

Continuity and discontinuity – the early stage of the land-bank controversy

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Abstract

The foundation of the Bank of England in 1694 brought a heated controversy lasting years, mainly between numberless land-bank projectors and the supporters of the Bank. However, this controversy, which has been sometimes regarded as coloured by country-court politics, was indeed on the extended line of the century-long discussion around establishing banks; though in the year 1694 the vocabulary and the structure of debates certainly began to change. A sequence of John Briscoe's pamphlets published in this year, in which he criticises the Bank of England and proposes his own land-bank project, typically show where these discussions sprang from and where they were headed for, while Hugh Chamberlen, who had already been a prolific bank-projector for more than a decade, still appears to have tried to preside over debates. Their and the other projectors' awareness of the economically and politically interested groups emerging and the theoretical analysis of the relationship between money supply and 'fund' or 'security' were the unique features of bank-proposals in this period. But, what I here want to insist on is that the emphasis in the bank projects was still on the safety and reliability of the proposed banks just as was so throughout the century. Their sales points were not exclusively about for whose benefit it would be in an economic sense but rather on how viable and trustworthy the proposed institutions were.

1. Introduction

The 'late funds' of the Bank of England, which were the targets in John Briscoe's consecutive pamphlets published in 1694 including *A discourse on the late funds*, were going to play significant roles in both the history of public finance and the history of banking. Briscoe consistently maintained through his pamphlets that the 'funds' should be not only profitable but also reliable. Horsefield takes the 'point of departure' of Briscoe in *A Discourse on the Late Funds* as 'the costliness of loans from the Bank of England, and of funds raised by means of the Million Act and the Lottery Act',¹ but the benefit and profit which were supposed to be gained from his own project were not his only appealing points. The major concern of Briscoe and also the other bank-proposers in this year was still how a morally and socially good

¹ J. K. Horsefield, *British Monetary Experiments 1650-1710* (London, 1960), p.183.

fund could be secured, as it had been so for the preceding projectors.²

In this paper I try to show the continuity and discontinuity at a particular point in the century-long sequence of the debates concerning establishment of banks. The year I focus on here is 1694. In this year all financial and monetary matters were at a transitional stage, but it was hard for the contemporaries, as is so in any time, to properly understand what was happening then and what it would turn out to be. The foundation of the Bank of England was no doubt an epoch-making incident so that a flood of pamphlets came out. Nevertheless, at this stage of the debate the vocabulary in pamphlets was still borrowed from the preceding debates of the seventeenth century, particularly during the previous years and decades. The argument of every proposal was based on the mixture of the unwillingness and uncertainty of accepting unfamiliar systems and the positive attitude to the new dimension of upcoming economic systems. Briscoe himself expresses well the mood of the time:

‘Custom is very prevalent over Mens Minds; and it is not unfitly said to be *a second Nature* ... (as *Des Cartes* well observes) *There is no greater hinderance to the attaining true Knowledge, than preconceived Notions, which People retain as Maxims not to be receded from, without so much as once examining into the Reason of such their Opinions;* and from thence ariseth the great Difficulty of reducing those Persons to Reason, whose main Argument is, *I am certain it is so, because it is so*’.³

In the society imbued with such a hesitant mentality, socio-moral concerns, such as fear, uncertainty, and reputation, and properly economic interests, such as profitability, benefit, and prosperity of nations, were always coexistent. The birth of the interests, that is, moneyed interest and landed interest, which were created by the newly contrived public finance system, was going to come to light sooner or later, but few pamphleteers were conscious of it, at least at this moment.

² See Ito, ‘The making of institutional credit in England, 1600-1688’, *European Journal of the History of Economic Thought*, vol.18:3 (2011).

³ J.Briscoe, *An explanatory dialogue of a late treatise, intituled, A discourse on the late funds of the million-act, lottery-act, and Bank of England* (London, 1694), p.21-2, emphasis in original.

To describe such an ambiguous and transitional character of the controversy in its early stage, I show, first, the succession of vocabulary and ideas particularly from the directly foregoing decades. Secondly, focusing on a series of pamphlets by Briscoe, who launched a full-scale attack on the Bank of England in 1694, I try to elucidate the real issues in Briscoe and the others around him. Taking those contentious points, then, I will discuss uncertainty and reliability which every bank project contained, in section 4, and fund and security which then most concerned every projector, in section 5. In section 6, I mention what the pamphleteers meant by the term ‘intrinsic value’, which was one of the key terms through the early modern controversy over money and credit.

2. Borrowing ideas from the projects before the Financial Revolution

The year of 1694 when the Bank of England was first chartered has been characterized as a symbolic year in the history of banking and the history of fiscal policy both. However, as in a history of any other fields, continuity and discontinuity go hand in hand. There is no doubt that the foundation of the Bank of England was a technically and theoretically revolutionary event. Every book about the history of this bank, even if it is with pretentious contextualisation, eventually emphasises its modern character. Not to mention that since Dickson’s enormously influential masterpiece the foundation of this bank has been set as the starting point of the ‘Financial Revolution’.⁴ However, it is also the fact that the controversies of those days among numerous land-bank projects and the supporters of the Bank of England were full of seventeenth century rhetoric, which was totally coloured with fear and uncertainty of the transforming society.⁵

⁴ See J.H.Clapham, *The Bank of England, A History*, 2vols. (Cambridge, 1944); P.G.M.Dickson, *The Financial Revolution in England: A Study in the Development of Public Credit 1688-1756* (New York, 1967).

⁵ Concerning the wide-ranging ‘anxieties and insecurities’ in the age of the Glorious Revolution, see Julian Hoppit, *A Land of Liberty? England 1689-1727* (Oxford, 2000), chap. 1. S. Ito describes how the uncertainty in the making of ‘institutional credit’ was expressed in the

Though Dr. Hugh Chamberlen, for example, had apparently started his career as a bank projector already in the 1660's, his vocabulary and the essence of his arguments were still kept alive in the controversy after 1694.⁶ Chamberlen, being exceptionally talented and prolific, went on playing a significant part in the century-long bank controversy. Although he had usually been recognised as one of leading land-bank proposers during the land-bank controversy, he had not necessarily insisted upon land as the only possible type of security for the establishment of a bank.⁷ Until this year he had proposed various types of bank, but mainly so-called Lombard-banks. A Lombard-bank, which usually takes goods as pawn, was 'no such strange thing', but, for Chamberlen, as time went by, it became clearer that land is the best security for lending money, or, in his words, 'Land Security is better than Personal, or Goods pledged'.⁸ However, there was no difference in the point that safety of security was the most important quality that Chamberlen had tried to keep insisting on to attract the readers to his project: 'Now Dr. Chamberlyn proposed no Credit to pass without a Fund of Land of at least double the Value. Amongst some of the Conveniences of a Bank, he reckons Safety from Fire, Thieves, and other Disasters, which Gold and Silver is subject to. Therefore 'tis not Gold, nor / Goods, nor good Credit, but an aery Credit; which ... is so safe from Fire and Thieves, that no body else can find, this nothing being only an imaginary Credit, like the Tropick and Aequinoctial imaginary Lines.'⁹ Land

numberless bank proposals during a century until the Glorious Revolution. See Ito, 'The making of institutional credit'; Ito, 'Quest for a 'good' fund – a prelude to the land-bank controversy', *Paper and Proceedings of the 19th HETSA Conference*, History of Economic Thought Society of Australia, 2006, pp.274-291.

⁶ Concerning Chamberlen's career, see J. K. Horsefield, *British Monetary Experiments 1650-1710* (London, 1960), chap. 14; J.H. Aveling, *The Chamberlens and the Midwifery Forceps Memorials of the Family and an Essay on the Invention of the Instrument* (New York, 1977[1882]), pp.125-179.

⁷ See Ito, 'Quest for a 'good' fund'.

⁸ H. Chamberlen, *Some useful reflections upon a pamphlet called A brief account of the intended Bank of England*, [1694], p.3.

⁹ Chamberlen, *Some useful reflections*, pp.12-3.

was after all one form of pawn. The 'aery Credit' on land was not just 'imaginary' but the safest credit ever.

Chamberlen was not the only living ghost from the previous decades. A pamphlet entitled *England's Glory* shows in complicated but typical way the continuity of the controversy. Horsefield refers to *England's Glory* as '[s]ometimes attributed to William Paterson'.¹⁰ But, such a speculation seems quite dubious. *England's Glory* is constructed in three parts, each of which has evidently different vocabulary and arguments. The first part, entitled '*England's Glory by a Royal Bank*', is supposed to be written by the claimed author, H.M., that is, Sir H. Mackworth, but the second part, from p.41 to p.68, entitled 'Proposals to encrease trade, by way of a Lumber=Office', is no doubt a copy of Mark Lewis's *Proposals to increase trade* (1677), though with quite a few interesting corrections. In addition, the basic idea and explanation about the constitution of the bank in the first part, such as division of the country into precincts and the role of each office,¹¹ are obviously borrowed from Mark Lewis's *A large model of a bank*. Both Mackworth and Lewis describe security or safety as the most demanded factor for establishing a bank. Mackworth even takes over the metaphors from Lewis, who liked the metaphor of 'Cash in the Chest'¹²: 'Now every Man's Money is as safe in this Bank, as his Cash in his / own Chest'.¹³ Also in the reference to the foreign banks their

¹⁰ Horsefield, *British Monetary Experiments*, p.287.

¹¹ See [Sir H.Mackworth], *England's glory; or, the great improvement of trade in general by a royal bank or office of credit to be erected in London; ...*, by H.M., 1694, pp.10-11.

¹² For example: 'Bank Money will be so much better than Cash in the Chest' (M.Lewis, *A large model of a bank*, 1678, p.9); 'Mony in the Bank will be better than Cash in the Chest, as Gold is better than Silver; for it will be more safe, more portable, more transferable, and of greater value by two in the hundred, than Cash *in specie* is.' (Lewis, *A large model*, p.18); 'Credit in the Bank is much better than Cash in the Chest; the reason is, what I have first mentioned: Credit in Bank is more safe, more portable, and more transferable than mony *in specie*, and so of greater value, as Gold is better than Silver.' (Lewis, *A large model*, p.42[noted 41].) Also see Lewis, *Proposals to increase trade*, 1677, 9; Lewis, *A large model*, p.2, p.4, and p.5.)

¹³ H.M., *England's glory*, pp.12-13.

superiority to the 'private Chest' was reiterated. On the other hand, the third part of this book, which is possibly written by William Paterson, deals with something like the proposal of the Bank of England with completely different views and vocabulary.

Some slight but substantial changes, which give us a clue to discover the discontinuity in the early history of banking, were, in fact, clear in this composite pamphlet. First, the security proposed in *England's glory* was deposit money, neither pawned goods nor land, while Lewis regards both pawn and cash as security. To be 'liable to make good all the Acts and Miscarriages' of the bank, in *England's glory*, is 'an unquestionable Security to all that deposite Money'.¹⁴ Secondly, the last resort in *England's glory* is the government, while the one for Lewis is sundry forms of pawn including goods and land: 'The Government must make good their Losses, so far as their Security goes, which will not easily be exceeded.'¹⁵

Although the second part of *England's glory* and Lewis's *Proposals to increase trade* are generally the same except numerous minor changes included, still some noticeable corrections are found as follows. While Lewis says that the persons who manage this business must be 'Men of Estate and Reputation for honesty, that shall be accountable to all persons for Goods brought into the Office',¹⁶ Mackworth add some new and more detailed qualification: 'Men of *Estates*, that can and will subscribe ---- Pounds as the Act doth direct: being Men of Reputation for Knowledge and Honesty, and well skill'd in all sorts of Merchandise; that they may be accountable to all Persons for Goods brought into the Office of Bank'.¹⁷

Elsewhere, it seems that Mackworth tries to replace the word 'pawn', which had been one of the most important factors in bank-proposals through the seventeenth century to give a trustful impression of the projects, with the other terms. Lewis says that 'they are ready to receive all Goods, as Pawns',¹⁸ but in *England's glory* 'a

¹⁴ H.M., *England's glory*, p.14.

¹⁵ H.M., *England's glory*, p.15.

¹⁶ M.Lewis, *Proposals to increase trade*, 1677, p.3.

¹⁷ H.M., *England's glory*, p.46.

¹⁸ Lewis, *Proposals*, p.3.

Pledge' is put instead of 'Pawns'¹⁹; while Lewis says that the office 'restores the Overplus to the Pawner of the Goods'²⁰, Mackworth used the term 'Owner' instead of 'Pawner'²¹; 'No Goods shall be pawn'd' in Lewis's office,²² but 'No Goods shall be pledged' in Mackworth's office²³; 'a Silk man', in Lewis, 'pawns it in the Office for eight hundred',²⁴ though he 'lodgeth it in the Bank' in Mackworth.²⁵ But, interestingly, for both Lewis and Mackworth it was the 'poor people, that now pay twenty, thirty, and forty *per Cent* for Goods pawned to the Brokers'.²⁶ Pawn and brokers were still matters in which exclusively the poor were involved.

England's glory emphasised the safety of the proposed bank in comparison with the private 'Chest', the term which, as I mentioned, comes from Lewis. In the case of the Amsterdam Bank the state is supposed to work as 'Security' which is better than 'private Security' or 'private Chest'. Credit in the bank at Venice, which has now 'no Money at all' and whose 'Fund is a meer imaginary thing',²⁷ is still much better than 'Cash in the Chest'. So, this proposed bank is 'more safe, more portable, and more transferrable than Money *in specie*'.²⁸ In the modification from Lewis's version to Mackworth's version safety remained the key point. While in Lewis 'All Monied Men (if they may) will lodge their Money here at three *per Cent*, because they can make four, five or six *per Cent* by lending out these Bills upon personal Security',²⁹ in *England's glory* 'All monied Men ... will lodge their

¹⁹ H.M., *England's glory*, p.47.

²⁰ Lewis, *Proposals*, p.5.

²¹ H.M., *England's glory*, p.49.

²² Lewis, *Proposals*, p.5.

²³ H.M., *England's glory*, p.50.

²⁴ Lewis, *Proposals*, p.14.

²⁵ H.M., *England's glory*, p.65.

²⁶ Lewis, *Proposals*, p.15. and H.M., *England's glory*, p.67.

²⁷ H.M., *England's glory*, p.34.

²⁸ H.M., *England's glory*, p.35. This phrase is repeated. See p.38.

²⁹ Lewis, *Proposals*, p.12.

Money here without Fear, and sleep securely'.³⁰

The following sentences in Lewis disappear in Mackworth: 'All beginnings are hard, and small inconveniences, for the effecting so great a thing, must be born: We creep before we can go.'³¹ The omission of these words might mean that, though both Lewis and Mackworth admit that it is not '*a New Whimsie*',³² Mackworth perceives that it is already no more the time to 'creep' but to 'go'.

3. Bank of England versus land-bank projects

Because '[s]o much has been written already', Horsefield says, 'to write about the Bank [of England] presents most difficult problems of selection'.³³ But, after Horsefield wrote so much about the controversy around land-bank projects, then it makes it more difficult to discuss. So, focusing on the continuity and change of the issues and ideas in the controversy over banking before and after 1694, I here show how the insecurity people felt about the projects of establishing banks was dealt with in the chaotic and vociferous debates between bank-projectors at the beginning stage of the 'Financial Revolution'.

While Dr. Chamberlen was a typical but outstanding land-bank projector who had been quite active particularly since the Glorious Revolution, John Briscoe was a prolific and leading pamphleteer who came out to stand against the Bank of England in the year of its foundation. The controversy begins with a pamphlet entitled *A discourse on the late funds* written by Briscoe. Fear and suspicion of the newly created institution of credit having been the biggest and most serious concern in foregoing bank-projects, the issues posed by Briscoe were also the uncertainty of the project itself which the projects had been continuously tried to overcome. However, as time went by, the more modern, in other words, more economic way of thinking came to the front. Hence Briscoe's masterpiece seems to assert the

³⁰ H.M., *England's glory*, p.62.

³¹ Lewis, *Proposals*, p.12.

³² Lewis, *Proposals*, p.8 and H.M., *England's glory*, p.55.

³³ Horsefield, *British Monetary Experiments*, p.125.

superiority of land banks to the Bank of England in two aspects, that is, profitability for the country and reliability of the security of proposed banks.

Those who were supposed to benefit from Briscoe's project were basically landed gentlemen. One of Briscoe's main arguments was that the Bank of England is extremely harmful to the landed class and eventually the country's economy and that, in contrast, the land bank he proposes is quite profitable for the country as a whole or, in other words, it is for 'the publick Good of the Kingdom'. He was clearly conscious that it was 'the Controversy' and it 'would not be between the Bank and me, but between the Nobility, Gentry and Free-holders of *England*, who were almost ruin'd with those Funds, and the Bank'.³⁴

Gentlemen were not the only gainers. In his *An explanatory dialogue*, which was also published in 1694 as a literally 'explanatory' pamphlet to *A Discourse*, he insisted that his land-bank project was beneficial for the king and the gentlemen both, 'killing two Birds with one Stone'.³⁵ And then, furthermore, the range of the benefit was extended to 'all the Subjects in general' in the end, that is, not only to 'the Nobility, Gentry, and Freeholders', but also to 'the Merchants and Tradesmen', and to 'the Publick'.³⁶ He did not end up keeping his attention only on the animosity between two interests, which were later called moneyed interest and landed interest. He claimed that the third interest, which was the merchant's, had its own place, though it was inseparable from and closely connected to the landed interest. Briscoe illustrates two causal lines to the prosperity of the country. The first is about domestic economy: improving trade – gaining profit – increasing population – more consumption and production of land products. The second is international: lower interest – lower price – more exportation – more production of land products. He concludes, '*there is no small Affinity (if I may so call it) between the Freeholders and trading part of the Nation*'.³⁷ Thus, Briscoe sees that landed interest

³⁴ J.Briscoe, *A discourse on the late funds of the million-act, lottery-act, and Bank of England*, 1694, London, p.52.

³⁵ Briscoe, *An explanatory dialogue*, p.7.

³⁶ Briscoe, *An explanatory dialogue*, pp.35-6.

³⁷ Briscoe, *An explanatory dialogue*, p.33.

and commercial interest are on the same side and both bring a beneficial effect for the country. So, it is obvious, he deduced, that high interest brought by 'the late Funds', which is to cause disastrous result to landed gentlemen, is 'no small Detriment to the Trade of the Nation'.³⁸³⁹ Rubini argues that the substantial issue of this controversy was rather political. In fact, P.G.M.Dickson and J.G.A.Pocock show that the Financial Revolution triggered by the foundation of the Bank of England divided England into two groups, that is, landed interest and moneyed interest, and country-court politics superimposed this new social structure. However, one must be more careful to describe that kind of social structure as exclusively political. First of all, pamphleteers did not use the term 'interest' so much, though historians of early modern England exploit it and *I* did here expediently. Pamphleteers in those days used this word in some places, as 'Nation's interest'⁴⁰; 'a Conquerors interest to hurt'⁴¹; 'the Interest of the Bank of England'⁴²; 'the French King's Interest'⁴³; 'every Man's Interest in the Corporation'.⁴⁴ But, the word interest was not used when the interest of one of the two conflicting groups, that is, moneyed interest and landed interest, was discussed. They said 'Gentlemen' or 'the Nobility, Gentry, and Freeholders', as we have just seen, instead of landed interest and 'monied men' instead of moneyed interest. Briscoe says, 'These proposed Bills of Credit Being a new Species of Money, and to all Intents and Purposes as useful as Money, it will be (as it were) an introducing of so many more fresh monied Men into the Kingdom'.⁴⁵ Here, for

³⁸ Briscoe, *An explanatory dialogue*, p.34.

³⁹ J. Hoppit points out the difficulty to define the interests and the obscurity between them. See J.Hoppit, 'The landed interest and the national interest, 1660-1800' in *Parliaments, nations and identities in Britain and Ireland, 1660-1850*, ed. by Hoppit, J. (Manchester, 2003), pp.83-102.

⁴⁰ Briscoe, *A discourse on the late funds*, p.18.

⁴¹ Chamberlen, *Some useful reflections*, p.11.

⁴² Chamberlen, *Some useful reflections*, p.52.

⁴³ H.M., *England's glory*, p.3.

⁴⁴ H.M., *England's glory*, p.15.

⁴⁵ Briscoe, *A discourse on the late funds*, p.30.

example, 'monied men' are mentioned in a positive meaning. It seems to mean simply the men with much money, not to have negative connotation like moneyed interest, which usually has political implication. But, elsewhere, Briscoe also mentions the monied men when he blames them: 'Gentlemen of yearly Estates have born the burden of the Taxes, while the monied Men have paid little or nothing for the carrying on the War, or support of the Government, but on the contrary many of them have enrich'd themselves by it.'⁴⁶ In this case 'monied Men' was described here in the context of the political strife. However, in general it is misleading to read a political or ideological implication into this kind of usage of those words at this stage of the controversy.⁴⁷

Briscoe shows 'how the monied Men are enrich'd by the Ruines of the poor and industrious Traders, [and] how Gentlemen (whose Estates are in Land) are pressed with Taxes, while the monied Men are in a manner Tax-free'. But, the reason this 'new Method' 'endangers the Nation it self'⁴⁸ is not political, such as rivalry between court and country or whig and tory. The explanation was based on the economic logic which had been familiar in the preceding discussions on banking and credit and there was neither political nor ideological vocabulary: 'no Trade can be managed without Money or Credit: but these Funds do draw the Money out of Trade, and impair the Credit of Traders, and consequently are very injurious, if not destructive to Trade.'⁴⁹ This sort of argument of necessity of credit for trade had been repeated throughout the century in the wide-ranged context. Credit itself had been the long-lived topic which belonged to the socio-economic field, rather than politics.⁵⁰ Briscoe also says that the high interest rate of this fund causes high

⁴⁶ Briscoe, *A discourse on the late funds*, p.41.

⁴⁷ It may be noteworthy that Charles Davenant still used the term 'monied men' instead of moneyed interest in his manuscript written in 1695. See C. Davenant, 'A memorial concerning the Coyn', 1695, in C.Davenant, *Two Manuscripts by Charels Davenant*, ed. by A.P.Usher, 1942.

⁴⁸ Briscoe, *A discourse on the late funds*, p.13.

⁴⁹ Briscoe, *A discourse on the late funds*, p.14.

⁵⁰ See E. F. Heckscher, trans. M. Shapiro, *Mercantilism*, (2 vols, London, 1934); J. K. Horsefield, *British Monetary Experiments 1650-1710* (London, 1960); Ito, 'The making of institutional credit'; E. Kerridge, *Trade & Banking in Early Modern England* (Manchester, 1988); C. Muldrew, *The Economy of Obligation* (Basingstoke, 1998).

interest in the capital market as a whole and ‘will dishearten our Merchants, discourage Navigation, ruin our Trade’.⁵¹ When Briscoe refers to the interest rate in this way, he also had already long controversy on this subject behind.⁵²

In addition, it was not just inland moneyed men but also foreigners who were strongly attacked in Briscoe’s pamphlets. It was simply because ‘the late funds’ caused the drain of money from England: ‘there being leave given to all Foreigners to advance Money on the said Funds, and very considerable Sums (as I have been inform’d) being remitted from Foreign Parts, and paid in by Foreigners for that purpose, it cannot be expected but the Interest of such Money, must be sent out of the Nation every Year’.⁵³ It is ‘an Evil (as it really is) to enrich a few of our own Subjects, by the ruin of the far greater Part’. It was here that ‘the Nation’s Interest’ was urged. The Bank was said to be not only opposing to the Gentlement’s interest. Above all, according to Briscoe, it was against ‘the Nation’s Interest’.⁵⁴⁵⁵

⁵¹ Briscoe, *A discourse on the late funds*, p.16.

⁵² See P. H. Kelly, “Introduction,” to P. H. Kelly, ed., *Locke on Money* (Oxford, 1991), pp. 7-12 and pp. 47-55; J. Appleby, *Economic Thought and Ideology* (Princeton, 1978), pp. 87-93; G. S. L. Tucker, *Progress and profits in British economic thought 1650-1850* (Cambridge, 1960), chap. 2; T. Keirn and F. T. Melton, “Thomas Manley and the Rate-of-Interest Debate, 1668-1673”, *Journal of British Studies* 29 (April 1990): pp. 147-173; S. Ito, ‘Interest controversy in its context’, pp.321-343, *HETSA2008 Conference Papers*, 2008, July.

⁵³ Briscoe, *A discourse on the late funds*, p.17.

⁵⁴ Briscoe, *A discourse on the late funds*, p.18.

⁵⁵ Also see, Briscoe, *A discourse on the late funds*, 1694, p.41. Briscoe is cautious about foreigners who are the investors of the Bank of England and, therefore, must carry out ‘the Riches of the Nation’. So, ‘None can possess or enjoy Lands but the Subjects of this Realm; but monied Men are of all sorts, Forreigners as well as our own Subjects: and if an Advantage be to be made, it ought to be to our own Subjects rather than to Foreigners.’(Briscoe, *A discourse on the late funds*, p.41.) In *An explanatory dialogue* Briscoe also says that ‘I hope your Honours will incline to help the Freeholders rather than to favour the monied Men, of whom the greatest part in the Bank (as I have been told) are Foreigners.’ (Briscoe, *An explanatory dialogue*, p.iv.)

4. Uncertainty and reliability

The second significant merit of the land-bank projects by Briscoe was the reliability of the security or fund or the system itself. This expected merit was exactly the same as in the cases of the projects of Lombard-banks in previous decades,⁵⁶ except that pawn was replaced with 'Estate' here. The reliability of the bank was sustained by very personal procedures, such as 'Examination', 'Oath', and 'Witnesses': 'Bills of Credit ... shall be issued out upon the Security of such Estate, as the present yearly Value of such Estate shall appear to be upon Examination to be made by the Commissioners, and by the Oaths of two or more credible Witnesses.'⁵⁷ Keeping the books is also added to the factors to improve the trustfulness.⁵⁸ Counterfeit had been a serious issue throughout the seventeenth century, so that Briscoe proposes a 'Method of securing the Bills against Counterfeits more than the Bank have', which is 'that all Bills of Credit shall be current in payment by Indorsement, *toties quoties*; so that we shall be easily able to trace out a Counterfeit.'⁵⁹

It was the feeling of uncertainty which produced a hunger for reliability. Scepticism about the success of any projects was inevitable in the age of uncertainty and, in fact, it was natural to think that '*it is uncertain whether Gentlemen will settle their Estates, and advance the Bills of Credit to their Majesties, or no*'. There was no 'Certainty' but 'only a Probability' that money owners would accept 'such advantageous Offers'. Briscoe added in the second edition that 'there is much more Reason to believe that Gentlemen will settle their Estates on these proposed

⁵⁶ See S.Ito, 'The making of institutional credit'; 'Quest for a 'good' fund'.

⁵⁷ Briscoe, *A discourse on the late funds*, p.23.

⁵⁸ See Briscoe, *A discourse on the late funds*, p.28. M.Purvey argues that the book-keeping in this period enhanced the trustworthiness of the 'modern fact' by improving not accuracy but 'formal precision'. See M. Poovey, *A History of the Modern Fact, Problems of Knowledge in the Sciences of Wealth and Society* (Chicago, 1998).

⁵⁹ Briscoe, *An explanatory dialogue*, p.19.

Advantages.’⁶⁰ This, however, shows that the only thing he could do was still to ‘believe’.

This feeling of uncertainty and the need for reliability are shared by numerous bank-proposals in this period. It may be the case that one of the most serious reasons for the scepticism was the trauma of ‘the Stop of the Exchequer’ in 1672.⁶¹ Since this perplexing affair, the reliability of the government had always remained as an object of suspicion in financial and monetary controversies. Chamberlen, who insisted on the superiority of his proposal to the Bank of England, used this fact effectively: ‘when we have seen Exchequers shut up, and King *Charles* the 2d’s will about the Excise, and many other Acts of Parliament eluded and evaded, if not openly infringed, we should not be over confident, that a publick Revenue cannot fail’. This distrust of the government was unmistakably part of the reason for the necessity of a land-bank. For Briscoe, land was the only possible choice as a reliable fund: ‘it doth not appear, that property is much more sacred in *England*, than elsewhere in *Christendom*, and that nothing but a Conquest can ruin this Fund; but then how much better would the Land-bank be, which is so far from being a Conquerors interest to hurt’.⁶²

Chamberlen also counts ‘unfaithfulness of the Managers’ as the ‘inconveniences’ which would be brought by the Bank and cause uncertainty of the system. First, it is ‘the Mis-management, Misfortune, or Dishonesty of the Managers, of whose Wisdom and Integrity they have no greater assurance than they had of the Bankers: so, that for the bare convenience of a publick Book-keeper and Cash-keeper, they venture the ruine of their Fortunes. Besides the Clause for transferring Shares may give the Traders with this Bank great trouble to Sue every Member of this Bank Corporation for every small Sum, and leaves them also under great uncertainty and

⁶⁰ J.Briscoe, *A discourse on the late funds of the million-act, lottery-act, and Bank of England*, 1694, London, [2nd version], p.55, emphasis in original.

⁶¹ Concerning the ‘Stop of the Exchequer’, see R. D. Richard, *The Early History of Banking in England*, (London, 1929); J. K. Horsefield, ‘The “Stop of the Exchequer” Revisited’, *Economic History Review* 35 (1982), 511-528.

⁶² Chamberlen, *Some useful reflections*, p.11.

dissatisfaction, when, where, or who to deal with or sue, when there shall be occasion'.⁶³ The disadvantage of the subscribers was clear. Not only were they exposed to lawsuits, but also creditors might 'lose his Debt' or 'Sue every individual Member separately, as oft as the Credit shall come in dispute, by reason of any publick Fright or Calamity, or of any mistake or unfaithfulness of the Managers, or of any other like Reality or Jealousie'.⁶⁴

The authorship of bank-proposals as such was one of the issues considering the reliability of the projects. For example, Briscoe and Chamberlen both claimed the originality of the idea of their projects. In their arguments the essential concerns were all related to the factors to improve the reliability of the projects, such as honours and reputation. As I mentioned above, Chamberlen had a long career as a bank-projector of both Lombard banks and land banks. So, it is natural that Chamberlen had suspicions about the originality of Briscoe's idea, when he saw Briscoe's *Discourse* 'addressing them selves to the House of Commons'.⁶⁵ This 'ingenious Book Presented to this House by Mr. John Briscoe' seemed to Dr. Chamberlen that it 'hath something disguised the same'.⁶⁶ Chamberlen presents the evidence: 'before Mr. *Briscoe* was brought acquainted with the Dr. by Mr. *Salisbury* and Mr. *Prime*, he was altogether Ignorant, and wholly unacquainted with this project, or any thing like it; but instructed by the Dr. therein'.⁶⁷ On the other hand, finding 'two several Papers by him published this Year',⁶⁸ Briscoe says that 'Dr.

⁶³ Chamberlen, *Some useful reflections*, p.15.

⁶⁴ Chamberlen, *Some useful reflections*, p.15.

⁶⁵ Briscoe, *A discourse on the late funds*, [2nd version], p.v.

⁶⁶ H. Chamberlen, *A short abstract Doctor H. Chamberlen's proposal to the honourable House of Commons the last sessions. And also of Mr. John Briscoe's present printed proposal compared together*, [1694], Oxford, p.1.

⁶⁷ [H. Chamberlen], *A Rod for the Fool's-Back, or, Dr. Chamberlin and His Proposal Vindicated, from the Foul Aspersions of a Dirty Scurrilous Scribler, who pretends to Answer the Paper of the Comparison, between the Doctor's Proposal, and Mr. Briscoe's*, London, 1694, p.2.

⁶⁸ 'Two several Papers' of Dr. Chamberlen are *Some useful Reflections* upon a Pamphlet, called, *A brief Account of the intended Bank of England* and *A short Abstract of Dr.*

Chamberlen himself would seem to insinuate, that my Proposals are borrowed from him, but that I have something disguised the same'.⁶⁹ In his rebut to such an insinuation, Briscoe argues that, while Chamberlen '*proposes to bury Gentlemens yearly Estates for 100 Years*', he proposes '*to double them*'. Adding to this, Briscoe points out that '*the Doctor is very much out in his Calculation*'.⁷⁰ Furthermore, a pamphleteer, who pretend to be an impartial spectator but in fact is on the side of Briscoe, tries to show that numberless 'wilful Mistake[s]' of calculation in *A short Abstract of Dr. Chamberlen's Proposal* prove 'how notoriously our Pamphleteer hath prostituted his Reputation'.⁷¹ It is hard to say which was right, though Chamberlen particularly seems to have stuck to whose idea it was.⁷² At any rate, as these arguments shows, gaining reputation by claiming the originality of the idea of projects was evidently considered to be one of the effective ways to get the reliability of them for both sides of these trivial quarrels.

5. Fund or Security

Throughout the seventeenth century, particularly a few decades until 1694, making a good fund or security was an indispensable task for the success of any type of bank-projects. Preference of the terms, fund or security, depended on the context and the authors, but their safety was the necessary condition for a reliable bank.

Above all in Briscoe's project, it was supposed to be the most attractive point that land was security or fund. While in Lombard-bank projects pawned goods, some

Chamberlen's Proposals.

⁶⁹ Briscoe, *An explanatory dialogue*, p.vii.

⁷⁰ Briscoe, *An explanatory dialogue*, p.viii.

⁷¹ *An Answer to a late pamphlet intituled A short abstract of Dr. Chamberlen's proposal, &c.*, [London : s.n, 1694], p.1.

⁷² Throughout the pamphlet Chamberlen insists that the idea of *A brief account* is identical with his, that is, the author of *A brief account* 'must rob the Doctor of the fruits of his Labour, Charge, and Invention, if they do not consider him accordingly.' (Chamberlen, *Some useful reflections*, [1694], p.3.)

of which were suspected to be stolen ones, constituted the main body of security,⁷³ land qualified as the best security of a bank in Briscoe's. If this project gets legislative approval, Briscoe believed, it cannot fail to be for the national benefit because it will produce a safe security: 'for first, here will be the Freehold Lands of England, or if you will, *England* itself for a Fund; here will be Parliamentary Funds for a collateral Security, and here will be a Bank of Money raised by the accruing Profits: so that those who take these Bills will have a most undoubted Security'.⁷⁴ Besides, even if the bills of the Bank of England were somehow better than the ones of land-banks, Briscoe indicates, their advantages would have come eventually from land: these funds, in fact, '*are generally settled upon the Excise of Beer and Ale, &c. which is made of the Product of our Lands*'.⁷⁵ To Briscoe, the Bank of England looked '*like a Canker, which will eat up the Gentlemens Estates in Land*'. No doubt, however, it was ruinous to gentlemen in this country, because '*Land-Security (formerly reputed the best Fund or Security in the Nation) being now disregarded ... Gentlemen of Estates ... cannot without very great Difficulty raise Money on Land-Security*'. It appeared to Briscoe to be a contradictory situation that bills '*on a less substantial Fund*', which was the Bank of England, were more current than '*money on land-security*', which was supposed to be the best and most safe fund.⁷⁶

However, the purposes for establishing banks were clearly shared among bank-projectors. The catch phrase was "a good security" or "a good fund". 'Fund' and 'Security' both meant a certain amount of stock, cash reserve, pawn, or mortgage to be held and controlled by a bank. To have good security and to have a good fund were synonymous and they were requisites for the success of any bank projects, whether the substance of fund or security was land or cash or others. William Paterson says, the fund he proposes 'will make / Money plentiful, Trade easie and secure, raise the Price of Lands, draw the Species of Gold and Silver into the Hands of the Common People'. It is just as in Holland, Genoa, and other

⁷³ See Ito, 'The making of institutional credit'.

⁷⁴ Briscoe, *An explanatory dialogue*, p.23, emphasis in original.

⁷⁵ Briscoe, *An explanatory dialogue*, p.29, emphasis in original.

⁷⁶ Briscoe, *A discourse on the late funds*, pp.ii-iii, emphasis in original.

places ‘where these Funds are accommodated to Receipts and Payments’.⁷⁷ For Thomas Neal, another supporter of the Bank of England, ‘[g]ood security’ and ‘good interest’ both were equally factors which made the project look attractive: ‘they seeing they have as good a Security, and as good Interest as the Government gives, ... they will chuse rather to have Money owing them this way than upon any other Security whatsoever’.⁷⁸ Though the contents of it was not gold and silver but land, a land-bank projector, Dr. Chamberlen, proposed providing ‘a full and safe Security for it all, here on *Terra Firma*’.⁷⁹

But, how should the security or the fund be controlled physically and quantitatively? In fact, the quantitative management of them had been one of the most important factors in gaining reliability of the institution. Though want of money still seemed to be the central concern of bank-projectors in this period, the excess of money, that is, inflation was emerging as a more serious threat. At the end of the century the primitive version of the so-called quantitative theory of money was commonly held among pamphleteers who were concerned with monetary issues.⁸⁰ Answering the objection that the land bank might issue ‘too many of these Bills of Credit’, Briscoe criticises the Bank of England: ‘they [= the Bank of England] may coin Bank-Bills for as many Millions as they please, to an unlimited Sum; and all the Security the Subjects have for the Bank Bills, issued out for above the Value of 1200000 *l.* is but only a Personal Security, many of whom are Foreigners’.⁸¹ On the other hand, no one can be ‘Loser’ by having ‘Bills of Credit’ [of the land bank], ‘since no Bill of Credit may be issued out before a real Security

⁷⁷ W.Paterson, *A brief account of the intended Bank of England*, 1694, London, pp.14-15.

⁷⁸ [T.Neale], *A proposal for raising a million on a fund of interest, by setting one hundred thousand pounds yearly, to pay 8 per cent. for one million two hundred thousand pounds, of which the king to have a million.* [Dated: January 29th, 1693 [o.s.] .] [1694], p.3.

⁷⁹ [H. Chamberlen], *A Rod*, p.12, emphasis in original.

⁸⁰ See A.E.Monroe, *Monetary Theory Before Adam Smith*, Sentry Press (New York, 1923); D.Vickers, *Studies in the Theory of Money 1690-1776* (New York, 1959).

⁸¹ In the other place, Briscoe asks: ‘how then can they tell how many Millions are sufficient for the Trade of the Kingdom?’ (Briscoe, *An explanatory dialogue*, p.17.)

out of some Gentleman's private Estate or Freehold, shall be first settled for the Security of such Bill or Bills.'⁸² While Briscoe's land bank never issues notes beyond 'a Real Security', the Bank of England issues them beyond 'a Personal Security', which itself is quite uncertain. This is Briscoe's account for the fear of over-issue. It is noticeable that Paterson himself took this criticism correctly. He realised that the points his opponent accused of were the suspicion about the benefit for landowners and the distrust of 'Personal Securities'. He rebut: 'it will raise and enhance the price of Land, and utterly discourage and ruine Trade; *For by this means, say they, all Real Securities will become current, or near as good as current, in or by the Bank; which will very much lessen, if not put an end to the Credit of Personal Securities*'.⁸³

Chamberlen was also confident of the persuasiveness of his proposal, whether the Bank of England holds literally 100% reserve or not. If the Bank keeps the 100% reserve policy, no additional notes are to be issued in any case. But, this might produce an unfavourable result for the nation. On the contrary, if they do supply extra-money, it necessarily causes the problem of uncertainty of their fund. In the former case, the situation of want of money, which was the most basic and urgent problem to be solved, would not be changed, or would be worse: 'if they keep always as much Money by them as will answer the whole Credit abroad; then the Nation hath no manner of advantage by the Bank, 'tis only passing so much Credit for so much Money. Besides, so much ready Money may be seized, or they may withdraw with it.'⁸⁴ The second point directly and naturally leads to the superiority of land-bank: 'If they do not keep Money, they either have nothing to answer their Credit, and then 'tis imaginary, or they have other Goods, and then 'tis not Money, as they would have the World believe, and this imaginary Fund, or Fund of Goods may serve till a Fright or Exigence, from the danger of which we cannot be, during the Wars, deliver'd.' 100% 'Ready money' itself cannot make an effective fund because it will not be the resolution of want of money. Non 100%

⁸² Briscoe, *A discourse on the late funds*, p.45.

⁸³ Paterson, *A brief account*, pp.8-9, emphasis in original.

⁸⁴ Chamberlen, *Some useful reflections*, p.14.

reserve is just an 'imaginary Fund' and 'Fund of Goods' is not a certain fund. So, it is logical to say that land is superior fund: 'since they allow something else to be a Fund, why not Land, which is better than all other Goods to answer Credit, and as it may be order'd, better than Money it self.'⁸⁵

6. Gold, silver, and intrinsic value

Whether money should be precious metal, such as silver and gold, or not was also a focal point in this controversy. Bank-projectors discussed this issue using a term 'intrinsic value'. Intrinsic value had generally meant the content of gold or silver in a coin through the seventeenth century and the early eighteenth century in Britain. Richard Cantillon suggested that the term 'intrinsic value' used to mean how much silver or gold was included in coins in the time of William Petty and John Lock, though he tried to redefine the meaning of this term as the value of commodity measured by land and labour.⁸⁶ In fact, as Cantillon said, one of main issues in the great controversy concerning a re-coinage implemented in 1695, though I do not go into it here, was the extent of volume of silver or gold in coins, which was usually called 'intrinsic value'.⁸⁷ However, the term 'intrinsic value', which was found in any pamphlets on monetary matters at this time, has some variation in its usage and sometimes it was exploited rhetorically.

First of all, the definition of credit was a subject quite often discussed in the extended line of the definition of money in bank-proposals throughout the seventeenth century. The comparison of credit with money in concern with intrinsic value by projectors in the precedent years of this controversy, such as Hugh Chamberlen and William Killigrew, was typical.⁸⁸ Briscoe's discussion concerning

⁸⁵ Chamberlen, *Some useful reflections*, p.14.

⁸⁶ See R.Cantillon, *Essai sur la nature du commerce en general, Traduit de l'anglois*, London, 1755, p.140.

⁸⁷ See Horsefield, *British Monetary Experiments*, Part I; Li, Ming-Hsun, *The Great Recoinage of 1696-99*, Weidenfeld & Nicolson, London, 1963.

⁸⁸ See Ito, 'Quest for a 'good' fund'.

the definition of money and credit also came from the previous generation.

While the planners of the Bank of England stuck to metal money, land-bank projectors, such as Briscoe and Chamberlen, also admitted that gold and silver were the medium of exchange. However, both parties had totally different ideas, when talking about what the ‘security’ of credit should be. For Paterson, who is on the side of the Bank of England, ‘all Money or Credit not having an intrinsick value, to answer the Contents or Denomination thereof, is false and counterfeit’. In addition, ‘all Credit not founded on the Universal Species of Gold and Silver, is impracticable, and can never subsist neither safely nor long’.⁸⁹ According to Paterson, therefore, land banks whose fund was not metal money had no chance to supply their own credit.

Briscoe, as his contemporary pamphleteers normally did, introduced money as ‘a Medium of Trade and Commerce’ with motivation coming from the feeling of ‘uncertainty’ and ‘inconvenience’: ‘*by reason of the uncertainty of the Value or Goodness of the things bartered, the Inconvenience of Carriage and Recarriage, and some Goods being perishable and subject to decay, it put Persons upon considering of some Commodity that might be most fit to serve for a Medium of Trade and Commerce; and Gold and Silver were agreed upon for the Reasons following*’, which are the five necessary features for being money, such as certainty of its value, portability, divisibility, capability of marking its value, and durability.⁹⁰

This definition of money, though it seems to have been a standard version of this period or even through the eighteenth century, brought a good reason to show, at first, the possibility and, next, the necessity of land-money. Briscoe thought that if money was defined this way, ‘*something else can be found that may have all, nay more than these requisite Qualities to recommend it to be a Medium of Trade and Commerce*’. And ‘something else’ was land. Briscoe enumerated the superiority of land to gold and silver as money, corresponding to each feature of money listed. First, certainty of the value of land is assured ‘*by the inspection of the Commissioners Agents, the Examination of the Titles by the Commissioners Counsel, and by the Oaths of two or*

⁸⁹ Paterson, *A brief account*, pp.9-10.

⁹⁰ Briscoe, *An explanatory dialogue*, pp.iv-v, emphasis in original.

more credible Witnesses.' Second, though land is not portable, '*it is more easily conveyed*' than gold and silver. Third, land can be '*divided into as many needful Parts as Gold or Silver*'. Fourth, '*The Land by virtue of these Bills of Credit will be as capable of any Signature as Gold or Silver*'. Fifth, land is '*less perishable*' than gold or silver. Furthermore, Briscoe adds two more points: first, '*it is a living Stock, the Land being prolifick and fertile*'; secondly, '*Gold and silver [are] impair'd and wasted by Clipping, Filing, &c. [while] Lands will still keep and retain their Value*'.⁹¹ Thus land money was not imaginative product, but real and viable. This land money took parchment or paper as its form, in which it was possible 'to convey such Land or Security'.⁹²

Considering that Briscoe's proposal of land-paper-money was induced by his theory of money, there is no surprise in his use of the term 'intrinsic value'. However, though intrinsic value had been one of the key terms in numerous bank-proposals, Briscoe's usage of this term was distinctive. He tried to make the term work effectively as a strategic concept to defeat the Bank of England. He pointed out that the 'Bank-Bills' issued by the Bank of England did not have enough intrinsic value and that therefore 'there ought to be no force on the Subject to take any thing in Payment which has not an intrinsic Value in it self, or which conveys not an intrinsic Value along with it.' The 'Bank-Bills' were not sound money 'because the Bank hath a Fund for the Security of 1200000 l. only'.⁹³ Briscoe here intended to demonstrate the weakness of the Bank of England by the reason of its inferiority of the intrinsic value of the fund.

Briscoe says that the 'Bills of Credit', which are issued by the land bank he proposes, 'convey an intrinsic Value with them, there being a Fund of Land proposed to be settled for their Security before they are issued out, to the full value of the Bills of Credit issued out thereupon'. However, it was not just land which constituted the intrinsic value of this land money. It should also be 'a Fund settled by Parliament for all Bills of Credit advanced to their Majesties upon the Payment of any Annuity'. Thus in Briscoe's land-bank 'intrinsic Value' were doubly given

⁹¹ Briscoe, *An explanatory dialogue*, pp.v-vi, emphasis in original.

⁹² Briscoe, *An explanatory dialogue*, p.20.

⁹³ Briscoe, *A discourse on the late funds*, p.43.

here. The 'Bills of Credit' would be issued on 'the Security of private Mens Estates as well as a Parliamentary Fund'.⁹⁴ As a result, Briscoe thought, there was no reason why the 'Bills of Credit' should not become legal tender.⁹⁵

This 'Bill of Credit', which was land-credit, was superior even to money. Money had been 'so abused by clipping' that it had lost 'that essential Quality which did at first recommend it, *viz.* its intrinsick Value'. However, people 'quietly' received such a clipped money because they knew they could 'pass it away again for the same Value for which they took it', or, in other words, it was 'generally now passable'.⁹⁶ This reason for acceptability of money was too weak to admit the certainty and reliability of metal money. Thus even metal money did not contain enough 'intrinsick Value', while 'Bill of Credit' would.

⁹⁴ Briscoe, *A discourse on the late funds*, p.43.

⁹⁵ The second edition of *A discourse on the late funds*, which was published in the same year as the first edition, makes some additions. Some emphasised phrases in Italic, which were not in Italic in the first edition, show what Briscoe tried to insist upon most: 'These proposed *Bills of Credit convey an intrinsick Value with them, there being a Fund of Land proposed to be settled for their Security before they are issued out, to the full value of the Bills of Credit issued out thereupon, and also a Fund settled by Parliament* for all Bills of Credit advanced to their Majesties upon the Payment of any Annuity' (Briscoe, *A discourse on the late funds*, 1694, [2nd version], p.49.). Intrinsic value would be secured by both '*a Fund of Land*' and '*a Fund settled by Parliament*'. This was the very point which Briscoe wanted to push forward in his verbose discourse. He was confident that 'it *will be as good a Security as the Fund of the Excise settled on the Bank of England.*' (Briscoe, *A discourse on the late funds*, 1694, [2nd version], p.49.) The ending words, '*settled on the Bank of England*', are added in this edition.) In *An explanatory dialogue*, Briscoe called this '*a double Security*', that is, 'First, a Security of Freehold Land at the first issuing out of the Bills: Secondly, a Parliamentary Fund settled for the Payment of Principal and Interest upon advancing them to their Majesties.' (Briscoe, *An explanatory dialogue*, 1694, p.5.)

⁹⁶ Briscoe, *A discourse on the late funds*, p.43.

7. Conclusion

In the long term, the Bank of England turned out to be the final resolution to want of money, which had been the fundamental impediment to the economy of Early Modern England. In the short run, the Bank played the significant role as the wheel of the Financial Revolution through its whole process. However, in every case, it does not seem to be the fact that from the outset the Bank of England supplied enough confidence to sweep away all fear and uncertainty around the reliability and viability of the new type of institution of credit: the same holds for land banks. Superficially, the focal point of the controversy was what the content of the fund or security should be. But, fundamentally, it was not that but how the projects, whichever type they were, could have persuasiveness and the appearance of trustworthiness, which had been the main issues throughout the controversy about the establishment of banks in the seventeenth century. Though the benefits each project claimed to have were getting more economic in their logic, the vocabulary and main concern were undoubtedly from the foregoing debates on the same topic. As usual when talking about 'revolution' there was both continuity and discontinuity in the controversy among bank projectors in the inaugural year of the revolution of banking and fiscal policy in England.