Chapter 5:

The South Sea Company and the Restoration of Credit: Slavery, Public Opinion, and Party Politics

A new financial crisis erupted in 1710, sparking another vibrant debate about credit. The new system of credit introduced in the 1690s that had facilitated England’s economic recovery and financed a costly war against Louis XIV, was now rapidly approaching the limits of its capacity. The outstanding government bonds were trading at a heavy discount, the Treasury was forced to borrow on increasingly unfavorable terms, and critics started to doubt the capacity of the government to properly service its debts. The new Tory ministry, headed by Robert Harley, had to find a quick remedy to this crisis to ensure its own survival, as well as the prosperity and security of Britain. Harley’s solution was based on harnessing the public’s imagination of far-away colonial riches to bolster public credit at home. More precisely, the South Sea Company was given a monopoly on England’s trade – most importantly the slave trade – to Spanish America and the mandate to use the anticipated profits to attract investors to exchange their government bonds for company shares. This way, the ailing government bonds were taken off the market and the Treasury was once again able to raise new funds to finance the war.

As credit was rapidly sinking, the promise of extraordinary profits from the slave trade came to the rescue. The South Sea Company scheme and indeed the continued success of the Financial Revolution relied on the public forming a positive opinion about the South Sea trade. Propaganda writers flooded the public sphere with favorable testaments of the vast profit opportunities available in the shipment of African captives across the Atlantic, hoping to spark the public’s interest in the company. As such, the continued evolution of credit became entangled in one of the most brutal and violent moments of the emergence of modern capitalism. Contrary to the common narrative that disregards the social context of credit, this chapter shows that it was not just the formation of the Atlantic economic system and the subsequent industrial revolution that crucially depended on slavery, but that the configuration of the Financial Revolution was shaped in important ways by the slave trade.1

This episode – the 1710 crisis and the launch of the South Sea Company in 1711 – inspired a series of intense debates.2 Everywhere the elites and middling sorts congregated, whether in pleasure-gardens, at the court, in Parliament, at the Royal Exchange, in Exchange Alley, or in the coffee-houses, the conversation turned to the most pressing issues of the day: party politicking, the war with France, and the fate of public credit – all of which were deeply interconnected. Now that public credit was no

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2 Hoppit (2006) shows that the three most intense periods of pamphleteering during the period considered in this book occurred during the recoinage debates (1696), the formation of the South Sea Company (1710-13), and the South Sea Bubble (1720-21).
longer a private affair between Kings and select groups of noblemen and goldsmith bankers, but was governed by the market, savvy political actors realized that public opinion dictated the status of public credit, often more so than the actual political and economic reality. Charles Davenant’s decade-old comment about credit rang more true than ever – “Of all beings that have existence only in the minds of men, nothing is more fantastical and nice than Credit; it is never to be forced; it hangs upon opinion; it depends upon our passions of hope and fear. . .” (151). Pamphleteers, journalists, and balladeers were now in great demand as they had the power to influence the vital public opinion. When the Queen contemplated putting Harley in charge of the ministry, Godolphin’s propagandists warned that public credit would sink and give rise to a host of disastrous consequences. By publishing pamphlets that reiterated this warning and by instructing their agents in Exchange Alley to sell off stocks and bonds, making it appear as a result of the negative public sentiment, the Whigs hoped to use the public opinion to pressure the Queen to abandoned her plans. Once promoted to first minister, Harley employed his own staff of propaganda writers to ensure that his solution to the financial crisis was favorably received by the public. Whig supporters, on the other hand, did their utmost to undermine the public’s trust, thus hoping that credit would fall and Harley’s reign would be short-lived. While these debates were in part motivated by attempts to influence the Queen and Parliament, the real battle was over the control of the public opinion dictating the fortunes of public credit.

An important aspect of influencing public opinion was to instruct the public in what constitutes sound public finance. By shaping the public’s financial literacy, the moneyed-and landed-interests tried to sway people in their respective directions. Should the Financial Revolution continue to be centered around the Whig Bank of England, was it finally time to establish a Tory land-bank, or were there other conceivable ways to deal with public credit? How should the public borrowing be secured: by land taxes, excise taxes, duties on imports, or by profits on commercial activities – all of which had different implications on each economic constituency? On an even more fundamental level, authors theorized what exactly credit is and what constitutes the kernel of this phenomenon. How could it exist, why did it function, and why did it fail? While most of these contributions were designed to inflate or deflate credit, in an ultimate effort to influence the political landscape, a number of historically important theories of credit emerged, which will be explored in this chapter.

The major theme of this chapter explores how the financial mechanism introduced by Harley in 1711 shaped the public’s imagination of England’s relationship to the Atlantic world. While the South Seas had held a special place in the English mindset ever since the famous exploits of the Elizabethan Seadogs, by tying the public debt to the profits form the South Sea slave trade a closer mental connection between the urban milieu of London, the slave forts on the African coast, and the colonial outposts in New Spain was forged. This sophisticated time-space compression transferred value from the future to the present, from the sphere of commerce to public finance, and from the Atlantic world to the City of London. The mental processes involved in raising this credit positioned the Atlantic slave trade at the very center of English political and economic life, and made it the cornerstone of England’s defense against France and, in extension, a bulwark against
the threats to its liberty, property, and security. Both critics and supporters of the scheme were well aware that the imaginary of the British slave trade now dictated the status of public credit and therefore also the future of the Financial Revolution. This chapter traces how the link between public credit and the company’s slave trade was portrayed in these debates.

Finally, this chapter calls into question the scholarly tradition of viewing the South Sea Company as a fraudulent scheme from its inception. If the company is studied from the viewpoint of the deceit and manipulations committed by the company during the disastrous Bubble years, it is indeed very tempting to impose this logic on the entire lifespan of the company. Prominent historians of the company, like John Carswell (1960) and John Sperling (1962), laid the foundation for this interpretative tradition, making it easy for later scholars to summarily dismiss the company’s financial innovations as inherently corrupt. I will argue that the company was actually built on what was considered sound financial principles and that it was only after 1718, when the company’s slave trade was terminated by an outbreak of armed hostilities between England and Spain, that the company looked to John Law’s financial wizardry in Paris for insights on how to make its stocks appreciate without an underlying source of revenues.

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The Godolphin ministry had enjoyed great military and financial success during its first several years in power. They transformed what had initially been a defensive military strategy to one in which Britain scored numerous decisive victories that significantly changed the European balance of power. Making this accomplishment even more impressive was the fact that it was achieved without bankrupting the nation. In fact, the ministry harnessed the nation’s resources in a way that left state finances in better shape than they had been during the previous war and, more importantly, better off than France’s fiscal position. Yet, despite all of this success, the Godolphin ministry was besieged with political controversy surrounding public finance, military strategy, religious conflict, the union with Scotland, and the succession issue.

During the spring of 1710, the political clamor surrounding Godolphin and the Whig Junto intensified, partly as a result of the Sacheverell-affair. Henry Sacheverell’s sermons, in which he questioned the legitimacy of the Glorious Revolution, were attended by large crowds and the printed version sold more than 100,000 copies, igniting an intense public debate about the present division of power between Parliament and the Crown. The sermons, the subsequent trial, and the surrounding debates generated an adverse political climate for the ministry, at the same time that it galvanized the Tory party. Further contributing to the ministry’s political troubles was its failure to secure an honorable peace with France. The Tories blamed the Whigs for strategically making excessive demands on the French to ensure that the war was prolonged so that the

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3 Jones (1979). He added, “Few, if any, later administrations have ever come near to equaling its triumphs” (316).
4 Downie (1979, 116).
moneyed-interest could continue benefiting by lending to the government. The landed-interest was understandably troubled, considering that it was primarily taxes on their land that fed the war effort and thus enriched the bond- and stock-holders.

In addition to its other troubles, the ministry was also burdened by an increasingly precarious state of public credit. Because of the prolonged war, military departmental debts had begun to spiral out of control, with the navy, army, ordnance, and transportation debentures – most of which were unsecured by specific revenue flows – trading at a significant discount. The largest component, the navy bonds, traded at a thirty-five percent discount in 1710 and the army and transport debentures reached a forty percent discount in the beginning of 1711, signaling the public’s eroding confidence in the government’s capacity to adequately service its debts.\(^5\) In addition there was a strain on the Exchequer bills, which had also begun to drop below par. The Bank of England had committed itself to redeeming these bills for cash at par, but their failure or unwillingness to do so in 1709 pushed these bills into a slight discount. Lastly, to darken the economic horizon even further, there was a general disruption in European financial markets in 1710 and a speculative failure of insurance companies that centered on London. Hence, the political and financial climate in England during the summer of 1710 was decidedly pointing towards a serious crisis for the ministry.\(^6\)

The beginning of the end for the Whig-dominated Godolphine-Marlborough ministry came in June of 1710, when the Queen dismissed the Earl of Sunderland, Marlborough’s son-in-law, from the office of Secretary of State and replaced him with a Tory. Sensing that even more radical changes were underway, the Whigs embarked on a campaign to convince the Queen that an overhaul of the ministry would have disastrous implications, in particular for public credit. The Director of the Bank of England, Gilbert Heathcote, who had been supportive of the Whig’s battle cry for *No Peace without Spain*, wielded his political clout to help the Godolphin ministry weather the storm. On the day after Sunderland’s dismissal, Heathcote paid the Queen a visit to obtain an assurance that no further political changes were pending. The resulting commitment by the Queen was of course nothing more than a stalling tactic to keep the channels of credit from the Bank open, if only until the more radical changes were unveiled.\(^7\) Her former advisor and chambermaid, Sarah Churchill, the Duchess of Marlborough, also sent the Queen a warning of the financial implications of a ministerial change: “I may tell your Majesty what I have lately heard for the honour of my Lord Treasurer [Godolphin] from all the considerable men in the city, which is, that if he should be removed, they would not lend a farthing of money.”\(^8\) The Queen had now been duly warned that a *Loss of the City* was a likely consequence of further political reforms.

\(^5\) The Case of the Proprietors of the Army and Transport Debentures (1711).
\(^6\) B.W. Hill (1971).
\(^7\) On the day after Sunderland’s dismissal, the government asked for a routine short-term loan from the Bank of England, amounting to £120,000. This request was initially declined by the Court of Directors of the Bank, but the decision was later reversed after Godolphin had intervened and convinced the Bank managers that a refusal to extend credit would hurt the Bank more than the government. (Hill 1971, 400-1).
\(^8\) The Private Correspondence of Sarah, Duchess of Marlborough, Vol. 1., 340.
The final step in the undoing of Godolphin came in August and was precipitated by Heathcote’s attempt to strong-arm the Queen. When the Bank was asked by the military pay offices to discount bills of exchange – normally a routine line of credit that the Bank provided to the Treasury – the Bank declined on the basis that they could not afford to take such risks in the midst of a sinking credit. Heathcote told Godolphin that the Bank now needed an assurance in writing from the Queen that no further ministerial changes were forthcoming. This move turned out to be a serious miscalculation and on August 8 the Queen dismissed Godolphin and two days later announced Robert Harley as the new Chancellor of the Exchequer, effectively making him the new first minister.

Politically and financially England was in a state of crisis. What would the consequences of this ministerial change be on domestic politics and how would this change England’s approach to the war? How would financial markets react to the turbulence? Would a ministry favoring the landed-interests honor the government’s outstanding debts to the moneyed-interests? Worst of all, would an impoverished English military have to capitulate to its long-time nemesis and face a French invasion with its resulting absolutism and papal tyranny? While all of these concerns were foisted on Harley from the very beginning of his tenure, the single most pressing challenge he faced was to find an immediate way to shore up public credit. The future of Harley’s ministry and indeed the well-being of England relied on a rapid recovery of public credit.

Harley promptly went to work to raise enough funds to keep credit afloat and the armies at war. Contrary to the advice from some of the more radical Tories who tried to convince him to rely on money exclusively from the landed-interests, he wisely did not give up on courting the moneyed-interest. Although the Bank did not grant him all the funds he requested on the terms he had hoped for, the fact that they were willing to extend any loans at all sent important signals that the established channels of government finance were still open. Encouraged by their success in managing the reaction to the ministerial change, the new ministry and the Queen launched the next phase of their political agenda and dissolved the Whig-dominated Parliament at the end of September. An immediate sell-off of government bonds and stocks in the Bank and East India Company ensued, causing prices to fall and nervous foreign investors to withdraw funds and smuggle specie abroad, noticeably reducing the circulation of coin in England. While the ministry and the Queen repeatedly tried to reassure the City that they were committed

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9 Hill (1971). Harley had been a central member of the Godolphin ministry until 1708, serving as Speaker of the House of Commons (1702-5) and Secretary of State (1704-8). He was ousted from the ministry when he made an unsuccessful bid for power in 1708. While it is not entirely accurate to refer to Harley as a Tory, he did indeed manage a mostly Tory ministry that was under strong influence by a heavily Tory-dominated House of Commons. For an account of the political maneuvering during Harley’s reign, see Jones (1979, 340-3).

10 Harley had two primary options. He could try to raise the necessary funds by courting the moneyed-interests, which was a difficult prospect in light of the Whigs’ threat to freeze credit. Alternatively, Harley could try to raise the necessary funds by mobilizing the landed-interests to contribute to public finances. However, given the landed-interest’s general disdain of public credit, the likelihood that this strategy would provide the needed relief was rather low.

11 The Bank extended two loans to the Treasury in August and September. The first loan was in the amount of £50,000 (Harley had asked for twice that amount) and the second loan was for £100,000. Both of these loans had a shorter maturity than Harley had requested. Hill (402-3).
to political and religious moderation and that they would do everything in their power to uphold public credit, fears that the ministry would default on – or use a *spunge* to wipe out – the entire national debt kept on escalating, contributing to a serious financial crisis.

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An intense debate centered on the issue of public credit accompanied the political and economic turmoil. The period’s flourishing print culture provided an opportunity for political challengers to carry out orchestrated campaigns against the incumbent and, likewise, for the reigning ministry to mold public opinion in compliance with its accord. This propaganda literature differed in form, content, and intended audience, from other strands of economic writing. Political arithmeticians, for example, carried out systematic empirical investigations of commerce, demography, and finance, primarily to inform state administration and legislation, mercantile theorists produced economic treatises addressing issues pertaining to trade and colonization, while political philosophers dissected the ethics of luxury, greed, and commerce in conversation with intellectual and religious elites. In contrast to these approaches, the writings designed to shape the day-to-day public opinion were more pragmatic, opportunistically, and often more innovative theoretically. Experimenting with different mediums and messages, and widely disseminating their newspapers, pamphlets, broadsides, and ballads, these writers targeted the anonymous urban masses in public spaces, like coffeehouses, where they congregated to read and discuss contemporary political events.

The coffeehouse was remarkably open, allowing access to people of most social groups, political leanings, economic standing, and religious conviction. Free from political censoring and academic restrictions, the exposure, interest, and intensity of the coffeehouse debates often dictated the public opinion and thus the fortunes of public credit. In fact, changes in the public opinion influenced by coffeehouse conversations could translate

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12 The increasing legislative power of parliament after the Glorious Revolution, combined with the ineffectiveness and subsequent lapse of the licensing act in 1695, led to a cascade of pamphlets, broadsides, newspapers, and books designed to influence public policy. Authors targeted parliamentarians and members of the electorate directly by handing them copies of their writings and indirectly by trying to shape public opinion. See Schwoerer (1977).
13 Examples include William Petty, John Graunt, Gregory King, and Charles Davenant.
14 Examples include Charles Davenant, Josiah Child, Nicholas Barbon, Dudley North, John Pollexfen, and Henry Martyn.
15 Examples include John Locke, Bernard Mandeville, Francis Hutcheson, Shaftesbury, and George Berkeley.
16 As Pocock points out, “an anatomy of the great debate as between ‘landed’ and ‘monied’ interest, conducted by the journalists and publicists of Anne’s reign, reveals that there were no pure dogmas or simple antitheses, and few assumptions that were not shared, and employed to differing purposes, by the writers on either side.” (446).
17 The rapid expansion of coffeehouses throughout Britain in the second half of the seventeenth-century led to “qualitative improvement as well as a quantitative expansion of the opportunities for public discussion,” leading Pincus to conclude that “Coffeehouses provided the social and cultural locus for an early modern English public sphere” (833).
18 As John Haughton described, “Coffee-Houses make all sort of people sociable, the rich and the poor meet together, as also do the learned and unlearned” (1701). Cowan points out that “the social intercourse of the coffeehouse allowed for, and indeed encouraged, the social fiction of equal status between patrons” (2006, 104).
instantaneously into a falling credit, as much of the trade in stocks and bonds were carried out in coffeehouses. The public sphere and the new system of public credit thus mutually conditioned each other during these formative years. This means that in addition to generating more democratic political discourses, as Jürgen Habermas (1989) famously claimed, the public sphere also contributed to the democratization – or marketization – of the discourse and status of public credit.

The real-world public sphere differed in important ways from the idealized version theorized by Habermas. The actual public sphere was not a space exclusively dedicated to the public criticism of the state. In fact, as already hinted, the government was involved in shaping public opinion as much as the opposition, making the public sphere a terrain of conversation rather than solely a forum for criticism. This conversation was not exclusively based on rational critical arguments, as the translation of the term öffentliches Räsonnement might suggest. Since the debate about public credit was about swaying the public’s sentiment, imagination, and expectations, rational arguments were not always the best way to accomplish this aim. The propaganda writings distributed in the public sphere involved multiple types of arguments, rhetoric, and evidence, and were published in various formats, including pamphlets, broadsides, newspapers, and ballads. While the epistemic content of some of this propaganda promoted a rational discourse, many of the texts were eliciting satire, humor, and rumor-mongering.

The fact that there were so many different types of contributions also begs the question of whether it might be more accurate to think in terms of multiple separate and partially overlapping spheres, rather than one unified and coherent public sphere. Defoe, for example, argued that the content and audience of different forms of propaganda yielded radically different reactions. “Pamphlets work slowly,” he writes, “and the Operation of one Pamphlet is often spoil’d by that of another,” while the “Crying and Singing” of the balladeers “warms the Minds of the Rabble, who are more capable of Action than Speculation.” While it was certainly the case that all spaces for public debate were not open to all people, there was still a significant movement of people and printed material across these spaces. And, although particular forms of propaganda, such as ballads, were more appropriate for certain public spaces and audiences, the fact that pamphlets, newspapers, and ballads tended to share the same general content meant that even disjointed social groups would be exposed to largely the same set of ideas and opinions. This suggests that it is indeed plausible to employ the concept of the public sphere.

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19 In particular, Garraway’s and Jonathan’s coffeehouses, lining Exchange Alley, were the sites of much of the security trade.
20 Lake and Pincus (2006) notes the importance of political economy debates for the formation of the “fully fledged post-Revolutionary public sphere” (284). Hoppit (2006, 94) has showed that the largest percentage of writings on political economy during this period focused on credit.
21 Habermas (1989, 54).
22 Daniel Defoe (1714, 31-2). Alternatively, John Oldmixon (1714).
23 In as much as the actual public sphere was more open and less rational than Habermas’ idealized public sphere, it also means that the notion of public opinion used here differs slightly from that of Habermas.
The Whig-position was articulated by the prolific propagandist Benjamin Hoadly,\(^{24}\) who elaborated on the multiple disasters that should be expected in the event of a ministerial and parliamentary rearrangement. In *Thoughts of an Honest Tory* (1710), he writes in the voice of a self-confessional Tory who recognizes the damages his party was inflicting on the nation. His fictitious persona proclaims to have always supported the Tories and worked for a Tory majority, but that he is now “quite sick at the review of the Methods our Friends have used to gain this happy Prospect...” (4). He feared that the present party wars might inflict serious harm on England; not only would England be forced to accept an inglorious peace and a return of the Pretender, there was also a possibility that “the field of Election should become a field of Battle.” (12) He also warned that a continuation of the party conflict jeopardized the status of public credit at a very inopportune time. He queried ominously, “Is this a time for such a Total Alternation [in the ministry], as must shake the confidence of Friends, and inspire the Enemy with Hopes? Is this the Season for an entire change of Hands, when Publick Credit must be sunk into nothing, before the rest of Europe can have time to know whom they are to depend upon, and the people at home whom they are to trust?” (11).

Exploring the nature of credit and the importance of credit for England’s safety and prosperity in his next intervention, *Fears and Sentiments of all True Britains; With Respect to National Credit, Interest and Religion* (1710), Hoadly emphasized the potentially disastrous consequences of a meltdown in public credit. He argued that the most essential component of credit is trust in the prudence and responsibility of the borrower, which is built over time. “Publick Credit” he writes, is “like Private Reputation; obtained by a Series of good Conduct made up of a multitude of good Actions...” (7) History, however, is not the only component that dictates trust, the future also matters. Credit depends substantially on expectations of the future, which makes it unpredictable and precarious. Since expectations can never be firmly grounded in certainty or controlled by any authority, there is always a moment of anxiety associated with credit. The fact that the future dictates credit today also means that a mere suspicion of an unfavorable event is enough to cause a serious damage to credit. For Hoadly, the present prospects of an alteration in the ministry and a dissolution of Parliament exemplified how such “an ugly fear” (5) might sink public credit. Lambasting the Tories for jeopardizing public credit by scheming for a ministerial overhaul, Hoadly accused them for being opportunists who eagerly put their own political fortunes ahead of the nation’s interest. A greater sense of mutual responsibility amongst feuding political actors was necessary for all sides to be able to rely on the solidity of credit. While political parties could squabble about many things, they had to agree to treat credit as a national concern that transcended the pettiness of party politicking.\(^{25}\) The Tories ought to realize, he wrote, that a fall in public credit presents a double-blow to England. In a statement that resembles the old mercantilists’ zero-sum view of bullion flows, Hoadly claimed that the same dynamic governed the international distribution of credit. He claimed, “as the first raising our Credit to such a pitch, was the Entire ruine of the French King’s Credit;...” (7)

\(^{24}\) Biographical information. 

\(^{25}\) Pocock’s portrayal of the mutual responsibility required for credit to be upheld as a civic or Christian morality of investment and exchange (440), is a plausible description of Hoadly’s thinking.
so the *Death of ours* must necessarily give a *New Life to his.*” (5). The only reasonable solution to the present problems was therefore to allow Godolphin, who had built-up a solid reputation, to continue managing public credit.

Hoadly ended his pamphlet by reminding the Tory landed-interest to properly manage the national debt in the event that the October elections granted them a Parliamentary majority. He claimed that, if for no other reason, they should ultimately refrain from mismanaging or defaulting on the national debt ultimately in order to protect their own wealth. For if the government defaults on its debt and thus erases the property of the moneyed-interest, there should never be any surety in the minds of the landed-interest that the government will not seize their lands and estates. In that circumstance, he asks, “What can be secure? What can be a *Title,* or a *Right?* Or, what can become of *Property.*” (9) Even thought financial wealth is grounded in immaterial and abstract future-oriented notions – like trust, confidence, and reputation – it nevertheless carries, in Hoadly’s mind, the same legitimacy as the most real and concrete forms of property, such as land and estates. Consequently, if this form of property is violated it would constitute a full-on attack on the long-celebrated English ideals of property and liberty.

The responses to Hoadly’s dire warnings and accusations came quickly and with great conviction. The three most important authors to challenge Hoadly, were Simon Clement, Abel Boyer, and Daniel Defoe – all of whom enjoyed Harley’s patronage. Written under the direct supervision of Harley, Clement’s *Faults on Both Sides: Or, An Essay upon the Original Cause, Progress, and Mischevious Consequences of the Factions in this Nations* (1710) aimed at reconciling the two parties and ending their debilitating strife. The key to such a truce was that both parties recognized that faults had been committed by both sides and that they had to compromise their respective positions in the interest of the nation. To this effect, Clement commented on recent English political history through the lens of the Whig-Tory divide. This historical analysis culminated in a discussion of the contemporary challenges facing England, including a point by point refutation of Hoadly’s accusations.

On the issue of credit, Clement had much to say. First, he criticized the directors of the Bank of England for interfering with the Queen’s choice of ministry and thus acquiescing to become an instrument of party. While his criticism of the Whig Bank was harshly worded, he took great pains to flatter and praise the Directors of the Bank to avoid jeopardizing Harley’s continued relationship with them. Clement also addressed the threat of a *Loss of the City,* or that “a change of the Ministers will fall the Stocks, Foreigners will draw their Money out of our publick Funds, and both publick and private Credit will be ruin’d.” (39) To Clement, these were mere fabrications and empty speculations designed to “frighten ignorant and unthinking People.” (39) He nevertheless spent a great deal of effort to dispel the fears of such a loss. On the issue of falling stock prices, Clement revealed an understanding of how the public opinion influenced credit that differed from that of Hoadly. While Hoadly argued that expectations of the future formed in the public opinion were integral to the determination of securities prices, Clement claims that the only true measure of a stock’s value is its intrinsic value, which is determined by the size of the company’s capital stock, the success of its managers, and
its recent profits and losses. If stock prices increased beyond that which the fundamentals dictated, it could only be because of an increase in “imaginary wealth.” (??) By portraying the value generated by a favorable public opinion as fictitious, unreal, or imaginary, Clement recorded his disdain for the public opinion. This led him to dismiss the present fall in stock prices after the ousting of Godolphin as a mere adjustment in the imaginary valuation of the public or, even worse the result of the sordid dealings of the stock-jobbers.

The difference between Hoadly’s and Clement’s understanding of credit captures an important difference between the proponents of the new financial system and the more conservative Country-tradition. For Clement, the intrinsic value is the “true” value dictated by the fortunes of the company’s operations, while the imaginary value is based on unsubstantiated beliefs and conjectures. The latter is seen as dangerously precarious in that it is liable to speculation, rumors, manipulations, and lies. Hence, Clement views the abstract and immaterial component of financial assets with much greater suspicion than Hoadly. For him, only concrete, existing, and known assets have stable and dependable value. Hoadly, on the other hand, did not ascribe any particular normative qualities to expectations, but viewed them instead as a natural and unavoidable part of all credit instruments. Lurking beneath the surface of this debate about public opinion was a deeper controversy over political and economic authority. Was society still under the rational, skillful, and just leadership of the landed elites or had the control of society shifted to the commercial- or moneyed-interest? Even worse, was there a possibility that no one was in clear control of the economy, but that it was rather dictated by the amorphous and anarchic public opinion? Worst of all, had the loathsome stock-jobbers acquired the power to influence English society?

Clement also commented on the fear of a Loss of the City, dismissing the arguments one by one. First, if foreigners want to sell their English stocks and bonds, there would just be that many more bargains available for the English. Second, the fear that public credit would sink is highly unlikely considering that the moneyed-interest will always purchase government bonds as long as they are backed by good security and offer an adequate rate of return. Third, Clement also comments on the threat of a meltdown of private credit, which he believed was a red-herring as long as the private banks conducted their affairs with honesty and prudence. Lastly, he commented on Hoadly’s accusation that the new ministry considered using a spunge to wipe out the national debt. He equated the absurdity of this fear with that of the new ministry reversing the Glorious Revolution and bringing back the Pretender.

Clement’s Faults generated a series of responses, including the anonymous Whig author’s Faults in the Fault-Finder (1710) and A Supplement to Faults in the Fault-Finder (1711), Joseph Trapp’s Most Faults on One Side (1710), and Arthur Mainwaring’s articles in the newspaper The Medley. To address these concerns, Clement wrote a response titled A Vindication of the Faults on Both Sides, in which he explored the issue of public credit further. What emerges from this text is a continued anxiety about the fact that credit rests on expectations, opinion, and imagination. To combat this inherent fickleness, Clement proposed measures that would ground credit in something
more stable and secure. He focused specifically on the need to ensure that there is always good security backing debt instruments – private and public – and that stock prices are allowed to accurately reflect companies’ actual profits.

The next author in Harley’s propaganda group to contribute pamphlets on financial matters was the prolific journalist Abel Boyer. Boyer had sought Harley’s patronage in the past, but it was only in the autumn of 1710 that Harley invited him to write for his cause. In *An Essay Towards the History of the Last Ministry and Parliament* (1710), Boyer explored the centrality of credit to a modern state and economy. Without it, only a fraction of desired transactions would be carried out and the state would find itself unable to fulfill its most basic responsibilities. As such, “Credit is become the very Heart and Soul of all Trade and Commerce, either private or public.” (60) In fact, public credit had become so important that any efforts to undermine it should be considered high-treason.

In order to pinpoint the essential features of credit more accurately, he sketches a definition of credit. He claims that credit is “The Opinion or Confidence we have in another’s Ability, Honour, and Punctuality to Discharge or Pay a Debt.” (59) Public credit, in extension, is “the same Opinion or Confidence, with respect to the State or Government, founded on the Experience of its Ability, Honesty, and Punctuality.” (59)

Similar to Hoadly, Boyer recognizes that a mix of reputation and expectation dictates the status of credit. However, as opposed to being comfortable with the role played by public opinion as the arbiter of credit, he tried, like Clement, to ground credit in something more tangible and stable than expectations and opinion. He claimed, if the managers of public credit were men of honor, character, and manners, their deeply ingrained virtues would infuse credit with a greater sense of surety and constancy, which would ease the anxiety of the public opinion and therefore stabilize credit.

Next, he developed an argument to show that public credit never depends on one person alone and that the dismissal of Godolphin in favor of Harley could therefore not have generated the meltdown in credit. He proceeds to ask whether the public’s confidence resides with the state itself or with the specific individuals who are in charge of managing the fiscal apparatus. On the most basic level, the opinion about the state’s capacity to service its debt is dictated by the wealth of the nation and Parliament’s ability and willingness to channel it towards public credit. This suggested to Boyer that public credit depends primarily on Parliament as the responsible party behind the requisitioning of

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26 In addition to his discussion about the importance of prudence and probity in issuing debt instruments, he restated his views on the distinction between the intrinsic and imaginary values of stocks. He advised that “People ought never to value them [stocks] by the Rates they may go at in Exchange-Ally, but to inform themselves truly of the certain Sum that has been paid into the Stock, and of the Dividend that is constantly made, together with the probable Success of the Management.” (16) He heaps scorn over the perennial scapegoats, the stock-jobbers, claiming that they are the major culprit behind the fabrication of imaginary values.

27 Boyer described how “The Junta were indeed alarm’d at the Removal of the Earl of S____, but not entirely Daunted, and having recover’d spirit, they resolv’d to try new Expedients to support their tottering Power. In order to that, their Emissaries propagated a wild Notion, That the PUBLICK CREDIT of ENGLAND wholly depended on the late Lord Treasurer; and the Continuation of the last Parliament. . . “ (20).
funds to service the debt, and secondarily on the Queen, since she has the power to select “Able, Honest, and Faithful Officers in the Government of Treasury and the Exchequer.” (64) Hence, public credit depends on the configuration of state institutions and the character and propriety of those who manage it. This means that since credit does not depend on any one particular functionary of the state, there are no reasons why public credit should sink as a result of a ministerial change, as long as the new managers exhibit proper character and manners.

Yet, since prices of government securities had indeed fallen in the immediate aftermath of Godolphin’s dismissal, Boyer had to provide an alternative explanation. He argued that the nation’s finances had been compromised by Godolphin running up a staggering debt, that the head of the Exchequer had mismanaged the collection of taxes, that England’s foreign trade was overburdened by excessive duties, and that a negligent colonial administration had squandered lucrative trade opportunities. Sparked by the orchestrated sell-off of bonds and stocks by the Whigs, these factors contributed to a substantial instability in credit markets. He also blamed the precariousness and fickleness of credit itself for having been a factor in its own demise. He reminds his readers that even though the new officers of the Treasury may indeed have been honest, able, and punctual, what matters is “the Opinion or Confidence, we have that they are really Honest, Able, and Punctual.” (63) This lead Boyer to conclude that “the Excellency of Credit rests on a slippery Bottom, I mean, OPINION; which being Nice, Tender, and easily Affected and Byass’d, so Credit either rises or falls with it.” (63) Hence, in true Country fashion, Boyer here joins Clement in expressing concerns about the precariousness and unpredictability of public opinion. However, he seems to believe that this is just a momentary predicament and that once Harley and his administration were given a chance to prove themselves, public opinion would turn in their favor and credit would soon rise again.

In July of 1710, Harley had added yet another writer, Daniel Defoe, to his campaign, with whom he already had a long history. Defoe had previously written propaganda for Harley when he was a member of the Godolphin ministry, but when Harley was dismissed from the ministry in 1708, Defoe stayed on and continued working for Godolphin until the fall of the Junto was imminent. At this point, he asked Harley for his patronage, who was delighted to have such a prolific pen at his service. After a couple of months of tepid support, Defoe’s Review of the State of the British Nation increasingly took on a distinctly Harleyian bias and after a few months Defoe began producing pamphlets in support of Harley’s ideas and policies. In An Essay Upon Public Credit (1710), Defoe submitted one of the period’s most intriguing reflections on credit. While the central aim of this essay is to show, similar to Boyer, that public credit can never be lodged in any one particular person,28 the most fascinating feature of this pamphlet is Defoe’s reflections on the ontology of credit. He announces at the start,

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28 He uses the same basic argument as Boyer to show that public credit depends exclusively on Parliament and the Queen, which meant that the fall in credit is due to the “strange Suggestion” (24) that the newly elected Parliament and the Queen would decide to act in ways contrary to the preservation of public credit.
I am to speak of what all People are buise about, but not one in Forty understands: Every Man has a Concern in it, few know what it is, nor is it easy to define or describe it. If a Man goes about to explain it by Words, he rather struggles to lose himself in the Wood, than bring others out of it. It is best describ’d by it self; ‘tis like the Wind that blows where it lists, we hear the sound thereof, but hardly know whence it come, or whither it goes. (6)

Defoe views credit as a metaphysical phenomenon, the ontology of which we cannot access analytically. While we clearly recognize credit when we see it, we still cannot satisfactorily explain where it comes from and how it can exist. Defoe continues, "Like the Soul in the Body, it acts all Substance, yet is it self Immaterial; it gives Motion, yet it self cannot be said to Exist; it creates Forms, yet has it self no Form; it is neither Quantity or Quality; it has no Whereness, or Whenness, Scite, or Habit." (6) Realizing the impossibility of a deeper understanding of credit, Defoe resorts to seeking a more pragmatic knowledge based on its functions and accomplishments.

Defoe explored the roots of the current credit system, tracing it back to the scarcity of specie experienced when world commerce expanded. Because the amounts of gold and silver are fixed, when trade kept on growing there came a point when all desired transactions could no longer be carried out. To solve this, merchants allowed buyers to take possession of goods in return for a promise of payment in the future. Despite the obvious risks involved, merchants were willing to extend this favor as long as they could be convinced of the buyer’s “Integrity and Ability for Payment.” (9) According to Defoe, this was the first appearance of credit and it possessed all its mysterious qualities right from the start. He writes,

CREDIT is a Consequence, not a Cause; the Effect of a Substance, not a Substance; ‘tis the Sun-shine, not the Sun; the quickning SOMETHING, Call it what you will, that gives Life to Trade, gives Being to the Branches, and Moisture to the Root; ‘tis the Oil of the Wheel, the Marrow in the Bones, the Blood in the Veins, and the Spirits in the Heart of all the Negoce, Trade, Cash, and Commerce in the World. (9)

Here he combines discourses of metaphysics, natural philosophy, mechanics, medicine, and even invites the readers to provide their own metaphors for the “quickning SOMETHING, Call it what you will.” While this confusing mix of metaphors highlights the essential role of credit in society, it does not pretend to contribute towards a more precise definition of credit. The point of this segment, it seems, is instead to establish that even though the phenomena of credit escapes human intelligibility, it should be apparent to everyone that credit is absolutely integral to a modern society and should therefore be treated as such.
Having established that credit is capable of generating great benefits to a modern commercial society, Defoe proceeds to investigate under what conditions credit flourishes. The simple answer is *universal probity*. For Defoe, credit grows steadily as long as people commit themselves to “fair and upright Dealing, punctual Compliance, honourable Performance of Contracts and Covenants. . . “ (9) All the ingenuity in the world can not conjure up credit in the absence of probity, and all the money in the world will not raise credit in the absence of honesty and punctuality. Moreover, where there is probity and justice, all other barriers to establishing trust and credit are superseded. He exemplifies this by asking, “How do we Trade among the *Turks*, and Trust the *Mahometans*, one of whose Doctrines, in the *Alchoran*, is, not to keep Faith with Christians?” Defoe answers that “They have obtain’d it by a just, punctual, and honourable Practice in Trade, and you Credit them without Scruple; nay, rather than a Christian.” (13) In singling out probity as the universal and exclusive criteria for trust and credit, Defoe reiterates his main point that public credit is not tied to specific ministers, but can be raised by any able and prudent person. After all, he insists, if an Englishman can trust a prudent Muslim, it should not be that difficult for the English to trust one of their own. Hence, similar to Boyer, Defoe believed that if people of honor, probity, and character are put in charge of the Treasury and Exchequer, the instability of credit might be drastically reduced.

Defoe’s treatment of credit was far from universally admired. In the Whig periodical *The Medley*, Arthur Mainwaring put forth a biting critique of Defoe’s ideas, the vehemence of which was likely sparked by Defoe’s recent betrayal of the Whig side. Mainwaring ridiculed Defoe’s pronouncements that he would clear up the conceptual issues surrounding credit and suggested that he instead led his readers into a maze of obfuscations and confusion. He sardonically states, “what a Scholar he is, where he speaks of something that is *neither Quantity or Quality, has no Whereness, or Whenness, Scite or Habit*. There’s Philosophy for you, Sir.” He then provides a point-by-point satirical commentary on Defoe’s essay, leading up to his conclusion that Defoe failed so miserably in his argument that he actually ends up undermining Harley. Mainwaring criticizes Defoe’s overstated claim that all of the responsibility for public credit rests exclusively on Parliament and the Queen, thus removing all the blame from the managers themselves and making it largely irrelevant who serves in this capacity. In Mainwaring’s eyes, this argument is a strikingly lukewarm endorsement of Harley.

A month later, Mainwaring commented on the Tory claim that credit depends on no particular person. The absurdity of this proposition was made manifest during the autumn, he claimed, when the Exchequer Bills dropped below par. These securities had previously been impeccably managed by people of great reputation, but now that these managers were removed the resulting anxiety led the public to shift their wealth elsewhere. Mainwaring concluded that since “Interest being the most impatient, as well as the most timorous thing in nature,” uncertainty, regardless of cause, will always make money change location. Mainwaring also addressed Clement’s argument about *imaginary value*; that even if people are willing to pay £136 for a share, it might still only be worth

29 October 5, 1710, p. 5.
£100. He dismissed this notion as a complete misunderstanding of the very nature of credit, which is to create value beyond that which is immediately present.

Defoe’s prolific pen also contributed a sequel to his much read treatment of public credit. In *An Essay upon Loans*, he follows Clement in showing the absurdity of the Whig threat that the moneyed-interests would refuse to invest in government funds and therefore sink public credit, all because of a loyalty to the former ministry. To predict this outcome is the same as saying that “Nature will cease [and] Men of Money will abstain from being Men loving to get Money.” (16) He assured his readers that as long as Parliament secures its loans with a stable revenue flow, no party strife or religious disagreement would keep investors from buying the bonds issued by the government.

Around the same time that Defoe published his pamphlets on public credit and loans, he carried on a running commentary on credit in the *Review*, using the imagery of *Lady Credit*, which he had developed a few years earlier. He introduced Lady Credit as the younger sister of money, who can effectively take money’s place in trade, “as long as her Sister constantly and punctually relieves her.” (17) He attributes a set of female gender stereotypes to her personality; she is temperamental, coy, fickle, prone to hysteria, but also beautiful, charming, and capable of great wonders. If she has once been badly treated by a suitor, it takes a long time for her to return. Or, as he puts it, recovering lost credit “is almost as Difficult as to restore Virginity, or to make a W___re an Honest Woman.” (19) Not even powerful figures, like Kings or Parliaments, can force or bribe her to make an appearance. The best way to ensure that she comes around is to pretend that she is not desired, but once she has arrived she must be constantly attended to with flattery and praise.

Defoe used Lady Credit’s lack of reason, surety, and tractability to depict the opinion and imagination of the public. Just like a stereotypical woman, public opinion was fickle, precarious, and emotional, making it impossible to predict and understand. In discussing Lady Credit, Pocock notes that her impressions were always filtered through her imagination. Not only, he writes, ”were the data on which opinion was formed at least

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31 Defoe felt that he had not sufficiently clarified how public credit was related to public borrowing in his earlier essay. So in *An Essay Upon Loans*, he remedies this by showing that “Credit without Loan is a Beautiful Flower, fair to the Eye, fragrant to the Smell, ornamental to the Plot of Ground it grows in; but yielding neither Fruit nor Seed, neither Profit to the Possessor of it, by making due Advantage of its Produce, or Benefit to Posterity, by Propagation of its Species.” While credit without loans was wasted potential, the contrary situation of loans without credit was a lost cause. He writes, “Loans without Credit are like the Labouring Plow-man upon Barren Soil, who Works, Cultivates, Sweats, and Toils, but to no purpose, all the Fruit of his Labour ends in Sterility and Abortion.” (4)
32 While *Lady Credit* allowed Defoe to develop a sustained imagery of credit, the *Review* also contained descriptions that resembled the indeterminate ontology of credit put forth in *An Essay Upon Publick Credit*. For example, he writes that credit “seems to have a distinct Essence from all the Phaenomena in Nature: it is in it self the lightest and most volatile Body in the World, moveable beyond the Swiftness of Lightning; the greatest Alchymist could never fix its mercury, or find out its Quality; it is neither a Soul or a Body; it is neither visible or invisible; . . . A perfect free Agent acting by Wheels and Springs absolutely undiscover’d.” (122). For a full discussion of *Lady Credit*, see Brown (1991, 95-131) and Sherman (1996, 40-54).
partly imaginary, but even those well founded in concrete reality figured to the imagination . . . as feature of a mobile. . . universe in which every object was potentially a source of either profits or loss, a subject of both hope and fear.” (457) The key problem was that it was often unclear whether Lady Credit would interpret something as a sign of hope or a cause for fear, leading to a great deal of indeterminacy. Anything was possible, or as Defoe exclaimed: “Great is the Power of Imagination.”

Lady Credit had been exuberantly happy during the last decade under the guidance of Godolphin. Defoe describes how she “was always Smiling and Pleased, Gay and in Humour – Her walk was daily between the Bank and the Exchequer, and between the Exchange and the Treasury; she went always Unveil’d, dress’d like a Bride; innumerable where her Attendants, and a general Joy shew’d itself upon the Faces of all People, when they saw her.” (226) More recently, however, due to the intensification of the rivalry between parties, her temper had worsened and it was generally feared that she may experience one of her dreaded epileptic seizures. Unfortunately, her fate was far worse than just the falling-sickness. In the August 10\textsuperscript{th} issue of \textit{The Review}, Defoe explains how in the dismissal of Godolphin, Lady Credit lost her “best Friend, that ever she had in this Nation; a Friend that had restor’d her Languishing Condition many a time, when she was a Deaths Door.” (230) Defoe further describes how she “is deeply sensible of the Loss, she is almost inconsolable for the Disaster, and how it will go with her.” (230) Everywhere Defoe wandered in his fictitious journey, people mourned the impeding death of Lady Credit. He visited the Bank, Exchange-Alley, and the Exchequer, and found the same desperately somber mood. The only people to express a certain joy at the news of the Lady parting from her best friend were the Tories, who were responsible for engineering the ministerial shift. But even they felt a mounting uneasiness about what they had done and started to worry about the consequences of their actions. Defoe recounted that he gave them little consolation and told them: “if she did die, they had Murther’d her.” (230)

In addition to blaming the Tories for the impending death of credit, Defoe added to the insult by clamning that they had no one in their camp who could save her. This statement took on an added significance in light of the Queen’s announcement on that very same day of five new commissioners to the Treasury, among which Harley was appointed as the Chancellor. Defoe’s lack of public support of Harley was a sign of just how much public resistance Harley had to overcome.\textsuperscript{34} Not even his own hired scribblers wholeheartedly embraced him in public because they feared that by appearing unrealistically partisan they might risk losing all their credibility. Two weeks later, however, Defoe started to sound more approving of the recent changes. While he still paid tribute to Godolphin – “I could be content to spend a whole Page in his Praise” (14) – his message and tone were now more supportive of Harley. Nevertheless, as Mainwaring pointed out, Defoe’s defense of Harley remained unconvincing and failed to prove that the ministerial changes were categorically favorable to Lady Credit.

\textsuperscript{33} It is also conceivable that Harley tried to keep his patronage of Defoe secret for some time and thus instructed him to withhold his full support.
The various conceptualizations of credit employed in these debates did not constitute simple dyadic oppositions or antitheses. While there had previously been a more obvious cleavage between Tory and Whig finance, when the former still advocated for a land-bank, their present visions and understanding shared many basic assumptions. They agreed that credit was based most fundamentally on reputation for prudence and probity, solid revenue flows earmarked for the service of loans, and favorable expectations of the future. Where they differed most markedly was in their views on the role that imagination and opinion play in dictating credit and, in extension, its power of influencing the political, social, and economic order. The landed-interests were always most comfortable with land as the basis for order and authority, as it ensured that nature reigned in the excesses of commerce and that the moral virtues of the landed-men ensured a responsible political authority. While the landed-interest were anxious about their decreasing political and economic power resulting from Parliament’s increasing authority and the merchants’ expanding wealth, they increasingly acknowledged that trade and mobile property had the capacity to contribute substantially and favorably to the political and economic order, as well as provide a solid security for public credit. However, both the landed and commercial elites were increasingly uncomfortable with the instability and unpredictability of credit. This included an intense disdain for the corruptive influence of the perennial scapegoats, the stock-jobbers, but also a discomfort with the amorphous and not-quite-real public opinion. Public opinion was responsible for making credit fickle, precarious, and, most importantly, uncontrollable. The fact that the public opinion was comprised of such a vast number of people, drawn from almost all segments of society, made it intractable to any authority. Not only did the investing public, which in itself included people from all walks of life, constitute an important part of the public opinion, but everyone active in the public sphere mattered, including people of all different classes, professions, educations, nationalities, religious convictions, political persuasions, as well as gender. The only way to begin influencing this heterogeneous audience was to address them via print in hopes of generating a favorable discussion in the public sphere that would then lift public credit. This was the challenge that Harley faced when launching his solution to the crisis in public credit.

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While the debate raged on in the public sphere, Harley was struggling to ensure that Hoadly and the rest of his detractors were proven wrong. He was able to keep credit afloat, if only through temporary measures, by appealing to the Bank for short term loans. These loans served as mere palliatives and Harley knew that he had to pursue more radical solutions. In October of 1710, Harley began exchanging ideas with two members of the controversial Sword Blade Bank, John Blunt and George Caswell, about an ambitious scheme that would engraft the entire unsecured floating national debt into the capital stock of a new joint-stock trading company. The shares of the company would be exchanged for the outstanding government bonds, on account of the prospective dividend and capital gains. This conversion would eliminate, Blunt argued in a letter to Harley, the burden of the national debt and, in so doing, wipe off “entirely that unjust reproach which

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35 Pocock accurately points out that “the Augustan debate did not oppose agrarian to entrepreneurial interests, the manor to the market” (448), nor was there a simple antithesis between “land and credit” (449).
ill men so industriously spread of the danger of the public funds and credit, but also must encourage all persons to lend their money the more freely...” (Hill, 412). This was a brilliantly clever proposal, according to Caswell, who wrote to Harley that it would “promote the retrieving publick credit and give great honour to those in the Administration who shall appear zealous for its execution...” (Sperling, 4). It would not be the first time that such a financial technique was used. In 1697, the Bank of England engrafted some £800,000 depreciated short-term outstanding government bonds. These bonds were incorporated into the capital stock of the bank by offering its holders stocks in the bank in return. The Bank carried out another such engraftment in 1709, when it expanded its capital stock and exchanged shares for £1,775,028 of discounted Exchequer bills. The Sword Blade Bank also engaged in a similar scheme in 1702, when it took in £200,000 of discounted army debentures in exchange for shares in the company.37

Harley had now settled on the general outline of what he hoped would become a swift and convenient solution to the nation’s most pressing challenge. During the course of the autumn of 1710, he convinced the Queen of the importance of relieving the nation’s unfunded debt. In November during her first address to the newly elected Parliament,38 she chose to highlight this problem and impelled the members to act quickly on finding a workable solution. She proclaimed “that the Navy, and other offices, are burdened with heavy debts, which so far affect the public service that I must earnestly desire you to find some way to answer these demands and to prevent the like for time to come.”39 Finding a solution to the ailing public credit had now been elevated to the highest priority, but it still had to be worked out from where the new company would obtain the revenues that could be used to service the reconstruction of the unfunded debt. Harley still had some thinking to do before he could announce his panacea.

After months of teetering on the brink of disaster, the ailing trust and confidence in financial markets finally took a turn for the better in December of 1710. Ironically, it was the announcement of England’s defeat to Spain at Brihuega that provided the long-sought medicament. The reason why a military defeat could calm financial markets was because it put an end, at least for the moment, to the Whig strategy of No Peace without Spain and thus eliminated a serious cause of friction between the directors of the Bank and Harley. A more convivial relationship emerged, facilitating the stabilization of the Exchequer

36 This letter was a continuation of a previous correspondence in which Blunt provided a more detail account of his proposal. Unfortunately, this letter has not been recovered by posterity.
37 They used this capital as a launching pad for their entry into the banking world. Despite the Bank’s monopoly on banking services, the Sword Blade Bank discounted bills and issued notes. After a public debate in 1708 about the future of England’s banking, the Sword Blade Bank was formally barred from engaging in banking activities. Considering the South Sea Company’s close association with the Sword Blade Bank, the Bank of England was concerned that the company constituted another attempt at challenging their monopoly. For this reason, the Bank forced the company to insert a provision in its charter that prevented it from engaging in any banking activities. Dickson (1967, 62ff) and Sperling (1962, 4-5).
38 The October elections were a resounding success for the Tories. The previous Whig majority of nearly hundred seats was replaced by a Tory majority of nearly 200 seats.
39 Quoted in Carswell, 41.
bills and the renewal of the Bank’s discounting of foreign bills of exchange.\footnote{In a proposal to get the Bank to resume these activities it was noted that the “discounting Foreign and Inland Bills proved very advantageous not only to Trade, but also to the Publick Credit; for it embolden’d Persons to engage largely both in Trade and the Funds.” Also, the Bank had the capacity of “creating a new Species of Mony” by accepting Exchequer Bills at par (\textit{A Scheme for Circulating 1,600,000 l. in Exchequer Bills.}, . . . (1711)).} A further sign of credit’s recovery came in March, when a Bank organized lottery-loan was oversubscribed on its first day. The proceeds of £1.5 million were used to alleviate the most pressing claims on the various military departments, ensuring that the military machinery was able to properly prepare for the summer campaigns. Considering the ailing conditions of public credit that had prevailed just a couple of months before, the success of the lottery loan was a significant show of health and a sign that the moneyed-interests had decided to put aside their political affinities in favor of their economic interest, just as Clement and Defoe had predicted. The lottery loan’s offer of a two-and-a-half percentage point higher interest rate than recently issued government bonds was enough to sway the moneyed-interest.\footnote{Hill (1971).}

Everyone was not convinced by the apparent recovery of credit. Defoe remained cautious and once again employed the allegory of Lady Credit to voice his concerns. Writing in \textit{The Review} in February of 1711, he describes how he came across “POOR CREDIT! Sunk and dejected, sighing and walking alone; I met her t’other Day in the Fields, I hardly knew her, she was so lean, so pale; look’d so sickly, so faint, and was so meanly dress’d.” (534) She told him that she had decided to leave England and go to France where she was hoping to encounter a more conducive atmosphere. She was resentful of the treatment she had received in England, in particular considering all the great gifts she had bestowed on them. She complained that “now my Face is Threatened to be wash’d with a Spunge; for which of all my Bounties have I deserv’d these Things?” (535) What frightened her most was that property rights may no longer be safe in England. Similar to the concern voiced by Hoadly a couple of months earlier, Defoe was suggesting that a default on the national debt constituted a massive violation of the laws of private property, which would undoubtedly lead to a complete societal break-down. Defoe tried as best as he could to assure her that the present Parliament, ministry, and Queen understood the situation well and that property would be secured as long as the Pretender was not invited back to impose a rule of absolutist tyranny.

Defoe was soon joined by the leading Whig-periodical, \textit{The Spectator}, in providing dire warnings that public credit was presently at great risk because the recently elected Tory majority was allegedly entertaining the possibility of returning the Pretender to the throne. On March 3, Joseph Addison recounts a vision from one of his dreams in which Lady Credit appeared at the Bank of England. She was pictured as a “beautiful Virgin, seated on a Throne of Gold,” with the halls around here “covered with such Acts of Parliament as had been made for the Establishment of Publick Funds.” (19) She frequently looked at these Acts to reassure herself that her health and safety were in good hands. However, as soon as the news of even the least threatening event reached her, she turned nervous and fidgety. Attributing a similar set of gender stereotypes to Lady Credit
as Defoe, Addison describes how she was emotionally unstable and easily prone to hysteria. At a moment's notice, “she would fall away from the most florid Complexion, and the most healthful State of Body, and wither into a Skeleton.” (20) Addison recalls how the doors of the great hall flew open and in walked a threatening group of ghosts, the most hideous and frightening being the Pretender. To the great despair of Lady Credit, he had “a Sword in his right Hand, which... he often brandished at the Act of Settlement; and a Citizen, who stood by me, whispered in my Ear, that he saw a Spunge in his left Hand.” (21) This ghostly display was too much for the Lady’s delicate disposition and she promptly fainted.

Both Defoe and Addison expressed sincere trepidations about the stability of public credit and pointed to the return of the Pretender as a great threat. To Harley, this was a most welcomed, or perhaps even scripted, development. Since neither the Review, nor the Spectator, focused on him as a burden on public credit, he had now gained some valuable room to maneuver. This breathing room, combined with the success of the lottery loan, suggested to Harley that the time was now ripe for him to go public with his proposal.42 The formal announcement was delayed, however, by an unfortunate incident in which Harley was stabbed by Marquis de Guiscard, alternatively described as a French adventurer, spy, and refugee. The wounds inflicted by the Frenchman’s penknife would ordinarily not have been life-threatening, but because of prior health concerns Harley experienced some serious complications. During his recovery, his supporters took advantage of the favorable public sentiment and published a series of uncontested propaganda pamphlets.43 Defoe, for example, provided his thus far strongest endorsement of Harley in A Spectators Address to the Whigs, on the Occasion of the Stabbing Mr. Harley (1711). He claimed that recent developments had shown that Harley had not only saved the nation from the Junto’s mismanagement, but that he alone had the capacity to mediate successfully between extremes in party politics and church affairs. He also deserved praise for his vigorous prosecution of the war against the Great Enemy, as well as for how “His Management restores Credit, confirms past Funds, raises New, banishes the Peoples Jealousies about the Spunge; raises Money in spight of Pretences of being Exhausted.” (11) Given these accomplishments, only Jacobites, papists, and supporters of French tyranny could oppose Harley. This propaganda campaign was extraordinarily successful, paving the way for Harley to emerge back on the political scene stronger than ever. The timing was now perfect for his grand announcement. So finally, on May 2, he presented to the House of Commons his plan for the resolution of the nation’s public credit crisis: the South Sea Company. A bill was introduced to the House of Commons on May 17th and read for a second time the following day. The bill passed both houses and received Royal assent on June 12. The charter was eventually received on September 8, 1711.

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42 Sperling reports that Harley brought up the idea of the South Sea Company to the House of Commons on March 7, 1711.
43 Swift even charged the Whigs with having plotted to have Harley assassinated by Guiscard. The Examiner, 29 March 1711.
The South Sea Company, or *The Company of the Merchants of Great Britain Trading to the South Seas and other parts of America and for the Encouraging the Fishery*, was chartered for two purposes: to relieve the ailing public credit and to serve Britain’s trading interests in Spanish America. The outstanding obligations considered the most pressing were the debentures issued by the Navy, Army, Ordinance, and Transportation departments. To rid the market of these heavily discounted bonds, Harley offered the bond holders to exchange their bonds for shares in the South Sea Company. The company was given the right to create a capital stock of £9,471,325, which was the exact sum of the outstanding debt that the company was designed to absorb. The Treasury committed itself to paying a 6% annuity to the company, amounting to £568,279 per year, in addition to a yearly £8,000 management fee. This scheme provided obvious benefits to the Treasury. By incorporating these unsecured, short-term, high-interest, heavily discounted debentures into the capital stock of the company, the Treasury was able to greatly reduce the drain on its coffers. The liabilities were transformed into a long-term debt that in reality never had to be paid off and the effective interest rate paid by the Treasury was greatly reduced. Add to this a vastly simplified administration of these liabilities, and the scheme becomes all the more beneficial to the government. If successful, these features ensured that the burden of the national debt would be lifted and that the Treasury once again would be able to raise new funds.

The greatest challenge was to make the investors interested in participating in this scheme. Shares with £100 face-value were offered in exchange for £100 debentures, trading around a 35% discount, but it was not enough to motivate investors to make the swap. In order for people to give up their debentures that in some instances promised to pay interest far beyond the 6% maximum they could expect to receive as annual dividends from the company, they had to be offered an additional incentive. To this end, Harley assigned the company a potentially lucrative revenue source that he hoped would spark the imagination of the investors and make them anticipate great profits and accompanying dividends and capital gains. This way, investors would face a choice between the debentures, which were likely to continue declining in value, and the South Sea Company shares, which had the prospect of appreciating over time. Harley decided to give the South Sea Company a monopoly on the British trade to Spanish America – from the Orinoco River down to Tierra del Fuego and up along the entire western coastline of the Americas. The jewel of this trading privilege was the Assiento, which conferred the right to carry African slaves to Spanish ports, as well as opportunities to

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44 While the charter clarified that 1% of the capital stock would be dedicated towards fishing, there is no evidence that the company actually undertook any fishing expeditions during its first decade in existence.

45 The navy debt was by far the largest portion, amounted to £5,130,539.

46 The Charter spells out that the tallies and debentures exchanged for stocks “shall be Deemed and Called the Common Capital and Principal Stock of the said Company; and all Person concern’d to have a Share in the Annuity or Fund, in Proportion to their Stock, and to become Members of the Company, and be Admitted without Fee or Charge.” (1-2).

47 *Abstract of the Charter* (1711, 1). In order to pay the 6% annuity, the House of Lords passed a bill that extended the duties on wine, vinegar, tobacco, and East India goods, as well as wrought silks and whale-fins, initially passed to finance the war against France. (Anno 9 Anne, c.21, p. 203).

48 That is, £100 face-value shares were exchanged for £100 face-value debentures, that were currently trading around £65-70.

49 This contract did not include Portuguese territory, nor Surinam, which was controlled by the Dutch.
sell British goods, legally and illegally, in this vast colonial market. While the Assiento contract was currently in the hands of the French, Harley fully expected that England would be able to acquire this privilege in the peace treaty that would put an end to the War of Spanish Succession.

The ingeniousness of the South Sea Company lay in the funding of the debt. Instead of just earmarking additional taxes to service the debt, Harley provided the company with a source of revenue that, while not providing any guarantees, carried the promise and prospect of great gains. The scheme was popular with the landed-interests who would not be forced to pay additional taxes on their land to service the debt. Furthermore, those in favor of a British Oceanic empire based on commerce and naval strength were also in favor of the company. The greatest ingenuity of the scheme, however, was that it appealed to the general public’s imagination of rapid financial gains and vast trading riches in the Atlantic world. As seen in the previous chapter, this was an era of projectors and instant fortunes. It was also a moment in which the fascination with the distant and the exotic ran high. The South Seas, in particular, had for a long time held a special place in the English imagination, dating all the way back to the Elizabethan Seadogs’ forays into the Spanish empire. Adventurers like Drake, Hawkins, and Cavendish pursued the vast fortunes in the distant South Seas and ruthlessly scavenged ships and port towns to find them – their heroic efforts carefully chronicled and glorified by Richard Hakluyt. The second half of the seventeenth century, starting with the colonization of Jamaica, witnessed a gradually increased presence of England in the West-Indies, with plantation economies and more regular trade links – mostly illegal – with Spanish America. As the balance of power in the Atlantic world continued to shift in England’s favor, both the state and the merchants were increasingly frustrated not to have direct access to the vast South American markets and mines. Merchants could, of course, trade their woolens, manufactures, and dried fish in Seville and Cadiz, but the delays, taxes, and extra middlemen involved in this roundabout trade substantially reduced profits. Alternatively they could also seek to smuggle goods into the Spanish domain, but the volume of such trade would always fall short of that imagined with open access.

In response to the increased interest in South America, numerous proposals for a more systematic English trade surfaced, starting with William Patterson’s attempt to interest James II in the establishment of a colonial trading entrepôt on the isthmus of Darien. Paterson also pursued William III, before managing to convince the Scots to take on this ill-fated expedition. Plans were also well underway during William’s reign to charter a company to trade to Spanish America. The monarch was apparently “extremely well pleas’d with the Project,” but the legislative session in which the proposal was to be

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50 A fascination with the distant and exotic permeated the literary world around the turn of the eighteenth-century. Examples of authors playing on the public’s imagination of far away places and different social and political worlds include two of the protagonists in Harley’s propaganda group, Daniel Defoe (e.g. *Robinson Crusoe*) and Jonathan Swift (e.g. *Gulliver’s Travels*).
51 Williams (1997).
52 Morgan (1929, 18).
53 According to a letter written much later, Defoe proclaimed that he had introduced the idea of an English trading company to William.
54 Moll (1711, 212).
considered ran out of time and then the project was temporarily shelved after the death of William. Interest in the South Seas recovered quickly and reached a new level after 1702, partly because of the Darien disaster and partly because of France’s acquisition of the Assiento.\footnote{Elizabeth Donnan suggests that the French control of the Assiento may even have “helped to push England along the road toward [the War of Spanish Succession].” (1930, 421).} Not only did this give the French control over the lucrative slave trade, but it also gave them better access to the vast South American market, as a weakened Spanish navy was unable to prevent the French from trading freely, in particular to ports in Chile and Peru.\footnote{For example, between 1705-7, 37 ships left France for South America (Williams 1997, 135).} These trading voyages generated lavish profits, reportedly reaching as high as five-thousand percent.\footnote{William Funnell quoted in Williams (1997, 137).} An English merchant jealously attested that the French “go frequently to all the Spanish ports in the West Indies under pretense of carrying niggers, etc., according to their agreement, and at the same time introduce their and other commodities and return the proceed to France.”\footnote{Quoted in Morgan (1929, 19).} England unleashed its navy on the French in order to keep them from enjoying the benefits of the Assiento, policing the region around Cartagena and trying to cut off the French slave trade in Africa. The idea was to prevent the French from delivering “the quantity of negroes contracted for, and their Asiento must break the first year and then the Spaniards will be glad to take them of the English.”\footnote{Quoted in Morgan (1929, 21).} As part of the general strategy to attack enemy trade and supply lines, England tried to encourage additional privateers to engage the enemy by passing a law that allowed privateers to keep the entire prize after a successful raid.

Once England began to score some decisive victories and it looked like they would be able to force France and Spain to agree to significant trade concessions, additional proposals for how England should increase its commerce with Spanish America appeared. For example, in 1706 John Le Wright told of a suitable colony for England not far from Darien. He claimed that this area had been donated to the English government by the local Prince, Sachem Dego, in gratitude for England saving the villagers from certain massacre by the Spanish. The location of this village was ideal; it was close to ports in both the Pacific and the Atlantic, and it was only twelve miles from a gold mine. If a colony were settled in this location, increased trade with both the West and East Indies, combined with access to the mine, would enrich the crown, augment the circulation of coin in England, and supply East India merchants with much needed specie. To undertake this colonization, Le Wright proposed that the Queen should grant the right to a joint-stock corporation to outfit seven ships with 1,000 soldiers and 2,000 sailors. This corporation would initially operate as a privateering venture and be allowed to attack the enemies’ settlements in America and use the booty to build an emporium in the colony.\footnote{Quoted in Morgan (1929, 21).}

In another proposal for enlarging England’s trade to Spanish America, written in 1707, an anonymous author proposes that it is in the interest of England, as well as Spain, for trade to Spanish America to be opened up to all nations.\footnote{John Le Wright (1706).} Free trade would be most beneficial
to English industry and commerce because England produced more goods suitable for the American market than its main Atlantic competitors. Free-trade would also be in the interest of the Spanish, who would be supplied with all conceivable commodities at competitive prices, while still remaining in full control of all their mines. Opening up trade would also make sense to Spain from a security point of view, as the other European nations would now have a vested interest in keeping the Spanish empire from falling into the hands of any one invading power, a weakness the recent French encroachment had exposed. Consequently English peace negotiators had to insist on the elimination of all French fortifications in Spanish America as a pre-requisite for the free-trade proposal to work.

Once traffic was opened up, the author suggested that the English trade ought be conducted by a newly chartered joint-stock company, similar in size to the East India Company. The author also called for the establishment of a colony around Darien to serve as a trading entrepot for both the West and East Indies trades. By strengthening this trade, prosperity would return to England and “that languishing Lady [Credit]” (3) would return to Exchange-Alley. The author also mentions the slave trade, but proposes that this trade should be given as compensation to the traders in the Leeward Islands, who might otherwise feel squeezed by the presence of this new gigantic trading company.

Other writers argued that the slave trade must be at the very center of Britain’s trade to Spanish America. In a pamphlet with the descriptive title Proposals for Raising a New Company, for carrying on the Trades of Africa, and the Spanish West-Indies, under the Title of the united Company (1709), it is suggested that a newly chartered company should join forces with the Royal African Company and carry out Britain’s trade to both Africa and Spanish America. By joining these trading spheres, it would strengthen the ailing African company at the same time that it would ensure that Britain would be able to profitably carry out the Assiento. It should be apparent to all interested parties “what vast Advantage to the Nation the keeping to our selves the Asciento may be” and that it will ensure “a perpetual Supply of Gold, Silver, and other useful Commodities; and by them, procure the Balance of Trade on our side. . .” (5)

As these pamphlets reveal, the idea of charting a company to conduct England’s trade to Spanish America was not entirely new, neither was England’s interest in obtaining the Assiento. However, England only began negotiating in earnest for the contract in 1707, when James Stanhope was sent as a minister to Spain. While he obtained some trading concessions, he was unable to secure the Assiento.62 It was not until May of 1711 that the English and the French agreed on the basic commercial parameters of the Peace treaty. All indications confirmed that England would obtain the Assiento – Defoe, for example, proclaimed in a letter to Harley that “the Assiento will be Naturally the Companys”63 – but more diplomacy was needed to work out the specifics, leading Harley to send Matthew Prior to Paris in July. After a couple of months, these negotiations bore fruit and France agreed in principle to give England the Assiento once the final peace agreement was reached. While the details of the contract still had to be worked out with Spain, the

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62 Donnan (1930, 421).
63 Healey (1955, 340).
key for the company was that the necessary trading rights had now been established, ensuring that the primary revenue source backing the company’s securities was now in place.  

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Harley’s unique attempt to utilize the public’s imagination of vast profits available in the Atlantic world for the improvement of public credit was well-received from the very beginning. Soon after the announcement of the company, the Queen knighted Harley as Earl of Oxford and Earl Mortimer and five days later appointed him as the new Lord Treasurer. The public also embraced Harley’s plan, showing immediate interest in converting their bonds as soon as the subscription book opened in June. Writing just weeks after the subscriptions began, Herman Moll reported that £2 million had already been subscribed and that only a temporary stop to the conversion to tend to some administrative details slowed down the pace. He noted that the public was so impatiently interested in the scheme “that ‘tis not doubted but much the greater Part, if not the whole Sum of the 9471325 l. will be subscribed.” Moll surmised correctly. Within a couple of months, two-thirds of the capital stock had been subscribed and by the end of the year nearly the entire outstanding debt had been converted. Defoe marveled at this accomplishment. He wrote, “the Bringing so great an Undertaking so near Perfection, in so short a Time, may well be reckon’ed among the Wonders of Her Majesty’s glorious Reign.” The steady increase in the company’s share price served as a further testament to the scheme’s favorable reception by the public. Quoted daily in the papers along with the East India Company and the Bank of England, the South Sea stock began trading in September around £65, reflecting the heavy discount on the converted debentures. The stock quickly appreciated during the autumn, reaching £81 by mid-November. This twenty-five percent increase in just two months was a stunning success by any imaginable standard and suggests that Harley had succeeded in piquing the public’s imagination of great colonial riches. Harley had managed to launch a venture that would raise nearly eight times as much credit as the Bank of England’s initial public offer

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64 Donnan (1930, 422).
65 According to the Abstract of the Charter (1711, 1), subscription books were opened up on June 27 and by the end of July, £3,405,559 had been subscribed. By the end of the year £9,177,968 had been subscribed (Sperling 1962, 25).
66 A True Account of the Design, and Advantages of the South-Sea Trade (1711, 37).
67 Sperling (1962) curiously belittles the extent to which the public embraced the South Sea Company. Instead of recognizing the Queen’s and the investors’ approbation of the scheme, he suggests that the slight, in his mind, increase in the stock value during the autumn was entirely due to the fact that the previously unsecured loans were now guaranteed a 6% annuity from the Treasury and that the “profits from trade had properly been discounted at nil” (16). This assessment is compatible with the rest of Sperling’s treatment, which seems motivated by an attempt to show that the company was a fraud from the very beginning. Many historians subscribe to Sperling’s assessment of the company’s early years. For example, John Carswell (1960) proclaims that the scheme “was from the first a sham” (47), B.W. Hill (1971) suggests that the company’s trading interest was a mere “façade” (409). Moore (1953) also contributed to the ex post facto view of the SSC as an inherently corrupt entity. William Morgan (1929) is one of the few commentators who viewed the company’s early years in a favorable manner. Had it not been for the out-of-control financial manipulations during the bubble years, Harley “might perchance have ranked beside Godolphin, the younger Pitt, Peel and Gladstone as one of England’s great finance minister” (38).
in 1694. As such, the South Sea Company figured as a central force in the financial revolution, expanding the scale and transforming the configuration of public finance.

In subscribing the company’s capital stock, investors granted the company a vast amount of credit on the basis of their trust in the company’s management and their expectations of spectacular profits from the colonial trade, in particular the slave trade. This meant that future values anticipated from the colonial trade was transmitted to the present and encapsulated in the company’s shares, which in turn were used to swap for military debentures that were valued based on anticipated interest payments from the government. Value was in this manner transmitted from the sphere of commerce to the sphere of public finance, from South America to London, and from the future to the present. These abstract transmissions were essentially mental manipulations moving values across different realms, geographies, and temporal moments. As such, credit accomplished the most stunning, almost magical, alteration of time and space, leaving little wonder that contemporaries were intrigued and mesmerized by the magnificent transformations brought about by credit. Seen from this light, Defoe appears less coy and elusive, and instead rather suitably enigmatic when claiming that credit “acts all Substance, yet is it self Immaterial; it gives Motion, yet it self cannot be said to Exist; it creates Forms, yet has itself no Form.”

Harley’s scheme answered many of the concerns that had surfaced in the debates leading up to the launch of the company. Public credit was now, first and foremost, assigned a solid revenue source as security. The lucrative trading rights, combined with the guaranteed annuity from the Treasury convinced the investment community that the conversion was a safe and potentially rewarding transaction. The South Sea Company furthermore addressed the issue of whether public credit rests on one person or the entire government. In fact, the scheme removed most of the discretionary power from the Treasury, leaving it with only the responsibility of paying the fixed yearly annuity. The management of the revenues securing the scheme now rested with the South Sea Company’s directors, a group of merchants, financiers, manufacturers, and politicians, most of which had Tory leanings. By putting Harley in charge of the Treasury and inviting Tories to manage the SSC, the faction who had maintained the greatest sense of skepticism about the inherent precariousness of credit now felt more at ease since men of honor, character, and probity were in charge of public credit. The scheme also appealed to the landed-interest, in that the primary revenue source came from commerce, which eased the pressures on further land taxation. Next, the scheme served to strengthen the Navy – an ongoing Tory concern – by eliminating its debt and by giving it further responsibilities in the Atlantic. Harley’s scheme also addressed, in a roundabout way,

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68 James Bateman, Theodore Janssen, and James Dolliffe were ex-directors of the Bank of England, and Matthew Decker and Samuel Shepheard were ex-directors of the East India Company. Robert Benson was the current Chancellor of the Exchequer. Ambrose Crowley was a major industrialist and the following names were prominent City men: Edward Gibbon, Richard Hoare, John Lambert, Samuel Ongley, Francis Stratford, and Thomas Vernon. Additionally, Harley assigned John Blunt, Charles Blunt, George Caswall, Jacob Sawbridge, and Benjamin Todman – all affiliated with the Sword Blade Bank – to the Court. Sperling (1962, 6). In order to signal the Tory affiliation of the company, Harley named himself first Governor of the company and James Bateman, who had been Heathcote’s opponent on the Bank of England’s Court of Directors, was made the Sub-Governor. Hill (1971, 410).
Defoe’s and Addison’s fear of the Pretender’s return. By encroaching on the French trade to Spanish America, the company interfered with France’s ability to finance its military with gold from the Americas and thus reduced the likelihood that the French would be strong enough to force England to accept the Pretender back on the throne. Harley was also careful to appease the East India Company and the Bank of England, which he did by inserting a provision in the charter that prevented it from infringing on the financial activities of the Bank and the trading areas of the East India Company. He was also careful to make sure that these other two companies would not be able to infiltrate the SSC, making it illegal for a South Sea director to serve on the boards of either of the other companies. Lastly, since Harley was firmly aware that credit rests on the public’s sentiments and imagination, he paid careful attention to the public opinion. As will be shown below, Harley continued to strategically wield his propaganda apparatus to sway the market opinion in the company’s favor. Since the South Sea Company relied entirely on the public opinion’s anticipation of future profits, Harley appears to have transcended the Country-inspired suspicion of expectations and future-oriented values, what Clement called imaginary values. Instead Harley was fully at ease with the modern notion of finance, in which the future determines the present. In fact, Harley’s scheme upheld all contemporary notions of sound public finance, suggesting once again, that there is little merit to the claim that Harley’s solution was ill-conceived and bound for failure from the start.

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The debate about public credit in the public sphere accelerated after the launch of the SSC. Parliament, coffee-houses, Exchange-Alley, and pleasure gardens were buzzing with controversy spurred on by the rapid circulation of pamphlets, newspapers, broadsides, and ballads. Propaganda was employed by both sides to create, influence, and transform the all-important public opinion, hoping not only to dictate the market place but also influence parliamentary decisions. While the opposition tried to infuse a virus-like anxiety about the company’s prospects, the supporters tirelessly pointed to the virtues of the scheme. One of the first to announce his endorsement of the company was Defoe. The day after Harley made his proposal to Parliament in May of 1711, Defoe wrote in A Letter to a Member of Parliament, on the Resolution of the House to Settle a Trade from Great Britain to the South-Sea of America, that “Mr. Harley’s Proposal, of providing effectually for the payment of the Publick Debts of the Nation, and of Establishing a Trade to the South-Sea of America, hath fill’d the Hearts of all good Subjects with Joy. . . .” (4) Brimming with optimism, he continued, “The Provisions made for the Payment of the National Debts cannot but produce a lasting Credit; And an Establishment of a South-Sea Trade, must tend exceedingly to the good of all Degrees and Ranks of Men amongst us: The Poor will be more employ’d in Manufactures, the product of the Estates of our landed Men will become more valuable, and the Trading part of the Nation will be greatly encourag’d.” (4-5) Defoe’s celebration of the company’s trading prospects continued in Reasons to Encourage A Trade from Great Britain, to the Countrys situate in the South-Seas of America. Exploring the multiple benefits to England of opening up a regular trade to South America, he focused particularly on the need to prevent the French from expanding their commercial presence
and giving them access to the world’s “only inexhaustible Fountain” of gold and silver. Defoe warns that while the Spanish, “from their Slothful Temper, and from their innate Pride, or from an inaptness to Manufactures, have not had the Advantages that they might have had, by the Possession of those Treasures. . . “ (9), France might make better use of these treasures, furthering their dangerous quest for universal monarchy. It was therefore “high Time for Great Britain, for its Safety and its Interest, to vie with France in this Matter, before it be too late” (10). By associating the success of the company with England’s national security, he tried to forge a conceptual link between patriotism and a favorable perception of the company.

Herman Moll, in his ambitious tract *A View of the Coasts, Countries, and Islands within the Limits of the South Sea Company*, also celebrated the ingenuity of the scheme. In synthesizing the available knowledge of the region’s climate, geography, natural resources, and natives, he carefully described the commercial advantages awaiting the company. First on Moll’s list of benefits was the prospect of taking control of the exports of British manufactures. This trade had earlier been organized out of Cadiz, with Spanish merchants enjoying a monopoly on the carrying trade to South America. But now, with an English trade open to the region, profits as high as three- to four thousand percent might realistically be expected. Moll also explored and listed the extensive array of exotic goods that England would be able to import. Not only would this enable a more sophisticated consumption at home, but it would also stimulate England’s re-export trade. Amongst the commodities that England gained access to were gold and silver. Moll believed that England would be able to find even greater treasures of gold and silver than the Spanish, as the persistently mistreated natives had kept the most spectacular mines hidden from the Spaniards. The most promising feature of this scheme, however, was that England would gain access to the South American slave trade. Moll suggested that “the greatest Trade, and the most beneficial the English ever had with the Spaniards on the Continent, was for Negroes. . .” (211), but the volume of traffic had always been limited by the difficulties associated with smuggling. But now, with this trade open to the English, extraordinary profits would soon begin to accumulate. Hence, Moll sought to inform and educate the public about the tremendous opportunities available to the company, as well as all the benefits that the nation would enjoy. Similar to Defoe, Moll tried to link the success of the company with the prosperity of the nation, thus hoping that the public opinion would realize the importance of supporting the company.

Jonathan Swift also joined in the celebration of the company. In the June 7, 1711, issue of the *Examiner*, he not only praised Harley for having rescued the Exchequer Bills, which “have been generally reckon’d the surest and most sacred of all Securities,” he also

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69 Similar to Defoe, another supportive voice was anonymously published in *Some Observations Upon a Late Pamphlet* (1711), praising Harley for having successfully secured the long-term health of public credit by giving the company trading privileges to the South Seas – “one of the most profitable Trades in the whole World” (10). There was not doubt in the author’s mind that this trade would be lucrative, as the French had already begun to show. He described how “the vast Profit made by the French, since they have had the Trade open to the South-Sea, has caus’d a sort of Longing in all our Merchants to taste of the same Advantages.” (10)
thanked him for finding a way to secure the skyrocketing national debt. He described Harley as a “great Person, whose Thoughts are perpetually employ’d, and always with Success, on the good of his Country” and predicted that “in all probability, if duly executed” the South Sea Company would “be of mighty Advantage to the Kingdon, and an everlasting Honour to the present Parliament.”

The praise in the pamphlets and newspapers was augmented by another important voice in the struggle over the public opinion, the balladeers. Particularly popular during social and political upheavals, the Ballads had a presence on all levels of society, entertaining the literate elites and serving the illiterate or quasi-literate third of the population with news, information, and political commentary. Ballads were performed in open and public spaces, like taverns, inns, alehouses, fairs, and, even coffeehouses. In some instances, the ballads were also printed on cheap paper and pinned on the walls of these establishments or distributed as broadside ballads – often accompanied by illustrations. While the tune was often familiar, the lyrics were often playfully altered during the performance to incorporate the most recent political developments and commentary. The SSC was a frequent protagonist in these ballad lyrics, some celebrating its prospects and many more satirizing its existence.

An example of a ballad that contributed to the glorification of the South Sea Company was *An Excellent New Song, call’d, An End to our Sorrows* (1711). Here, Queen Anne was extolled for firing the Whig Junto – or clan – and passing the reigns to Harley,

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Sing Praise to our Grac’ous Queen Anne,
Who Quietly sits on Her Throne;
Having well got rid of a Clan,
That too Saucily Wise were grown.

Which was a Just Cause to discard ‘m
And lodg the whole Power in One.
Heav’n, doubtless, will justly Reward him,
If he Finishes as h’ has begun.
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The ballad proceeds to commend Harley for engineering his ingenious debt-for-equity swap and for tying it to such a promising trade. Harley is also praised for having the

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70 Ellis (1985, 465-8).
71 Adam Fox points out that “the practice of inventing ballads and songs in order to ridicule and shame a rival or adversary was one well-known at all social levels.” (57) Hence, this cultural form “defied the crude dichotomies implied by the labels ‘élite’ and ‘popular’” (57). Contrary to the earlier broadside ballad aimed at the trading, artisan, and working classes, Dugaw argues that the ballads about the SSC and the subsequent bubble “catered to buyers from a higher social level who, hearing the songs in a theatrical or coffeehouse performance, would buy the sheets to sing and hear the songs again accompanied by their own viols, keyboards, and flutes.” (1998, 44). For more on the traditional broadside ballad, see Shepard (1962) and Würzbach (1990).
72 Since laws against libel were still enforced, many balladeers sought to protect themselves by only transmitting their songs orally (Fox 58). The libel laws provided pamphleteers with another reason to also write ballads.
presence of mind to offer a high-enough interest rate – nine or ten rather than the previous six – on the new lottery loans to secure the requisite funding for the navy.

His Capacity’s greater by far, than
Any Statesman that e’er went before him;
Having paid a vast Debt to a Farthing
Without Money, for which we adore him.

He’ll Silver in Plenty bring home,
By the Trade fix’d in the South-Sea;
Which, if it to any thing come,
No doubt it will something be.

Our Credit was once at a stand;
But now ‘tis Restor’d again;
Since Nine or Ten does command
What with Six was endeavour’d in vain.

The ballad Oxford and Mortimer’s Vindication (1711) also applauded Harley’s fiscal ingenuity. No longer dependent exclusively on the Bank of England, the ministry had now acquired an alternative way to restore public credit and thus ensure a well-funded navy.

Our Trade in the South-Seas will bring us in Gain,
Most pleasing unto the Nation;
And what still add Glory to th’ auspicious Reign,
‘Twill better our Navigation.

Our Sea-men, where-ever they be, do not fear
Their Pay, for Pay they don’t grumble;
And when the starv’d Squadrons of Lewis appear,
To fight the French Dogs they don’t mumble.

The author insisted that Harley’s mechanism for improving public credit relied on its own sound intrinsic qualities, reducing the state’s dependence on the villains of Exchange-Alley.

Our National Debts will be all clear’d in Time,
Without going to any Stock-Jobbers,
Who not only here, but in a different Clime,
Are look’d on worser than Robbers.

Unsurprisingly, Harley’s scheme did not escape attacks. The Whig opposition promptly joined the debate with vigor and venom, trying to undermine the public’s approbation of the scheme. The broadside, Some Queries, Which being Nicely Answered may tend very much to the Encouragement of the South-Sea Company, and to forwarding that Laudable
Undertaking to our greater Satisfaction (1711), attacked both the financial and commercial basis of the company. The author queries “Whether giving a Fund of Interest upon the Debt, and then subjecting the whole to a Hazardous and Unlikely Adventure may be properly called securing Our Debts? Or whether it may not more properly be called a putting us into a regular Course of losing both Principal and Interest?” Continuing to heap suspicion over the prospect of trading to the South Seas, he writes, “Whether Erecting a Company, and Appointing a Stock to Trade to a Place actually in Possession of Our Enemies, and of which we see no Prospect of Dispossessing them, does not Enorporate the Proprietors into the Spectators Worthy Society of Castle-Builders?” To underscore just how absurd and unrealistic the scheme was, he added, “Whether a Voyage to the South-Sea (where neither Friends or Enemies will Trade with us either now or hereafter) and a Voyage to the World in the Moon, are not founded upon the same Phænomena of Probabilities?”

Having challenged the notion that a British trade to the South Sea, as presently organized, could be successful, he went on to question the manner by which debt-holders were compelled to enter the scheme. He asked, “Whether obliging People to subscribe to this Stock, or else not admitting them to share the Security given others for their Debt, is not as much a Force as a High-way Man demanding Money with a Pistol in his Hand, seeing he does not take it by Force, but only tells you what your Condition may be if you refuse it?” The fact that the bond holders were not allowed to enjoy the secured six-percent interest payment without also participating in the trading venture was an imposition that violated the long-celebrated “Liberties and Properties of Englishmen.” Using the same strategy as Harley’s writers, the opposition appealed to the public’s patriotism and national pride. Hence, not only was the company unlikely to succeed, they argued, but it also jeopardized the very foundation of Englishness.

The broadside concludes by questioning the respectability and honor of two figures who inspired the scheme, John Blunt and William Patterson. Criticizing the financial side of the company, he refers to Blunt when asking “Whether any thing better could be expected from the Projects of a Stock-Jobber, and a know Cheat, than a Scheme liable to so much Fraud that no honest man cares to be concern’d in it?” Although Patterson only had a marginal association with the South Sea Company, sending a few letters of praise to Harley, the author sought to vilify the scheme by associating it with Patterson’s previous failures at Darien. He suggested that it was an absurd notion that this known cheat should be allowed “to play the same deceitful Game over again, and bubble the whole Nation with his Chimeras a second time?”

The onslaught against the company was particularly vehement in the ballads. In An Excellent New Song, call’d Credit Restor’d (1711), the prolific Whig-writer Arthur Mainwaring sardonically praised the company’s idea to use its trade as a security for the conversion of bonds to stocks. Mockingly, he begins:

All Britons rejoice at this Turn of the State,  
Which rescu’d from Plunder the Nation;  
From this happy Year you for every may date
Of Credit the Restoration.

After blaming Harley for favoring the landed-interest at the expense of national security, he too criticized the conversion scheme for only appearing voluntary on the surface. He also suggested that the company’s directors – here represented by Shepeard, Blunt, and More – were corrupt to the core and would manipulate the accounting books so that the scheme would always appear profitable.

Next, open to all a Subscription-Book stood,
In which if some Fools would not enter,
The Statesmen not only propos’d what was good,
But they likewise compel’d them to venture.

And such fair Accounts the Subscribers will see,
That surely there can be no losing;
For Shepheard and Blunt the Directors shall be,
With More of her Majesty’s chusing.

After a couple of stanzas in which Mainwaring accuses Harley’s scheme of ultimately being an attempt to restore the Pretender to the throne, he suggests that while the South Sea trade may benefit a small number of individuals, its trading prospects were not significant enough to warrant its £10 million capital stock. Far from providing a solution, the scheme would only contribute further to the sinking of credit.

For the Seamen may gain, in the South-Sea Trade,
Their Pay, since so rudely they crave it:
And who can complain that a Debt is unpaid,
When the Lubbards for fetching may have it?

Thus our Debts being clear’d from the fruitful South-Seas
In Wealth we shall daily grow stronger:
Tho Stock-Jobbing fails, why dismay’d should we be,
Since we want to be trusted no longer?

Mainwaring further attacked the company’s financial features in The South-Sea Whim. Referring to the cuckolded investors as “South-Sea Cullies”, he suggested that sailors, bond-holders, and tallies were joined together like slave and forced to serve their master.

We are a wretched motly Crew,
More various than the Weather,
Made up of Debtors old and new,
Jumbled and tack’d together;
Tars, Soldiers, Merchants, Transports, Tallies,
Chain’d in a row like Slaves in Gallies.
While the investors had initially lent their money to the government to furnish ships, guns, food, and beer to the nation’s navy, they were now stuck with shares in a precarious trade.

And we poor Grasiers of the Plain,
    Who serv’d them Pork and Beef,
Must take hard Words instead of Gain,
    And Charters for Relief;
For sound good Meat without a Hogo,
    They give us Bills on Ter’ del Feugo.

The bondholders were further violated by no longer receiving their originally contracted interest payments and instead finding themselves at the mercy of the notoriously corrupt SSC director John Blunt. He writes, “Our Wages stop’d without Account,/ The Crew is all turn’d o’er to B_____t.” Similar to his other interventions, Mainwaring warned the public that it was in the process of being defrauded and that they therefore should stay as far away from the company as possible. He concluded the ballad by calling for a mutiny amongst the stock-holders:

But come, my Lads, together stand,
    Let’s suffer this no more:
Shall we that on the Seas command,
    Be bully’d thus on shore?
No, no, my Boys, pull th’ Helm a-Lee,

And heave the Rouges into the Sea.

Mainwaring submitted another salvo against Harley, the peace negotiations, and the company in *An Excellent New Song, call’d, Mat’s Peace, or the Downfall of Trade*. Viewing Matthew Prior’s negotiations with the French as treasonous, Mainwaring argued that not only would such a peace prevent Britain from severing France’s control over Spain, the treaty also left France in a position of military and economic strength. This meant that all of Marlborough’s victories had been in vain and England had dishonorably betrayed its continental allies. In addition to the geopolitical impact, the peace treaty also had disastrous economic effects, both on credit and commerce:

Our Stocks were high, and our Credit so good,
    (I mean all the while our late Ministry stood)
That Foreigners hither their Mony did send,
    And Bankers abroad took a pleasure to lend.
But tho all the Service was duly supply’d,
    And nought was *embezzl’d* or *misapply’d*;
By all that wise Management what shall we gain,
    If now at the last we must give up Spain,
    If now we must give up Spain?
Mainwaring went on to attack Defoe and others who believed that England would be able to establish a profitable trade as long as it was able to settle a few fortified trading outposts in the region. To Mainwaring, the only way that England could benefit from this trade was if France were removed from political control over Spain and barred from continuing their trade to the South Seas.

By giving up Spain, we give up all our Trade:  
In vain would they tell us a Treaty is made  
For yielding us Forts in the distant South-Sea,  
To manage our Traffick with Safety and Ease.  
   No Lyes are too gross for such impudent Fellows,  
Of Forts in the Moon as well they might tell us;  
Since France at her pleasure may take them again,  
If now at the last we must give up Spain,  
If now we must give up Spain?

Fearing that the public opinion would be swayed by these accusations, Defoe addressed the bulk of these criticisms in two pamphlets, defending the financial features in *The True State of the Case between the Government and the Creditors of the Navy, &c; As it Relates to the South-Sea-Trade* (1711) and the commercial aspects in *A True Account of the Design, and Advantages of the South-Sea Trade* (1711). He began *The True State* by stating that “either the South-Sea-Trade as now projected and offered, is a Disease upon the Nation, or the temper with which, and manner how we receive it is a Disease.” (3) Diagnosing the disease to reside in the public’s reception of the scheme, he suggested that it has now grown so severe that it threatens the health of the entire nation and might “prove Mortal to that Life of the Nation our Credit.” (3) Defoe began by outlining the dire situation facing the ministry when it assumed power. He suggested that the debt was grievous to the creditors, who had little prospect of being paid and could only sell their debentures at an intolerable discount, to the government, which had no means of raising the money, to public credit in general, as it tarnished all other debts, to the public peace, as the sufferers were becoming increasingly clamorous, and to the political stability, as the debt was used as a lever to unseat the current administration. (4-5) The ministry therefore had to find a swift solution to this problem, which they did, Defoe explains, by establishing a fund to pay an annual six percent interest on these debts and by attaching the privileges of trading to the South Seas and establishing a royal fishery.

But this did not satisfy the critics of the company, who “found it absolutely necessary to blast its reputation” (7), Defoe lamented. He focused primarily on attacks aimed at the provision in the charter that gave the Directors of the company the right to require shareholders to pay in additional money, proportional to their share in the company, not to exceed ten percent, to finance the launch of the company’s trade. He viewed this as a particularly telling moment of the pettiness of the opposition. Defoe acknowledged that no one was allowed to benefit from the six percent annual payment without also becoming part of the trading enterprise, which meant that in a sense the trading benefits were indeed forced upon the stock-holders. He admitted that in general it is not appropriate to have a benefit forced upon anyone; “Sugar-plums are never Thrust down...
Childrens Throats, but put into their Hands, as what there is no fear but they will gladly accept; Pills and bitter Draughts indeed require some Art or Force to compel or oblige them to swallow.” (8) According to Defoe, it was the malevolent Whig-writers who had created the illusion of corruption and “insinuated among the Creditors, that this was some snare, that the Government made some advantage by the Proposal, and that the thing might be of ill Consequence to them: by this they gain’d their wicked purpose, alarm’d the People, made them Jealous, Uneasy, and ten times more Clamorous than they were before.” (10) This attempt at influencing the public opinion ought simply to be discounted for what it really was, a nefarious opportunism to sink credit in order to force a political shift. Defoe tried to calm the public by reassuring them that since the government was fully intent on seriously pursuing the trade to the South Seas, a trade that promised to increase “the Wealth, Strength, and Trade of the Nation” (9), there was no reason to doubt that the company’s prospects were anything but favorable. Additionally, it was only reasonable to demand that a group who had benefited so greatly by the acts of the government “should make this small return in Gratitude to the Government (viz.) to subscribe, (not to Give but only Hazard) Ten Pound per Cent of their Money upon such a Trade. . .” (9) The stockholders had nothing to lose from venturing into this scheme; either the trade came to nothing, in which case they were still better off because of the guaranteed six percent interest payment, or the trade would flourish and they would be enriched further by dividends and a rising stock price.

Having addressed the concern that the South Sea scheme forced the trade onto the stockholders, Defoe moved on to rebut the charge that the company’s trading privileges were worthless in A True Account of the Design. He praised the “Project, formed with great Wisdom and Publick Spirit by the Prime Minister, for Incorporating the Proprietors of the said Debts to carry on a Trade to the South-Seas: Whereby a further Advantage will, in all Probability, accrue to the said Proprietors, and, through their Means, to the Whole Nation.” (5) After highlighting that the company provided the best protection against France’s expansionism, he went on to detail the “infinite Advantages” (19) that could be expected from this trade. He prophesized that the trade itself will grow to such an extent that it will more than pay for the war against France, greatly encourage England’s shipping, and provide a strong stimulus to the British manufacturing industry, in particular iron and woolens. Multiple beneficiaries stood to gain, ranging from the poor, who would be able to find employment, to the landed-interest, whose land would increase in value. In addition to supporting the North American colonies, the slave trade would also benefit from a booming South Sea commerce. In particular, Defoe thought that the South Sea trade would provide the ailing Royal African Company with a much needed

73 Defoe points out that when the company is fully formed it “will have the largest Stock of any Trading-Company in the World; and therefore will be best able, with a Small Contribution of each Proprietor; the concurrent Assistance of the National Shipping and Land-Forces, and other Advantages that shall be Specified in their Charter, to dislodge the French from the Spanish West-Indies; or, at least, to make Settlements there; and carry on a Trade most beneficial to the said Corporation, and to the whole British Nation.” (10).
74 Defoe appends a long list of English manufactured commodities that could be exported at great gains to South America.
boost by affording them “an Opportunity of Vending great Numbers of Negroes to the Spaniards. . .” (20).  

These obvious advantages, Defoe argued, easily outweighed any of the challenges listed by the opposition. On the charge that England’s trade would come to nothing because they would not be able to dislodge the French from their holdings in the South Seas, Defoe assured his readers that England had accomplished far greater victories against the French during the last twenty years; newly settled French colonies would not be a match for the English navy. Regarding the anticipated resistance by the Spaniards, Defoe suggested that the English should settle in areas Spain had yet to populate and that they therefore would not interfere with the Spanish trade. In fact, Spain’s trade would benefit from the English presence, since England has the capacity to supply “them with what they stand most in need of, for that Purpose, viz. Negroes; which we may easily do, with no small Advantage to our selves. . .” (30).

The debate about the company’s trading prospects increasingly centered on the issue of whether England would be able to establish a fortified stronghold in Spanish America. Attention was therefore directed to the drawn-out peace negotiations with France and Spain. Critics of the company were trying to take advantage of the already mounting opposition to the peace treaty. Again, by associating the company with anti-patriotic, even Jacobite, interests, the opposition hoped to turn the public opinion against the company. Arguing that a peace treaty with France was premature; England could force much greater concessions on the war-fatigued and impoverished French by continuing to pursue the war with full vigor. Also, by agreeing to a peace now, England would betray the Grand Alliance’s chief end, which was to prevent the House of Bourbon from gaining control over Spain, which effectively meant that France would be able to control Spain and trade freely in New Spain. Worst of all were the unfortunate commercial consequences of a dishonorable peace. In A Letter to a Member of the October-Club (1711), attributed to Francis Hare, the alarm sounded,  

That the French King by having the Direction of Spain, will deprive us of our whole Mediterranean Trade, prohibit the Importation of our Manufactures thither, and the Exportation of their unwrought Wool to us; that He will hinder our annual Supplies of Bullion from Spain and the Spanish Indies, and from Portugal and Brazile; that he will take from us the most valuable Branch of our African Trade, which serves the Spaniards with Negroes, and makes Returns in Bullion; that by giving up Spain, we shall lose every Year three Millions and an half, which is our present Annual Income by Trade, and would be a Million more if the House of Austria had the Monarchy entire. . . (16)

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75 Defoe also added that, the South Sea Company would be able to carry on a prosperous trade with the pirates and buccaneers operating in the South Seas. While the East India Company had prevented the South Sea Company from trading to Madagascar, the pirate stronghold, Defoe saw no obstacles to the company taking advantage of favorable bargains offered by these “villains of the world” in the South Seas.
Mainwaring continued the Whig-attack on the peace negotiations in Remarks Upon the Present Negotiations of Peace Begun between Britain and France (1711), by questioning whether the ministry was fully committed to England’s national security. Viewing the corrupt design of the company’s trading rights as an exemplification of this betrayal, he asked whether “any Man seriously believe that the French and Spaniards will give us lasting Settlements in the South-Sea?” (25) In his mind, it was only foolishness to believe that the French king would honor his promise to allow England fortified ports and unhindered trade. And, even if England would be able to establish a port from which they could carry out their “imaginary Traffick” (25), it would likely prove no more beneficial than the Darien venture. As to the English pipe-dream of having direct access to gold and silver mines, Mainwaring dismissed such prospects as ultimately being contrary to their own interest, as it “only destroy our Industry, and makes us such a lazy Generation as the Spaniards.” (26) Hence, England would be better off by aiming for free trade to the South Seas, but considering how the peace negotiations were progressing, this outcome was highly unlikely. This led Mainwaring to conclude that the South Sea Company was a mere sham. As an alternative, he advocated for a resumption of all lands granted as favors by the Crown since 1689, which would not only strike a blow at the landed-interests, but would also raise enough money to take care of the unsecured debt.76

One of Harley’s most recent additions to his propaganda team, Jonathan Swift, entered the record in defense of the peace treaty in The Conduct of the Allies, and of the Late Ministry, in Beginning and Carrying on the Present War (1711). Declaring that the Whigs had no ground to stand on in their criticism of Harley and that they offered no further arguments “than what we find in their Ballads” (Preface), he argued that England must put a prompt end to a war that was wrongfully conceived from the start. Having little to gain from entering the continental theater of war as a principal participant, England should instead have maintained a force of 40,000 men in Flanders to protect the Dutch and then allocated the rest of its resources to obstruct the returns of American gold and silver to Spain and France. In true Tory fashion, Swift argued that England ought to be a maritime power and that it had no business squandering its resources on continental campaigns. While England had been pursuing their errant strategy for the last decade, “France hath been wisely engrossing all the Trade to Peru, going directly with their Ships to Lima, and other Ports, and there receiving Ingots of Gold and Silver for French Goods of little Value; which, beside the mighty Advantage to their Nation at present, may divert Channel of that Trade for the future, so beneficial to us, who used to receive annually such vast Sums at Cadiz, for our Goods sent thence to the Spanish West-Indies.” (31)

Swift then examined the special interests behind this flawed military strategy. He found that it was “the Monied Men; such as had raised vast Sums by Trading with Stocks and Funds, and Lending upon great Interest and Præmiums; whose perpetual Harvest is War, and whose beneficial way of Traffick must very much decline by a Peace.” (60) He also pointed out that much of the misinformation circulating in the public sphere originated with these moneyed-men and the public should therefore not “mistake the Eccho of a London Coffee-House for the Voice of the Kingdom.” (78) To Swift, the moneyed-men

76 The Medley, March 19, 1711.
functioned as mere parasites on the landed-men, as all credit raised on funds was in the end paid off with proceeds from the land – land and malt taxes. As such, the real rationale, in his mind, behind the war was to enrich the moneyed-men at the expense of the landed interest; “We have been fighting to raise the Wealth and Grandeur of a particular Family; to enrich Usurers and Stock-jobbers; and to cultivate the pernicious Designs of a Faction, by destroying the Landed-Interest.” (87)

Defoe joined this exchange with Armageddon: Or, the Necessity of Carrying on the War, If such a Peace cannot be Obtained as may Render Europe safe, and Trade secure, trying to ease the tension between Tories and Whigs. In defending the Whigs against the charge that they advocated perpetual war, he showed that they actually have more to gain from peace. Not only would commerce recover, but so would credit – the two facets that concern the moneyed-men most. He then went on to defend the Tories by showing that the peace treaty presently negotiated by the ministry was indeed an honorable settlement. It would not constitute a breach of the Alliance, as the British negotiators were pursuing the interest of all allies, nor would it leave Spain in the hands of France, as the French King would be forced to commit to a treaty that prevented the kingdoms of France and Spain from ever being ruled by the same monarch.

Trying to further defuse the controversy surrounding the peace negotiations in Reasons why this Nation should put a Speedy end to this Expensive War (1711), Defoe proclaimed that it actually made little or no difference to England who rules Spain, as long as England maintains a fortified presence in the South Seas. In the event that Charles became the King of Spain, England would be able to hold on to any territory that they seized before the peace was signed (which would have necessitated a major British campaign to South America), while if Philip V were given the Spanish throne, England must insist on being granted four ports in Chili and Peru and the privilege to trade freely to any other port in Spanish America and to Old Spain. (46-47). Hence, the SSC would be able to flourish regardless of whether the House of Bourbon or the House of Austria ruled Spain.

This discussion was similar to that which Defoe carried on in his Review during the summer of 1711.77 In a running commentary stretching over twelve issues, Defoe explores the details of the South American trade and reiterates the need for England to gain a foothold in this region. Defoe considered two different strategies for England. One path was to try to establish free trade in the area. This, however, was an absolute impossibility; “To think of the Spaniards giving Consent to a Peace, upon Condition that the English shall have FREE TRADE to New Spain; is just as if England should make Peace with France, upon Condition that the French should come over hither, and lie with our Wives.” He continued, “New Spain is the Spouse of the Old Spain, and they will no more prostrate her to be debauch’d in Trade by us, than they, the most Jealous People in the World, should allow us to come to Bed to their Wives.” (197-8) Instead, Defoe argued

77 Defoe also sent a letter to Harley in July of 1711, in which he proposed one settlement in Chile and one in Argentina. This, he wrongly believed, would allow British traders to cross the continent conveniently and swiftly (7-8 days) and shorten the trip back to England. Defoe reported that he had sent a similar proposal to King William, who received it favorably.
that England should try to establish a number of fortified ports in the South Seas in areas that were left empty by the Spaniards. While the French and the Spanish will try to root out the English, Defoe firmly believed that the English were strong enough to resist such attempts and that the costs involved in defending these ports will be more than offset by a flourishing trade (203). 78

Unwilling to let go of the peace controversy as a way to move the public opinion against the company, the anonymous Letter from an Exchange Broker to a Country Gentleman, Concerning Peace and South-Sea Stock features a stock-broker assuring his client that the ministry would never agree to a peace that jeopardized the company’s future. Written as a sardonic reply to Defoe’s Reasons why this Nation, the country gentleman who had previously invested in the SSC expressed concerns that peace settlement discussed by Defoe would leave Spain under the influence of France and that this would prevent any meaningful presence of England in the South Seas. The exchange broker expressed his surprise “that so serious a thinking Man as you are, should be alarm’d with the trifling Reports of our Hackney Writers.” He continued, “Do you doubt that the Ministry has anything more at heart. . . than the Success of this Company, for which they have done so much?” (7) He then told of a meeting with Charles Blunt in Exchange Alley, in which he was assured him that Defoe was not representing the opinion of the ministry and that no such peace was forthcoming. Here the discredited Blunt is giving advice to a member of the universally disdained stock-jobbers about the future of the ministry – a parody of credibility and trustworthiness. The author concludes by letting the stock broker pronounce, once again, that the ministry would only consider a peace that secure the company’s trading prospect; “otherwise I would as soon advise any Friend to put his Mony into the Town-House of Paris, as into the South-Sea Company; which would certainly prove a most fatal Decoy to Great Britain, and make our late Posterity wish that the National Debt of Honour had never been turn’d into such a Parliamentary Security.” (14).

Further Whig-parodies of Harley, the peace negotiations, and the South Sea Company were voiced in the ballads. In A Ballad to the Tune of the Windsor Minuet (1711), a warning was sent to Queen Anne about the political, religious, and financial scheming of Harley or, as he was frequently nicknamed, Robin:

Madam take care,
   For Robin gulls you,
       And lulls you
   Asleep, you’ll be betray’d,
   He is a Rouge, a Rouge in grain,

78 Another supportive voice of the company’s trading privileges was published in The Considerable Advantages of a South-Sea Trade to our English Nation (1711). This anonymous author also noted that since the French presence in New Spain constituted a serious threat to English national security, England had to rapidly establish a trade to the region. Fortunately, the author believed, England was in a better position to supply the region with commodities; its manufacturing better developed and its extensive shipping industry would allow the English to undersell the French. If England could establish a free trade to New Spain, there was no end to the benefits that would follow. The key, however, was for England to settle a number of fortified colonies in carefully considered locations.
That will do any thing for Gain.

The author instructs the Queen to get rid of Harley and her new chambermaid and bring back the Duke and Duchess of Marlborough, as well as Godolphin. Only under such circumstances can the nation’s credit be restored, the protestant succession ensured, England’s colonial trading be improved, and victory over Louis XIV guaranteed. Referring to Harley and the Queen’s new chambermaid, the ballad proclaims:

Hang them both up,
    And put in their Places
  Their Graces
The Duke and Dutchess again.
And your old Steward, if you would prize,
Credit again would begin to rise:
Lewis would then,
    For fear, soon knuckle,
    And truckle,
And give both India and Spain.

God Save the Queen
    And Church, and mend us,
    And Send us
A good and lasting Peace;
A Peace that will secure our Trade,
And all the Protestant Acts we have made.
Which if it don’t,
    May all Peace-makers,
    League-breakers,
Be drown’d in the South-Seas.

In taking stock of the battle in the public sphere, Defoe confidently declared that the public opinion would be the ultimate judge of the company’s prospects. He promised that once the stock reached par, the critics’ clamor would cease and the need for Harley’s writers to continue their defense of the company would come to an end. He wrote, “should the South-Sea-Stock Rise to Par, let your own Humour, or Madness, or Folly, or whatever you please to call it, be the occasion, this is plain; all your Quarels at the Circumstances die of course, for Men never find Fault where they get Money…” (342) Already in the autumn of 1711, the rising stock prices had started to change people’s minds and made them look much more favorably on the scheme. He attested “that many People who had their Mouths as wide open against the South-Sea-Stock, as ever, and that forswore coming into the Subscription, are so far chang’d in their Notions, as not only to Subscribe what they had, but to Purchase more.” (ibid.) He dared the critics of the scheme to sell their stocks, as there are plenty of people interested in buying in. He then stated presciently, “he that will not subscribe it, will sell it to him that will; and the Rise of Credit will wash this Blackmore white” (ibid.).
Far from sharing Defoe’s willingness to respect and abide by the power of public opinion, Richard Steele wrote a scathing criticism of the present state of authority and leadership in England, which he called “a paradise of fools.” Resembling his earlier dream about Lady Credit, he gives a vivid, Hogarthian, account of a vision in which he encountered the two primary influences of the multitude: masculine Error and feminine popular Opinion. He described how the most arrogant people went straight to Error, or mistaken belief, while “others of a softer Nature” went first to Opinion, from which she delivered them to Error. Steele tells of a green, flowery, hill where these two figures resided. Opinion was seated near the top, talking to a group of people; “Her Voice was Pleasing; she breathed Odours as she spoke: She seemed to have a Tongue for every one. . . “ (420) Close by, shaded by some trees and dressed in a whitish robe to resemble Truth sat Error. Casting their eyes to the sky, Steele and his company suddenly observed the Palace of Vanity, floating on a set of curling clouds. The walkway ascending to the palace was painted as a rainbow, the walls were “gilded all for Show,” and the “Top of the Building being rounded, bore so far the Resemblance of a Bubble.” When entering, they encountered a series of phantoms, including decreasing honor, ostentation, and gallantry, before reaching vanity herself, decked in peacock feathers and seated on a throne with a glittering canopy. Seated next to hear was Self-Conceit and below the throne: Flattery, Affectation, and Fashion. As Steele was processing this hideous display, he heard an old man’s voice

bemoaning the Condition of Mankind, which is thus managed by the Breath of Opinion, deluded by Error, fired by Self-Conceit, and given up to be trained in all the Courses of Vanity, ’till Scorn or Poverty come upon us.

As the man was taken into custody, the Palace of vanity was invaded by numerous harpies, including Broken Credit, Poverty, Infamy, and Shame, leading Vanity and her entourage to disappear into holes and corners. To Steele, public opinion was a dangerous, precarious, force that twisted the minds of the public and facilitated the ministry’s bubbling or corruption of the nation. The solution was to eliminate the arbitrariness and inconstancy of popular Opinion and reintroduce the quintessential English virtue of honest Plain-dealing. This was the only way that the delusion of Error and the Palace of Vanity could be banished.

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While the debate in the public sphere raged on during the autumn of 1711, the South Sea Company was busy setting up its corporate structure, formulating its by-laws, organizing the subscription books, setting salaries for employees, designing its coat of arms, leasing a building for its offices, and devising standing committees for the management of the company’s business. The company’s thirty directors, headed by a Governor (Robert Harley), Sub-Governor (James Bateman), and Deputy Governor (Samuel Ongley), worked alongside a staff of clerks and accountants to take up subscriptions. Each subscriber paid a small sum of money at the moment of conversion, providing the company with ready cash for incidental outlays, such as the costs incurred for the coat of

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79 Add. Man.
arms, furniture for the new building, and the purchase of Herman Moll’s book about the coasts and ports of the South Seas. When the primary operations were clarified, the directors organized themselves in several standing committees – Shipping, Treasury, Accompts, Correspondence, Buying and Warehouses, and House and Servants. First on the agenda was to settle on a method for raising money to launch the trade. The company resolved on October 31st that they would try to appease their critics by not exercising their right to call in additional money from the proprietors of the company’s stock. Instead they gave the Committee of Treasury instruction to devise an alternative way of raising working capital.

By January of 1712, the company, more precisely the Committee of Buying and Warehouses, began assembling information about trading to the South Seas, drawing up lists of goods that might be exported with advantage, and investigating details, such as what kind of ships and what crew-size might be best for this trade. The company also petitioned the Secretary of State, Henry St. John (future Bolingbroke), to provide military support for the company’s operations. The company requested a force of twenty ships of line, forty transport ships, and 400 troops to establish a colony. To their delight, on March 14, they received a letter from St. John “intimating that Her Majesty will be graciously pleased to assist this Company with a Sufficient Force in order to their making a Settlement in the South Seas for their Security and better carrying on the Trade to those Parts. . .” (66r) However, by the summer the plans for a major force to settle a colony had been replaced by a much more limited commitment to furnish a mere three Men of Wars for the carrying of goods and a few ships to secure the convoy. This force was designated to sail with the company’s first shipment of goods purchased with the help of a £200,000 bond issuance. To the great dismay of the directors, by August of 1712, the convoy had yet to depart. Suggesting that the reason for the delay had to do with the inability of the navy to spare the ships necessary for the convoy, the directors wrote a letter to Harley in which they explained that parts of the cargo was starting to decay. When the cargo was loaded onto two ships, Anglesea and Warwick, it seems as though the launch of the trade was imminent, but by February of 1713, the ships had still not sailed and the condition of the cargo was rapidly deteriorating. The inability of the company to launch its trading activities was reflected in the stock price. While the stock price had increased rapidly in the fall of 1711, it settled in a range between £70-80 during 1712 and the first few months of 1713.

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The critics seized upon the continuous delays in the company’s trading venture as a sign of its inevitable failure. One of the most dismissive tracts written in 1712 was A Letter from a Merchant in Amsterdam to a Friend in London, about the South Sea Trade. Here, in a condescending tone, the author entirely dismisses the South Sea project. Pointing out that even if the company were able to gain a foothold in the region, not even its gigantic capitals stock would be enough to finance the settlement until the colony started producing commercial levels of sugar, tobacco, and indigo. Moreover, the company was criticized for not knowing enough about the region and for not understanding what the Dutch realized long ago, namely that gold is just another commodity and real riches are
gained through trade. The only advantage of the company is that it is “entitled to the Trade of Slaves for man Years,” but he continued, these revenues would not be “near sufficient to answer either the Capital or Interest of your Sum. . . “ (17).

Further pessimism about the company’s future was recorded in A Letter from a West-India Merchant to a Gentleman at Turnbridg (1712). Examining the details of the French Assiento contract, the author cautioned the English negotiators to be mindful of the fine print of the contract in order to avoid being fooled by the Spanish. However, even if England secured the most advantageous contract, he feared that the Assiento may prove a loss-maker. Informed by English and Dutch slave traders operating out of Jamaica and Curaçao, he had learned that the Spanish often colluded to force down the price of slaves and charged extravagant prices for provisions needed to keep the slaves alive while awaiting sale. Furthermore, the Spanish often refused to purchase all of the slaves delivered, claiming that the slaves did not fulfill the requirements for size, age, strength, and health. Also, the French slave traders had to pay duties on slaves arriving too sickly to be sold. All of these considerations made the author suspect that the French had actually lost money on the Assiento, making them relieved to transfer the contract to England.

Ignoring the present difficulties of the company’s trading venture, Robert Allen’s An Essay on the Nature and Methods of Carrying on a Trade to the South Seas reminded the public of the enormous riches available in South America and the possible benefits of the Assiento. Allen explained how, until recently, England had profited greatly from trading to South America indirectly through Cadiz and clandestinely via Jamaica. The contraband slave trade from Jamaica, in particular, had netted vast sums of gold and silver that had been sent back to England. But since the French obtained the Assiento, they not only gained control over the valuable slave trade, but also managed, as Swift predicted, to redirect the trade flows in South America, leaving the English dangerously marginalized. To make things worse, the “great Profits and Advantages which they reap from [the slave trade], has incourag’d them to send many strong Ships Yearly to the Coast of Africa, which have not only taken many of our Slave-ships on that Coast, but also destroy’d several of our Forts and Settlements. . . .” (22) Allen therefore concludes that the only way that England could reclaim its trade to South America was to quickly secure the Assiento and commit enough naval resources to protect it.

At this point, the venerable Charles Davenant, entered the debate. While he was mostly concerned with the success of the SSC in so far as it could aid the ailing RAC, he nevertheless tried to calm the public and instill a greater sense of patience. To succeed in this venture, he argued, it was necessary for the company and its investors to take a long term perspective and dedicate themselves to staying the course. As any other complex trading and colonization venture, it would take time before generous profits were realized. In this case the enormous capital stock of the company was an advantage. He

\[80\] A report to the honourable the Commissioners for putting in execution the act, intitled, An act, for the taking, examining, and stating the publick accounts of the kingdom (1712).

\[81\] He wrote, “to bring to Perfection so great a Work as the Settlements of a new Traffick, We must imitate the Perseverance of our Ancestors, and patiently wait the Benefits of Time, and not like our Neighbours the
wrote, “The South Sea Company, as their Stock is, or probably will be much the largest, so they seem to be upon a more lasting Foundation than the other Societies, in regard they are to continue till their mighty Capital can be repaid; for which Reason, they are more bound to consult the good of Posterity than others, who have not the same Prospect of Duration. . .” (75-6) Davenant believed that the company had the capacity to become tremendously successful, exporting massive amounts of British manufactures and importing much needed silver and gold, but it would take time.

Coming to the rescue of the company’s reputation was, once again, Defoe. With a sense of urgency to his intervention, he pronounced that there had never “an Undertaking of such Consequence,” nor one in which the people involved “have been so uneasie, their Opinions of it so confused, and their Knowledge of the Manner and Circumstances of it so small.” (5) As he had done so many times before, Defoe sought to deflect the recent criticism and make sure that the public opinion remained favorable. He repeated that England is better suited than France to carry out the South Sea trade and it is important to England’s national security that this trade is won – “a Trade, which in the Enemies Hand is so fatal to us, and which in our Hands might be so fatal to them.” (6) Engaging with those who thought that the company’s trading privileges were worthless because of the French and Spanish control of the area and with those who argued that the conversion scheme had been forced, he replied, first, that it was indeed because the French had increased its presence in South America that England had to launch a trade and, second, that the ministry should not have to apologize for providing the debt holders with such a favorable conversion scheme. Tireless in his defense of the company, Defoe ends by reiterating that the South Sea trade “is not only probable to be Great, but capable of being the Greatest, most Valuable, most Profitable, and most Encreasing Branch of Trade in our whole British Commerce. . .” (38).

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While the frustration kept on mounting, the company finally received good news from Spain on March 26, 1713, when the terms of the Assiento were finally established. The agreement called for the British to deliver a minimum of 4,800 African slaves – or Piezas de India – per year, for the next thirty years, to Spanish America. In order to qualify as one pieza, the slave had to be healthy, at least 58 inches tall, and between the ages of fifteen and thirty. If shorter, younger, older, or defective, the slave would only count as a fraction of a pieza and would not command the full price. The contract also specified that if the company encounters demand for additional slaves, they have the right to increase its shipments. The company was also allowed to send two 600 ton ships per year to the annual fair. While the limited trade in dry goods must have been perceived as a setback by the company, they still voted to accept the contract, hoping perhaps that additional commerce would be possible through smuggling. Of further disappointment, the treaty

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*French* grown weary of, and throw aside the thoughts of any Dealings, wherein the Returns are not immediate. . .” (75).

82 Defoe suggested that the French had to be attacked where their “Sinews of War” originated (13). That is, “Pinching the Enemy in that most sensible Part, (viz.) the Fountain of Wealth and Treasure, by which, as before, they have been enabled to carry on the War. . .” (14).
did not allow for England to maintain fortified trading outposts, which according to many, including Defoe, was a prerequisite for the trade to be profitably executed. Even so, judging by the reaction in the stock market the public’s perception of the company seems to have been favorable. Immediately after the details of the Assiento contract were announced, the stock moved above £90 for the first time and continued to appreciate during the spring and summer, inching past £97 in the middle of June. Apparently the public was pleased with the trading prospects and expected the Assiento to bring healthy returns.

The company now entered an intense period of activity, accompanied by a real sense of excitement about finally being able to engage in the trade that it had been chartered to undertake. Additional money was raised through loans from the Bank of England and from another bond issuance, allowing the Committee of Buying to start purchasing desirable goods for the two annual ships. The newly created Committee of the Assiento was negotiating for the supply of slaves. While the company would lease ships from independent merchants to transport the slaves, they needed to contract with a supplier of slaves on the coast of Africa. The company negotiated with both the Royal African Company (RAC) and the Separate Traders, trying to secure the most favorable terms. Since Parliament opened up the Africa trade in 1698, the RAC had complained that the Separate Traders (or interlopers, as they preferred to call them) had undermined a previously thriving business, by taking advantage of the company’s forts on the African coast and forcing up the price of slaves. The RAC argued that the separate traders provided the African slave traders with too much commercial experience and that this has turned the Africans into “Expert Merchants, if such a Term may be given to Cunning Trickling Villains” or similarly that it had “exalted the naked Africans, and raised the price of Negroes to the intolerable rate they are now at.”

Defoe echoed these views, arguing that the Africans “were taught to be Hucksters and Brokers for one another; the whole Scale of the Trade was turned, and instead of putting our Price upon them, they learnt now to put their Price upon the English...” In Defoe’s mind, this created a situation in which “the Trade for Negroes to the Plantations became the most precarious and oppressive thing imaginable; the Uncertainty of the Supply put the Colonies often to great Extremities to carry on their Works, and the Dearness of them when they came, became an Excessive Unsufferable Burthen and Grievance to our Plantation Trade...” Many commentators were convinced that the RAC monopoly had to be reestablished for Britain to be able to properly carry out the Assiento.

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83 A Letter from one of the Royal African-Company’s Chief Agents on the African Coast (1713, 2).
84 The Case of the Royal African-company and of the plantations (1714, 2).
85 A Brief Account of the Present State of the African Trade (1713, 62)
86 Ibid.
87 Numerous authors made this point. For example, the author of Some Observations (1714) asked what would happen if the monopoly were not reestablished, “then what will become of the plantations and the Assiento contract” (11). The separate traders also had their advocates. These often focused on the shipping statistics which suggested that since the 1698 opening up of the slave trade, the separate traders had greatly expanded the number of slaves exported to the plantations. In An Answer. . . (1711), the author claims that the “African Trade is near double now to what ‘twas, and in a much more flourishing Condition now in War, than ‘twas under an Exclusive Company in Time of Peace” (1). Some, like the anonymous author of The Trade to Africa Considered (1714), even made an attempt to question the RAC’s claim that the purchasing price of slaves had increased since 1698, claiming that it was really the price of woollens that
The company reached an agreement with the RAC in August to supply 4,800 “good sound healthy and Merchantable Negroes” on the coast of Africa. Soon thereafter the company dispatched three ships, St Marks, Windsor, and Canada, to the coast of Africa to pick up a total of 1,230 slaves. Just a couple of months thereafter, the company ordered another three ships to sail, Elizabeth carrying 500 slaves from Whydah, while Hope and Smith brought 300 slaves each from the Gold Coast. The company also managed to send off two ships, Warwick and St Mark, laden with a variety of goods designated for the South American market. To the great satisfaction of the company directors, the trade of the company had finally been launched. By the end of 1713, all indications were that the company had succeeded in lifting public credit and that the future of the company looked bright. In fact, the nascent success of the company’s trade and the appreciating stock price seems to have almost entirely silenced the discussion in the public sphere about the merits and prospects of the company. Apparently the public opinion had deemed the company’s slave trade promising enough to support its enormous capital stock. This outcome had been prophesized by Defoe, we recall, who two years earlier wrote in the Review, “Now, should the South-Sea-Stock Rise to Par, let your own Humour, or Madness, or Folly, or whatever you please to call it, be the occasion, this is plain; all your Quarels at the Circumstances die of course, for Men never find Fault where they get Money. . . (1711, 342).

While the company’s trade slowed down during summer of 1714, perhaps as a result of the uncertainty generated by the dismissal of Harley’s ministry and the subsequent death of the Queen, it picked up again in the fall. This was reflected in the price of the stock, falling as low as £83 on the day that Harley ended his reign as Lord Treasurer, but recovering quickly to reach as high as $99 in mid-September. The end of Harley’s ministry sparked a series of vindictive ballads. For example, in A New Song, Harley, or

had fallen, thus making it appear as though the slaves were more expensive. One of the more elaborate defenses of the separate traders was submitted by Thomas Baston (1716), who claimed that free trade is part of the “Grand Magna Carta,” and they who “monopolize any branch of trade to themselves; they may as justly pretend to engross Sunshine or Rain” (2).

89 South Sea Company: Minutes of the Committee of Correspondence (1714) (Reprinted in Donnan, 1969b, 182).
90 The company received disappointing news from Madrid about the profit sharing agreement in November of 1713. The document detailed that the King of Spain was granted 28% of the profits, Queen Anne 22.5%, a certain Señor Gilligan 7.5%, while the company would have control of the remaining 42%. The company was outraged and launched a campaign to petition the Queen for a better agreement. The political wrangling that followed ended with the Queen ceding her and Señor Gilligan’s shares, leaving the company in charge of 72% of the profits.
91 Additional explanations for why the public debate about the SSC died out in 1713 might include the increased expense of publishing that the 1712 Stamp Act imposed, the increased public demand for peace, the closure of a number of Whig newspapers, and the death of Arthur Mainwaring (Hyland 1986, 864).
92 Harley’s ministry came to an end in the summer of 1714. While the Queen’s confidence in Harley had been waning for some time and Bolingbroke was emerging as his likely successor, the ascent of George I to the throne dealt the old ministry its final blow. Accused of plotting to restore the Pretender and for negotiating the Peach of Utrecht, which the Committee of Secrecy condemned as treasonous, Bolingbroke was forced to flee to France, while Harley was imprisoned in the Tower of London.
Robin as he was nicknamed, was described as a lackey of the Pretender (Perkins) and Louis XIV. Particular attention was paid to Harley’s financial wizardry.

Whenas Queen Robin rul’d this Land,
Both Knave and Queen was he;
The surest Card in Perkin’s hand,
And last Trick of Lewi’.

But Quirks and Tricks, high Politicks,
O! there in chief did reign;
Where, without Credit, Funds he rais’d,
And Credit without Coin.

The Deamon of our Publick Debts,
That haunted us full fore;
He conjur’d, far beyond the Red,
Unto the South-Sea Shore.

The Country Squire’s Ditty went even further in its criticism and suggested that Harley ought to be beheaded for his crimes. He added that the only way that the stock could reach par was to remove Harley.

Or since his fav’rite South-Sea Trade,
He would pretend to love;
We’ll thither send the wise Lord’s Head,
Their Projects to improve;
And when he’s once remov’d so far,
Who doubts the Stock will be at Par?

The stock continued to trade in the high-90s, until it reached par on May 10, 1715. From this point onwards, the trade flourished. An estimated 5,000 Africans were shipped by the company in 1715, approximately 3,000 in 1716, around 6,500 in 1717; and, during the last year of the Asiento, before war broke out again between Britain and Spain in 1718, the company delivered some 4,000 slaves. The stock continued to trade around par during 1715-6. Then at the end of 1716 it reached £110, only to climb to £120 a year later.

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While the battle over the public opinion came to a standstill in 1713, there were nevertheless a few pamphleteers who kept their focus on the company. This literature was mostly concerned with the impact of the Assiento trade on the slave trade operating out of Jamaica. The pamphlet The Trade Granted to the South-Sea-Company: Considered with Relations to Jamaica advocated for the company to locate its main factory on Jamaica and thus take advantage of its already existing commercial infrastructure. The

93 Donnan (1930, 434-6).
perennial problem facing the slave traders was that ships from Africa generally brought “Negroes of all sorts, whereof hardly ever above Two Thirds are fit for the Spaniards” (10). But by calling in Jamaica before bringing the slaves to New Spain, the company could ensure that they only delivered vendible slaves to the Spanish and that they ended up not paying duties on sickly or dying slaves. Additional benefits of calling in Jamaica is that slaves could be put to work on plantations while they were recuperating from a disease or while awaiting better market conditions. As long as the slaves were not disciplined excessively – “the Beauty and Skin of the Slave is much regarded by the Spaniards, and the mark of a Stripe upon the Back, would not only spoil a Piece de India, but would often prevent the Sale” (11) – or exposed to dampness and rain, such a period could greatly increase the profits of the traders. Refreshed slaves would also be able to cope with the Spaniards’ strategy of letting slave traders linger with their cargo in port before they showed any interest in making a purchase.

William Wood took a dramatically different tone in *The Assiento Contract Consider’d* (1714). He proclaimed that the South Sea scheme was a grand mistake and that the losses likely to be incurred by the British merchant community as a whole would far outweigh the “little Advantages the South Sea Company can expect from their Trade” (Preface). He was appalled by the conditions of the Assiento contract and suggested that past Assientistas, even though they were granted better conditions, had incurred large losses in this trade. The greatest damage of the Assiento, however, was that it would limit Britain’s trade with Spanish America to one or two ships per year, bringing to an end a highly profitable trade that Britain had carried on through Cádiz and Jamaica. While Wood was mostly concerned with Jamaica, he joined the company’s critics in claiming that the company’s prospects were hopelessly bad. Exaggerated slightly, he claim that “A trade ever valuable to Great Britain is ruined, by being thrown into the hands of a company, who...tho’ so long erected, and so long an Assiento Contract given, have not sent a piece of British Manufacture, or a Negro, either into the South Seas, or any other part of the Spanish West Indies.” (20). There was no way, in Wood’s mind, that the SSC could generate enough revenues to yield a return on the company’s capital and, as such, the public debt was in as bad a shape now as it had been before the navy debentures were converted.

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The company’s success in relieving the public debt contributed greatly to the improvement of both public and private credit during the 1710s. In fact, its success prompted the ultimate praise – imitation – as the French pursued a similar venture, ensuring that the link between the slave trade and the Financial Revolution was forged on both sides of the channel. In 1716, John Law’s Mississippi Company exchanged 100

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94 The author reminded that “the demands of the Spaniards are generally for compleat Slaves, Men and Women in their Prime of Life, or Boys and Girls, all clean Limb’d, Healthy, without Blemish or Defect, and such Men or Women are what they usually call Piezas de India, and tho’ Two Slaves or more by reason of their Age or Size may be reckond as one piece of India, with respect to their Duty, yet it is very rare that they will Buy any Slave the lest defective or disfigur’d, tho’ it be but in the tip of an Ear.” (9-10)

95 He claimed, “In my opinion, ...[the contract] seems calculated to prohibit all our other Trade with the Spaniards in the West-Indies” (9).
million livres’ worth of shares for heavily discounted government bonds. Around the same time, the company absorbed the Guinea Company and, a bit later, the Senegal Company, to serve in support of the company’s capital stock. Hence, while the South Sea Company more famously imitated Law’s Mississippi Company’s financial experiments after 1719, the influence ran the opposite way in terms of using the slave trade as a way to raise credit and absorb large sums of government debt.

The success of the South Sea Company also generated a series of discussions about further possibilities of relieving or entirely eliminating the public debt. These discussions prefigured the elaborate financial dealings in which the company would later engage, starting in 1719, which would ensure the company’s infamy for centuries. But during the years of successful trading, little was mentioned regarding the company’s use of the slave trade as a security backing its credit, or, for that matter, the interruption of this trade in 1718. Apparently, the public opinion had been convinced that the credit of the South Sea Company was resting on a sufficiently solid foundation in the African slave trade. In fact, Morgan (1929) speculates that the South Sea scheme was “politically, and perhaps economically wise, and had it not later been so closely tied up with the national debt in a era of wildest speculation, Robert Harley, Earl of Oxford, might perchance have ranked beside Godolphin, the younger Pitt, Peel and Gladstone as one of England’s great finance ministers” (38).

96 Examples of such debt relief schemes included issuing interest-bearing (3%) notes to pay off the loans that had been absorbed by the Bank of England, East India Company, and the South Sea Company (Two Letters...1717, 4-7), as well as the issuance of non-interest bearing bills of exchange to entirely retire the debt (A Method...1715).