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THE SOURCES FOR THE HISTORY OF SIR ROBERT WALPOLE'S FINANCIAL ADMINIS- TRATION

By HUBERT HALL, F.S.A., *Director*

Read January 20, 1910

THE administration of Sir Robert Walpole has been treated from more than one point of view by the historical writers of a later age. The judgment passed by his contemporaries upon the statesman who was to themselves merely a protagonist of party warfare has long since been modified in several important particulars. But even after the lapse of more than two centuries since Walpole's birth, historians to whom history will always be 'past politics' are content to derive their estimates of his long administration from the blatant chronicles of the Whigs and Tories, or from perfunctory Blue-books, in preference to the original sources of information that are still available.

At the same time these unscientific studies have had one useful result. The distaste excited by a discussion of the sordid methods of party government during the first half of the eighteenth century has induced a critical treatment of the conventional authorities, and we have probably arrived at a very fair estimate of Walpole's personal and political character and of his capacity as a party leader, that is to say, as a typical English statesman.

It is, however, noticeable that Walpole's biographers and the historians of his administration alike have been irresistibly attracted by his financial policy, which can also to a certain extent be appreciated without recourse to the original authorities. Possibly the conclusions at which

these writers have arrived on such abstruse subjects as Walpole's manipulation of the National Debt and Sinking Fund, or his famous Excise scheme, or his infamous Secret Service may be just and sound; but in any case we have to take some facts for granted.

The prominence that has been given to this side of Walpole's ministerial career is certainly justified by the attention paid to it by his contemporaries. To them he was before all things a man of affairs. By some he was denounced as a public robber, or at the best an ignorant manipulator of the public funds, whilst by others he was hailed as 'the best master of figures of any man of his time.' But neither the rancour nor the exuberance of political partizanship will help us to find what we have set out to seek. They may serve indeed to remind us that a Chancellor of the Exchequer who makes a raid on vested interests, or a clearance of financial superstitions, on the plea of public necessity or in the name of reform, is, in all ages, easily the best-hated man of his time, outside his own political following. Indeed, it may be said that the gin-sodden Covent Garden porters, the armed smugglers of every sea-coast village, the ale-house keepers and dealers who throve at their expense, and the unpatriotic politicians who inflamed the mob with insincere pamphlets and scurrilous lampoons, brought their hatred of Walpole to the degree of a fine art. The characteristic wit of the political opposition and its base allies does, however, provide us with a reminder of Walpole's inherited talent for affairs. 'Lynn Bob,' the 'Norfolk Robin,' alias 'Robin Hood,' alias the 'Norfolk Gamester,' alias the 'Norfolk Punch,' the 'Norfolk Sting,' the 'Quaker' or the 'Jew' of Norfolk, could show the same credentials for the transaction of business as had been approved by the contemporaries of the Pastons, Bacons, Cokes, and Townshends, who had helped to maintain the reputation of the most prosperous English county. That the Norfolk squire failed to render a good account of his own estate after thirty years of public life

is a reproach that was incurred by both the Pitts ; but the significance of Walpole's local origin and traditions cannot be ignored.¹ Another personal reflection on the score of nepotism may serve to call our attention to a further feature of the minister's official environment. The position of the head of the Treasury in the eighteenth century differed widely in one respect from that of a Victorian statesman. The Treasury itself was only, so to speak, the fly-wheel of that gigantic medieval machine, the Exchequer, and the service of a Walpole family at the Exchequer under the first Hanoverian King was possibly a remote survival of the enlightened nepotism which is so intimately associated with the organisation of royal finance under the first Angevin.

We have not perhaps sufficiently realised the importance, especially to an eighteenth century finance minister, of able or at least devoted subordinates, both at the Treasury and at the Exchequer, where, owing to the survival of ancient patent offices, various ornamental satellites revolved around the great luminary. But if we know little about the establishment and practice of the Treasury in the time of Walpole, we know still less about the 'course' of the Exchequer itself in the last phase but one of its existence, when we find it still hedged round with vested interests. Both these institutions must be taken into account in estimating the fiscal conditions by which even the strongest *primarius* or *Cancellarius* was bound in the days when Exchequer clerks still wrote his titles in abbreviated Latin and still audited his accounts in Roman numerals. The Black-book of the Exchequer, which records the Exchequer precedents since the thirteenth and even the twelfth century, and which describes at length the initiation of Lord Treasurer Godolpin into the mysteries of the ancient Court, has preserved many references to the family of his great successor. In fact it was not so much a question of service under Walpole at the Exchequer as 'under which

¹ His reputed ancestor, Ralph de Walpole, archdeacon and bishop of Ely, had ably opposed the clerical taxation of Edward I.

Walpole?''¹ Again it should be remembered that since the reign of Henry VIII a new procedure had been introduced in the collection of the revenue, with the result that the Land Revenue and the assessed taxes were now excluded from the ordinary process of the Exchequer. This usurpation, in turn, led to the aggrandisement of a particular branch of the Exchequer, which was soon to become an independent department feared and distrusted by officials and tax-payers alike, the Audit Office; and here again a Walpole smiles upon us in the security of a sinecure. Finally it is instructive to find that the best contemporary account of the state of the Customs and Excise Revenue in the first half of the eighteenth century is printed as an Appendix to the well-known treatise on the Exchequer which has been attributed to an Exchequer baron in the period immediately preceding the excise scheme. In this 'Account' we have a graphic description² of the evils resulting from the mismanagement of the Customs revenue, and in the Exchequer treatise itself we have an equally graphic description³ of the forms and ceremonies observed in keeping and auditing the accounts of the Receiver-General of this department at the Exchequer, and yet the Customs had always enjoyed a larger measure of departmental independence than any other branch of the revenue.

On the other hand, it may be admitted that for the purpose of preparing the financial statements in Parliament and in respect of a general supervision of the revenue the Treasury was already the working department, and even that for several other purposes the Exchequer and the

¹ Thus, counting fiscal preferments alone, we find the following appointments recorded: Robert, Lord Walpole, Clerk of the Pells and Auditor of the Receipt; Horatio Walpole, the elder, Secretary to the Treasury, Cofferer of the Household, and Surveyor and Auditor-General of Plantation Revenues; Horatio, the younger, Usher of the Exchequer, Comptroller of the Pipe, Clerk of the Foreign Estreats, and Inspector-General of Exports and Imports; Edward, Secretary to the Treasury, Clerk of the Pells, and Teller of the Exchequer; Geoffrey, Paymaster-General and Treasurer of Greenwich Hospital.

² Gilbert, *Exchequer*, pp. 261-3.

³ *Ibid.* pp. 247-8.

Treasury were identical. This admission, however, does not dispense with the desirability of comprehending the contemporary organisation of the revenue departments, including the Customs and Excise, as a preparation for the special study of Walpole's financial policy.

The historical interest attached to the statement of that policy has already been referred to, whilst its broad outlines and even its minutest details have frequently been discussed by later writers. Its vicissitudes have furnished more than one political moral, and successive historians will probably continue to enrich the literature of the subject. It is not the purpose of the present paper to offer even the smallest contribution in this direction. The wealth of printed material which has been mentioned as a matter of congratulation will not be here the subject of investigation. None the less it furnishes of itself an interesting object-lesson in connexion with the study of historical method. The contemporary authorities, who are in fact the political antagonists of the day, vouch certain facts in speeches, or pamphlets, or letters, and also cite certain official sources which were partially printed for their information. The Parliamentary history in turn abridges these 'authorities.' Both sources and some family papers were utilised by Coxe. Sober and perspicuous modern historians like Dr. Cunningham and Mr. Lecky use all these sources and draw the true conclusions from their evidence. Finally, two years ago, it occurred to an industrious American scholar to make a special study of the subject, and more recently still, the authors of the brilliant volume of the 'Political History of England,' and an admirable chapter of the 'Cambridge Modern History,' review the whole question in a judicial spirit.

At the same time we cannot feel assured that we are in possession of a complete text of the sources referred to by political disputants during Walpole's ministry. These sources comprise official statements and Parliamentary Reports on the distinct subjects of the National Debt and the

Revenue at large, with special reference, under either head, to the vexed questions connected with the South Sea Stock, the Sinking Fund, the Customs, Excise and Land Tax, and the Civil List, including Secret Service disbursements.

Now it is important to remember that the various statements and Reports referred to here are not above suspicion. Neither the assertions of an eighteenth-century ministry nor the contradictions of an eighteenth-century Parliamentary Opposition were wholly without guile. As for the Reports of Parliamentary Committees, we have only to recall the efforts that were made to tamper with the selection of those judicial bodies whose garbled and exaggerated verdicts remain on record as a warning to the historical investigator. Again, the whole subject of the National Debt has been adequately dealt with, for the first time, in a recent Blue-book, which supersedes the sources used by earlier writers, together with some of the arguments based thereon.

The above reflections are not the only ones that we might be led to make from a perusal of the published sources. We should easily discover that these very sources can be usefully supplemented and possibly emended from the individual records of the Exchequer, Audit Office, Customs and Excise, whence the above-mentioned political statements and reports were actually derived, and we should probably seek in vain for any printed analysis of the contents of those collections.¹ It must not be forgotten, however, that there is at least a possibility that some of the original sources that existed in 1733 or in 1742 are no longer available. The losses of Exchequer records, even since 1834, are notorious, and the Records of the Treasury and Audit Office have fared little better since that date.² The same remark applies to the Excise, whilst the choicest of the Customs

¹ With the exception of the Parliamentary Paper on the early history of the National Debt above referred to, and the official Calendar of Treasury Records, which, however, only deals with a portion of these Records.

² Maitland, *Memoranda de Parlamento* (Rolls), p. xiii, and Hall, *Studies in English Official Historical Documents*, pp. 25-29 and 40-52.

Records are believed to have perished in the Great Fire of 1814. Still, enough is left both of the original materials for the incomplete Reports of the Commissions of Enquiry,¹ and of the Exchequer and other Departmental Records,² to enable a conscientious student of the subject to satisfy himself whether the facts are as they have been stated.

Although it would naturally seem very desirable that we should possess complete statistics relating to every branch and to every aspect of the revenue during a fiscal era of such exceptional importance, there are at least certain figures that would seem to be indispensable to an adequate estimate of Walpole's finance. These relate to the following financial subjects :—

1. The state of the National Debt from year to year, including the position of the several stocks and of the Sinking Fund between 1715 and 1742.

2. An analysis of the annual revenue and expenditure (*a*) as voted, (*b*) as raised and spent, classifying the several sources of income and items of expenditure for the same period.

3. Returns of the revenue from Customs, Excise, and Aids and Taxes for the period 1723–1733.

4. An analysis of the disbursements for the Civil List, 1702–1742, distinguishing the payments for Secret and Special Service.

5. Statistics regarding cost of administration, value of forfeitures, and losses by frauds in the Customs and Excise revenues, 1717–1734.

6. The value of colonial exports and of commodities exported or imported free of duty, for the same period.

Taking these in the above order, we should find that in each case the present state of our knowledge is scarcely satisfactory. It is true that the statistics relating to the

¹ These are amongst the 'Miscellaneous Revenue Accounts' and 'Miscellaneous Various' of the Treasury Records.

² Namely, the Records of the Receipt Side of the Exchequer, together with the Records of the Treasury Audit Office and Board of Customs.

National Debt and Sinking Fund have been summarised, as we have seen, with great skill in a recent Parliamentary Paper from a contemporary Treasury compilation ;¹ but the task was one that involved independent calculations, and a description of the materials available for this purpose has not hitherto been published. From this admirable return the vicissitudes of the National Debt since the year 1693 are revealed to us for the first time with reasonable probability, though the interesting history of the floating debt of the Crown from the accession of Elizabeth to the Restoration, represented in Walpole's time by the arrears of the Civil List and the royal debts incurred on the word of a king, is still a closed book. As for the funded debt during Walpole's ministry, we can ascertain from a glance at Mr. King's convenient tables, that the total stood in 1715, when Walpole first took charge of the national finances, at the sum of twenty-nine millions, and that this total was raised, through the Jacobite rebellion, the northern war scare, and the South Sea Bubble, to over fifty millions at the beginning of Walpole's second term of office in 1721. This total, however, was never exceeded during the remainder of his ministry. In fact, a slow but steady decrease of liability is indicated, until the sum of forty-three millions is reached in 1742. From this time forward, under the stress of incessant foreign war, the National Debt increased by leaps and bounds. The wars with the Bourbon Powers and colonial expansion had raised the total to 128 millions in 1763, and even this total had been nearly doubled in 1786, when provision for the liquidation of the debt began to be taken seriously. These figures will perhaps suggest that scanty justice is sometimes done to Walpole's statesmanship by asserting that he might have reduced the debt by twenty millions instead of by seven millions. Apart, however, from the political necessity of a strong army and navy and a lavish Civil List to a Protestant dynasty threatened by insidious foes, and apart also from the plausible contention that

¹ The 'Public Income and Expenditure Books.'

Walpole was anxious to encourage the enterprises of the 'Funded Interest,' the fact remains that during no other period of twenty years from its first recognition in 1693 to the year 1864 has the National Debt shown a continuous decrease, far less a decrease to the extent of a seventh of the whole amount.¹

Materials for an estimate of the total value of the national revenue may also be found among the Treasury Records, and the details could be verified from other sources. Assuming that the figures given in the 'Public Income and Expenditure Books' are authentic, it is instructive to note the gradual diminution of taxation during Walpole's ministry. The revenue raised for the public service and to provide for the interest on the National Debt and the Sinking Fund declines during this period from nearly nine millions between 1710 and 1721 to less than seven millions in 1725. Between 1725 and 1741 the amount levied only twice exceeded eight millions, being usually a little more than seven millions.

The same Treasury Records will enable us to ascertain the respective values of the chief items of the national Budget during the whole period of Walpole's administration. For this purpose we could easily prepare a table showing on the one side the amounts of revenue received under the several heads of 'Remains' (including cash in hand and Exchequer tallies outstanding) from the revenue of the preceding year, the proceeds of the Customs, Excise, Post Office, Casual Revenue, Aids and Taxes and Special Contributions (by trading corporations) in sufficient detail. On the other side would be shown the expenditure incurred for the public service, under the heads of the Navy, Ordnance, and Army (with the addition after 1740 of the Marines); for the Civil List; for salaries of governors, paymasters, and other financial agents; and, finally, for the yearly

¹ With regard to the Sinking Fund itself, although its organisation is well known, whilst its fluctuations are probably stated correctly in the printed tables, it may be of interest to notice that a contemporary and apparently unused record of its operations still exists in the shape of certain 'Surplus Books' amongst the Treasury Records.

liabilities in respect of annuities, lotteries, Government stock, and interest, the balance of revenue unexpended being carried forward to the next financial year.

Both the totals and the details of the above heads, of public income and expenditure, are deeply interesting when viewed during a period of nearly thirty years; but fuller details are, in some cases, desirable, and these must be obtained from the other sources that have been referred to. Again, it is instructive to compare the figures of the actual Budget with the Parliamentary Votes for the public service which are included in the same series of Treasury Records.

In the case of the revenue derived from the three chief sources of supply, the Customs, Excise, and Aids and Taxes, some further examination is very advisable, since the figures published in the Parliamentary Report of 1733 are admittedly inadequate to the importance of the occasion. Here again the Exchequer comes to our aid with the original accounts, as audited,¹ and these will also enable us to verify the cost of administration, which was equally a political consideration.

The amount of the Civil List of George I and George II and the revenue from which it was derived are matters of common knowledge; but considerable misconception prevails with regard to several items of the Civil List expenditure, particularly in respect of Secret Service. The undue increase of this fund forms the gravamen of the indictment of Walpole's ministry in 1742, and the mystification of successive historians on this point is very noticeable.² The question at issue, however, can easily be decided by reference to the Treasury Accounts.³ From these we learn that

¹ The declared Accounts of the Audit Office and Pipe Office, with their supplementary enrolments. The Accounts of Aids and Taxes are contained in a separate series of Accounts of Receivers-General amongst the Lord Treasurer's Remembrancer's Records.

² This is summarised in the assumption of the Committee of Enquiry in 1742 that Walpole had expended one and a half millions in Secret Service.

³ Treasury Accounts, Revenue, Miscellaneous, 'Civil List,' and 'Secret Service' and the 'Public Income and Expenditure Books' above referred to.

the Secret Service fund administered 'without account' by the Secretary to the Treasury was increased from 16,000*l.* before the rebellion of 1715 to 50,000*l.* in 1720, and to 77,000*l.* in 1741. We also find that these figures show a rapid decline to 64,000*l.* at the end of 1742 and to 30,000*l.* in 1744, the above totals being exclusive of the fixed allowance of 3000*l.* to each of the two Secretaries of State.

However, the real object of the enquiry was obviously to obtain information as to the particulars of the expenditure, though this was defeated by the adroitness of the Treasury secretaries, who have at the same time baffled the more innocent curiosity of later historians by carrying off their books. Fortunately these have recently been recovered for the period between 1710 and 1725 amongst the Lowndes MSS., now distributed between the Record Office and the British Museum, and possibly the papers of Secretary Scrope will some day be forthcoming. In any case, the effect of these 'dreadful revelations' upon the mind of an impartial historian would not be to the disparagement of the sagacity of a Minister who has erred herein with Walsingham and Pitt.

The subject of the special statistics compiled during the crisis of Walpole's Excise scheme for the purpose of proving the wasteful and inefficient administration of the Customs revenue has already been referred to, and it has been suggested that even if we were able to recover all the original returns prepared for the use of the Parliamentary Committee in 1733,¹ these would require to be carefully verified from the departmental and Exchequer records, since the most casual investigation reveals the existence of considerable discrepancies in several particulars. At the same time, it is perhaps to be regretted that these elaborate returns were not printed as an appendix to the report of

¹ There is a significant admission in the Report of the Committee itself (p. 611) to the effect that shortness of time had made a careful examination of the figures submitted by the departments concerned impossible.

the Committee in 1733, or by subsequent historians of the revenue ; for, in spite of the inconsistencies above referred to, these statistics are both conveniently arranged and highly instructive. In fact, no further vindication of Walpole's proposal with regard to the tobacco duty is required than the mere recital of the amazing figures that were furnished by the Customs department on the subject of the prevailing frauds upon the revenue.¹ In addition to this justification, however, Walpole's policy is further elucidated by the evidence presented in the same returns for the purpose of indicating the wastage that took place in the collection of the Customs duties,² and the still greater loss in realising the value of forfeited commodities.³ It is to be remembered, however, that these statistical returns should be checked by means of the actual records of the several departments concerned.

Finally we have to consider the materials available for an estimate of the value of the colonial trade, together with the extent of the reshipments, and the other indications of Walpole's 'free trade' policy. But here at least the colonial sources have been thoroughly explored, though not in connexion with the present subject, in recent years by several American scholars,⁴ with results perhaps less favourable to Walpole's prescience than have been assumed by certain writers.

¹ The Treasury returns show that at one Hampshire port alone in a single year (1723-4) 187,116 pounds of tobacco were landed without paying duty. The officials moreover admitted that the total quantity of tobacco smuggled without detection was beyond calculation.

² The gross produce of the Customs for the year 1733-4 was stated to be 2,739,334*l.* 2*s.* 9½*d.*, and the nett revenue was 1,303,770*l.* 11*s.* 11½*d.*, the difference being due to deductions for debentures, for bounties on certain commodities, for salaries and incidents, and for allowances to shippers.

³ The estimated value of all seizures at the ports from 1717 to 1732 was 898,182*l.* 7*s.* 8*d.*, and the proceeds amounted to 448,260*l.* 16*s.* 5*d.*

⁴ Particularly by Dr. G. L. Beer. Prof. C. Hull is engaged in important researches on the same subject. An excellent theory of Walpole's policy is given in Cunningham, *Industry*, vol. ii. pt. i.

In conclusion, it may be insisted that in respect of every one of the above subjects of investigation the actual sources of information have been somewhat rashly neglected, both by contemporary and modern writers.¹ Without asserting that the result of such a detailed examination of these original sources would materially affect our general estimate of Walpole's financial methods, it is possible that it would at least furnish us with more authentic and even with more striking illustrations of his supreme wisdom.

¹ This paper was written before the author had seen an account of Prof. Wolfgang Michael's important researches in English Archives and family muniments in the *Historische Zeitschrift* (1909). Further researches have quite recently been undertaken by Mr. E. Turner of the Johns Hopkins University.