheme they patronised by subscribing to it. This, I think, is the interpretation to be given to the sudden withdrawal by Duncombe of £80,000 from the Bank of England. He was the most conspicuous and, as events proved, the most unscrupulous among the goldsmiths, and was, during its difficulties, the most bitter enemy the Bank had. It was a long time before the Aldermen would allow him to be Lord Mayor, though he offered bribes to

the citizens on a gigantic scale. He very much increased his wealth during the time of the recoinage, how, the public guessed, and Parliament soon knew. 1696.

The crisis was now almost over, though it was not till the Peace of Ryswick was signed that the price of Bank stock rose to anything like the rate at which it stood before Chamberlain's scheme was accepted by the legislature. It was almost simultaneously with the signature of the Peace that the Bank declared its dividend of twenty per cent. odd.

Some of the trouble which the Bank underwent, trouble which continued to depress its paper even after the recoinage was practically effected, was plainly its excessive use of the financial system which it originated and developed, the rule for working which had not yet obtained solidity from the inductions of experience¹. Paterson and his associates saw that there was not and could not be a subsidiary currency which was not assured on a basis of the precious metals. They saw that it was possible to circulate such a paper currency, and this to an amount which was considerably in excess of the specie on which it was at any moment actually supported, in other words that it is possible and expedient to circulate bills, payable on demand, without its being necessary to assume that the demand for payment

Some trouble caused by the Bank's action.

¹ One must not forget that, to commercial men, the chance of diminishing the charge on the exchanges would have induced a feeling of comparative indifference to a moderate depreciation of paper issues. The success of the former object was vital, the latter risk could be met by raising the rate of interest on deposits or on bills put into circulation by the Bank.

1696. would become an immediate claim, and that this suspended liability might be made an addition to the currency, and a source of profit to those whose credit enabled them to issue and float it. But they were very much in the dark as to the amount which they could put into circulation, and they naturally erred on the side of excess. A search into the early ledgers of the Bank of England, if they still exist, and are preserved, as their earliest minutes are, might reveal the actual amount of Bank notes and bills in circulation in 1696 and 1697, together with the cash in hand, and give fuller information than a statement, which I shall presently refer to, does. But the indirect evidence of contemporary literature, the evidence from the price of the stock, and the still more striking contrast between payments in money and payments in paper during the first eight months of 1697¹, are sufficient to prove that paper money in bills and notes had been issued and was in circulation to a larger extent than the amount of specie in the Bank's till or cellars would justify². These bills, it will be remembered, bore interest at from 2*d.* to 3*d.* a day, and we have it in evidence that they were looked on, not only as currency, but as an investment. I do not indeed think it could be said that, if the Bank had restricted its issues by rules like those which were afterwards

¹ These will be given in the Appendix.

² Anthony Hammond, for several years Member for Huntingdon, and a Whig, states in his papers that twenty millions of specie ought to float eighty millions of notes. He lived through this period, and long beyond the time of which I am writing.

incorporated into the Act of 1844, it would have avoided the depreciation of its bills during the re-coinage, unless these issues had been so contracted as to have almost extinguished the new paper currency altogether, but I am quite clear that much of the depreciation was due to an excessive issue, and this at a time when the legislature was about to confer or had conferred on the Company the exclusive privilege of joint-stock banking, and the Bank had become in many particulars what the Exchequer had been, even during the time of which I am writing.

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The condition of the Bank and the character of the crisis through which it was passing is illustrated by a remarkable anonymous pamphlet, published in the year 1697, and professing to be written by a member of this corporation or company. It was almost certainly written at the end of 1696. The writer begins by comparing the position of a private banker with that of a public and national institution¹. He observes that no person believes that such a private banker has by him at any given time all the cash on which the notes or bills which he circulates are based; for a moment's reflection will point out that he could not defray the expenses of his establishment if he did not use his customers' money. He then quotes the

A Proprietor's criticism of the situation in which the Bank was placed.

¹ I am here condensing the writer's statements and reasonings. The title of the pamphlet is, 'A Letter to a Friend concerning the credit of the Nation, and with relation to the present Bank of England, as now established by Act of Parliament. Written by a member of the said Corporation for the public good of the Kingdom.' 1697.

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case of a private banker in Lombard Street, whose liabilities to his several customers amounted to £1,100,000, which no man imagined he had at a given time, not even a twentieth part of it, but whose credit was so high, the confidence in his judgement and integrity being so general, that as his notes or bills were presented to him for payment other customers paid their cash into his bank. And on the contrary, if the banker is suspected of carelessness or recklessness, of putting money into hazardous ventures, or into remote and doubtful funds, his credit soon becomes impaired, the confidence of his customers, which is the life of his business, lessens, the deposits hitherto left with him are soon withdrawn, and his paper is suspected or refused.

Now precisely the same conditions induce the credit or discredit of a public or national institution. Its fund must be inviolable, and neither king nor parliament should tamper with it. Its management must be in the hands of men whose reputation is good, whose estate is ample, and whose prudence is assured. The security of the bank must be as complete as the security of a mortgage, and should be as sacred. This is illustrated by loans which have been made on what have afterwards proved to be insufficient funds, and whose creditors have therefore to wait for their interest. In such cases, in order to preserve the reputation of the exchequer, it is above all things essential that the deficiency should be made good as soon as possible from the first funds in hand.

Now what is the state of things at present? The gold and silver of the country is, by a stroke as it were, reduced to one-half of what it had been, when the light and clipped money was taken by tale, and this apart from the present void made by the re-coinage. In the interval 'all that which is commonly called paper credit is sunk, lost, and become useless in trade and public dealings. With that paper credit, that is with goldsmiths' and bank notes, which amounted to near as much as all our current coin, the greatest part of the trade in and about this city of London was formerly driven; all foreign and inland bills of exchange and all great payments were made in these notes, and very seldom any considerable sum was paid or received in money. Whilst these notes continued in esteem and par with money, they answered all the ends and uses of money in trade, and money was only needful in the markets, and for smaller payments, for which purpose a small quantity of it was sufficient. Hence nothing but a long-continued peace, and a well-managed foreign trade, can restore that treasure this war hath drained from us, and especially the damage which the French have done us, which is at least computed to be twelve millions sterling¹.'

But the question is, how can this credit be restored? Only, the writer infers, by the Bank of England, and by the grant of those privileges and encouragements

¹ The writer refers to the losses which British commerce had suffered from French privateers, to check which was the motive for Talmash's expedition to Brest.

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which would be of no injury to the public. In the first place, no forcible or compulsory expedient will succeed, for men will not trust their cash except for natural reasons. Then the funds on which loans are made, notes and bills are issued, must be demonstrably safe, sacred, sufficient, and regularly paid. Then the Bank must be the single public institution of the kind. Competition in this case will inevitably cause distrust, and distrust will contract instead of enlarging credit. We do not propose that people should be forced to deposit their cash with the Bank, but we wish to make it the interest and convenience of moneyd. men to use it. The Bank of England, to be useful to the State, must be the general cashier to all such persons in or about the city of London. This policy has given their strength and public utility to the Banks of Venice, Amsterdam, and Hamburg. Now rivalry in public institutions of the kind will frustrate the main end of banking, 'which is to furnish the kingdom with an imaginary coin to serve the uses of that which is really so.' By conferring then on the Bank this privilege, which it must use for the benefit of the public, 'according to that observation of the late excellent and never to be forgotten Deputy Governor, Mr. Michael Godfrey, we are under these happy circumstances, that we cannot do good to ourselves, but by doing good to others.'

Another condition is that the several sums paid to the account of the Exchequer should pass through the Bank ; in other words, that the Bank of England

should be the banker of the Government. It is true the proceeds of the taxes will not remain long with it, but they will constantly flow through it, and what is taken out by an order of the Treasury will be replaced by a Treasury deposit. It is impossible to discover any public injury in this expedient, and the fact that some private persons derive benefit from the use of these balances ought not to stand in the way of the public good. And, says the writer, 'I know no man and no number of men who have so well deserved of his Majesty and the Kingdom as the Bank of England has.' It is necessary again to extend the duration of its charter, to make all foreign bills payable at the Bank, or at least demanded there before they can be protested. Furthermore, the notes and bills should be protected by the enactment of severe penalties against forgery, and the credit of the Bank should be further supported by inflicting adequate punishments on officers or receivers of the revenue who delay or obstruct payments into the Bank, for which the Government has pledged its word as to time and amount.

If these privileges were granted, the Bank would immediately and infallibly resume its former credit and its former usefulness; without them, the public credit will be suspended for an indefinite time. 'We have,' says the writer, 'a mighty engine to move, and but very little water to move it with; and if the little water we have be divided into different channels and not united, as far as possible, into one, it can never stir the engine, which is our

1696. trade, and if that be stopped, or stand still, every
 one may guess what the immediate consequence will
 be.' 'Till credit be restored, high interest will
 continue, for it will be impossible by any laws to
 hinder men from lending or borrowing money above
 or below the natural interest. If I want money,
 I shall find out ways to give ten per cent. interest,
 when I cannot have it for less, although the law
 forbids men to take more than six per cent.' But
 such a necessity will ruin trade. 'He that trades
 with money which he has borrowed at ten per cent.
 cannot hold market with him that borrows his
 money at four¹.'

It is indeed proposed that the stock of the Bank
 should be increased (or, in the language of the time,
 be engrafted on); 'but this will prejudice the present
 proprietors of stock, because the general credit of
 the Bank will suffer as follows: 1. It will lose its
 specie, for this will be drawn out to purchase the
 new stock; 2. The million of sealed bills, for the
 payment of the eight per cent. on which there are
 at present no funds, owing to the present relations
 of the Bank to the Government, will be speedily
 demanded from the corporation; 3. If distrust arises,
 as may well be expected, Bank bills and notes will be
 exchanged at still higher rates of discount, and credit
 will be still more seriously impaired. It is besides
 neither just nor wise to force a new stock on the

¹ My readers will see from the facts given lower down that
 this pamphlet, though published in 1697, must have been written
 in 1696.

Bank ; not just, because the present managers and proprietors of the Bank are entitled to the advantages, whatever they may be, of their own forethought and success ; not wise, for the future of the State's credit depends on the fidelity with which it adheres to its past engagements. Pressure has been put on the Bank, and threats held out that our privileges will be extinguished. To these threats some of the proprietors were willing to yield. But with what result ? We have suspended our dividend in the interest of the Government, and to help it during its difficulties and ours, the latter not of our own making. If we are forced to abandon the Bank, and the service it does the public, we shall still have the eight per cent. on our capital fund, and the twenty per cent. on what we have subscribed, and is actually our own in undivided profits, which, though not at present available, is a genuine asset. But the failure of our Bank will be, for many a long year, a fatal discouragement to any similar project.' 1696.

The writer then proceeds to complain of the supineness which the Governor and Directors have shown in not bringing these facts before Parliament, and 'the services and sufferings of the Bank for the nation's benefit and tranquillity.' One would have thought that 'they would have been seen daily in the Lobby, and in the Court of Requests, soliciting the honourable House of Commons in that behalf, proving to every Member the reasonableness of their desires, and the justice of their case ; that the many aspersions and calumnies that are cast on them are all false, malicious

1696. and groundless.' They ought to take example 'from the Committees of the East Indian and African Companies, who are indefatigable in a very bad cause, while the Bank directors are remiss and backward to seek for relief in a very good one;' and should recall to their minds 'that their late worthy Deputy Governour showed them a better example; he never knew anything proposed to the prejudice of the Bank, but he laboured night and day to prevent it, and sat not idle under desponding thoughts, that his endeavours would be vain and fruitless, but in imitation of a great Philosopher, who said, He was not born merely to serve himself, but for others, so I wish these or any other considerations had roused them up to imitate so brave a pattern and example of general good for their country's service.'

He then comments on the fact, that while the first twenty-six directors were well chosen, yet 'some of them treat their office as a sinecure, since in two years' time, for want of exercising a prudent conduct in their trust, they have too apparently ruined not only in great measure the general credit the Bank had, to the infinite prejudice of trades, but the present adventurers; and 'tis too much to be feared, that the project of engrafting five millions sterling on the original capital, will be disastrous to the old corporation, and fail to attract new subscriptions.'

The writer concludes: 'I have, for my true regard in serving the Government, lost a very considerable estate by my stock in the Bank of England, which is a very great part of my fortune, and my family will

feel the effects of it hereafter. But as the race is neither to the swift, nor the battle to the strong, so I submit all to the wise guidance of Providence.' It is to be hoped that this writer, who so carefully describes and so usefully illustrates the terrible trouble through which the Bank was passing, held on to his stock, and reaped the benefit of those better times which were at hand. Probably the directors of whom he complains found in the private assurances of Montague more hope than they could have derived from intriguing in the Lobby and the Court of Requests.

The arguments contained in the pamphlet on which I have just commented are reiterated and amplified in another, entitled 'The Arguments and Reasons for and against engrafting upon the Bank of England tallies, &c., as they were debated in a late general court of the said Bank, considered in a letter to a friend.' My copy has no date, but it is clear from internal evidence that the statement was written and printed very early in the year 1697¹.

²On December 4, 1696, the Governor and Company of the Bank of England attended by order of the

¹ Some persons, members of the Government and others probably anxious to damage the Bank, had pressed on the General Court the prudence and even the necessity, unless the Bank were willing to see its business curtailed or extinguished, of acquiescing in the increase of the stock to an enormous amount, chiefly by taking up the Exchequer tallies. Some of the Proprietors appeared willing to yield. I suspect, however, that several of the Directors knew that other counsels had been adopted. The meeting appears to have been held on January 2. Luttrell.

² Journals of the House of Commons. The balance-sheet is printed in the votes of the day.

1696. House of Commons and presented two papers, one a debtor and creditor account of the Bank, the other a list of tallies on the Parliamentary funds which were in their possession.

DR.			CR.		
	£	s. d.		£	s. d.
To sundry persons, for sealed Bank Bills . .	893,800	0 0	By tallies on Parliamentary Funds, as by list annexed, with interest .	1,784,576	16 5
To ditto due on Notes for running cash	764,196	10 6	Half-a-year's deficiency of the fund of 100,000 <i>l.</i> per ann. in second year	50,000	0 0
Monies borrowed in Holland .	300,000	0 0	Mortgages, p a w n s, other securities, and cash . . .	266,610	17 0
Interest due on Bank Bills standing out	17,876	0 0			
Balance .	125,315	2 11			
	<hr/>			<hr/>	
	£2,101,187	13 5		£2,101,187	13 5
	<hr/>			<hr/>	

Upon this, on December 5th, a Committee of fourteen, with a quorum of five, was appointed to inspect the books of the Bank of England, and on December 10th Sir John Bolles reported. As to the second item on the debtor side, £66,669 6s. 2*d.* was for what are called Specie Notes, which carried interest, if of £20 and upwards, at the rate of six per cent., about one-third of these notes being under £20, and the residue was issued by notes which bore no interest. As for the Dutch debt, the Dutch Ambassador had tallies in his custody as a security. They reported as to the correctness of the credit side.

The cash held by the Bank was only £35,664 1s. 10d. 1696.
 in money and £9,636 14s. 1d. in goldsmiths' notes. ———

Between the date of this information given to the House of Commons and the 3rd of January, 1697, when the Court of Proprietors assembled to take into consideration the project of engrafting fresh stock on the present capital of the Bank, the directors had been pressed to accede to the scheme and threatened with the loss of their privileges if they did not. From the pamphlet just referred to we learn that, notwithstanding the depreciation of notes and bills, 'the transfers from one account to another in the Bank books amounted to £300,000 a week; that the depreciation amounted to 16 or 17 per cent.; that in August they had lent (the King) £200,000, when they could not pay their debts, much less pay dividend, they having resolved to postpone their dividend till their notes were at par; that the debt to the Dutch was borrowed at five per cent., and when the tallies come to maturity, if they are duly honoured, that they will be able, within six or seven months, to reduce their debt to £500,000, a sum which cannot make a difficulty to them, since they can circulate sealed bills up to the amount of their capital, £1,200,000, and it is probable that the Bank will continue to issue these sealed bills till the time comes when they will be able to fully satisfy every person who has a demand on them.'

*The assets
of the
Bank.*

The privileges which the Bank demands in order that it may recover its credit, are the same as those suggested in the pamphlet last referred to. But the writer comments on the fact that when the

1696. Bank began to work, tallies which had been at 25 to 30 per cent. discount rose to par, and that consequently the Treasury made so much the better purchase for stores; that the goldsmiths used to charge 12 to 14 per cent. for discounting foreign bills, which the Bank did for three; but that if the capital of the Bank were enormously extended, no profit could be made on a sum which would be far in excess of the public wants in ordinary times.

*The causes
of the
crisis.*

The two pamphlets to which I have referred give a vivid picture of the distress of the Government, of the urgency of the situation, and of the dismay felt by the shareholders of the Bank. The Government had borrowed from them every shilling they could spare, had induced them to pledge their credit in Holland, had made them the agents for collecting the clipped money for the recoinage, had promised to furnish them with monthly payments of cash, had broken their promise, and Parliament had threatened them with a rival in the Land Bank. When this mischievous scheme had totally failed¹, they had again assisted the Exchequer with their money and their credit, and now an attempt was being made to swamp their

¹ According to the Journals of the House of Commons, £1600 only was subscribed by the public by June 9th, £500 more by June 19th, and no more between that and August 1st. It should be added that the project of the Land Bank was not the act of the Administration. But during this period and for years afterwards Ministers who were in a minority in the House clung to office, and were therefore constantly constrained to carry into execution acts which they had personally repudiated. The doctrine that a Government cannot remain in office if it be put into a minority in the House of Commons did not become an invariable rule till long after these times.

stock with an enormous addition to their capital, the stock to be provided out of depreciated tallies. No marvel that the proprietors were aghast at the proposal, and, loyal as they were to the Revolution and the King, that they flatly refused to acquiesce in a project which their experience convinced them would lead to an inevitable collapse, and to certain ruin. 1696.
—♦—

I am persuaded that nothing but the courage and firmness of the directors saved the institution during this terrible crisis. They had to meet importunate creditors, disappointed shareholders, and a needy and desperate Administration. There was one thing to help them in their resolution. Petitions came pouring into Parliament, praying the House to devise some means by which credit could be restored to the paper currency, and alleging that this expedient only could save the internal trade of the country from collapse. The directors therefore did well to be resolute, to refuse to be the instruments of their own destruction, and to demand that, pending the restoration of credit, the Government should concede that which they required, and leave them to work through the difficulty in their own way¹.

The situation is further illustrated by the fact that the discount of Bank bills and the depreciation of Bank stock were greater in 1697, when rivalry was extinguished, than they were when rivalry was not only possible, but actual. And in saying this, I take into account the issue of Montague's Exchequer bills,

¹ Luttrell gives a good deal of information as to the pressure put on the Bank by Parliament during the early part of 1697.

1696. the popularity of which was I think due to the fact that they were more easily negotiable, and were less liable to discount than those Exchequer tallies in which the Government was in the habit of meeting its obligations and anticipating its revenues. But for all that, these bills must have been to a considerable extent the rivals of the Bank paper, and unless the issues of the latter were contracted, must have tended to accentuate the depreciation. But the rivalry of these bills must have been more than counterbalanced by the sole privilege which was soon after conferred on the Bank.

Joint-stock rivalry illustrated by the East India Companies.

The effect of joint-stock rivalry at this time, or rather a little later, is curiously illustrated from the stocks of the old and new or English East India Companies. The stock of the old East India Company, which had stood at 158 at the beginning of 1692, had sunk in 1697 to 38, the lowest point it ever touched, except in July 1698. Of course East India Stock was more liable to fluctuations than any other, for it was exposed to the risks of war, when the country was at war, and to tempests always. Beyond doubt the value of the security was greatly lowered by the revelations made in the early part of 1695, when Guy, Craggs, and Trevor were punished, and Seymour and Leeds were justly suspected to have been bribed with them by the Governor of the Company. The old Company was essentially a Tory corporation, and money had been lavishly spent in securing the protection of Parliament, by distributing much cash among influential members of both Houses. Now

in 1698, Montague determined at once to supply the Crown with a new source of revenue, and to secure for the Whigs of the City a new fortress, in the foundation of the English East India Company. On July 5, the Act, constituting the general Company, became law, and the stock of the old Company fell to $33\frac{1}{4}$. I am not discussing the fortunes of these Companies, but I may add that in September 1703, when the stock of the old Company was at 134, that of the new had risen to 219. I refer to the particulars of the case to show how seriously in that time the price of a public stock was affected by the prospect of rivalry.

Now Luttrell notices very fully what this discount of Bank bills was. Under his dates, in 1696, the Exchequer bills were issued on July 23. On July 28 the discount on Bank bills was ten per cent.; on August 25, when the Bank was negotiating the terms on which it would assist the Government, on which I shall comment, it was at 15; on September 12, at from 16 to 17; on October 10, at 20. On October 22 the discount fell to 12, but by this time the policy of the Government, to make the Bank of England the sole Bank, was anticipated, a purpose affirmed by Parliament on November 11. But with all this, on December 26 the discount was more than 17. At the end of the year the Bank was debating the question as to what assistance they could give the Government, the House of Commons having proposed that they should lend two-and-a-half millions, on the security of that Salt Tax which was to be pledged to

1696.

The discount of Bank bills.

1697. the Land Bank. On January 5th, 1697, the Bank
 declared that, owing to the scarcity of money, they
 could not pledge themselves to so large a loan, but that
 they were willing to enlarge their stock, upon terms
 which at first the Commons were indisposed to grant,
 but to which the House yielded on January 14th. On
 January 16th, 1697, the new subscription was made, in
 bills and tallies, and amounted to £1,001,171 10s.¹

On January 30, the discount was 19 per cent. ; on
 February 18, 21 per cent. ; on February 20, 24 per
 cent. ; on March 23, 23½ per cent. ; on May 20, 18
 per cent. ; during the first three weeks of June, 13
 per cent. ; during the last week, 16 per cent. Be-
 tween July 24 and September 20, it sinks gradually
 from ten to one per cent. Of course the dividend of
 August 28 had much to do with restored confidence, as
 had also the Peace of Ryswick (September 20, 1697).
 These enormous rates of discount on Bank bills, bearing
 4½ per cent. interest, with the certainty that large
 profits were being made in the Bank's business, and
 that there was the prospect of a considerable dividend,
 and taking into account that Parliament had granted
 the sole privilege of joint-stock banking to the Bank
 of England, prove to me that the discount was greatly
 due to over-issues of paper money. The excess of
 issue may have been excusable, even necessary, but
 it seems to me to be obvious.

¹ This is almost exactly the difference between the original
 capital and the liabilities on December 4, 1696. I have no doubt
 that the original or existing proprietors subscribed the whole
 amount.

CHAPTER III.

THE SECOND BANK ACT.

THE enemies of the Bank of England were discom- 1697.
fited or silenced by the failure of their own project, and
were clearly convinced that it was useless to resist *Provisions*
the determination of the Government to support the *of the*
credit of the Corporation. The Act for enlarging *Second*
the capital stock of the Bank is 8 & 9 William III. *Act.*
cap. 20. The principal provisions of this Act are,
that on or before June 24, 1697, 'the common capital
and principal stock of the Governor and Company
shall be computed and estimated by the principal
and interest owing to them by the King, and by each
or any other effects whereof the said capital stock
shall then really consist over and above the value of
the debts which they shall owe at the same time
for the principal and interest to any other person
or persons whatsoever.' This provision appears to
imply that there shall be an audit of the Company's
assets, and that this should be assured to the original
proprietors. The new subscribers are to be repre-
sented on the Court. By August 24, the value of
the capital is to be made up to £1,200,000, and if it is
found to exceed that amount, the excess shall be
divided among the existing proprietors.

1697.

Next the capital is to be enlarged. Then the legal duration of the Bank is to be August 1, 1710, at which date the debt might be paid off; and a year afterwards, if this expedient be adopted, the corporation's charter is to cease. No other corporation of more than six persons is to be allowed to set up a bank. The Bank is permitted to borrow beyond £1,200,000, but bills issued in excess of this amount are to be expressed and distinguished. It was made felony to forge Bank bills. The Exchequer bills granted by the previous Act of this Parliament are to bear interest at 5*d.* a day, and to be received in payment of taxes. One of the effects, and that not a remote one, of this legislation was, that the Bank bills which bore interest became more valuable than cash, and those which bore no interest equal to money, so that soon the Bank was able to circulate notes payable on demand without paying interest to the holders, and the contingency which Godfrey hoped for was realised.

*The inci-
dent of
Duncombe
and
Exchequer
Bills.*

At the beginning of the year 1698, rumours were afloat that there had been a serious tampering with Exchequer bills, and Macaulay states that the rumour was set on foot by Sunderland with the object of ruining Montague, who had filled the Treasury with his own nominees, and had thereupon displaced Duncombe, who was Sunderland's tool in the business. An enquiry was instituted, and the accuser Duncombe soon became the accused. He was guilty on his own confession of using public money to buy Exchequer bills, then at a considerable discount, and he admitted

that he had paid them to the Exchequer on the plea that they had been received as taxes, putting the difference into his own pocket. In order to give a colour to his statements, he had induced a Jew to forge endorsements on these bills. As at this time Exchequer bills were at a discount of at least nine per cent.¹, Duncombe must have pocketed about £1,000, perhaps much more. On January 25 Duncombe was committed to the Tower and expelled the House. The issue of this event is well known. The Commons determined to subject Duncombe to a bill of pains and penalties, and intended by their bill to confiscate two-thirds of his estate ; but the Lords very properly threw the bill out. 1698.

It appears that at the time of Duncombe's offence the English law was silent as to the punishment of ordinary forgery, and that it was doubtful whether the Courts could even convict the culprit of embezzlement. There is indeed an Act of Elizabeth which inflicted mutilation with other penalties on the forgery of certain documents, and recently the Legislature had put the penalty of death on the forgery of Bank notes. But these very punishments seemed to exclude by implication all similar offences beyond those which were prescribed in the statute. The law therefore could not reach the criminal unless it were stretched, a practice which could not be expected from the Bench ; or Duncombe were brought within an *ex post facto* law, i.e. by a bill of pains and penalties. That the Lords were right in rejecting

¹ Luttrell, January 15, 1698.

1698. the bill cannot I think be doubted, but to judge
 from the temper of the two Houses at the time, to
 say nothing of the bare majority for rejecting the Com-
 mons' bill, it seems plain that the Lords were quite
 as much influenced by the desire to put the Commons
 in the wrong, as they were by the higher motive of
 vindicating the principles of English jurisprudence.
 Duncombe was none the worse for the exposure and for
 the action of the House of Commons. He was soon
 made Sheriff and knighted, became at length Lord
 Mayor of London, and eventually but indirectly
 founded a noble family. It is just possible, nay even
 probable, that the condemnation of Duncombe might
 have involved some awkward revelations. I think I
 may assign the cause of a fall in Bank stock during
 the months of January and February to the distrust
 which the evidence of these malpractices induced¹.

*The price
 of stock in
 1698.*

The price of Bank stock goes slowly but almost
 without a break upwards during the year 1698.
 During the greater part of April there is no price,
 i.e. there are no transactions on the Stock Exchange
 in Bank stock. On May 6 it suddenly rises to 95.
 I know nothing which can explain the fact, except
 that just at this date the Commons were debating
 Montague's proposals for establishing the new East
 India Company, and that the stock of the old
 Company was rapidly verging to its lowest price.
 It is possible therefore that the stock of the East
 India Company was being sold, and the stock of the

¹ The forging of Exchequer bills was at once made a capital felony.

Bank was thereupon exceptionally in demand. Again, 1699.
 on September 21 the Directors of the Bank declared
 a dividend of seven per cent. This announcement, ———
 it will be seen, was followed by a fall in the stock.
 The last dividend had been on August 28, 1697.
 But before the end of October the stock rose again,
 and continued to rise till the end of the year.

At this time however the bank had begun an *Repay-*
 operation, which they steadily continued till they *ment of*
 had completed it. This was the repayment to the *the loan*
 subscribers of the £1,001,171 10s. which had been *capital of*
 subscribed, I conclude entirely by the old body of *1697.*
 proprietors, in January, 1697. The first payment
 was on September 10, 1698, and for ten years the
 Bank paid a dividend and a bonus out of their
 profits, for they extinguished the stock of 1697 on
 March 25, 1707, though still treating it as part of
 their capital. I conclude too that the loans of
 £240,000 of June 11, 1696, and the £200,000 of
 August 15, had been repaid to the lenders, from
 whom the Bank had borrowed them. The difficulty
 is to know whether this operation was generally
 known, for if it had been published at the time it is
 not easy to see why the price of the stock was not
 much more considerably exalted.

The year 1699 was uneventful for the Bank. At *Bank*
 the beginning of it, under date of January 19, *stock in*
 Luttrell says that several persons withdrew their *the year*
 accounts from the Bank, and that its stock thereupon *1699.*
 fell two per cent. I do not find this statement
 verified by my register. A considerable change had

1699.

indeed come over popular feeling, and the elections in July to the new parliament were by no means so favourable to the Whigs as they had been in that one which had now, under the Triennial Act, been dissolved by the efflux of time. In particular, the influence of Montague in the City was waning. This is curiously illustrated by the career of Duncombe, who had escaped the serious consequences of his own confession only by a majority of one in the Lords, when the Pains and Penalties Bill went to the Upper House. But he was tried on June 17 for his offence at the King's Bench, and was acquitted, the jury not leaving their box. The grateful scrivener, we are told by Luttrell, entertained the jury at a sumptuous repast at Lockett's ordinary, and presented them with five guineas each, alleging that the prosecution to which he had been subjected had cost him £10,000. That day week he was chosen Sheriff of the City, and in the course of the year, October 20, was knighted. He instantly began to intrigue for the place of Lord Mayor, and made the most liberal offers to the citizens if they would elect him, in particular promising to build the City a Mansion House. As an earnest of his public spirit, he paid the debts of all who had been imprisoned for five pounds and under. Meanwhile, Montague was practically deposed from his place in the House of Commons, and Harley was taking it. In 1700 Duncombe continued his benefactions, and on the eve of a contest for the mayoralty, offered to lay out £40,000 for the good of the City, if he were elected,

besides setting up the King's statue in Cheapside. 1699.
 At a poll these promises had their effect; Duncombe
 got 2,752 votes, and Sir Thomas Abney 1,919. But
 on reference to them the court of aldermen, by a
 small majority, elected Abney. Whatever the livery-
 men might do, the aldermen could not make up their
 minds to elect the forger, who did not reach the
 dignity he coveted till 1708, when his promised
 festivities were interrupted by the death of the
 Queen's husband, Prince George of Denmark¹.

The commercial world of London, keen after gain *The cha-
 and ambitious as it was, had withal a tolerably good racter of
 character for commercial integrity, and understood London
 its importance to the growing reputation of the merchants.*
 metropolis. This integrity has had, as it has been pro-
 gressively, and at last universally acknowledged, not
 a little to do with the reputation which the United
 Kingdom has long possessed, of unblemished honour
 in satisfying its public obligations. I am well aware
 that commerce in those days, and indeed for a long
 time subsequently, was unscrupulous and timid,
 ferocious when offended, and impatient of rivalry at
 all times. I do not set so very much store on the
 adroitness of Montague in passing the English East
 India Company Act. The old Company was tainted
 by the vices of its management, by the bribery which
 its officials had practised, by the saltpetre which it
 had sold to Seymour, and by the guineas to which the
 immaculate Leeds had merely given house-room. But

¹ Prince George died on October 28, 1708. Lord Mayor's Day
 was then October 29.

1699.

on the other hand, it traded under a royal charter quite as good in English eyes as the papal charters which were the only genuine title to the foreign possessions of Spain and Portugal, and except from the fact that the ransom was paid to the public Exchequer, I see no material difference between a monopoly granted by Parliament and a monopoly granted by the Crown. The parliamentary charter of 1698 proved, in the end, even more mischievous than the Elizabethan charter, then nearly a century old. Again, the transports of passion which convulsed the cities of Westminster and London, when the facts of the Darien expedition became known, were as unfounded as the reasons were which led Paterson to project that unlucky scheme. Even the Spaniards must have known that the colony was doomed to failure¹.

*Their
eagerness
for City
honours.*

But in the London of the seventeenth, and great part of the eighteenth centuries, the merchant princes vied with each other for civic honours. The city knight was, I admit, already a theme of satire. But for the matter of that, all men who raised themselves by honest intelligence, and honest dealing, still aimed at the highest civic dignity, and as long as they traded or dealt in the City, added to its wealth, or administered its finances, were eager to fill its municipal offices. No doubt the mayoralty, like all other securities in the City, was a speculation.

¹ I find many allusions in Luttrell to this famous and unfortunate project. See, for example, June 22; July 4, 15; August 3, 10, 26, 29, &c.

The gains of the Lord Mayor were the sale of the offices which fell vacant, disposed of, as I find in Luttrell, for about seven years' purchase. If the year was barren in official deaths, the Lord Mayor lost by the transaction¹. If really rich men were elected or nominated to the office of Sheriff, it was again a loss, for no little part of the official gains of the City aldermen were derived from the fines of those who declined the honour². I cannot indeed pretend to follow the history of the Mansion House and its occupants, but I am sure that the loyalty of London trade and finance to its municipal institutions had a good deal to do with the making of one part in the English character.

One event occurred during the recess of 1699 (June 1–November 16), in which I find that Luttrell states that which my record does not confirm. The Spanish Ambassador, the Marquis Conzales, was instructed to remonstrate on the second Partition Treaty, which William and the other European powers were negotiating with the French Court, after the death of the Electoral Prince. The remonstrance did not take the form of a diplomatic minute, but of a manifesto addressed to Parliament and the public. On September 30 the Ambassador was ordered to leave England, and Luttrell says that the King's

¹ See Luttrell, October 31, 1699.

² When Duncombe and Jeffreys were elected Sheriffs in 1699, the aldermen were greatly disappointed, 'who thought to have gained £3000 or £4000 by fines.' Duncombe's duty was to superintend the hanging of those who had committed the crime from the consequences of which he had escaped. Luttrell, June 27.

1700. message (he was still in Holland) was, 'For your seditious memorial, your house is your prison while you stay, and in eighteen days you are to depart this kingdom.' On this we are told, under date of October 5, that 'the bank and other public stocks in this city have fallen five per cent. since the Spanish Ambassador was ordered to leave the kingdom.' I do not find this in the price of Bank stock, or indeed of any other stock. On the contrary, they are all rising. At the very end of the year, Newton, not yet Sir Isaac, was raised from the post of Warden of the Mint to that of Master. The new coinage was now completed, and the great mathematician was fitly rewarded for his honest work. It is good to see that Montague's nominee was not disparaged by his patron's fall.

*Bank
stock in
1700.
Com-
mercial
prosperity.*

The year 1700 opened with a great rise. At the end of December Bank stock was at 117½, and by the middle of March it rose to 148¼, the highest price which I have found during the whole nine years. The harvest of 1699 had been abundant, and the crops of the year 1700 were uniformly good. The rise is noted by Luttrell, who gives the prices for several days in the first quarter of the year. Thus he states that it was 142 on February 3 and February 20, 150 on February 29, 149 on March 2, about 143 on March 5, that on March 20 a dividend of £5 5s. per cent. was declared, and that on April 23 it was 141. My record states that there was no price between March 22 and April 26. It will be seen that Luttrell's figures do not materially vary from

those of Houghton, and may be only the difference between sellers and buyers. 1700.

There can be no doubt that this upward movement is due in great part to commercial activity and prosperous trade. The fact is to be found in the rapid rise in the stocks of the two East India Companies, notwithstanding the increased taxation to which the goods which they imported were subjected by Parliament. This is confirmed by a return of the customs received at the several English ports for the fifteen years 1700-1714, the average being £1,352,764¹. But both the years 1700 and 1701 were in excess of the average, though during the War of the Spanish Succession new duties were laid on.

The character of the rise is further illustrated by the effect which the capital item of foreign politics at that time had on the prices of stocks. I mean the ill-health and probable death of the last King of Spain of the elder Austrian family. It was known, for a long time before this event actually happened, that Charles II was in a most deplorable condition, that he had no hope of posterity, and very little of life. Now, as is well known, the diplomacy of Europe was busied in settling the succession to the vast dominions of the Spanish monarchy, and in maintaining the balance of power in Europe. Philip the Second of Spain had arrogated to himself on one plea or the other a universal monarchy, either in his own person or in that of divers members of his family, and had ruined Spain in the struggle. Louis

*Influence
of foreign
politics on
stock.*

¹ Macpherson's History of Commerce, iii. 45.

1700. XIV of France had transferred the tradition to himself, and the war which ended with the Peace of Ryswick was waged for the sole purpose of defeating this object.

Immediately after the treaty of Ryswick, William employed all his diplomatic skill in securing the succession for the Electoral Prince of Bavaria. But the Prince died, and the second Partition Treaty was negotiated, with the view of putting the younger son of the Emperor on the Spanish throne. This seems to have had the approval of Louis, who would have agreed to it for a consideration; and might have been acceptable to Charles of Spain, had he not been influenced by his minister Portocarrero. Besides, while the negotiation was going on, the unfortunate Darien expedition was undertaken, and Spain was rendered distrustful and hostile towards England.

On a rumour, under date of March 5, that the King of Spain had suffered a relapse, Bank stock fell to about 143¹. My record gives a fall of three, from 148 to 145. It soon recovered again, and to the highest point which it reached, but it gradually relapsed, till at the beginning of May it was ten per cent. lower than it was in March. This was probably due to the rumours of a collision between the Swedish and Danish Governments, and to the risk of a serious interruption to the Baltic trade.

The illness of the Duke of Gloucester, and his early death on July 30, seem to have had an effect on Bank stock, which, having fairly recovered the

¹ Luttrell.

fall of three and a-half in May, fell two and a-quarter at the end of July and the beginning of August. But at the end of this month it had risen to 142. Then it fell to 130½ in the second week of October. This Luttrell tells us, who quotes the stock at 130, was due to rumours about the condition of the Spanish King, and the risks which all commerce ran, in the event of his death, while the succession was unsettled, though it was generally believed that he had bequeathed his crown to Charles of Austria. 1700.

Besides this we learn, under date of Oct. 5, that a project was set on foot by Duncombe and others, to advance money to the Government at five per cent., and as a first instalment of their operations, to raise four millions at this rate, with a view of paying off the Bank and the new East India Company. Now the stock of the new or English East India Company (the old Company had been chartered this year by Act of Parliament) was two millions, that of the Bank twelve hundred thousand pounds. The difference then of £800,000 must be a rough estimate of the amount still due from the Government to the Bank on loans which had been contracted, but which do not appear in the capital of the Bank. There is nothing more said about this project, attributed by Luttrell to Duncombe, but it is indirect evidence of how commercial prosperity and rapidly accumulating capital were reducing the rate of interest in London. Even if it were a mere rumour, it must have been a probability in order to have been circulated at all. *Duncombe's reputed projects.*

1700. Two years before, the Government, giving great privileges to the new East India Company, borrowed of them at seven per cent.¹ It should however on the other hand be remembered that Duncombe had just been returned at the head of the poll for the office of Lord Mayor, and that his name and that of Abney were now before the Court of Aldermen.

*Death of
the King
of Spain.*

On November 1, old style, came the news of the King of Spain's death, which happened on the same day, new style, and with it the information, hitherto kept a secret, that he had bequeathed his kingdom and possessions to the Duke of Anjou, the French King's second grandson, and next in the succession to the French throne, after his brother. But the news, having been already anticipated and discounted, produced no effect on Bank stock, which remained at the same price, 129, without variation, till the last week of the year, when it suddenly fell to 124½, and next week to 123.

*Movements
in Europe.*

I think there can be no doubt as to the cause of this. Louis of France, as every one knows, accepted the crown of Spain for his grandson, and the whole of Europe became uneasy with the feeling that the war, which every one wished to avert, was inevitable.

¹ That a rumour of this project of lending the Government money at five per cent. was circulated is a proof of the great service which the Bank had done the country and commerce by lowering the rate of interest. The statement as to the new East India Company being included in the project is evidence of the Whig character of its administration. The object of the project was not to annul the Bank's charter, which was secured till 1710, but to put the Company into a difficulty with regard to its capital. See Davenant, vol. iii. p. 326.

The King of France began to raise forty more regiments; the English navy, which Parliament had not stinted, was being rapidly provisioned; the Dutch ordered an increase in their navy; the Emperor was protesting that the King of Spain was incapable of making a will, and was threatening to send an army of 50,000 men into the Duchy of Milan, though he had not the means for putting in motion a single regiment; a new pope was hurriedly elected, Clement XI, who was only fifty years old, and occupied the papal throne nearly twenty-one years, the longest reign with the exception of Urban the Eighth's for well nigh a thousand years; and the lesser German states were looking forward to a renewal of English subsidies. The English were in the turmoil of a general election. Montague, now Halifax, had gone to the Lords, and there was every prospect that the new Parliament would have a Tory majority. The indefatigable Duncombe¹ was a candidate for the City of London, but the electors chose Whigs, the polling having lasted four days². Still there were

1700.



¹ Duncombe was returned for Ipswich. There is a pamphlet of 1701 entitled 'The Liveryman's Reasons why he did not give his vote for a certain Gentleman, either to be Lord Mayor, or Parliament Man for the City.' The reasons confirm what I have said above. During this time, a society had been founded for 'the Reformation of Manners,' some of the patrons of which were said to have been scandalously profligate. A satire, probably by Defoe, was published about this time. The following is its allusion to Duncombe, one of the society:—

'Duncombe, the modern Judas of the age,
Has often tried in vain to mount the stage,
Profuse in gifts and bribes to God and man
To ride the city horse, and wear the chain.'

² The most important elections were those of London and

1700.

150 new men in the Parliament, and some of the worst among the old members were returned. Harley was chosen Speaker by nearly two to one¹.

*War dis-
tasteful.*

The House of Commons was certainly unwilling to go to war. The dislike to the renewal of hostilities was not confined to the Tory party. Neither was it, from the point of view which the House took, unreasonable, as events conclusively proved². There were personal motives to influence men in hesitating to take the step of resisting the quiet acceptance of Philip by the Spaniards, and there were reasons of policy, by which the English House of Commons concluded that the balance of power would not be injuriously compromised, if England were to remain at peace.

*The state
of the
Finances.*

Even though the war concluded at the Peace of Ryswick had been followed by three years of peace, the settlement of the debts contracted in that war had not been effected, nor was this settlement arrived at till after Anne had been reigning for some years and a new war had been undertaken. It is true that the peace expenditure of the country was not more than half that incurred annually during war. But the floating and the permanent debt had been raised

Westminster. On this occasion Ashurst, Heathcot, Clayton, and Withers were elected; Duncombe, Fleet, Child, and Pritchard were defeated. Vernon (whose correspondence, mainly with Shrewsbury, has been printed) and Crosse were elected for Westminster.

¹ Onslow had 125 votes, Harley 249.

² I have found these views in many pamphlets of the time. During this period 'public opinion' can be found in pamphlets only.

at high rates of interest, and war taxes remained a necessity even after the war was over. Besides, the executive was exceedingly weak. Parliament exercised to the full its right of criticising public affairs, and even of initiating votes of expenditure and schemes of taxation. The Government was in a permanent minority in the House of Commons, and though, one after the other, ministers of ability and character were displaced, because they were assailed by the House of Commons, no one seems to have seen that the true remedy was to throw the duty of administration on the malcontent majority¹. It was therefore impossible that any bold and comprehensive scheme of finance could be undertaken by the Ministry. The great measures of Montague were loans at high rates of interest, negotiated on the basis of a commercial monopoly, and the issue of a paper currency, redeemable from the produce of future taxes.

1700.

The excise was never popular and, though freely used after the Revolution, was constantly resented, not only because it was vexatious, but because it strangled industries which were just beginning to be

*Excise and
Customs.*

¹ This was the principal, but by no means the only reason why the House of Commons was so demoralised and disorderly for nearly the whole of William's and all Anne's reign. The Triennial Act was a blunder. The reform really wanted was some representative system like that which Cromwell ordained with his Council in 1654, under which the amount of representation was made to square roughly with the amount of taxation, and the franchise was conferred on those who had £200 worth of property. I am of course comparing this scheme with that which it superseded, not defending its details, or even criticising them.

1700.

profitable. If one studies the finance of the time, one sees how disappointing and how irritating many of these excises were, and how they had to be abandoned. And if excises were unpopular and unproductive, increased customs' duties were constantly unfruitful. The owler, or smuggler, was always in advance of the revenue officer, and could generally evade him. Macaulay has preserved a saying of this time, that if a row of gibbets had been erected along the south coast, they would not have seriously checked the smuggling, which was of course carried on, not only with profit, but with impunity. In Scotland, during the century which follows the period on which I am commenting, the cost of collecting the customs' revenue was regularly in excess of the revenue collected¹. Hence the dealers at the large ports, who paid the duties, were handicapped by those who provided themselves with the same article but evaded the tax.

The income tax, and official gains.

There was no remedy then, except that of raising extraordinary supply by an income tax. The income tax of William's reign was a levy of twenty per cent. on all sources of revenue, the capital of chartered companies being statutorily exempt from the charge. In the first years of its imposition, that assessment which has survived to our time under the name of the land tax was really an ad valorem income tax, and the financiers of the time did not shrink from taxing the labourer's wages as well as the landlord's rent, and the merchant's gains or

¹ Macpherson, *passim*.

investments. It is probably true that the valuation being in the first instance and subsequently a voluntary one, or at the most a parochial or municipal assessment, the actual percentage was not so high as it was theoretically, but the burden must have been very great. Besides, the proceeds of the tax were so greatly reduced by the percentages taken from it by those officials through whose hands it passed, that the taxpayer had the grievance of seeing that his sacrifices only tended to enrich officials¹. The patent offices charged on the revenue were numerous, the duties of the officers were light or nominal, the income secured by the fortunate possessors enormous, when compared with those obtained by genuine industry. So much did the system influence people, those people at least who profited by it, that Gregory King, one of the acutest observers of the time and himself a placeman, reckoned that the only persons who added to the wealth of the country were those who were able to save money by planting themselves on the public service, or who received rents; and conversely, he set all those down, whose labour produced wealth, as unproductive members of the social system². Now

1700.
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¹ Apart from his percentages, the official could speculate with the money up to the time when his audit was due. Up to thirty years ago, the salary of the Oxford Vice-Chancellor was the profit he could make by dealing with the University balances during his term of office.

² The whole of King's statistics and comments are given in Eden's *History of the Poor*, from Davenant. I have referred to it in detail in my *Six Centuries of Labour and Wages*, p. 463.

1700. war meant a twenty per cent. income tax on rent, wages, and some profits. It is no wonder that Englishmen were alarmed at the cost of war, and doubted whether the nation could bear a load of debt and a war expenditure as well.

*Public
opinion
on the
situation.*

And then for what object? Many people at that time saw, and affirmed, that if Philip of Anjou remained in quiet possession of the Spanish throne, the country over which he ruled would not be more likely to shape its policy on French lines, than it would be if a prince of the house of Austria ruled over it. 'So far,' they argued, 'will it be from being the case that the accession of the French King's grandson will affect the balance of power, that it will certainly and speedily assist in maintaining it. The abler the new King of Spain is,—and he cannot be so feeble as the poor creature whom he succeeds, whose life was one long death,—the more must he study Spanish interests. And even while Charles was living, his subjects saw in him the impersonation of the Spanish Empire, and of a Spanish policy, and made war on Louis for both objects. It is absurd to think that these Spaniards will submit to be the tools of Louis, allow Spain to be a province of France, and their king to be a viceroy for his grandfather. If Spanish interests run counter to French ones, no tie of blood or alliance will prevent a collision between Spain and France. If France presumes to dictate to Spain, there will be either a rupture between grandfather and grandson, or the Duke of Anjou will soon be driven from his

throne. The power of monarchs even in an age more despotic than the present had very intelligible limits. A century ago, nothing served Henry of Navarre better than the relations which Philip the Second established with the Guises, and the purposes which he was known or suspected to have formed¹. 1700.

‘What interest,’ they asked, ‘has England in the question as to whether Philip of Bourbon or Charles of Austria shall reign in Spain? The Spanish Empire may be ready to fall to pieces, but we want none of it. Very likely the Emperor of Germany longs to recover those Italian provinces over which his predecessors exercised a precarious rule. Very possibly the French King cherishes the dreams of Charles the Eighth and Francis the First. He will certainly be less able to turn them into realities if he is to be hampered with the defence of his grandson’s inheritance, still less if he tries to make spoil of it. Nothing is more costly than a protectorate over a country which is intensely jealous of its independence, but which will readily accept the money and arms which it cannot provide from its own resources. This is the experience which Louis has had with the Spaniards and with the Austrians. By the Peace of Ryswick the French King submits to the English Revolution. We are no longer in fear that France will attempt a descent on England, or even on Ireland, in order to restore a King, who is already broken in health, or a minor, to the English throne, especially one whom even

¹ I am again condensing the political pamphlets of the time.

1700.

the more respectable non-jurors believe to be supposititious. If his grandson is allowed to keep quiet possession of Spain, the Emperor and Louis may fight out their quarrel without our meddling in the matter.' I find that this was the way in which the country party reasoned, even those who had received none of the pistoles which M. Tallard was reported to have distributed from his strong box among members of Parliament, in such large quantities, that current opinion set down an issue of 100,000 guineas to the conversion of base French bribes into good English money¹.

'There is no doubt,' such persons would go on to argue, 'that the Dutch have some reason to be alarmed. Part of the Spanish king's inheritance is the Low Countries, and even Holland, in the eyes of so sensitive a person as a beggarly Spanish grandee, ought to be part of the Spanish empire. Very possibly however Spanish king and Spanish grandee may be content to pledge Flanders for present help. But are we to be everlastingly spending our money and our lives for the sake of the Hollanders? They are our rivals in trade, unscrupulous rivals. They have been our enemies. The only creditable part in the old usurper's career was his having put these Dutchmen down, and the only respectable part of his

¹ Tindal makes this statement. It is said that this was the first election in which the candidates bribed the electors, corruption having been previously the privilege of members. The funds were found by the old and new East India Companies. 'The Tories used to call bribery "giving alms."' In December, 1700, the old was at an average of 121, the new at 143 $\frac{3}{4}$.

legislation was the act under which he crippled their trade. We spent money enough in the late war, and the Dutch took heavy toll on our expenditure. Are we forsooth to begin anew, and of our own free-will, the experiences of the past, and to have honest English taxes, wrung from us to maintain our own soldiers, discounted in the bills we have to draw and the cash we have to send on the Amsterdam exchange to the extent of from twenty-five to thirty-five per cent.? We admit that the King has been a powerful instrument for our good. On his mother's side he is an Englishman. But on his father's he is a Dutchman, and the father's blood overpowers the mother's. He slights us when he can. Directly he has got our cash he is off to the Hague. He quarters on us his Dutch favourites. He can hardly be civil to an Englishman, unless he be one of those upstarts who have carved out for themselves vast fortunes from the English taxes or the crown estates. We all know that he does not care for the Church, and that in his heart he favours the sect which made havoc of monarchy and of the Church too.' Such reasonings were current, not in Jacobite clubs only, or in nonjuring conventicles, but among men who had no hankering for the exiled family, who believed that the Pretender was a fraud from his birth, and were furious with Fuller for affecting to prove to them what they believed¹.

1700.

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¹ Fuller more than once published what he called an exact account of the birth of the Pretender and of the way in which

1700.
 —+—
*Views
 of the
 moneyed
 men.*

The moneyed men, who had founded and protected the Bank, and had subscribed the loan for the new East India Company, dreaded, as we shall soon see, the risk of another war. The profits of trade during the three years' peace had greatly increased, as the customs would prove. 'We,' they might say, 'are reaping the fruits, the just fruits of our confidence in the Revolution, and of our reliance on the King's advisers. Are we to go back to the risks of another war, when privateering will be the natural resource of an enemy who cannot meet our fleets, but can prey on our property? We are beginning to put down piracy, shall we put ourselves within peril of privateering, of which piracy in the Indian seas is the inevitable consequence? Look at the case of Captain Kidd. With the best intentions honest men sent this fellow at their own cost to crush out piracy, and he became the terror of all nations. We shall have Kidds by the dozen if we go to war. It is our interest to keep out of it, and protect the trade which we have already created¹.'

his mother was made away with by Louis and Mary of Modena. He got pilloried for his pains, as a 'notorious cheat and impostor.' Another pamphlet of the same time was widely circulated, in which it was alleged that Louis XIV was not the son of Louis XIII but of one Le Grand, and was therefore naturally interested in defending the interests of another spurious claimant of royal rank. The title-page has the attractive advertisement, that Louis XIV offered 5000 pistoles for the capture of the author.

¹ It would be superfluous to quote all the pamphlets of 1701 from which this description of public opinion has been condensed.

The dissolution of December 19, 1700, led to the election of a Parliament, which was more factious and more mischievous than any of which William ever had experience¹. It was unluckily presided over, as the last was, by Harley, who aggravated its misconduct. And yet it does not seem to have had Jacobite tendencies, or to have been designedly negligent of public interests. That it hated and distrusted the King's late advisers, Sommers, Halifax, Orford and Portland, and believed that they had dishonestly enriched themselves at the expense of the nation, is stated over and over again in the copious literature of the period, and was certainly believed by many. It is equally certain that many men, who had been and remained sincerely attached to the principles of 1688, were now in the ranks of the opposition, entirely distrustful of William's foreign policy, suspicious of his councillors, and averse to any war whatever on behalf of the German Emperor and the States General. Nor can I think William's advisers had done him and the public good service in leaving the finances of the country in that suspicious confusion, on which the Parliament of 1701 determined to report.

The unfortunate quarrel between the two Houses, a chronic trouble, which had lasted from the last quarter of the seventeenth century till the passage of the Septennial Act, was now at its height. The

1701.
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The
Parliament of
 1701.

Quarrels
between
the Lords
and the
Commons.

¹ Sommers was dismissed from office on April 17, 1700, and Sir Nathan Wright made Lord Keeper, after the office had been refused by Holt and Trevor, (not the old Speaker).

1701. Commons interpreted Parliamentary privilege with such exaggerations that there was some reason in the concluding sentence of the Legion letter that 'Englishmen are no more to be slaves to Parliaments than to kings.' At one time there were no less than thirty-seven persons committed to various prisons by direction of the House. The Lords were not less tenacious of their own privileges. They resented any comment on the conduct of any among their Order, however justifiable the comment might be, and they claimed for themselves and exercised an appellate jurisdiction, in which their decisions were not above the suspicion of party feeling and even of personal interest¹. There were in short two oligarchies in existence at once, mutually jealous and equally aggressive. The counties and a few large towns did send representatives, but in the division lists the proprietors of Grampond, Old Sarum, Gatton and St. Mawes, with more than a hundred other nominal boroughs, might override the deliberate voice of all that was really representative². And

¹ Peers who were quite ignorant of law voted on appeals. The lawyers avenged themselves by not reporting cases in the Lords. At last the custom of lay lords voting on legal points ceased, I believe in consequence of some strong remonstrances in the Douglas Peerage Case, 1769.

² Among the pamphlets of 1701, there may be found a scheme of representative reform, called 'the free state of Noland,' in which the writer proposes a plan under which there should be a progressive system of local government and limited legislation, from the parish, through the hundred and county, up to a central and united Parliament, each of these assemblies having a certain amount of legislative authority, and the whole representation being based on numbers and property.

neither House was under any effective control. There was no real discipline in the Commons, and the later practice of Parliament, under which the initiative in administration, in supply, and in legislation became the business of a responsible government, was as yet unknown. I know nothing which better illustrates the difference between these times and our own than the language in which Speaker Harley is criticised. ‘If such a person as the Speaker happens to be a man of crooked designs, notorious for falsehood and insincerity, as well as other immoralities, and engaged in all the interests of a Party,’ such and such conduct is to be expected. And on the other hand, the Tory party raked up a story about Sommers, who, when he was an attorney, some twenty-five years before, had been taken into custody by order of the House, on suspicion of advising malpractices.

I have found it necessary to dwell a little on domestic affairs, because—owing to the early death of the great historian who undertook to narrate the reign of William, and performed his task, in so far as he was able to complete it, with such exhaustive fairness—about fifteen months of the story, between the prorogation of the parliament in June, 1700, and the death of James in September, 1701, are left untold. This period comprises the anxieties which preceded and the alarms which followed the death of the King of Spain, the resumption of hostilities between France and the German Empire, consequent on the acceptance of the Spanish King’s bequest

1701. by the Duke of Anjou, to which Louis resolved
on giving effect, in spite of his repudiation of all
claims on the Spanish monarchy for himself and
his descendants in the treaty of the Pyrenees, and
of his similar avowals in the first Partition Treaty
and in the guarantees of the United Provinces.
The latter had much reason to be alarmed. Since
the Peace of Westphalia, now more than sixty years
old, but still the settlement to which the advocates
of the balance of power constantly referred in all
their wars and all their negotiations, Spain had
taken no direct part in the administration of the
Spanish Netherlands, though Spanish statesmen still
insisted on the fact that these provinces were an
integral part of the Spanish empire. The Dutch
had indeed nothing to fear from the scanty and
bankrupt finances of Spain. But it was a totally
different thing when Louis, the most powerful and
the most despotic monarch in Europe, the resources
of whose kingdom, both in men and money, seemed
inexhaustible, and who was not dependent on distant
mines and sea-borne tributes, but on the internal
resources of France herself, could in the name of his
grandson claim the inheritance of Flanders, and give
effect to that claim by his armies, by his generals,
and by the wealth of his dominions. The Peace
of Ryswick had really left him stronger than before.
It had acknowledged some of his conquests, such as
Strasbourg; it had, concurrently with the partition
treaties, enabled him to claim a dominant position
in Lorraine. It was really a truce negotiated in his

interests, and giving him time, during which, after 1701.
 a short respite, he could collect the means by which
 to give effect to the designs of Henry his grand-
 father, and of Richelieu, whose European policy was
 a tradition with Frenchmen up to our own times.

It is plain that during the early part of the year *Public*
 1701 the southern counties in England were greatly *opinion in*
 alarmed at the French King's preparations, and at the *Kent, &c.*
 policy of the Parliament in 1700, which had insisted
 on disbanding the army. The men of Kent did not
 share the opinion of the country party, constantly
 asserted, that it was far easier to collect an army
 than to disband one, and they were seriously afraid
 that the French King was meditating a descent on
 unguarded and unarmed England, and that Kent
 of course would be the point of attack. They be-
 lieved that the security of Holland was the safety of
 England, that Amsterdam was an outlying fortress
 on the English frontier, and that self-interest as well
 as justice and the faith of treaties bound us to defend
 the United Provinces. The majority of the House
 of Commons did not share these alarms, and was
 bent on other objects. They were under the in-
 fluence of Seymour, of Shower, of Howe,—‘the
 impudent scandal of Parliaments,’ as he is described
 in the famous Legion letter,—of Hammond, and
 of Harcourt. Every one of these men but the last
 had a scandalous record. Seymour had been bribed
 by the East India Company and detected, Shower
 had been concerned in the worst acts of the late
 reign, and was Seymour's nominee at Exeter; Howe

1701. had been the most venomous libeller of the King, and was currently said to have called his sovereign a felon; and Hammond, member for Cambridge University, was notoriously in the pay of France.

*The
meeting
of Parlia-
ment.*

This Parliament met on February 11, 1701, when the King told them 'that the death of the King of Spain, and the acceptance of the throne by Philip, Duke of Anjou, had made so great an alteration in affairs abroad, that he must desire them very maturely to consider their present state.' He added, 'that these things were of such weight that he thought them most proper for the consideration of a new Parliament, so as to have the more immediate sense of the kingdom in so great a conjuncture.' Harley had been re-elected Speaker the day before.

The Lords reported on the King's speech at once; the Commons on the 15th resolved, 'that they will stand by and support his majesty and his government, and take such effectual measures as may best conduce to the interest and safety of England, the preservation of the Protestant religion, and the peace of Europe;' the last four words being carried on a division by a majority of 22, a pretty clear proof of how averse the House was to war, and how much their foreign policy was to be subordinated to personal and domestic considerations. They instantly proceeded to discuss financial matters, ranging their enquiry over the last ten years, and requested the King to lay before them all treaties and alliances made since the Peace of Ryswick. They then took to receiving petitions and expelling members,

their principal victims being the Whigs; and if one can believe their contemporary critic, Tindal¹, what they denounced as bribery in the minority they termed almsgiving in the case of the Tories. The same author avers that the custom of bribing the electors began with this Parliament, the previous practice having been to bribe the members, and that the two East India Companies supplied the funds. 1701.

On February 17 the King communicated copies (translated from the French) of a letter which purported to be written by Melfort to his brother, the Earl of Perth, and governor to the so-called Prince of Wales. It was said to have been found in the French mail which had lately arrived from Paris, and was forwarded to the King by the Postmaster-General. The Lords thanked the King for the communication; the Commons seem to have taken no notice of it. Of course, as it was a communication from the Crown, it is entered on the journals of both Houses. *The letter of Melfort.*

The Commons it is clear considered the letter to have been a forgery. It is, unlike most of Melfort's letters, couched in moderate language, though it insists that the King should be restored without conditions. The most suspicious part of the letter is that in which the writer dwells on the unarmed state of the kingdom, on the ease with

¹ Tindal was a Whig, and a pretty strong partisan. But the facts bear out his criticism. Long after this time, election petitions were mere party contests, in which very scanty evidence satisfied the majority, even if they listened to it.

1701. which the discarded soldiers could be induced to declare for the old King, on the strength which the nonjuring party would have in the event of a counter-revolution, and on the importance of Perth's putting himself in communication with the Earl of Arran, as Melfort calls the Duke of Hamilton. The Commons too might have suspected that the emphasis with which the supposed writer dwells on the unarmed state of the country, may have been intended to stimulate them into restoring the whole or great part of the army which was disbanded the last year¹.

*The action
of the
Commons.*

On February 25 the Commons granted 30,000 men for the summer service of the navy. But during the greater part of this and the next month they were engaged with elections, many of which had been presented, and invalidated the return, and we are told with the greatest partiality, of many Whigs. They then came to a series of resolutions as to the succession, now rendered more than ever necessary by the death of the Duke of Gloucester, resolutions which were afterwards engrafted on the Act of Settlement. Their other business was the discussion of the treaties which had been laid before them, and the preparation for the impeachment of the four lords. The resolution to proceed against them was taken on April 1, and on the 15th of this month

¹ I confess to feeling grave suspicions as to this letter. Of course, if it was a forgery, William had been imposed on, probably by an over-zealous partisan. It was an age of political forgeries, and a man might have fancied himself justified in disinterestedly doing that in a good cause, which too many men were willing enough, and for their own gain, to do in a bad one.

they addressed the King with a request that he would exclude the whole four from his counsels for ever. The Lords, on the other hand, approached the King with a prayer that he would take no step till the impeachments were over. 1701. ———

It must not be imagined that the Lords approved of the treaties, the particulars of which were now put before them. They evidently imagined that the King was influenced by other than English interests, that he had not consulted his council, that negotiations subsequent to these treaties were dangerous to the peace and safety of Europe, and that Louis could be trusted in nothing, unless he conceded what was a real security. They plainly thought that William, with all his experience and acuteness, had been taken in, and that there was now more risk of a long war, and a general war, than there would have been if William had declined to treat with Louis at all, after the flagrant violations of his promises and pledges. They saw, or thought they saw, that Louis had never been sincere in his engagement on behalf of the Electoral prince, or in the second set of stipulations, and that he merely desired to gain time, in order to hoodwink his neighbours, while he was carrying out all that he had secretly resolved to do.

What neither House saw was that Parliament was really the cause of the breach of faith of which Louis was guilty. The King of France had never affected to consider anything binding which interfered with his purpose of making himself the arbiter *The cause of the French King's action.*

1701.

of Europe, or, as he phrased it, of promoting the glory of France. He knew that the Emperor was poor, that Spain was helpless, that Holland alone, however resolute, was no match for him, and that England had deliberately disarmed herself. At one time, England could have taken the field with an efficient army, and could have paralysed France at sea. To be sure, it was still important, that England and Holland were the only two European states which could maintain armies. On the other hand, the resources of Louis were abundant, his army in a high state of efficiency, his ascendancy unquestioned, and his maxim, that the last pistole wins, was likely to be illustrated by his own success. The prize he sought for himself was the Low Countries, and it was for this region, as far as Louis and the allies were concerned, that the War of the Spanish Succession was actually fought¹.

The vexation, the humiliation, the despair of William, who saw this clearly, must have been extreme. He believed, and with justice, that he had at any rate checked the career of Louis, and had shown what England might be, if she were only resolute and true to herself. And now his policy, his own reputation, his country were at stake, and the stake seemed lost. He had done his best to avert the mischief; and the action of the House of Commons had made Louis

¹ He intended to make the Duke of Bavaria, who declared for him, after his own son's death, the nominal ruler of the Spanish Netherlands. Still, the House of Commons shared the sentiments of Arbuthnot's famous pamphlet, 'Law is a bottomless Pit.'

audaciously triumphant. He was assured that if the late Parliament had not paralysed his action, the hand of Louis would have been stayed. He saw that the struggle must come, and that what he had striven to effect had been wrecked by the jealousy, the timidity, the factions of the men whom he had to use. The Parliament of 1701 was the death of William, for when the reaction came, it was too late. Whatever were the errors of William as an English King, no English King was ever so malignantly thwarted. I am not prepared to accept all that Macaulay says of him in his praise, but I am sure that he was the worst-used sovereign who ever sat on the English throne. But some of the best work which William did was his foreign policy in 1701. It was of infinite service to the allies.

1701.

The story of the impeachment is well known, and has no importance in connection with the object before me. But it is noteworthy that Marlborough was among the peers who were willing to condemn Sommers¹. I cannot but think that this astute personage saw clearly enough that war was inevitable, and that his services would certainly be needed as soon as war was declared. But he was not willing to quarrel with a party which was, for the time being at least, in the ascendancy, and was

*The
impeachment of the
Lords.*

¹ Most of the protests on the abandonment of the impeachment were published, though some were quickly expunged. In the pamphlets of the time the peers who voted at each stage of the proceedings against the four lords are given. I recovered some of these expunged protests with great difficulty. See my *Protests of the Lords*.

1701.

even getting powerful in the City, for when Heathcote, a Whig, was expelled the House, Fleet, a Tory, was elected in his room. And on the other hand, Marlborough knew perfectly well that if the English nation felt that their liberties were in danger, and even if their pride were affronted, they would effectually resent an insult. He therefore trimmed cautiously, for he must have been well aware, that if definite charges of bad faith could be brought home to Louis, though the proof would not weaken him in France, it would strengthen the alliance against him elsewhere. As he must have foreseen that war was inevitable, so he was perfectly alive to his own military abilities, and quite aware, whether the King lived or died, that he must be employed in high command.

*The
Kentish
petition.*

Between the time in which the impeachments were resolved on, and the abortive trial took place, occurred the presentation of the Kentish petition and the episode of the Legion letter. The grand jury of Kent having met at Maidstone, as we learn from the comments on the action of the House of Commons, was pervaded by the Kentish feeling that Louis of France had resolved on the invasion of England, and that Kent would be the first victim¹. It was a common saying, we are told, among the country folk of Kent; 'We have sown the corn, and the French are coming to reap it.'

The five persons who had signed the petition, all gentlemen of estate and magistrates, determined

¹ See among a host of pamphlets, *Jura Populi Anglicani, or the Subject's Right of Petitioning.*

that their petition should be presented. They applied to Sir Thomas Hales, the senior Knight for the county. He hesitated and asked for a sight of the petition. They were willing to show it him, but begged him to keep it secret, till it was presented. He promised, so we are told, to reserve it for his own inspection only, carried it into the House, and showed it freely. It roused those who saw it to fury, and Hales came back to the petitioners, advised them to withdraw it before it was too late, and flatly refused to present it. They then sent for the other county member, Mr. Meredith, who was induced to present it, though he did so without committing himself to its prayer or to its contents. It was read at the table, and the petitioners were summoned to the bar¹. They were examined as to their signatures, and their responsibility for the contents of the petition by Harley the Speaker, in language, if we can trust some narratives, which recalled to memory the brow-beating of Jefferies, and then were ordered to withdraw.

The presentation of the petition was followed by a debate of five hours, in which Seymour and Howe were the most conspicuous and violent speakers. Alluding no doubt to the name of Colepepper (and two persons of this family were among the five), Seymour said that the petition smelt of forty-one.

¹ At this time a member might move that the petition he presented be read, and make a motion on it. It is only within living memory that this part of the procedure of the House of Commons has been altered.

1701. Jack Howe outdid himself in the violence and insolence of his talk. It appears that the Speaker took part in the fray, as did also Shower and Hammond. Both the other Harleys spoke against the petition, as did the Foleys, St. John, Winnington of Bewdley, Barnardiston, Randyl of Guilford and Hampden of Wendover, some of these being men who had hitherto been reckoned as Whigs.

The House of Commons ruled that the petition was scandalous, insolent and seditious, tending to destroy the constitution of Parliaments, and to subvert the established government of these realms. It is noteworthy that in the next Parliament, the complexion of which was very different from that of its predecessor, the vote was re-affirmed. It seems that the electors of Kent were not entirely sympathetic with the petitioners, for in the next Parliament Sir Thomas Hales was re-elected, and Mr. Meredith lost his seat. The words in the petition which seem to have caused this tempest in the House were a request that the Commons 'would turn their loyal addresses into Bills of Supply.'

The punishment of the Petitioners.

The unlucky petitioners were sent to the Gatehouse, and subjected to great indignities, the Serjeant-at-Arms, if we can trust their narrative, having grossly and coarsely insulted them, and levied black mail on them. They certainly commenced a prosecution against him, after their release, which of course occurred on June 23, when the House was prorogued. When they came out of prison, they were entertained in Fishmongers' Hall (some say

the Mercers'), and were received in Kent with enthusiasm¹. The Commons memorialised the King to strike their names out of the Commission of the Peace, and the King, who for all the loyal addresses presented to him was really at the lowest ebb of his popularity in England, agreed to the humiliation of proscribing those who had defended his policy and justified his fears.

1701.

If the House was angry with the Kentish petition, they were infuriated by the Legion letter. On May 15 this celebrated letter came by post to the Speaker, being addressed to him at the House of Commons. It criticises severely the conduct of Parliament, and particularises the Speaker and Howe as the most factious, insolent, and disloyal of the whole party. It accuses the majority of leaving the country defenceless in a crisis of its fortunes, of having pretended to quarrel with the concessions which the treaties had made to France, while they were permitting Louis to take more than was conceded to him; it twitted them with breaking treaties which honour and interest equally urged them to maintain, and with repudiating allies to whom the country owed much in the past, and whose independence and strength was the best guarantee to England of her own stability. It urges the expulsion of Howe, whom it calls 'the impudent scandal of Parliaments,' denounces the new authority which the House had usurped over other than its own members, and in

¹ The narrative is to be found in Parliamentary History, vol. v, Appendix XVII.

1701.

particular the persecution of the Kentish petitioners for an act which was in itself legal and constitutional, and the unfairness with which it had used its power of deciding on election petitions against those who were opposed to the policy of the dominant party. It threatened the House with something more than criticism unless it mended its ways and attended to the business for which it was elected, assured Harley and his party that Englishmen would no more bear the tyranny of Parliaments than they had borne the tyranny of kings, and was signed 'Legion, for we are many.'

It was in vain that the pamphleteers on the Tory side pointed out how happily the writer of the libel and his associates had identified themselves with the devils in the herd of swine, and the chiefs of the party offered a reward for the discovery of the author. The Legion letter was printed and circulated widely, and undoubtedly had an influence wherever political literature could be studied and be effective. It was supposed to be the work of Defoe, but its authorship has not been distinctly traced to any one. During the year 1701 anonymous pamphlets are accordingly numerous, though even the largest collections cannot be supposed to contain all the fugitive pieces of the year.

*The dis-
credit in
which Wil-
liam was.*

The credit of William with the foreign powers and his authority among his own people were at the lowest ebb during the first six months of the year 1701. The House of Commons insulted him with loyal addresses and tricked him with promises which he knew to be insincere, pretended to examine and scrutinise the

accounts of his administration, without either making an adequate provision for even an armed neutrality or for consolidating the public debt, and resolved on prosecuting William's most attached friends and most faithful servants. Nothing but the fact that the King's influence with his Parliament was almost gone, can explain the bitterness with which his late ministers were assailed and impeached. Portland and Sommers had resigned their appointments, the latter under circumstances which show how great had been the pressure put on the King the year before. Halifax, whose schemes had restored credit when it seemed almost destroyed, who had founded the Bank, restored the currency, invented a new and successful instrument of finance; who had by creating the new East India Company procured a welcome supply, and had stinted the means, as was thought, by which the old Company had so long practised corruption, was out of office, and could hardly be employed again; while Orford, the victor of La Hogue and the instrument by which the naval power of France was effectually broken and English commerce was relieved from swarms of privateers, was in retirement. I cannot but believe that the sole motive which the Commons had in the prosecution of the four lords was a desire to humiliate the King, and that they abandoned the impeachment, under the pretence of a quarrel with the Lords, either because they had effected that purpose, or because they saw signs of a reaction¹.

1701.
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¹ I draw these inferences, as before, from contemporary pamphlets.

1701.

—+—
*The ac-
 knowledge-
 ment of the
 Pretender.*

It was not long before the reaction came. Louis acknowledged the son of James as King of England after the death of the old King on September 16¹. I need not repeat the reasons which should have dissuaded him from the act, or discuss the manner in which the news was received in England, or the anger which it excited, or the immediate rupture of diplomatic relations with France, or the recall of Manchester and the dismissal of Poussin, or the discomfiture of the Tories and Jacobites and the elation of the Whigs, or the entire conversion of Marlborough to loyalty, and the enormous strength which the event gave to William's position. The story is told with picturesque fidelity by Macaulay. It is true that William was too much broken by disease to profit by the new situation. The House of 1701 had done its work only too well. The King survived his father-in-law and uncle for less than six months.

*The disso-
 lution and
 elections of
 1701.*

The dissolution (Nov. 11, 1701) was not so much followed by the victory of the Whigs, as by the recognition of their principles². Some of the leading Tories and malcontents disappear for a time, as Howe, Hammond, and Davenant³. Cambridge University for once sent its most honoured son to Parliament, in the

¹ I cannot but think that the conduct of the House of Commons induced Louis to think that he could put this affront on William with impunity.

² This is, I suppose, proved by the election of Harley as Speaker over Littleton—216 to 212.

³ Davenant threatened an action against one of the Masters in Chancery for calling him in various ways a traitor. Luttrell, December 4, 1701.

person of Isaac Newton. The City of London again sent four Whigs, and by large majorities. Again some of the Tories were forced from boroughs where there was an electorate, to take refuge in boroughs where there was only the pretence of an electorate. Thus Seymour had to go from Exeter to Taunton. Howe was probably over-confident and failed to secure a retreat, for Luttrell tells us that he would have been returned for Newton in Lancashire, only that the two seats were filled by the Leighs before the news of his defeat became known¹. The reverse which the worst men in the Tory party suffered must have given a keen pleasure to William. But of course the proprietary boroughs only represented the persons who owned them, and it would seem from the divisions that, except under the compulsion of a call of the House, many members never or rarely came to St. Stephen's.

Having touched in this manner on domestic politics, only because this particular period, from June 1700 to September 1701, has hardly been handled by any modern writer, I now turn to the main object before me, the effect which events domestic and foreign had on the fortunes of the Bank of England, and on the price of its stock in 1701. They are exceedingly marked, and suggestive of how foreign occurrences as well as home politics affected this security. And here I may observe that, in contemporaneous accounts, one does not find any record of what we should call

¹ The fiction of the Chiltern Hundreds was not yet invented.

1701. the price of the funds, but only the price of stocks in public institutions of credit and trade.

*Price of
Bank
stock.*

The price of Bank stock in Houghton's register is entirely unchanged from January 3, 1701, to April 11, when it suddenly fell nineteen and a-half per cent. The figures in Luttrell, however, do not at all agree with this record, and I do not see how to reconcile the discrepancy, for the difference seems too great, even in a speculative time like that, for one to conclude that Luttrell's prices are time bargains at Garraway's or Jonathan's, while Houghton's are notes of bona fide purchases and sales. But I should mention that pamphlets bearing on time bargains and on the mischief of these transactions are common during this period and are very outspoken, and as is well known Sir Samuel Barnardiston had given effect to this dislike and distrust of stock-jobbers by an Act of Parliament¹ making their bargains void.

Now, according to Luttrell, the price of Bank stock on January 4, 1701, was 122; on January 23, 119, owing he says 'to the discourse of war'; on January 28 at 117; on January 30 at 113, 'owing to the news that the French had taken Newport and Ostend'; on February 1 at 106; on February 8 at 110; on March 4 at 103; on March 6 at 97; on March 15 at 104; on March 20 at 108; on April 17 and April 29 at 110; on July 5 at 111; on August 12 at 111; on August 19 at 112; on August 23 at 113; on September 4 at 117; on October 23 at 108; and on November 18 at 109. These are all the prices noted by him in the

¹ 8 & 9 William III, cap. 32.

year 1701. It is clear that Luttrell's informant derived his information from other sources than Houghton did, who represents the Bank stock as wholly unaffected by the events of the first three months of 1701. The discrepancy of the later period is comparatively unimportant. I can give no explanation of the difference, except that mentioned above, that Luttrell has a time bargain price, Houghton a genuine purchase price. And here I will bring forward the facts which bear on the crisis.

1701.

Among the pamphlets of the year 1701 is one (the copy I have consulted is the second edition) entitled, 'The villainy of Stock-jobbers detected, and the causes of the late run upon the Bank and Bankers discovered and considered.' From internal evidence it is plain that the pamphlet was written in February.

'As soon,' says the author, 'as the election of Parliament men in the City¹ was over, or so far over as that it plainly appeared on which side it inclined,

A run on the Bank.

¹ The election (the polling lasted four days) was over on January 23, 1701, Ashurst, Heathcote, Clayton, and Withers being returned against Duncombe, Fleet, Child, and Pritchard. Heathcote was subsequently expelled, as holding office under the Crown, and Fleet returned in his room. There was a scrutiny, and the lists of the liverymen in the fifty-six Companies then existing were printed. The copy which exists in the Bodleian Library has evidently been used for the scrutiny. The number of liverymen in the fifty-six registers is 7547. The largest Company is that of the Merchant Taylors, the next the Haberdashers, then the Goldsmiths. In the scrutiny 437 votes were found to be bad, for various reasons. The largest quota of the bad votes was Duncombe's, who polled all the sick and dead men. Sir Thomas Abney was Lord Mayor, and issued the precept for the return of the livery lists. The copy which I have consulted has been corrected from the poll books.

1701. a certain party prepared to bring about this very design, which we now see is broke out upon us.' My author then says that the directors of the old East India Company, whose intrigues and jobs, he avers, had made the stock of their own Company fluctuate between 300 and 37, collected cash as far as possible in order to bring about a scarcity of it, and it is alleged by some that they have a million in hand. Then he adds, others (he names Duncombe as one of the conspirators) collected Bank bills. 'Now it is impossible to imagine that two or three men should lay by Bank notes to the tune of £300,000 which had no running interest upon them, and have no design in it.' By these devices, he says, they pushed down the price of stock, and made a run on the Bank. 'But the Bank returned them in kind, and pushed at their capital banker, and run him down presently.' This I conclude is illustrated by a fact narrated by Luttrell under date of February 4. 'This morning Mr. Shepherd, a noted banker of Lombard Street, having great sums of money drawn from him, occasioned by the fall of the public stocks, was forced to stop payment at present.' They next attacked Exchequer bills, and presented £50,000 of them at once. This probably explains an order of the House of Commons of February 25, under which old Exchequer bills were cancelled and new ones ordered to issue. But this fact also helps to give the date of the pamphlet, for the writer continues, 'they will probably be defeated, this new corporation of Hell, the Stock Jobbers.'

But the Bank had another expedient. On February 6 it gave notice that it would allow six per cent. on those who took its 'sealed bills' of £100 (and upwards) and held them till Michaelmas, and would allow threepence a day for deposits of cash on demand. The expedient was successful, for the next day, according to Luttrell, these bills were taken to the amount of £50,000. That the Bank effectually demolished the project of Duncombe and his associates is proved by the fact that no more is heard of it.

1701.

This expedient is criticised by the otherwise kindly pamphleteer, and the criticism is so sound and weighty, that it may well be quoted. 'The Bank of England is to be blamed for allowing interest on their sealed notes. It is a begging of credit.' 'It should have stood boldly and not have increased their interest to double.' And then he illustrates the wise policy of brag by an account of what the practice of merchants was, who take the money of a scrivener's client at a high rate of interest, and finding they cannot at a crisis employ it advantageously, may by offering to repay it at once, obtain a renewal on more favourable terms.

*Criticism
on the
Bank's
action.*

'The Bank is apt to confound the credit of their stock,' he says, 'with the credit of their cash.' The former is decidedly unassailable. We all know that every shilling of the Bank's issues is covered by convertible securities, or by saleable goods, to say nothing of what the Bank may have in reserve. But no institution of credit can safely neglect to fortify its

1701. reserve of cash. You may get cash, and that speedily, by a sacrifice, as the Bank has done. But the very operation, though it does not damage your intrinsic credit, proclaims your weakness. You may not injure your schemes by what you have done, but you suggest that you have not that foresight which men of business should possess, and should prove that they possess to the mercantile world. With such precautions, this intelligent writer concludes, 'The Bank will outlive the designs of all the Sir C—'s and Sir L—'s¹ in England.'

*Vote of
April 10,
1701.*

On April 10 the House of Commons voted, 'That the restraining of the Bank of England from borrowing money at interest, upon any security that is not under their corporation seal, will be a great encouragement to trade, and a support to the public credit.' This is evidently a hostile resolution, and one intended to cripple the business in which the Bank was profitably engaged. It would, for example, prevent the Bank from accepting tallies on the Exchequer and similarly deferred payments by the public treasury, and making these securities the basis of an issue of notes, not bearing interest, to the depositor, or in the language of the time, lender, such notes being payable on demand. No action was taken on this resolution, in which we may probably see the hand of Duncombe. But in point of fact, the alliance of the Tory landowners and the Lombard

¹ Sir C. is of course Duncombe; I do not know who Sir L. is. He is not a liveryman of the City, for I do not find any Sir L. in a list of all the liverymen in all the fifty-six Companies in 1701.

Street stock-jobber and scrivener was only temporary, 1701.
and was always hollow¹. —♦♦—

It has been the peculiar fortune of the Bank of England, that all the conspiracies against its credit have not only been foiled, but have raised the reputation which the conspirators intended to undermine. This has been the characteristic of its later history, and it can be shown to have been equally the fact in its earlier years, when it had to learn experience, and was exposed to the attacks of watchful and rancorous foes, whose personal antipathies were stimulated by party malevolence. And as this is the fact, we cannot but conclude that, though the management of the Bank was occasionally mistaken, its general course of action must have been marked with such integrity, that it roused and maintained towards itself an affectionate and loyal attachment which continued, through long and trying times, unbroken and unshaken. That the early directors of the Bank of England wished to make money was natural. That they made it is notorious. That they incurred the enmity of rivals is certain. But they never forfeited their reputation. This reputation was constantly made the plea for hard bargains on the part of the Treasury when the renewal of the Bank charter was imminent. That they overvalued the advantage of their charter is true enough, but the defence of their charter lies in the fact that, in a country where all kinds of banking are not regulated by law, a monopoly

¹ See, for example, a Tory pamphlet of 1701, 'The Freeholder's Plea against Stock-jobbing Elections of Parliament Men.'

1701. under Parliamentary checks is better than free trade
 in instruments of credit, which has often been justly
 characterised as free trade in swindling.

It is probable that the hostile resolution of April 10 had something to do with the fall of $19\frac{1}{2}$ per cent. which Houghton records under April 11. But there were other causes at work. The war of the Spanish Succession commenced in Italy, the prize being the possession of Milan. On April 3, little more than rumours, but these rumours adverse to the French King's prospects, reached England. But the news also came of the late King's first apoplectic seizure, and its serious character. Bank stock remained low till the end of June, when it rose $6\frac{1}{2}$ per cent. Within a week or ten days it fell again, new rumours of an impending and serious war gaining consistency. On September 12 it rose to the highest point in the last nine months of 1701. In October it was depressed again, owing to the vigorously hostile attitude of William, after Louis XIV had recognised the banished family, and war with France became certain, for the step towards an alliance against France was taken on September 18.

*Return of
William.*

William landed in England on November 4, and was instantly met by loyal addresses and entreaties to dissolve Parliament. He hesitated, because time was pressing. But the old Parliament was so factious and untrustworthy, that he resolved on a dissolution, and proclaimed it on November 11. In this policy, if we can rely on the language of the addresses, William was entirely in accordance with public

opinion. It was noticed in the publications of the time that addresses praying the Crown to dissolve Parliament had been rare. Now the counties and the large towns were almost unanimous in their prayer that he would rid himself of the factious, unruly, captious, insolent, disloyal and, as was currently thought, corrupt gang who had the ascendancy in the last session, in which some of the leading spirits, who had been detected in close intercourse with the French envoy, Poussin, and thereafter nicknamed Poussineers, were held up to the execration of the freeholders, as knaves in the pay of France and traitors to their country.

1701.

The reaction in public opinion came too late for immediate action. The anxieties and affronts which William had suffered during the earlier part of the past year, his consciousness that the action of his Parliament had made the kingdom powerless in the councils of Europe, and had left the King of France an opportunity to so far strengthen himself as to practically occupy the Spanish Netherlands and to obtain the recognition of his grandson as King of Spain from every European court except Germany, had made William at fifty years of age an aged and broken man. So violent had been the action of the House of Commons, that it was believed on the Continent that a counter-revolution was imminent. But there was nothing which gave Louis such satisfaction as the news of William's declining health. He believed that the Grand Alliance, which had been successfully revived in the autumn of 1701, depended

The political situation.

1701. for its very existence on William's health and life. He imagined that Anne, the heir to the throne, would abandon William's policy. But in June 1701, the King, who had become conscious that his physical powers were unequal to the fatigues of active military operations, stifled his just resentments, and appointed Marlborough, whose great capacity for war was known to few, but fully recognised by William, as commander-in-chief of all the English forces, and ambassador to the States General. It is very likely that Louis did not know how unbounded was the influence which the Churchills exercised over Anne. It was as complete, but was not so mischievous, as that which Madame de Maintenon wielded over him¹.

William knew that his days were numbered. He had even consulted the French King's physician, under a feigned name, about his symptoms, and had received an unfavourable answer. When Fagon knew who his correspondent was, it was not for long a secret from Louis. Now William was well aware of the communications which Marlborough had kept up with St. Germain during the early years of the Revolution. He did not indeed know all, as for instance the betrayal of Talmash's purpose in the expedition to Brest. But though he could not trust Marlborough, he knew that he could trust Marlborough's ambition and greed, and, what was more, that he could rely on Marlborough's abilities. Whether it were wise or unwise (and William conceived it to be entirely wise

¹ See for the situation from the French point of view, Sismondi, *Histoire des Français*, vol. 15. chap. xxxviii.

and supremely necessary) that England should again incur the losses of a war in order to curb the ambition and chastise the bad faith of Louis, it was perfectly certain to him that Marlborough could be relied on to support a policy which would prove him to be the greatest general, would constitute him the most powerful statesman, and would rapidly make him the richest subject in Europe.

1701.

Parliament met on December 30, and the King addressed them next day, pointing out to them that war was inevitable. The House assured him on January 2 that they would defend his title against the son of James, and all his open and secret abettors and adherents, as well as all his other enemies, that they would enable him to show his just resentment at the affront put upon him by the recognition of his rival; assured him of their determination to maintain the Protestant succession, and declared that they would make good the alliances that he had made or might make for the curtailment of the exorbitant power of France and for preserving the liberties of Europe. They then proceeded to bring in bills to attain the exiled prince and his mother, Mary of Modena. The King received the address very graciously.

1702.

*The New
Parlia-
ment and
Cole-
pepper.*

But though the Commons were far more willing to carry out the King's policy than their predecessors were, and voted taxes and troops readily enough, they inherited and exercised the same violent temper towards those who offended them which their predecessors had exhibited. One of the Kentish petitioners, Thomas Colepepper, had at the general

1702. election been a candidate for Maidstone. He was
 unsuccessful, and, most rashly, petitioned the House
 for the seat. The Committee however reported by
 a great majority that the sitting member was duly
 elected, as they would have reported that a corrupt
 Poussineer was, as against a Kentish petitioner, and
 that Colepepper had been guilty of bribery and
 indirect practices by endeavouring to get himself
 elected. The politics of Captain Bliss, the member
 whom they seated, are made clear by the fact,
 that two days after the decision of the Committee,
 this personage, an obscure imitator of Jack Howe,
 gave security at the King's Bench upon an informa-
 tion brought against him for words reflecting on the
 King.

The decision of the Committee was endorsed by the
 House on February 7 by the following resolutions:—
 (1) That Captain Bliss is duly elected for Maidstone,
 and that Thomas Colepepper, Esq., who was one of
 the instruments for promoting and presenting the
 scandalous, insolent, and seditious petition, commonly
 called the Kentish petition, to the last House of
 Commons, hath been guilty of corrupt, scandalous
 and indirect practices, in order to procure himself to
 be elected a burgess for Maidstone. (2) That the
 aspersing of the last House of Commons, or any
 member thereof, with receiving French money, or
 being in the interest of France, was a scandalous,
 villainous and groundless reflection, tending to sedi-
 tion, and to create a misunderstanding between the
 King and his people. (3) That Mr. Colepepper is

guilty thereof, and is to be committed to Newgate, and to be prosecuted by the Attorney-General. 1702.
—+—

Ten days later, they sat in a Committee of Privileges, and resolved: (1) That to assert that the House of Commons is not the only representative of the Commons of England, tends to the subversion of the rights and privileges of the House of Commons and the fundamental constitution of the government of this kingdom. (2) That to assert that the House of Commons have no power of commitment but of their own members, tends to the subversion of the constitution of the House of Commons. (3) That to print and publish any books or libels reflecting on the proceedings of the House of Commons or on any member thereof, for or relating to his service therein, is a high violation of the rights and privileges of the House of Commons. Colepepper absconded from the custody of the Serjeant-at-Arms, and a reward was offered for his apprehension. He petitioned the next Parliament that proceedings against him might be dropped, and died in August 1703. The Commons were more reasonable on February 26, in reference to the impeachments of the last session, and affirmed that it was the undoubted right of the subject to petition the King for the dissolution and the sitting of Parliaments. The accident which proved fatal to the King had occurred on the twenty-first. Macaulay says that it happened at Hampton Court. Luttrell however states that the King was hunting near Kingston-on-Thames. He died on Sunday, March 8.

The report of the physicians and surgeons who

1702.

—+—
*The King's
 death and
 its cause.*

made an examination of the King's body proves that the accident hastened, but did not cause his death. They stated indeed that the fracture had already united, but that the body was greatly emaciated, and that the cause of death was inflammation of the lungs¹. Shortly before his death he said, that 'when he was in his grave, the people of England could have no reason to say that he aimed at anything but their good.' He had certainly proved that England, which after the days of Oliver and before William's accession had been of no account in the councils of Europe, was now a first-rate power. But the vindication of William's memory was not to come for some time. On December 15, when the Queen had sent a message, which was to be sure rather premature, requesting the Commons to make a settlement of £5,000 a year on Marlborough for his services in the campaign in Flanders², though they had affirmed that he had retrieved the honour of the English nation, and refused to use the words 'maintained' or 'advanced,' yet on December 15 they declined to accede to the Queen's request that they would make permanent and attach to his peerage (he had been made a duke) the sum just mentioned, which she had granted to him for her life out of the post office, on the ground that the 'revenue of the Crown had been so much reduced by exorbitant grants in the late reign.' When it was proposed to omit the last

¹ The report of these physicians and surgeons is to be found in the Bodley pamphlets.

² Parliament (a new one) met on October 20.

four words, the Commons carried their insertion by 1702.
200 to 89. —+—

If we assume that the war which ended with the Peace of Ryswick was absolutely necessary for the settlement of the Revolution, and that the acceptance of the throne of Spain by Louis on behalf of his grandson was so serious a menace to the peace of Europe that England was bound to resist it by arms, it is impossible to over-estimate the diplomatic abilities of William, whether we consider the difficulties of his position in England, or the power against which he had to contend. The only strength he had was what he could obtain from the resources and continue by the taxation of the English and the Dutch, for he could not get the aid of a single German state, except by a Dutch or English subsidy. From the beginning of his reign the Dutch accused him of sacrificing their interests to those of England, and the English reproached him with lavishing English money on Dutch objects and the revenues of the Crown on Dutch favourites. The Council of Amsterdam tried to thwart him¹, as much as the Seymours and the Howes in Parliament, and the Jacobites and Non-jurors out of it intrigued against him; and William, though by the theory of the Dutch constitution his powers were far more limited than those of a British king, was able to take sharper measures against Dutch malcontents than he could against English opposition and Parliamentary rancour.

At the time of the English revolution, France was

¹ See for example Davies' History of Holland, vol. iii. p. 218.

1702.

France at
the Revolution and
its foreign
policy.

the richest and most densely peopled kingdom in Europe. It probably contained fifteen millions of inhabitants, possibly twenty millions¹. Its manufactures had been developed by Colbert with the greatest care, at the expense no doubt of agriculture, but up to the highest efficiency. It had appropriated the silk industry, once the glory of Genoa and Italy. It had succeeded in acclimatising those other textile fabrics, notably the lighter woollen textures, for which Flanders had once been famous. It had for a century carried out the tyrant's policy of the Greek philosopher in the other European states, of making them poor, disunited, hopeless. It assisted in the ruin of the Low Countries, and in 1672 had almost succeeded in destroying Holland. It had prolonged, for interested reasons, the horrible Thirty Years' War, which arrested the progress of the German race for more than two centuries. It wasted what remained to Spain in the wars which it waged with Philip IV and Charles II. It insulted and humiliated the Pope. The kings of England were bribed into complicity with its designs. In 1679 the glory of Louis XIV and the supremacy of France were at their height.

Its domestic
policy.

The French King had succeeded, as no French king had succeeded before him, in subduing his nobles. All the difficulties of his predecessors had arisen from insurrections of the French nobility, and hardly a reign was free from them. Even Louis, in his youth, had a taste of their turbulence. But he had entirely

¹ The resources of France are fairly calculated in Davenant's essay on Public Debts and Engagements, 1698.

vanquished them, and they were now as docile as the French peasantry were. The French King had at last become absolute. So had the Spanish King, but he had destroyed all that makes a nation in the process. So had the German Emperor in his hereditary dominions. But the beggary of Austria was nearly as complete as the beggary of Spain. Italy had become a shadow, a geographical expression, a political fiction. But France was rich, powerful, united under an able and ambitious monarch, who wished that his people should be as prosperous as was consistent with his purposes and principles of government. Louis had an army which was trained under his own eye. He selected his generals with rare judgment, and up to this period of his long reign had been rarely deceived in his choice. Those whom he chose, served him with unshaken fidelity and with complete self-abnegation. The French army was the one school of military science, just as the Dutch army under Maurice of Orange had been more than half a century before. Louis, in the prime of his career, was as vigilant and careful in details as he was farseeing and unscrupulous in his plans. He had the best cavalry, the best infantry officers, the best parks of artillery, the most scientifically constructed fortresses, the most complete commissariat. And all this machinery of war was so nicely adjusted, that it could be set in motion at once, and as the King willed. Its discipline, from the Marshal of France to the private, was so perfect, its obedience so unhesitating, its confidence so high, that the King could reckon on

1702. it to the uttermost. After the disasters of Blenheim and Ramillies, the French consoled themselves that their conqueror learned the art of war under their great commander, Turenne¹.

*Holland
and
England
his only
formidable
enemies.*

The only possible enemies whom this great monarch dreaded were England and Holland. Every motive of self-preservation and self-interest should have united the English and the Dutch in a firm and unbroken alliance. Unhappily the rivalries of trade, in a world wide enough for both, made them frequently hostile to, and always suspicious of each other. Unhappily the habit of buccaneering, which had become almost a virtue during the long Spanish wars, had made the trade of a pirate more profitable than that of a merchant, and only a little less reputable. Some people said that Paterson, the founder of the Bank of England, had been a missionary, some said he had been a pirate, and many people thought that he might have been both in turns. Years after the time of which I am writing, an English archbishop is said to have been a buccaneer in his youth. The statement may have been false, it may have been a calumny, but it would not have been made had it not seemed a possibility. At last, and not too soon, civilised governments began to take steps against these practices, and Kidd in 1701 was hanged for those offences against the law of nations which secured the honour of knighthood and heroism for Drake little more than a century before. The mutual jealousy of England and Holland

¹ See Sismondi.

was a serious hindrance to their united political action. Both took commercial monopoly for commercial wisdom. 1702.

Unhappily too for this necessary concert, faction was dominant in both countries. In the great city of Amsterdam, at that time the commercial centre of the world, the burghers were unfriendly to the Prince of Orange. He had been persistently commended to them by the English Court, and though William's affection and devotion to his country had been incontestably proved, there were memories still green of the perfidy of his uncle, who had forced him upon them, and of the murdered De Witts, by whose care he had been educated, by whose slaughter he had profited. The outrage was worse than the tragedy of Barneveldt, who had also shielded and brought up that Orange prince who afterwards effected his judicial murder. But by the force and integrity of his character, aided perhaps, as William himself said, by the gentleness and grace of his wife, he had won the Dutch as no prince since Father William had won them.

In England the case was different. He had gained his throne by the misfortunes of a near kinsman, who had done him no personal wrong. His position was worse than that of Henry the Fourth, for the first Lancastrian King had been exiled and plundered by his cousin, and might have been justified for avenging a feud. William had to be sure saved the nation from what was abhorrent to them, from what they saw no means of saving themselves; but

*William's
position.*

1702.

nations, like individuals, are rarely grateful to those who have put them under overwhelming obligations. He foresaw from the very first what would be his lifelong experience, when he commented on the plaudits with which the public welcomed the commencement of his reign. 'It is, Hosanna, to-day,' he said, 'it may be, Crucify him, to-morrow.' And, in fact, during his whole reign he was exposed to malignant slander; to the plots of assassins, to the conspiracies of men whom he was obliged to trust, and to the rancour of a free parliament, in which Churchill alternately caressed both parties and deceived both. Now William did not embroil his people with France in order to keep his throne, though it was a maxim in those days that Englishmen are most manageable and most steady when they are at war, for he was constantly on the point of resigning his uneasy, his almost intolerable dignity.

It is easy for us, in our own day, when we have had experience of, and can study how an ever-grasping ambition defeats its own ends, to criticise the action of our forefathers, when they joined the Grand Alliance of 1689, and renewed it in 1701. There were men at the time who saw that Louis had taken upon himself a task beyond his strength, great as it was, when he strove to secure the whole Spanish succession to his grandson after the death of Charles II. But to the mass of men Louis was in Europe at the beginning of the eighteenth century what the Turk was in the middle of the fifteenth, what Charles V was after the battle of

Pavia, what Napoleon was after the day of Jena. 1702.
 He owed his greatness to the folly of a divided
 and disunited Europe, and the people as usual had
 to pay for the faults of their rulers.

With the exception of a few literary hacks, from *General*
 Davenant to Mrs. Manley, few Englishmen were, *freedom*
 I believe, bribed by French pistoles. But it was *from cor-*
ruption.
 notorious that leading and ennobled Englishmen had
 been bribed wholesale, less than a generation ago,
 from Charles on his throne to Chiffinch at the back-
 stairs. Greedy as Marlborough was, greedy as
 Russell was, covetous as Leeds was, I do not believe
 that after the Revolution they handled French gold,
 though the first of them trafficked for a pardon by
 the promise of perfidy, and gulled his dupe, the
 exiled king, after one shameful act, by perfidy
 which was even more shameful. But there were
 two classes who were entirely stainless. The mass
 of the country party was unquestionably honourable.
 It was stupid, prejudiced, hating William and the
 Dutch only less than it hated Louis and the French,
 and daily justifying its distrust of James by its
 indignation at the miscreants about his court, and
 by its conviction, which they reiterated, that a sup-
 posititious child had been palmed on the King¹.
 The other class were the Whig merchants of London
 and the other great cities, who founded the Bank,

¹ People far more trustworthy than Fuller (who got some of
 his deserts in 1702) believed in the story of the warming-pan.
 After the death of James, many of the nonjuring clergy conformed.
 They did not therefore believe in the legitimacy of Mary of
 Modena's son.

1702. watched over its credit by the best of their lights, and with it over the credit of the State. The debt which the Roman poet says the State owed to the house of Claudius Nero at Metaurus may be paralleled by the debt which the English constitution, and indeed human liberty and progress, owes to the merchants who sat in the "parlour of the Mercers' Chapel or the Grocers' Hall during those eventful years.

The Occasional Conformity Bill.

The Lords, who had a deeper stake in the Revolution than the Commons, whom the Triennial Act, and the frequent elections, even under that Act, had greatly strengthened, were not disposed to yield to the country party in their passionate determination to pass the Occasional Conformity Bill. 'There was no reason,' the Lords argued, 'why the Dissenters should be harassed. The State has resolved to give pre-eminence to one ritual and one hierarchy. We cannot indeed endure the chaos of the Commonwealth again. But this provided against, if a man obeys the law and satisfies the conditions which qualify him for public office, who should be curious as to the residue of his devotions? Even Rochester and Nottingham, though of these orthodox persons the former is often drunk and the other is always dismal, do not want to curtail the Toleration Act or revive the Clarendon Code. In this crisis of our affairs it is not wise to affront our best friends, the capitalist Dissenters, who find the funds for this just and necessary war.' It is noteworthy that the abortive Act against Occasional Conformity was passed

when Englishmen had got weary of the war, when its ends were obtained by the manifest exhaustion of France, and when another dynastic difficulty had arisen, the union of the claims of Austria and Spain in the person of Philip's rival, and when a party was greedily anxious to retain the gains of office. 1702.

I must here give a brief account of those political events which affected the fortunes of the Bank in 1702. It is remarkable that Luttrell, so interested in the career of this institution, or, as I think, in the time bargains or wagers laid on its future value, gives only one price during the year. This is on June 9, 1702, when he states that its price was 122. This may well be, as the stock was plainly rising. One fact in the history of the Bank is now clear. It was resting at last on a solid foundation of credit, and had become a regular instrument of Government, as well as a centre of trade. The result is patent; the process by which it gained in so short a time so unassailable a position as to be not only commercially trustworthy but to be the financial fortress of England during the long and costly war which she was about to undertake, is not and cannot be discoverable. For of all the difficulties which the analyst of economical problems encounters, none is greater than that of interpreting the process by which honest men correct their errors of judgment and strengthen their position by avoiding for the future what they discover to have been a mistake or a danger in the past. On the other hand, it is comparatively easy to find how knaves

1702.

and fools are disappointed of their aims. Their cipher can be successfully interpreted. We may not be able to tell how it was that the Bank of England escaped the perils of their Great Experiment; but we can easily discover why Chamberlain, Law, and the projectors of the South Sea Scheme brought shame or ruin on their dupes.

*Rumours
in 1702.*

The price of Bank stock rose, with some slight fluctuations, from January to March, by about seven and a-quarter per cent., though at this time war was imminent, and the Grand Alliance on one hand and Louis on the other were engaged in making preparations for the ensuing conflict. On December 26, 1701, it stood at $110\frac{1}{2}$, on March 13, 1702, at $117\frac{3}{4}$. There are no prices for the next two weeks. On April 3 it is at $113\frac{1}{2}$. I conclude that this fall was due to the King's death, and the natural uncertainty which prevailed as to what Anne's policy, or rather that of Lady Marlborough, would be. It would not seem that a resolution of the House of Commons in Committee of Ways and Means on February 14th, 'that a duty of one per cent. should be levied on all shares in the capital of any Corporation or Company which shall be bought, sold, bargained, or contracted for,' had any depressing influence on the stock, or that the declaration of a six months' dividend on March 26 of $4\frac{3}{4}$ per cent., along with the rumour that Philip, the new King of Spain, had been poisoned at Barcelona¹, had the effect of arresting the fall. It is possible also that

¹ Luttrell says that the Jews started this rumour.

there may have been a doubt whether the States General would confirm the appointment of Marlborough, made by the late King, for it was rumoured in London on March 17 that they had resolved to make the Landgrave of Hesse their commander-in-chief. There also came news in the same month of an outbreak in Ireland. Another rumour early in April was that the Dutch had chosen the Queen's husband as commander-in-chief, a story which would certainly, had there been any truth in it or had any one believed it, have had a very adverse effect on the public stocks.

1702.

War was declared against France simultaneously on May 15 by Great Britain, the United Provinces, and the Emperor of Germany, and on May 20th Marlborough sailed for Holland, and put an end to all doubts by the fact that the Dutch republic forthwith made him their commander-in-chief. Parliament was prorogued on May 26, and dissolved on July 4. On September 11 the stock rose to $125\frac{1}{4}$, probably in consequence of news coming that the English fleet under Rooke had been doing great things on the Spanish coast, especially at Cadiz, and was on the look-out for the Spanish treasure fleet. In the same month the public was informed of Marlborough's successes in Flanders, and of the number of strong places which he had captured. On October 3 the Bank declared a dividend of $7\frac{1}{4}$ per cent. 'out of principal and interest,' but the stock had more than lost the rise of September 11, probably because the public were now informed that

*Renewal
of the
War.*

1702. the attack on Cadiz had been unsuccessful. On
 October 20 the new Parliament met, and re-elected
 Harley. The price of Bank stock remained steady
 up to the latter end of November, when it rose
 five per cent. The bullion taken at Vigo¹ was just
 about this time brought to the Mint, and the news
 had arrived that the King of Portugal had joined
 the Grand Alliance. The general satisfaction felt
 at the position of foreign affairs is reflected in the
 price of Bank stock for the rest of the year, for it
 was at $128\frac{3}{4}$ on the last quotation in December,
 a rise of $14\frac{1}{4}$ from the beginning of the year.

*The success
 of the
 Allies.*

The successes of the allies, small when compared
 with what they were to be a short time after the
 conclusion of the period to which I have restricted
 myself, were mainly due to that which many persons
 had foreseen in William's days, that the resources of
 France, great as they were, and the power of Louis,
 despotic as it was, and thoroughly as it was obeyed,
 were unequal to the task of defending the enormous
 and impoverished dominions of the King of Spain.
 Every one of his generals, Boufflers, Vaudemont,
 Catinat, Villars, complained of the inadequacy of the
 forces which were placed at their disposal and at the
 total absence of assistance from the provinces over
 which Spain claimed an indisputable sovereignty.
 By the end of the year Louis was left with no ally
 but the Elector of Bavaria, for the King of Portugal

¹ The news of the destruction of the fleet at Vigo came to
 London on October 31, 1702. People already began to say, that
 what the fleet captured, the Queen was giving to Marlborough.

had deserted him, and the Duke of Savoy had concluded a secret treaty with the Emperor. 1702.

In the new Parliament, which met on October 20 and sat till February 27, the Tories had a majority. *The new Parliament.* The City reversed its decision of the previous year, when Clayton, Ashurst, Abney, and Heathcote were returned by great majorities. Only one of these was returned in July 1702. Vernon and Colt disappear from Westminster, and are succeeded by Clarges and Cross, the latter of whom had stood in the previous November. Howe recovered his seat for Gloucestershire, though not without a contest and a petition, and Newton no longer represented Cambridge University, though that learned body did not entrust its suffrages to Hammond again. But Parliament did not flinch from the pledges of its predecessor, or hesitate to vote large supplies for the war.

The chief object of this Parliament seems to have been to pass an Act against Occasional Conformity, to which reference has already been made. The measure was practically rejected by the Lords¹, and the proceedings in Parliament were rendered more interesting by the energy with which the Lords resented an attempt to carry bills by tacking them on to money bills, and by the wrath of the Commons

¹ The Lords took the novel step of printing this bill, the amendments, the reasons for the amendments, the reasons of the Commons, and the report of the free conference, in order it seems to enlighten the public. This resolution called forth a protest from Nottingham and the extreme Tories, February 24, 1703.

1702.

with the famous work of Defoe, *A Short Way with Dissenters*, a pamphlet the irony of which the Tories did not at first discern. They fell again on William's old servants, expelled Lord Ranelagh, who had been for many years Paymaster of the Forces, and attempted to revive the prosecution of Halifax by alleging malfeasance against him in connexion with his office of Auditor of the Exchequer. It was in vain, for the Lords voted that Halifax had satisfied all the requirements of the statute under which the duties of his office were defined.

*Bank
Stock
in 1703.*

On January 1, 1703, Bank stock stood at 129; on September 17 it was at 138 $\frac{3}{4}$. There were only two occasions on which it suffered a fall. One was in the third week of January, the other in the second week in April. On the former occasion it fell three, on the other three and three-quarters. The origin of the former fall appears to be the news of the ill success of Admiral Benbow's encounter with the French squadron in the West Indies, a result which was ascribed to the cowardice and disobedience of four captains in his fleet. The latter fall seems to be due to the alarm felt at the time about the French privateers from Dunkirk, which were protected there by the French admiral, Ponty. At the same time certain reinforcements were being sent to Holland, about the safe arrival of which London was anxious¹.

*The pro-
gress of
trade.*

In point of fact, the success of the war, however great were the military abilities of Marlborough, depended on the success of trade. The two maritime

¹ Luttrell under dates of April 13 and April 15.

powers levied the taxes and raised the loans with which to support their own armies and fleets, and the subsidies by which their allies in Germany, in Italy, and in Portugal were enabled to put their forces on the field. So keenly alive were the Dutch to the absolute necessity of commerce, that it was a tradition of theirs from the days of the War of Independence, to trade even with that country which was seeking to subdue them. When Drake attacked Cadiz, though he no doubt inflicted severe injuries on Philip, he ruined many a Dutch merchant who, with the complete approval of the States General, was trading with the public enemy. Hence the Commons, at the beginning of the year, addressed the Queen, praying her not to assist the Dutch with paid English troops till they prohibited all trade and correspondence with France and Spain, by stopping all posts, letters, bills, &c., with those countries¹. The Dutch agreed to this, though sorely against their will, by prohibiting all traffic for a year. I suspect that they did not very vigorously enforce their prohibition. It is doubtful indeed, if they had been ever so sincere, whether they would have been successful in their efforts, for at the very time when the English executive and Parliament were pressing these conditions on the Dutch, they were prosecuting London merchants for exporting English wool to France, and importing French silks into England.

The fact is great progress had been made in trade.

¹ Luttrell, January 5. See on this Davies' History of Holland, iii. 270.

1703. The old East India Company's stock, which ranged from 41 to 59 in 1699, from $58\frac{1}{2}$ to $135\frac{3}{4}$ in 1700, from 119 to 71 in 1701, from $78\frac{3}{4}$ to $117\frac{3}{4}$ in 1702, had gone steadily up to 134 in September 1703. The rise in the new Company was as marked. Its lowest price in 1699 was $46\frac{3}{4}$, its highest 109. In the following year, it gradually rose from 126 to $143\frac{3}{4}$, at which it stood on December 20, having been at $153\frac{1}{2}$ in June. In 1701 it was less prosperous. Its lowest price was 100; its highest, towards the end of the year, 120. In 1702 it fell to $116\frac{1}{2}$, in July, the lowest price; and was at 161, the highest, at the end of December. In 1703, it started at $159\frac{1}{4}$ in January, and without a single reverse reached 219 in September. These figures, of course, are indicative of prosperous trade¹. According to Luttrell, however, stocks were affected this year by the revolution in Constantinople, the news of which came on Sept. 2, to the effect that, owing to French intrigues, the Sultan had been deposed, and his brother substituted, and that all the deposed prince's ministers had been bowstrung. Such news suggested trouble to the German Emperor on the eastern side of his dominions.

*The War
in 1703.*

It only remains that I should deal with the actual facts of the war in 1703. The Emperor Leopold had contrived to detach from Louis his

¹ The figures in the above statement are taken from Houghton, who gives a weekly price of the stocks in both companies, of the old from the beginning of his series (1691), of the new from January 1699.

only two allies, and this by offering to each part of that indivisible inheritance which Louis, to satisfy Spanish pride and even to maintain his grandson on the Throne, was bound to guarantee and protect. He had won over Victor Amadeo of Savoy, by a promise of Montferrat and certain parts of the Milanais. He had conciliated Pedro of Portugal, who was a good deal alarmed at the naval demonstrations of the English and Dutch fleets off the Spanish coasts, by the promise of parts of Estremadura and Galicia, and of the province of Rio de la Plata in South America. It was fairly well known that the finances of France were already in an almost desperate condition, and that expedients for raising fresh revenue were nearly exhausted. It was known that the French King had nothing to expect from Spain, and that he would have to find the means even for maintaining his grandson's domestic expenditure in the country of his adoption. Still Louis showed no signs of finching. He directed Vendôme to carry on the campaign in Italy, he sketched out a plan of operations in Lower Germany for Villars and Tallard, and committed the troops in the Spanish Netherlands to Villeroy and Boufflers. But at the time at which my record closes these armies had done nothing, and though at the latter end of the year Villars defeated the Imperialist generals at Hockstett, and Tallard had routed the forces of the Prince of Hesse at Spire, this news had not reached England. Meanwhile Marlborough had captured Bonn, and other places in Flanders.

1703.
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1703.

The position of the Bank.

By this time, however, the Bank of England had become the financial agent of the British Government, and public credit was firmly established. During its long history it has occasionally been imperilled by panic, as in 1708, 1711, 1714, and 1745. Once it nearly fell into the trap of that gigantic speculation, known as the South Sea scheme, and was only wise in time. Once it was constrained by the incessant drains which Pitt made on it to submit to a suspension of cash payments, though for several years after that step was taken, its notes, owing to the prudence with which the Bank restrained its issues, through inconvertible paper, were at par.

The change of 1844.

At last, 150 years after the time in which it was instituted, Peel, under the advice of some men, eminent for their financial reputation, and against the opinion of others who were quite as eminent, turned the Bank of England from what it was originally, a bank of issue, the amount of whose notes was left to the sagacity and experience of the Directors, into a bank of deposit, whose issues were henceforward to be regulated automatically. On this change, as is well known, the discussion and criticism is well nigh a library in itself. But I will not even enter on the tempting question as to whether the Legislature was justified in extinguishing the goodwill of the Bank, by which I mean the reputation which it had accumulated by unstained probity, unwearied diligence, unvaried public spirit, and traditional acuteness during a century and a-half. This reputation of the Bank in 1844 was as much its property as its

rest and its profits were. Now the Bank Act took away from the Directors the power of circulating the Bank's credit. Nor do I attempt to discuss here the far larger question, whether the Act of 1844 was wise. After all, the policy of the Bank had been the policy of the nation, for the Bank management was one of those forces in Commerce which act on that which it was intended from the beginning to work with in a real partnership and from which it gained, by long experience of mutual benefit, a healthy reaction. This partnership was tested by reciprocal advantages, and was justified by marvellous, by unprecedented progress. It is something to have so exceptional a history of successful harmony between competing interests, and to recognise what honest Michael Godfrey said, that 'in this business one cannot do good to oneself, without doing good to others.' I will assume that the Act of 1844 was just and wise, or allow that the change was then, perhaps, inevitable and imperative. Least of all can I discuss, whether, after an interval of forty-three years, the old situation could be renewed. It is possible to destroy, by an instantaneous act, that which cannot be restored. A change in commerce, like a change in society and in politics, may be irrevocable.

1703.
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But two things have clearly ensued from the change. One, and the most obvious, is that the constitution of the Bank of England was fundamentally altered by the Act of 1844. The other is (whether the change was necessary or whether

1703. it was unwise), that the well-won and deserved place
of the Bank of England in the financial counsels
of Europe is totally changed from what it was,
when its fiats on the rate of discount were watched
for with impatient interest, in all the monetary
centres of the world, as eagerly indeed as the
watchers in Argos looked out for the beacon fires
of the Egean.

TABLE II.

RATES OF EXCHANGE ON AMSTERDAM.

PAR OF EXCHANGE, $37\frac{1}{2}$.

Those entries only are given in which a change occurs; e.g. from February 1, 1695, to March 1, the rate is 32.6.

1695.		Oct. 4 29
Jan. 18 32.7		Oct. 11 28.4
Feb. 1 32.6		Oct. 25 28
Mar. 1 32.4		Nov. 1 27.8
Mar. 15 31.10		Nov. 8 27.6
Mar. 22 31.1		Nov. 15 27.5
Apr. 5 31.3		Nov. 22 27.8
Apr. 12 31.2		Nov. 29 28.4
Apr. 19 31.4		Dec. 6 28.3
Apr. 26 31.2		Dec. 13 29
May 2 31.6		Dec. 20 30.10
May 17 31.2-3		
May 24 30.10		1696.
May 31 30		Jan. 3 29
June 7 29.1		Jan. 10 30
June 14 29.4		Jan. 24 31
June 21 29.2-3		Feb. 7 30
June 28 29.2		Feb. 14 29.6
July 5 29.3		Feb. 21 29.10
July 12 29.2		Feb. 28 29.9
July 19 29		Mar. 20 29.3
July 26 28.5		Mar. 27 29.8
Aug. 2 27.5		Apr. 3 30.10
Aug. 9 27.2		Apr. 10 29.8
Aug. 16 27		Apr. 25 30.3
Aug. 23 27.4		May 2 30.1
Sept. 6 28.1		May 15 30.6
Sept. 13 28.3		June 12 30.4
Sept. 20 28.7		June 19 30.2

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July 3	30
July 17	29·3
July 24	29·2
July 31	38·7
Aug. 7	33-3 ²
Aug. 21	28·10
Sept. 11	35·2
Oct. 2	36·5
Oct. 9	36·8
Oct. 23	31·8
Oct. 30	31·6
Nov. 6	37·4
Nov. 13	37
Nov. 20	37·9
Nov. 27	37·7
Dec. 4	37·8

MONEY. BANK.

Dec. 25	37·8	31·9
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1697.

Jan. 1	37·8	
Jan. 8	37·2	31·2
Jan. 15	36	30·4
Jan. 29	36·2	30·4
Feb. 5	36·7	29·8
Feb. 19	36·2	29·1
Feb. 26	36·3	29
Mar. 5	36·5	29·2
Mar. 12	36·8	29·1
Mar. 19	36·6	29
Apr. 2	36·5	29·2
Apr. 9	36·5	28·6
Apr. 16	36·5	29
Apr. 23	36·5	29·3
May 14	36·3	29·2
May 28	35·8	29·10
June 4	35·8	30
June 11	35·7	29·11
June 25	35·11	31·1
July 2	35·10	30
July 9	35·7	30

July 16	35·2
July 23	35·7
Aug. 6	35·9
Aug. 27	35·10
Sept. 3	35·9
Sept. 17	35·8
Sept. 24	35·7
Oct. 1	35·6
Oct. 8	35·4
Oct. 15	35·5
Oct. 22	35·7
Nov. 5	35·8
Nov. 12	35·9
Nov. 19	35·10
Dec. 3	35·9
Dec. 10	35·7
Dec. 24	35·10
Dec. 31	35·9

1698.

Jan. 5	35·9
Mar. 18	35·10
Apr. 8	35·9
Apr. 29	35·8
May 6	35·6
May 13	35·4
May 20	35·3
May 27	35·5
June 3	35·7
June 10	35·6
June 17	35·5
June 24	35·4
July 15	35·3
July 22	35·5
July 29	35·4
Aug. 19	35·3
Sept. 16	35·5
Sept. 23	35·7
Oct. 7	35·4

Nov. 18	35.5
Nov. 25	35.6
Dec. 9	35.5

1699.

Jan. 6	35.5
Jan. 20	35.3
Jan. 27	35.2
Feb. 10	35.3
Feb. 17	35.4
Feb. 24	35.5
Mar. 2	35.4
Mar. 30	35.3
May 19	35.2
May 26	35.3
June 9	35.2
June 30	35.1
July 14	35.3
July 21	35.6
Aug. 11	35.5
Aug. 25	35.6
Oct. 20	35.5
Dec. 1	35.6
Dec. 15	35.8
Dec. 29	35.9

1700.

Jan. 5	35.8
Jan. 26	35.7
Feb. 9	35.5
Mar. 1	35.7
Mar. 15	35.8
May 3	35.7
May 17	35.8
June 7	35.7
June 21	35.6
July 19	35.7
Sept. 5	35.6
Sept. 30	35.5

Oct. 4	35.7
Oct. 11	35.8
Oct. 18	35.7
Oct. 25	35.6
Dec. 13	35.8

1701.

Jan. 24	35.7
Feb. 14	36.6
Feb. 21	36.10
Mar. 7	37.2
Mar. 14	36.6
Mar. 21	36.9-10
Mar. 28	37
Apr. 11	37.6
Apr. 18	36.2
Apr. 25	35.10
May 2	35.11
May 9	36.1
May 16	36.3-4
June 13	36.4
July 4	36.2
July 11	36.2-1
July 18	36.4-3
July 25	36.4-5
Aug. 1	36.5
Aug. 8	36.6
Aug. 22	36.5
Aug. 29	36.5-4
Sept. 5	36.6
Sept. 12	36.11-37
Sept. 19	36.10
Sept. 26	36.8-7
Oct. 3	36.6
Oct. 10	36.6-7
Oct. 17	36.7
Oct. 24	36.7-6
Dec. 12	36.7-8
Dec. 19	36.7

1702.

Jan. 16	36.6
Jan. 23	36.5
Jan. 30	36.2
Feb. 6	36
Feb. 13	35.11
Mar. 5	35.10
Mar. 13	35.9
Mar. 20	35.8
Mar. 27	35.7
Apr. 3	35.7-8
Apr. 10	35.8
Apr. 17	35.10-11
May 1	35.10
May 8	35.8
May 15	35.8-9
May 29	35.8
June 5	35.7
June 19	35.5
Aug. 7	35.1-2
Aug. 14	35.2
Sept. 11	35.1-2
Sept. 18	35.2-3
Sept. 25	35.3
Oct. 2	35.3-4
Oct. 9	35.1-3
Oct. 16	35
Oct. 31	35.11
Nov.* 6	34.10

Nov. 21	34.9
Dec. 4	34.10
Dec. 18	34.10-9
Dec. 25	34.9-8

1703.

Jan. 1	34.9
Jan. 15	34.5
Jan. 22	34.6
Jan. 29	34.4-5
Feb. 5	34.5
Feb. 12	34.5-6
Feb. 19	34.7
Feb. 26	34.6
Mar. 5	34.6-5
Mar. 12	34.5
Mar. 19	34.5-4
Mar. 26	34.1
Apr. 9	34.2-3
Apr. 23	34.3-4
Apr. 30	34.4
May 24	34.3
June 11	34.3-4
June 25	34.4-3
July 2	34.2-5
July 9	34.2-3
July 16	34.3
July 23	34.3-2
July 30	34.2

TABLE III.

DISCOUNT OR PREMIUM ON BILLS OF EXCHANGE,
LONDON AND AMSTERDAM.

From 'A General Treatise on the Reduction of the Exchanges, Moneys, and Real Species of most places in Europe.' ALEXANDER JUSTICE. 1707.

The use of this table is as follows. On July 3, 1696, the rate of exchange between London and Amsterdam was 30, i.e. it took (see under 30 below) £123 10s. in London to honour a draft on Amsterdam from London for £100. On April 11, 1701, the rate was 37·6; in this case a draft on Amsterdam from London could be met by £98 16s.

28. . . . 32·3	31.II . . . 16	34. . . . 8·9	36.I 2·7
29. . . . 27·7	32. . . . 15·7	34.I 8·6	36.2 2·4
30. . . . 23·5	32.I 15·4	34.2 8·4	36.3 2·2
30.I 23·2	32.2 15·1	34.3 8·1	36.4 2
30.2 22·8	32.3 14·8	34.4 7·9	36.5 1·7
30.3 22·5	32.4 14·5	34.5 7·6	36.6 1·5
30.4 22·2	32.5 14·2	34.6 7·3	36.7 1·3
30.5 21·8	32.6 13·9	34.7 7	36.8 1
30.6 21·5	32.7 13·7	34.8 6·9	36.9 ·8
30.7 21·2	32.8 13·4	34.9 6·6	36.10 ·6
30.8 20·8	32.9 13·1	34.10 6·3	36.11 ·3
30.9 20·5	32.10 12·8	34.11 6·1	37. ·1
30.10 20·2	32.11 12·5	35. 5·8	37 $\frac{1}{27}$ Par
30.11 19·8	33. 12·2	35.1 5·6	37.1 ·1
31. 19·5	33.1 11·9	35.2 5·3	37.2 ·3
31.1 19·2	33.2 11·6	35.3 5·1	37.3 ·6
31.2 18·9	33.3 11·4	35.4 4·8	37.4 ·8
31.3 18·6	33.4 11·1	35.5 4·6	37.5 1
31.4 18·2	33.5 10·8	35.6 4·3	37.6 1·2
31.5 17·9	33.6 10·5	35.7 4·1	37.7 1·5
31.6 17·6	33.7 10·3	35.8 3·9	37.8 1·7
31.7 17·3	33.8 10	35.9 3·6	37.9 1·9
31.8 17	33.9 9·7	35.10 3·4	37.10 2·1
31.9 16·7	33.10 9·4	35.11 3·1	37.11 2·4
31.10 16·3	33.11 9·2	36. 2·9	38. 2·6

TABLE IV.

DISCOUNT OF BANK BILLS.

From Houghton.

1696.			June 25	—
Dec. 16	16 $\frac{1}{4}$		July 2	15
1697.			July 9	14 $\frac{1}{2}$ -14 $\frac{3}{4}$
Jan. 1	16 $\frac{1}{4}$		July 16	13
Jan. 8	17		July 23	11
Jan. 15	16 $\frac{3}{4}$		July 30	10/9 $\frac{3}{4}$
Jan. 22	16		Aug. 6	7/.
Jan. 29	17		Aug. 13	7/.
Feb. 5	16		Aug. 20	7/.
Feb. 12	18 $\frac{1}{2}$		Aug. 27	5
Feb. 19	21		Sept. 3	2 $\frac{1}{4}$
Feb. 26	21		Sept. 10	2 $\frac{1}{2}$
Mar. 5	22		Sept. 17	0
Mar. 12	—		Sept. 24	1
Mar. 19	—		Oct. 1	1
Mar. 26	21		Oct. 8	1
Apr. 2	21		Oct. 15	1
Apr. 9	19		Oct. 22	1
Apr. 16	21		Oct. 29	1
Apr. 23	21		Nov. 5	1
Apr. 30	21		Nov. 12	1
May 7	21		Nov. 19	1
May 14	21		Nov. 26	1
May 21	21		Dec. 3	1
May 28	21		Dec. 10	1
June 4	—		Dec. 17	1
June 11	—		Dec. 24	1
June 18	—		Ceases	0

TABLE V.

CHANGES IN THE VALUE OF GOLD, SILVER,
AND GUINEAS.

	Gold. oz.	Silv. oz.	Gs.		Gold. oz.	Silv. oz.	Gs.
1693.							
Dec. 22	81/	5/3	21/10	Feb. 22			25/
1694.				Mar. 8	88/	5/6	
Jan. 5		5/3 $\frac{1}{2}$	21/11	Mar. 15	90/		
Jan. 12	80/	5/2 $\frac{1}{2}$	22/10	Mar. 29	91/	5/8	
Jan. 19	80/6	5/3	21/10	Apr. 12	92/	5/7	
Jan. 26	80/10	5/2		May 10	95/	5/6	26/6
Feb. 2	80/6	5/3		May 17	98/	5/3	28/4
Feb. 23			21/11	May 24	103/	4/2	29/
Mar. 2			22/	June 7	106/	5/6	29/8
Mar. 23		5/2 $\frac{1}{2}$		June 14	109/	5/9	30/
Mar. 30	81/	5/3		June 21	107/	5/10	29/6
July 20		5/2		June 28			29/7
July 27		5/2 $\frac{1}{2}$		July 5	107/6		29/9
Aug. 3		5/3		July 12	108/6	6/	29/10
Aug. 31	81/6	5/4		July 19		6/1	
Sept. 14	81/	5/4 $\frac{1}{2}$		Aug. 2		6/2	29/9
Sept. 28		5/4		Aug. 30	108/	6/4	29/8
Oct. 5		5/4 $\frac{1}{2}$		Sept. 13		6/5	
Nov. 23		5/5	22/3	Sept. 20			29/6
Dec. 7	81/6	5/4		Sept. 27		6/2	
Dec. 21			22/6	Oct. 11	106/6		
1695.				Oct. 18			29/4
Jan. 11	82/6	5/4	22/9	Oct. 25			29/3
Jan. 18	83/	5/4 $\frac{1}{2}$	22/10	Nov. 8		6/3	29/4
Jan. 25		5/5	23/	Nov. 15			29/5
Feb. 1			23/4	Nov. 22	108/	6/4	29/7
Feb. 15	86/			Nov. 29		6/5	29/9
				Dec. 13			29/6

Changes in the Value of Gold, etc.

	Gold. oz.	Silv. oz.	Gs.		Gold. oz.	Foreign silver oz.
1696.				1698.		
Jan. 10		5/11		Aug. 26	81/2	5/3
Apr. 17			22/	Sept. 2		5/2
July 10	82/	5/2		Sept. 9	81/4	
				Sept. 23	81/	5/3
1697.				Sept. 30	81/2	5/2
Jan. 29	80/	5/	22/	Oct. 21	81/4	
				Nov. 25	81/6	
				1699.		
				Feb. 24	'uncertain.'	
				Mar. 2	79/8	
				Mar. 16	79/6	

There are no quotations of either of the three for nearly the first quarter of 1696.

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