

New Fiscal-Military State in the Eighteenth-Century English Literature

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Abstract

The purpose of this article is to present the new fiscal-military state in light of eighteenth-century English literature. In reality, there were many different reactions to the new financial system at the time. It turns out that while many people embraced them, many others criticized them. The fiscal-military state produced enormous vested interests that were reliant on the results of the exceptional experiment in public credit. In addition to the armed forces, everyone who had a stake in it included the staff members of financial corporations, those who rendered services to them on the stock exchange, and the officials who worked in the revenue system. Among those who supported its founding were the stockholders of the three major corporations. Owners of Bank and East India stock made up approximately a third of the group, which numbered around 10,000 persons. Most of them lived in London and the Home Counties, and non-landed sources of income made up the majority of their income. Fewer than many landowners have excess cash to invest in bank stocks or related to the South Sea or East India. The 'monied interest' investors in government loans received heavy criticism from spokespeople for the landed classes. Because of the disagreements between the Whig and Tory parties in the latter Stuart era, the conflict of interests purportedly caused by the financial revolution became entangled in those conflicts. The Whigs were said to be fostering the wealthy interest by the Tories, who claimed to speak for the landed interest. Not all Whigs supported the new public credit system uncritically. It has revealed the rationale behind the growth of the fiscal-military state.

Keywords: *Eighteenth Century English Literature, fiscal, military state, financial, monetary interest, investors, landowners.*

Introduction

This new financial apparatus received a variety of responses. Many criticized them while many others welcomed them. Massive vested interests that were dependent on the outcome of the unique experiment in public credit were created by the fiscal-military state. Everyone who had a stake in it included the employees of the financial corporations, those who provided services to them on the stock exchange, the officials who worked in the revenue system, in addition to the armed forces. The stockholders of the three major corporations were among those who welcomed its foundation. They totaled roughly 10,000 people, with owners of Bank and East India stock making up nearly a third of the group. They had a preponderance of residence in London and the Home Counties and earned the majority of their income from non-landed sources. Fewer than many landowners had extra money to invest in South Sea, East India, or Bank stocks. The investors in government loans, or 'monied

interest,' were harshly criticized by spokespeople for the landed classes. J. Briscoe claimed that they were harmful to the nobility and gentry and ruinous to the nation's trade in his work *A Discourse on the Late Funds of the Million Act, Lottery Bank, and Bank of England*:

“like a canker, which will eat up the gentlemen’s estates in land and beggar the trading part of the nation and bring all the subjects in England to be the monied men’s vassals.”¹

Henry St. John noted in 1709 that -

“we have been twenty years engaged in the two most expensive wars that Europe ever saw. The whole burden of this charge has lain upon the landed interest during the whole time. The men of estates have, generally speaking, neither served in the fleets nor armies, nor meddled in the public funds and management of the treasure. A new interest has been created out of their fortunes and a sort of property which was not known twenty years ago is now increased to be almost equal to the terra firma of our island.”²

The following year, Jonathan Swift railed against this new monetary interest in the *Examiner*, noting:

“through the contrivance and cunning of stock jobbers there hath been brought in such a complication of knavery and cozenage, such a mystery of iniquity, and such an unintelligible jargon of terms to involve it in, as were never known in any other age or country in the world.”³

In *The Conduct of the Allies*, he strongly followed the same issue. He asserted there that during William's rule -

“a set of upstarts . . . fell upon these new Schemes of raising Mony, in order to create a Mony’d Interest that might in time vie with the Landed.”⁴

Disputes between the Tories and Whigs

Swift referred to the Whigs, who rose to power under William III, as "a set of upstarts." Because of the disagreements between the Whig and Tory parties in the latter Stuart era, the conflict of interests purportedly caused by the Financial Revolution became entangled in those conflicts. The Whigs were said to be fostering the wealthy interest by the Tories, who claimed to speak for the landed interest. Of course, reality was different from what was said in rhetoric. While the majority of landowners were likely Tories, a sizeable minority were Whigs. Additionally, while Whigs made up the majority of those who purchased the "funds," as stock in the Bank and the East India Company came to be known, there were also some Tory speculators. However, the rhetoric of political argumentation and propaganda has a life of its own, separate from reality. Because of this, the Labour party was associated with the working class from 1945 and 1979, while the Conservatives were associated with the middle class, despite the fact that some business and professional voters supported Labour and a large majority of workers supported the Conservatives.

Interest for Money

Without a doubt, Whig authors like Joseph Addison positioned themselves as spokespersons for the wealthy. He published a work in the *Spectator* on March 3, 1711, just before the Tories' failed attempt to seize control of the Bank of England from the Whigs. It spoke of an allegory in which Mr. Spectator regarded Public Credit as a lovely virgin seated on a golden throne. Magna Carta, the Toleration Act,

and the Act of Settlement, which she adored, were displayed on the walls. Her health responded instantly to the hourly news updates that were read to her, emulating how the stock exchange reacted to both good and negative news. Then, she was threatened by six phantoms: Tyranny and Anarchy, Bigotry and Atheism, Republicanism and Jacobitism, with the final appearing as the Old Pretender, who was rumored to be holding a sponge in his left hand and a sword in his right. He pointed the sword at the Act of Settlement, and he intended to use the sponge to pay off the National Debt. Public Credit passed out as money bags stacked up behind her throne as they approached. Fortunately, she was saved by Liberty and the future George I, the succeeding Protestant monarch.⁵

Perspective about Law

Contrarily, John Arbuthnot, the Tory creator of John Bull, was just as critical as the Swift of the City and its financial organizations. Law is a war allegory in John Bull's History of John Bull and the famous adage "law is a bottomless pit" alludes to the enormous public debt that England racked up during the War of the Spanish Succession. "John began to borrow money upon Bank stock, East India bonds, now and then a farm went to pot." in order to pay for his legal defense. He was now exposed to scriveners financiers who would lend against landed securities as a result:

"such fellows are like your wiredrawing mills, if they get hold of a man's finger they will pull his whole body at last, till they squeeze the heart, blood and guts out of him."⁶

Public Credit

Not all Whigs supported the new public credit system uncritically. In his *Tour Through the Whole Island of Great Britain* and in his work on public credit and loans, Daniel Defoe extols the city while lamenting the villainy of stock brokers. Other Whig authors condemned the financial system itself as well as the dishonest use of it. Thus, John Trenchard and Thomas Gordon criticized the Bank, the East India Company, and the South Sea Company in *Cato's Letters*, which was published in the wake of the South Sea Bubble of 1720. "The benefits arising by these companies," they claimed:

"generally and almost always fall to the share of the stock-jobbers, brokers and those who cabal with them; or else are the rewards of clerks, thimble men, and men of nothing; who neglect their honest industry to embark in those cheats, and so either undo themselves and families, or acquire sudden great riches; then turn awkward statesmen, corrupt boroughs where they have not, nor can have, any natural Interests; bring themselves into the Legislature with their peddling and jobbing talents about them, and so become brokers in politicks as well as in stock."⁷

When the Bubble burst, many investors who had speculated on South Sea stock lost everything, which seemed to corroborate the doomsday predictions of Briscoe and Swift that the Financial Revolution would result in a societal catastrophe.

"The world is turned upside down, topsie turvy," remarked Charles Gildon:

"those who had plentiful fortunes are now in want, and those that were in want, have now got plentiful fortunes."⁸

Institution, Society and Economy

While the majority of these Cassandras were Tories, opposition or Country Whigs like Trenchard and Gordon played a vital role in the criticism of the City's new institutions and their connection to

the Bubble. The disaster inspired them to create Cato's Letters. They demanded that those accountable, including dishonest politicians and South Sea Company directors, be brought to justice.

“Shall a poor pick pocket be hanged for filching away a little loose money,” they demanded, “and wholesale thieves who rob nations of all that they have be esteemed and honoured?” They even released a letter that purported to be from the public hangman, “asserting his right to the necks of the overgrown brokers.”⁹

They shared with Tories a suspicion of the Court, which they interpreted to mean the ministry and its supporters in the City, accusing them of plotting to establish a political apparatus that would favor wealthy and military men at the expense of the landed interest and the rest of the mercantile class. They believed that the landowners' role in society and the economy was what kept the constitution strong, therefore the new financial interests and increased state apparatus created to support a permanent army posed a threat to the constitutional liberties enjoyed by freeborn Englishmen. They were against the military-fiscal state's expansion.

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